



THE HUB POWER COMPANY LIMITED
ADDENDUM TO THE
NOTICE OF ANNUAL GENERAL MEETING

Reference to the Company's Notice of Annual General Meeting dated September 12, 2019 ("Notice") in respect of the meeting to be held on Thursday, October 24, 2019 at 10:15 am at Marriott Hotel, Karachi.

In addition to the matters disclosed as special business, the following additional matter is to be considered and passed through as special resolution as approved by the Board of Directors:

1. Investment in SECMC

"UNANIMOUSLY RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017, that the Company as an investor in Sindh Engro Coal Mining Company Limited (SECMC) be and is hereby authorised for making investments in SECMC, from time to time, of an amount not exceeding US\$ 20 million (in equivalent Pakistan Rupees in respect of the various phases) by way of subscription of shares at the rate of Rs.14.82 per share. Such investment shall be for a period up till June 2024 or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later."

"FURTHER RESOLVED THAT for making equity investment in Sindh Engro Coal Mining Company Limited (SECMC), the Company is hereby authorized to arrange and provide standby letter of credit (SBLC) to cover for the equity investment of US\$20 million (in respect of the various phases) in its capacity as a project sponsor to the satisfaction of the lenders of SECMC. Such investment shall be for a period up till June 2024 or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later."

"FURTHER RESOLVED THAT, the Chief Executive Officer, Chief Financial Officer & Company Secretary of the Company, be and/is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions".

"UNANIMOUSLY RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017, that the Company as an investor in Sindh Engro Coal Mining Company Limited (SECMC) be and is hereby authorised to provide sponsor support for provision of a standby letter of credit to cover for the Payment Service Reserve Account Shortfall, of an amount estimated not to exceed USD 6 million (or a higher amount, if necessary in respect of the various phases) either by way of subscription for shares at the rate of Rs. 14.82 per share or by treating such amount as subordinated debt, on terms and conditions to be agreed in writing between the Company, SECMC and the lenders. Such investment shall be for a period up till June 2024 or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later."



“FURTHER RESOLVED THAT, approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017, that the Company is hereby authorized to issue a sponsor standby letter of credit to cover for the Subsequent PSRA LC of an amount estimated not to exceed USD 6 million (or a higher amount, if necessary in respect of the various phases) either by way of subscription for shares at the rate of Rs. 14.82 per share or by treating such amount as subordinated debt, on terms and conditions to be agreed in writing between the Company, SECMC and the lenders. Such sponsor obligation shall be for a period of the tenure of the project loan or such other date that may be prescribed under the Sponsor Support Agreement.

FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and the Company Secretary, acting jointly or severally are authorized to negotiate and execute any amendments to the Sponsors Support Agreement or any other agreements, Accession, contracts, and / or security documents, necessary for the or in relation to or in respect of the various phases of the project and take any actions necessary under or in respect thereof.”

“UNANIMOUSLY RESOLVED THAT, approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017, that the Company as an investor in Sindh Engro Coal Mining Company Limited (SECMC) be and is hereby authorised to increase the amount for Sponsor Support Guarantee to cover for cost overrun up to USD 5 million (in respect of the various phases) agreed with Lenders of SECMC and provide funding either by way of subscription of SECMC shares or by way of subordinated loan. Such ‘investment’ shall be for a period up till the later of Project Completion Date or such other date that may be prescribed under the Sponsor Support Agreement.”

“FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and the Company Secretary, acting jointly or severally are authorized to negotiate and execute any amendments to the Sponsors Support Agreement or any other agreements, Accession, contracts, and / or security documents, necessary for the or in relation to or in respect of the various phases of the project and take any actions necessary under or in respect thereof.”

“RESOLVED THAT approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017, that the Company be and is hereby authorized to pledge its shares in SECMC (for various phases) with the lenders for providing security to such lenders as required by all the Sponsors of the Mining Project and execute such agreements thereof. Such ‘investment’ shall be for a period up till December 2034 or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later.”

