



شفا انٹرنیشنل ہسپتال اسلام آباد

Shifa International Hospitals Ltd.

Sector : H-8/4, Islamabad - Pakistan

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NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting (EOGM) of the members of Shifa International Hospitals Limited will be held at the registered office (C-0 Auditorium) of the Company at Sector H-8/4, Islamabad on Monday, April 29, 2019 at 1100 hours to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last annual general meeting of the Company held on October 27, 2018.

SPECIAL BUSINESS

2. To consider, and if thought fit to pass, with or without modification, the following resolution as special resolution:

“RESOLVED that, subject to regulatory compliances and approvals, 7,436,986 ordinary shares of Rs. 10/- each of the Company be issued to International Finance Corporation other than right shares under section 83(1)(b) of the Companies Act, 2017, being 12% of the Company’s ordinary shares on fully diluted basis, being the percentage immediately following investment, at an initial subscription price of Rs. 239.21 i.e. the closing market rate on the day prior to sending of EOGM Notice to shareholders.

FURTHER RESOLVED that the Company shall be entitled to exercise price adjustment option at any time during the option period as per the agreement with IFC.

FURTHER RESOLVED that the Chief Executive Officer and Company Secretary be and are hereby authorized, severally and jointly, to give effect to this resolution.”

3. To consider, and if thought fit, to pass the following resolution as special resolution:

“RESOLVED that Article No. 45 of the Article of Association of the Company be and is hereby amended to be read as follows:

Ten (10) members present in person representing not less than twenty five percent (25%) of the total voting power, either of their own account or as proxies, shall be quorum for a general meeting. However, for the following corporate actions of the Company the quorum shall be ten (10) members present in person representing not less than forty percent (40%) of the total voting power, either of their own account or as proxies:

- i. entering into any commitments for acquisitions of other entities (whether by the acquisition of shares, assets, or otherwise) for a consideration in excess of US \$15,000,000 (or the equivalent in any other currency) in the aggregate in any financial year
- ii. declaring or paying any dividend, distribution or redemption in relation to the equity securities of the Company that is not out of the most recent completed fiscal year’s profits.

Furthermore, the Company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, convey their consent to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

FURTHER RESOLVED that the Chief Executive Officer and Company Secretary be and are hereby authorized, severally and jointly, to give effect to this resolution.”

Statement of Material Facts under section 134 (3) of Companies Act, 2017 is annexed with notice.

By order of the board



**Muhammad Naeem
Company Secretary**

**Islamabad
April 08, 2019**

Notes:

- i.** The share transfer books of the Company will remain closed from April 20, 2019 to April 29, 2019 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at the share registrar's office of the Company i.e. M/s Corplink (Pvt.) Limited situated at Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on April 19, 2019 will be considered in time for the purpose of attending the Extraordinary General Meeting.
- ii.** A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote for him/her. Proxies in order to be effective must be received at the registered office of the Company at Sector H-8/4, Islamabad, not less than 48 hours before the time of holding the meeting. Proxy form is attached with the notice being sent to the members.
- iii.** Members maintaining investors account with CDC must bring their original CNIC or passport along with the participant's id numbers and account numbers to prove their identity.
- iv.** In case of corporate member, the board's resolution/power of attorney with specimen signature of the authorized person shall be produced at the time of attending the meeting.
- v.** Members are requested to notify any change in their registered addresses immediately.
- vi.** The Company wishes to inform its members that pursuant to section 242 of the Companies Act, 2017 and circular 18/2017 issued by Securities & Exchange Commission of Pakistan, any dividend payable in cash declared by the listed company shall only be paid through electronic mode directly into the respective bank account designated by the entitled members instead of receiving it through dividend warrants. In this regard, members are once again advised to provide the particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank (if not already provided) to the Company's Share Registrar. CDC account holders should submit their particulars to their broker (participant)/CDC.
- vii.** If the Company receives consent from members holding 10% or more shareholding, residing in geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company shall intimate to such shareholder

information regarding venue of video conference facility at least 5 days before the date of the meeting to enable them to have access to such facility.

In this regard, please fill the following and submit at the registered office of the Company situated at Sector H-8/4, Islamabad at least 10 days prior to the date of annual general meeting:

I/We _____ of _____ being	
member(s) of Shifa International Hospitals Limited, holding _____	
ordinary shares as per registered Folio / CDC Account No. _____	
hereby opt for video conference facility at _____.	
_____	_____
Date	Signature

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

I. INVESTMENT BY IFC IN THE SHARE CAPITAL OF THE COMPANY OTHER THAN RIGHT

M/s International Finance Corporation (IFC) have expressed interest in making investment in the share capital of the Company and for this purpose have entered into a subscription agreement with the Company. Under the agreement, IFC will subscribe upto 12% of the ordinary shares of the Company on a fully diluted basis, being the percentage immediately following IFC investment. The initial subscription price per share will be Rs. 239.21 i.e. the market trade closing price per share as published on Bloomberg (stock ticker SHFA) on the day immediately before the date of announcement of IFC investment proposal by the Company to its shareholders by way of notice of Extraordinary General Meeting (EOGM). Besides the Company shall also be entitled for the price differential on exercising the price adjustment option, therefore, the total subscription price shall be the initial subscription price plus the price differential.

