AVANCEON
Tomorrow's solutions, today.

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

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

28 June 2019

AVN/PSX/280619

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

Subject: Enhancement of Paid-up Capital – Issuance of shares under Employees Share Option Scheme 2018

Dear Sir,

We would like to inform you that the Paid-up Capital of the company has been enhanced from 190,853,255 to 192,336,370 shares after CDC allotment of 1,483,115 shares at Rs. 10/- per share to employees who exercised their share option under Employee Share Option Scheme 2018, first issue without right offer under Sec 83 of the Companies Act, 2017 duly approved by the Commission vide letter dated July 23, 2018.

The closing market price for the aforementioned shares at the date of credit of shares into the respective CDC sub accounts of the entitled employees, i.e. Thursday, June 27, 2019 was Rs.48.08/- per share **(Closing Market Price)**. The following documents are enclosed and sent to your good office.

- Employees Share Option Scheme along with SECP Approval letter.
- HR & R Committee Resolution
- Auditor Certificate

Yours Sincerely,

Ahsan Khalil | Company Secretary

CC: The Chief Executive Officer
National Clearing Company of Pakistan Limit
8th Floor, Stock Exchange Building,
Stock Exchange Road,
Karachi.

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
96-B-I, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11
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ey.lhr@pk.ey.com
ey.com/pk

LA/5641/19
26 June 2019

The Company Secretary
Avanceon Limited
19 Km, Multan Road
Lahore.

Dear Sir

CERTIFICATE ON ISSUE OF SHARE CAPITAL AS REQUIRED UNDER CENTRAL DEPOSITORY SYSTEM - STANDARD OPERATING PROCEDURES OF CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

We have been requested to provide you with a certificate on issue of shares under Employees' Share Option Scheme (ESOS 2018) by Avanceon Limited (the Company) as required under Central Depository System - Standard Operating Procedures (CDS SOPs) of Central Depository Company of Pakistan Limited (CDC).

Scope of Certificate

This certificate is issued in accordance with the "Guidelines for Auditors' Certificate" of Central Depository System - Standard Operating Procedures for further Issue of Shares other than Rights (against cash or other than cash).

Management Responsibility

It is the management responsibility to ensure compliance with all requirements with regards to allotment of securities in the name of CDC. The management's responsibilities include causing the maintenance of adequate records of options granted and issued, compliance with the SOPs, report if there is any non-compliance and detection of frauds and irregularities. This certification does not relieve the management of its responsibilities.

Auditors' Responsibility

Our responsibility is to certify the compliance with the SOPs with regards to allotment of shares in the name of CDC in accordance with the *'Guidelines for issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms'* issued by the Institute of Chartered Accountants of Pakistan.

Our verification was limited to the procedures mentioned below:

1. Confirming the revised paid up capital / total issue after issue of shares under Employees' Share Option Scheme III.

2. Obtaining the

   i) Supporting documents of allotment of shares under the scheme:

      a) certified True Copy of SECP Approval Letter of the Scheme

      b) certified True Copy of the Employees' Share Option Scheme of Avanceon Limited-(ESOS-2018)

      c) certified True Copy of the Form-26 filed for the approval of the Scheme and

   ii) bank statement of the designated account

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3. Matching the amount of Share Capital issued with amount received with 2 (ii) above;

4. Reviewing compliance with the SoPs and reporting non-compliance, if any.

Certificate

Based on the procedures mentioned above, we are pleased to certify that as per the books and records of the Company, an aggregate subscription amount of Rs. 14,831,150 has been received by the Company by 25 June 2019 against the issue of 1,483,115 share options at an exercise price of Rs. 10/- per share as approved and envisaged in the approved Employee Share Option Scheme 2018 of the Company. The paid-up capital of the Company after taking into account further issue of shares would be as follows:

Particulars	Prior to ESOS 2018 issue	ESOS 2018 issue	Post ESOS 2018 issue as at 26 June 2019
Issued and subscribed shares of the Company	190,853,255	1,483,115	192,336,370

We state that all the requirements as mentioned in this letter with regards to allotment of shares in the name of CDC have been fulfilled by the Company. Further, we have obtained representation from the Company that no special conditions have been imposed by the Securities and Exchange Commission of Pakistan (SECP) relating to the Scheme.

