

16 January 2020,

AVN/PSX/16012020

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

Subject: Material Info; Issuance of Shares to Avanceon Ltd by Octopus Digital (Pvt) Limited (Subsidiary Company) against other than in Cash for Sale / Dispose-off its after-market engineering and technical services related Business Segment "AMS Business Segment"

Dear Sir,

Pursuant to the provisions of Sections 96 & 131 of the Securities Act, 2015, and Clause 5.6.1 (a) of the PSX Regulations, we hereby, convey the following information-

In the Extra Ordinary General Meeting (EGM) of Avanceon Limited (the Avanceon) held on Thursday, 08 August in Lahore, and approval of its shareholders was accorded to receive 81,900,000 ordinary shares of Rs. 10/- each face value as right shares against otherwise than in cash consideration.

This offer of right shares is being made under the business arrangement contract between Avanceon and Octopus Digital (Pvt) Limited (the ODPL) wherein Avanceon agreed to sell, dispose of or transfer its after-market engineering and technical services related business segment "AMS Business Segment" to ODPL against the issue of shares by the ODPL in favor of the Avanceon on such terms and conditions as specified under the Sale Agreement entered into with the ODPL on 19 July 2019 having effective date of 01 July 2019.

In this regard Special Resolution on Form-26 dated 20 August 2019 was filed with the Securities and Exchange Commission of Pakistan (SECP) and the minutes of the Extra Ordinary General Meeting (EGM) were filed with Pakistan Stock Exchange.

The above mentioned offer of shares was made pursuant to the Board of Directors (BOD) meeting of the ODPL on 24 December 2019, in which it was resolved that the right share offer letter shall be sent on 10 January 2020. Further it was resolved that the right share offer letter shall be sent to the Avanceon to accept the offer within 15 days from the date of receipt of the offer letter.

The right share offer letter contain the following conditions: -

- Shares to be issued by the ODPL in physical form only,
- The offer may be accepted either in full or in part,
- The last date of accepting the offer/renouncement to reach the Registered Office of the ODPL on or before 25 January 2020,
- In case the offer letter completed in all respect is not submitted on or before 25 January 2020, the Avanceon shall have the right for applying/renouncing shares.

- If the acceptance is not made, the board of ODPL shall have absolute power to dispose off such shares in the best interest of the ODPL,
- The memorandum & articles of association and CNIC(s) of all directors of Avanceon Limited shall be submitted and
- The right offer is 81,900,000/- ordinary shares of face value of Rs10/- each and made in strict proportion to existing shares.

A disclosure form as required under S.R.O 143 (I)/2012 dated 05 Dec 2012 read with section 131 of the Securities Act, 2015 is also enclosed as Annexure I.

Sincerely

Ahsan Khalil | Company Secretary



Attachments:

1. Letter of right offer,
2. Application of offer letter,
3. Financial data and independent auditor's certificate in this regard.

Cc:

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

ANNEXURE-I

DISCLOSURE FORM

IN TERMS OF SRO 143(1)/2012, SEC 96 AND 131 OF THE SECURITIES ACT, 2015

Name of the Company	AVANCEON LIMITED
Date of Report	16 January 2020
Name of the Company Specified in Memorandum	AVANCEON LIMITED
Address	Avanceon Limited, 19Kms Main Multan Road Lahore
Contact Information	Ahsan Khalil Company Secretary Tele: 042-111 940 940 Email: akhalil@avanceon.ae

DISCLOSURE OF INSIDE TRADING BY LISTED COMPANY

In the Extra Ordinary General Meeting (EOGM) of Avanceon Limited (the Avanceon) held on Thursday, 08 August in Lahore, and approval of its shareholders was accorded to receive 81,900,000 ordinary shares of Rs. 10/- each face value as right shares against otherwise than in cash consideration.

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SIGNATURE

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


Ahsan Khalil | Company Secretary



Avanceon Limited,
19-KM, Main Multan Road,
Lahore.

