



NOTICE OF EXTRAORDINARY
GENERAL MEETING



BIAFO INDUSTRIES LIMITED

Manufacturers of Tovex® Explosives & Blasting Accessories

1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad - Pakistan.

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E-mail: management@biafo.com, Website: www.biafo.com

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Biafo Industries Limited ("Company") will be held on 17 July 2018 at 11:00 a.m. at 1st Floor, Biafo House, Plot No 23, St No. 38-40, I&T Centre, G-10/4, Islamabad to transact the following business:

Ordinary Business:

1. To approve the minutes of 29th Annual General Meeting held on 25th October, 2017.

Special Business:

2. To consider and if thought fit, to approve and authorize by passing the following resolution as special resolution, with or without modification, addition or deletion, subject to regulatory permission(s), the long-term equity investment by the Company of up to US \$ 2.062 (United States Dollars Two Million Sixty Two Thousand Only) in equivalent Pakistani Rupees to acquire 49% of the issued share capital of Auxin Biafo Chemicals (Private) Limited ("Auxin Biafo"), an associated undertaking of the Company, incorporated in accordance with the terms of a Joint Venture Agreement dated 08 June 2017 between the Company and Beijing Auxin Chemical Technology Limited, ("Beijing Auxin"), in terms whereof Beijing Auxin will acquire 51% of the issued share capital of Auxin Biafo.

"Resolved that pursuant to the requirement of Section 199 of the Companies Act, 2017 and subject to regulatory permission(s), the company is hereby authorized to make long term equity investment of up to US \$ 2.062 Million (United States Dollars Two Million Sixty-Two Thousand Only) in equivalent Pakistani Rupees in the ordinary share capital of Auxin Biafo Chemicals (Private) Limited, an associated company, incorporated in Pakistan under the Companies Act, 2017 at a price of PKR 10 for each ordinary share of the face value of PKR 10/- [so as to acquire 49% of the issued share capital of Auxin Biafo Chemicals (Private) Limited].

Further resolved that the authorization in the foregoing resolution shall be valid for 5 years from the date hereof and Mr. M. Afzal Khan, Mr. M. Humayun Khan & Mr. Syed Zaffar Mehdi Askree, Directors of the Company be and are hereby empowered and authorized jointly by any two of them to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and obtain necessary regulatory permission, to take all steps and actions necessary to give effect to the above resolution and to do or cause to be done all acts, deeds and things, filing of all necessary documents and to sign and execute documents that may be considered necessary or necessary for the purpose of implementing this resolution."

A statement under Section 134(3) of the Companies Act, 2017 pertaining to the Special business is annexed to the notice of meeting sent to the members.

By order of the Board


Khawaja Shaiq Tanveer
Company Secretary

Islamabad: 22 June 2018

NOTES:

1. The Share Transfer Books of the Company will remain closed from 11 July 2018 to 17 July 2018 (both days inclusive). Transfers received at Riasat Ishtiaq Consulting (Pvt) Ltd, Office No 19-20, 2nd Floor, Hill View Plaza, Jinnah Avenue, Blue Area, Islamabad or Biafo Industries Ltd, 1st Floor, Biafo House, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad at the close of business on 10 July 2018 will be considered in time for the purpose of attending and voting at the meeting.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint another member as his/her proxy to attend and vote in place of him/her at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of meeting. A proxy must be a member of the Company.
3. Shareholders, who have deposited their shares into Central Depository Company of Pakistan, must bring their participant's ID numbers and account/sub account numbers along with original Computerized National Identity Cards or original Passports at the time of attending the meeting in order to facilitate identification of respective shareholders. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.
4. Members are requested to submit a copy of their Computerized National Identity Card/Smart National Identity Card (CNIC/SNIC), if not already provided to our Shares Registrar, Riasat Ishtiaq Consulting (Pvt) Ltd.
5. Members are advised to immediately notify the change in their addresses, if any to our Shares Registrar, Riasat Ishtiaq Consulting (Pvt) Ltd whereas CDC account holders are requested to contact their CDC participants / CDC account services.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE EXTRAORDINARY GENERAL MEETING:

This statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on 17 July 2018.

