

25 November 2021

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

Subject: Notice of Extraordinary General Meeting

Dear Sir,

Please find enclosed herewith a copy of the Notice of Extraordinary General Meeting to be held on Thursday, 16 December 2021 for circulation amongst the TRE Certificate Holders of the Exchange.

Yours Sincerely,



Ahsan Khalil | Company Secretary

Notice is hereby given that the Extraordinary General Meeting of Octopus Digital Limited "Company" will be held on Thursday, 16 December 2021 at 03:00 PM via Zoom video link from The Avanceon Building, 19-Kms, Main Multan Road, Lahore, to transact the following business:

We hereby inform to our members that due to 4th wave of COVID-19, current condition of SMOG in Lahore and the uprise of Dengue, the Company internal SOPs of HSE department has imposed restrictions on indoor and outdoor gatherings and other recreational activities, therefore we will conduct Extraordinary General Meeting of Octopus Digital Limited via Zoom video link only.

A. SPECIAL BUSINESS

1. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without any modifications, that the Company be and is hereby authorized to further issue shares by way of other than right.

RESOLVED that, Subject to approval of the resolution by the Shareholders and Securities & Exchange Commission of Pakistan (SECP). The Company be and is hereby authorized to further issue shares by way of other than right, under sub-section (1) of section 83 of the Companies Act 2017 and Section 5 of Chapter IV of the Companies (Further Issue of Shares) Regulation, 2020.

The complete proposal along with details for further issue of shares are given in statement of material facts annexed with this notice under section 134(3) of the Companies Act, 2017.

FURTHER RESOLVED that, BMA Capital Management Limited ("BMA Capital") be and are hereby appointed to act as Financial Advisor to assist the Company in all related activities for private placement.

FURTHER RESOLVED that Chief Executive Officer and/or Company Secretary of the company jointly and/or severally, to execute any document(s) and to take all actions necessary to give effect to the proposed resolutions and implementation of the proposal. Additionally, it is also resolved that the Chief Executive Officer and/or the Company Secretary be and are hereby authorized singly or jointly to take all necessary actions (including execution and delivery of all necessary instruments, notices, and letters).

(i) to seek approval and ensure compliance of the requirements of the Companies Act 2017, the Companies (Further Issue of Shares) Regulations 2020 ("Regulations 2020") and other applicable requirement, if any (ii) to meet requirements stipulated under Section 83 of the Companies Act, 2017; and (iii) to file the requisite returns / notices, if any, with the Registrar & Securities and Exchange Commission of Pakistan ("SECP") and any other forum(s) as applicable."

2. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without any modifications, that the Company be and is hereby authorized to grant a short term loan of Rs. 350 million with power to increase, consolidate, sub-divide, cancel, reduce or otherwise reorganize the share capital of the Company with this notice under section 134(3) of the Companies Act, 2017.

RESOLVED that, the approval of the Members of the Company be and is hereby granted in terms of Section 199 of the Companies Act, 2017 and all other applicable laws, to grant unsecured short term loan facility of up to PKR 350 million to its holding company Avanceon Limited ("AVN") as per the terms and conditions specified.

FURTHER RESOLVED that, Chief Executive Officer and/or Company Secretary of the company jointly and/or severally, to execute any document(s) and to take all actions necessary to give effect to the proposed resolutions and implementation of the proposal.

3. To consider and approve, the Authorized Capital of the Company be increased from Rs. 1,500,000,000 (Rupees One Billion Five Hundred Million Only) divided into 150,000,000 (One Hundred Fifty Million) ordinary shares of the nominal value of Rs. 10/- (Rupees Ten each) to Rs. 2,500,000,000 (Rupees Two Billion Five Hundred Million Only) divided into 250,000,000 (Two Hundred Fifty Million) shares of the nominal value of Rs. 10/- (Rupees Ten each).

a. **RESOLVED** that the Clause 5 of the Memorandum of Association of the Company be and is hereby amended to read as follows:

"The authorized share capital of the Company is Rs. 2,500,000,000/- (Rupees Two Billion Five Hundred Million Only) divided into 250,000,000 (Two Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten each) with power to increase, consolidate, sub-divide, cancel, reduce or otherwise reorganize the share capital of the Company subject to the provisions of Section 85 and 89 of the Act."

b. and **RESOLVED** that the Article 3 of the Articles of Association of the Company be and is hereby amended to read as follows:

"The authorized share capital of the Company is Rs. 2,500,000,000/- (Rupees Two Billion Five Hundred Million Only) divided into 250,000,000 (Two Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten each) with power to increase, consolidate, sub-divide, cancel, reduce or otherwise reorganize the share capital of the Company subject to the provisions of Section 85 and 89 of the Act."

