



Date: September 11, 2020

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

Subject: Declaration of Right Shares

Dear Sir,

We have to inform you that the Board of Directors of Hinopak Motors Limited (the “Company”), in their meeting held on 11th September, 2020 at 10:30 a.m. at the Registered Office of the Company, have decided to increase the paid-up share capital of the Company by issue of a further 12,400,560 (Twelve Million Four Hundred Thousand Five Hundred Sixty) ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares, to be offered to the members in proportion of 100 Right Shares for every 100 ordinary shares held i.e. 100%, at a price of PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per Right Share inclusive of a premium of PKR 223.50/- (Pak Rupees Two Hundred Twenty Three and Fifty Paisas) per Right Share.

The Share Transfer Books of the Company will be closed from 9th October, 2020 to 16th October, 2020 (both days inclusive) to determine the entitlement of Right Shares.

Transfers received at FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi at the close of the business on 8th October, 2020 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

Following details are enclosed:

1. Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and its shareholders, risk factors and justification for issue of shares at premium (**Annexure A**).
2. Certified true copy of the Extracts of the Resolutions passed by the Board of Directors of the Company dated 11/09/2020 (**Annexure B**).
3. Draft copy of the notice of the Right Issue and book closure to the Shareholders prior to its publication in the newspapers (**Annexure C**).

Hinopak Motors Limited

Head Office: D-2, S.I.T.E., Manghopir Road, P.O. Box No. 10714, Karachi-75700. Tel: 32563510 (9 Lines) 32563525 (3 Lines)
UAN : 111- 25-25-25, Fax: 3256-3028 E-Mail: info@hinopak.com Web site : www.hinopak.com



You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Junaid', with a horizontal line drawn underneath it.

Syed Junaid Ali
Company Secretary

Enclosed: As Above

Copy to:
The Commissioner
Corporate Supervision Department
Securities and Exchange Commission of Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement (SMD)
Securities and Exchange Commission of Pakistan
Islamabad

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Statement pertaining to Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the Issue to the Company and the shareholders, Risk Factors, and Justification for Issue of Shares at Premium, under Rule 3 of the Companies (Further Issue of Shares) Regulations, 2020.

Quantum of the Right Issue (i.e. as a percentage of existing paid-up capital)

The quantum of the Right Issue is 100% of the existing paid-up capital of the Company i.e. 100 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue Size

The Company shall issue 12,400,560 (Twelve Million Four Hundred Thousand Five Hundred Sixty) ordinary shares, at a price of PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per share, aggregating to PKR 2,895,530,760/- (Pak Rupees Two Billion Eight Hundred Ninety Five Million Five Hundred Thirty Thousand Seven Hundred Sixty Only).

Right Issue Price

PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per share inclusive of a premium of PKR 223.50/- (Pak Rupees Two Hundred Twenty Three and Fifty Paisas) per share.

Purpose of the Right Issue

Pursuance to Strategic Financial Management strategy of the company, the management has decided to increase its equity base by issuance of right shares. The main purpose of Right issue is to reduce the debt which will result in reduction of interest expense and improvement in working capital requirements of the Company, all of the factors in combination will result in improving the financial performance of the Company.

Utilization of Proceeds of the Right Issue

The proceeds from right issue will be utilized for balance sheet re-profiling by repayment and/or adjustment/retiring the debts and certain portion will be utilized for permanent working capital needs of the Company.

Benefits to the Company and Shareholders

Equity base of the company will be strengthened and the availability of further equity will help decrease the financial cost, strengthen overall supply chain and improve liquidity of the Company. This in turn expected to result in improvement of the performance of the Company, thereby enhancing expected returns to the valued shareholders.

Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription of their respective right entitlements and the balance portion of the Right Issue is to be fully underwritten as per requirement of the applicable regulations. Normal risks associated with the business will remain, however, the Company is well placed in the market with proven track record which will help to mitigate such risk factors.

Justification for issue of shares at premium

Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice.

Extracts of the Resolutions passed by the Board of Directors of Hinopak Motors Limited (the "Company") at its meeting held on 11th September, 2020 at D-2, S.I.T.E., Manghopir Road, P.O. Box No. 10714, Karachi.

A meeting of the Board of Directors of the Company was held at 10:30 a.m. on 11th September, 2020 at D-2, S.I.T.E., Manghopir Road, P.O. Box No. 10714, Karachi.

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2020 have been considered by the Board of Directors of the Company and shall be duly complied by the Company.

For the purposes of the right issue, the management has received the requisite undertakings from all the directors and substantial shareholders of the Company that they will subscribe to the right shares offered to them (or shall arrange for the subscription thereof) and that they shall deposit the amount of their subscription at least 03 (Three) working days before the commencement of trading.