The salient features of the proposed investment agreement with IFC are as under:

- (i) The total number of ordinary shares to be issued will be 7,436,986 which is approximately 13.6% of the existing paid-up capital of the Company and 12% on fully diluted basis immediately following investment and consideration for the issue of these shares will be equal to the number of IFC shares multiplied by the initial subscription price plus price differential. IFC shall pay the total consideration for the IFC shares as set out in the agreement.
- (ii) The Company shall have the option to exercise the price adjustment option at any time during the option period. The exercise notice will be irrevocable and can only be exercised once during the option period.
- (iii) The exercise notice may be given (i) once twenty-eight (28) qualifying trading days have been achieved during the option period; and (ii) on a date on which the closing price for on-market trades of the Company's shares on the immediately preceding Pakistan Stock Exchange trading day is equal to or greater than the adjusted price which shall not be less than initial subscription price or greater than PKR 260/- per share subject to IFC have received evidence

from the Company to IFC's satisfaction that the IFC's shares have been registered by the Company with the State Bank of Pakistan on a freely repatriable basis.

- (iv) IFC will pay to the Company the amount equal to the price differential multiplied by the number of IFC shares either within thirty (30) days after receipt of the exercise notice; or if IFC disputes any information contained in the exercise notice (including the calculation of the price differential) within thirty (30) days after settlement of such dispute or final determination by an independent expert.
- (v) During the option period, neither the Company, the major shareholder nor their respective connected persons shall directly or indirectly, whether alone or with any person acting in concert with it/them, in any manner, buy or sell or seek to buy or sell, any shares in the Company (including any derivatives or any other interest relating to such shares).
- (vi) As long as IFC remains a shareholder in the Company, the major shareholder will maintain its, and its affiliates, respective shareholding level in the Company.
- (vii) As of now IFC does not hold any share of the Company. However, after the proposed issue of shares the total shareholding of IFC shall be 7,436,986 ordinary shares of Rs. 10/- each which shall be 12% of increased paid-up capital of the Company.
- (viii) Subject to applicable laws, IFC shall be entitled to buyback option at any time during the buyback period or the additional buyback period, to dispose of all or part of the IFC Shares.

The board of directors considered the proposal in its meeting held on April 04, 2019 and have unanimously approved that 7,436,986 ordinary shares of Rs. 10/- each may be offered for subscription to IFC, other than right shares, as per agreement signed with IFC, subject to regulatory compliances and approvals. The Company believes that the offer price is justified as it is based on the closing market price of share of the Company on a date as priory agreed which is the initial subscription price. Further, the Company has the option to exercise price adjustment option which when exercised will increase the subscription amount. The board seeks approval of the member by passing the special resolution.

“RESOLVED that, subject to regulatory compliances and approvals, 7,436,986 ordinary shares of Rs. 10/- each of the Company be issued to International Finance Corporation other than right shares under section 83(1)(b) of the Companies Act, 2017, being 12% of the Company's ordinary shares on fully

diluted basis, being the percentage immediately following investment, at an initial subscription price of Rs. 239.21 i.e. the closing market rate on the day prior to sending of EOGM Notice to shareholders.

FURTHER RESOLVED that the Company shall be entitled to exercise price adjustment option at any time during the option period as per the agreement with IFC.

FURTHER RESOLVED that the Chief Executive Officer and Company Secretary be and are hereby authorized, severally and jointly, to give effect to this resolution.”

1. JUSTIFICATION OF ISSUE OF SHARES OTHER THAN RIGHT TO IFC

International Finance Corporation (IFC) is a sister organization of the World Bank and member of the World Bank Group. It is the largest global development institution focused exclusively on the private sector in developing countries. For more information regarding IFC, its website may be accessed at www.ifc.org.

In the opinion of the board of directors, the investment at a price of Rs. 239.21 being the closing market rate on the day prior to sending of EOGM Notice to the shareholders (plus the price differentiated on exercising the price adjusted option) will result in induction of large capital which will greatly benefit the Company and its shareholders. IFC being an international investor, works across the group and has made many investments including in healthcare sector. Partnering with IFC will bring international exposure of International Corporate Governance, attaining quality in leadership, raising further investment opportunities and attaining higher international healthcare standards. In addition it will also open opportunities to IFC supply chains and further collaboration with IFC will not only strengthen investment in healthcare in Tanzania but will also encourage investors of international repute to invest in the Tanzania healthcare project of the Company.