4. To consider and approve, the addition of Clause 4A in Article of the Association of the Company for issuance of allotment of shares.

RESOLVED that Clause 4A in Article of the Association of the Company be and is hereby inserted and read as follow:

"Shares in the Capital of the Company may be issued or allotted in full or part payment of any property, land, building, machinery, equipment or goods supplied or services rendered to the Company in promotion and establishment of the Company or conduct of its business. Provided further that the shares may be issued to employees of the company under an employee stock option scheme approved by Securities and Exchange Commission of Pakistan under the applicable corporate law(s) in Pakistan."

B. ANY OTHER BUSINESS:

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

By Order of the Board

Ahsan Khalil

Company Secretary

Lahore

Dated: 25 November 2021

WEBLINK FOR ONLINE MEETING VIA ZOOM:

In pursuance of SECP Circular No. 4 dated 15 February 2021 the Securities and Exchange Commission of Pakistan facilitate for attending general meetings virtually through video-link, webinar, or other electronically, so the proceedings of the EOGM shall be held online only through/via "ZOOM".

For attending live proceedings of the EOGM the shareholders are requested to follow the below link: https://us02web.zoom.us/join/register?WJN_c5VbSqdYdTW32NRQoUwQv

Please follow the below link for complete guidance as how to login on Zoom to attend the Extraordinary General Meeting: <https://octopusdtl.com/investor-relations/> scroll to the bottom of the page for guideline doc)

The shareholders attending EOGM through Zoom, are given the option to send in advance their respective questions/comments/suggestions along with their Name and Folio Number on the below mentioned email address or postal address according to their convenience.

Email: ahsan.khalil@octopusdtl.com

Postal Address: Corporate Officer, The Avanceon Building, 19-Kms, Main Multan Road, Lahore.

Notes:

- The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Thursday, 09 December 2021 to Thursday, 16 December 2021 (both days inclusive). Transfer received in order at the office of our Registrar, Ms. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi by the close of business (5.00 p.m.) on Wednesday, 08 December 2021 will be treated to have been in time for the purposes to attend & vote at the meeting.
- 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 proxy 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.
- Members are required to timely notify any change in their address to Company's Shares Registrar, Ms. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-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 2020, issued by SECP

FOR ATTENDING THE SHAREHOLDERS' MEETING

- 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/her identity by his Computerized National Identity Card (CNIC) or passport at the time of online registration / attending the meeting.
- The shareholders registered on CDC are also requested to provide their ID numbers and account numbers in CDS at the time of online registration/attending the meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be provided at the time of online registration / attending the meeting.

FOR APPOINTING PROXIES:

- 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.
- The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall provide his/ her CNIC or passport at the time of online registration / attending the meeting.
- 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.

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

1. This Statement is annexed to the Notice of the Extraordinary General Meeting of Octopus Digital Limited to be held on Thursday, 16 December 2021 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.

1. ITEM 1 OF AGENDA

PROPOSAL FOR FURTHER ISSUE OF SHARES BY WAY OF OTHER THAN RIGHT OFFER:

