



www.dawoodhercules.com

May 30, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

**NOTICE OF THE EXTRAORDINARY GENERAL MEETING
OF DAWOOD HERCULES CORPORATION LIMITED**

Dear Sir,

Reference is made to the material information disclosed by Dawood Hercules Corporation Limited (the "Company") to the Pakistan Stock Exchange ("PSX" or the "Exchange") on May 6, 2024 and May 17, 2024.

We inform you that pursuant to the Order of Hon'ble Islamabad High Court dated May 23, 2024 (the "Order"), an Extraordinary General Meeting ("EOGM") of the Company will be held on Wednesday, June 26, 2024, at 10:00 AM at the Karachi School of Business and Leadership, situated at National Stadium Road, Opp. Liaquat National Hospital, Karachi.

The following information in this regard is being submitted to the Exchange:

- 1) Notice of the EOGM along with the Statements of Material Facts
- 2) Postal Ballot, as required under Regulation 8 of the Companies (Postal) Ballot Regulations, 2018
- 3) Proxy Form
- 4) Copy of the Order
- 5) Scheme of Arrangement filed with Hon'ble Islamabad High Court, and
- 6) Statement under section 281 of the Companies Act, 2017

The Notice of EOGM, along with Statement of Material Facts, Proxy Form, and Postal Ballot, will be published in Business Recorder and Nawa-i-Waqt (English and Urdu - nationwide publication) on Friday, May 31, 2024.

The Share Transfer Books of the Company will remain closed from Wednesday, June 12, 2024 to Wednesday, June 26, 2024 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, Messrs. FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi, PABX No. (+92-21) 34380101-5, and email info.shares@famcosrs.com, by close of business on Tuesday, June 11, 2024, will be considered in time to attend, vote and speak at the EOGM.

In compliance with Regulation 4 of the Companies (Postal) Ballot Regulations, 2018, the electronic voting facility will be available to eligible members of the Company in line with applicable law.

Kindly disseminate this information to the TRE Certificate Holders of the Exchange accordingly.

For and on behalf of
Dawood Hercules Corporation Limited


Imran Chagani
Company Secretary

Copied:

Director / HOD

Listed Companies Department, Supervision Division
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad

Dawood Hercules Corporation Limited

Dawood Centre, M.T Khan Road, Karachi*75530, Pakistan | Tel: +92 21 35686001 | Fax: +92 21 35644147 | info@dawoodhercules.com



NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that pursuant to the order of the Hon'ble Islamabad High Court, Islamabad dated May 23, 2024, an Extra Ordinary General meeting ("**EOGM**") of the Members of Dawood Hercules Corporation Limited (**DH Corporation**) will be held on **Wednesday, June 26, 2024**, at **10:00 am** at the Karachi School of Business & Leadership, National Stadium Road, opposite Liaquat National Hospital, Karachi, 74800, Sindh to transact the following business:

Special Business:

1. To consider, and, if thought fit, to pass, with or without modifications, the following resolution for, inter alia, a corporate restructuring / reorganization of DH Corporation, involving the following:
 - a. DH Corporation shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of Engro Corporation Limited (**Engro Corporation**) as specified in the Scheme (**Demerged Undertaking**) shall vest into DH Partners Limited (**DHPL**) against which DHPL shall issue shares in its share capital to the existing shareholders of DH Corporation (**DH Existing Shareholders**) in the same proportion in which they hold shares in DH Corporation;
 - b. DH Corporation's investment in shares of Engro Corporation (**Retained Undertaking**) will be retained as part of DH Corporation; and
 - c. The shares held by all shareholders of Engro Corporation (other than DH Corporation) in the issued share capital of Engro Corporation (**Transferred Shareholders**) shall vest with and into DH Corporation i.e., Engro Corporation shall become a wholly owned subsidiary of DH Corporation, in exchange whereof the Transferred Shareholders shall be issued shares by the DH Corporation in its share capital in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in Engro Corporation indirectly through DH Corporation,

along with ancillary matters thereto, in accordance with the Scheme of Arrangement filed with the Hon'ble Islamabad High Court, Islamabad, as approved by the Board of Directors of Engro Corporation on May 17, 2024.

The resolution to be passed by the requisite majority of members of the DH Corporation under Section 279 to 282 and 285(8) of the Companies Act, 2017 is as under:

"RESOLVED THAT the Scheme of Arrangement filed with the Hon'ble Islamabad High Court, Islamabad, prepared under the provisions of Section 279-282 and 285(8) of the Companies Act, 2017 as approved by the Board of Directors and circulated to the members of DH Corporation for, inter alia:

- a. DH Corporation shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of Engro Corporation Limited ("**Engro Corporation**") as specified in the Scheme ("**Demerged Undertaking**") shall vest into DH Partners Limited ("**DHPL**") against which DHPL shall issue shares in its share capital to the existing shareholders of DH Corporation ("**DH Existing Shareholders**") in the same proportion in which they hold shares in DH Corporation;
- b. DH Corporation's investment in shares of Engro Corporation ("**Retained Undertaking**") will be retained as part of DH Corporation; and
- c. The shares held by all shareholders of Engro Corporation (other than DH Corporation) in the issued share capital of Engro Corporation ("**Transferred Shareholders**") shall vest with and into DH Corporation i.e., Engro Corporation shall become a wholly owned subsidiary of DH Corporation, in exchange whereof the Transferred Shareholders shall be issued shares by DH Corporation in its share capital in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in Engro Corporation indirectly through DH Corporation,



along with ancillary matters thereto, placed before the meeting for consideration and approval, be and hereby approved and adopted, along with any modifications / amendments required or conditions imposed by the Hon'ble Islamabad High Court, Islamabad.

FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and / or the Company Secretary be and are hereby singly authorized to complete any or all necessary corporate, legal and regulatory compliances and formalities to give effect to the above, including to sign, execute, deliver and issue, on behalf of DH Corporation, all such notices, documents, forms, instruments and other papers of any nature whatsoever that may be required in connection with the above resolution(s), and to complete regulatory requirements including filing of required documents with the Hon'ble Islamabad High Court."

As per order of the Hon'ble Islamabad High Court, Mr. Hussain Dawood is appointed Chairman for the EOGM. The statement under section 134(3) of the Companies Act, 2017 setting out the material facts is annexed to this notice.

Other Business:

To transact any other business with the permission of the Chair.



By Order of the Board

Dated: May 27, 2024
Karachi

Imran Chagani
Company Secretary

NOTES:

1. Video Conference Facility for Extraordinary General Meeting (EOGM) of shareholders: As per the directive issued by Securities and Exchange Commission of Pakistan ("**SECP**"), Dawood Hercules Corporation Limited (the "Company") has made arrangements of video conference facility to ensure that shareholders can also participate in the EOGM proceeding via video link. The members and their proxies who intend to attend the EOGM through video-link must register their particulars by sending an email at company.secretary@dawoodhercules.com. The members registering to connect through video-link facility are required to mention their name, folio number and number of shares held in their name in the email with subject 'Registration for DH Corporation EOGM' along with valid copy of their CNIC/Passport. Video link and login credentials will be shared with the members whose emails, containing all the required particulars, are received at the given email address at least 24 (twenty four) hours before the time of the EOGM.
2. The Share Transfer Books of the Company will remain closed from Wednesday, June 12, 2024 to Wednesday, June 26, 2024 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, M/s FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S, Shakra-e-Faisal, Karachi, PABX No. (+92-21)34380101-5, and email info.shares@famcosrs.com, by close of business on Tuesday, June 11, 2024, will be considered in time to attend, vote and speak at the EOGM.
3. A member entitled to attend, vote and speak at this meeting may appoint another member as his/her/its proxy to attend, vote and speak at the meeting. The instrument appointing a proxy and the power of the attorney or other authority / board resolution under which it is signed or notarized must be deposited at the registered office of the Company at least forty-eight (48) hours before the time of the Meeting. The forms of proxy are attached to this notice.
4. All members entitled to attend, vote and speak at the EOGM, are entitled to appoint another person in writing as their proxy to attend, vote and speak on their behalf. A proxy need not be a member of the Company. A corporate entity, being member, may appoint its representative to attend the EOGM through resolution of its Board of Directors. Proxy Forms in English and



- Urdu languages are attached with the notice circulated to the shareholders. In case of appointment of proxy by corporate entities, a resolution of the board of directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form. The proxy holders are required to produce their original valid CNICs or original passports at the time of the EOGM.
5. In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at least 48 (forty-eight) hours before the time of the EOGM.
 6. CDC account holders will further have to follow the below guidelines as laid down by the SECP:
 - (i) For Attending the EOGM
 - (a) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the above-mentioned email address at least 48 (forty-eight) hours before the EOGM.
 - (b) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be shared on the above-mentioned email address at least 48 (forty eight) hours before the EOGM (unless it has been provided earlier).
 - (ii) For Appointing Proxies
 - (a) In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
 - (b) Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - (c) The proxy shall produce original valid CNIC or original passport at the above mentioned email address at least 48 (forty eight) hours before the meeting.
 - (d) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted on the email address mentioned above at least 48 (forty eight) hours before the EOGM (unless it has been provided earlier) along with proxy form to the Company.
 - (e) Proxy form will be witnessed by 2 (two) persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.
 7. Pursuant to the Companies (Postal Ballot) Regulations, 2018, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedure contained in the aforesaid Regulations.
 8. The Company has placed the Notice of EOGM along with Proxy Form and Postal Ballot Paper on its website: www.dawoodhercules.com.



STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Company Original No. 7/2024 has been filed in the Hon'ble Islamabad High Court, Islamabad under sections 279 – 282 and 285(8) of the Companies Act, 2017 ("**Companies Act**") for sanction of and for passing other orders in respect of Scheme of Arrangement between the DH Corporation Limited ("**DH Corporation**"), DH Partners Limited ("**DHPL**") and Engro Corporation Limited ("**Engro Corporation**") ("**Scheme**"). In the proceedings, the Court has directed the convening of meetings of the members of the Engro Corporation seeking their agreement to Scheme.

Subject to the sanction of the Scheme by the Islamabad High Court, under the Scheme (i) the DH Corporation shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of Engro Corporation as specified in the Scheme (the "**Demerged Undertaking**") shall vest into DHPL against which DHPL shall issue shares in its share capital to the existing shareholders of DH Corporation (the "**DH Existing Shareholders**") in the same proportion in which they hold shares in DH Corporation; (ii) DH Corporation's investment in shares of Engro Corporation (the "**Retained Undertaking**") will be retained as part of DH Corporation; and (iii) the shares held by all shareholders of Engro Corporation (other than DH Corporation) in the issued share capital of Engro Corporation (the "**Transferred Shareholders**") shall vest with and into the DH Corporation i.e., Engro Corporation shall become a wholly owned subsidiary of DH Corporation, in exchange whereof the Transferred Shareholders shall be issued shares by the DH Corporation in its share capital in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in Engro Corporation indirectly through DH Corporation ("**Proposed Arrangement**").

The Proposed Arrangement, along with all ancillary and related matters thereto, shall be effective by way of the Scheme in accordance with the provisions of Section 279 – 282 and 285(8) of the Companies Act, 2017. The Scheme has been filed with the Islamabad High Court on Tuesday, May 21, 2024.

No director of DH Corporation, DHPL and Engro Corporation has any interest, whether directly or indirectly, except to the extent of their shareholding held by them in the respective company (including as nominee directors) and, for the executive directors, their employment within the respective company. The directors are also interested to the extent of remuneration and benefits as per the policy of the respective company and applicable laws. The effect of this Scheme on the interest of these directors does not differ from the respective interests of the members of the DH Corporation, DHPL and Engro Corporation, except to the extent stipulated herein.

A copy of the Scheme is available for inspection to any person entitled to attend the Extra Ordinary General meeting, at the registered office of DH Corporation, situated at Dawood Centre, M.T. Khan Road, Karachi, free of cost during normal business hours. Furthermore, in accordance with Section 282(2) of the Companies Act, 2017, a copy of the Scheme, statement under Section 281 of the Companies Act, 2017 read with statement of material facts under Section 134(3) of the Companies Act, 2017 has been enclosed with the notice of meeting circulated to the members of DH Corporation.

In view of the above, the Board of Directors of DH Corporation have approved and recommended the Scheme, along with the arrangements stipulated thereunder which have been described above.



05

DAWOOD HERCULES CORPORATION LIMITED

Registered Office: Dawood Centre, M.T. Khan Road, Karachi-75530
Contact: (+92-21) 35686001, Website: <https://www.dawoodhercules.com>

Ballot paper for voting through post for poll to be held at the Extra Ordinary General Meeting of Dawood Hercules Corporation Limited being held on **Wednesday, June 26, 2024**, at **10:00 am** at the Karachi School of Business & Leadership, National Stadium Road, opposite Liaquat National Hospital, Karachi, 74800, Sindh and through video conferencing.

Contact Details of Chairman, where ballot paper may be sent:

Business Address: The Chairman, Dawood Hercules Corporation Limited, Dawood Centre, M.T. Khan Road, Karachi.

