

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of Systems Limited (the “**Company**”) that 43rd Annual General Meeting of the Company is scheduled to be held on 29 May 2020 at 12:00 P.M. through video link (using login details as provided at the end of the notice), to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 26 April 2019.
2. To, receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2019 together with the Board of Directors’ and Auditors’ report thereon.
3. To approve and declare cash dividend @ 22.5 % i.e. PKR 2.25/ per share, for the year ended 31 December 2019 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending 31 December 2020. 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 2020.

Special Business

5. 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 extending investment in the form of loan to SUS Joint Venture (Private) Limited, an associated company of the Company, of Rs. 50 million.

“Resolved that Systems Limited (the “**Company**”) shall extend investment in its associated company, SUS Joint Venture (Private) Limited (Associated Company) in the form of loan Rs. 50 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.

“Resolved further 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



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necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution”.

Other Business:

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

By Order of the Board



Saad Hasan Aslam
Company Secretary

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NOTES:

1. The Share Transfer books of the Company will be closed from 23 May 2020 to 29 May 2020 (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 22 May 2020 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 30%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% 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 @30% 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.

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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.
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 May 29, 2020.

Agenda Item No. 5

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 SUS 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	SUS Joint Venture (Private) Limited	
ii	basis of relationship	95 % shareholding / Common directorship	
iii	earnings per share for the last three years	N/A	
iv	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Statement of Financial Position – 31 December 2019	
		Non-current assets	-
		Current assets	52,601,450
		Shareholders' equity	18,488,361
		Non-current liabilities	-
		Current liabilities	34,113,089
		Profit & Loss A/C – 31 December 2019	
		Revenue	82,953,690
		Cost of revenue	61,924,521
		Gross profit	21,029,169
Profit for the year	18,388,361		
v	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;		



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Ref. No.	Requirement		Relevant Information
	(II)	starting date and expected date of completion of work;	
	(III)	time by which such project shall become commercially operational;	
	(IV)	expected time by which the project shall start paying return on investment; and	
	(V)	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	
(B) General Disclosures			
(i)	maximum amount of investment to be made;		Investment in the form of loan of Rs. 50 million
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;		<p>Purpose: To meet working capital requirements of SUS Joint Venture (Private) Limited.</p> <p>Benefit: The completion of project will results in distribution of profits by SUS Joint Venture (Pvt.) Limited to Systems Limited.</p> <p>Period of Investment: The period of investment shall be one (1) year.</p>
(iii)	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-		Loan shall be granted by Systems Limited.
	(I)	justification for investment through borrowings;	SUS Joint Venture (Private) Limited is only a special purpose vehicle for executing LRMIS project awarded to SUS Joint Venture (Private) Limited
	(II)	detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	N/A
	(III)	cost benefit analysis;	N/A
(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.

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Ref. No.	Requirement	Relevant Information
(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. Asif Peer, CEO of Systems Limited is also member and director in SUS Joint Venture (Pvt.) Limited.
(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	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
(ii)	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> 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 SBP rate plus 0.5%.
(iii)	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	Higher of KIBOR or borrowing cost of investing company in line with section 199 of Companies Act 2017.
(iv)	particulars of collateral or security to be obtained in relation to the proposed investment;	N/A
(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.

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MEETING LOGIN DETAILS

Topic: SL Annual General Meeting
Time: May 29, 2020 12:00 PM Asia/Karachi

Join Zoom Meeting

<https://visionetsystems.zoom.us/j/96232210040>

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213.19.144.110 (EMEA)

103.122.166.55 (Australia)

209.9.211.110 (Hong Kong
China)

64.211.144.160 (Brazil)

69.174.57.160 (Canada)

207.226.132.110 (Japan)

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