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

17 July 2019 AVN/PSX/170719

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

Subject: **Notice of Extraordinary General Meeting**

Dear Sir,

Enclosed please find a copy of the Notice of Extraordinary General Meeting to be held on 8 August 2019 for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,

Ahsan Khalil | Company Secretary

AVANCEON LIMITED

NOTICE OF EXTRA ORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Avanceon Limited (the Company) shall be held at Nishat Hotel Johar Town, Imperial Hall - A (gate#7) Adjacent to Emporium Mall, Abdul Haq Road, Johar Town LahoreLahore, on Thursday, 8 August, 2019 at 3.00 P.M. to transact the following business:

1.To confirm the minutes of the 16th Annual General Meeting held on 25th April, 2019.

2.To consider, and if thought fit, approve the special resolution in connection with approval to acquire 1,000,000 (One Million) ordinary shares of Rs. 10/- each of Octopus Digital (Private) Limited (the ODL) (formerly Avanceon Digital (Pvt.) Limited, an unquoted associated company, to make the ODL, 100% fully owned subsidiary of Avanceon Limited and pass the following resolution:

"RESOLVED that as and by way of Special Resolution and pursuant to the provisions of Section 199 of Companies Act, 2017 (the Act) and subject to such other approvals and consents, as may be necessary under the law, the Company do hereby acquire 1,000,000 (One Million) ordinary shares of Rs. 10/- each face value of ODL, an unquoted associated company, to make ODL 100% fully owned subsidiary of Avanceon Limited".

FURTHER RESOLVED that Mr. Bakhtiar Hameed Wain, Chief Executive Officer & Director and/or Mr. Ahsan Khalil, Company Secretary are hereby authorized, from time to time, to do all acts, deeds and things, to execute such agreements, documents and papers and make such applications, including but not limited to any application required to be filed with the Securities and Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (the PSX) and any other regulatory authorities, as the aforesaid officers of the Company may deem fit in connection with the acquisition of ordinary shares of the ODL pursuant to foregoing resolution, including filing of special resolution with the SECP.

3.To consider and if thought appropriate, pass with or without modification, the following resolutions in terms of Section 183 of the Companies Act, 2017, to authorize and approve the sell or disposal off after- market engineering and technical services related business segments / undertaking (constituted approximately 26% of total revenue of the company as per last audited financial statements for the year ended 31 December 2018) to its wholly owned subsidiary company M/S Octopus Digital (Pvt) Ltd (Formerly Avanceon Digital (Pvt) Ltd) ("the subsidiary") against issue of shares in favor of the Company:

"RESOLVED THAT pursuant to Section 183 of the Companies Act, 2017 and subject to the grant of all approvals and consents, as required under law, the Company do hereby sell, dispose of or transfer its after-market engineering and technical services related business segments / undertaking (constituted approximately 26% of total revenue of the company as per last audited financial statements for year ended 31 December 2018) to its wholly owned subsidiary company M/S Octopus Digital (Pvt) Ltd (Formerly Avanceon Digital (Pvt) Ltd) ("the subsidiary") against the issue of shares by the subsidiary in favor of the company on such terms and conditions as specified under the Sale Agreement entered into with the subsidiary.

FURTHER RESOLVED THAT Mr. Saeed Ullah Khan Niazi (the company CFO) and/or Mr. Ahsan Khalil (the Company Secretary) be and are hereby authorized to do all acts, deeds and things, to execute such agreements, documents and papers and make any applications, including but not limited to any applications, notices, disclosures required to be filed with the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and any other regulatory authorities, and undertake all such steps for the purposes of sell, dispose-off or transfer of the business segment / undertaking to the subsidiary as the aforesaid officer of the Company may be deemed fit in connection with the formalities of disposal of the business segment / undertaking.