Annexure C

Notice / Letter of offer

Dear Shareholder,

A meeting of the board of directors of M/S Octopus Digital (Pvt) Ltd (formerly Avanceon Digital (Pvt) Ltd), which is a wholly owned subsidiary company of a listed company namely M/S Avanceon limited (herein after referred to as “the holding company”), was held on 24 December 2019 at 9.30am at the registered office of the M/S Octopus Digital (Pvt) Ltd (the wholly owned subsidiary Company). Mr. Bakhtiar Hameed Wain and Mr. Tanveer Karamat, who are directors and shareholder of the holding company, are also nominee shareholders and directors in the wholly owned subsidiary company in light of second proviso of sub section 1 and sub section 2 of the section 200 of the Companies Act, 2017. Each nominee holds 10 ordinary shares of Rs10/- each in order to make ensure that minimum number of shareholders is not reduced to statutory limit.

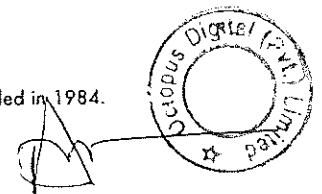
Under the light of business arrangement contract dated 19 July 2019 between the holding company and the wholly owned subsidiary company, wherein the holding company agreed to discontinue operation of and dispose off its “**AMS Business Segment**” as a going concern to the wholly owned subsidiary company, and the wholly owned subsidiary company agreed to take over **AMS Business Segment** against issuance of 81,900,000/- ordinary shares of Rs 10/- each by the wholly owned subsidiary company in favour of the holding company.

Explanatory Note:

The holding company is in the business of trade in products of automation and control equipment and to provide after-sales technical services. The business segment providing after-sales technical services shall be referred to as “**AMS Business Segment**”.

Under the contract, the good will, customer list, other business references, non-financial assets including trained employees / workers, experience, skills, machinery tools, standards operating procedures will be transferred. All after-sales technical services will be performed by the wholly owned subsidiary company from effective date of the contract.

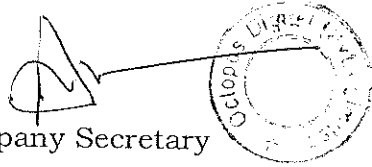
In the view of the above, you are hereby informed that the Board of Directors has decided / approved to increase the subscribed and paid up capital of the Company by



issue of 81,900,000/- ordinary shares of Rs. 10/- each by right offer to share holders on proportionate basis and conditions as laid down, inter alia hereunder and in Board resolution. Being single shareholder during closing of share transfer book (25 December 2019 to 9 January 2020), we are pleased to inform you that you are entitled to 100% "rights shares offer"

Conditions

1. Shares will be issued only in physical form.
2. You may accept the offer and apply for the Ordinary shares offered, either in full or in part by filling accordingly the application form.
3. Application for accepting the offer/renouncement shall reach at the registered office address of the Company on or before 26 January 2020
4. In case your application form completed in all respect is not received on or on or before 26 January 2020, your right for applying/renounce the ordinary shares shall be deemed to be waived and the Board will have absolute power to dispose off such shares in its sole discretion in the best interest of the Company.
5. The memorandum and article of association and CNICs of all directors shall be provided.
6. Right offer proportion is 81,900,000/-
7. Financial data is attached herewith (Annexure -1)



The Company Secretary

Saeed Ullah Khan Niazi

Octopus Digital (Pvt) Ltd

Regd. Office: 74-CC, Shop No. 6, Jubilee Town, Lahore Pakistan

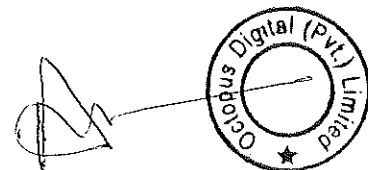
Annexure-1

Since M/S Octopus Digital (Pvt) Ltd is incorporated on 29/12/2017 and its financial year ended on 31/12/2019. Special audit conducted on 30th April 2019, so the data of that period is as below

Rupees

Particulars	April 30, 2019
Sales / Revenue	12,089,185
Gross Profit	10,115,460
Profit before Interest and Tax	4,966,237
Profit after tax	3,515,535
Accumulated profit / (loss)	3,515,535
Total Assets	17,331,466
Total Liability	3,815,911
Net equity	13,515,555
EPS	3.52
Dividend paid	NIL
Bonus	NIL

M/S Octopus has 1,000,000,000/- authorized capital shares of Rs.10/- each.