“FURTHER RESOLVED THAT, the Chief Executive Officer, Chief Financial Officer and the Company Secretary, acting jointly or severally, be and are hereby authorized to execute the Share Pledge Agreement including all necessary documentation related thereto and for the said purpose do or cause to do all acts, deeds and things that may be necessary or required in connection therewith, as may be deemed appropriate and as mutually agreed with the Lenders of SECMC including any amendments thereto, or as required by law.”



“RESOLVED THAT approval of the members of the Company be and is hereby accorded in terms of Section 199 of the Companies Act 2017, that the Company be and is hereby authorized to assign the Company’s rights in respect of any investment made in the Company’s associated company, Sindh Engro Coal Mining Company Limited (SECMC) by way of loan (which loan is to be treated as subordinated debt to the lenders of SECMC) in favour of the lenders of SECMC execute such agreements thereof. Such ‘investment’ shall be for a period up till December 2034 or such period until the liabilities / obligations of the Sponsors remain undischarged, whichever is later.”

“FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and the Company Secretary, acting jointly or severally are authorized to assign any loan given to SECMC (which loan is to be treated as subordinated to the debt of the lenders of SECMC) on such terms and conditions as may be deemed appropriate for the assignment of such debt to SECMC, and for the said purpose do or cause to do all acts, deeds and things that may be necessary or required in connection therewith and to negotiate and execute agreements, security documents, confirmations, notices, filings and certificates as may be agreed with the lenders including any amendments thereto, or required by law.”

Shaharyar Nashat
Company Secretary

Dated: October 03, 2019



STATEMENT PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2017

Pursuant to Section 134 (3) of the Companies Act, 2017, this Statement sets forth the material facts concerning the special business listed hereinabove, to be transacted at the Annual General Meeting of The Hub Power Company Limited (the “Company”) to be held on Thursday, October 24, 2019.

1. INVESTMENT IN SINDH ENGRO COAL MINING COMPANY LIMITED

Pursuant to Shareholder approval obtained on October 5, 2015 for making an investment in SECMC and subsequently on October 18, 2016, the total equity commitment for the Company amounts to USD 20 million against which the Company has already injected USD 11.9 million. The Commercial Operation Date, the 3.8MTPA Sindh Engro Coal Mining Company (SECMC – Phase 1) was also achieved on July 10, 2019. Thar coal mine is part of the early harvest projects of the China Pakistan Economic Corridor (CPEC) framework, making it truly a project of national and strategic importance. HUBCO and other Sponsors namely, GOS, Engro, Thal, HBL, and CMEC are partners are now working diligently to pursue Phase II of the mining Project as per expansion plans, which intends to economize the mine and double the production capacity to 7.6 million tons per annum for supplying coal to our 330MW each Thar Energy and ThalNova Projects. The Financing documents pertaining to SECMC Phase II has already been signed on September 02, 2019.

Each Sponsor is obligated to pay the cost overrun amount in cash, by way of subscription of SECMC shares or at the option of the Sponsors collectively, by way of a subordinated debt to SECMC. During the last Annual General Meeting held on October 5, 2015, the Company sought approval from its members for provision of bank guarantee to cover for the cost overrun of up to US\$ 4 million. The obligation of the Company under the Sponsor Support Agreement is changed to a contractual obligation to make available, if required, a monetary amount equivalent to the Cost Overrun Support Request from SECMC. The obligation of the Company to provide cost overrun support shall be released in full, upon the Project Completion Date. The aforementioned approval was taken at the EOGM held on January 14, 2016. Due to expansion of SECMC Mine to 7.6 Mt/a, HUBCO was required to provide additional Cost Overrun support of US\$ 1 million making a total contractual commitment of US\$ 5 million, which was approved by also approved by the members on October 18, 2016

As for Payment Service Reserve Account (‘PSRA’) on the Initial PSRA Test Date, being the date falling one month prior to the First Repayment Date, if there is an Initial PSRA Shortfall, each Sponsor shall procure and issue a PSRA Letter of Credit (LC) in proportion to its shareholding of Ordinary shares in SECMC. The PSRA Shortfall is the amount of one repayment instalment less the amount available in the PSRA and can therefore be up to the amount of one repayment installment of all the finances obtained by SECMC. That amount can also vary, depending on the then prevailing LIBOR/KIBOR rate, so the estimation is that, Hubco’s share will not exceed US\$ 6 million, though it can be slightly higher or lower.

Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon, for which approval was obtained at the EOGM held on January 14, 2016 & October 18, 2016.



The Company is also required to provide the subsequent Payment Service Reserve Account ('PSRA') in lieu of Cash. After the project completion date of the Project, the lenders of SECMC have allowed Sponsors to withdraw the cash from the PSRA account provided Sponsors issue "PSRA LC" for the amount of the current PSRA. After the final maturity date of project loan, the SECMC lenders will issue instructions to the Facility Agent to release the PSRA LC. That amount can also vary depending on the then prevailing LIBOR/KIBOR rate so the estimation is that, Hubco's share will not exceed US\$ 6 million, although it can be slightly higher or lower. Upon a demand being made for payment under the PSRA LC and receiving such payment, the said amount may be treated as equity or at the option of the Sponsors collectively, subordinated debt advanced in favor of SECMC in an amount equal to such portion of the PSRA LC that is called upon.

Since, the expansion of the Project has been extended, the approval pertaining to the guarantees, undertakings and commitments under the SSA is sought again reflecting the change in timeline and to meet the requirements under the Finance Documents.



Information pursuant to the Companies (Investment in Associated Companies Associated or Associated Undertakings) Regulations 2017 (the “Regulations”)

Investment in Sindh Engro Coal Mining Company Limited

A. INVESTMENT IN EQUITY:

Investments in SECMC up to an amount not exceeding US\$ 20 Million (or PKR equivalent) by way of subscription of shares in SECMC

(a) Disclosures required under Regulations 3(a):

Information Required	Information Provided								
Name of the “associated company”	Sindh Engro Coal Mine Company (SECMC)								
Basis of relationship;	The Company holds 8% of the total issued shares of SECMC. Mr. Khalid Mansoor, CEO of the Company is also on the Board of SECMC.								
Earnings per share for the last three years;	<table border="1"> <thead> <tr> <th>Year</th> <th>Earnings/ (Loss) per share</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>(0.02)</td> </tr> <tr> <td>2017</td> <td>(0.01)</td> </tr> <tr> <td>2016</td> <td>(0.07)</td> </tr> </tbody> </table>	Year	Earnings/ (Loss) per share	2018	(0.02)	2017	(0.01)	2016	(0.07)
Year	Earnings/ (Loss) per share								
2018	(0.02)								
2017	(0.01)								
2016	(0.07)								
Break-up value per share, based on latest audited financial statements;	14.82 per share as of December 2018								
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Position as of December 31, 2018 <table> <tr> <td></td> <td style="text-align: right;">In ‘000’</td> </tr> <tr> <td>Total Assets</td> <td style="text-align: right;">64,644,431</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;">14,051,927</td> </tr> <tr> <td>Loss for the Period</td> <td style="text-align: right;">(17,671)</td> </tr> </table>		In ‘000’	Total Assets	64,644,431	Equity	14,051,927	Loss for the Period	(17,671)
	In ‘000’								
Total Assets	64,644,431								
Equity	14,051,927								
Loss for the Period	(17,671)								
In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely, -	(I) Please see preamble above for project description								

