



MERIT PACKAGING LIMITED

Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200 Pakistan.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (EOGM) of Merit Packaging Limited will be held on Thursday, February 15, 2024 at 03:00 p.m. at PSX Auditorium, Stock Exchange Building, Stock Exchange Road, Karachi, as well as through electronic means/video link facility to transact the following business:

Special Business:

- To consider, and if thought fit to approve, the following special resolutions, with or without modification, seeking approval of members to dispose off the Land and Factory Building of the Company, located at 17-B, Sector 29, Korangi Industrial Township, Karachi ("Assets") to the related party to settle the pressing liabilities of the Company:

"RESOLVED THAT the consent of shareholders be and is hereby accorded to the dispose-off the land and Factory building (assets) located at 17-B, Sector 29, Korangi Industrial Township, Karachi measuring 17,111.11 square yards and 140,220 square feet covered area approx. for an aggregate sale consideration PKR 1,554,592,000 comprising of Land and Factory Building ("the Assets"). Based on the multiple valuation reports by SECP's certified valuer M/s. Joseph Lobo (Private) Limited and M/s. K.G. Traders (Private) Limited.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized and empowered for the Sale of Assets. The Board may delegate its powers to a Director or Chief Executive Officer (CEO) on such terms and conditions they deem fit, to act on behalf of the Company in doing and performing all acts, matters, things and deeds to implement and / or give effect to the assets sale and the transaction contemplated by it, which shall include, but not be limited to:

- selling the Assets to its related party SIZA Services (Private) Limited (the buyer) and for that purpose, to settle partially the pressing liabilities of the Company and entering into an agreement to sale, sale deed or any other agreement with the buyer(s) or any other person, receiving of sale consideration, executing, preparing and signing any sale deed, conveyance deed and/or transfer documents in favor of the buyer(s) or another person to effect the asset sale in favor of the buyer(s) or any other person by representing the same before all parties & authorities concerned and admitting execution thereof;
- representing before the Sub-Registrar or any other Competent Authority and getting any sale deed or other such documents registered and collecting consideration amount in respect of the Assets sale, and
- generally performing and executing in respect of the assets all lawful deeds, agreements, acts and things as may be fit and proper in order to implement and complete the Assets sale.

FURTHER RESOLVED THAT the Company be and is hereby authorized to take all actions incidental or ancillary thereto with regard to the execution of the sale of (approved) Assets.

FURTHER RESOLVED THAT the Board be and is hereby empowered to agree upon modification in these resolutions that may be directed / required by the SECP without the need of any other further approval of the shareholders.

FURTHER RESOLVED THAT certified copies of this resolution in its present form or modified by the Director/CEO/Company Secretary be communicated to the concerned authorities and shall remain in force until notice in writing to the contrary is given."

- To consider, and if thought fit to approve, the following special resolutions, with or without modification, seeking approval of members for the lease of land and Factory Building sold under asset sale agreement to SIZA Services (Private) Limited (buyer) for uninterrupted continuation of company business:

"RESOLVED THAT the consent of shareholders be and is hereby accorded to for the lease of Land and Factory Building located at 17-B, Sector 29, Korangi Industrial Township, Karachi measuring 17,111.11 square yards and 140,220 Square Feet covered area approx. (hereinafter referred to as the "assets") for the continuation of business/manufacturing activities of the Company at mutually agreed terms and conditions with the owner of the property.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to negotiate terms and conditions of the lease/rental at the time of expiry/renewal of the lease agreement in a manner as they may mutually deem appropriate.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions with respect to the lease of the Land and Factory Building as required and all matters related to settlement of the banking facilities and to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution."