Regulation No.	Regulation	Proposal
5(1)(ii)(a)	Proposal of the board to issue shares without right offer is subject to approval of the shareholders and the Commission;	The above-board resolution is subject to approval of shareholders through a special resolution and the Securities and Exchange Commission of Pakistan.
5(1)(ii)(b)	Quantum of the issue both in terms of the number of shares and percentage of paid-up capital before and after the issue;	Minimum shares to be issued: 5,000,000 Percentage of Paid-up Capital before issue: 3.66% Percentage of Paid-up Capital after issue: 3.53% Further provided that the number of shares may be issued to make the free float up to 25% of paid-up capital after issue.
5(1)(ii)(c)	Issue price per share and justification for the same;	The board has decided to issue shares at a prevalent market price or any price at a discount/premium to prevalent market price, which will be announced later. Based on promising growth outlook and experienced management, the board believes that benchmarked price is justified.
5(1)(ii)(d)	consideration against which shares are proposed to be issued i.e., cash or other than cash;	The consideration shall be cash only.
5(1)(ii)(e)	name of person(s), their brief profile, existing shareholding, if any, in the company, to whom the shares are proposed to be issued;	The category of private investor would be corporates, local and/or foreign. The names, profile existing shareholding if any shall be communicated later subject to the finalization of terms with private investor(s).
5(1)(ii)(f)	purpose of the issue;	The objective of capital raising is to support Octopus' growth agenda i.e., To develop further intellectual properties to cater wider base of corporates/conglomerate companies.
5(1)(ii)(g)	justification for issue of the shares by way of other than right;	To allow local and foreign corporates to take exposure in Octopus Digital Limited.
5(1)(ii)(h)	benefits of the issue to the company and its members;	The new private investor would be selected based on strategic objectives of Octopus Digital Limited. Hence, it is expected to create further value for the company and its existing members.

Regulation No.	Regulation	Proposal
5(1)(ii)(i)	breakup value per share as per the latest available audited and reviewed accounts;	The breakup value per share as per the latest available audited statement i.e., 31st Dec 2020 is PKR 11.92/- per share
5(1)(ii)(j)	consent of the person(s) to whom the shares are to be issued is(are) obtained;	The board hereby undertakes that the consent shall be communicated once terms and all modalities are finalized with the select investor.
5(1)(ii)(k)	the proposed new shares shall rank pari passu in all respects with the existing ordinary shares of the company. In case the proposed new shares are different from the issued ordinary shares in any respect, then the board's decision must state the differences in detail;	The proposed new shares shall rank Pari Passu in all respects with the existing ordinary shares of the Company. The proposed new shares shall not be different from the issued ordinary shares in any respect.
5(1)(ii)(l)	average market price of the share, in case of a listed company, during the last three months preceding the board's decision as well as the latest available market price; and	The average market price (from listing date) of Octopus Digital Limited share is PKR 69.49/- per share and the latest price as on 24th November 2021 is PKR 68.85.
5(1)(ii)(m)	where shares are proposed to be issued for consideration other than in cash, the value of non-cash assets or services or intangible assets shall be determined by a valuer;	Not applicable.

