

PRESS RELEASE

SEC Restrains Punjab Cotton Mills Limited from Passing Special Resolution to Dispose of the Assets of the Company

ISLAMABAD – 20 February 2004: The Securities and Exchange Commission of Pakistan (SEC) has restrained M/S Punjab Cotton Mills Limited, a listed company, from passing special resolution to dispose of the assets of the company in terms of Sub-section (3) of Section 196 of the Companies Ordinance, 1984 (Companies Ordinance) without proper disclosure to the shareholders of the company.

M/S Punjab Cotton Mills Limited convened its Annual General Meeting and published a notice of the said meeting in the press. According to the agenda contained in the notice, the company proposed to pass a special resolution authorizing its Board of Directors or any other person authorized by the Board to dispose of its assets. The SEC observed that the statement of material facts pertaining to the proposed special business as required under Clause (b) of Sub-section (1) of Section 160 of the Companies Ordinance was not annexed to the notice of the meeting.

In view of the aforementioned deficiencies, the SEC directed the company that the passing of such a resolution would be contrary to the provisions of the Companies Ordinance, as material information in respect of proposed special business has not been disclosed to the shareholders as required under the provisions of the Companies Ordinance. On the directive of the SEC, the company has decided not to proceed further and it withdrew the resolution for sale of its assets from the agenda of the meeting.