<p>(I) (Description of the project and its history since conceptualization;</p> <p>(II) Starting date and expected date of completion of work;</p> <p>(III) Time by which such project shall become commercially operational;</p> <p>(IV) Expected time by which the project shall start paying return on investment; and</p> <p>(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	<p>(II) Project has already achieved Commercial Operation Date (COD) for Phase I on July 10, 2019 and the phase II COD is expected to be achieved on September 2022</p> <p>(III) The Phase II of the Project is expected to achieve Commercial Operations Date around September 2022</p> <p>(IV) The Project is expected to start paying return on investment after the project completion date and subject to SECMC lenders' approval.</p> <p>(V) As at September 30, 2019, the Company has invested US\$ 11.9 Million in SECMC. The Company will further invest US\$ 8.1 Million</p> <p>Non-Funded: Equity SBLC of remaining commitment US\$ 20 million (less US\$ 11.9 Million)</p>
<p>Maximum amount of investment to be made;</p>	<p>US\$ 20 million (less US\$ 11.9 Million) (in equivalent Pakistan Rupees) converted at the date of subscription.</p>
<p>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>Develop and Expand a coal mine of 7.6 million tons per annum.</p> <p>Investment in SECMC which on completion is to generate return of 20% in IRR terms.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis;</p>	<p>(I) The Company will earn a higher return on its investment than the cost of the borrowing while also increasing the assets of the Company by setting up SECMC's project.</p> <p>(II) Pari-passu charge on all the present and future fixed assets of the Company</p> <p>(III) Project is anticipated to offer an IRR of 20% in US\$ following COD</p>
<p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</p>	<p>Shareholders' Agreement provides for Hubco to nominate a Director on the Board of SECMC. Need to hold minimum of 6% in the SECMC post Financial Close to retain directorship</p>



Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Khalid Mansoor, director in SECMC holds 1 qualifying share as nominee of the Company.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	Please see preamble above.
Any other important details necessary for the members to understand the transaction;	None.

(b) Disclosures under Regulation 3(b)

Maximum price at which securities will be acquired	Rs. 14.82 per share
In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	N/A
Maximum number of securities to be acquired	The Company has already been allotted 88,938,115 ordinary shares and has undertaken to invest USD 20 million (less USD 11.9 Million already invested). The number of securities would be determined based on the conversion on the date of subscription.
Number of securities and percentage thereof held before and after the proposed investment	Present holding – 8% (equivalent PKR). The number of securities would depend upon the call made under difference commitments specified above.
Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	N/A
fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	Regulation 5(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 provides that in case of investment in unlisted equity securities of an associated company or undertaking, the fair value for such securities shall be determined based on the generally accepted valuation techniques and latest financial statements of the associated company. SECMC has yet to achieve the its Commercial Operations Date of Phase II, therefore, the determination of fair value of its shares, provided for in the Regulation cannot be made at this time. PKR 14.82 per share is the par value of the share



B. Cost Overrun – In the Form of Equity

(a) Disclosures under Regulation 3(a)

Information Required	Information Provided								
Name of the “associated company”	Sindh Engro Coal Mine Company (SECMC)								
Basis of relationship;	The Company holds 8% of the total issued shares of SECMC. Mr. Khalid Mansoor, CEO of the Company is also on the Board of SECMC.								
Earnings per share for the last three years;	<table border="1"> <thead> <tr> <th>Year</th> <th>Earnings/ (Loss) per share</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>(0.02)</td> </tr> <tr> <td>2017</td> <td>(0.01)</td> </tr> <tr> <td>2016</td> <td>(0.07)</td> </tr> </tbody> </table>	Year	Earnings/ (Loss) per share	2018	(0.02)	2017	(0.01)	2016	(0.07)
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2018	(0.02)								
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Break-up value per share, based on latest audited financial statements;	14.82 per share as of December 2018								
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p>Position as of December 31, 2018</p> <table> <thead> <tr> <th></th> <th>In ‘000’</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>64,644,431</td> </tr> <tr> <td>Equity</td> <td>14,051,927</td> </tr> <tr> <td>Loss for the Period</td> <td>(17,671)</td> </tr> </tbody> </table>		In ‘000’	Total Assets	64,644,431	Equity	14,051,927	Loss for the Period	(17,671)
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<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</p> <p>(I) Description of the project and its history since conceptualization;</p> <p>(II) Starting date and expected date of completion of work;</p> <p>(III) Time by which such project shall become commercially operational;</p>	<p>(I) Please see preamble above for project description</p> <p>(II) Project has already achieved Commercial Operation Date (COD) for Phase I on July 10, 2019 and the phase II COD is expected to be achieved on September 2022</p> <p>(III) The Phase II of the Project is expected to achieve Commercial Operations Date around September 2022</p>								

