



**PHILIP MORRIS
(PAKISTAN) LIMITED**

October 29, 2015

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

The Secretary
Lahore Stock Exchange Limited
Lahore Stock Exchange Building,
19, Khayaban-e-Aiwan-e-Iqbal
Lahore.

Subject: **BOARD MEETING**

Dear Sir,

In compliance with clause 18(2) of the Listing Regulation of Karachi Stock Exchange & clause 17(2) of the Listing Regulation of Lahore Stock Exchange, we are pleased to enclose a certified true copy of special resolutions passed at the Extraordinary General Meeting of the Company held on October 28, 2015.

Yours Sincerely,

For PHILIP MORRIS (PAKISTAN) LIMITED.

Mujtaba Hussain
Company Secretary

Philip Morris (Pakistan) Limited

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SPECIAL RESOLUTION PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON OCTOBER 28, 2015 AT AVARI RENAISSANCE TOWERS HOTEL, KARACHI .

RESOLVED THAT:

1. The Authorized Capital of the Company be and is hereby increased from PKR 1,000,000,000/- divided into 100,000,000 ordinary shares of PKR 10/- each to PKR 12,000,000,000/- divided into 1,200,000,000 shares of PKR 10/- each with powers to the Company to increase and reduce its capital from time to time. The share capital shall comprise of one or more kinds of shares and different classes of shares under each kind in accordance with the provisions of the Companies' Share Capital (Variation in Rights and Privileges) Rules, 2000 for the time being in force, with such rights and privileges attached thereto as may be approved by the Members by a Special Resolution from time to time.
2. Subject to compliance with the provisions of all applicable laws, the approval of SECP (including approval under the first proviso to Section 86(1) of the Companies Ordinance, Section 90 of the Companies Ordinance and Rule 5 of the Companies' Share Capital (Variation in Rights and Privileges) Rules, 2000, any and / or all regulatory approvals that may be required under applicable laws, the Company be and is hereby authorized to issue up to 1,100,000,000 irredeemable, non-voting , non-cumulative and convertible Class A Preference Shares at the price of PKR 10/- per share (cumulating to PKR 11,000,000,000) otherwise than by way of rights issue to PMI BV and Brands Sarl (and not to all the other shareholders of the Company) in the ratio of 79.52% and 20.48% respectively.
 - (i) The First Tranche of Class A Preference Shares of PKR 7.5 billion shall be issued before June 30th 2016; and
 - (ii) The remaining Class A Preference Shares up to PKR 3.5 Billion shall be issued before December 31st 2017.
3. Subject to the approval of SECP under the first proviso of Section 86(1) of the Companies Ordinance, 1984, and any and / or all regulatory approvals that may be required under applicable laws, the issuance of ordinary shares of the Company to PMI BV and Brands Sarl upon exercise of the conversion option or at the end of fifteenth anniversary of the issuance of Class A Preference Shares otherwise than by way of a rights issue under the proviso of Section 86(1) of the Companies Ordinance 1984, be and is hereby approved.



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4. The following amendments proposed to the Memorandum and Articles of Association of the Company in order to specify the nature, rights and privileges of the Class A Preference Shares be and are hereby approved without any amendment or modification of any nature whatsoever, subject to the same being approved by SECP:

MEMORANDUM OF ASSOCIATION

Article V of the Memorandum is deleted and replaced with the following:

“The Authorized Capital of the Company is PKR 12,000,000,000/- (Rupees twelve billion only) divided into 1,200,000,000 (one billion two hundred million) shares of PKR 10/- (Rupees ten) each with powers to the Company to increase and reduce its Capital from time to time. The share capital shall comprise of one or more kinds of shares and different classes of shares under each kind in accordance with the provisions of the Companies’ Share Capital (Variation in Rights and Privileges) Rules, 2000 for the time being in force, with such rights and privileges attached thereto as may be approved by the Members by a Special Resolution from time to time.”