- a) Auxin Biafo Chemicals (Private) Limited ("Auxin Biafo") has been incorporated as a private limited company pursuant to the terms of a Joint Venture Agreement between the Company and Beijing Auxin Chemical Technology Limited ("Beijing Auxin"). It is intended that Beijing Auxin (a subsidiary of China North Industries Corporation (Norinco), a Fortune 500 Top Company and one of the largest manufacturers of explosives in the world) will subscribe to 51 % shares and Company will subscribe to 49 % shares in Auxin Biafo.
- b) The main object of the associated undertaking, Auxin Biafo, is to manufacture and market Emulsion explosives using state of the art technology with capability to supply ground station design, construction & operation as well as on-site mixed explosive to customers along with blasting services to the customers.
- c) Approval of the members of the Company is sought for making investment of up to US \$ 2.062 Million (United States Dollars Two Million Sixty Two Thousand Only) in equivalent Pakistani Rupees in the associated undertaking Auxin Biafo subject to regulatory permission(s).
- d) The information required to be disclosed to the members under S.R.O No. 1240(1)/2017 dated 06 December 2017 Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, is as follows:

Ref. No.	Requirement	Information
(a)	Disclosure for all types of investments:	
	(A) Disclosure regarding associated company	
(i)	Name of associated company or associated undertaking	Auxin Biafo Chemicals (Private) Limited ("Auxin Biafo")
(ii)	Basis of relationship	The relationship is based on common directorship.
(iii)	Earnings per share for the last three years	Not Applicable as Auxin Biafo is a recently incorporated company (Date of Incorporation: 09 November 2017).
(iv)	Break-up value per share, based on latest audited financial statements	Not Applicable as Auxin Biafo is a newly incorporated company and has not started any operations.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Not Applicable as Auxin Biafo is a newly incorporated company

(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	
(I)	Description of the project and its history since conceptualization	<p>Auxin Biafo has been newly incorporated as a Private Limited Company on 09 November 2017 and post investments Beijing Auxin Chemical Technology Ltd, China (a subsidiary of China North Industries Corporation (Norinco), a Fortune 500 Top Company and one of the largest manufacturers of explosives in the world) will have 51 % shareholding and Biafo Industries Ltd will have 49 % shareholding in Auxin Biafo.</p> <p>Auxin Biafo will manufacture and market emulsion explosives using state of the art technology with capability to supply ground station design, construction & operation as well as on-site mixed explosive to customers along with blasting services to the customers.</p>
(II)	Starting date and expected date of completion of work	July 2018 -September 2019
(III)	Time by which such project shall become commercially operational	October 2019
(IV)	Expected time by which the project shall start paying return on investment	June 2020
(V)	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Cash Investment by Company: US \$ 2.062 Million
(B) General Disclosures		
(i)	Maximum amount of investment to be made	Up to US \$ 2.062 million in equivalent Pakistani Rupees in the form of equity investment in Auxin Biafo
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The purpose of the investments is to contribute 49% of the equity component to Auxin Biafo (the other 51% to be contributed by Beijing Auxin Chemical Technology Ltd, China) enable Auxin Biafo to set up a project (after obtaining debt financing of the balance of the project cost,

		<p>where total project cost is expected to be about US\$ 12,000,000. Debt Financing may require further investment by Biafo in the form of Loan or Bank Guarantee and if so necessary Shareholder approval will be obtained) to manufacture and market Emulsion explosives especially in relation to CPEC projects and other construction & mining projects in the country.</p> <p>It is anticipated that the members will get an attractive rate of return from such investment</p>
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	Biafo Industries Limited through its internal cash generation will arrange the funds.
	(I) justification for investment through borrowings	Not Applicable
	(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not Applicable
	(III) cost benefit analysis	Not Applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Not Applicable
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	<p>The directors and chief executive do not have any personal interest in Auxin Biafo or the project except to the extent of their shareholding, as noted below:</p> <ul style="list-style-type: none"> • M. Afzal Khan 01 Share • M. Humayun Khan 01 Share • Syed Zaffar Mehdi Askree 01 Share <p>The sponsors and majority shareholders do not have any direct interest in Auxin Biafo or the project</p> <p>Auxin Biafo and Company have the following common directors:</p> <ul style="list-style-type: none"> • M. Afzal Khan • M. Humayun Khan • Syed Zaffar Mehdi Askree

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Not Applicable
(vii)	Any other important details necessary for the members to understand the transaction	None
(b)	Additional disclosure regarding Equity Investment	
(i)	Maximum price at which securities will be acquired	Biafo will subscribe to the shares of Auxin Biafo at share price of Rs. 10 each for a share of face value Rs. 10.
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
(iii)	Maximum number of securities to be acquired	23.03 Million shares – however, it may be noted that the number of shares to be acquired may be higher depending on the actual timing of the investment and the exchange rate prevalent at the time such investment is made (as investment shall be up to the PKR equivalent of US \$ 2.062 million)
(iv)	Number of securities and percentage thereof held before and after the proposed investment	Nil shares (Nil%) before the proposed investment 23.03 Million shares (49%) after proposed investment
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;	Not Applicable
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Rs. 33.92 per share

Inspection:

The documents relating to special business can be inspected by the shareholders from the date of issuance of this notice till the date of meeting at the registered office of the Company during usual business hours from Monday to Friday (9:00 a.m. - 5:30 p.m.)

