AVANCEON
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Regional Operations Center
The Avanceon Building
19KM Main Multan Road
Lahore 54660, Pakistan

p: (92) 42-111 940 940
f: (92) 42-35456957

24 May 2019 AVN/PSX/240519

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Material Information**

Dear Sir,

In accordance with Section 96 and 131 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby convey the following information:

The Board of Directors of the Avanceon Limited (the "Company") has passed the below resolution in their meeting held on 23 May 2019:

The Board **UNANIMOUSLY RESOLVE:**

1- RESOLVED That for the sake of public and company interest, analysing financial aspects and benefits to be obtained by the Company, intends and approve to Demerge After Market Support, (the **AMS business segment)** with all assets, liabilities, rights, claims and privileges as mentioned in the Scheme of Arrangement from "**Avanceon limited"** to **"Octopus Digital (Pvt) Limited"**, without any effect on identity of Avanceon Limited.

   As a consequence of this De-Merger activity 80,000,0000 (eighty million only) ordinary shares of nominal value of Rs 10/- each of **Octopus Digital (Pvt) Limited** is proposed to be issued to **Avanceon Limited** (based on the valuation report of the AMS Business segment) as consideration for **the AMS-Business segment** De-merger from **Avanceon Limited** to **Octopus Digital (Pvt) Limited**.

2- RESOLVED FURTHER that approval is and be accorded for aforesaid proposal and go ahead is and be given to do the following for the proposed De-Merger but not limited to:

   i) Approve attached scheme of arrangements of De-Merger / Division of business under sections 279 to 283 of the Companies Act 2017 (the Act), between Avanceon Limited (the transferor company) and its members and Octopus Digital (Pvt) Limited (the transferee company).

   ii) The Scheme of arrangements includes but not limited to describing the complete set of procedure for:
      - Objectives and Benefits associated with arrangement and Definitions used.
      - Share Capital and Management-Details of transferor company and transferee company current Shareholding.
      - Scheme of arrangement-- Valuation of business segment.
      - Shares--Consideration for the De-Merger, Issuance of shares or otherwise.
      - Rights and obligations of the transferee company and transferor company.
      - Sanctions and effectiveness of Scheme including approval from the Honorable High Court
      - Schedules to the Scheme – Financials of Avanceon Limited, Octopus Digital (Pvt) Limited and Valuation of AMS Business segment.

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3- Mr. Ahsan Khalil, Company Secretary having CNIC No. 35202-9959587-3 and/or Mr. Saeed Ullah Khan Niazi, Chief Financial Officer having CNIC No. 38302-1229903-1 are authorized to do or cause to do all acts, deeds and things as may be considered necessary and appropriate, ancillary or incidental on behalf of Avanceon Limited including, without limitation:

i) To appoint legal counsels, consultants, advisors and/or any other person and to authorize them to exercise such powers and to make statements, submission, filings etc., before the Honorable High Court for the implementation of the Scheme of Arrangement for the demerger of AMS Segment with and into Octopus Digital (Pvt) Limited.

ii) To Take such other actions and execute such other documents as may be necessary of expedient for the purpose of giving effect to the spirit and intent of the above in the attached scheme.

iii) To represent the Company at Securities & Exchange Commission of Pakistan and its Company Registration Office, Lahore to sign off various forms/ documents and to do all needful acts in order to complete all procedural and legal formalities incidental and ancillary thereto.

iv) Any and all actions of the authorized representative/nominated officer in pursuant to, or in furtherance of the intent and purposes of the foregoing resolution, are hereby in all respects adopted, approved, confirmed and ratified as the valid and subsisting acts of this Company.

A disclosure form as required under S.R.O. 143(I)/2012 dated December 5, 2012 read with section 131 of Securities Act, 2015 is also enclosed as **"Annexure-A"**

Sincerely,

AHSAN KHALIL
Company Secretary
AVANCEON LTD.

Ahsan Khalil | Company Secretary

The Commissioner
Securities Market Division,
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Islamabad.

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ANNEXURE-A

DISCLOSURE FORM
IN TERM OF SRO 143(I)/ 2012, SEC 96 AND 131 OF THE SECURITIES ACT, 2015

Name of Company	AVANCEON LIMITED
Date of Report	24-May-19
Name of Company as specified in its Memorandum	AVANCEON LIMITED
Address	Avanceon Limited 19-Km Main Multan Road, Lahore.
Contact Information	Mr. Ahsan Khalil Company Secretary Telephone No. (042) 111-940-940 Email: akhalil@avanceon.ae

---

DISCLOSURE OF INSIDE INFORMATION BY LISTED COMPANY IN TERMS OF SECTION 15 D.