Restriction on use and distribution

This letter is being issued in the capacity of statutory auditor of the Company and on the specific request of the management of the Company for onward submission to the CDC and Pakistan Stock Exchange Limited (PSX). Accordingly, this should not be distributed to any other third party without our prior written consent. This certificate is restricted to the facts stated herein.

Yours faithfully

EY Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Sajjad Hussain Gill
Lahore: 26 June 2019

SECP

SMD/CIW/ESOS/08/2008 –166 July 23, 2018

Mr. Ahsan Khalil
Company Secretary
Avanceon Limited
19KM Main Multan Road
Lahore
Fax: 042-35456957

Subject: **Employee Stock Options Scheme- 2018**

Dear Sir,

Reference your letter dated July 13, 2018 and previous correspondence on the subject noted above.

2. The competent authority has allowed Avanceon Limited ("the Company") to issue upto 1,750,000 shares to the eligible employees of the Company under its Employee Stock Option Scheme (ESOS) by way of other than right offer under the following provisions of law:

i. Approve ESOS under proviso to clause (a) of sub-section (1) Section 83 of the Companies Act, 2017 ("the Act) read with Public Companies (Employees Stock Option Scheme) Rules, 2001 (the Rules); and
ii. Allow company to issue shares, upto 1,750,000 shares, by way of other than right pursuant to the aforementioned ESOS under clause (b) of sub-section (1) of Section 83 of the Act.

3. The aforesaid approval is subject to the following conditions:

i. The changes made to the ESOS scheme with respect to eligible employees, exercise price and composition of compensation committee shall be inserted and be presented to employees.
ii. The copy of amended ESOS shall be provided to the Commission within 7 days of the date of this letter;
iii. The Company shall remain compliant with the requirements of rule 12 and rule 14 of the Rules;
iv. The Company shall submit progress report on semiannual basis with regard to the implementation of the Scheme containing information about the number of options granted, options accepted/ exercised, number of shares issued, options lapsed and amount received against exercise of options etc.; and
v. The Company shall ensure compliance with the relevant requirements of the Rules, Guidelines for the Structuring and Offering of the Employees Stock Option Schemes, 2016 and relevant directives issued by the Commission in case of any variation in terms of the approved ESOS scheme.

Zohra

Zohra Sarwar Khan
Additional Joint Director
Corporate Supervision Department

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN
NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan

PABX: +92-51-9207091-4, Fax: +92-51-9100454, 9100471, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk

Corporate Supervision Department
Company Law Division

SECP

Say No To Corruption

THROUGH UMS
August 07, 2018

No. SMD/CIW/ESOS/08/2002 – 287

Mr. Ahsan Khalil
Company Secretory
Avanceon Limited
19-KM, Multan Road
Lahore
Fax: 042-35456957

Subject: Certified true Copy of Approved Avanceon Limited Employee Share Option Scheme 2018 dated July 23, 2018.

Dear Sir,

With reference to your letter dated August 01, 2018 on the subject, please find enclosed herewith-certified true copy of Approved Avanceon Limited Employee Share option Scheme 2018 dated July 23,2018

Regards,

Zohra Sarwar Khan
Additional Joint Director

SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN
NIC Building, 63 Jinnah Avenue,
Islamabad, Pakistan

PABX: +92-51-9207091-4, Fax: +92-51-9100454, 9100471, Email: webmaster@secp.gov.pk, Website: www.secp.gov.pk

AVANCEON LIMITED
EMPLOYEES SHARE OPTION SCHEME

DATED XX-XXX-XXXX

2018- Fourth Scheme

AHSAN KHALIL
Company Secretary
AVANCEON LTD.

Certified True Copy

ZOHRA SARWAR KHAN
Additional Joint Director - CSD
Securities & Exchange
Commission of Pakistan
Islamabad

AHSAN KHALIL
Company
Secretary
AVANCEON LTD.

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ZOHRA SARWAR KHAN
Additional Joint Director - CSD
Securities & Exchange
Commission of Pakistan
Islamabad

AHSAN KHALIL
Company Secretary
AVANCEON LTD.