2. OTHER INFORMATION

i) Break-up value per share

As per audited accounts of the Company for the year ended 30th June, 2018, the break-up value per share of the Company is Rs. 93.99.

ii) Issue Price per share

Shares are proposed to be issued at an initial subscription price of Rs. 239.21 per share plus price differential. Induction of funds at this price will benefit the Company in undertaking new projects. The shareholders will be benefited by appreciation in value of their investment as well as dividend returns in future.

iii) Average and Latest Market Price

Average market price prevailing during three (03) months and six (06) months preceding BOD meeting announcement is Rs. 214.16 and Rs. 227.32 respectively whereas the latest available market price is Rs. 239.21 which is the closing market price of the shares of the Company as on April 05, 2019.

iv) Pari Passu rights of shares to be issued to IFC

These shares will rank pari-passu in all respects with the existing ordinary shares of the Company.

v) Utilization of proceeds from issue of shares to IFC

The proceeds of the issue will be utilized to finance the Company's equity in its subsidiaries i.e. Shifa National Hospital Faisalabad (Pvt.) Ltd which will construct and operate a tertiary care hospital at Faisalabad and Shifa Medical Center Islamabad (Pvt.) Ltd which will set up an OPD, Day Care Surgeries and Diagnostic Services Center at F-11, Islamabad. Brief description of the aforementioned projects is as follows:

a. Shifa National Hospital Faisalabad (Pvt.) Ltd

Total project cost of the subsidiary company is Rs. 4.2 billion (approx.). This cost would be met by the subsidiary company through financing to the tune of Rs. 1.3 billion and the remaining Rs. 2.9 billion shall be arranged through equity investment. 55% of the equity investment by Shifa International Hospital Limited (SIHL) in the subsidiary company would Rs. 1.6 billion (approx.), whereas the remaining 45% equity investment would be injected by the potential investors.

b. Shifa Medical Center Islamabad (Pvt.) Ltd

Total project cost of the subsidiary company is Rs. 3.5 billion (approx.). This cost would be met by the subsidiary company through financing to the tune of Rs. 1.0 billion whereas the remaining Rs. 2.5 billion shall be arranged through equity investment. 55% of the equity investment by

SIHL in the subsidiary company would be Rs. 1.4 billion (approx.) whereas the remaining 45% equity investment would be injected by the potential investors.

Except as shareholders of the Company, the directors have no other interest in this business. The board of directors proposes that aforementioned other than right shares shall be issued to IFC as per the details provided in the notice of EOGM. The copy of agreement entered into by the Company with IFC will be available for inspection at the time of Extraordinary General Meeting.

II. AMENDMENT IN ARTICLES OF ASSOCIATION OF THE COMPANY

It is one of the condition to subscription of 7,436,986 ordinary shares by IFC other than right shares that the Company shall amend its Articles of Association to the extent that the quorum requirements for the two corporate actions of the Company as appearing in following proposed clause of Articles of Association of the Company shall be ten (10) members present in person representing not less than 40% of the total voting power, either of their own account or as proxies.

The proposed amendments shall be incorporated in the Articles of Association of the Company after the approval of special resolution. All necessary requirements of law will be complied with in this regard and the proposal for incorporation in Articles of Association of the Company is being placed before the shareholders for their consideration and approval as a special resolution. The comparative statement of existing and proposed alteration in Articles of Association is as under:

Article No.	Existing Clause	Proposed Clause
45	Ten (10) members present in person representing not less than twenty five (25%) of the total voting power, either of their own account or as proxies, shall be quorum for a general meeting. Furthermore, the Company may provide video conference facility to its members for attending general meeting at places other	Ten (10) members present in person representing not less than twenty five percent (25%) of the total voting power, either of their own account or as proxies, shall be quorum for a general meeting. However, for the following corporate actions of the Company the quorum shall be ten (10) members present in person representing not less than forty

	<p>than the town in which general meeting is taking place after considering the geographical dispersal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, convey their consent to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.</p>	<p>percent (40%) of the total voting power, either of their own account or as proxies:</p> <ul style="list-style-type: none"> i. entering into any commitments for acquisitions of other entities (whether by the acquisition of shares, assets, or otherwise) for a consideration in excess of US \$15,000,000 (or the equivalent in any other currency) in the aggregate in any financial year ii. declaring or paying any dividend, distribution or redemption in relation to the equity securities of the Company that is not out of the most recent completed fiscal year's profits. <p>Furthermore, the Company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after considering the geographical dispersal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, convey their consent to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.</p>
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Copy of Memorandum and Articles of Association of the Company will be available for inspection at the time of Extraordinary General Meeting.

ISLAMABAD
April 08, 2019



MUHAMMAD NAEEM
Company Secretary