<p>(IV) Expected time by which the project shall start paying return on investment; and</p> <p>(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p>	<p>(IV) The Project is expected to start paying return on investment after the project completion date and subject to SECMC lenders' approval.</p> <p>(V) Non-Funded: Contractual commitment of US\$ 5 million</p>
<p>Maximum amount of investment to be made;</p>	<p>USD 5 million (in equivalent Pakistan Rupees) converted at the date of subscription.</p>
<p>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>Develop and Expand a coal mine of 7.6 million tons per annum.</p> <p>Investment in SECMC which on completion is to generate return of 20% in IRR terms.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis;</p>	<p>(I) The Company will earn a higher return on its investment than the cost of the borrowing while also increasing the assets of the Company by setting up SECMC's project.</p> <p>(II) Pari-passu charge on all the present and future fixed assets of the Company</p> <p>(III) Project is anticipated to offer an IRR of 20% in US\$ following COD</p>
<p>Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment</p>	<p>Shareholders' Agreement provides for Hubco to nominate a Director on the Board of SECMC. Need to hold minimum of 6% in the SECMC post Financial Close to retain directorship</p>
<p>Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;</p>	<p>Mr. Khalid Mansoor, director in SECMC holds 1 qualifying share as nominee of the Company.</p>
<p>In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including</p>	<p>Please see preamble above.</p>



complete information/justification for any impairment or write offs;	
Any other important details necessary for the members to understand the transaction;	None.

(b) Disclosures under Regulation 3(b)

Maximum price at which securities will be acquired	Rs. 14.82 per share
In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	N/A
Maximum number of securities to be acquired	<p>The Company has already been allotted 88,938,115 ordinary shares and has undertaken to invest USD 20 million (less USD 11.9 Million already invested). The number of securities would be determined based on the conversion on the date of subscription.</p> <p>In terms of cost overrun, the number of securities will depend on the cost overrun support required by SECMC, if it is decided that the investment shall be made by way of subscription in shares and will be subject to conversion as stated above. However, in all cases, the Company's percentage ownership of SECMC's ordinary shares is to be at approximately 8%.</p>
Number of securities and percentage thereof held before and after the proposed investment	<p>Present holding – 8% (equivalent PKR). The number of securities would depend upon the call made under difference commitments specified above.</p> <p>In terms of cost overrun, the number of securities will depend on the cost overrun support required by SECMC, if it is decided that the investment shall be made by way of subscription in shares and will be subject to conversion as stated above. However, in all cases, the Company's percentage ownership of SECMC's ordinary shares is to be at approximately 8%.</p>
Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	N/A



<p>fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;</p>	<p>Regulation 5(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 provides that in case of investment in unlisted equity securities of an associated company or undertaking, the fair value for such securities shall be determined based on the generally accepted valuation techniques and latest financial statements of the associated company. SECMC has yet to achieve the its Commercial Operations Date of Phase II, therefore, the determination of fair value of its shares, provided for in the Regulation cannot be made at this time.</p> <p>PKR 14.82 per share is the par value of the share</p>
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Investment in the form of subordinated debt

(a) Disclosures under Regulation 3(a)