AVANCEON LIMITED

EMPLOYEES SHARE OPTION SCHEME 2018

1. **Interpretation**

1.1 In this Scheme, unless the context otherwise requires, the words and expressions set out below shall have the following meanings:

Board	means the Board of Directors of Avanceon Limited.
Company	means Avanceon Limited.
Compensation -Committee (Committee)	means the committee constituted by the Company and approved by the Board in its meeting held on 26 Mar 2018 responsible for, amongst other things, grant of Options and administration and superintendence of this Scheme, consisting of Three members, two non-executive Directors and one executive director/CEO of the Company who are not eligible to participate in the Scheme. The Committee comprises of Mr. Umar Ahsan Khan as Chairman and Mr. Naveed Ali Baig and Mr. Tajammal Hussain as members.
Date of Adoption	means the date on which the Securities and Exchange Commission of Pakistan [the Commission] approves the Scheme in accordance with the requirements of

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Additional Joint Director - CSD
Securities & Exchange
Commission of Pakistan
Islamabad

AHSAN KHALIL
Company Secretary
AVANCEON LTD.

Section 83 of the Companies Act 2017, [the Act] and the Public Companies (Employee Stock Option Scheme) Rules, 2001 [the Rules].

Date of Grant	such date, as may be decided by the Committee being the date on which an Option is issued to an Eligible Employee in accordance with this Scheme and as detailed in clause 7.1.
Eligible Employee	means a full-time regular employee, who is the Chief Executive, an Executive Director or other employee of the Company in the Company's employee classification level MT1 & MT2 (only who have completed minimum of 7 year of confirmed regular services with AVN), MT3 and above entitled to grant of Options under this Scheme as detailed in clause 7.2 of the Scheme. Present employees and those employees who join or are promoted to MT1, MT2, MT3 & above till 24/04/2022 shall be considered as "Eligible Employees"
Entitlement Pool	means upto a maximum of One million Seven Hundred Fifty Thousand shares (1.28 % of the existing paid up capital of Rs.1,363,237,540/- divided into 136,323,754 shares of Rs. 10/- each) of the Company, Options for which shall be available and may be granted / offered to such Eligible Employees, as may be

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Securities & Exchange
Commission of Pakistan
Islamabad

AHSAN KHALIL
Company Secretary
AVANCEON LTD.

	determined by the Committee.
Executive Director	means the member of the Board who is also an employee of the Company.
Exercise Period	means the various periods as detailed in clause 9.1 as applicable to each set of Options granted, within which an Option Holder may exercise an Option.
Exercise Price	Means Rs. 10, Rs. 10.50, Rs. 11.03, Rs. 11.58 and Rs. 12.15 for Options granted soon after the Date of Adoption, in 2018, 2019, 2020, 2021 and 2022 respectively. The Exercise Price shall be adjustable pursuant to any event and in the manner as mentioned in clause 5.4.
Option	means a right of the Option Holders to acquire Shares, at the Exercise Price, pursuant to this Scheme.
Option Holder	means a grantee being an Eligible Employee who has received an Option under the Scheme.
Option Letter	means a letter issued to an Option Holder in accordance with clause 7.3 of this Scheme.
Option Notice	means the notice as per clause 10.9 of this Scheme.
Rules	means the Public Companies (Employees Stock Option Scheme) Rules, 2001
Scheme	means Avanceon Limited Employees Share Option Scheme-2018, approved by the Securities and Exchange Commission of Pakistan and introduced under the Public

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Commission of Pakistan
Islamabad

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Company Secretary
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	Companies (Employee Stock Option Scheme) Rules, 2001, as amended and restated from time to time with prior approval of the Commission.
Share Option Entitlement	means such number of shares for which an Option may be granted to an Eligible Employee as decided by the Committee, in accordance with this Scheme.
Share	means ordinary shares of Rs. 10 each in the capital of the Company.
Vesting Period	Means the period from the Date of Grant of the relevant Options till the commencement of the relevant Exercise Period applicable to the Options granted.

