systems LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of Systems Limited (the "Company") that 41st Annual General Meeting of the Company is scheduled to be held on 26 April 2018 at 10:00 A.M. at Chamber of Commerce Building, 11 Sharae Aiwan-e-Tijarat, Lahore to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extraordinary General Meeting held on December 01, 2017.
2. To, receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2017 together with the Directors' and Auditors' report thereon.
3. To approve and declare cash dividend @ 17.5 % i.e. PKR 1.75/ per share, for the year ended 31 December 2017 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending 31 December 2018. The Board of Directors upon recommendation of audit committee has recommended M/s EY Ford Rhodes, Chartered Accountants, being eligible for re-appointment as auditors of the company for the year ending 31 December 2018.

Special Business

5. To replace the name of "Visionet Systems Inc., USA" with the word subsidiaries at point no 1.2 and 3.19 of the Systems Limited's Employees Stock option Scheme, 2009 subject to the approval of Securities & Exchange Commission of Pakistan.

   RESOLVED THAT the point no 1.2 and 3.19 of Systems Limited Employees Stock Option Scheme, 2009 shall be replaced as follows:

   1.2 "It extends to all the employees of Systems Limited and its subsidiaries.

   3.19 "Subsidiary" means subsidiary of Systems Limited"

   RESOLVED FURTHER that the Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and necessary action, ancillary and incidental for change in the Systems Limited Employees Stock Option Scheme, 2009 of the Company including filing of all requisite documents/ application as may be required to be filed with the Commission and complying with all other regulatory requirements so as to effectuate the change in the Employees Stock Option Scheme of the Company and implementing the aforesaid resolution."

6. To consider and, if thought fit, pass, with or without modification, the following special resolution in terms of Section 199 of Companies Act, 2017, for increase in existing investment in the form of loan and guarantee in UUS Joint Venture (Private) Limited, an associated company of the Company, from Rs. 250 million to Rs. 400 million.

"Resolved that Systems Limited (the Company) shall increase its existing investment in its associated company, UUS Joint Venture (Private) Limited (Associated Company) in the form of loan and guarantee amounting to Rs. 250 million to Rs. 400 million on the terms and conditions to be contained in the agreement to be executed between the Company and Associated Company in terms of Section 199 of Companies Act, 2017.

"**Further resolved that** Mr. Muhammad Asif Peer, the Chief Executive of the Company (the "Authorized Officer"), be and is hereby empowered and authorized to undertake, execute and implement all the decisions in respect of the Investment and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, and to take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution, including signing and execution of documents and agreements and to complete all necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution".

7. To consider and, if thought fit, pass, with or without modification, the following special resolution in terms of Section 199 of Companies Act, 2017, for increase in existing investment in the form of running credit line in E-Processing Systems (Private) Limited, a subsidiary company of the Company, from Rs. 120 million to Rs. 240 million.

"Resolved that Systems Limited (the Company) shall increase its existing investment in its subsidiary company, E-Processing Systems (Private) Limited (Subsidiary Company) in the form of running credit line amounting to Rs. 120 million to Rs. 240 million, renewable each year, on the terms and conditions to be contained in the agreement to be executed between the Company and Subsidiary Company in terms of Section 199 of Companies Act, 2017.

Further resolved that Mr. Muhammad Asif Peer, Chief Executive of the Company ("Authorized Officers") be and are hereby singly empowered and authorized to undertake the decisions of investment and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution including signing and execution of documents and agreements and complete all necessary legal formalities and file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution."

Other Business:

8. Any other Business with the permission of the Chair.

By Order of the Board

SYSTEMS LIMITED

Roohi Khan
Company Secretary

April 5, 2018
Lahore

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NOTES:

1. The Share Transfer books of the Company will be closed from 20 April 2018 to 26 April 2018 (both days inclusive). Transfer received at the address of M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on 19 April 2018 will be treated in time for the purpose of above entitlement to the transferees.

2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty eight (48) hours before the time of meeting.

3. Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.

4. The Government of Pakistan through Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding Tax on the amount of dividend paid by the companies/banks. These tax rates are as follows:

   (a) For filers of income tax returns 15%
   (b) For non-filers of income tax returns 20%

   To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 20% all shareholders whose names are not entered into the Active Tax- payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @20% instead of 15%.

   The joint shareholders are requested to provide shareholding proportions of principal shareholders & joint shareholders as withholding tax will be determined separately on Filer/Non-filer status based on their shareholding proportions otherwise it will be assumed that shares are equally held.

   The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN Certificate to the Company or Company's Share Registrar, M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN Certificate, as the case may be, must quote Company name and their respective folio numbers.

5. SECP through its notification SRO 787(1) /2014 dated September 8, 2014 has allowed the circulations of Audited Financial Statement along with Notice of Annual General Meeting to the Members through e-mail. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company Website: www.systemsltd.com Audited financial statements & reports are being placed on the aforesaid website.