ARTICLES OF ASSOCIATION

The following definitions shall be added or replaced (as the case may be) in Article 2:

“Average KIBOR Rate” means the average, over the preceding six Business Days from the Class A Preference Share Dividend Date, of the six month Karachi Inter Bank Offer Rate.

“Business Day” means a calendar day on which banks are open for general banking business in Pakistan.

“Class A Preference Shareholders” means in relation to the Company, every person to whom the Company has allotted, or who becomes the holder of, Class A Preference Shares and whose name is registered in the Register of Members.

“Class A Preference Shares” not being Ordinary Shares, means convertible preference shares with such rights, privileges and conditions attached thereto as prescribed in these Articles.

“Class A Preference Shares Dividend Date” means the date on which the Board declares a dividend for Class A Preference Shareholders.

“Class A Preference Shares Issue Date” means the date on which the Class A Preference Shares are issued to the Class A Preference Shareholders subject to the terms and conditions in these Articles.



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“Conversion” means the conversion of Class A Preference Shares into Ordinary Shares in terms of these Articles, and the word “Converted” shall be construed accordingly.

“Conversion Date” is defined in Article 35-B.

“Conversion Notice” means a written notice by a Class A Preference Shareholder to the Company setting forth the number of Class A Preference Shares that the Class A Preference Shareholder desires to be Converted to which notice shall be enclosed original certificates representing Class A Preference Shares intended to be Converted along with the transfer deeds duly signed, verified and witnessed.

“Conversion Ratio” means A/B where $A = \text{PKR } 10$ (Face value of Class A Preference Shares) and $B = \text{An Amount representing the previous one months trading days' average price of the Company's ordinary shares at Karachi Stock Exchange immediately preceding the applicable date}$

“Distributable Profits” means the profit available for distribution as dividend subject to the provisions of Sections 248 and 249 of the Ordinance, whereby the profits are determined in accordance with accepted accounting principles and after allowing for retention of profits for continuing and expansion of operations of the Company.

“Exercised” means the date on which the Conversion Notice is issued by a Class A Preference Shareholder in accordance with these Articles.

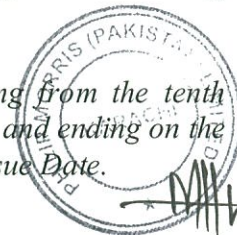
“Financial Year” means the financial year of the Company.

“Mandatory Conversion” is defined in Article 35-C.

“Mandatory Conversion Date” means the Business Days falling immediately after the expiry of the fifteenth (15th) anniversary of Class A Preference Shares Issue Date.

“Member” means, unless specified otherwise in Article 35-E, a person whose name is for the time being entered in the Register of Members by virtue of his being a subscriber to the Memorandum of Association of the Company or of his holding by allotment or otherwise any share, scrip or other security which gives him a voting right in the Company.

“Optional Conversion Period” means the period commencing from the tenth (10th) anniversary of the Class A Preference Shares Issue Date and ending on the fifteenth (15th) anniversary of the Class A Preference Shares Issue Date.



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“Ordinary Shares” means the voting ordinary shares of the Company other than the Class A Preference Shares.”

Articles 35-A to 35-E are inserted as follows:

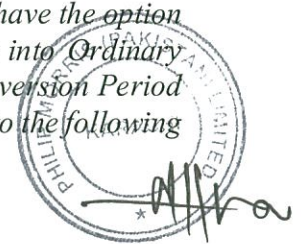
“TERMS AND CONDITIONS OF CLASS A PREFERENCE SHARES”

35-A.