1.2 words denoting the singular shall include the plural and words denoting one gender shall include the other;

1.3 the headings herein and the index hereto are for ease of reference only and shall not affect construction;

1.4 any reference to any statute or any provision thereof or any guideline or regulation include that statute, provision, guideline or regulation as amended, modified, re-enacted or replaced from time to time whether before or after the Date of Adoption of this Scheme; and

1.5 This Scheme shall come into force with effect from the Date of Adoption.

2. INTRODUCTION

EMPLOYEES SHARE OPTION SCHEME 2018

Avanceon Limited (the Company), was incorporated in Pakistan on 26 March 2003 as a private Limited Company which was changed to public limited company on 31 March 2008 under the Companies Ordinance 1984. The principal

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Additional Joint Director - CSD
Securities & Exchange
Commission of Pakistan
Islamabad

AHSAN KHALIL
Company Secretary
AVANCEON LTD.

activity of the Avanceon Limited is to trade in products of Automation and Control equipment and provide related technical services. The registered office of the company is situated at 19kms Main Multan Road Lahore. Avanceon Limited is Listed on the Pakistan Stock Exchange Limited with the symbol "AVN".

The Company hereby establishes a Stock Option Scheme to be known as the Avanceon Limited Employees Share Option Scheme-2018 (The Scheme) dated XX-XXX-XXXX for its eligible employees under section 83 of the Companies Act 2017 read with the (Public Companies Stock Option Scheme) Rules 2001.(the Rules) The Scheme has been approved by members in the general meeting held on 24 April 2018. And the commission vide letter dated XX-XXX-XXXX.

3. **Purpose**

(a) to motivate executive directors and all the eligible employees in order to promote business of the Company;

(b) to reward the abilities and efforts of all such eligible employees of the Company, as considered fit by the Compensation Committee;

(c) to attract and retain such eligible employees; and

(d) to align the interests of such employees with those of the Company's shareholders.

4. **Scheme and Eligibility**

4.1 Under the Scheme, Options for a maximum of One Million Seven Hundred Fifty Thousand (1,750,000) shares (1.28 % of the existing paid up capital) of the Company (adjustable pursuant to any event and in the manner as mentioned in clause 5.4) will be offered to Eligible Employees of the Company by the Committee. Each Option granted shall be exercisable during the relevant Exercise Period at the relevant Exercise Price.

4.2 The Committee shall decide entitlement of the "Eligible Employees" in line with the below-mentioned guidelines:

i. The Committee shall decide which of the Eligible Employees of the Company shall be entitled for grant of Option and such decision to be based on the criticality of the individuals' position for the Company's business and his ability. The Committee's decision shall be final.

ii. Options will be issued over 5 years as detailed in clause 7.1 below.

5. **Composition of the Compensation Committee and its Power and Functions**

5.1 The Compensation Committee has been constituted by the Board for administration and superintendence. The Committee comprises of directors which meet the criteria of Code of Corporate Governance. None of the members are beneficiary of the Scheme.

5.2 The Compensation Committee comprises the following directors:

(i) Mr. Umar Ahsan Khan (Chairman / Independent Director)

(ii) Mr. Naveed Ali Baig (Member/ Non-Executive Director)

(iii) Mr. Tajammal Hussain (Member/ Independent Director)

(iv) Mr. Hussain Ahmad (Secretary to the Committee- to assist in administration of the scheme)

5.3 The Compensation Committee may be reconstituted by the Board from time to time for the compliance with the applicable provisions of the rules.

5.3.1 The Scheme shall be administered and implemented by the Committee in accordance with and subject to the Rules.

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AHSAN KHALIL AVANCEON LTD. Company Secretary

5.4 Subject to the provisions and limitations of the act, the rules and the special resolution, the compensation committee while using its power under rule 5 of the rules shall administer the scheme.

5.4.1 The Committee shall have all the powers vested in it by the terms of the Scheme and the Rules (such powers to be exercised within the framework and limitations set out herein and, in the Rules,) and such powers to include the authority:

i. to determine who is to be entitled and the Share Option Entitlements to be offered to each employee and in aggregate;

ii. to determine the Date of Grant, i.e. when Options will be granted to individual Eligible Employees;

iii. to determine the period within which an employee should exercise the Options and that the Options shall lapse on failure to exercise the same within such period;

iv. to determine the procedure for making a fair and reasonable adjustment to the number of Options and to the Entitlement Pool and to the Exercise Price in case of rights issues, bonus issues and other corporate actions. An illustration showing how the adjustments pursuant to right and bonus issue are to be made is attached as **Annexure - I.**

v. to determine and prescribe the guidelines, process and procedures for the exercise of Options;

vi. to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Scheme and for the conduct of its business as the Committee deems necessary or advisable;

vii. the Committee may delegate the procedural aspects of their powers and duties to such persons or officers of the Company as it deems fit.