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6. All the account holders whose registration details are uploaded as per CDC Regulations shall authenticate their identity by showing original CNIC at the time of attending the meeting. In case of corporate entity, a certified copy of resolution of the Board of Directors / valid Power of Attorney having the name and specimen signature of the nominee should be produced at the time of meeting.

7. In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

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Statement under Section 134 (3) of the Companies Act, 2017

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on April 26, 2018.

Agenda Item No. 5

Visionet Systems Inc., USA is no more subsidiary of Systems Limited, therefore, the Company intends to remove the name of Visionet Systems Inc., USA from Employees Stock option Scheme, 2009.

Further, existing subsidiary of the Company TechVista Systems FZ-LLC, or any existing subsidiary is not included in Employees Stock Option Scheme, 2009, therefore, the Company intends to include existing subsidiary or any upcoming subsidiary in Employees Stock option Scheme, 2009.

This is subject to the approval of members and Securities & Exchange Commission of Pakistan.

Agenda Item No. 6

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertakings) Regulations, 2017, for investment in associated company M/s UUS Joint Venture (Pvt.) Limited is as follows:

Ref. No.	Requirement	Relevant Information
(a)	Disclosures for all types of investments:-	
(A)	Regarding associated company or associated undertaking:-	
i	name of the associated company	UUS Joint Venture (Private) Limited
ii	basis of relationship	49.99 % shareholding / Common directorship
iii	earnings per share for the last three years	N/A (newly incorporated company)
iv	break-up value per share, based on latest audited financial statements;	N/A (newly incorporated company)
V	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	N/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,-	N/A
	(I) description of the project and its history since conceptualization;	
	(II) starting date and expected date of completion of work;	

<table>
<tr><th>Ref. No.</th><th colspan="2">Requirement</th><th>Relevant Information</th></tr>
<tr><td></td><td>(III)</td><td>time by which such project shall become commercially operational;</td><td></td></tr>
<tr><td></td><td>(IV)</td><td>expected time by which the project shall start paying return on investment; and</td><td></td></tr>
<tr><td></td><td>(V)</td><td>funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</td><td></td></tr>
<tr><td colspan="4">(B) General Disclosures</td></tr>
<tr><td>(i)</td><td colspan="2">maximum amount of investment to be made;</td><td>Investment to be increased from Rs. 250 million to Rs. 400 million</td></tr>
<tr><td>(ii)</td><td colspan="2">purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td>Purpose: To meet working capital requirements of UUS Joint Venture (Private) Limited and to give guarantees to Pakistan Civil Aviation Authority.

Benefit: The completion of project will result in distribution of profits by UUS Joint Venture (Pvt.) Limited to Systems Limited.

Period of Investment: The period of investment shall be one (1) year.</td></tr>
<tr><td>(iii)</td><td colspan="2">sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-</td><td>Loan shall be from own funds while guarantee shall be issued by the banker of Systems Limited.</td></tr>
<tr><td></td><td>(I)</td><td>justification for investment through borrowings;</td><td>UUS Joint Venture (Private) Limited is only a special purpose vehicle for executing Pakistan Civil Aviation Authority (PCAA) project awarded to consortium of Systems Limited and Beijing UniStrong Science & Technology Co. It is Systems Limited liability to issue guarantee to (PCAA).</td></tr>
<tr><td></td><td>(II)</td><td>detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</td><td>Building</td></tr>
<tr><td></td><td>(III)</td><td>cost benefit analysis;</td><td>N/A</td></tr>
<tr><td>(iv)</td><td colspan="2">salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;</td><td>None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting.</td></tr>
<tr><td>(v)</td><td colspan="2">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;</td><td>Mr. Asif Peer, CEO of Systems Limited is also member and director in UUS Joint Venture (Pvt.) Limited.</td></tr>
<tr><td>(vi)</td><td colspan="2">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; and</td><td>The company had invested Rs. 250 million in December 2017 for meeting working capital requirements and to give guarantees to Pakistan Civil Aviation Authority (PCAA). The company has utilized Rs. 250 million against guarantees issued to PCAA amounting to Rs. 177 million while Rs. 73 milion are utilized against procurement of hardware for the project and for meeting working capital requirements arising mainly due to salaries of staff working on the PCAA project.</td></tr>
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Ref. No.	Requirement	Relevant Information
		With this investment, the company has successfully completed milestone-1 of PCAA project and working on milestone-2 and milestone-3 of the PCAA project. There is no impairment or write-off.
(vii)	any other important details necessary for the members to understand the transaction;	N/A
In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-		
(i)	category-wise amount of investment;	N/A – This will be an interchangeable loan and guarantee line.
(ii)	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for *Shariah* compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	For loan: Average borrowing cost of investing company is KIBOR plus 2%. For guarantees: 0.10% per quarter.
(iii)	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	For loan: Kibor plus 2% For guarantees: 0.10% per quarter
(iv)	particulars of collateral or security to be obtained in relation to the proposed investment;	Unsecured
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
(vi)	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking;	Principal: One (1) year from disbursement. Mark-up: Quarterly basis.