Attention: Company Secretary

Designated email address: company.secretary@dawoodhercules.com

Name of Shareholder / Joint Shareholders	
Registered Address of Shareholder	
Number of Shares Held	
Folio Number / Participant or Investor Account Number	
CNIC Number (copy to be attached)	
Additional Information & Enclosures (In case of Representative of Body Corporate, Corporation & Federal Government)	

I / we hereby exercise my / our vote in respect of the following agenda through postal ballot by conveying my / our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

S. No.	Nature & Description of Special Resolution(s)	No. of Ordinary Shares for which votes casted	I / We assent to the Special Resolution(s) (FOR)	I / We dissent to the Special Resolution(s) (AGAINST)
1.	<p>RESOLVED THAT the Scheme of Arrangement filed with the Hon'ble Islamabad High Court, Islamabad, prepared under the provisions of Section 279-282 and 285(8) of the Companies Act, 2017 as approved by the Board of Directors and circulated to the members of Dawood Hercules Corporation Limited ("DH Corporation") for, inter alia:</p> <p>(a) DH Corporation shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of Engro Corporation Limited ("Engro Corporation") as specified in the Scheme ("Demerged Undertaking") shall vest into DH Partners Limited ("DHPL") against which DHPL shall issue shares in its share capital to the existing shareholders of DH Corporation ("DH Existing Shareholders") in the same proportion in which they hold shares in DH Corporation;</p>			



<p>(b) DH Corporation's investment in shares of Engro Corporation ("Retained Undertaking") will be retained as part of DH Corporation; and</p> <p>(c) The shares held by all shareholders of Engro Corporation (other than DH Corporation) in the issued share capital of Engro Corporation ("Transferred Shareholders") shall vest with and into DH Corporation i.e., Engro Corporation shall become a wholly owned subsidiary of DH Corporation, in exchange whereof the Transferred Shareholders shall be issued shares by DH Corporation in its share capital in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in Engro Corporation indirectly through DH Corporation,</p> <p>along with ancillary matters thereto, placed before the meeting for consideration and approval, be and hereby approved and adopted, along with any modifications / amendments required or conditions imposed by the Hon'ble Islamabad High Court, Islamabad.</p> <p>FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer and /or the Company Secretary be and are hereby singly authorized to complete any or all necessary corporate, legal and regulatory compliances and formalities to give effect to the above, including to sign, execute, deliver and issue, on behalf of DH Corporation, all such notices, documents, forms, instruments and other papers of any nature whatsoever that may be required in connection with the above resolution(s), and to complete regulatory requirements including filing of required documents with the Hon'ble Islamabad High Court.</p>			
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Signature of Shareholder(s) / Proxy Holder / Authorized Signatory

Place:

Date:

NOTES:

1. Duly filled postal ballot should be sent to Chairman at above-mentioned postal or email address.
2. A Copy of the CNIC should be enclosed with the postal ballot form.
3. Postal ballot forms should reach Chairman of the meeting on or before June 25, 2024 up till 05:00 p.m. Any postal ballot received after this date and time will not be considered for voting.
4. The signature on postal ballot should match the signature on CNIC.
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
6. Ballot paper has also been placed on the website of the Company at www.dawoodhercules.com. Members and Shareholders may download the ballot paper from the website or use the original/photocopy published in the newspaper.



Form of Proxy

I/We _____
of _____ being a member of DAWOOD HERCULES CORPORATION LIMITED and holder
of _____
(Number of Shares)

Ordinary Shares as per share Register Folio No. _____
and/or CDC Participant I.D. No. _____ and Sub Account No. _____
hereby appoint _____ of _____ or failing him/her _____
_____ of _____

as my proxy to vote for me/us and on my/our behalf at the Extra Ordinary General Meeting of the Company to be held on the
26th day of June, 2024 and at any adjournment thereof.

Signed this _____ day of _____ 2024.

WITNESSES:

1) Signature: _____
Name: _____
Address: _____

CNIC or : _____
Passport No : _____

2) Signature: _____
Name: _____
Address: _____

CNIC or : _____
Passport No : _____

Signature

Signature should agree with the specimen
registered with the Company

Note:

Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A Proxy holder may not need to be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



08

پراکسی فارم

میں رہم _____ کی طرف _____

سے _____ بحیثیت داؤد ہر کولس کارپوریشن لمیٹڈ کے رکن، اور _____ (حصص کی تعداد) _____ عمومی حصص یافتہ جن کی مالیت فی حصص

رجسٹرڈ فوئیو نمبر _____ اور / یا سی ڈی سی participant آئی ڈی نمبر _____ اور ذیلی اکاؤنٹ نمبر _____ اپنی دانست میں

_____ کی طرف سے _____ کو بطور پراکسی تعینات کرتا ہوں یا بطور پراکسی کی حیثیت ختم کر رہا / رہی ہوں تاکہ میری / ہماری

طرف غیر معمولی عام اجلاس میں شرکت کریں اور ووٹ دیں جو بتاریخ 26 جون، 2024 کو منعقد کیا جائے گا

دستخط _____ مورخہ / بتاریخ _____ / _____ -2024

گواہان:

۱۔ دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

دستخط شہر ہولڈر
دستخط کئی میں کئے جانے والے دستخط سے سہمات رکھتے ہوں

۲۔ دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

پاسپورٹ نمبر: _____

نوٹ: پراکسیوں بھیجنے کی صورت میں پراکسی فارم کاپی کو عام اجلاس کے انعقاد سے 48 گھنٹے پہلے تک کمپنی کو موصول ہو جانے چاہئیں۔ منتخب پراکسی کمپنی کا ممبر نہیں ہونا چاہیے۔

سی ڈی سی شہر ہولڈرز اور ان کی نمائندہ پراکسی کو اپنی اصل قومی شناختی کارڈ کی یا پاسپورٹ کی منظورشده کاپی اس فارم کے ساتھ کمپنی کو بھیجینی ہے۔

ORDER SHEET
IN THE ISLAMABAD HIGH COURT, ISLAMABAD
(JUDICIAL DEPARTMENT)

Company original no.7/2024

Dawood Hercules Corporation Limited and others
versus
Public at Large

S. No. of order/proceedings	Date of order/Proceedings	Order with signature of Judge and that of parties or counsel where necessary.
1	23.05.2024	M/s Jahanzeb Awan, Adeel Asad Chandna and Muhammad Uzair Bin Shafie, advocates for the petitioners

This petition is filed under sections 279 to 282 and 285(8) of the Companies Act, 2017, read with the applicable rules, seeking sanction of this Court for the Scheme of Arrangement that already stands approved by the boards of directors of all the three petitioner companies, with extracts of the board resolutions annexed to this petition.

2 Admit. Notice to the Securities and Exchange Commission of Pakistan for it to submit a preliminary report in respect of this petition and the proposed Scheme by the next date of hearing.

3 SECP is directed to ensure that a preliminary review of this petition and the proposed Scheme is carried out within the next two weeks and a concise preliminary report identifying red flags, if any, is placed before the Court. The next hearing will be held in respect of SECP's report only. This is being done in order for the meetings of the creditors and members currently proposed to be held on the 26th of June to go ahead, with any red flags appearing before then by the regulator being addressed, to the extent possible, by orders passed before the meetings.

The petitioners are directed to establish contact with the relevant division of SECP and to make themselves available for any information that SECP may require for its report aforesaid.

5 Notice of this petition be published in the dailies "Dawn" and "Nawaiwaqt", for which the petitioners are to deposit the charges.

6 Relist on **13.06.2024**.

7 Learned counsel for the petitioners is requested to rearrange the file in 4 paper books as follows:

Certified to Be True Copy

27 MAY 2024

Examiner
Copy/Supply Seal
Authorised Under scale-87 of
Qanoon-e-Shahadat Order 1984
Islamabad High Court
Islamabad

- Volume I: the petition and the Scheme, with a schematic representation of the pre-and-post reconstruction depiction of the companies and the movement of the shares and the assets,
- Volume II: A.F. Ferguson's letter in relation to the Scheme, the audited accounts of the companies, the respective board resolutions of the three companies, and lists of creditors,
- Volume III: all the remaining documents, and
- Volume IV: the CMs.

Office is allowed to return the file to the petitioners for them to rearrange it as aforesaid and then to refile it with the office.

CM no.1/2024

Exemption sought for is allowed subject to all just and legal exceptions.

CM no.2/2024

For the reasons stated in this CM, publication in the official Gazette is dispensed for now, unless any good reason is shown by any quarters as to why it should be so published.

CMs no.3 and 4/2024

Reference paras 11 and 12 of the main petition read with CM no. 3 and CM no. 4, the meetings of the members of the respective companies and their creditors as proposed are directed to be held in accordance with the proposed notices annexed to this petition and in accordance with the timelines therein.

The chairmen of the respective meetings of the members and the creditors as proposed are approved.

CM no.5/2024

Since petitioner no.2 DH Partners Limited is a recently formed company and has no creditors, so a meeting of the creditors is not required, and is accordingly dispensed with.

(Sardar Ejaz Ishaq Khan)
Judge

Certified to Be True Copy

27 MAY 2024

Copy of the Court Order No. 18223 of 2024 is hereby certified to be a true copy of the original as shown in the Court records of the Court Islamabad.

Application No. 18223

Date of Presentation of Application _____

Date of Deposit of Fee _____

No of Words _____

Copying Fee _____

Urgent Fee _____

Registration & Stamp Fee _____

Agency Fee _____

Court Fee of Application _____

Total _____

Name of _____

Date _____

Signature _____

Asjid _____

27/5/24

192-05-24

SCHEME OF ARRANGEMENT

UNDER SECTIONS 279 TO 282 AND 285(8) OF THE COMPANIES ACT, 2017

BETWEEN

DAWOOD HERCULES CORPORATION LIMITED AND ITS MEMBERS

AND

DH PARTNERS LIMITED AND ITS MEMBERS

AND

ENGRO CORPORATION LIMITED AND ITS MEMBERS

SCHEME OF ARRANGEMENT

UNDER SECTIONS 279 TO 282 AND 285(8) OF THE COMPANIES ACT, 2017

BETWEEN

DAWOOD HERCULES CORPORATION LIMITED AND ITS MEMBERS

AND

DH PARTNERS LIMITED AND ITS MEMBERS

AND

ENGRO CORPORATION LIMITED AND ITS MEMBERS

1. PREAMBLE

1.1 This composite Scheme of Arrangement ("**Scheme**") is presented under the provisions of Section 279 to 282 and 285(8) and other applicable provisions of the Act (as defined herein) amongst Dawood Hercules Corporation Limited (**DH Corporation**), DH Partners Limited ("**DHPL**") and Engro Corporation Limited ("**Engro Corporation**").

1.2 This Scheme, inter alia, provides for:

- (a) DH Corporation shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of Engro Corporation (the "**Demerged Undertaking**") shall vest into DHPL against which DHPL shall issue shares in its share capital to the existing shareholders of DH Corporation ("**DH Existing Shareholders**") in the same proportion in which they hold shares in DH Corporation;
- (b) shares held by all shareholders of Engro Corporation other than DH Corporation in the issued share capital of Engro Corporation (the "**Transferred Shareholders**") shall vest with and into DH Corporation i.e. Engro Corporation shall become a wholly owned subsidiary of DH Corporation, in exchange whereof the Transferred Shareholders shall be issued shares by the DH Corporation in its share capital in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in Engro Corporation indirectly through DH Corporation; and
- (c) various other consequential or otherwise integrally connected matters therewith.

each in the manner as more particularly described in this Scheme.

1.3 As a result of the restructuring under the Scheme:

- (a) the Demerged Undertaking held by the DH Existing Shareholders directly through their shareholding in DH Corporation, shall continue to be held by such shareholders through DHPL in the same proportion in which it was held by them prior to the restructuring under the Scheme;
- (b) investment in shares of Engro Corporation held by the DH Existing Shareholders indirectly through DH Corporation shall continue to be held by them indirectly through DH Corporation in the same effective proportion in which it was held by them prior to the restructuring under the Scheme; and
- (c) shares of Engro Corporation held directly by the Transferred Shareholders shall be held by such shareholders indirectly through DH Corporation in the same effective proportion in which these were held by them prior to the restructuring under the Scheme and Engro Corporation will become a wholly owned subsidiary of DH Corporation.

2. PARTS OF THE SCHEME

2.1 The Scheme is divided into the following parts:

- (a) **Part A** deals with the definitions, interpretation, share capital, objects and effectiveness of the Scheme;
- (b) **Part B** deals with the transfer and vesting of the Demerged Undertaking into DHPL and related matters;
- (c) **Part C** deals with the vesting of Engro Corporation Shares in favour of DH Corporation and issuance of DH Corporation Scheme Shares in favour of the Transferred Shareholders; and
- (d) **Part D** deals with the general terms and conditions applicable to the Scheme.

2.2 This Scheme also provides for various other matters consequential, incidental or otherwise integrally connected therewith.

PART A – DEFINITIONS, INTERPRETATION, SHARE CAPITAL, OBJECTS AND EFFECTIVENESS

ARTICLE 1 - DEFINITIONS

In this Scheme of Arrangement, unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

“Act”	means the Companies Act, 2017 as amended from time to time;
“Applicable Law”	means all national (or provincial or local) legislation, statutes, ordinances and other laws, and all regulations, by-laws, rules, orders, decrees, judicial decisions, delegated legislation, directives, guidelines (to the extent mandatory) policies or code.
“Assets”	<p>means all properties (whether movable or immovable), all rights, titles, and assets (whether tangible or intangible), businesses, privileges, powers, licenses, permissions, claims, and interests including but not limited to:</p> <ul style="list-style-type: none"> (a) all rights, title and interest in or to immovable properties, including buildings, offices and structures; (b) all rights, title and interest in or to plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances, and accessories, spare parts and tools; (c) all legal or beneficial interests (or both, if applicable) including, without limitation statutory, contractual or regulatory rights, titles, permissions, concessions, privileges, sanctions, approvals, licenses, and registrations; (d) all benefits and rights under contracts; (e) all data, information, records, instruments, documents of title, market statistics, marketing surveys and reports, marketing research, advertising or other promotional material and information, accounting (including management account records) financial data whether in hard copy or in computer held form (including, for avoidance of doubt, such media as microfilm and microfiche); (f) all claims, choses-in-action, receivables, book trade and other debts or sums (including suppliers’ credit notes) due, owing, accrued or payable (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and other receivables, investments, cash in hand or at bank, bank balances, rights under loan documents and other agreements for financial facilities, letters of credit, guarantees, bonds and warranties; (g) all connections, equipment, installations and facilities pertaining to telecommunications, water, gas, electricity, sewerage or other utilities; (h) all claims, petitions, suits, applications or appeals, filed before or pending with any court, authority, tribunal or regulatory body, whether in its original jurisdiction or appellate jurisdiction; (i) all intellectual property rights, whether registered or not, including trademarks, copyrights, patents, designs, trade secrets, technical data, processes and know-how, industrial and/or technical information, confidential information, formulations, technical reports, instruction manuals, product specifications, results of research and development work, whether in hard copy or in computer held form (including, for the avoidance of doubt, such media as microfilm and microfiche); (j) businesses and goodwill; and (k) Tax credits, any benefit accruing under the Tax laws, Tax or other refunds, Tax or tariff protections, remissions or exemptions.
“Calendar Year”	means one (1) year period that begins on January 1 and ends on December 31, based on the commonly-used Gregorian calendar.
“CDC”	means the Central Depository Company of Pakistan Limited.