Date: January 19, 2024

By Order of the Board
(MANSOOR AHMED)
Company Secretary

NOTES:

- Share transfer books of the Company shall remain closed from February 08, 2024 to February 15, 2024 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Shares Registration Services (Private) Limited, 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi up to the close of business on February 07, 2024 will be treated in time for the purpose of attending the EOGM.
- Participation in the EOGM via physical presence or through video conferencing

- A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
- Participation in the EOGM proceedings via physical presence or through video link facility:

The arrangement for attending the EOGM through electronic means will be as under:

- To facilitate our members who want to attend EOGM through the Zoom application - a video link facility will be provided.
- Shareholders interested in attending the EOGM through the Zoom application are hereby requested to get themselves registered with the Company Secretary's office by providing the following details at the earliest but not later than 48 hours before the time of EOGM (i.e., before 03:00 p.m. on February 13, 2024) through following means:
 - Mobile/WhatsApp: 0315 5008228
 - E-mail: mansoor@lakson.com.pk

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of EOGM, shareholders will be able to login and participate in the EOGM proceedings through their smartphone/computer devices.

In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the EOGM by using the aforesaid means.

3. Requirements for appointing Proxies

- A member entitled to attend and vote at the EOGM may appoint another member as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company.
- Form of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting excluding holidays.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Copies of CNIC or the valid passport of the beneficial owners and the proxy shall be furnished along with the proxy form.
- The proxy shall produce his original CNIC or original valid passport at the time of the Meeting.
- In the case of a corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

4. Updation of shareholder addresses/other particulars:

Members holding shares in physical form are requested to promptly notify the Shares Registrar of the Company of any change in their addresses or any other particulars. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.

Further, to comply with requirements of Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all CDC and physical shareholders are requested to provide their email address and cell phone numbers incorporated / updated in their physical folio or CDC account.

5. Conversion of Physical Shares into CDC Account

The Securities and Exchange Commission of Pakistan has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form, as soon as possible.

The shareholders may contact their Broker, CDC Participant or CDC Investor Account Service Provider for assistance in opening a CDS Account and subsequent conversion of the physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, avoidance of formalities required for the issuance of duplicate shares, etc.

6. Unclaimed Dividend / Shares under Section 244 of the Companies Act, 2017

An updated list of unclaimed dividend/shares of the Company is available on the Company's website www.meritpack.com. These are unclaimed dividends/shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable. Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claims Forms must be submitted to the Company's Shares Registrar for receipt of dividends/shares.

- Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.
- Statement under Section 134 of the Companies Act, 2017 is as under. Form of Proxy is being sent to the members and is also available on Company's website: www.meritpack.com.

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

The Extraordinary General Meeting of the Company is being convened for passing special resolutions for dispose-off the land and factory building to a related party and leaseback of such disposal, subject to the approval of the Members.

The justification for the sale of assets: The proceeds realized from the sale of assets will be used to settle the loan outstanding towards the lenders namely SIZA (Private) Limited, SIZA Commodities (Private) Limited and Premier Fashions (Private) Limited, these loans are projected to mature within the next two quarters. The purpose of leasing back of the Land and Factory Building is to ensure the uninterrupted continuation of the Company Business.

Further, the Directors of the Company have no interest in this matter except to the extent of their directorship in the Company and payment of remuneration. The directors confirm that there is no diversification of the main business of the Company.

Agenda items: 1 & 2

SPECIAL RESOLUTIONS FOR DISPOSAL OF LAND AND FACTORY BUILDING (THE "ASSETS") AND LEASEBACK OF THE ASSETS:

The Board of Directors of the Company in their meeting held on January 09, 2024 approved the disposal of the Land and Factory Building thereon keeping in view the analyses of the Audit Committee, the fair market value recommendations by valuation firms in Pakistan, the Memorandum of Understanding entered between the Company and the prospective buyer and in such manner and on such terms and conditions as deemed fit and appropriate subject to further approval of the final terms and conditions by the shareholders.