5.5 The Committee's interpretations of the Scheme and any and all actions required to be taken pursuant to it, and all actions taken and determinations made by the Committee pursuant to the powers vested in it hereunder shall be conclusive and binding on all parties concerned, including the Company, its shareholders and any Eligible Employee receiving an Option under the Scheme and all other employees of the Company.

6. **Entitlement Pool**

6.1 The Maximum Number Options/Shares that can be granted/issued under the Scheme are 1,750,000 which is fixed and final.

6.2 The Maximum Number Options/Shares that can be granted/issued to a single eligible employee shall not exceed 400,000 options/Shares.

6.3 The procedure for making a fair and reasonable adjustment to the exercise price in case of right shares, bonus issues and other corporate actions. It is attached as Annexure-I.

7. **Grant of Options**

7.1 **Options to be granted to eligible employees as under:**

Sr #	Options Granted Year	Maximum Number of Options
1	2018	1,550,000
2	2019	50,000
3	2020	50,000
4	2021	50,000
5	2022	50,000

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It is clarified that if in any one year, including 2018, the full number of options is not granted, then the un-granted Options may be carried forward to subsequent years(s) and granted in such subsequent year(s).

It is also clarified that the committee, in its discretion may grant options to Eligible Employees including those presently in employment and those who join in the future. Whether further options are to be granted to any such employee who has already been granted Options in any one year will also be in the discretion of the committee.

7.2 The Committee shall grant Options, in accordance with the Share Option Entitlements decided by it to all the entitled Eligible Employees.

The appraisal process to be used by the Committee for grant of Options to Eligible Employees shall be as follows: -

(a) only employees of level MT-1 & MT-2 (with minimum seven years regular service) and MT3 & above shall be granted Options.

(b) to determine the ability of the employee [as required by clause 4.2 (i) above] the Committee shall rely on the performance ranking process of the Company. This is a transparent annual process hereby every employee is ranked in accordance to his performance. This ranking system of all the employees is reviewed and finally approved by a committee consisting of some of the senior Executives of the Company. The Executives themselves are ranked by the Chairman of the Board.

(c) to determine the criticality of the individuals position to the Company's business, (as required by clause 4.2 (i) above) the Committee shall maintain a list of jobs (from amongst all the jobs in the Company) of all the eligible employees. This list will be based on job seniority/level and

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Company Secretary
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the potential loss or gain that could be caused to the Company if the job is/or not performed well.

7.3 In evidence of the Option granted to an Eligible Employee, the Committee shall deliver an Option Letter to such Eligible Employee, stating therein the Share Option Entitlement of the Eligible Employee, the Date of Grant, the Vesting Period, the Exercise Price and the Exercise Period.

7.4 The Committee shall make suitable policies and systems to ensure that there is no violation of the provisions of "insider trading" as are prescribed in the Securities and Exchange Commission of Pakistan Act, 1997 the Securities and Exchange Ordinance, 1969 or the Rules made thereunder. The Policy for this is attached as **Annexure - II.**

7.5 Each Option shall be personal to the Option Holder to whom it is granted and shall not be transferable, assignable, chargeable or otherwise available for disposition except upon death of the Option Holder. An Option shall lapse forthwith if it is, or is purported to be, transferred, assigned, charged, disposed of or otherwise dealt with or if the Option Holder is adjudged bankrupt.

8. Vesting Period

The Vesting Period for the Scheme is as under

Sr No.	Options Granted-Year	Vesting Period
1	FY 2018	25 April 2018 to 24 April 2019
2	FY 2019	25 April 2019 to 24 April 2020
3	FY 2020	25 April 2020 to 24 April 2021
4	FY 2021	25 April 2021 to 24 April 2022
5	FY 2022	25 April 2022 to 24 April 2023

9. **Exercise Price/Exercise Period**

9.1 (i) For Options granted in 2018 the Exercise Price shall be Rs. 10/-.

(ii) For Options granted in 2019, the Exercise Price shall be Rs.10.5/-.

(iii) For Options granted in 2020, the Exercise Price shall be Rs.11.03/-

(iv) For Options granted in 2021 the Exercise Price shall be Rs.11.58/-

(v) For Options granted in 2022 the Exercise Price shall be Rs.12.15/-.

