

Shams Textile Mills Limited
Notice of Extra-Ordinary General Meeting

Notice is hereby given that an Extra-Ordinary General Meeting ("EOGM") of the shareholders of Shams Textile Mills Limited (the "Company") will be held on Saturday, the May 30, 2020 at 10:30 a.m. at the registered office, 7-B-3, Marina Homes, Aziz Avenue, Gulberg-V, Lahore to transact the following business:

Ordinary Business:

To elect seven (7) directors of the Company as fixed by the Board of Directors under Section 159 (1) of the Companies Act, 2017 (the "Act") for a term of three (3) years commencing from May 31, 2020 in place of following retiring Directors who are eligible for re-election:

- | | |
|-----------------------------|-----------------------------|
| 1. Mr. Adil Bashir | 5. Mr. Muhammad Shafiq Gill |
| 2. Mr. Asif Bashir | 6. Mr. Shahid Arshad |
| 3. Mr. Khurram Mazhar Karim | 7. Mr. Sharik Bashir |
| 4. Mr. Muhammad Anwar | |

Attached to this notice being sent to the members is a Statement under Section 166 (3) of the Companies Act, 2017

By order of the Board

(Tariq Javed)
Company Secretary

Lahore: 8 May 2020

Notes:

1. The Share Transfer Books of the Company will remain closed from May 24, 2020 to May 30, 2020 (both days inclusive). Transfers received in order at the office of our Share Registrar, M/s CorpTec Associates (Pvt) Limited, 503-E, Johar Town, Lahore by the close of business on May 23, 2020, will be treated in time for the purposes of entitlement to attend, speak and vote at the EOGM.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the EOGM as are available to the members. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of EOGM.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- a. In view of the recent threats posed by and precautions to be taken against spread of the evolving COVID-19 pandemic, the Government has suspended large public gatherings at one place with immediate effect. Additionally, the Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 5 dated March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through its notice Ref: PSX/N-372 dated March 19, 2020 have advised the Companies to modify their planning for conducting general meetings with a view to protect the well-being of their shareholders. Considering the above referred regulatory directives, if the number of candidates will be more than the numbers to be elected, the members may vote through via postal ballot.
- b. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- c. In case of corporate entity, the Board of Directors' resolution/power of attorney with duly verified copy of valid CNIC and specimen signature of the representative shall be sent to the Company before the meeting.
- d. The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its Members.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
 - b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Members are requested to timely notify any change in their addresses.

6. The term of office of the present Directors of the Company will expire on May 31, 2020.

In terms of Section 159 (1) of the Companies Act, 2017, the directors have fixed the number of elected directors at seven (7) to be elected in the EOGM for the next term of three years.

7. Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company the following documents and information at its registered office not later than fourteen days before the day of the above said meeting:

- a. His/her Folio No./CDC Investors Account No./CDC Participant No./Sub-Account No.

- b. Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 159(3) of the Companies Act, 2017.
- c. Consent to act as director on Form 28 under Section 167 of the Companies Act, 2017.
- d. A detailed profile along with his/her office address for placement onto the Company's website as required under SECP's SRO 1196(1)2019 dated October 03, 2019.
- e. The selection of independent directors will be complied with the requirements of Section 166 of the Companies Act, 2017. The individuals contesting as independent directors shall also submit a declaration that he/she qualifies the criteria of eligibility and independence notified under the Companies Act, 2017 and rules and regulations issued thereunder.
- f. An attested copy of Computerized National Identity Card (CNIC) and National Tax Number;
- g. A declaration that:
 - i. He/she is not ineligible to become a director of the Company under Section 153 of the Companies Act, 2017, any applicable laws and regulations (including listing regulations of Stock Exchange).
 - ii. He/she is not serving as a director of more than seven listed companies including the Company.
 - iii. defaulter in repayment of loan to a financial institution.
- iv. He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of Company and listing regulations of stock exchange;

8. The Company has placed the Notice of General Meeting along with form of proxy on its website: www.ctm.com.pk.

9. Members, in accordance with the proviso to Section 132(2) of the Companies Act 2017, can also avail video conference facility. In this regard, members are requested to fill out the following form and submit the same to the registered address of the Company 10 days before holding of the Extraordinary General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

"I/We, _____ of _____, being a member/member(s) of the Company of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

10. Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of director subject to Section 159 of the Act, the members will be allowed to exercise their right of vote through postal ballot, that is voting by post, in accordance with the requirements and procedure contained in the aforesaid Regulations.

**STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE
COMPANIES ACT, 2017**

This Statement sets out the material facts concerning election of directors of the Company.

Section 166(3) of the Companies Act, 2017 (the Act) requires that a statement of material facts is required to be annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing independent directors.

The Company is required to have at least (2) independent directors on the Board under the Listed Companies (Code of Corporate Governance) Regulations, 2019. The independent directors shall also be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017.

Accordingly, it will be ensured that the independent directors to be elected must meet the criteria of independence laid down under section 166 of the Act and the Companies (Manner and Selection of Independent Directors) Regulation, 2018 and his/her name is included in the data bank of independent directors maintained by the Pakistan Institute of Corporate Governance (PICG) duly authorized by the Securities and Exchange Commission of Pakistan. Further, their selection will be made due to their respective competencies, skill, knowledge and experience.

The present Directors of the Company have no interest in the above said business except being eligible for re-election as director of the Company.