**FORM OF PROXY
EXTRAORDINARY GENERAL MEETING**

The Company Secretary

Biafo Industries Limited
1st Floor, Biafo House,
Plot No. 23, St No. 38-40,
I&T Centre, G-10/4,
Islamabad.

I/We _____ of _____
being member of BIAFO INDUSTRIES LIMITED and holder of _____ ordinary shares
as per Share Register Folio (Number) _____ and/ or CDC Participant I.D. No. _____
and Sub Account No. _____ hereby appoint _____ of
_____ (Name) as my/our proxy to vote for me/us and on my/our behalf
at the Extraordinary General Meeting of the Company to be held at its registered office, 1st Floor,
Biafo house, Plot No. 23, St No. 38-40, I&T Centre, G-10/4, Islamabad on July 17, 2018 at 11:00
a.m. and any adjournment thereof.

Signed _____ day of _____, 2018

Signature

(Signature should agree with the specimen
signature registered with the Company)

WITNESSES

1. Signature _____
Name _____
Address _____

CNIC No. _____
Passport No. _____

2. Signature _____
Name _____
Address _____

CNIC No. _____
Passport No. _____

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him/her. A proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their Computerized National Identity Card or Passport with the proxy form.

Proxy فارم برائے غیر معمولی عمومی اجلاس

جناب کمپنی سیکرٹری

بائیفو انڈسٹریز لمیٹڈ

فسٹ فلور، بائیفو ہاؤس، پلاٹ نمبر 23، سٹریٹ نمبر 38-40،
آئی اینڈ ٹی مرکز، جی ٹین فور، اسلام آباد۔

میں رہم ----- بحیثیت رکن بائیفو انڈسٹریز لمیٹڈ اور شیئرز رجسٹر فولیو (نمبر) ----- ری اسی ڈی سی پارسٹیٹ
(Participant) نمبر ----- اور ذیلی کھاتہ نمبر ----- کے مطابق ----- عمومی شیئرز کا حامل ہوں رکے حامل ہیں اور ہذا
----- کو کمپنی کے غیر معمولی عمومی اجلاس جو 17 جولائی، 2018 کو 11:00 بجے اس کے رجسٹرڈ دفتر فیسٹ فلور، بائیفو ہاؤس،
پلاٹ نمبر 23، سٹریٹ نمبر 38-40، آئی اینڈ ٹی مرکز، جی ٹین فور، اسلام آباد میں اور کسی بھی اس کے التواء کے منعقد ہوگا میں اپنی جانب سے شرکت اور رائے دی کے لیے
Proxy مقرر کرتا ہوں۔

دستخط ----- مورخہ ----- 2018 کو کئے گئے۔

دستخط
(دستخطی اس نمونہ جاتی سے متفق ہونا چاہیے
جو کمپنی کے پاس مندرج شدہ ہیں)

گواہان

----- دستخط	----- دستخط
----- نام	----- نام
----- پتہ	----- پتہ
-----	-----
----- سی این آئی سی	----- سی این آئی سی
----- پاسپورٹ نمبر	----- پاسپورٹ نمبر

نوٹ:

- 1- کوئی بھی رکن جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار ہو وہ اجلاس میں اپنی جگہ شرکت اور ووٹ دینے کے لیے کسی کو Proxy مقرر کر سکتا ہے۔ Proxy کو کمپنی کا رکن ہونے کی ضرورت نہیں ہے۔
- 2- بغرض موثریت Proxy فارم، کمپنی کے رجسٹرڈ آفس میں اجلاس سے کم از کم 48 گھنٹے قبل موصول ہونا چاہیے۔
- 3- جملہ سی ڈی سی شیئرز ہولڈرز اور ان کے Proxies کو قومی شناختی کارڈ یا پاسپورٹ کی نقل ہمہ Proxy فارم کے ساتھ منسلک کرنا لازمی ہے۔