9.2 **The Exercise period for the options granted is as under:**

Sr No.	**Options Granted-Year**	**Exercise Period**
1	FY 2018	25 April 2019 to 31 Dec 2019
2	FY 2019	25 April 2020 to 31 Dec 2020
3	FY 2020	25 April 2021 to 31 Dec 2021
4	FY 2021	25 April 2022 to 31 Dec 2022
5	FY 2022	25 April 2023 to 31 Dec 2023

10. **Terms Conditions and Restrictions**

10.1 The Options granted but not vested shall not be exercised.

10.2 The Options vested shall be exercisable only during exercise period.

10.3 The Options vested but not exercised shall lapse.

10.4 The Options Granted to any employee are not transferrable to other person except to entitled employee of the company.

10.5 The Options Granted shall not be pledged, hypothecated, mortgaged, or otherwise alienated in any other manner.

10.6 In the Event of death of an employee while in employment of the company all options granted to him till the date of his death shall vest in his legal heirs or nominees.

AHSAN KHALIL
Company Secretary
AVANCEON LTD

10.7 In case of an employee suffers with permanent incapability while in employment of the company, all options granted to him, as on the date of permanent incapacitation shall vest in him on that day.

10.8 In the event of termination or resignation of service of an employee, all options not vested on that day shall lapse, however, such employee shall, subject to the terms and conditions of the scheme be entitled to retain all the vested options.

10.9 An Option Holder may exercise the Options in full or once in part only or more than once in parts at any time during the Exercise Period, by delivering a notice in writing to the Committee along with payment of the applicable relevant Exercise Price.

10.10 The date of delivery of the Option Notice to the Committee along with the payment shall constitute for all purposes the date of exercise of such Option. Each Option Notice shall be given only in such form as the Committee may approve and prescribe.

10.11 As soon as practicable and in any event not more than 45 days after receipt by the Committee of each Option Notice, and the payment of the Exercise Price, the Shares in respect of which the Option has been exercised shall be issued and allotted by the Company to the Eligible Employee, the share certificates. In case the Company is listed at the time of receipt of Option Notice, the Option Holders upon exercise of the Option shall be issued shares in dematerialized form and shall be credited in their respective depository accounts. Each Option Holder, therefore, must maintain a depository account with the CDC and mention the same in the Option Notice for Exercising the Options. Upon the issue/credit of shares, name of such Eligible Employee shall be entered in the register of members of the Company in respect of the Shares so issued/credited. The shares to be allotted pursuant to the Scheme shall be new shares to be issued by the Company.

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Additional Joint Director - CSD
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Company Secretary
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11. Right of Option Holders

11.1 The rights of an employee to exercise all options vested in him at one time or at various point of time within an exercise period.

11.2 In the Event of death of an employee while in employment of the company all options granted to him till the date of his death shall vest in his legal heirs or nominees.

11.3 In case of an employee suffers with permanent incapability while in employment of the company, all options granted to him, as on the date of permanent incapacitation shall vest in him on that day.

11.4 In the event of termination or resignation of service of an employee, right to retain all the vested options.

11.5 An option holder shall not have the right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of the options granted to him, till shares are issued to him on exercise of options.

12. Lapse of Options

12.1 (a) Upon an Option Holder ceasing to be in employment during the Vesting Period due to his resignation, all the Options held by him shall lapse. In case he resigns during the Exercise Period, the Options must be exercised within 3 months of the effective date of resignation, otherwise they will lapse.

(b) In case of termination of service for any reason during the Vesting Period, all Options held by him shall lapse. In case of such termination during the Exercise Period, the unexercised Options must be exercised within 3 months of the date of termination, otherwise such Options will lapse.

12.2 Upon the Option Holder ceasing to be in employment by reason of retirement, the Options already granted to him during the course of employment shall vest in normal course at the end of their Vesting Period and can be exercised at any time during the Exercise Period. However (i) in case an Option Holder opts for early

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retirement (other than for reason of disability), and such early retirement is during the Vesting Period, the Options held by him shall lapse and in case such early retirement is during the Exercise Period, the Options must be exercised within 3 months of the effective date of the early retirement, otherwise they will lapse, and (ii) if the early retirement is with the permission of the Company and the Committee in its discretion so decides, the Options already granted to him shall Vest in normal course at the end of their Vesting Periods and can be exercised at any time during the Exercise Period.

