

# NOTICE

# AVANCEON LIMITED

## OF 12<sup>th</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 12<sup>th</sup> Annual General Meeting of Avanceon Limited will be held at Avari Lahore 87, The Mall, Lahore, Pakistan, on Wednesday, 15 April, 2015 at 3.00 P.M. to transact the following business:

### A. ORDINARY BUSINESS

1. To receive and consider the Audited Accounts for the year ended 31 December 2014 and the Directors' and Auditors' Reports thereon
2. To appoint Auditors and fix their remuneration. The retiring auditors Ernst & Young, Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, have offered themselves for re-appointment.
3. To declare a final dividend at the rate of Rs 2.25 per share i.e. 22.5% for the year ended 31 Dec 2014.

### B. SPECIAL BUSINESS

1. To authorize the issuance of Employee Share Options 2<sup>nd</sup> Issue of the ESOS (Employee Share Option Scheme). 5,000,000 (five million) ordinary share options to all eligible employees and if thought fit pass the following Special Resolution ; "RESOLVED THAT all eligible employees' of the Company are hereby granted stock options of the ordinary shares of Avanceon Limited in aggregate 5,000,000 (five million) share options as per below schedule:

Issue Year	Number of Options	Exercise Price	Exercise Year
2015	4,000,000	16.80	2020
2016	250,000	20.16	2021
2017	250,000	24.20	2022
2018	250,000	29.30	2023
2019	250,000	35.16	2024

The Total number of options granted under this scheme stands at 4.73% of the total ordinary share in issue 105,696,534 as at 31 Dec 2014.

**N.B** (1) The share transfer book of the Company will be closed and no transfer of shares will be accepted for registration from Wednesday 08 April 2015 to Wednesday 15 April 2015 (both days inclusive). Transfer received in order at the office of our Registrar, M/s THK Associates (Pvt) Limited, 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi by the close of business (5.00 p.m.) on Tuesday 07 April 2014 will be treated to have been in time the purposes of payment of final dividend to the transferees and to attend and 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) SUBMISSION OF THE CNIC/NTN DETAILS (MANDATORY) Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2014, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised: for filers of Income Tax return 10% and Non filer of Income Tax return 15%.

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time. Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholders. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The Company as per the new Law, shall apply 15% rate of withholding tax if the shareholder's name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

### STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984.

This Statement is annexed to the Notice of the 12th Annual General Meeting of Avanceon Limited to be held on Wednesday 15 April 2015 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 (4) OF THE AGENDA

Total Number of Share Options: 5,000,000 ordinary share options.

### Classes of Employees:

Management Cadres MT-3 and above.

Management Cadres from MT-1 to MT-2 (all employees who are on payroll of the company for 07 (seven) years or more).

**Vesting Requirement & Period of Vesting:** The period of vesting is 05 years from the Date of Grant of the relevant Options till the commencement of the relevant Exercise Period applicable to the Options granted.

**Maximum Period of vesting:** 05 (five) years.

**Exercise Price:** Rs 16.80/- for 2015, Rs 20.16/- for 2016, Rs 24.20/- for 2017, Rs 29.30/- for 2018 and Rs 35.16/- for 2019.

**Appraisal process for Eligibility:** The HR & R Committee through its 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.

**Maximum number of options to be issued per employee and in aggregate:** 1,000,000 (One million) options per employee with total 5,000,000 (five million) share options in aggregate for all eligible employees.

### Statement of Conforming of accounting policies:

This statement is annexed to the ESOP scheme 2<sup>nd</sup> issue. 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.

By Order of the Board Dated: 26 March 2015, Lahore

Ahsan Khalil | Company Secretary