“CDS”	means the Central Depository System (an electronic book entry system for the recording and transfer of securities, established under the Central Depositories Act, 1997 and maintained by the CDC).
“Corporate Action”	means any of the following events: <ul style="list-style-type: none"> (a) distributions made by DH Corporation or Engro Corporation in cash or otherwise to their respective shareholders in relation to shares of such companies; (b) any action taken by DH Corporation or Engro Corporation for its further capitalization; or (c) any change in DH Corporation’s shareholding in Engro Corporation.
“DH Corporation”	means Dawood Hercules Corporation Limited, a listed company incorporated under the laws of Pakistan and having its offices at House No.68, Margalla Road, F-6/2, Islamabad and Dawood Centre, MT Khan Road, Karachi, which will be renamed as “Engro Holdings Limited” in terms of Article 24.
“DH Existing Shareholders”	means such shareholders of DH Corporation who are appearing in the register of members of DH Corporation on the DH Corporation Record Date.
“DH Corporation Scheme Shares”	means the fully paid-up ordinary shares of Rs. 10/- (Rupees Ten only) each in the capital of DH Corporation to be allotted and issued to the Transferred Shareholders under this Scheme determined based on the DH Corporation Scheme Shares Formula in terms of Article 22.
“DH Corporation Record Date”	has the meaning ascribed to the term in Article 20.2
“Demerged Undertaking”	means all Assets (other than the Retained Undertaking) along with all existing Encumbrances thereon and all Liabilities of DH Corporation as at immediately prior to the Effective Date, as identified in the Split Balance Sheet for explanatory purposes.
“Demerged Undertaking Employees”	means all employees as at immediately prior to the Effective Date who are employed by DH Corporation.
“DHPL”	DH Partners Limited, a limited company incorporated under the laws of Pakistan and having its registered office at 55-B, 16 th Floor, ISE Towers, Blue Area, Islamabad.
“DHPL Existing Shareholders”	means the following shareholders of DHPL: (a) DH Corporation; (b) Mr. Shafiq Ahmed; (c) Mr. Muhammad Bilal Ahmed; and (d) Mr. Mohammad Shamoan Chaudry, it is clarified that DHPL is a wholly owned subsidiary of DH Corporation and shares of DHPL held by persons listed at (b), (c) and (d) above are holding shares of DHPL as nominee of DH Corporation and DH Corporation is the beneficial owner of shares of DHPL held by such persons.
“DHPL Shares”	means the fully paid-up ordinary shares of Rs. 10/- (Rupees Ten only) each in the capital of DHPL to be allotted and issued to DH Existing Shareholders under this Scheme based on ratio as specified in Article 20.
“Engro Corporation”	means Engro Corporation Limited, a listed company incorporated under the laws of Pakistan and having its offices at 22 nd Floor, Ufone Tower, 55-C, Service Road, W, Block J, F7/1, Blue Area, Islamabad and 8th Floor, The Harbour Front Building, HC # 3, Marine Drive, Block 4, Clifton, Karachi.
“Engro Corporation Shares”	means the fully paid-up ordinary shares of Rs. 10/- (Rupees Ten only) each in the capital of Engro Corporation held by the Transferred Shareholders.
“Engro Corporation Record Date”	has the meaning ascribed to the term in Article 22.2.

“Effective Date”	means: (a) January 1 of the Calendar Year during which the Scheme is sanctioned by the High Court, provided no Corporate Action has been taken from January 1 till the Sanction Date and each of the Boards of Directors of DH Corporation, DHPL and Engro Corporation has, within thirty (30) days of the Sanction Date, not decided such Effective Date to be January 1 of the Calendar Year succeeding the Sanction Date; or (b) in case any Corporate Action has been taken in a Calendar Year during which the Scheme is sanctioned by the High Court, January 1 of the Calendar Year succeeding the Sanction Date.
“Encumbrances”	means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrances of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including any right granted by a transaction which in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security interest under the Applicable Laws; (ii) any proxy, power of attorney, voting trust agreement, interest, option, right of first refusal, transfer restrictions in favor of any person; and (iii) adverse claim as to possession or use.
“Formula”	means the formula set forth in Annexure B , which contains the ‘DH Corporation Scheme Shares Formula and ‘DH Corporation Scheme Shares Swap Formula’.
“Ferguson Letter”	means letter dated May 16, 2024 of A.F. Ferguson & Co., Chartered Accountants, in relation to the restructuring under the Scheme, copy whereof is attached as Annexure D hereto.
“High Court”	means the Islamabad High Court or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283 of the Act in connection with this Scheme.
“Liabilities”	means all liabilities, duties and obligations of every kind, actual and contingent whether arising or payable under any agreement, statute, law or otherwise and whether pertaining to any Asset or otherwise, and all Encumbrances (including any Tax related liabilities).
“Retained Undertaking”	means all ordinary shares of Rs.10/- each held by DH Corporation in the issued share capital of Engro Corporation as at immediately prior to the Effective Date, as identified in the Split Balance Sheet for explanatory purposes.
“Sanction Date”	means the date on which the High Court has sanctioned the Scheme as per certified copy of the order of the High Court sanctioning this Scheme.
“Scheme”	means this Scheme of Arrangement in its present form with any modification of it or addition to it approved by the High Court.
“Split Balance Sheet”	means the split balance sheet of DH Corporation based on the financial statements of DH Corporation as at March 31, 2024 and attached hereto as Annexure A , separately setting out the Demerged Undertaking and the Retained Undertaking for explanatory purposes.
“Transferred Shareholders”	means such shareholders of Engro Corporation other than DH Corporation, who are appearing in the register of members of Engro Corporation on the Engro Corporation Record Date.
“Taxation”, “Tax” or “Taxes”	means all forms of taxes and statutory, governmental, provincial local, or municipal impositions, duties, contributions and levies, whether levied in or outside Pakistan by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value, goods and services or otherwise and shall further include payments in respect of or on account of Tax, whether by way of deduction at source, collection at source, dividend/distribution tax, advance tax, goods and services tax.

The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.

ARTICLE 2 – DH CORPORATION

DH Corporation was incorporated on April 17, 1968 as a limited company and is listed on Pakistan Stock Exchange. It has an authorized capital of Rs. 10,000,000,000/- (Rupees Ten billion Only) divided into 1,000,000,000/- ordinary shares of Rs. 10/- (Rupees Ten) each, out of which ordinary shares of the aggregate nominal value of Rs. 4,812,871,160/- (Rupees four billion eight hundred twelve million eight hundred seventy-one thousand one hundred sixty Only), divided into 481,287,116 shares of Rs. 10/- (Rupees Ten) each are issued and fully paid.

ARTICLE 3 – ENGRO CORPORATION

Engro Corporation was incorporated on September 29, 1965 as a limited company and is listed on Pakistan Stock Exchange. It has an authorized capital of Rs. 7,000,000,000/- (Rupees Seven Billion Only) divided into 700,000,000/- ordinary shares of Rs. 10/- (Rupees Ten) each, out of which ordinary shares of the aggregate nominal value of Rs. 5,366,264,680/- (Rupees Five Billion Three Hundred Sixty-Six Million Two Hundred Sixty-Four Thousand Six Hundred Eighty Only), divided into 536,626,468 shares of Rs. 10/- (Rupees Ten) each are issued and fully paid.

ARTICLE 4 – DHPL

DHPL was incorporated on May 8, 2024 as a limited company. It has an authorized capital of Rs. 1,000,000/- (Rupees one million Only) divided into 100,000/- ordinary shares of Rs. 10/- (Rupees 10) each, out of which ordinary shares of the aggregate nominal value of Rs. 1,000,000/- (Rupees one million Only), divided into 100,000 shares of Rs. 10/- (Rupees 10) each are issued and fully paid.

ARTICLE 5 – OBJECT OF THE SCHEME

- 5.1 The principal object of this Scheme is to provide for:
- (a) the division of DH Corporation undertaking by separation of the Demerged Undertaking (as a going concern) from DH Corporation;
 - (b) transferring and vesting the Demerged Undertaking in DHPL, cancellation of DHPL ordinary shares held by DHPL Existing Shareholders and issuance of the DHPL Shares to the DH Existing Shareholders in terms of this Scheme;
 - (c) the retention of the Retained Undertaking as part of DH Corporation;
 - (d) simultaneously upon transfer of the Demerged Undertaking into DHPL and retention of the Retained Undertaking into DH Corporation, vesting of Engro Corporation Shares held by the Transferred Shareholders to DH Corporation such that Engro Corporation becomes a wholly owned subsidiary of DH Corporation;
 - (e) issuance of DH Corporation Scheme Shares by DH Corporation to the Transferred Shareholders in exchange of vesting the Engro Corporation Shares to DH Corporation, in such a proportion that the Transferred Shareholders hold their respective proportionate shareholding in Engro Corporation indirectly through DH Corporation in the same effective proportion in which they directly held shareholding in Engro Corporation prior to the Effective Date; and
 - (f) the change of the name of DH Corporation to 'Engro Holdings Limited'.
- 5.2 The arrangement contemplated by this Scheme is envisaged to improve the efficiency of Engro Corporation and DH Corporation for their respective shareholders as follows:
- (a) The restructuring under the Scheme aims to build synergies that enable Engro Corporation and DH Corporation to allocate capital more effectively and enhance returns to their respective shareholders. This will allow the allocation of capital to be more productive, which has been detailed in the explanation below.

- (b) DH Corporation is a sector-agnostic capital allocator with a track record of good investments. DH Corporation actively invests capital in public equities and markets based on defined parameters, but the majority of its investment has been in Engro Corporation for over 20 years. Engro Corporation is a successful developer and operator of large projects in defined sectors that aim to solve pressing issues in Pakistan; to this end, it manages a portfolio of industrial businesses in 5 verticals. Engro Corporation also evaluates new projects in line with its sectoral investment strategy and allocates capital to them. This strategy has delivered excellent shareholder returns in the past decade; however, future returns are significantly impacted by prevalent macroeconomic challenges, as new projects require stable economic conditions – especially for capital-heavy projects which are commonly required in sectors under Engro Corporation's purview.
- (c) In such times, it is essential to ensure capital productivity by exploring investment in core sectors but also by expanding the capital allocation effort to non-core sectors. Doing so would give the group two attempts at value creation where Engro Corporation would explore investment opportunities in its verticals of expertise, while DH Corporation would identify opportunities for investment in a wider range of sectors. It is essential to note that this would be in line with the consistent feedback received from Engro Corporation's shareholders over the years to consider broader avenues and means of capital deployment to improve returns to shareholders through a more flexible capital allocation.
- (d) The restructuring under the Scheme aims to bring the capital allocation efforts of both Engro Corporation and DH Corporation together, since both are independently exploring investments at present. Synergizing these investment efforts would lead to a larger set of opportunities to consider for capital deployment, enhancing return possibilities for their shareholders. This solution is recommended because the organizational mindset for agile capital allocation is different from the organizational mindset for developing and operating large industrial projects over a long timeframe.

ARTICLE 6 - EFFECTIVENESS OF SCHEME

- 6.1 This Scheme shall become binding on the Sanction Date but shall take effect on the Effective Date.
- 6.2 On the Effective Date (as applicable), the following actions shall be deemed to occur simultaneously:
 - (a) transferring and vesting the Demerged Undertaking in DHPL, cancellation of DHPL ordinary shares held by DHPL Existing Shareholders and issuance of the DHPL Shares to the DH Existing Shareholders in terms of this Scheme;
 - (b) the retention of the Retained Undertaking as part of DH Corporation;
 - (c) vesting of Engro Corporation Shares held by the Transferred Shareholders to DH Corporation such that Engro Corporation becomes a wholly owned subsidiary of DH Corporation; and
 - (d) issuance of DH Corporation Scheme Shares by DH Corporation to the Transferred Shareholders in exchange of vesting the Engro Corporation Shares to DH Corporation, in such a proportion that the Transferred Shareholders hold their respective effective proportionate shareholding in Engro Corporation indirectly through DH Corporation in the same proportion in which they directly held shareholding in Engro Corporation before the Effective Date.
- 6.3 The following shall take effect in terms of this Scheme:
 - (a) DH Corporation shall as and from the Effective Date carry on and be deemed to have carried on the business relating to the Demerged Undertaking and shall stand possessed of the Demerged Undertaking, in trust for DHPL;

- (b) any income or profit accruing or arising to DH Corporation and all costs, charges, expenses and losses or Tax incurred by DH Corporation in relation to the Demerged Undertaking after the Effective Date shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or Tax of DHPL;
- (c) all rights, Liabilities and Encumbrances of DH Corporation that arise or accrue before or after the Effective Date relating to Demerged Undertaking, shall be deemed to be the rights, Liabilities and Encumbrances of DHPL; and
- (d) from the later of the Effective Date or the Sanction Date till the Engro Corporate Record Date, DH Corporation and Engro Corporation shall not take any Corporate Action.

PART B - TRANSFER OF ASSETS AND LIABILITIES AND RELATED MATTERS

ARTICLE 7 - TRANSFER OF ASSETS AND LIABILITIES

- 7.1 On and from the Effective Date, the whole of the Demerged Undertaking shall be transferred to and vest in or be deemed to be transferred to and vested in DHPL in terms of this Scheme, without any further act, deed, matter or thing. It is clarified that the immovable property bearing No. House No. 68, Margalla Road, F- 6/2, Islamabad is also included in the Demerged Undertaking.
- 7.2 In so far as any of the Assets forming part of the Demerged Undertaking are subject to any Encumbrance immediately prior to the Effective Date, such Assets shall be deemed to have been transferred to DHPL on the Effective Date subject to such Encumbrances.
- 7.3 DHPL shall be deemed, without any further act, deed, matter or thing, to have created, on the Effective Date, all such Encumbrances on the Assets forming part of the Demerged Undertaking which are transferred (without in any manner adversely affecting the ranking or priority of the same) from DH Corporation to DHPL on the Effective Date by virtue of the approval of this Scheme by the High Court.
- 7.4 All Liabilities and Encumbrances forming part of the Demerged Undertaking on or before the Effective Date (regardless of whether any claim in relation to such Liabilities and Encumbrances is made before or after the Effective Date) shall, as from the Effective Date, be deemed to be and assumed by DHPL, as the liabilities of DHPL, in terms of this Scheme without any further act, deed, matter or thing and without in any manner adversely affecting the ranking or priority of the same.
- 7.5 On and from the Effective Date, simultaneously with the assumption by DHPL of the Liabilities and Encumbrances forming part of the Demerged Undertaking, DH Corporation shall stand released and discharged from all obligations in respect of such Liabilities.