Information Required	Information Provided								
Name of the “associated company”	Sindh Engro Coal Mine Company (SECMC)								
Basis of relationship;	<p>The Company holds 8% of the total issued shares of SECMC.</p> <p>Mr. Khalid Mansoor, CEO of the Company is also on the Board of SECMC.</p>								
Earnings per share for the last three years;	<table border="1" data-bbox="699 1167 1219 1413"> <thead> <tr> <th>Year</th> <th>Earnings/ (Loss) per share</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>(0.02)</td> </tr> <tr> <td>2017</td> <td>(0.01)</td> </tr> <tr> <td>2016</td> <td>(0.07)</td> </tr> </tbody> </table>	Year	Earnings/ (Loss) per share	2018	(0.02)	2017	(0.01)	2016	(0.07)
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<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</p> <ul style="list-style-type: none"> (I) Description of the project and its history since conceptualization; (II) Starting date and expected date of completion of work; (III) Time by which such project shall become commercially operational; (IV) Expected time by which the project shall start paying return on investment; and (V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; 	<ul style="list-style-type: none"> (I) Please see preamble above for project description (II) Project has already achieved Commercial Operation Date (COD) for Phase I on July 10, 2019 and the phase II COD is expected to be achieved on September 2022 (III) The Phase II of the Project is expected to achieve Commercial Operations Date around September 2022 (IV) The Project is expected to start paying return on investment after the project completion date and subject to SECMC lenders' approval. (V) Non-Funded: Contractual commitment of US\$ 5 million
<p>Maximum amount of investment to be made;</p>	<p>USD 5 million (in equivalent Pakistan Rupees) converted at the date of subscription.</p>
<p>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>Develop and Expand a coal mine of 7.6 million tons per annum.</p> <p>Investment in SECMC which on completion is to generate return of 20% in IRR terms.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <ul style="list-style-type: none"> (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and 	<ul style="list-style-type: none"> (I) The Company will earn a higher return on its investment than the cost of the borrowing while also increasing the assets of the Company by setting up SECMC's project. (II) Pari-passu charge on all the present and future fixed assets of the Company



(III) cost benefit analysis;	(III) Project is anticipated to offer an IRR of 20% in US\$ following COD
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Shareholders' Agreement provides for Hubco to nominate a Director on the Board of SECMC. Need to hold minimum of 6% in the SECMC post Financial Close to retain directorship
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Khalid Mansoor, director in SECMC holds 1 qualifying share as nominee of the Company.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	Please see preamble above.
Any other important details necessary for the members to understand the transaction;	None.

(b) Disclosures under Regulation 3(c)

Category-wise amount of investment;	As mentioned above in preamble
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and	To be determine at the time of investment (if called)
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission on the guarantee and any other charge would have to be agreed with the bank providing the Guarantee. In the event any amount is invested as a loan the Company shall require SECMC to pay interest at the standard bank rates, to be mutually agreed between the parties
Particulars of collateral or security to be obtained in relation to the proposed investment	No security will be obtained from the borrowing company as it will be a subordinated loan from the Company to SECMC



if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A
Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	To be finalized with the lenders at the time when (and if) a loan is required to be extended. However, it is expected that the term will be at least as long as the loans/finances to be provided by lenders which is 14 years from the date of effectiveness of their loan agreements. Repayment of both the principal and mark-up payable by SECMC will be subordinated to the principal/interest/mark-up and other payments due to the lenders under the terms of their financing documents.

C. Payment Service Reserve Account (PSRA) – In the Form of Equity

(a) Disclosures under Regulation 3(a)

Information Required	Information Provided								
Name of the “associated company”	Sindh Engro Coal Mine Company (SECMC)								
Basis of relationship;	The Company holds 8% of the total issued shares of SECMC. Mr. Khalid Mansoor, CEO of the Company is also on the Board of SECMC.								
Earnings per share for the last three years;	<table border="1"> <thead> <tr> <th>Year</th> <th>Earnings/ (Loss) per share</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>(0.02)</td> </tr> <tr> <td>2017</td> <td>(0.01)</td> </tr> <tr> <td>2016</td> <td>(0.07)</td> </tr> </tbody> </table>	Year	Earnings/ (Loss) per share	2018	(0.02)	2017	(0.01)	2016	(0.07)
Year	Earnings/ (Loss) per share								
2018	(0.02)								
2017	(0.01)								
2016	(0.07)								
Break-up value per share, based on latest audited financial statements;	14.82 per share as of December 2018								
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Position as of December 31, 2018 <table> <tr> <td></td> <td style="text-align: right;">In ‘000’</td> </tr> <tr> <td>Total Assets</td> <td style="text-align: right;">64,644,431</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;">14,051,927</td> </tr> <tr> <td>Loss for the Period</td> <td style="text-align: right;">(17,671)</td> </tr> </table>		In ‘000’	Total Assets	64,644,431	Equity	14,051,927	Loss for the Period	(17,671)
	In ‘000’								
Total Assets	64,644,431								
Equity	14,051,927								
Loss for the Period	(17,671)								