Accordingly, the following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary paid up share capital of the Company be increased from PKR 124,005,600/- (Pak Rupees One Hundred Twenty Four Million Five Thousand Six Hundred) to PKR 248,011,200/- (Pak Rupees Two Hundred Forty Eight Million Eleven Thousand Two Hundred), by issue of further 12,400,560 (Twelve Million Four Hundred Thousand Five Hundred Sixty) ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per share (i.e. at a premium of PKR 223.50/- (Pak Rupees Two Hundred Twenty Three and Fifty Paisas) per share), in the ratio of 100 right shares for every 100 existing ordinary shares of PKR 10/- each held (i.e. 100%), against payment to the Company of the price of the shares subscribed, which shares shall rank *pari passu* in all respects with the existing ordinary shares of the Company (the "Right Issue").

FURTHER RESOLVED THAT the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the Right Issue to the Company and the shareholders of the Company, the risk factors associated with the Right Issue, and the justification for the issue of shares at premium, in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:

Quantum of the Right Issue (i.e. as a percentage of existing paid up capital)

The quantum of the Right Issue is 100% of the existing paid-up capital of the Company i.e. 100 right shares for every 100 ordinary shares held by the shareholders of the Company.

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Right Issue Size

The Company shall issue 12,400,560 (Twelve Million Four Hundred Thousand Five Hundred Sixty) ordinary shares, at a price of PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per share, aggregating to PKR 2,895,530,760/- (Pak Rupees Two Billion Eight Hundred Ninety Five Million Five Hundred Thirty Thousand Seven Hundred Sixty).

Right Issue Price

PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per share inclusive of a premium of PKR 223.50/- (Pak Rupees Two Hundred Twenty Three and Fifty Paisas) per share.

Purpose of the Right Issue

Pursuance to Strategic Financial Management strategy of the company, the management has decided to increase its equity base by issuance of right shares. The main purpose of Right issue is to reduce the debt which will result in reduction of interest expense and improvement in working capital requirements of the Company, all of the factors in combination will result in improving the financial performance of the Company.

Utilization of Proceeds of the Right Issue

The proceeds from right issue will be utilized for balance sheet re-profiling by repayment and/or adjustment/retiring the debts and certain portion will be utilized for permanent working capital needs of the Company.

Benefits to the Company and its Shareholders

Equity base of the company will be strengthened and the availability of further equity will help decrease the financial cost, strengthen overall supply chain and improve liquidity of the Company. This in turn expected to result in improvement of the performance of the Company, thereby enhancing expected returns to the valued shareholders.

Risk Factors associated with the Right Issue, if any

The Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription of their respective right entitlements and the balance portion of the Right Issue is to be fully underwritten as per requirement of the applicable regulations. Normal risks associated with the business will remain, however, the Company is well placed in the market with proven track record which will help to mitigate such risk factors.

Justification for issue of shares at premium

Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice.

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FURTHER RESOLVED THAT the letter of offer will be signed by any 2 directors of the Company in compliance with the applicable laws.

FURTHER RESOLVED THAT the draft of the circular to accompany the letter of offer, pursuant to Section 83(3) of the Companies Act, 2017, as placed before the directors be and is hereby approved and the Chief Financial Officer and the Company Secretary, be and is hereby singly-authorized to sign the circular on behalf of all the directors.

FURTHER RESOLVED THAT all fractional entitlements, if any will be consolidated in the name of the Company Secretary (under trust) and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements as per applicable regulations.

FURTHER RESOLVED THAT if any right offer is not taken up by the shareholders till the last date of payment of right shares offered, then these right offers shall be deemed to have been declined and will be treated as cancelled. In that event these will be offered and allotted to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors, directors or associated undertaking of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the Company be and is hereby authorized to close its share transfer books from 9th October, 2020 to 16th October, 2020 (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue.

FURTHER RESOLVED THAT Habib Metropolitan Bank has been appointed as Banker to the Issue and individuals authorized by the Board are authorized to open, maintain, operate and close bank account for the purpose of amount to be received on account of subscription of shares.

FURTHER RESOLVED THAT the Chief Financial Officer and the Company Secretary be and are hereby singly authorized to do the following on behalf of the Company:

- (i) appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- (ii) to prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") / Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;
- (iii) to allot / credit right shares and file returns as required by SECP / PSX / CDC along with the auditors' certificates; and

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- (iv) to take all other necessary steps, and do all other acts, deeds and things, to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Hinopak Motors Limited held at D-2, S.I.T.E., Manghopir Road, P.O. Box No. 10714, Karachi on 11th September, 2020.

A handwritten signature in blue ink, appearing to read 'Syed Junaid Ali', written over a horizontal line.

