



# AKD Securities Limited

TREC Holder: The Karachi Stock Exchange Limited

Registered Broker: Securities & Exchange Commission of Pakistan

SSTN-S2908363-0, NTN-2908363-0

Head Office: 602, Continental Trade Centre, Block 8, Clifton, Karachi, Pakistan. UAN: 111-253-111, Fax (92-21) 35867992, 35869715

August 30, 2017

**Mr. Moeed Hassan**  
**Assistant Director**  
Public Offering and Regulated Persons Department  
Securities Market Division  
Securities & Exchange Commission of Pakistan,  
National Insurance Corporation Building,  
63 Jinnah Avenue, Islamabad

**SUBJECT: PUBLIC ANNOUNCEMENT OF OFFER TO ACQUIRE UP TO 1,668,038 ORDINARY SHARES (17.68%) OF CLOVER PAKISTAN LIMITED**

Dear Sir,

We are writing to your kind office in reference to your letter no. SMD/TO/42/2009 dated August 24, 2017 in which you raised reservations regarding the Public Announcement of Offer to acquire at least 17.68% (1,668,038 Shares) of the total issued ordinary share capital of Clover Pakistan Limited (the "Target Company") by Fossil Energy (Private) Limited (the "Acquirer"). AKD Securities Limited as the Manager to the Offer is pleased to respond to your reservations.

Observation: The offer price mentioned in sub-para 4 of the para 3.1 of PAO has not been calculated on the basis prescribed in Regulation 13(2)(c) of Listed Companies (Substantial Acquisition of Takeovers and Voting shares) Regulations, 2017 (Takeover Regulations), therefore, the same is required to be recalculated on the basis of audited financial data not older than six months from the date of public announcement of offer; and

Response *In this regard, we wish you to appreciate following legal and factual points:*

- Section 223 of the Companies Act, 2017 requires all (listed) companies to get their financial statements audited at the end of its financial year on annual basis while Section 237 requires to publish its quarterly and semi-annual financial statements simply as unaudited.*
- There is no enabling provision in the Regulations under which the Acquirer may request the Target Company to get its interim financial statements audited especially to comply with this Regulation.*
- Similarly the Target Company is also not obligated to produce special purpose audited financial statements upon request of the Acquirer. If the Target Company does so, this will raise issues related to the cost of human and financial resources to be utilized during the course of such special audit and also raise a legal question whether or not such audit expenses have been incurred for the purpose of company's business.*
- Under the applicable law, enforcement of this Regulation practically begs that acquisition transactions cannot be executed during second half-year of financial close of any listed company in absence of audited financial statements not older than six months that will also limit the number of take-over transactions.*
- Since the Target Company has no operations and practically a shell company therefore getting its financial statement audited specially to comply with regulation will not result into upward revision of the offer price as Price per share arrived at on the basis of net assets value carried out by a Chartered Accountant is Rs. 18.43 (Based on valuation certificate issued by M. Shouib & Co., Chartered Accountants after taking into account*

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*Mr. Iqbal*



results of assets valuation conducted by Asif Associates (Private) Limited) and offer price is Rs. 23/share

Based on the above, we state that to comply with this regulation is legally impracticable therefore we request you to kindly relax this regulation at this point time and kindly also clarify this requirement through suitable amendment in the Take-Over Regulations.

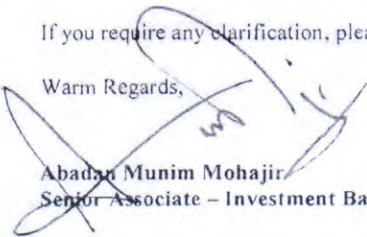
Observation: The acquirer has entered into Share Purchase Agreement(s) for acquisition of 5,189,348 ordinary shares representing 55% of the Clover Pakistan Limited. The acquirer, therefore, in terms of regulation 14 (1) of Takeover Regulations is required to make offer to acquire at least 50% of the remaining shares which comes up to 22.50% instead of 17.68% shares.

Response With respect to the percentage of public offer i.e. 17.68%, the calculation is correct and in compliance with section 117 of the Securities Act 2015, as the offer is to be made to shareholders "provided that where the public announcement is made pursuant to an agreement to acquire voting shares or control of the target company, the offer letter shall be sent to the shareholders other than the parties to the agreement". In this case, the sellers own approximately 64.64% shares, of which, they are only selling 55% to the acquirer, as such the remaining shares held by the public is equivalent to 35.36%, of which, 50% equates to 17.68%. This is further explained in Annexure A attached with this Letter.

In the light of the above responses, we would appreciate if you could kindly allow us to publish the Public Announcement of Offer and proceed forward with the transaction in question.

If you require any clarification, please feel free to contact us.

Warm Regards,

  
Abadun Munim Mohajir  
Senior Associate – Investment Banking

CC:

**Executive Director**  
Public Offering and Regulated Persons Department  
Securities Market Division  
Securities & Exchange Commission of Pakistan,  
National Insurance Corporation Building,  
63 Jinnah Avenue, Islamabad

**Mr. Muhammad Ghufraan**  
DGM – Company Affairs  
Pakistan Stock Exchange Limited,  
Pakistan Stock Exchange Building,  
Karachi

**Company Secretary**  
Clover Pakistan Limited  
Lakson Square, Building No. 2,  
Sarwar Shaheed Road,  
Karachi



## Annexure A

Minimum number of shares as per Section 14 of Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations 2017 and Section 117 of Securities Act 2015

Parties to SPA	Shares held as per latest Pattern of Shareholding 30th July 2017	As per SPA	Remaining Shares
SIZA (Private) Limited	1,083,149	1,083,149	-
SIZA Services (Private) Limited	2,211,469	1,302,013	909,456
SIZA Commodities (Private) Limited	1,118,778	1,118,778	-
Premier Fashion (Private) Limited	1,685,408	1,685,408	-
<b>TOTAL</b>	<b>6,098,804</b>	<b>5,189,348</b>	<b>909,456</b>
Portion of SPA		55.00%	
TOTAL Outstanding Shares	9,434,880		
Shareholding of Parties to SPA	64.64%		
Public Offer at least 50% of the remaining shares	17.68%		
Number of Shares for Public Offer	1,668,038		