ARTICLE 8 - SUBSTITUTION OF THE NAME OF DH CORPORATION

In all contracts, leases, deeds, bonds, documents, correspondence, records, agreements, and instruments of any nature whatsoever pertaining to the Demerged Undertaking executed by or in favour of DH Corporation and transferred to DHPL, all references to DH Corporation shall, on and from the Effective Date, be deemed to be a reference to DHPL, and all such contracts, deeds, bonds, documents, correspondence, records, agreements, and instruments shall be given effect accordingly.

ARTICLE 9 - JUDGMENTS AND LEGAL PROCEEDINGS

- 9.1 Any judgment or award obtained by or against DH Corporation with respect to the Demerged Undertaking which are not fully satisfied before the Effective Date shall at that time, to the extent to which it is enforceable by or against DH Corporation with respect to the Demerged Undertaking, become enforceable by or against DHPL.

- 9.2 All legal actions and legal proceedings of any nature whatsoever by or against DH Corporation in relation to the Demerged Undertaking and pending immediately prior to the Effective Date or arising thereafter, shall not abate, be discontinued or be in anyway prejudicially affected by reason of the transfer of the Demerged Undertaking or anything contained in this Scheme. Such legal action or legal proceedings (or both, if applicable) shall, as from the Effective Date, be continued, prosecuted or enforced by or against DHPL in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against DH corporation if this Scheme had not been made.

ARTICLE 10 - EVIDENCE

All books and other documents which would, before the Effective Date, have been evidenced in respect of any matter, for or against DH Corporation with respect to the Demerged Undertaking, shall be admissible in evidence in respect of the same matter for or against DHPL.

ARTICLE 11 - NEGOTIABLE INSTRUMENTS

Any negotiable instrument or order for payment of money drawn on or given to, or accepted or endorsed by DH Corporation, or payable at any place of business of DH Corporation, whether so drawn, given, accepted or endorsed before, as of the Effective Date, with respect to matters comprising the Demerged Undertaking, shall have the same effect as of the Effective Date, as if it had been drawn on, or given to, or accepted or endorsed by DHPL, or were payable at the same place of business of DHPL.

ARTICLE 12 - CUSTODY OF DOCUMENTS

The custody of any document, record or goods held by DH Corporation as bailee and duly recorded in their books that pass to DH Corporation under any contract of bailment relating to any such document, record or goods, which pertain to the Demerged Undertaking, shall on the Effective Date become rights and obligations of DHPL.

ARTICLE 13 - AUTHORIZATIONS

Any authorizations / powers of attorney granted by DH Corporation to any persons with respect to matters pertaining to the Demerged Undertaking shall continue to subsist subsequent to the Effective Date and shall be deemed to be authorizations / powers of attorney granted by DHPL to such persons, until or unless otherwise revoked or modified by DHPL.

ARTICLE 14 - EMPLOYEES

- 14.1 All Demerged Undertaking Employees, shall as from the Effective Date be deemed to be the employees of DHPL on the same terms and conditions on which they were employed by DH Corporation immediately prior to the Effective Date, without being required to be paid any terminal or other benefits (other than accrued salaries and wages) by DH Corporation.
- 14.2 The terms and conditions of service applicable to the Demerged Undertaking Employees, after their transfer in terms of Article 14.1 above shall be the same as those applicable to them immediately prior to the transfer. The services of all Demerged Undertaking Employees prior to their transfer to DHPL shall be taken into account for the purposes of all benefits to which such employees are eligible in terms of their relevant employment contracts.

- 14.3 All pension benefits, gratuity funds or contributory schemes relating to the Demerged Undertaking Employees shall as from the Effective Date be deemed to have been vested and transferred to DHPL and all references to DH Corporation shall, on and from the Effective Date, be deemed to be a reference to DHPL.
- 14.5 DHPL shall abide by agreement, settlement or arrangement into by DH Corporation prior to the Effective Date in respect of the Demerged Undertaking Employees or any collective bargaining agent of union lawfully representing them.

ARTICLE 15 - LICENSES / PERMITS / APPROVALS

All licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, registrations and entitlements in relation to the Demerged Undertaking to the benefit of which the Demerged Undertaking may be eligible and which are subsisting or having effect immediately prior to the Effective Date, shall, with effect from the Effective Date, stand vested in and transferred to DHPL without any further act or deed.

ARTICLE 16 - TAX

- 16.1 With effect on and from the Effective Date, all Tax related Liabilities forming part of the Demerged Undertaking under any law for the time being in force (regardless of whether any claim in relation to such Liabilities is made before or after the Effective Date) shall be the Liabilities of DHPL and DH Corporation shall cease to have any Liabilities in relation to the Demerged Undertaking on and from the Effective Date. Where such a Tax related Liability is payable by DH Corporation, DHPL shall be liable to reimburse such amounts to DH Corporation.
- 16.2 With effect on and from the Effective Date, all rights of DH Corporation to refunds, credits, advance payments or any other benefits in respect of any Tax related Liabilities relating to the Demerged Undertaking shall stand transferred to DHPL. Where any such Tax refund or benefit is received by DH Corporation after the Effective Date, it shall promptly upon receipt of it, pay the same to DHPL.
- 16.3 Following the Effective Date, DHPL and DH Corporation shall have the right to revise their respective financial statements and returns along with prescribed forms and filings and to claim refunds and/ or credit for Taxes paid and for matters incidental thereto, if required, to give effect to the provisions of this Scheme. DHPL and DH Corporation are expressly permitted to revise and file their income tax returns and other statutory returns, even beyond the due date, if required.

ARTICLE 17 - FINANCIAL STATEMENTS

- 17.1 Within sixty (60) calendar days of the Effective Date or the Sanction Date, whichever is later, financial statements, as of the Effective Date, of: (a) DHPL shall be prepared by its management in relation to the Demerged Undertaking; and (b) DH Corporation shall be prepared by its management in relation to the Retained Undertaking, updating the Split Balance Sheet with the determination of the Demerged Undertaking and the Retained Undertaking. It is clarified that the actual balances of Assets and Liabilities being transferred to DHPL pursuant to this Scheme will be as at the Effective Date.
- 17.2 All Assets and Liabilities forming part of the Demerged Undertaking shall be taken out of the books of accounts of DH Corporation at the carrying values at which these were recorded and reflected in such books immediately prior to this Scheme becoming effective on the Effective Date, and shall be recorded and reflected in the books of accounts of DHPL at the same carrying values at which these were taken out of the books of accounts of DH Corporation.
- 17.3 In case of any conflict or inconsistency in the identification of Assets and Liabilities as provided in Article 17.1 between the specific provisions of this Scheme, on the one hand, and the Split Balance Sheet, on the other, the provisions of this Scheme (to the extent of such conflict or inconsistency) shall prevail, including for purposes of preparation of the financial statements contemplated in Article 17.1 above.

ARTICLE 18 - CONDUCT

During the period between the approval of the Scheme by the Board of DH Corporation and the Effective Date, the business of DH Corporation shall be carried out in the ordinary course of business, consistent with its past transactions, policies, customs and business practice.

ARTICLE 19 - RETAINED UNDERTAKING

The Retained Undertaking shall, on and from the Effective Date, remain with DH Corporation and shall continue to be dealt with by DH Corporation as its own business and undertaking in Pakistan.

ARTICLE 20 - CONSIDERATION FOR TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

- 20.1 As consideration for the transfer and vesting of the Demerged Undertaking in terms of this Scheme into DHPL, DHPL shall, without any further application, act, deed, consent or instrument, issue and allot, to each DH Existing Shareholder as on the DH Corporation Record Date, one (1) fully paid up ordinary share of Rs. 10 (Rupees Ten) each of DHPL, credited as fully paid up, for every one (1) fully paid up ordinary share of Rs. 10 (Rupees Ten) each held by the DH Existing Shareholders in the share capital of DH Corporation on the basis of ratio of 1 : 1 as further explained in the Ferguson Letter. Based on shareholding of DH Corporation held by the DH Existing Shareholders as of the date of filing of this Scheme with the High Court, the aggregate number of the DHPL Shares to be issued by DHPL in its share capital to the DH Existing Shareholders shall be 481,287,116. Such aggregate number of DHPL Shares will be varied based on shareholding of DH Corporation held by the DH Existing Shareholders as on the DH Corporation Record Date, which will be determined by the Board of Directors of both DHPL and DH Corporation.
- 20.2 Following the Effective Date, at least seven (7) days' notice shall be given by DH Corporation to the DH Existing Shareholders in the manner provided in its Articles of Association of DH Corporation for the book closure of the register of shares of DH Corporation on a date to be fixed by the Board of Directors of DH Corporation by reference to which the DH Existing Shareholders are to be determined for entitlement to DHPL Shares pursuant to this Scheme ("**DH Corporation Record Date**").
- 20.3 The issue and allotment of the DHPL Shares are an integral part hereof and shall be deemed to have been carried out without requiring any further act on the part of the DHPL or DH Corporation or their shareholders. The date of allotment and issuance of shares of DHPL Shares to the DH Existing Shareholders shall be deemed to be the Effective Date notwithstanding the actual date of allotment or issuance.
- 20.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of DH Corporation, the Boards of DHPL and DH Corporation shall be empowered in appropriate cases, prior to or even subsequent to the DH Corporation Record Date, to effectuate such a transfer and issuance of relevant DHPL Shares as if such changes in the registered holder were operative as on the DH Corporation Record Date, in order to remove any difficulties arising to the transferor or transferee.
- 20.5 Shares issued pursuant to this Article 20 shall rank pari passu with the existing ordinary shares of DHPL in all respects.
- 20.6 The DHPL Shares that are to be issued in terms of this Scheme: (a) shall stand inducted and issued in the dematerialized form through the CDS in relation to dematerialized shares of DH Corporation; and (b) shall be issued in physical form in relation to shares of DH Corporation held in physical form).
- 20.7 100,000 (one hundred thousand) ordinary shares of Rs.10/- (Rupees Ten) each in the issued and paid up capital of DHPL held by the DHPL Existing Shares before the Effective Date shall stand canceled. The capital of DHPL shall stand reduced accordingly without any further act or deed.
- 20.8 Following the above, the DH Existing Shareholders will be holding same effective proportionate shareholding in DHPL (wherein the Demerged Undertaking will be vested) that they are holding in DH Corporation prior to the Scheme.

- 20.10 After the Scheme has become effective in terms thereof, DHPL will consider options and take steps for listing the equity interest of DH Existing Shareholders in DHPL on the Pakistan Stock Exchange.

PART C – VESTING OF ENGRO CORPORATION SHARES IN DH CORPORATION AND ISSUANCE OF DH CORPORATION SCHEME SHARES TO THE TRANSFERRED SHAREHOLDERS

ARTICLE 21 – VESTING OF ENGRO CORPORATION SHARES IN DH CORPORATION

- 21.1 With effect from the Effective Date, simultaneously upon the demerger of the Demerged Undertaking become effective in terms of this Scheme, Engro Corporation Shares shall vest in or be deemed to be vested in DH Corporation without any further act, deed.
- 21.2 CDC (in relation to dematerialized Engro Corporation Shares) and the share registrar of Engro Corporation (in relation to Engro Corporation Shares held in physical form) shall (as applicable) make appropriate entries in Engro Corporation's register of members, as on the Engro Corporation Record Date, to reflect the vesting of Engro Corporation Shares in DH Corporation in terms of this Scheme.

ARTICLE 22 – CONSIDERATION FOR TRANSFER OF ENGRO CORPORATION SHARES

- 22.1 In exchange for vesting Engro Corporation Shares into DH Corporation from the Transferred Shareholders in terms of this Scheme, DH Corporation shall, without any further application, act, deed, consent or instrument, issue and allot, shares in its share capital to each Transferred Shareholder as on the Engro Corporation Record Date such that the Transferred Shareholders will effectively hold same proportionate shareholding in Engro Corporation indirectly through DH Corporation as follows:
- (a) total number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders (DH Corporation Scheme Shares) are to be worked out using the Formula ('DH Corporation Scheme Shares Formula') as contained in **Annexure B** attached hereto; and
 - (b) number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders for each share that they hold in the issued share capital of Engro Corporation ('DH Corporation Scheme Shares Swap Ratio') is to be worked out using the Formula ('DH Corporation Scheme Shares Swap Formula') as contained in **Annexure B** attached hereto.

Based on shareholding of Engro Corporation held by the Transferred Shareholders and DH Corporation issued share capital as of the date of filing of this Scheme with the High Court and the Formula (the DH Corporation Scheme Shares Formula and the DH Corporation Scheme Shares Swap Formula): (i) the DH Corporation Scheme Shares work out to 722,944,878 shares; and (ii) the DH Corporation Scheme Shares Swap Ratio i.e. number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders for each share that they hold in the issued share capital of Engro Corporation works out to 2.24407865. Detailed working of the above is attached as **Annexure C** hereto. Such aggregate number of DH Corporation Scheme Shares and the DH Corporation Scheme Shares Swap Ratio will be varied based on shareholding of Engro Corporation held by the Transferred Shareholders as on the Engro Corporation Record Date and the Formula, which will be determined by the Board of Directors of both Engro Corporation and DH Corporation.

- 22.2 Following the Effective Date, at least seven (7) days' notice shall be given by Engro Corporation to the Transferred Shareholders in the manner provided in Articles of Association of Engro Corporation for the final book closure of the register of shares of Engro Corporation on a date to be fixed by the Board of Directors of Engro Corporation by reference to which the Transferred Shareholders are to be determined for entitlement to DH Corporation Scheme Shares pursuant to this Scheme ("**Engro Corporation Record Date**").
- 22.3 The issue and allotment of the DH Corporation Scheme Shares are an integral part hereof and shall be deemed to have been carried out without requiring any further act on the part of DH Corporation or Engro Corporation or any act on the part of their shareholders. The date of allotment and issuance of shares of DH Corporation Scheme Shares to the Transferred Shareholders shall be deemed to be the Effective Date notwithstanding the actual date of allotment or issuance.