- (a) *Subject to provisions of Articles 33, 35-B, 35-C, 35-D and 145-A, the Company may issue Class A Preference Shares to Class A Preference Shareholders in terms of these Articles.*
- (b) *Subject to the proviso to Section 86 (1) of the Ordinance, Class A Preference Shares may be issued by the Company without a rights offering to such persons as it shall think fit from time to time.*
- (c) *Class A Preference Shareholders shall not have any preemptive right in respect of any further issue of capital (whether in the form of Class A Preference Shares, Ordinary Shares or otherwise) by the Company, and any preemptive rights of Class A Preference Shareholders shall stand waived and surrendered.*
- (d) *Class A Preference Shareholders shall have no right to vote at or attend or receive notice of any general or other meeting of the Company, and neither shall they be entitled to any representation on the Board by virtue of their shareholding, other than the right to receive notice for, attend and/or vote at any general meeting of Class A Preference Shareholders held pursuant to Article 5(3) above.*
- (e) *In the event of any inconsistency between the provisions of Articles 33, 35-A, 35-B, 35-C, 35-D and 145-A and any other Articles contained herein, provisions of Articles 33, 35-A, 35-B, 35-C, 35-D and 145-A shall prevail.*

35-B *The Class A Preference Shares issued to the Class A Preference Shareholders pursuant to Articles 33, 35-A and 35-D shall be convertible into Ordinary Shares of the Company, subject to the following terms and conditions:*

- (a) *Class A Preference Shareholder shall at his complete discretion have the option for Conversion of any or all of the Class A Preference Shares into Ordinary Shares based on the Conversion Ratio, during the Optional Conversion Period (“Conversion Option”). The Conversion Option shall be subject to the following terms and conditions:*



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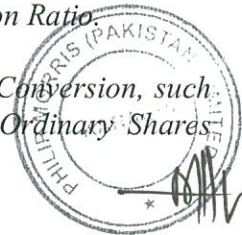


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- (i) *Conversion Notice may only be issued by Class A Preference Shareholder for exercising the Conversion Option during the Optional Conversion Period.*
- (ii) *Fourteen (14) days after the issuance of Conversion Notice by Class A Preference Shareholder informing the Company of the Exercise of the Conversion Option, the Company shall issue Ordinary Shares in respect of the Conversion ("Conversion Date").*
- (iii) *The number of Ordinary Shares to be allotted and issued by the Company as a result of Conversion shall be determined by multiplying the number of Class A Preference Shares to be converted by the Conversion Ratio. The Ordinary Shares to be issued on the basis of the Conversion Ratio shall be issued and allotted on the applicable Conversion Date.*
- (iv) *Upon issuance of Ordinary Shares as a result of Conversion, such Ordinary Shares shall in all respect stand pari passu with Ordinary Shares already existing, issued and allotted.*
- (v) *No fractional Ordinary Shares shall be issued upon Conversion, instead of fractional Ordinary Shares, which would otherwise be issued upon Conversion, the Company shall pay cash to the holders of Class A Preference Shares in respect of their fractional interest.*
- (vi) *Class A Preference shares Converted pursuant to this Article shall not be resold and shall stand cancelled forthwith.*

35-C *If prior to the Mandatory Conversion Date, a Class A Preference Shareholder has not Exercised the Conversion Option, then to the extent not Exercised, the remaining Class A Preference Shares held by a Class A Preference Shareholder shall be mandatorily converted into Ordinary Shares ("Mandatory Conversion") on the Mandatory Conversion Date. The Mandatory Conversion will be on the following terms and conditions:*

- (a) *the Company shall within thirty (30) days of the Mandatory Conversion Date issue Ordinary Shares in respect of the Mandatory Conversion.*
- (b) *the number of Ordinary Shares to be allotted and issued by the Company as a result of Mandatory Conversion shall be determined by multiplying the number of Class A Preference Shares to be converted by the Conversion Ratio.*
- (c) *upon issuance of Ordinary Shares as a result of Mandatory Conversion, such Ordinary Shares shall in all respect rank pari passu with Ordinary Shares already existing, issued and allotted.*



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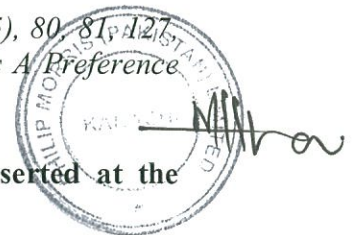
- (d) *No fractional Ordinary Shares shall be issued upon Mandatory Conversion instead of fractional Ordinary Shares, which would otherwise be issued upon Mandatory Conversion, the Company shall pay cash to the holders of Class A Preference Shares in respect of their fractional interest.*
- (e) *Class A Preference Shares Converted pursuant to this Article shall not be resold and shall stand cancelled forthwith.*