Agenda Item No. 7

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertakings) Regulations, 2017, for investment in associated/subsidiary company M/s E-Processing Systems (Pvt.) Limited is as follows:

Ref. No.	Requirement	Relevant Information		
(a) Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-				
I	name of the associated company	E-Processing Systems (Private) Limited		
Ii	basis of relationship	53.02% shareholding/Subsidiary/ Common directorship		
Iii	earnings per share for the last three years	31 Dec 2017 (Rs.)	31 Dec 2016 (Rs.)	31 Dec 2015 (Rs.)
		(118.35)	(96.01)	(129.43)
Iv	break-up value per share, based on latest audited financial statements;	Rs. 40.94		

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<table>
<tr><th>Ref. No.</th><th colspan="2">Requirement</th><th colspan="2">Relevant Information</th></tr>
<tr><td rowspan="11">V</td><td colspan="2" rowspan="11">financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and</td><td colspan="2">Statement of Financial Position – 31 December 2017</td></tr>
<tr><td>Non-current assets</td><td>90,235,252</td></tr>
<tr><td>Current assets</td><td>72,671,217</td></tr>
<tr><td>Shareholders' equity</td><td>10,810,415</td></tr>
<tr><td>Non-current liabilities</td><td>-</td></tr>
<tr><td>Current liabilities</td><td>152,096,054</td></tr>
<tr><td colspan="2">Profit & Loss A/C – 31 December 2017</td></tr>
<tr><td>Revenue</td><td>76,565,486</td></tr>
<tr><td>Cost of revenue</td><td>66,825,040</td></tr>
<tr><td>Gross profit</td><td>9,740,446</td></tr>
<tr><td>Loss for the year</td><td>(25,818,402)</td></tr>
<tr><td rowspan="5">Vi</td><td colspan="2">in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-</td><td colspan="2" rowspan="6">N/A</td></tr>
<tr><td>(I)</td><td>description of the project and its history since conceptualization;</td></tr>
<tr><td>(II)</td><td>starting date and expected date of completion of work;</td></tr>
<tr><td>(III)</td><td>time by which such project shall become commercially operational;</td></tr>
<tr><td>(IV)</td><td>expected time by which the project shall start paying return on investment; and</td></tr>
<tr><td></td><td>(V)</td><td>funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</td></tr>
<tr><td colspan="5">(B) General Disclosures</td></tr>
<tr><td>(i)</td><td colspan="2">maximum amount of investment to be made;</td><td colspan="2">Investment to be increased from Rs. 120 million to Rs. 240 million</td></tr>
<tr><td>(ii)</td><td colspan="2">purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td colspan="2">Purpose: To meet increased working capital requirement of E-Processing Systems (Private) Limited arising due to expansion of operations and expected launch of new feature its product OneLoad.

Benefit: The investment would support E-Processing Systems (Private) Limited in smoothly meeting growing working capital requirements due to expansion of operations and launching of new features in its product OneLoad. Expansion in operations and new features would generate profit for shareholders including investing company.

Period of Investment: The period of investment shall be one (1) year and renewable each year at the option of management of investing company.</td></tr>
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Ref. No.	Requirement	Relevant Information
(iii)	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	Own Funds
	(I) justification for investment through borrowings;	N/A
	(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	
	(III) cost benefit analysis;	
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting.
(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;	Mr. Aezaz Hussain, Chairman and Mr. Asif Peer, CEO of Systems Limited are also directors of E-Processing (Private) Limited. Mr. Aezaz Hussain, Chairman, Mr. Arshad Masood, Director and Mr. Asif Peer, CEO of Systems Limited are also member in E-Processing Systems (Private) Limited either directly or through direct relatives.
(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; and	The company had invested Rs. 49.7 million in shape of equity investment and Rs. 120 million in shape of loan in E-Processing Systems (Private) Limited. With this investment, E-Processing Systems (Private) Limited was able to develop its product OneLoad, launch its commercial operations in 2016 and met its working capital requirements. Since launch of commercial operation, E-Processing Systems (Private) Limited is able to multiply its revenues, number of transactions and number of retailers each month. Currently, OneLoad product is executing 3.6 million transactions per month while number of retailers using OneLoad product are around 10,000. There is no impairment or write-off.
(vii)	any other important details necessary for the members to understand the transaction;	N/A
In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-		
(i)	category-wise amount of investment;	N/A – Single category
(ii)	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for *Shariah* compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing cost of investing company is KIBOR plus 2%.
(iii)	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	KIBOR plus 2%
(iv)	particulars of collateral or security to be obtained in relation to the proposed investment;	Unsecured

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Ref. No.	Requirement	Relevant Information
(v)	if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
(vi)	repayment schedule and terms and conditions of loan or advances to be given to the associated company or associated undertaking.	Principal: One (1) year from disbursement. Mark-up: Quarterly basis.