12.3 (a) Upon the death of any Option Holder, all the Options granted to him shall vest in and shall be capable of exercise by his legal heirs / nominees at any time during the relevant Exercise Period.

(b) In case of permanent total incapacity of the option Holder, all unvested options will vest in him on the date of the incapacity and can be exercised at any time during the relevant Exercise Period.

12.4 Upon the expiry of an Exercise Period, the Options for which the Option Holder holds an Option Letter and does not exercise the Option shall lapse.

12.5 An Option shall lapse immediately in the event of the Company being wound-up otherwise than in the event of a voluntary winding-up or being wound-up or amalgamated pursuant to a compromise or arrangement sanctioned by Court in which case they shall vest immediately.

13 **Procedures**

(i) The options to be granted through an official letter having all details related to Vesting, Exercise, Options, Price and Quantity of Options signed by any member of the compensation committee or by the Manager Human Resources/Secretary of the Committee.

(ii) An employee who is on long term leave as per company policy (Maximum upto two years) will not affect Grant, Vesting and exercise.

(iii) At the time of exercise, the eligible employee will confirm his intention to exercise the options intimated to the company in writing through a signed letter by the option holder and the letter must accompany the document evidencing the payment for the exercise of Options.

(iv) Cashless system is not allowed for the exercise of the Options.

(v) Payment must be made through cross check payable in the name of "Avanceon Limited" for exercising the vested options.

14. Rights attaching to the Shares

14.1 The new Shares to be allotted and issued upon exercise of an Option will rank pari passu in all respects with the existing issued Shares of the Company except that the new Shares will not be entitled to any dividends, rights, bonus and / or any other distributions or any other rights attaching to issued shares which may be declared, made or paid to shareholders prior to the date of allotment of the new Shares. The date of allotment is the date the Shares are deemed to be allotted by the Company as evidenced by the date mentioned in Form 3 to be filed by the Company with the Company Registration Office.

14.2 The new Shares will be subject to all the provisions of the Company's Articles of Association in relation to their transfer, transmission or otherwise.

15. Takeovers, Reconstructions, amalgamations and winding-up

An option shall lapse immediately in the event of the company being wound-up otherwise than in the event of a voluntary winding up or being wound-up or amalgamated pursuant to a compromise or arrangement sanctioned by Court in which case they shall vest immediately.

16. Expenses

Any expenses involved in any issue of Shares in the name of any Option Holder or his legal heir/representative nominee (as the case may be) shall be payable by the Company Provided that the Exercise Price and Taxes, if any, applicable at the time of grant and/or exercise of the Options and/or sale of the shares issued to the employees pursuant to the Scheme shall be paid by the Option Holders.

17. General

17.1 Any notification or other notice in writing which the Company is required to give, or may desire to give, to any Eligible Employee or Option Holder (or his legal representative/heirs/nominees, as the case may be) in pursuance of this Scheme shall be sufficiently given if delivered to him by hand or sent through post in prepaid cover addressed to the Eligible Employee or Option Holder at the last address known to the Company as being his address. Any certificate, notification or other notice in writing required to be given to the Company shall be properly given if sent to or delivered to the registered office of the Company.

17.2 The Company shall at all times keep available for issue such authorized and un-issued Shares as may be required to meet the subsisting subscription rights of the Option Holders.

17.3 The decision of the Committee in any dispute or question relating to any Option or its lapse or exercise shall be final and conclusive.

17.4 (i) Participation in this Scheme by an Option Holder is a matter entirely separate from any gratuity, provident fund or pension right or entitlement he may have and from his terms or conditions of employment and participation in this Scheme shall in no respects whatever affect in any way an Option Holder's rights or entitlement

or terms or conditions of his employment except as may be varied by the Scheme.
(ii) Any Option Holder who is no longer in employment shall not be entitled to any compensation for any loss of any right or benefit or prospective right or benefit under this Scheme which he might have otherwise enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or breach of contract or by way of compensation for loss of office or otherwise howsoever.

17.5 The accounting policies specified in the Schedule to the Rules shall be complied with by the Company.

18. **Policy to Monitor and Control Violation of the Insider Trading Laws**

The Compensation committee has framed a policy and system to ensure that there is no violation of the laws for insider trading under the provisions of the securities act 2015, the securities and exchange commission of Pakistan Ac, 1997 and Rules and regulations made there under.