35-D *Subject to the provisions of the Ordinance, Class A Preference Shareholders shall have the following rights:*

- (a) *A Class A Preference Shareholder shall be entitled to maximum dividends at the rate of the Average KIBOR Rate + 1%. Dividends to Class A Preference Shareholders shall be in priority to any dividends declared on Ordinary Shares.*
- (b) *If on any Class A Preference Shares Dividend Date, the Distributable Profits are not sufficient for issuance of dividend to Class A Preference Shareholders, then so much of the profits as are available for distribution shall be distributed to the Class A Preference Shareholders pro-rata to the proportion of their holdings of Class A Preference Shares and unpaid dividends shall not be accumulated. No Class A Preference Shareholder shall have a claim in respect of any dividends that have not been paid as a result of the provision of this Article 35-D(b).*
- (c) *Subject to the ability of Class A Preference Shareholders to waive their right to receive dividends in terms of this Article 35-D(c), if the Company has distributable profits available at the end of any Financial Year, such distributable profits will be mandatorily utilized for the purposes of distributing the dividend to Class A Preference Shareholders. No dividend on Ordinary Shares shall be declared or paid in any Financial Year to Members out of revenue reserves, till either (i) such time as all dividends payable to a Class A Preference Shareholder have been paid for that particular Financial Year or (ii) any of the Class A Preference Shareholders waive their right to receive dividends for that Financial Year and all dividends payable to Class A Preference Shareholders other than any Class A Preference Shareholders that have waived their right to dividends for that Financial Year have been paid for that particular Financial Year.*

35-E *Reference to the defined term "Members" in Articles 76(16), 76(25), 80, 81, 127, 130 and 147 shall be deemed to include a reference to both Class A Preference Shareholders and Members"*

In Article 113, the words "Subject to Article 35-D," are inserted at the beginning of the Article.



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In Article 116, the words “Subject to Article 35-D,” are inserted at the beginning of the Article.

Article 145-A is inserted as follows:

“145-A Notwithstanding Article 145 above, Class A Preference Shareholders on winding up shall have the first right, before the Members over the assets of the Company limited to the nominal value of the shares held by Class A Preference Shareholders.”

5. The Company be and is hereby authorized and empowered to take all such actions including but not limited to filing the requisite applications (through any of the Authorised Persons (as defined below) for seeking permission from SECP, any and / or all regulatory approvals that may be required under applicable laws, for issuance of the Class A Preference Shares and all matters relating hereto.
6. Mr. Alejandro Paschalides, Mr. Joseph Ziomek and Mr. Mujtaba Hussain of the Company, be and are hereby singly authorized (“**Authorized Persons**”) to enter into and execute such documents as may be required in relation to the Class A Preference Shares.
7. The Authorised Persons, be and are hereby singly authorized, to take all steps necessary, ancillary and incidental for the issuance of the Class A Preference Shares, the issuance of the ordinary shares upon conversion of the Class A Preference Shares including but not limited to obtaining all requisite regulatory approvals, preparation and circulation of the notice of the General Meeting, preparing the resolution to be passed at the General Meeting; filing and preparation of all the requisite statutory forms and all other documents as may be required to be filed with the SECP any and / or all regulatory approvals that may be required under applicable laws, executing all such certificates, applications, notices, reports, letters and any other document or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the Class A Preference Shares issue and all other matters incidental or ancillary thereto.
8. All acts, deeds, and actions taken by any of the Authorized Persons pursuant to the above resolutions for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company and be and are hereby ratified and confirmed by the Company.
9. That the aforesaid resolutions shall be subject to any amendment, modification, addition or deletion as may be suggested, directed and advised by the SECP and / or any other regulatory body which suggestion, direction and advice shall be deemed to be part of these Special Resolutions without the need of the shareholders to pass fresh Special Resolution(s).



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