# HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 14th Extraordinary General Meeting of shareholders of HUFFAZ SEMALESS PIPE INDUSTRIES LIMITED ("Huffaz") will be held on Thursday, 25 May 2017 at 04:00 p.m. at Junagargh Community Centre Opposite. Mashriq Centre, Block-17, Gulshan-e-Iqbal, Karachi-75300 for the purpose of considering following Special Business:

### SPECIAL BUSINESS

1. To consider and if though fit, pass the following resolution with or without any modifications as a Special Resolution pursuant to the provisions of Section 208 of the Companies Ordinance 1984:

2. "Resolved as and by way of Special Resolution that Huffaz be and is hereby authorized and empowered to make an investment in a new joint venture company established in Pakistan under the name of HPY Coating (Private) Limited ("HPY") in collaboration with Jiangsu PuYuan Steel Pipe Industry Company Limited ("PuYuan") for setting up a project for providing polyethylene coating services to its prospective customers ("Project") on the basis of a 55%:45% shareholding with Huffaz owning 55% (23,100,000 shares @ 10 each) of the issued share capital in HPY against transfer of Land & Building therein and PuYuan owning 45% ( 18,900,000 shares @ 10 each) of the issued shares capital of HPY against transferring of project Equipment subject to all necessary Corporate and & regulatory approval as per recommendation of Board of Directors, with the amount of investment of Huffaz be USD 2.2 million equivalent to Rs. 231 million and Further Resolved that the Chief Executive Officer of Huffaz be and is hereby authorized to take all necessary actions for implementing the above Special Resolution, including negotiating and finalizing the terms of the joint venture Project, sign agreements, applications and approach regulatory authorities and appoint lawyers, advisors and other experts as may be required. "

3. To consider any other business with the permission of the Chair.

By order of the Board

Karachi
May 04, 2017

Usama Ahmed
Company Secretary

### NOTE:

01. The share transfer books of the company will remain closed from 17th May, 2017 to 25th May 2017 (both days inclusive).
02. A member entitled to attend and vote at the meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. No person shall act as a proxy who is not a member of the Company. Proxies in order to be effective must be received at the registered office of the Company not less than 48 hours before the meeting and must be signed and witnessed.
03. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant ID number and account/sub-account number along-with Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.
04. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of meeting.
05. Members are requested not to bring children along-with them, as children will not be allowed in the meeting.
06. Statement under Section 160(1)(B) of the Companies Ordinance 1984 in relation to the proposed Special Resolution is attached.

# HUFFAZ SEAMLESS PIPE INDUSTRIES LIMITED

## STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984

Detail require under clause 3(1) (a) of the Companies (Investment in Associates Companies or Associated undertakens Regulation 2012 are given below:

This statement sets out the material facts concerning the Special Business, given in agenda item No. 1 of the Notice, to be transacted at the Extra Ordinary General Meeting of the company to be held on May 25, 2017.