<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</p> <ul style="list-style-type: none"> (I) Description of the project and its history since conceptualization; (II) Starting date and expected date of completion of work; (III) Time by which such project shall become commercially operational; (IV) Expected time by which the project shall start paying return on investment; and (V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; 	<ul style="list-style-type: none"> (I) Please see preamble above for project description (II) Project has already achieved Commercial Operation Date (COD) for Phase I on July 10, 2019 and the phase II COD is expected to be achieved on September 2022 (III) The Phase II of the Project is expected to achieve Commercial Operations Date around September 2022 (IV) The Project is expected to start paying return on investment after the project completion date and subject to SECMC lenders' approval. (V) Non-Funded: Contractual commitment to provide Initial PSRA SBLC of US\$ 6 Million; and obligation to provide subsequent PSRA SBLC of US\$ 6 Million
<p>Maximum amount of investment to be made;</p>	<p>Initial PSRA SBLC US\$ 6 Million (or in equivalent Pakistan Rupees) and subsequent PSRA SBLC US\$ 6 Million (in equivalent Pakistan Rupees)</p>
<p>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>Develop and Expand a coal mine of 7.6 million tons per annum.</p> <p>Investment in SECMC which on completion is to generate return of 20% in IRR terms.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <ul style="list-style-type: none"> (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and 	<ul style="list-style-type: none"> (I) The Company will earn a higher return on its investment than the cost of the borrowing while also increasing the assets of the Company by setting up SECMC's project. (II) Pari-passu charge on all the present and future fixed assets of the Company



(III) cost benefit analysis;	(III) Project is anticipated to offer an IRR of 20% in US\$ following COD
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Shareholders' Agreement provides for Hubco to nominate a Director on the Board of SECMC. Need to hold minimum of 6% in the SECMC post Financial Close to retain directorship
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Khalid Mansoor, director in SECMC holds 1 qualifying share as nominee of the Company.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	Please see preamble above.
Any other important details necessary for the members to understand the transaction;	None.

(b) Disclosures under Regulation 3(b)

Maximum price at which securities will be acquired	Rs. 14.82 per share
In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	N/A
Maximum number of securities to be acquired	Number of securities would be determined by converting the US\$ investment amount into PKR on the date of subscription and dividing the same by the rate of the shares as decided by the board of directors of SECMC
Number of securities and percentage thereof held before and after the proposed investment	Present holding – 8% (equivalent PKR). The number of securities would depend upon the call made under difference commitments specified above in preamble whether or not the Company opts to satisfy the call by way of subscription of shares in SECMC. It is anticipated that the holding to stay 8%
Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	N/A



<p>fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;</p>	<p>Regulation 5(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 provides that in case of investment in unlisted equity securities of an associated company or undertaking, the fair value for such securities shall be determined based on the generally accepted valuation techniques and latest financial statements of the associated company. SECMC has yet to achieve its Commercial Operations Date of Phase II, therefore, the determination of fair value of its shares, provided for in the Regulation cannot be made at this time.</p> <p>PKR 14.82 per share is the par value of the share</p>
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Investment in the form of subordinated debt

(a) Disclosures under Regulation 3(a)