4.To consider and approve the below special resolution in connection with the approval of the Employees Stock Option Scheme, 2019 under the Public Companies (Employees Stock Option Scheme) Rules, 2001for the purpose of issuance of the shares thereunder: -

"RESOLVED that as required by the rule (6) 1 of the Public Companies (Employees Stock Option Scheme) Rules 2001, (the Rules), Employees Share Option Scheme 2019, (the scheme) of Avanceon Limited (the Company) placed before this meeting, and which provides for granting options to eligible employees to subscribe up to 5,000,000 (Five Million Shares) (adjustable pursuant to any corporate action/event in the manner as mentioned in the Scheme of the Company), at:

Exercise Price (Rs.)	10/-	10.50/-	11.03/-	11.58/-	12.15/-
Year of grant of option	2019	2020	2021	2022	2023

be and is hereby approved, subject to any amendments that may be required by the Securities and Exchange Commission of Pakistan (the SECP); and the Mr. Saeed Ullah Khan Niazi Chief Financial Officer and Mr. Ahsan Khalil Company Secretary, jointly and / or severally, be and are hereby authorized to execute any document(s) and to take all actions necessary to offer and implement the scheme.

(a)RESOLVED FURTHER that pursuant to the provisions of Rule 6(ii) of the Rules, the grant of options equal to or exceeding one percent of the issued or paid up capital of the Company at the time of grant of options, within one year, to any employee be and is hereby approved.

(b) RESOLVED FURTHER that as required under sub sec (1) of Sec 83 of the Companies Act 2017, (the Act) the Company be and is hereby authorized to raise further capital and allot and issue up to 5,000,000 (Five Million Shares) further ordinary shares (adjustable pursuant to any corporate action/ event in the manner as mentioned in the Scheme of the company) of Rs.10/- each, without issue of right shares, to its employees under the Scheme at the price mentioned in resolution S.no. 4(a) above.

(c)RESOLVED FURTHER that any change in both the number of shares and the exercise price, as per the terms of the scheme and the Rules consequent upon any rights or bonus declaration or other corporate actions, be and are also hereby approved/authorized.

(d)RESOLVED FURTHER that as required under Sec 82(2) of the Act, the Company is hereby authorized to issue 5,000,000 (Five Million) ordinary shares (adjustable pursuant to any corporate action/event in the manner as mentioned in the Scheme of the company) to its employees under the scheme at a maximum discount of 90% to the face value at the Exercise price mentioned in resolution S.no. 4(a) above."

5.To consider and approve the below special resolution in connection with the approval of the corporate guarantee by Avanceon Limited to the banks of its wholly owned subsidiary Avanceon FZE and pass the following resolution:

"RESOLVED that Avanceon Limited hereby gives corporate guarantee, third party guarantees in favor of Habib Bank AG Zurich, National Bank of Fujairah, United Bank Limited, UAE And All other Banks in United Arab Emirates (UAE) to secure the credit limit of Avanceon FZE, Dubai (wholly owned subsidiary).

6.To consider and approve the below special resolution in connection with giving the authority to Avanceon Automation and Control W.L.L, State of Qatar (AVAC) subsidiary company of Avanceon Limited to avail banking facilities from Mashreq Bank, Doha, Qatar and pass the following resolution:

"RESOLVED that Avanceon Limited hereby gives authority to Avanceon Automation and Control W.L.L, State of Qatar (AVAC) subsidiary company to avail all types of banking facilities including advance bank guarantee/ performance bond/ letter of credit and bill discounting.

Any Other Business:

7.To transact any other business with the permission of the Chair.

By Order of the Board

Ahsan Khalil | Company Secretary Lahore **Dated: 17 July, 2019**

N.B.

Closure of Share transfer books for Bonus Entitlement

(1)The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from Thursday 1 August 2019 to Thursday 8 August 2019 (both days inclusive). Transfer received in order at the office of our Registrar, Ms. FAMCO Associates 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of business (5.00 p.m.) on Wednesday 31 July 2019 will be treated to have been in time for the purposes to attend & vote at the meeting.

(2) A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, 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. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the company.

(3) Members are required to timely notify any change in their address to Company's Shares Registrar, Ms. FAMCO Associates 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

ADDITIONAL NOTES;

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular #1 dated 26 Jan 2000, issued by SECP.