The Board of Directors resolved the same considering the liabilities of the Company and made note of the maturity of loans due on the Company. It was noted that most of the loans are expected to mature in the next 2 quarters and the lender, on maturity, has the right to charge interest/mark-up on the loaned amount. It was decided that the optimal course of action to provide relief from the economic pressures of loans and avoid the additional burden of interest/mark-up which based on contemporary KIBOR would rise to approx. 22%, the Land and Factory Building be disposed and the sale proceeds be utilized to settle the loans on the maturity date. Therefore the Board, based on feasibility analysis has resolved to dispose off the land and factory building, in this respect, conducted a valuation from SECP Certified valuers who valued the assets at approx. Rs.1,554,592,000 amount.

The Board would like to continue operation in an uninterrupted manner and a related group entity has agreed to purchase and leaseback the land and factory building to allow the company to maintain continuous operations. The Board conducted a cost analysis of projected financing of the loans post-maturity and bearing costs of interest/mark-up of approx. 22% against the cost of disposal of assets and leaseback of the same. It was determined that the cost would be significantly reduced if the company transitioned to a leasehold model from an asset ownership model by allowing the settlement of a substantial liability whilst simultaneously significantly improving the financial health of the Company in comparison to maintaining the costs of borrowing and taking on the mark-up of the loaned amount as it reaches maturity.

Therefore, the Board of Directors in the same meeting also reviewed the Memorandum of Understanding with the prospective Purchaser of the said property for land and factory building at Korangi and the terms and conditions and period of the lease for the continuation of uninterrupted business/manufacturing activities of the Company with the intention being for the Company to move from an owned manufacturing facility to a lease/rental model.

The Board, thus, in their meeting held on January 09, 2024 approved the Committee's proposal for the sale and leaseback of the land and factory building subject to the approval of the shareholders of the Company. The following material information is given pursuant to the Section 134(3) of the Companies Act, 2017 for the shareholders of the Company.

The details of assets to be sold:

- Land and building of the Factory measuring 17,111.11 sq yards and a covered area of 140,220 sq. ft. (approx.), respectively, located at 17-B, Sector 29, Korangi Industrial Township, Karachi.

Particulars of Asset	Cost	Revalued Amount	Book Value	Expected Market Price/Fair Value
-----Amount in Rupees-----				
Land & Building	406,207,100	1,453,827,395	1,551,097,180	1,554,592,000

- Borrowing costs versus Rental Costs to be borne by the Company

A.	B.	C.	D.	E.	F.
Borrowed Amount	Markup @ 22% per annum	Depreciation Costs	Total Costs (in case of asset owned)	Rental Cost (in case of leasehold model)	Difference (being benefit to financial health)
-----Amount in Rupees-----					
1,450,000,000	319,000,000	34,160,525	353,160,525	36,000,000	317,160,525

c. Future Business Plan

The Board of Directors has proposed to dispose off the Land and Factory Building of the Company and also proposed to enter into a Lease/Rental Agreement with the prospective Purchaser of the said property for the land and factory building premises. The Financial Projection of the proposed business plan is as under as Annexure 'A'. The above objects are lawful, permissible under the Companies Act, 2017, and also provided in the Memorandum of Association of the Company. The proceeds from this arrangement will be utilized to settle the loans towards the lenders, including the related parties namely SIZA (Private) Limited, SIZA Commodities (Private) Limited and Premier Fashions (Private) Limited subject to the approval of financial institutions. It will also provide additional liquidity to the Company for the utilization in running and managing the working capital requirement and investment in the profitable business avenues.

d. Benefits Expected to the Shareholders

The board anticipates that adaptation of the lease model would significantly improve the financial health of the Company and will enable it to pay dividends to its shareholders going forward.

ANNEXURE-A

Particulars	Amount in '000		
	Loan amount	Interest rate	Amount
Saving from paying-off loans	1,554,592	22%	342,010
Decrease in depreciation expense			14,525
Rent @ Rs. 3.0 million per month			(36,000)
Approximate annual saving before tax			320,535
Tax @ 29%			(92,955)
Approximate annual savings after tax			227,580
No. of shares			199,958
Savings per share			1.14