Information Required	Information Provided								
Name of the “associated company”	Sindh Engro Coal Mine Company (SECMC)								
Basis of relationship;	<p>The Company holds 8% of the total issued shares of SECMC.</p> <p>Mr. Khalid Mansoor, CEO of the Company is also on the Board of SECMC.</p>								
Earnings per share for the last three years;	<table border="1" data-bbox="699 1167 1219 1413"> <thead> <tr> <th>Year</th> <th>Earnings/ (Loss) per share</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>(0.02)</td> </tr> <tr> <td>2017</td> <td>(0.01)</td> </tr> <tr> <td>2016</td> <td>(0.07)</td> </tr> </tbody> </table>	Year	Earnings/ (Loss) per share	2018	(0.02)	2017	(0.01)	2016	(0.07)
Year	Earnings/ (Loss) per share								
2018	(0.02)								
2017	(0.01)								
2016	(0.07)								
Break-up value per share, based on latest audited financial statements;	14.82 per share as of December 2018								
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p>Position as of December 31, 2018</p> <table border="1" data-bbox="699 1608 1401 1809"> <thead> <tr> <th></th> <th>In ‘000’</th> </tr> </thead> <tbody> <tr> <td>Total Assets</td> <td>64,644,431</td> </tr> <tr> <td>Equity</td> <td>14,051,927</td> </tr> <tr> <td>Loss for the Period</td> <td>(17,671)</td> </tr> </tbody> </table>		In ‘000’	Total Assets	64,644,431	Equity	14,051,927	Loss for the Period	(17,671)
	In ‘000’								
Total Assets	64,644,431								
Equity	14,051,927								
Loss for the Period	(17,671)								

<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely, -</p> <ul style="list-style-type: none"> (I) (Description of the project and its history since conceptualization; (II) Starting date and expected date of completion of work; (III) (Time by which such project shall become commercially operational; (IV) Expected time by which the project shall start paying return on investment; and (V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; 	<ul style="list-style-type: none"> (I) Please see preamble above for project description (II) Project has already achieved Commercial Operation Date (COD) for Phase I on July 10, 2019 and the phase II COD is expected to be achieved on September 2022 (III) The Phase II of the Project is expected to achieve Commercial Operations Date around September 2022 (IV) The Project is expected to start paying return on investment after the project completion date and subject to SECMC lenders' approval. (V) Non-Funded: Contractual commitment to provide Initial PSRA SBLC of US\$ 6 Million; and obligation to provide subsequent PSRA SBLC of US\$ 6 Million
<p>Maximum amount of investment to be made;</p>	<p>Initial PSRA SBLC US\$ 6 Million (or in equivalent Pakistan Rupees) and subsequent PSRA SBLC US\$ 6 Million (in equivalent Pakistan Rupees)</p>
<p>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment</p>	<p>Develop and Expand a coal mine of 7.6 million tons per annum.</p> <p>Investment in SECMC which on completion is to generate return of 20% in IRR terms.</p>
<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</p> <ul style="list-style-type: none"> (I) justification for investment through borrowings; (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and 	<ul style="list-style-type: none"> (I) The Company will earn a higher return on its investment than the cost of the borrowing while also increasing the assets of the Company by setting up SECMC's project. (II) Pari-passu charge on all the present and future fixed assets of the Company



(III) cost benefit analysis;	(III) Project is anticipated to offer an IRR of 20% in US\$ following COD
Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Shareholders' Agreement provides for Hubco to nominate a Director on the Board of SECMC. Need to hold minimum of 6% in the SECMC post Financial Close to retain directorship
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Khalid Mansoor, director in SECMC holds 1 qualifying share as nominee of the Company.
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	Please see preamble above.
Any other important details necessary for the members to understand the transaction;	None.

(b) Disclosures under Regulation 3(c)

Category-wise amount of investment;	As mentioned above in preamble
Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and	To be determine at the time of investment (if called)
Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	The commission on the guarantee and any other charge would have to be agreed with the bank providing the Guarantee. In the event any amount is invested as a loan the Company shall require SECMC to pay interest at the standard bank rates, to be mutually agreed between the parties
Particulars of collateral or security to be obtained in relation to the proposed investment	No security will be obtained from the borrowing company as it will be a subordinated loan from the Company to SECMC



<p>if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;</p>	<p>N/A</p>
<p>Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking</p>	<p>To be finalized with the lenders at the time when (and if) a loan is required to be extended. However, it is expected that the term will be at least as long as the loans/finances to be provided by lenders which is 14 years from the date of effectiveness of their loan agreements. Repayment of both the principal and mark-up payable by SECMC will be subordinated to the principal/interest/mark-up and other payments due to the lenders under the terms of their financing documents.</p>