FOR ATTENDING THE SHAREHOLDERS' MEETING

I. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.
II. The shareholders registered on CDC are also requested to bring their particular ID numbers and account numbers in CDS.
III. 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 the meeting

FOR APPOINTING PROXIES:

I. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the duly completed and stamped proxy form accordingly.
II. The proxy form shall be witnessed by the two persons whose names, addresses and NIC numbers shall be mentioned on the form.
III. Attested copies of valid NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
IV. The proxy shall produce his/ her original NIC or original passport at the time of the meeting.
V. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

CONSENT FOR VIDEO CONFERENCE FACILITY

In accordance with Sec 132(2) of the Companies Act 2017, Members can also avail video conference facility, if the company receives consent at least 07 days prior to the date of the meeting from members holding in aggregate 10% or more shareholding to participate in the meeting through video conference. Please fill the following form and submit to the registered office of the company 07 days before the holding of the annual general meeting:

I /We ________________ of ________________, being members of Avanceon Limited and holder of ____ __ordinary shares as per registered folio no/CDC A/c No________________ hereby opt for video conference facility at Karachi.

For any query/information, members may contact our Share Registrar Ms. FAMCO Associates 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

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

This Statement is annexed to the Notice of the Extra Ordinary General Meeting (EOGM) of Avanceon Limited to be held on Thursday 8 August 2019 at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business;

ITEM 2 OF AGENDA

Investment in Associated Company Octopus Digital (Private) Limited (formerly Avanceon Digital (Private) Limited The Company seeks its shareholders' approval to pass the Special Resolution provided in the Notice/Agenda of EOGM to be held on Thursday 8 August 2019 to make the investment up to PKR 10,000,000/- (Rupees Ten Million) by subscribing 1,000,000 (One Million) ordinary shares of Rs. 10/- each of Octopus Digital (Private) Limited (formerly Avanceon Digital (Private) Limited), an unquoted company, to make Octopus Digital (Private) Limited 100% fully owned subsidiary of Avanceon Limited pursuant to provisions of Section 199 of the Companies Act, 2017 (the "Act")

In compliance with the relevant provisions of the Act and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017 (the "Regulations"). Information about the proposed investment is as under:

Requirement	Relevant Information
Name of associated company or associated undertaking	Octopus Digital Private Limited (formerly Avanceon Digital (Private) Limited)
Basis of relationship	Common Directorship
Earnings per share for last three years	N/A (newly incorporated company). Incorporated on 29 December 2017
Breakup value per share based on latest audited financial statements	N/A (newly incorporated company). Incorporated on 29 December 2017
Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	N/A (newly incorporated company). Incorporated on 29 December 2017
Maximum amount of investment	Rs. 10,000,000/- (Rupees Ten Million)
Purpose, benefits and period of investment	The purpose is to become the first company of its kind in Pakistan to lead digital transformation to deliver digitalization of all physical assets on a plant floor.
Source of fund from which securities will be acquired	Shareholders' equity
Salient features of agreement(s), if any, entered into with its associated company with regards to the proposed investment	None. Agreement shall be executed in line with Section 199 of the Companies Act, 2017 and the special resolution of shareholders to be passed in Extra Ordinary General meeting.
Direct or indirect interest of Directors, Sponsors, Majority shareholders and their relatives, if any, in the associated company or the transaction under consideration	Common Directorship of below two directors in both companies 1. Mr. Bakhtiar Hameed Wain 2. Mr. Tanveer Karamat
In case of 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	None. (Investee company is newly incorporated company). Initial investment
Any other important details necessary for the members to understand the transaction	The company is investing in its subsidiary/associate company
Maximum price at which securities will be acquired	Face Value of share i.e. Rs. 10/-
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	Currently, no market value exists being a private limited company and newly incorporated company
Maximum number of securities to be acquired	1,000,000 (One Million)
Number of securities and percentage thereof held before and after the proposed investment	Before: Rs. Nil Shares Nil After: Rs. 10,000,000/- Shares 100%
Current and proceeding 12 (twelve) weeks weightage average market price where investment is proposed to be made in listed securities	Not Available being a private limited company and newly incorporated company.
Fair value determination in terms of sub regulation (1) of regulation 5 of the Regulation for investment in unlisted securities	N/A Rs. 10,000,000.

N/A= Not Applicable

ITEM 3 OF THE AGENDA

SELL / TRANSFER OF AFTER MARKET ENGINEERING AND TECHINCAL SERVICES RELATED BUSINESS SEGMENT/ UNDERTAKING FROM AVANCEON LIMITED (THE COMPANY) TO WHOLLY OWNED SUBSIDIARY COMPANY M/S OCTOPUS DIGITAL (PVT) LTD (FORMERLY AVANCEON DIGITAL (PVT) LTD)

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 in 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. The company is engaged in business of trade in products of automation and control equipment and to provide related engineering and technical services. The engineering and technical services constituted 26% of total revenue of the company as per last audited financial statements for a year ended on 31 December 2018. The engineering and technical service is provided in Pakistan and UAE as an after-sale services (After market).