The Board **UNANIMOUSLY RESOLVE:**

1- RESOLVED That for the sake of public and company interest, analysing financial aspects and benefits to be obtained by the Company, intends and approve to Demerge After Market Support, (the **AMS business segment)** with all assets, liabilities, rights, claims and privileges as mentioned in the Scheme of Arrangement from "**Avanceon limited"** to **"Octopus Digital (Pvt) Limited"**, without any effect on identity of Avanceon Limited.

As a consequence of this De-Merger activity 80,000,0000 (eighty million only) ordinary shares of nominal value of Rs 10/- each of **Octopus Digital (Pvt) Limited** is proposed to be issued to **Avanceon Limited** (based on the valuation report of the AMS Business segment) as consideration for **the AMS- Business segment** De-merger from **Avanceon Limited** to **Octopus Digital (Pvt) Limited**.

2- RESOLVED FURTHER that approval is and be accorded for aforesaid proposal and go ahead is and be given to do the following for the proposed De-Merger but not limited to:

i) Approve attached scheme of arrangements of De-Merger / Division of business under sections 279 to 283 of the Companies Act 2017 (the Act), between Avanceon Limited (the transferor company) and its members and Octopus Digital (Pvt) Limited (the transferee company).

ii) The Scheme of arrangements includes but not limited to describing the complete set of procedure for:

- Objectives and Benefits associated with arrangement and Definitions used.
- Share Capital and Management-Details of transferor company and transferee company current Shareholding.

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- Scheme of arrangement-- Valuation of business segment.
- Shares--Consideration for the De-Merger, Issuance of shares or otherwise.
- Rights and obligations of the transferee company and transferor company.
- Sanctions and effectiveness of Scheme including approval from the Honorable High Court
- Schedules to the Scheme – Financials of Avanceon Limited, Octopus Digital (Pvt) Limited and Valuation of AMS Business segment.

3- Mr. Ahsan Khalil, Company Secretary having CNIC No. 35202-9959587-3 and/or Mr. Saeed Ullah Khan Niazi, Chief Financial Officer having CNIC No. 38302-1229903-1 are authorized to do or cause to do all acts, deeds and things as may be considered necessary and appropriate, ancillary or incidental on behalf of Avanceon Limited including, without limitation:

i) To appoint legal counsels, consultants, advisors and/or any other person and to authorize them to exercise such powers and to make statements, submission, filings etc., before the Honorable High Court for the implementation of the Scheme of Arrangement for the demerger of AMS Segment with and into Octopus Digital (Pvt) Limited.

ii) To Take such other actions and execute such other documents as may be necessary of expedient for the purpose of giving effect to the spirit and intent of the above in the attached scheme.

iii) To represent the Company at Securities & Exchange Commission of Pakistan and its Company Registration Office, Lahore to sign off various forms/ documents and to do all needful acts in order to complete all procedural and legal formalities incidental and ancillary thereto.

iv) Any and all actions of the authorized representative/nominated officer in pursuant to, or in furtherance of the intent and purposes of the foregoing resolution, are hereby in all respects adopted, approved, confirmed and ratified as the valid and subsisting acts of this Company.

SIGNATURE

Pursuant to the requirement of the Securities Act 2015, the company has duly caused this form/ statement to be signed on its behalf by the undersigned hereunto duly authorized.

Ahsan Khalil | Company Secretary

AHSAN KHALIL
Company Secretary
AVANCEON LTD.

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AVANCEON LIMITED

BOD RESOLUTION No:001/05/19
Demerger of 'After Market Support' of Avanceon Limited in Octopus Digital Pvt Ltd

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT 2017.

This statement sets out the material facts concerning the special business to be transacted at the Extra Ordinary General Meeting (EOGM) and the terms of the Scheme of Compromises, Arrangements and Reconstruction ("Scheme) and explain its effect including the interests of the Directors of Avanceon Limited and the effect on those interests and other ancillary information.