- 22.4 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Engro Corporation, the Boards of Engro Corporation and DH Corporation shall be empowered in appropriate cases, prior to or even subsequent to the Engro Corporation Record Date, to effectuate such a transfer and issuance of relevant DH Corporation Scheme Shares as if such changes in the registered holder were operative as on the Engro Corporation Record Date, in order to remove any difficulties arising to the transferor or transferee.
- 22.5 No DH Corporation Scheme Shares shall be allotted in respect of fractional entitlements by DH Corporation to which the Transferred Shareholders may be entitled on allotment of DH Corporation Scheme Shares pursuant to Article 22.1. Fractional entitlements, if any, shall be consolidated and allotted to an authorized representative to be appointed by the Board of Directors of DH Corporation in this behalf who shall hold such DH Corporation Scheme Shares in trust on behalf of the Transferred Shareholders, who are entitled to fractional entitlements, with the express understanding that the authorized representative shall sell DH Corporation Scheme Shares so allotted on Pakistan Stock Exchange at such time or times and at such price or prices and to such person, as the authorized representative deems fit but within a period of ninety (90) days from the date of allotment of such DH Corporation Scheme Shares. The authorized representative shall distribute the net proceeds, subject to Tax deductions and other expenses as applicable, to the Transferred Shareholders in proportion to their respective fractional entitlements. In case the number of such new DH Corporation Scheme Shares to be allotted to a person authorized by the Board of Directors of DH Corporation by virtue of consolidation of fractional entitlements is a fraction, it shall be rounded off to the next higher integer.
- 22.6 Shares issued pursuant to this Article 22 shall rank pari passu with the existing ordinary shares of DH Corporation in all respects.
- 22.7 The DH Corporation Scheme Shares that are to be issued in terms of this Scheme: (a) shall stand inducted and issued in the dematerialized form through the CDS in relation to dematerialized shares of Engro Corporation; and (b) shall be issued in physical form in relation to shares of Engro Corporation held in physical form).
- 22.8 Following issuance of DH Corporation Scheme Shares by DH Corporation to the Transferred Shareholders in terms of this Scheme, the Transferred Shareholders will be holding same effective proportionate shareholding in Engro Corporation indirectly through DH Corporation which they held directly through shareholding in Engro Corporation prior to the effect of this Scheme.
- 22.9 In terms of the Scheme, the effective proportionate shareholding of (i) DH Existing Shareholders in Engro Corporation, and (ii) the Transferred Shareholders in Engro Corporation, will remain the same both before and after the effect of this Scheme.
- 22.10 Following the vesting of the Engro Corporation Shares to DH Corporation and issuance of the DH Corporation Scheme Shares to the Transferred Shares by DH Corporation in terms of this Scheme, Engro Corporation shall become a wholly owned subsidiary of DH Corporation and shall cease to be listed on the Pakistan Stock Exchange.

PART D – GENERAL TERMS

ARTICLE 23 – STATUTORY AND REGULATORY APPROVALS

The following statutory and regulatory approvals required for or in connection with the Scheme have been obtained and / or shall be obtained by DH Corporation, DHPL and Engro Corporation:

- (a) The Scheme being approved by the respective requisite majorities of the members and creditors of DH Corporation, DHPL and Engro Corporation, as required under the Companies Act, unless and to the extent dispensed with by the High Court.
- (b) The Scheme being approved or exempted by the Competition Commission of Pakistan in terms of the Competition Act, 2010 read with the Competition (Merger Control) Regulations, 2016.
- (c) The sanction order in writing by the High Court in terms of Section 282 of the Companies Act.

ARTICLE 24 – CHANGE OF NAME OF DH CORPORATION

With effect from the Effective Date the name of DH Corporation shall change to “Engro Holdings Limited”.

ARTICLE 25 – SCHEME’S EFFECT

- 25.1 The transfer and vesting of Assets and Liabilities to DHPL in terms of this Scheme shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any Applicable Law including Tax law (other than as contemplated under Sections 279 to 282 of the Act); (ii) give rise to any forfeiture; (iii) give rise to any right of first refusal or pre-emptive right to any person; or (iv) constitute a contractual transfer but a transfer by operation of law and, for avoidance of doubt, shall not, therefore, be affected by any contractual restriction to which DH Corporation is a party or may be bound, notwithstanding any contractual restriction on any transfer, assignment or the like.
- 25.2 As of the Effective Date, 100% of issued and paid-up share capital of Engro Corporation shall be owned by DH Corporation and the Transferred Shareholders shall cease to own any shares in Engro Corporation.
- 25.3 On and from the Effective Date, the terms of this Scheme shall be binding by operation of law on DH Corporation, DHPL and Engro Corporation and also on all the shareholders and creditors of each of DH Corporation, DHPL and Engro, and on any other person having any right or liability in relation to either of them.
- 25.4 As of the Effective Date, name of DH Corporation shall change to “Engro Holdings Limited”.
- 25.4 Upon this Scheme becoming effective on the Effective Date, it will override the constitution of each of DH Corporation, DHPL and Engro Corporation, to the extent of any inconsistency.

ARTICLE 26 – MISCELLANEOUS

- 26.1 Notwithstanding anything to the contrary contained herein, all Annexures to this Scheme shall be subject to revision so as to reflect the position existing as of the Effective Date and all provisions contained herein shall be interpreted and construed accordingly.
- 26.2 This Scheme is subject to the sanction of the High Court and may be sanctioned in its present form or with any modification of it or addition to it as the High Court may approve and this Scheme with such modification or addition, if any, is also subject to any conditions which the High Court may impose.
- 26.3 If the High Court requires DH Corporation, DHPL or Engro Corporation (or all of them, if applicable) to consent to any modification to this Scheme, such consent may be given on behalf of DH Corporation by the Chief Executive Officer of DH Corporation, on behalf of DHPL by the Chief Executive Officer of DHPL and on behalf of Engro Corporation by the Chief Executive Officer of Engro Corporation.
- 26.4 The Chief Executive Officers of DH Corporation, DHPL and Engro Corporation, as applicable, are hereby authorized to take all steps and execute documents that they may consider necessary or expedient to give effect to the provisions of this Scheme.
- 26.5 All costs required to give effect to this Scheme shall be borne by DH Corporation, DHPL and Engro Corporation.
- 26.6 This Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.
- 26.7 Section headings are not to be considered part of this Scheme, but are solely for convenience of reference, and shall not affect the meaning or interpretation of this Scheme or any of its provisions.
- 26.8 If any provision of this Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of the Scheme shall remain in full force and effect.

Annexure A to the Scheme – Split Balance Sheet of Demerged Undertaking and the Retained Undertaking

SPLIT BALANCE SHEETS OF UNDERTAKINGS OF DH CORPORATION
BASED ON INDICATIVE NUMBERS OF DH CORPORATION AS AT MARCH 31, 2024
 (All amounts are in Rupees in millions)

	DH Corporation A	Retained Undertaking B Note 1	Demerged Undertaking C = A - B Note 2
Investment in Engro Corporation	23,309	23,309	-
Other non-current assets	115	-	115
<i>Non-Current Assets</i>	23,424	23,309	115
<i>Current Assets</i>	9,044	-	9,044
TOTAL ASSETS	32,468	23,309	9,159
<i>Non-Current Liabilities</i>	273	-	273
<i>Current Liabilities</i>	3,275	-	3,275
TOTAL LIABILITIES	3,548	-	3,548
NET ASSETS	28,920	23,309	5,611
REPRESENTED BY:			
Paid up share capital	4,813		
Reserves	24,107		
TOTAL CAPITAL AND RESERVES	28,920		

Notes:

1. Shares of Engro Corporation held by DH Corporation to form part of the Retained Undertaking.
2. All Assets, Liabilities and Obligations of DH Corporation other than Retained Undertaking to form

Annexure B to the Scheme – Formula

DH Corporation Scheme Shares Formula and DH Corporation Scheme Swap Ratio Formula

DH Corporation Scheme Shares Formula

The DH Corporation Scheme Shares Formula to work out DH Corporation Scheme Shares is as follows:

$$\text{DH Corporation Scheme Shares} = A / (100\% - B) \times B$$

Where –

- A is the number of outstanding shares in the issued share capital of DH Corporation;
B is the proportionate shareholding in the issued share capital of Engro Corporation held by Transferred Shareholders, worked out as follows:

$$C / D$$

- C is the number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation;
and
D is the number of outstanding shares in the issued share capital of Engro Corporation.

DH Corporation Scheme Shares Swap Formula

The DH Corporation Scheme Shares Swap Formula to work out DH Corporation Scheme Shares Swap Ratio is as follows:

$$\text{DH Corporation Scheme Shares Swap Ratio} = \text{DH Corporation Scheme Shares} / E$$

Where –

- E is the number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation.

Annexure C to the Scheme – Detailed working of DH Corporation Scheme Shares and DH Corporation Scheme Shares Swap Ratio based on shareholding of Engro Corporation held by the Transferred Shareholders and DH Corporation issued share capital as of the date of filing of this Scheme with the High Court and the Formula

Number of outstanding shares in the issued share capital of DH Corporation	(A)	481,287,116
Proportionate shareholding in the issued share capital of Engro Corporation held by Transferred Shareholders	(B)=(C)/(D)	60.033688%
Number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation	(C)	322,156,658
Number of outstanding shares in the issued share capital of Engro Corporation	(D)	536,626,468
DH Corporation Scheme Shares	(E)=(A)/(100%-(B)x(B)	722,944,878
Number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation	(F)=(C)	322,156,658
DH Corporation Scheme Shares Swap Ratio	(G)=(E)/(F)	2.24407865



A.F. FERGUSON & CO.

The Boards of Directors of

Dawood Hercules Corporation Limited
Dawood Centre
M. T. Khan Road
Karachi

Engro Corporation Limited
8th floor, The Harbour Front Building
HC-3, Marine Drive, Block 4, Clifton
Karachi

DH Partners Limited
55-B, 16th floor, ISE Towers, Blue Area
Islamabad

May 16, 2024

Our reference: ADV 067

Dear Sirs

ENVISAGED SCHEME OF ARRANGEMENTS

This refers to the envisaged Scheme of Arrangements between Dawood Hercules Corporation Limited ('DH Corporation') and its members, Engro Corporation Limited ('Engro Corporation') and its members, and DH Partners Limited ('DHPL') and its members (the envisaged Scheme of Arrangements hereinafter referred to as the 'Scheme').

2. COMPANIES AND THEIR SHARE CAPITAL

2.1 DH Corporation, Engro Corporation and DHPL are companies incorporated in Pakistan, shares of DH Corporation and Engro Corporation are listed on the Pakistan Stock Exchange ('PSX'), whereas DHPL has been incorporated as a public unlisted company on May 08, 2024 for the purpose of the Scheme, wholly owned by DH Corporation, and does not have any material assets or business operations being a shell company.

2.2 As per the statutory records of the aforementioned companies, provided to us by respective officers of DH Corporation, Engro Corporation and DHPL in respect of shareholding; the issued and paid-up share capital of these companies as at May 10, 2024 ('Information Date'), is as follows:

- DH Corporation	481,287,116 ordinary shares of par value of Rs 10/- each
- Engro Corporation	536,626,468 ordinary shares of par value of Rs 10/- each
- DHPL	100,000 ordinary shares of par value of Rs 10/- each

2.3 Based on the records and representations from managements of Engro Corporation and DH Corporation, DH Corporation is the controlling shareholder of Engro Corporation and holds a major part of its shareholding. Number of shares in the issued share capital of Engro Corporation held by; i) DH Corporation, and ii) all shareholders of Engro Corporation other than DH Corporation ('Transferred Shareholders'), and their proportionate shareholding *inter se* as at the Information Date is attached as Annexure A.

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

3. THE SCHEME OF ARRANGEMENTS

3.1 Based on the draft of the Scheme provided to us, we understand that a restructuring is envisaged whereunder:

- DH Corporation shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than shares held by DH Corporation in the issued share capital of Engro Corporation (referred to under the Scheme as 'Demerged Undertaking') shall vest into DHPL against which DHPL shall issue shares in its share capital to the shareholders of DH Corporation ('DH Existing Shareholders') in the same proportion in which they hold shares in DH Corporation – this part of the restructuring is hereinafter referred to as 'DH Corporation Demerger'; and
- Shares held by Transferred Shareholders in the issued share capital of Engro Corporation shall vest with and into DH Corporation i.e. Engro Corporation shall become a wholly owned subsidiary of DH Corporation, in exchange whereof the Transferred Shareholders shall be issued shares by DH Corporation in its share capital in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in Engro Corporation indirectly through DH Corporation – this part of the restructuring is hereinafter referred to as ('Engro Corporation Shareholding Transfer').

3.2 As a result of the above restructuring:

- Demerged Undertaking held by DH Existing Shareholders directly through their shareholding in DH Corporation, shall continue to be held by such shareholders through DHPL in the same proportion in which it was held by them prior to the restructuring;
- Investment in shares of Engro Corporation held by DH Existing Shareholders indirectly through DH Corporation shall continue to be held by them indirectly through DH Corporation in the same effective proportion in which it was held by them prior to the restructuring; and
- Shares of Engro Corporation held directly by the Transferred Shareholders shall be held by such shareholders indirectly through DH Corporation in the same effective proportion in which these were held by them prior to the restructuring.

3.3 Accordingly, the Scheme is for:

- i. Determination of 'Retained Undertaking' as shares held by DH Corporation in the issued share capital of Engro Corporation;
- ii. Determination of 'Demerged Undertaking' comprising of all Assets, Liabilities and Obligations of DH Corporation other than Retained Undertaking;
- iii. Retention of the Retained Undertaking by DH Corporation;
- iv. Carving out of the Demerged Undertaking from DH Corporation and transferring to, and vesting the same into DHPL;

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- v. Cancellation by DHPL of all shares held in its issued share capital by its existing shareholders i.e. DH Corporation (including its nominees);
- vi. Issuance of shares by DHPL in its share capital to DH Existing Shareholders pro-rata to their proportionate shareholding in DH Corporation;
- vii. Vesting of shares held by Transferred Shareholders in the issued share capital of Engro Corporation to DH Corporation, such that Engro Corporation becomes a wholly owned subsidiary of DH Corporation; and
- viii. Issuance of shares by DH Corporation in its share capital to Transferred Shareholders in such a proportion that Transferred Shareholders hold their respective proportionate shareholding in Engro Corporation indirectly through DH Corporation in the same effective proportion in which they directly held shareholding in Engro Corporation prior to the effect of the Scheme.

Paragraphs (i) to (vi) above relate to the DH Corporation Demerger part of the restructuring, whereas paragraphs (vii) to (viii) above relate to the Engro Corporation Shareholding Transfer part of the restructuring. All provisions of the Scheme referred above i.e., relating to both the DH Corporation Demerger and the Engro Corporation Shareholding Transfer shall take effect from, and occur simultaneously, at the Effective Date of the Scheme.