OFFER LETTER/APPLICATION REGARDING RIGHT ENTITLEMENTS
IMPORTANT NOTES AND INSTRUCTIONS ARE GIVEN BELOW WHICH SHOULD BE READ CAREFULLY AND FOLLOWED.

Issue of 81,900,000 ordinary shares of Rs. 10/- each to be issued at par/face value per share for consideration other than cash for transfer of "AMS Business Segment" of Avanceon Limited.

S. No. 00001

Date: 10 January 2020

Avanceon Limited
19Kms, Main Multan Road, Lahore.

Dear Shareholder(s),

In accordance with the provision of Section 83 of the Companies Act 2017 and the provision of the Companies (Further Issue of Shares) Regulations, 2018 and the decision of the board of directors of the company in their meeting held on 24 December 2019 has decided/approved to increase the paid up capital of the company by 81,900,000 ordinary shares of Rs. 10/- each by way of right offer. This offer is made against the transfer of AMS Business Segment of Avanceon Limited to the company. We are pleased to inform you that you are entitled to 100% ordinary shares for every 100 ordinary shares registered in your name as of the close of business on 25 December 2019.

Folio No.	No. of ordinary shares held	Right offer %age	No. of shares offered
00003	1,000,000	100%	81,900,000

The right offer at the rate of Rs. 10/- per share (i.e. at par/face value) must be accepted to the extent of such subscription on or before 26 January 2020.

The right offer may be accepted and applied for ordinary offered either in full or in part by signing this offer/application letter.

If the right offer is not accepted on or before 26 January 2020 then these right offer shall be deemed to have been declined by you and will be treated as cancelled. In that event these will be offered to and taken up by as decided by the board of directors of the company as per Section 83 of the Companies Act 2017.

The share shall be issued only in physical form.

The memorandum & article of association and CNIC of all directors to be provided along with acceptance of this offer letter.

Details pertaining to letter of offer under Section 83 of the Companies Act 2017 are given below.

Activities	Date
Subscription of right offer start date	10 January 2020
Last date of subscription of right offer	25 January 2020
Date of issue of right share in physical form	24 February 2020

Yours faithfully,




Saeed Ullah Khan Niazi
Company Secretary



ALI AKHTAR ADNAN
Chartered Accountants

15 December 2019

The Company Secretary,
Octopus Digital (Private) Limited,
Lahore.

ISSUANCE OF SHARES FOR CONSIDERATION OTHERWISE THAN IN CASH

Dear Sir,

We have performed the procedures agreed with you and enumerated below with respect to receiving of full consideration (after-market technical and engineering service business segment of M/S Avanceon limited) by M/S Octopus Digital (Pvt) Ltd. Since business segment being the consideration does not involve fixed assets including Plant & Machinery therefore the management of the company considers that the following procedures are proper to determine as to whether the full consideration has been received by the company against shares to be issued.

1. Review / examine the valuations of after-market technical and engineering service business segment of M/S Avanceon limited as set out in the valuation reports issued by M/S Iqbal Yasir & Co. dated 17 May 2019 and M/S Aamir Salman Rizwan dated 20 May 2019.
2. Review/ examine the Business Arrangement Contract dated between M/S Avanceon limited and M/S Octopus Digital (Pvt) Ltd
3. Review / Examine Book keeping / records of M/S Octopus Digital (Pvt) Ltd
4. Review / Examine Ex-employees contracts of M/S Avanceon Limited
5. Review / examine Minutes of meeting of both companies.

We report our findings below:

1. The value of the business segment has been determined at Rs819M/-
2. Value of the business segment has been determined on the basis of different techniques however lowest value is agreed upon between both companies.
3. The business segment has been run by M/S Octopus Digital (Pvt) Ltd from effective date thus consideration / business segment has been transferred against shares to be issued by M/S Octopus Digital (Pvt) Ltd for equal amount in favour of M/S Avanceon limited

Yours truly,


(Chartered Accountants)

