



Notice of Annual General Meeting

Notice is hereby given that the Twenty-eighth Annual General Meeting of Balochistan Particle Board Limited will be held on Friday, October 31, 2008 at 3.30 p.m. at Iqbal Auditorium, (3rd Floor), Institute of Bankers Pakistan, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

1. To receive and consider the audited financial statements, the Directors' report and the Auditors' report for the year ended June 30, 2008.
2. To appoint auditors for the year ending June 30, 2009 and fix their remuneration.

SPECIAL BUSINESS :

3. To consider, approve and ratify the letting out of part of the premises of the Company to Habib Motorcycles (Pvt.) Limited, a related party, by passing the following resolutions with or without any modification :

"RESOLVED that the Company enter into a Tenancy Agreement with Habib Motorcycles (Private) Limited ("HMPL"), a related party to carry on their business of assembly / manufacture of Motorcycles for a period of 3 years, commencing from November 1, 2008 to October 31, 2011.

FURTHER RESOLVED that the Chief Executive and a Director of the Company be and are hereby jointly authorised to execute the said Tenancy Agreement on behalf of the Company.

FURTHER RESOLVED that the previous tenancy agreement dated June 22, 2005 entered into between the Company and HMPL in respect of the Subject Premises hereby stands ratified and shall accordingly be deemed to have been approved from inception."

By order of the Board

Cawas R. Sethna
Company Secretary

Karachi: October 8, 2008

Notes:

1. The Share Transfer Books of the Company will remain closed from Wednesday, October 29, 2008 to Tuesday, November 4, 2008, both days inclusive.
2. A member entitled to attend and vote at this meeting is entitled to appoint another member of the Company as a proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed at least 48 hours before the time of meeting.
3. Members are requested to notify any change in their addresses and their contact numbers immediately to the Company's Share Registrars, Messers. Corporate Management Services (Pvt.) Limited, Karachi.
4. Statement under Section 160 (1) (b) of the Companies Ordinance, 1984 is appended.



**Statement under Section 160 (1) (b) of the Companies Ordinance, 1984
Renting of Premises to Habib Motorcycles (Private) Limited.**

The Board of Directors of Balochistan Particle Board Limited (the "Company") in their meeting held on October 8, 2008 accorded their approval to a transaction providing for an area of approximately 200,000 square feet, including covered area of 50,698 square feet of R.C.C. construction and permanent fixtures and fittings thereon (the "Subject Premises") within the overall precincts of the Company's factory compound situated in Mauza Beerot, Tehsil Hub, District Lasbella, Balochistan, to be rented out to Habib Motorcycles (Private) Limited ("HMPL") for carrying on the assembly / manufacture of Motorcycles and the storage of stocks and spares associated therewith for a period of 3 years at a rent of Rs.200,000/- (Rupees Two Hundred Thousand) per month, subject to progressive enhancement at the rate of ten percent (10%) per annum (the "Subject Transaction").

The Subject Premises had previously been given on rent to HMPL for such purpose in terms of an agreement dated June 22, 2005 at a rent of Rs.150,000/- (Rupees One hundred fifty thousand) per month subject to progressive enhancement at the rate of ten percent (10%) per annum (the "Initial Transaction"), which had been sanctioned by the directors after due deliberation, bearing in mind that the same presented the only viable source of income for the Company at the best available rent and was accordingly considered to be in the best interests of the company and the shareholders.

Following the expiry of the tenancy period under the Initial Transaction, HMPL has requested that the Subject Premises be made available on rent vide the Subject Transaction for a further period of three (3) years, from November 1, 2008 and elapsing on October 31, 2011. In the view of the directors, the rent that may be derived from the Subject Transaction is favourable, bearing in mind the prevailing market conditions, and still represents the only viable means of income.

Whilst the directors were and remain of the view that the Initial Transaction did not necessitate referral to the shareholders, it was subsequently contended by the Securities and Exchange Commission of Pakistan in terms of a letter dated August 13, 2008 addressed to the directors that the same attracted the application of Section 196(3)(a) of the Companies Ordinance, 1984 (the "Ordinance"), which reads as follows:

- "(3) The directors of a public company or of a subsidiary of a public company shall not except with the consent of the general meeting either specifically or by way of an authorisation, do any of the following things, namely:—
- (a) sell, lease or otherwise dispose of the undertakings or a sizeable part thereof, unless the main business of the company comprises of such selling or leasing;..."

The directors are of the considered opinion that it is apparent from a plain reading of Section 196(3)(a) that the expression "lease or otherwise dispose" is used therein in the conjunctive sense and the prohibition sought to thereby be imposed upon the directors of a public company relates only to a lease transaction that results in or is tantamount to a disposal vide eventual transference of the property in question, which is not the result of the Initial Transaction in as much as the ownership of the Subject Premises was never intended to change hands and possession thereof was to revert to the Company upon culmination or earlier termination thereof.

Be that as it may, without prejudice to the aforesaid stance, the directors, by way of abundant caution, nonetheless seeks ratification from the shareholders in respect of the Initial Transaction and approval from the General Body for the Subject Transaction, as envisaged.

The Subject Transaction inter se the Company and HMPL is similarly intended to strictly create a mere tenancy in respect of the Subject Premises, and the underlying title to property in the Subject Premises shall continue to vest in the Company at all times. Furthermore, the undertaking and substratum of the Company in the form of its plant and machinery for the manufacture of urea formaldehyde is not at all affected by the Subject Transaction and shall remain in place.

Messrs. Murtaza H. Habib and Imran A. Habib, directors of the Company are also directors of Habib Motorcycles (Pvt.) Limited and are interested in the business of Habib Motorcycles (Pvt.) Limited to the extent of their investment in that company.