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| (i) | Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established; | HPY Coating (Private) Limited ("HPY")<br>it is a joint venture company established in Pakistan under the name of HPY Coating (Private) Limited in collaboration with Jiangsu PuYuan Steel Pipe Industry Company Limited ("PuYuan") on the basis of a 55%:45% shareholding with Huffaz owning 55% (23,100,000 shares @ 10 each) of the issued share capital in HPY against transfer of Land & Building therein and PuYuan owning 45% ( 18,900,000 shares @ 10 each) shares **against transfer of plant machinery and equipment for setting up the project**. The Board will comprise 5(Five) directors, with PuYuan appointing / nominating 2(Two) Directors and Huffaz appointing / nominating 3 (Three) Directors on the Board. **HPY is presently set up as a wholly owned subsidiary of Huffaz.** |
| (ii) | Purpose, benefits and period of investment; | Purpose of investment is or setting up a project for providing polyethylene coating services to its prospective customers ("Project") . **This project is going to be a value addition service for the products of Huffaz.** |
| (iii) | Maximum amount of investment; | Pak Rupees 231,000,000/- |
| (iv) | Maximum price at which securities will be acquired; | Securities will be acquired at par value of Rs.10/- per share. |
| (v) | Maximum number of securities to be acquired; | 23,100,000 ordinary shares |
| (vi) | Number of securities and percentage thereof held before and after the proposed investment; | Before investment, total number of shares by Huffaz is nil shares representing zero percent of associated company. After investment the number of shares of Huffaz will be 23,100,000 shares which will be 55% of the total proposed paid up capital of associated company. |
| (vii) | In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired; | Not applicable |
| (viii) | In case of investment in unlisted securities, fair market value of such securities determined in terms of regulations 6(1); | Newly incorporated (fresh equity at face value) |
| (ix) | Break-up value of securities intended to the acquired on the basis of the latest audited financial statements; | Not applicable (Newly incorporated) |
| (x) | Earnings per share of the associated company or associated undertaking for the last three years; | Not applicable (Newly incorporated) |
| (xi) | Sources of fund from which securities will be acquired; | Company's own sources (Contribution of Huffaz Land and Building) |
| (xii) | where the securities are intended to be acquired using borrowed funds,- | N/A |
| | (I) justification for investment through borrowings; and | N/A |
| | (II) detail of guarantees and assets pledged for obtaining such funds; | N/A |
| (xiii) | Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment; | Huffaz will make an investment in a new joint venture company established in Pakistan under the name of HPY Coating (Privatcapital in HPY against transfer of Land & Building therein and PuYuan owning 45% ( 18,900,000 shares @ 10 each) of the issued shares capital of HPY against transferring of project Equipment and to obtain all necessary Corporate and & regulatory approval as per recommendation of Board of Directors. The amount of investment will be USD 2.2 million equivalents to Rs. 231 million and no director of Huffaz is interested therein. **The management control will be with Huffaz by virtue of majority directors on the Board.**<br>**Following are the salient features of the JV agreement:**<br><br>**a- A new private limited company with 55% shareholding of Huffaz and 45% PuYuan (a Chinese company)**<br>**b- Name of the new company is HPY Coating Private Limited.**<br>**c- Head office and factory premises shall be same as of Huffaz.**<br>**d- Object of HPY shall be provision of 3 layer polyethylene coating services to its customer.**<br>**e- Investment shall be in the form of transfer of assets and connected expenses.**<br>**f- HPY shall be jointly managed.**<br><br>**For this purpose the Chief Executive Officer of Huffaz was authorized by Board of Director of Huffaz ("BOD") through Circular Resolution dated 31 March 2017 to finalize an appropriate joint venture agreement with PuYuan ("JV Agreement") subject to the final approval of BOD and all corporate & regulatory approvals, including but not limited to approval of shareholders under Section 208 of the Companies Ordinance 1984 if require. The implementation of JV Agreement was discussed and finalized by the BOD in its subsequent meeting held on 29 April 2017 and recommended to shareholders for approval.**<br>**.**<br>**1. All on such terms and subject to such conditions as may be determined by the Board of Directors of the Company or by such person or persons as may be authorized by the Board of Directors of the Company, with each such person as may be authorized by the Board of Directors of the Company being authorized to do all such acts deeds and things and to execute and deliver all such deeds agreements declarations undertakings for and on behalf and in the name of the Company as may be necessary or required or as they or any of them may think fit for or in connection with the investment aforesaid including without limiting the generality of the foregoing the preparation, finalization, execution and delivery of all agreements, deeds and other undertakings.** |
| (xiv) | Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration; | At present directors/sponsors of Huffaz held **54.75%** shareholding in the Huffaz. The directors/sponsors of Huffaz have no interest directly or indirectly in the investment in HPY, except they are interested in the investment of company in HPYto the extent of their share of investment in both the companies. |
| (xv) | Any other important details necessary for the members to understand the transaction; and | The project of associated company is located inside the factory premises of Huffaz, 90 km, superhighway, Nooirabad. On successful commissioning of this project, HPY will be the major service providerof polyethylene coating to its prospective customers in Pakistan. |
| (xvi) | in case of investment in securities of a project of an associated company or associated undertaking that has not commenced operation, in addition to the information referred to above, the following further information, is required, namely,- (I) description of the project and its history since conceptualization; | Leased Land of 3.39 acres owned by Huffaz with erected pre-engineered sheds thereat, are ready to transfer in HPY. Gas & Electricity connection for the project has been applied and hope to be connected soon. PuYuan is ready to ship to Machineries and allied to Pakistan. |
| | (II) Starting and expected date of completion of work; | Machinery is expected to be arrived during July 2017 and is planned to be erected by August 2017. |
| | (III) Time by which such project shall become commercially operational; and | Project is expected to be commercially operational by August 2017. |
| | (IV) expected time by which the project shall start paying return on investment; | By mid of next year, Inshallah. |