Octopus Digital (Private) Limited (formerly Avanceon Digital (Private) Limited)

Octopus Digital (Private) Limited (formerly Avanceon 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 (formerly Avanceon Digital (Private) Limited) having a collaborative business model which defies linearity and focuses on complete, end-to-end, data driven services, that provide advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes.

Sale/ Transfer of After Market Engineering and Technical Services Related Business Segment/ Undertaking of the Company

The Board of Directors of Avanceon Limited have resolved to dispose, sell and transfer of the entire business undertaking to its wholly owned subsidiary company M/S Octopus Digital (Pvt) Ltd (Formerly Avanceon Digital (Pvt) Ltd) ("the subsidiary") on such terms and conditions as specified under the Sale Agreement executed between the subsidiary and the Company ("Proposed Transaction").

Based on the annual audited financial statements of the Company as at December 31, 2018, the revenue of the business segment / undertaking constituted approximately 26% of the total revenue of the Company and as such may constitute a undertaking of the Company, the Board of Directors have desired to obtain the approval of the shareholders by way of a special resolution pursuant to Section 183 of the Companies Act, 2017. The disposal, sale and transfer of the business segment / undertaking will be subject to the having obtained all the requisite regulatory and/or corporate approvals required

nder law and once all conditions precedent to the transaction have been satisfied.
n addition to above, the following information / facts may please be noted.

Considerations:	The cumulative sale price is Rs. 819,000,000/- (Rupees: Eight Hundred and Nineteen Million Rupees Only) As a consequence of this Sale/ Transfer of the After Market Engineering and Technical Services Related Business Segment/ Undertaking 81,900,0000 (Eighty One Million And Nine Hundred Thousand only) ordinary shares of nominal value of Rs 10/- each of Octopus Digital (Pvt) Limited (formerly Avanceon Digital (Pvt) Ltd is proposed to be issued to Avanceon Limited (based on the valuation report of the After Market Engineering and Technical Services Related Business Segment/ Undertaking) as consideration.
Objective	The principle object of the transaction is to Sale/ Transfer of the After-Market Engineering and Technical Services Related Business Segment/ Undertaking from "Avanceon Limited" to Octopus Digital (Private) Limited (formerly Avanceon Digital (Pvt) Ltd. The proposed transaction offers clear commercial benefits for the Company and has sufficient opportunity to create value within its transformed portfolio.
Assets, Claims, Contracts, Liabilities & Securities	No assets and liability will be transferred as service-related business segment does not involve assets and liability. Under the sales agreement, the good will, customer list, business references will be transferred. All after-market technical services will be performed by the subsidiary to clients either own or referred by the company sans charging any fee. The subsidiary company will issue share against purchases of this business segment. The worth of business is Rs.819,000,000/- (Rupees: Eight Hundred and Nineteen Million Rupees Only) The company had appointed independent two valuers to determine value of business segment / undertaking and legal counsel for the transaction.
Reasons for the sale or disposal of the business segment / undertaking and the benefits expected to accrue to the shareholders therefrom	The proposed arrangement will help in developing operation synergies across business, managing operation in a focused manner and streaming the ownership structure. The sale & transfer of the After-Market Engineering and Technical Services Related Business Segment/ Undertaking to Octopus Digital (Private) Limited (formerly Avanceon Digital (Private) Limited) 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-to end single-window support. This is in line with international practices being followed in the corporate world. The above will help in reducing risk of business.

Inspection of documents:
All documents including but not limited to:
- Agreement to Sale/ Transfer of the segment of After Market Support Business,
- Valuation report

related to special business have been kept at the registered office of the company and can be inspected during business hours till the date of the meeting.