4. ISSUANCE AND CANCELLATION OF SHARES

4.1 DH CORPORATION DEMERGER

4.1.1 Under the Scheme, it is envisaged that the Demerged Undertaking shall vest in DHPL and shareholding in DHPL as a result of the Scheme is to be held by DH Existing Shareholders in the same proportion in which they hold their shareholding in DH Corporation before the effect of the Scheme.

4.1.2 Accordingly, in respect of DH Corporation Demerger under the Scheme:

- i. As DHPL has been incorporated for the purpose of the Scheme and neither has any business operations nor assets / liabilities having any significant value, entire shares in the issued share capital of DHPL held by its existing shareholders i.e. DH Corporation (including its nominees) are to be cancelled without any monetary compensation; and
- ii. DHPL is to issue one (1) share in its share capital to DH Existing Shareholders for every one (1) share that they hold in the issued share capital of DH Corporation. Aggregate number of shares to be issued by DHPL in its share capital to DH Existing Shareholders, based on shareholding information as of the Information Date, shall be 481,287,116 shares.

4.1.3 Pursuant to the effect of the Scheme, the above shall result in DHPL and the Demerged Undertaking vested into it to be effectively owned by DH Existing Shareholders in the same proportion in which they held ownership of DH Corporation before the effect of the Scheme.

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4.2 ENGRO CORPORATION SHAREHOLDING TRANSFER

4.2.1 In respect of Engro Corporation Shareholding Transfer under the Scheme, it is envisaged that the Transferred Shareholders shall hold the same effective proportionate shareholding in Engro Corporation indirectly through DH Corporation instead of directly holding shares in Engro Corporation.

4.2.2 Pursuant to the DH Corporation Demerger simultaneously taking effect under the Scheme, DH Corporation shall only contain the Retained Undertaking comprising solely of shares in the issued share capital of Engro Corporation held by DH Corporation.

4.2.3 As shares held in the issued share capital of Engro Corporation by Transferred Shareholders are envisaged to be vested in DH Corporation, DH Corporation shall own the entire issued share capital of Engro Corporation i.e., Engro Corporation shall become its wholly owned subsidiary company.

4.2.4 In exchange for the transfer to and vesting into DH Corporation of the shares in the issued share capital of Engro Corporation held by the Transferred Shareholders, DH Corporation shall issue shares in its share capital to the Transferred Shareholders. For the Transferred Shareholders to effectively hold same proportionate shareholding in Engro Corporation indirectly through DH Corporation:

- i. Total number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders (DH Corporation Scheme Shares) are to be worked out using the formula ('DH Corporation Scheme Shares Formula') as contained in Annexure B attached to this letter; and
- ii. Number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders for each share that they hold in the issued share capital of Engro Corporation ('DH Corporation Scheme Shares Swap Ratio') is to be worked out using the formula ('DH Corporation Scheme Shares Swap Formula') as contained in Annexure B attached to this letter.

4.2.5 Based on shareholding information of the companies as at the Information Date, the DH Corporation Scheme Shares Formula, and the DH Corporation Scheme Shares Swap Formula:

- i. DH Corporation Scheme Shares work out to 722,944,878 shares; and
- ii. DH Corporation Scheme Shares Swap Ratio i.e. number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders for each share that they hold in the issued share capital of Engro Corporation works out to 2.24407865.

Detailed workings in this respect are attached as Annexure C.

4.2.6 Issuance of shares by DH Corporation to Transferred Shareholders under the Scheme shall not affect the effective proportionate shareholding in Engro Corporation held by DH Existing Shareholders.

4.2.7 Based on shareholding information of companies as at the Information Date, effective proportionate shareholding in Engro Corporation held by Transferred Shareholders and DH Existing Shareholders is presented in Annexure D.



4.3 As under the Scheme the effective proportionate shareholding of (i) DH Existing Shareholders in the Demerged Undertaking and in Engro Corporation, and (ii) Transferred Shareholders in Engro Corporation, remains the same both before and after the effect of the Scheme, any valuation of the Demerged Undertaking and shares of Engro Corporation would not affect proportionate issuance of (i) shares by DHPL in its share capital to DH Existing Shareholders, or (ii) shares by DH Corporation in its share capital to Transferred Shareholders.

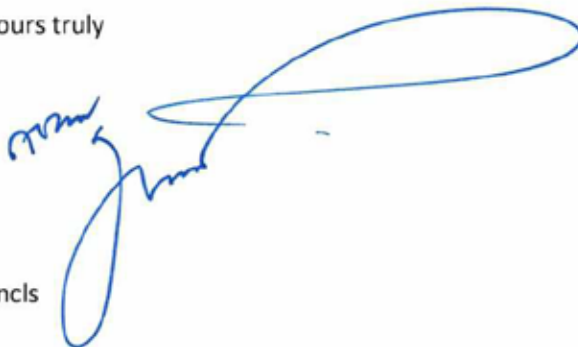
5. CAVEATS

5.1 Unless otherwise specified herein, all defined terms, have the meaning ascribed to them under the Scheme.

5.2 This letter has been prepared for the above-named addressees only in relation to the Scheme and neither is for use, nor is suitable for use, by any other person or for any other purpose. All decisions of the addressees in respect of the Scheme are to be at their sole discretion and responsibility.

Yours truly

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Annexure A
Referred to in our letter ADV 067
Dated May 16, 2024
Page 1 of 1

SHARES HELD IN THE ISSUED SHARE CAPITAL OF
ENGRO CORPORATION AS AT THE INFORMATION DATE

Number of outstanding shares in the issued share capital of Engro Corporation	(A)	536,626,468
Number of shares held by DH Corporation in the issued share capital of Engro Corporation	(B)	214,469,810
Number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation	(C)	322,156,658
Proportionate shareholding in the issued share capital of Engro Corporation held by DH Corporation	$(D) = (B) / (A)$	39.966312%
Proportionate shareholding in the issued share capital of Engro Corporation held by Transferred Shareholders	$(E) = (C) / (A)$	60.033688%

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DH CORPORATION SCHEME SHARES FORMULA AND
DH CORPORATION SCHEME SHARES SWAP FORMULA

DH CORPORATION SCHEME SHARES FORMULA

The DH Corporation Scheme Shares Formula to work out DH Corporation Scheme Shares is as follows:

$$\text{DH Corporation Scheme Shares} = A / (100\% - B) \times B$$

Where —

- A is the number of outstanding shares in the issued share capital of DH Corporation;
- B is the proportionate shareholding in the issued share capital of Engro Corporation held by Transferred Shareholders, worked out as follows:

$$C / D$$

- C is the number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation; and
- D is the number of outstanding shares in the issued share capital of Engro Corporation.

DH CORPORATION SCHEME SHARES SWAP FORMULA

The DH Corporation Scheme Shares Swap Formula to work out DH Corporation Scheme Shares Swap Ratio is as follows:

$$\text{DH Corporation Scheme Shares Swap Ratio} = \text{DH Corporation Scheme Shares} / E$$

Where —

- E is the number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation.

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DH CORPORATION SCHEME SHARES AND
DH CORPORATION SCHEME SHARES SWAP RATIO BASED
ON SHAREHOLDING INFORMATION AS AT THE
INFORMATION DATE

Number of outstanding shares in the issued share capital of DH Corporation	(A)	481,287,116
Proportionate shareholding in the issued share capital of Engro Corporation held by Transferred Shareholders	(B) = (C) / (D)	60.033688%
Number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation	(C) = [(Annexure A (C))]	322,156,658
Number of outstanding shares in the issued share capital of Engro Corporation	(D) = [(Annexure A (A))]	536,626,468
DH Corporation Scheme Shares	(E) = (A) / [100% - (B)] x (B)	722,944,878
Number of shares held by Transferred Shareholders in the issued share capital of Engro Corporation	(F) = (C)	322,156,658
DH Corporation Scheme Shares Swap Ratio	(G) = (E) / (F)	2.24407865

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EFFECTIVE PROPORTIONATE SHAREHOLDING HELD IN THE
 ISSUED SHARE CAPITAL OF ENGRO CORPORATION
 BEFORE AND AFTER THE SCHEME

	Effective proportionate shareholding held in the issued share capital of Engro Corporation		
	Indirectly through DH Corporation	Directly	Total
	(A)	(B)	(A) + (B)
<u>BEFORE THE SCHEME</u>			
Transferred Shareholders	-	60.033688%	60.033688%
	<i>[Annexure E (B2)] x [Annexure E (G1)]</i>	<i>[Annexure E (B1)]</i>	
DH Existing Shareholders	39.966312%	-	39.966312%
	<i>[Annexure E (B2)] x [Annexure E (G2)]</i>		
<u>AFTER THE SCHEME</u>			
Transferred Shareholders	60.033688%	-	60.033688%
	<i>[Annexure E (E2)] x [Annexure E (I1)]</i>	<i>[Annexure E (E1)]</i>	
DH Existing Shareholders	39.966312%	-	39.966312%
	<i>[Annexure E (E2)] x [Annexure E (I2)]</i>		



PROPORTIONATE SHAREHOLDING OF ENGRO CORPORATION AND DH CORPORATION BEFORE AND AFTER THE SCHEME

PROPORTIONATE SHAREHOLDING OF ENGRO CORPORATION

	Before the Scheme		Vesting of shares under the Scheme	After the Scheme	
	Number of shares held	Proportionate shareholding		Number of shares held	Proportionate shareholding
Transferred Shareholders	322,156,658	60.033688%	(322,156,658)	-	-
	<i>(A1) = [Annexure A (C)]</i>	<i>(B1) = (A1) / (A3)</i>	<i>(C1) = - [Annexure C (C)]</i>	<i>(D1) = (A1) + (C1)</i>	<i>(E1) = (D1) / (D3)</i>
DH Corporation	214,469,810	39.966312%	322,156,658	536,626,468	100%
	<i>(A2) = [Annexure A (B)]</i>	<i>(B2) = (A2) / (A3)</i>	<i>(C2) = [Annexure C (C)]</i>	<i>(D2) = (A2) + (C2)</i>	<i>(E2) = (D2) / (D3)</i>
Total Shareholding	536,626,468	100%	-	536,626,468	100%
	<i>(A3) = (A1) + (A2)</i>	<i>(B3) = (B1) + (B2)</i>	<i>(C3) = (C1) + (C2)</i>	<i>(D3) = (D1) + (D2)</i>	<i>(E3) = (E1) + (E2)</i>

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PROPORTIONATE SHAREHOLDING OF DH CORPORATION

	Before the Scheme		Issuance of shares under the Scheme	After the Scheme	
	Number of shares held	Proportionate shareholding		Number of shares held	Proportionate shareholding
Transferred Shareholders	-	-	722,944,878	722,944,878	60.033688%
	(F1)	(G1) = (F1) / (F3)	(H1) = [Annexure C (E)]	(I1) = (F1) + (H1)	(J1) = (I1) / (I3)
DH Existing Shareholders	481,287,116	100%	-	481,287,116	39.966312%
	(F2) = [Annexure C (A)]	(G2) = (F2) / (F3)	(H2)	(I2) = (F2) + (H2)	(J2) = (I2) / (I3)
Total Shareholding	481,287,116	100%	722,944,878	1,204,231,994	100%
	(F3) = (F1) + (F2)	(G3) = (G1) + (G2)	(H3) = (H1) + (H2)	(I3) = (I1) + (I2)	(J3) = (J1) + (J2)

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Company Original No. 7/2024 has been filed in the Islamabad High Court in Islamabad under Sections 279 – 282 and 285(8) of the Companies Act, 2017 (“**Companies Act**”) read with Rules 777 to 781 and 953 to 956 of the Sindh Chief Court Rules (Original Side) as adopted by the Islamabad High Court under Section 8(1)(ii) of the Islamabad High Court Act, 2010, and Rules 19, 20, 55 to 58 of the Companies (Court) Rules, 1997 for sanction of and for passing other orders in respect of the Scheme of Arrangement between Dawood Hercules Corporation Limited (“**DH Corporation**”), DH Partners Limited (“**DHPL**”) and Engro Corporation Limited (“**Engro Corporation**”) (“**Scheme**”). In the proceedings, the Court has directed the convening of meetings of the members of DH Corporation, DHPL, and Engro Corporation seeking their agreement to the Scheme. A copy of the Scheme is provided with this statement.

The accompanying notice convenes the meetings of members of DH Corporation, DHPL, and Engro Corporation as directed by the Court.

The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Court after the Scheme is agreed to by the requisite majority at the meetings being convened for this purpose under the order of the Court, by the members of DH Corporation, DHPL, and Engro Corporation.

1. BRIEF OF BACKGROUND OF THE COMPANIES / PARTIES INVOLVED IN SCHEME

DAWOOD HERCULES CORPORATION LIMITED

DH Corporation was incorporated on April 17, 1968 as a limited company and is listed on Pakistan Stock Exchange. It has an authorized capital of Rs. 10,000,000,000/- (Rupees Ten billion Only) divided into 1,000,000,000/- ordinary shares of Rs. 10/- (Rupees Ten) each, out of which ordinary shares of the aggregate nominal value of Rs. 4,812,871,160/- (Rupees four billion eight hundred twelve million eight hundred seventy-one thousand one hundred sixty Only), divided into 481,287,116 shares of Rs. 10/- (Rupees Ten) each are issued and fully paid.

The principal line of business of DH Corporation is making and holding equity investments in group and non-group companies.

DH PARTNERS LIMITED

DHPL was incorporated on May 8, 2024 as a limited company. It has an authorized capital of Rs. 1,000,000/- (Rupees one million Only) divided into 100,000/- ordinary shares of Rs. 10/- (Rupees 10) each, out of which ordinary shares of the aggregate nominal value of Rs. 1,000,000/- (Rupees one million Only), divided into 100,000 shares of Rs. 10/- (Rupees 10) each are issued and fully paid.

The principal line of business of DHPL is to invest in shares, bonds, stocks, units of mutual funds or any other securities or its related instruments, or otherwise in all types of real assets and in such manner as may from time to time be determined by DHPL and to hold, or sale such real assets, shares, bonds, stocks, units of mutual funds or any other securities or its related instruments.