The reconstruction by way of demerger of After Market Support Business (Referred hereafter as "AMS") of Avanceon Limited

Avanceon Limited

Avanceon Limited (the company) was incorporated in Pakistan on March 26, 2003 as a private limited company and was converted to public company on March 31, 2008 under the repealed Companies ordinance, 1984. The Company was listed on Pakistan stock exchange on 2014 through Initial public offer. The principal activity of the company is to trade in products of automation and control equipment's and to provide related technical services. The registered office of the company is situated at 19-km, Multan road, Lahore. It has an authorized share capital of Rs. 2,500,000,000/- divided into 250,000,000 of the nominal value of Rs.10/- ordinary shares. Out of the said authorized capital 190,853,256 ordinary shares of aggregate nominal value of Rs. 1,908,532,560/- are issued and fully paid while the remainder is unissued.

Octopus Digital (Private) Limited

Octopus Digital (Private) Limited was incorporated on December 12, 2017 as a private company limited by shares under the provisions of Companies Act, 2017. Its registered office is situated at 74-CC, Shop No. 6, Jubilee Town, Lahore. M/S Octopus Digital (Pvt) Limited having a collaborative business model which defies linearity and focuses on complete, end-to-end, datadriven services, that provide advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes. It has an authorized share capital of Rs. 1,000,000/- divided into 100,000 of the nominal value of Rs.10/- ordinary shares. Out of the said authorized capital 2 ordinary shares of aggregate nominal value of Rs. 20/- are issued and fully paid while the remainder is unissued.

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Advantages of Demerger

The benefits of the scheme of arrangement shall include but not limited to the following:

a- **Business Segment-wise Corporate restructuring**

Avanceon limited in its current status and structure is a de facto holding company as well as an operating company and is exposed to multiple risks. One of the main objectives of this scheme is to identify and segregate segment-wise risks. Post implementation of this scheme, it is intended that Avanceon Management will focus only on operational and strategic issues of Avanceon Limited. Given AMS business growth is currently lower than Core business, need to incentivize and change business strategy, focusing on top-line revenue growth –that should surpass Core business' growth.

b- **Operational and strategic fit**

The inclusion of AMS Business Segment in Octopus is both an operational and a strategic fit; as both have services-based business model. This logical correlation will translate practically in to superior digitalization value for our customers as they will get end-toend single-window support. Digitalization services will require 24x7x365 high-skilled maintenance support for all kinds of downstream systems installed on a factory floor and AMS expertise will ensure uninterruptible digitalization for existing customers. Apart from these extrinsic factors, one of the critical success factors of digitalization business is to possess automation maintenance skillset intrinsically in addition to advance knowledge and most notably data science.

c- **Business Continuity**

From the business continuity standpoint, AMS with its 45+ actively run maintenance contracts will provide a jumpstart to Octopus in terms of customer conversion to cloudenabled digitalization services more efficiently.

d- **Separation of Operational and service level risks**

Since the Avanceon is currently the parent company of AMS Business Segment and Octopus Digital entity, it is exposed to both manufacturing / Operational and service level risks. Through this scheme operational and Services risks will be separated and the Service level entity will be parked under a subsidiary company so that only one entity shall remain exposed to all service level risks. In case of any management, operational, Structural, Jurisdictional or strategic event, operations except services of Avanceon Limited will remain undistributed and unobstructed. Conversely, despite the higher margins for AMS business, it has a lower growth rate and higher variations in its profitability margins compared to Avanceon consolidated business. This indicates a higher potential risk in the AMS business. While AMS business will rely heavily on Core business, can reduce risk factors by focusing on less volatile top-line (longer term contracts) and more diversified client base -winning mandates on solutions implemented by Avanceon competitors.

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Additional benefits include convenience / ease of doing business and in particular with Strengthening, development of expertise, market leadership by each individual entity building healthy competition.

The Scheme of Arrangement

Object

The principle object of the Scheme is to separate and demerge After Market Support "AMS Bussiness" segment from "Avanceon Limited" with and into Octopus Digital (Private) Limited. The proposed demerger of After Market Support, 'AMS', with and into Octopus Digital (Private) Limited offers clear commercial benefits for the Company and has sufficient opportunity to create value within its transformed portfolio.