The Company will make sure to provide each eligible employee, a copy of the policy along with the approved scheme prior to grant of any options under the Scheme.

The Options granted will lapse forthwith if the employee found involved in insider trading.

The Company will provide all the eligible employees, copies of the relevant sanction of laws of insider trading policy (including any updates or amendments in the relevant laws and/or rules made there under.

The Policy Shall be subject to modification if required by the amendments in the relevant laws and/or rules made thereunder.

19. **Variation of the Terms of the Scheme**

(i) The Company will not vary the terms of the scheme in any manner which may be detrimental to the interest of the employees.

(ii) The terms of the Scheme can be varied with approval of the members by way of special resolution provided such variation is not:

Prejudicial to the interest of the Option holders; and
Relates to the Options already exercised.

20. **Lock in Period**

The Options granted can only be exercised after completion of vesting period as per clause 8 from the date of the grant. There is no restriction on sale of shares issued to option holders upon exercise of Options.

21. **Termination**

The Board may at any time resolve to terminate this scheme in which event no further or new Options shall be granted but the provisions of this scheme shall, in relation to Options then subsisting shall continue in full force and effect.

***

Certified True Copy

Zohra
ZOHRA SARWAR KHAN
Additional Joint Director - CSD
Securities & Exchange
Commission of Pakistan
Islamabad

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Company Secretary
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Annexure II

Avanceon Limited

INSIDER TRADING POLICY

Applicability of Policy

The Policy applies to all transactions in the Company's securities, including ordinary shares, options for common shares including employee shares option schemes and any other securities the Company may issue from time to time, such as preferred shares. It applies to all employees of the Company, and all members of the Company's Board of Directors, who receive or have access to Material Non-public Information (as defined below) regarding the Company. This group of people and member of their immediate families are referred to in this Policy as "Insiders." This Policy applies to any person who receive Material Non-public Information from any insider (Tipping).

Any person who possesses Material Non-public Information regarding the Company is an Insider for so long as the information is not publicly known.

Statement of the Policy

The policy, which governs Trading in Company Securities and "Tipping" states that;

a) Subject to (b) and (c) below, trading in the Company's securities (i.e. purchase or sale of shares, and the exercise of share options granted by the Company to certain of its employees) is permitted through out the year by all employees, directors and officers.

b) No trading in the securities of the Company is permitted for Directors, and all employees who are "Executives" as defined in the Code of Corporate Governance within the Closed Periods announced by the Company.

c) Notwithstanding with the paragraph (a) above, no director or employee who has actual knowledge of Material Non-public Information relating to Company is permitted to trade, either directly or indirectly, in the Company's securities or to disclose that information except as required in the necessary course of business. Any concern over the interpretation of this rule should be referred to either the Chief Financial Officer or the Company Secretary of the Company.

d) All trades of the Company's securities by al "Executives" must be reported within five days to the Company Secretary of the Company.

Certified True Copy

ZOHRA SARWAR KHAN
Additional Joint Director - CSD
Securities & Exchange Commission of Pakistan
Islamabad

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Company Secretary
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e) No Insider shall disclose or "tip" any Material Non-public Information to any other person nor shall such Insider make recommendations or express opinion on the basis of Material Non-public Information as to trading in the Company's securities.

It is emphasized that any failure to observe this Policy may expose the director, or employee, as well as the Company, to legal liability including penal consequences, under applicable securities laws and therefore a violation of the Company's policy on Business Ethics. Furthermore, employees who violate this Policy shall also be subject to disciplinary action by the Company which may include ineligibility for further participation in the Company's equity incentive plans or termination of employment.

Material Non-Public Information

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to a reasonable investor in making an investment decision regarding the purchase or sale of the Company's securities. The final decision with regard to materiality of information shall rest with the Management of the Company.

Material information which has not been disclosed to the general public is defined as Material Non-Public Information and may include, but is not restricted to:

- Financial Results
- Projections of future earnings or losses
- Results of product developments/ new product announcements
- News of a pending or proposed merger, acquisition or joint venture
- News of the disposition of a subsidiary
- New equity or debt offerings
- Impending bankruptcy or financial liquidity problems
- Major changes in senior management
- Significant litigation exposure

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