ENGRO CORPORATION LIMITED

Engro Corporation was incorporated on September 29, 1965 as a limited company and is listed on Pakistan Stock Exchange. It has an authorized capital of Rs. 7,000,000,000/- (Rupees Seven Billion Only) divided into 700,000,000/- ordinary shares of Rs. 10/- (Rupees Ten) each, out of which ordinary shares of the aggregate nominal value of Rs. 5,366,264,680/- (Rupees Five Billion Three Hundred Sixty-Six Million

Two Hundred Sixty-Four Thousand Six Hundred Eighty Only), divided into 536,626,468 shares of Rs. 10/- (Rupees Ten) each are issued and fully paid.

The principal line of business of Engro Corporation includes to manage investments in subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG terminals, telecommunications infrastructure and chemical terminal and storage businesses.

2. STRATEGIC CONTEXT, OBJECT AND BENEFITS OF SCHEME

2.1 That the Board of Directors of each of DH Corporation, DHPL and Engro Corporation have separately considered various options, ways, and means available with the ultimate aim of increasing returns to their respective shareholders, achieved a holding company structure above Engro Corporation for agile capital allocation and better organizational synergies. To achieve the above, DH Corporation, DHPL and Engro Corporation are undertaking reorganization of DH Corporation and Engro Corporation pursuant to the Scheme, which will involve the following:

2.1.1 DH Corporation shall be demerged into two legal entities whereby all its assets, liabilities and obligations other than its investment in shares of Engro Corporation as specified in the Scheme (the **Demerged Undertaking**) shall vest into DHPL against which DHPL shall issue shares in its share capital to the existing shareholders of DH Corporation (the **DH Existing Shareholders**) in the same proportion in which they hold shares in DH Corporation;

2.1.2 DH Corporation's investment in shares of Engro Corporation (the **Retained Undertaking**) will be retained as part of DH Corporation; and

2.1.3 shares held by all shareholders of Engro Corporation (other than DH Corporation) in the issued share capital of Engro Corporation (the **Transferred Shareholders**) shall vest with and into DH Corporation i.e. Engro Corporation shall become a wholly owned subsidiary of DH Corporation, in exchange whereof the Transferred Shareholders shall be issued shares by the DH Corporation in its share capital in a proportion such that the Transferred Shareholders shall hold their present proportionate shareholding in Engro Corporation indirectly through DH Corporation.

2.2 The principal objects of the Scheme are as follows:

(a) the division of DH Corporation undertaking by separation of the Demerged Undertaking (as a going concern) from DH Corporation;

(b) transferring and vesting the Demerged Undertaking in DHPL, cancellation of DHPL ordinary shares held by the existing shareholders of DHPL and issuance of the shares by DHPL to the DH Existing Shareholders in terms of the Scheme;

(c) the retention of the Retained Undertaking as part of DH Corporation;

(d) simultaneously upon transfer of the Demerged Undertaking into DHPL and retention of the Retained Undertaking into DH Corporation, vesting of shares of Engro Corporation held by the Transferred Shareholders to DH Corporation such that Engro Corporation becomes a wholly owned subsidiary of DH Corporation;

(e) issuance of shares by DH Corporation to the Transferred Shareholders in exchange of vesting the shares of Engro Corporation held by the Transferred Shareholders to DH Corporation, in such a proportion that the Transferred Shareholders hold their respective proportionate shareholding in Engro Corporation indirectly through DH Corporation in the same effective proportion in which they directly held shareholding in Engro Corporation prior to the Effective Date (as defined in the Scheme); and

(f) the change of the name of DH Corporation to 'Engro Holdings Limited'.

- 2.3 As a result of the restructuring under the Scheme:
- (a) the Demerged Undertaking held by the DH Existing Shareholders directly through their shareholding in DH Corporation shall continue to be held by such shareholders through DHPL in the same proportion in which it was held by them prior to the restructuring under the Scheme;
 - (b) investment in shares of Engro Corporation held by the DH Existing Shareholders indirectly through DH Corporation shall continue to be held by them indirectly through DH Corporation in the same effective proportion in which it was held by them prior to the restructuring under the Scheme; and
 - (c) shares of Engro Corporation held directly by the Transferred Shareholders shall be held by such shareholders indirectly through DH Corporation in the same effective proportion in which these were held by them prior to the restructuring under the Scheme and Engro Corporation will become a wholly owned subsidiary of DH Corporation.

2.4 The arrangement contemplated by this Scheme is envisaged to improve the efficiency of Engro Corporation and DH Corporation for their respective shareholders as follows:

- (a) The restructuring under the Scheme aims to build synergies that enable Engro Corporation and DH Corporation to allocate capital more effectively and enhance returns to their respective shareholders. This will allow the allocation of capital to be more productive, which has been detailed in the explanation below.
- (b) DH Corporation is a sector-agnostic capital allocator with a track record of good investments. DH Corporation actively invests capital in public equities and markets based on defined parameters, but the majority of its investment has been in Engro Corporation for over 20 years. Engro Corporation is a successful developer and operator of large projects in defined sectors that aim to solve pressing issues in Pakistan; to this end, it manages a portfolio of industrial businesses in 5 verticals. Engro Corporation also evaluates new projects in line with its sectoral investment strategy and allocates capital to them. This strategy has delivered excellent shareholder returns in the past decade; however, future returns are significantly impacted by prevalent macroeconomic challenges, as new projects require stable economic conditions – especially for capital-heavy projects which are commonly required in sectors under Engro Corporation’s purview.
- (c) In such times, it is essential to ensure capital productivity by exploring investment in core sectors but also by expanding the capital allocation effort to non-core sectors. Doing so would give the group two attempts at value creation where Engro Corporation would explore investment opportunities in its verticals of expertise, while DH Corporation would identify opportunities for investment in a wider range of sectors. It is essential to note that this would be in line with the consistent feedback received from Engro Corporation’s shareholders over the years to consider broader avenues and means of capital deployment to improve returns to shareholders through a more flexible capital allocation.
- (d) The restructuring under the Scheme aims to bring the capital allocation efforts of both Engro Corporation and DH Corporation together, since both are independently exploring investments at present. Synergizing these investment efforts would lead to a larger set of opportunities to consider for capital deployment, enhancing return possibilities for their shareholders. This solution is recommended because the organizational mindset for agile capital allocation is different from the organizational mindset for developing and operating large industrial projects over a long timeframe.

3. SUMMARIZED OPERATING AND FINANCIAL PERFORMANCE FOR THE PAST FIVE YEARS AND CURRENT YEAR TO THE LATEST QUARTER

3.1 DH CORPORATION

Dawood Hercules Corporation Limited
Statement of financial position
As at December 31, 2019 to 2023 and March 31, 2024

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>Q1 2024</u>
	(Rupees in '000)					
ASSETS						
NON CURRENT ASSETS						
Property, plant and equipment	91,073	66,662	61,982	110,616	44,485	41,972
Right of use assets	75,560	28,001	4,114	40,141	22,938	22,938
Investment properties	-	-	-	-	50,680	50,051
Capital work in progress	-	-	1,921	1,921	-	-
Long term investments	24,698,293	23,408,927	23,408,927	23,748,950	23,308,927	23,308,927
Deferred tax asset	-	-	-	304,935	-	-
TOTAL NON CURRENT ASSETS	24,864,926	23,503,590	23,476,944	24,206,563	23,427,030	23,423,888
CURRENT ASSETS						
Loans, advances, deposits and prepayments	56,695	236,053	345,217	41,829	11,301	14,185
Other receivables	409,575	181,978	257,026	143,529	101,972	355,444
Short term investments	16,589,381	13,851,473	13,530,767	10,530,484	8,550,096	8,498,404
Cash and bank balances	337,103	1,398,636	4,419	8,695	33,123	175,906
TOTAL CURRENT ASSETS	17,392,754	15,668,140	14,137,429	10,724,537	8,696,492	9,043,939
TOTAL ASSETS	42,257,680	39,171,730	37,614,373	34,931,100	32,123,522	32,467,827
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Issued, subscribed and paid up capital	4,812,871	4,812,871	4,812,871	4,812,871	4,812,871	4,812,871
Revenue reserves	26,790,852	26,189,540	25,595,066	22,071,883	23,760,295	24,106,682
TOTAL EQUITY	31,603,723	31,002,411	30,407,937	26,884,754	28,573,166	28,919,553
NON CURRENT LIABILITIES						
Long term financings	7,258,850	-	-	-	-	-
Lease liabilities	54,993	11,011	-	27,873	7,870	7,870
Defined benefit liabilities	5,666	3,559	6,851	6,151	5,103	6,492
Deferred tax liability	98,964	99,420	35,685	-	213,490	258,425
TOTAL NON CURRENT LIABILITIES	7,418,473	113,990	42,536	34,024	226,463	272,787
CURRENT LIABILITIES						
Current portion of long term financings	2,240,000	7,320,000	-	-	-	-
Current portion of lease liabilities	36,551	29,762	11,270	15,537	20,002	20,002
Short term running finance	-	-	6,494,477	6,486,683	-	-
Trade and other payables	73,375	83,523	135,467	92,637	79,491	44,985
Unclaimed dividend	135,980	275,406	224,275	381,678	901,814	901,397
Accrued mark-up	141,667	61,691	49,578	157,666	-	-
Taxation - Net	607,911	284,947	248,833	878,121	2,322,586	2,309,103
TOTAL CURRENT LIABILITIES	3,235,484	8,055,329	7,163,900	8,012,322	3,323,893	3,275,487
TOTAL LIABILITIES	10,653,957	8,169,319	7,206,436	8,046,346	3,550,356	3,548,274
TOTAL EQUITY AND LIABILITIES	42,257,680	39,171,730	37,614,373	34,931,100	32,123,522	32,467,827

Dawood Hercules Corporation Limited
Statement of profit or loss
For the year ended December 31, 2019 to 2023 and for the three months period ended March 31, 2024

	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>Q1 2024</u>
	----- (Rupees in '000) -----					
Return on investments - net	8,378,225	6,970,128	6,012,505	6,222,433	14,788,132	503,242
Administrative expenses	(828,402)	(1,024,199)	(994,329)	(252,687)	(229,135)	(40,447)
Gross Profit	7,549,823	5,945,929	5,018,176	5,969,746	14,558,997	462,795
Other income / (expenses) - net	(30,749)	(2,260)	5,186	26,842	93,028	13,346
Operating profit	7,519,074	5,943,669	5,023,362	5,996,588	14,652,025	476,141
Finance costs	(1,425,280)	(1,019,432)	(143,313)	(716,003)	(326,848)	(66)
Profit before taxation	6,093,794	4,924,237	4,880,049	5,280,585	14,325,177	476,075
Taxation	(1,272,097)	(1,196,243)	(899,201)	(1,588,311)	(3,975,404)	(129,688)
Profit after taxation	4,821,697	3,727,994	3,980,848	3,692,274	10,349,773	346,387
	----- (Rupees) -----					
Earnings per share - Basic and diluted	10.02	7.75	8.27	7.67	21.5	0.72

3.2 ENGRO CORPORATION

ENGRO CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR DECEMBER 31, 2023 to 2019 and MARCH 2024

(Amounts in thousand except for earnings per share)

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
	----- Rupees -----					
Dividend income	6,521,230	21,517,861	22,174,693	19,399,463	13,909,629	12,983,285
Royalty income	683,010	2,300,860	1,328,906	1,284,441	1,090,516	1,169,880
	7,204,240	23,818,721	23,503,599	20,683,904	15,000,145	14,153,165
Administrative expenses	(688,417)	(4,919,254)	(4,455,338)	(2,739,030)	(2,443,199)	(2,673,739)
	6,515,823	18,899,467	19,048,261	17,944,874	12,556,946	11,479,426
Other income	1,496,333	6,061,837	7,549,556	4,747,773	7,049,647	7,739,298
Other operating expenses	(70,308)	(871,297)	(2,992,924)	(2,400,363)	(2,435,426)	(2,294,544)
Operating profit	7,941,848	24,090,007	23,604,893	20,292,284	17,171,167	16,924,180
Finance cost	(44,781)	(124,939)	(87,190)	(50,823)	(62,359)	(155,659)
Profit before taxation	7,897,067	23,965,068	23,517,703	20,241,461	17,108,808	16,768,521
Taxation	(1,930,659)	(6,398,833)	(2,321,283)	(1,725,308)	(807,330)	(2,465,203)
Profit for the year	5,966,408	17,566,235	21,196,420	18,516,153	16,301,478	14,303,318
Other comprehensive loss						
<i>Items that will not be reclassified to profit or loss</i>						
- Remeasurement of post employment benefits - Actuarial gain / (loss)	-	334	(21,289)	(2,109)	6,762	(10,416)
<i>Items that will be reclassified to profit or loss</i>						
- Remeasurement of investments	158,570	(533,643)	(854,981)	-	-	-
	158,570	(533,309)	(876,270)	(2,109)	6,762	(10,416)
Total comprehensive income for the year	6,124,978	17,032,926	20,320,150	18,514,044	16,308,240	14,292,902
Earnings per share - basic and diluted	11.12	32.26	36.79	32.14	28.29	24.83

ENGRO CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019 to 2023 and MARCH 31, 2024

(Amounts in thousand)

	March 31 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
	-----Rupees-----					
ASSETS						
Non-current assets						
Property, plant and equipment	1,602,569	1,697,803	983,764	771,023	571,384	399,724
Right-of-use assets	847,990	928,849	970,153	263,413	515,010	919,857
Intangible assets	177,528	132,583	123,807	194,686	96,810	110,165
Long term investments	50,835,194	50,835,194	46,835,094	46,835,094	26,179,044	26,437,079
Long term loans and advances	84	6,274	5,372,573	384,154	437,552	412,253
Deferred taxation	-	-	475,159	73,537	19,518	14,344
	53,463,365	53,600,703	54,760,550	48,521,907	27,819,318	28,293,422
Current assets						
Loans, advances, deposits and prepayments	9,519,316	9,180,594	2,817,736	11,346,072	16,561,022	4,466,701
Receivables	8,348,581	2,041,529	1,316,708	784,106	4,068,276	654,797
Short term investments	25,071,475	23,870,113	47,604,776	40,247,237	47,840,010	57,266,555
Cash and bank balances	404,689	122,905	165,977	855,323	697,064	3,484,311
	43,344,061	35,215,141	51,905,197	53,232,738	69,166,372	65,872,364
TOTAL ASSETS	96,807,426	88,815,844	106,665,747	101,754,645	96,985,690	94,165,786
EQUITY AND LIABILITIES						
Equity						
Share capital	5,366,265	5,366,265	5,761,633	5,761,633	5,761,633	5,761,633
Reserves						
Share premium	13,068,232	13,068,232	13,068,232	13,068,232	13,068,232	13,068,232
Capital re-purchase reserve account	395,368	395,368	-	-	-	-
General reserve	4,429,240	4,429,240	4,429,240	4,429,240	4,429,240	4,429,240
Remeasurement of post employment benefits	(39,439)	(39,439)	(39,773)	(18,484)	(16,375)	(23,137)
Remeasurement of investments	(1,230,054)	(1,388,624)	(854,981)	-	-	-
Unappropriated profit	55,573,157	49,606,749	68,900,878	67,294,008	63,758,171	61,860,773
Total equity	77,562,769	71,437,791	91,265,229	90,534,629	87,000,901	85,096,741
Liabilities						
Non-current liabilities						
Lease liabilities	789,335	880,901	937,359	17,673	357,700	753,626
Deferred taxation	175,897	167,431	-	-	-	-
Retirement and other service benefit obligations	77,626	24,566	43,345	59,220	31,133	50,076
	1,042,858	1,072,898	980,704	76,893	388,833	803,702
Current liabilities						
Trade and other payables	5,549,782	5,494,425	5,398,425	4,840,491	4,285,669	2,075,420
Current portion of lease liabilities	345,209	321,813	214,074	339,073	272,291	275,227
Taxation - provision less payments	12,073,851	10,255,244	8,571,977	5,721,720	4,769,343	5,623,103
Unclaimed dividends	232,957	233,673	235,338	241,839	268,653	291,593

3.3 DHPL

As DHPL is a newly incorporated entity (incorporated on May 8, 2024), no history of financial performance is available.