Approval of Scheme:

Scheme has been approved by the Board of Directors of Avanceon Limited and Octopus Digital (Private) Limited. The resolution specified in the notice of EOGM has to be passed by a majority representing three- fourth in value of the issued shares held by the shareholders present in person or by proxy. Notice of EOGM along with statement of material facts under section 134 (3) of the companies act 2017, is being presented to members for considering, adopting and approving the scheme.

Subject to sanction by Court

The Scheme is subject to the sanction of High Court of Punjab at Lahore and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and the Scheme, with such modification or addition if any, is also subject to any conditions which the Court may impose. The Board of Directors of Avanceon Limited and Octopus Digital (Private) Limited acting jointly have the power to consent on behalf of all concerned to any modifications of or additions to the Scheme or to any conditions which the Court may think fit to impose.

Effective Date

The Scheme shall become effective from the date of sanctioning from the High Court.

Assets, Claims, Contracts, Liabilities & Securities

Subject to the approval of scheme NO Assets, Claims, Contracts, Liabilities & Securities will be transferred from Avanceon Limited to Octopus Digital (Private) Limited at the effective date. However, after the effective date Assets, Claims, Contracts, Liabilities & Securities shall make part of Octopus Digital (Private) Limited.

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Considerations:

As a consequence of this De-Merger activity 80,000,0000 (eighty million only) ordinary shares of nominal value of Rs 10/- each of **Octopus Digital (Pvt) Limited** is proposed to be issued to **Avanceon Limited** (based on the valuation report of the AMS Business segment) as consideration for **the AMS-Business segment** De-merger from **Avanceon Limited** to **Octopus Digital (Pvt) Limited**.

Costs

All costs, charges and expenses incurred in connection with the reconstruction by way of demerger shall be borne and paid by Avanceon Limited.

Financial Information

Avanceon Limited

Copies of consolidated annual accounts for the year ended 31 December 2018 can be viewed on our website (www.avanceon.ae) or can be collected free of cost from the Registered office of the Company or can be obtained free of cost on written request to the Company.

Avanceon Limited – Share Capital

The authorized share capital of Rs. 2,500,000,000/- divided into 250,000,000 of the nominal value of Rs.10/- ordinary shares. Out of the said authorized capital 190,853,256 ordinary shares of aggregate nominal value of Rs. 1,908,532,560/- are issued and fully paid while the remainder is unissued.

Octopus Digital (Private) Limited - Share Capital

The authorized share capital of Rs. 1,000,000/- divided into 100,000 of the nominal value of Rs.10/- ordinary shares. Out of the said authorized capital 2 ordinary shares of aggregate nominal value of Rs. 20/- are issued and fully paid while the remainder is unissued.

Directors and Management

Directors of Avanceon Limited

The following are the names of and the shares held by the present directors of Avanceon Limited:

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Name	Number of shares held
Mr. Bakhtiar Hameed Wain	118,108,374
Mr. Khalid Hameed Wain	2
Mr. Amir Waheed Wain	20,809,852
Mr. Tanveer Karamat	273,702
Mr. Umar Ahsan Khan	2
Mr. Naveed Ali Baig	2
Mr. Tajammal Hussain	2

Directors of Octopus Digital (Private) Limited

The following are the names of and the shares held by the present directors of Octopus Digital (Private) Limited:

Name	Number of shares held
Mr. Bakhtiar Hameed Wain	1
Mr. Tanveer Karamat	1

Directors after merger

The Directors of Avanceon Limited and Octopus Digital (Private) Limited shall remain the same following the reconstruction by way of Demerger of 'After Market Support' business (AMS) of Avanceon Limited in Octopus Digital (Private) Limited.

Interest of Directors

Under sec 207(1) of the Companies Act 2017 the below directors' fall in the ambit of being interested directors.

- Mr. Bakhtiar Hameed Wain – Common Director in Avanceon Limited and Associated Company Octupus Digital (Pvt) Limited.
- Mr. Tanveer Karamat – Common Director in Avanceon Limited and Associated Company Octupus Digital (Pvt) Limited.

The effect of Scheme on their interests does not differ from its effect on the like interest of other members.

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Documents for Inspection

The following documents are available for inspection at the offices of Avanceon limited and Octopus Digital (Private) Limited, and may be inspected up to and including the day preceding the date of the meeting during normal office hours:

- Memorandum and Articles of Association of Avanceon Limited
- Memorandum and Articles of Association of Octopus Digital (Private) Limited

AHSAN KHALIL
Company Secretary
AVANCEON LTD.