2. ITEM 2 OF AGENDA

Regulation No.	Regulation	Proposal																						
3(1)(a)(A)	Regarding associated company or associated undertaking;	Avanceon Limited																						
(i)	name of associated company or associated undertaking;	Avanceon Limited																						
(ii)	basis of relationship;	80% Holding																						
(iii)	earnings per share for the last three years;	2018: Rs. 2.50 (Basic) Rs. 2.44 (Diluted) 2019: Rs. 3.01 (Basic) Rs. 2.95 (Diluted) 2020: Rs. 3.18 (Basic) Rs. 3.11 (Diluted)																						
(iv)	break-up value per share, based on latest audited financial statements;	The breakup value per share as per the latest available audited statement i.e., 31st Dec 2020 is PKR 25.40 per share without surplus on revaluation and PKR 26.54 per share with surplus of revaluation.																						
(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	Financial Position as of and for the year ended December 31, 2020. Main Items of Balance Sheet: <table border="1"> <thead> <tr> <th></th> <th>Rs. in '000'</th> </tr> </thead> <tbody> <tr> <td>Non-current Assets</td> <td>4,657,623</td> </tr> <tr> <td>Current Assets</td> <td>2,007,776</td> </tr> <tr> <td>Total Equity</td> <td>5,358,792</td> </tr> <tr> <td>Non-current Liabilities</td> <td>41,529</td> </tr> <tr> <td>Current Liabilities</td> <td>1,265,078</td> </tr> </tbody> </table> Main Items of Profit and Loss Account: <table border="1"> <thead> <tr> <th></th> <th>Rs. in '000'</th> </tr> </thead> <tbody> <tr> <td>Sales Net</td> <td>1,547,153</td> </tr> <tr> <td>Profit from operations</td> <td>833,168</td> </tr> <tr> <td>Profit before taxation</td> <td>764,080</td> </tr> <tr> <td>Profit for the year</td> <td>673,839</td> </tr> </tbody> </table>		Rs. in '000'	Non-current Assets	4,657,623	Current Assets	2,007,776	Total Equity	5,358,792	Non-current Liabilities	41,529	Current Liabilities	1,265,078		Rs. in '000'	Sales Net	1,547,153	Profit from operations	833,168	Profit before taxation	764,080	Profit for the year	673,839
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(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																						
B	General disclosures:-																							
(i)	maximum amount of investment to be made;	Rs. 350 million (Rupees Three Hundred Fifty Million) short term loan																						
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	For funding of fast track projects of associated/holding company Avanceon Limited. The company can earn 2% additional markup (One-month KIBOR+2%) earnings as compared to investment in AA rated banks/financial institutions placed at KIBOR.																						
(iii)	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds;- (i) justification for investment through borrowings; (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (iii) cost benefit analysis;	Free cash available with the company the same shall be utilized to grant a short term loan to holding company to fund fast track projects of holding company. (i)N.A. (ii)N.A. (iii)N.A.																						
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	A short term loan duration 01 year renewable on yearly basis. Unsecured payable on Demand Rate of markup one month KIBOR+2%.																						
(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;	None of the directors, sponsors, majority shareholders and their relatives have any interest in the associated company or proposed transaction, except to the extent of their shareholding in the associated company. 02 directors in the company are also directors in the associated/holding company (Avanceon Limited) their shareholdings are: Mr. Bakhtiar Hameed Wain 61.38% Mr. Tanveer Karamat 0.32%																						
(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	None																						
(vii)	any other important details necessary for the members to understand the transaction;	None																						
(c)	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;	Rs. 350 million unsecured short term loan payable on demand																						
(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 unbanked facilities, as the case may be, for the relevant period;	The current borrowings of the company is NIL.																						
(iii)	rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	One month KIBOR+2%																						
(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.	Payable on demand after 01 year renewable on yearly basis																						
(4)	Other information to be disclosed to the members																							
(4)(1)	If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company shall be disclosed in the notice of general meeting called for seeking members' approval pursuant to section 199 of the Act.	The associated company (Avanceon Limited) and its sponsors, majority shareholders and their relatives have no interest in the investing company or proposed transaction, except to the extent of their shareholding in the investing company. Avanceon Limited is a 80% holding company of Octopus Digital Limited. 02 directors in the associated company are also directors in the investing company (Octopus Digital Limited) their shareholdings are: Mr. Bakhtiar Hameed Wain 01 Share Mr. Tanveer Karamat 01 Share																						
(4)(3)	Latest annual audited financial statements of the associated company or associated undertaking along with the latest interim financial statements, if any, shall be made available for inspection of the members in the general meeting called for considering investment decisions in such associated company or associated undertaking pursuant to section 199 of the Act.	Latest annual audit financial statements and latest interim financial statements are also on company's web site www.avanceon.com and available on Pakistan Stock Exchange.																						

3. ITEM 3 OF AGENDA

The Board of Directors' has proposed the increase in authorized share capital of the company to Rs. 2,500,000,000 (Rupees Two Billion Five Hundred Million Only) divided into 250,000,000 (Two Hundred Fifty Million) of the nominal value of Rs. 10/- (Rupees Ten each) ordinary shares from Rs. 1,500,000,000 (Rupees One Billion Five Hundred Million Only) divided into 150,000,000 (One Hundred Fifty Million) of the nominal value of Rs. 10/- (Rupees Ten each) ordinary shares.

The current increase in authorized capital is approved to anticipate any increase in issue of shares as the total authorized capital of the company is 91.17% used, paid-up and subscribed. This increase in Authorized Capital is required to accommodate any further issue of shares by way of future bonus issue, right issue, further issue by way of other than right and/or employees stock option/shares.

The Directors of the Company have no personal interest in the increase of Authorized Share Capital whether directly or indirectly except to the extent of the shareholding held by them in the Company.

4. ITEM 4 OF AGENDA

In Pursuance of the changes in the Companies (Further Issue of Shares) Regulations, 2020 issued via SRO 2311/ / 2020, the Directors have decided to amend/include the section 4A of Articles of Association of the company in order to expressly provide the authorization of issuance of Employee Stock Option Scheme. The said resolution suffices the purpose of these regulations.

2. Pursuant to requirements of Section 134(3) of the Companies Act 2017, the documents referred including this Agenda(s) and resolution(s) are available at the registered office of the Company and can be inspected during office hours.

Ahsan Khalil | Company Secretary
Octopus Digital Limited