4. INTEREST OF DIRECTORS

No director of DH Corporation, DHPL and Engro Corporation has any interest, whether directly or indirectly, except to the extent of their shareholding held by them in the respective company (including as nominee directors) and, for the executive directors, their employment within the respective company. The directors are also interested to the extent of remuneration and benefits as per the policy of the respective company and applicable laws. The effect of this Scheme on the interest of these directors does not differ from the respective interests of the members of DH Corporation, DHPL and Engro Corporation, except to the extent stipulated herein.

5. RISK FACTORS IN RELATION TO THE SCHEME

The overall risk profile of the shareholders will remain unchanged with the Scheme, as it primarily affects a restructuring of assets and liabilities from DH Corporation to DHPL and the transfer of shares held by the Transferred Shareholders in Engro Corporation to DH Corporation.

The restructuring plan requires approvals from members and creditors of DH Corporation, DHPL and Engro Corporation.

6. FINANCIAL STATEMENTS AFTER SCHEME

6.1 DH CORPORATION

Please refer to Annexure A-1 attached hereto.

6.2 DHPL

Please refer to Annexure A-2 attached hereto.

6.3 ENGRO CORPORATION

There will be no impact of any nature whatsoever on the financial statements of Engro Corporation after the Scheme becomes effective in terms thereof except that Engro Corporation will become a one hundred percent owned subsidiary of DH Corporation and the Transferred Shareholders will own interest in Engro Corporation indirectly through DH Corporation.

7. ACCOUNTING AND FINANCIAL REPORTING POLICIES FOR RECORDING OF SCHEME

The accounting and financial reporting policies will be same as those used to prepare statutory accounts. According to the latest audited financial statements of DH Corporation and Engro Corporation:

“These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards in applicable in Pakistan comprise of:

- (a) International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.
- (b) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.”

8. TAX CONSEQUENCES OF SCHEME

Tax neutrality provisions in respect of schemes of arrangements are contained in Section 97A of the Income Tax Ordinance, 2001 which amongst other matters provide for no gain / loss to arise on:

- (a) the disposal of assets within companies by operation of a scheme of arrangement subject to fulfilment of prescribed conditions; and
- (b) shareholders on the issue, cancellation, exchange or receipt of shares as a result of a scheme of arrangement.

Accordingly, under the Scheme no gain / loss shall be taken to arise on following:

- (i) carving out of Demerged Undertaking from DH Corporation and vesting of the same with and into DHPL;

- (ii) issuance of shares by DHPL in its issued share capital to the DH Existing Shareholders; and
- (iii) receipt of shares in the issued share capital of DH Corporation by the Transferred Shareholders in exchange for shares of Engro Corporation held by them.

Hence, the Scheme shall be tax-neutral in respect of above.

9. EFFECT OF THE SCHEME ON CREDITORS

9.1 DH CORPORATION

All creditors of DH Corporation (including secured creditors) as specified in the Scheme will become creditors of DHPL for the amounts owing and with the benefit of the same securities as would be subsisting against DH Corporation immediately before the transfer of the Demerged Undertaking and DHPL will be obligated under the Scheme to discharge all such liabilities and to perform all such obligations of DH Corporation, as may be outstanding immediately before the transfer of the Demerged Undertaking as if they were originally the liabilities and obligations of DHPL. Accordingly, the rights and securities of the creditors of DH Corporation will not be affected on account of the Scheme.

9.2 DHPL

DHPL does not have any creditors, as it is a newly incorporated entity and has not yet commenced business.

9.3 ENGRO CORPORATION

All creditors of Engro Corporation (including secured creditors) shall remain the creditors of Engro Corporation and Engro Corporation shall remain obligated to them for the amounts owing against Engro Corporation immediately before the Effective Date of the Scheme. The Scheme will not have any impact on assets, properties and liabilities of Engro Corporation. Accordingly, the rights of creditors of Engro Corporation will not be affected notwithstanding the sanction of the Scheme.

10. EFFECT OF SCHEME ON SHAREHOLDING STRUCTURE, INCLUDING ON PROMOTERS AND OTHER PRINCIPAL SHAREHOLDERS

The following will be the effect of the proposed arrangement on shareholding structure of DH Corporation, DHPL and Engro Corporation, which steps shall be deemed to occur simultaneously:

- (a) transferring and vesting the Demerged Undertaking in DHPL, cancellation of DHPL ordinary shares held by existing shareholders of DHPL and issuance of shares by DHPL to the DH Existing Shareholders in terms of this Scheme;
- (b) the retention of the Retained Undertaking as part of DH Corporation;
- (c) after the transfer of the Demerged Undertaking into DHPL, both DHPL and DH Corporation will be owned by the DH Existing Shareholders;
- (d) vesting of Engro Corporation shares held by the Transferred Shareholders to DH Corporation such that Engro Corporation becomes a wholly owned subsidiary of DH Corporation;
- (e) issuance of shares by DH Corporation to the Transferred Shareholders in exchange of vesting

the Engro Corporation shares to DH Corporation, in such a proportion that the Transferred Shareholders hold their respective effective proportionate shareholding in Engro Corporation indirectly through DH Corporation in the same proportion in which they directly held shareholding in Engro Corporation before the Effective Date (as defined in the Scheme); and

- (f) name of DH Corporation will be changed to 'Engro Holdings Limited'.

Following implementation of the Scheme in terms thereof, DHPL will consider options and take steps for listing the equity interest of DH Existing Shareholders in DHPL on the Pakistan Stock Exchange.

11. THE NUMBER OF SHARES TO BE ISSUED CONSEQUENT TO THE SCHEME UNDER VARIOUS POSSIBLE VALUATION METHODS

Not applicable.

12. VALUATION REPORT AND FAIRNESS OPINION

Not Applicable.

12.1 However, as consideration for the transfer and vesting of the Demerged Undertaking in terms of this Scheme into DHPL, DHPL shall issue and allot, to each DH Existing Shareholder as on the DH Corporation Record Date (as defined in the Scheme), one (1) fully paid up ordinary share of Rs. 10 (Rupees Ten) each of DHPL, credited as fully paid up, for every one (1) fully paid up ordinary share of Rs. 10 (Rupees Ten) each held by the DH Existing Shareholders in the share capital of DH Corporation on the basis of ratio of 1 : 1. Based on shareholding of DH Corporation held by the DH Existing Shareholders as of the date of filing of this Scheme with the High Court, the aggregate number of the shares to be issued by DHPL in its share capital to the DH Existing Shareholders shall be 481,287,116. Such aggregate number of shares will be varied based on shareholding of DH Corporation held by the DH Existing Shareholders as on the DH Corporation Record Date (as defined in the Scheme), which will be determined by the Board of Directors of both DHPL and DH Corporation. Following the above, the DH Existing Shareholders will be holding same effective proportionate shareholding in DHPL (wherein the Demerged Undertaking will be vested) that they are holding in DH Corporation prior to the Scheme. The above issuance of shares and ratio has also been explained in A.F. Ferguson's letter dated May 16, 2024 attached to the Scheme.

12.2 In exchange for vesting the Engro Corporation shares into DH Corporation from the Transferred Shareholders in terms of this Scheme, DH Corporation shall issue and allot, shares in its share capital to each Transferred Shareholder as on the Engro Corporation Record Date (as defined in the Scheme) such that the Transferred Shareholders will effectively hold same proportionate shareholding in Engro Corporation indirectly through DH Corporation as follows:

- (a) total number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders (DH Corporation shares) are to be worked out using the formula ('DH Corporation Scheme Shares Formula') as contained in Annexure B attached with the Scheme; and
- (b) number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders for each share that they hold in the issued share capital of Engro Corporation ('DH Corporation Scheme Shares Swap Ratio') is to be worked out using the formula ('DH Corporation Scheme Shares Swap Formula') as contained in Annexure B attached with the Scheme.

Based on shareholding of Engro Corporation held by the Transferred Shareholders and DH Corporation issued share capital as of the date of filing of this Scheme with the High Court and the formula (the DH Corporation Scheme Shares Formula and the DH Corporation Scheme Shares Swap Formula) specified in the Scheme: (i) the DH Corporation shares work out to 722,944,878 shares; and (ii) the DH Corporation Scheme Shares Swap Ratio i.e. number of shares to be issued by DH Corporation in its share capital to the Transferred Shareholders for each share that they hold in the issued share capital of Engro Corporation works out to 2.24407865. Detailed working of the above is attached as Annexure C to the Scheme. Such

aggregate number of DH Corporation shares and the DH Corporation Scheme Shares Swap Ratio will be varied based on shareholding of Engro Corporation held by the Transferred Shareholders as on the Engro Corporation Record Date (as defined in the Scheme) and the formula specified in the Scheme, which will be determined by the Board of Directors of both Engro Corporation and DH Corporation. The above issuance of shares and swap ratio has also been explained in A.F. Ferguson's letter dated May 16, 2024 attached to the Scheme.

12.3 As under the Scheme the effective proportionate shareholding of (i) DH Existing Shareholders in the Demerged Undertaking and in Engro Corporation, and (ii) the Transferred Shareholders in Engro Corporation, remains the same both before and after the effect of the Scheme, any valuation of the Demerged Undertaking and shares of Engro Corporation would not affect proportionate issuance of (i) shares by DHPL in its share capital to the DH Existing Shareholders, or (ii) shares by the DH Corporation in its share capital to the Transferred Shareholders.

13. PLAN (IF ANY) OF SHARE ISSUANCE BEFORE EFFECTIVE DATE UNDER SCHEME IMPACTING SHARE EXCHANGE RATIO

Not Applicable.

14. PURCHASE OF SHARES (IF ANY) OF COMPANIES INVOLVED IN SCHEME BY THE OTHER COMPANIES

Not Applicable.

Annexure A-1 (Sample Financial Statements of DH Corporation before and after the Scheme)

**PROFORMA STATEMENT OF FINANCIAL POSITION OF DH CORPORATION
BEFORE AND AFTER THE EFFECT OF THE SCHEME
BASED ON INDICATIVE NUMBERS OF DH CORPORATION AS AT MARCH 31, 2024**
(All amounts are in Rupees in millions)

		Before the Scheme	Effect of Scheme	After the Scheme
		A	B	C = A + B
Investment in Engro Corporation	Note 1	23,309	115,744	139,053
Other non-current assets	Note 2	115	(115)	-
<i>Non-Current Assets</i>		<u>23,424</u>	<u>115,629</u>	<u>139,053</u>
<i>Current Assets</i>	Note 2	9,044	(9,044)	-
TOTAL ASSETS		<u>32,468</u>	<u>106,585</u>	<u>139,053</u>
<i>Non-Current Liabilities</i>	Note 2	273	(273)	-
<i>Current Liabilities</i>	Note 2	3,275	(3,275)	-
TOTAL LIABILITITES		3,548	(3,548)	-
NET ASSETS		<u>28,920</u>	<u>110,133</u>	<u>139,053</u>
REPRESENTED BY:				
Paid up share capital	Note 3	4,813	7,229	12,042
Reserves		24,107	102,904	127,011
TOTAL CAPITAL AND RESERVES		<u>28,920</u>	<u>110,133</u>	<u>139,053</u>

Notes:

1. Carving out of the Demerged Undertaking from DH Corporation.
2. Vesting of shares of Engro Corporation held by Transferred Shareholders in DH Corporation.
3. Issuance of shares by DH Corporation to the Transferred Shareholders.

Annexure A-2 (Sample Financial Statements of DHPL before and after the Scheme)

**PROFORMA STATEMENT OF FINANCIAL POSITION OF DHPL
BEFORE AND AFTER THE EFFECT OF THE SCHEME
BASED ON INDICATIVE NUMBERS OF DH CORPORATION AS AT MARCH 31, 2024**
(All amounts are in Rupees in millions)

	Before the Scheme A	Effect of Scheme B Note 1	After the Scheme C = A + B
<i>Non-Current Assets</i>	-	115	115
<i>Current Assets</i>	1	9,044	9,045
TOTAL ASSETS	1	9,159	9,160
<i>Non-Current Liabilities</i>	-	273	273
<i>Current Liabilities</i>	-	3,275	3,275
TOTAL LIABILITITES	-	3,548	3,548
NET ASSETS	1	5,611	5,612
REPRESENTED BY:			
Paid up share capital	1	4,812	4,813
Reserves	-	799	799
TOTAL CAPITAL AND RESERVES	1	5,611	5,612

Notes:

1. Vesting of Demerged Undertaking with and into DHPL.
2. Issuance of shares by DHPL to DH Existing Shareholders and cancellation of shares held by DH Corporation.