Syed Junaid Ali
Company Secretary
Dated: 11th September, 2020

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NOTICE OF RIGHT ISSUE AND BOOK CLOSURE

Members are hereby notified that the Board of Directors of Hinopak Motors Limited (the “**Company**”) in their meeting held on 11th September, 2020 has decided to issue further capital by offering 12,400,560 ordinary right shares of PKR 10/- (Pak Rupees Ten) each, in the proportion of 100 right shares for every 100 ordinary shares held (i.e. 100%), at a price of PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per share inclusive of a premium of PKR 223.50/- (Pak Rupees Two Hundred Twenty Three and Fifty Paisas) per share, against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company.

The Share Transfer Books of the Company will remain closed from 9th October, 2020 to 16th October, 2020 (both days inclusive) to determine the entitlements of the shareholders of the Company. Physical transfers / CDC Transaction IDs received at the Company’s share registrar **FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi, PABX +92 21 34380101-05, Email: info.shares@famco.com.pk** by the close of business (5:00 p.m.) on 08th October, 2020 will be treated in time for entitlement of right shares.

Syed Junaid Ali
Company Secretary

NOTICE OF RIGHT ISSUE AND BOOK CLOSURE

Members are hereby notified that the Board of Directors of Hinopak Motors Limited (the “**Company**”) in their meeting held on 11th September, 2020 has decided to issue further capital by offering 12,400,560 ordinary right shares of PKR 10/- (Pak Rupees Ten) each, in the proportion of 100 right shares for every 100 ordinary shares held (i.e. 100%), at a price of PKR 233.50/- (Pak Rupees Two Hundred Thirty Three and Fifty Paisas) per share inclusive of a premium of PKR 223.50/- (Pak Rupees Two Hundred Twenty Three and Fifty Paisas) per share, against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank pari passu in all respect with the existing ordinary shares of the Company.

The Share Transfer Books of the Company will remain closed from **9th October, 2020** to **16th October, 2020** (both days inclusive) to determine the entitlements of the shareholders of the Company. Physical transfers / CDC Transaction IDs received at the Company's share registrar **FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi, PABX +92 21 34380101-05, Email: info.shares@famco.com.pk** by the close of business (5:00 p.m.) on **08th October, 2020** will be treated in time for entitlement of right shares.

Syed Junaid Ali
Company Secretary



HINOPAK MOTORS LIMITED

نوٹس برائے رائٹ ایشوا رکھاتے کی بندش

ممبرز کو مطلع کیا جاتا ہے کہ ہینو پاک موٹرز لمیٹڈ (دی ”کمپنی“) کے بورڈ آف ڈائریکٹرز نے ۱۱ ستمبر، ۲۰۲۰ کو منعقد ہونے والے اپنے اجلاس میں شیئر ہولڈرز کی طرف سے سبسکرائب کئے جانے والے شیئرز کی قیمت کمپنی کو ادائیگی کے عوض -/233.50 PKR (پاکستانی دو سو تینتیس روپے پچاس پیسے) فی شیئر کی قیمت پر 100 آرڈرنری شیئرز کیلئے 100 رائٹ شیئرز (یعنی %100) کے تناسب سے، بشمول -/223.50 PKR (پاکستانی دو سو تینس روپے پچاس پیسے) فی شیئر کے حساب سے پریئم، 12,400,560 آرڈرنری شیئرز بحساب -/10 PKR (پاکستانی دس روپے) فی شیئر آفر کرتے ہوئے مزید سرمایہ جاری کرنے کا فیصلہ کیا ہے، یہ شیئر ہر لحاظ سے کمپنی کے موجودہ آرڈرنری شیئرز کے مساوی ہوں گے۔

کمپنی کے شیئر ہولڈرز کے استحقاق کا تعین کرنے کیلئے کمپنی کے شیئر منتقلی کے کھاتے ۱۹ اکتوبر، ۲۰۲۰ سے ۱۶ اکتوبر، ۲۰۲۰ (دونوں دن شامل ہیں) بند رہیں گے۔ وہ فزیکل ٹرانسفرز (منتقلیاں) / سی ڈی سی ٹرانزیکشن آئی ڈیز جو ۸ اکتوبر، ۲۰۲۰ کو کاروباری اوقات شام ۵ بجے تک، کمپنی کے شیئر رجسٹرار فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8F، نزد ہوٹل فاران، نرسری، بلاک-6، پی۔ای۔سی۔ ایچ۔ ایس، شاہراہ فیصل، کراچی، پی اے بی ایکس 05-101 343801 +92 21، ای میل: info.shares@famco.com.pk کو موصول ہو جائیں گی وہ رائٹ حصص کے استحقاق کیلئے درست تصور کی جائیں گی۔

سید جنید علی
کمپنی سیکریٹری



HINOPAK MOTORS LIMITED

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