ITEM 4 OF THE AGENDA

Approval of Employees Stock Option Scheme (ESOS), 2019
This statement is annexed to the Notice of Extra Ordinary General Meeting under Rule (6) of the Public Companies (Employees Stock Option Scheme) Rule 2001.
(a)Total Number of Share Options: 5,000,000 (Five Million) ordinary share options.
(b)Classes of Employees: Management Cadres MT-3 and above.
(c)Vesting Requirement & Period of Vesting: The period of vesting is 01 year(s) from the Date of Grant of the relevant Options till the commencement of the relevant Exercise Period applicable to the Options granted.
(d)Maximum Period of vesting: 01 (one) years.
(e)Exercise Price: Rs 10/- for 2020, Rs 10.50/- for 2021, Rs 11.03/- for 2022, Rs 11.58/- for 2023 and Rs 12.15/- for 2024.
(f)Appraisal process for Eligibility: The HR & R Committee through is powers delegated to Committee for Organizational & Employee Development (COED) shall consider the employees recommended and approved by COED in line with the annual appraisal process for the company.
(g)Maximum number of options to be issued per employee and in aggregate: 250,000 (two hundred fifty thousand) options per employee with total 5,000,000 (Five Million) share options in aggregate for all eligible employees.
(h)Statement of Conforming of accounting policies:
This statement is annexed to the ESOS-2019 scheme. The purpose of this Statement is to conform the accounting policies as per rule 13 of the Public Companies (Employees Stock Option Scheme) Rules, 2001.
The grant date fair value of equity settled share-based payment to employees is initially recognized in the balance sheet as deferred employee compensation with a corresponding credit to equity as employees' share compensation reserve. The fair value determined at the grant date of the equity settled share-based payments is recognized as an employee compensation expense on a straight-line basis over the vesting period.
When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in profit and loss account, employee compensation expense in profit and loss account and deferred employee Compensation in balance sheet will be reversed equal to the amortized and unamortized portion respectively, with a corresponding effect to the employees' share compensation reserve.
When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit and loss account is reduced with a corresponding reduction to employee compensation reserve in the balance sheet.
When the options are exercised, employees' compensation reserve relating to these options is transferred to share capital and share premium account. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium account.

ITEM 5 OF THE AGENDA

APPROVAL OF THE CORPORATE GUARANTEE BY AVANCEON LIMITED TO THE BANKS OF ITS WHOLLY OWNED SUBSIDIARY AVANCEON FZE (UAE)
Avanceon FZE
Avanceon FZE is a free zone establishment with limited liability formed pursuant to law no. 9 of 1992 of H.H Sheikh Makhtoum Bin Rashid Al Makhtoum ruler of Dubai and implementing regulations issued thereunder by the Jabel Ali Free Zone authority (JAFZA)and was registered with JAFZA under 3registration no. 816 on 28 February 2004 and its registered office is situated in the Jabel Ali Free Zone Dubai, United Arab Emirates.
The principle activities of the establishment are to trade in products of automation and control equipment and provide related technical support.
The above resolution authorizes for issuance of a corporate guarantee by the Company to secure financial/ credit limits of the wholly owned subsidiary banks/ financial institutions including but not limited to:
- Habib Bank AG Zurich, UAE • National Bank of Fujairah, UAE • United Bank Limited, UAE

Any other bank in UAE as may be required.

ITEM 6 OF THE AGENDA

APPROVAL OF THE AUTHORITY BY AVANCEON LIMITED TO AVANCEON AUTOMATION AND CONTROL W.L.L, STATE OF QATAR, (AVAC) TO AVAIL CREDIT/ BANKING FACILITIES FROM MASHREQ BANK, DOHA, QATAR
Avanceon Automation and Control W.L.L, State of Qatar, (AVAC)
AVAC is an establishment with limited liability registered under the ministry of economy and commerce state of Qatar on 22 May, 2017 with registration no. 99027. Its registered office is situated in Al Jaber Engg. HO Building P.O. Box No. 15976 Fox Hills, Lusail, Doha, Qatar.
The principle activities of the establishment are to trade in products of automation and control equipment and provide related technical support. The establishment is the subsidiary of Avanceon Limited as Avanceon Limited has control over its financial and decision making under an agreement between Avanceon Limited and AVAC.
The above resolution authorizes the AVAC by the shareholders of Avanceon Limited to secure/ avail credit/ banking facilities in the name of AVAC from Mashreq Bank, Doha Qatar and any other bank as may be required.