

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting (“EOGM”) of Service Global Footwear Limited (the Company) will be held on **Tuesday, the June 20, 2023 at 10:00 a.m.** at Shalimar Tower Hotel, Adjacent Servis House, 2 - Main Gulberg, Lahore, to transact the following business:

Special Business:

1. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution, to increase the Authorized Capital of the Company:

Resolved that the Authorized Capital of the Company be increased from Rs. 2,500,000,000 divided into 250,000,000 ordinary shares of Rs. 10/- each to Rs. 7,500,000,000/- divided into 750,000,000 ordinary shares of Rs. 10/- each by creation of 500,000,000 additional ordinary shares of Rs. 10/- each of the Company and for that purpose Clause 5 of the Memorandum of Association of the Company be and is hereby accordingly amended to read as under:

Clause 5 of the Memorandum of Association:

“The authorized capital of the company is Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) divided into 750,000,000 (Seven Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten Only) each.”

Further resolved that the additional shares when issued shall carry equal voting rights and rank *pari passu* with the existing ordinary shares in all respects / matters in conformity with the provisions of the Companies Act, 2017.

Further resolved that the Chief Executive and / or any Director of the Company be and are singly / jointly authorized to take all necessary steps and decisions to obtain all approvals required, if any and to sign, execute and deliver and file all requisite documents to the relevant authorities in this regard and to affix common seal of the Company on such document (s) / share certificates of title to the shareholders as may be deemed necessary.

2. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution, to substitute the Article 85 of the Articles of Association of the Company:

Resolved that pursuant to Section 38 and all other applicable provisions of the Companies Act, 2017, Article 85 of the existing Articles of Association of the Company be and is hereby substituted to read as follows:

85. Capitalization of Profits

The Board of Directors may capitalize any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, and the Directors shall give effect to such resolution.

Further resolved that the Chief Executive and / or any Director of the Company be and are hereby singly authorized to do all acts, deeds and things and take all steps and necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alteration of Articles of Association of the Company and implementing this special resolution.

Further resolved that the aforesaid alteration in the Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be required, and such amendment, modification, addition or deletion shall not require fresh approval of members.

(Annexed to the notice being circulated to the shareholders is a statement of material facts pertaining to special business to be transacted at the EOGM).

By Order of the Board

Lahore
May 30, 2023

WAHEED ASHRAF
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from June 14, 2023 to June 20, 2023 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on June 13, 2023 will be considered in time for the purpose to attend, speak and vote at the EOGM.
2. A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint another member as his / her proxy to attend and vote in place of him / her at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of meeting. A proxy must be a member of the Company. Proxy Forms in Urdu and English languages are attached to the notice circulated to the shareholders.
3. 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 in Circular No 1 of 2000.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose 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.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose 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.

4. The members can also participate in the Extraordinary General Meeting through video link facility.

To attend the EOGM through video link, members and their proxies are requested to register their following particulars by sending an e-mail at shareholders@servis.com.

Folio / CDC Account No.	No. of shares held	Name	CNIC No.	Cell No.	Email address

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on June 16, 2023.

5. **Procedure for E-Voting**

- a. In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.
- b. Detail of e-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses (Registered e-mail ID) available in the Register of Members of the Company by the end of business on June 13, 2023. Members who intend to exercise their right of vote through E-voting shall provide their valid cell numbers and email addresses on or before June 13, 2023.
- c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- d. Members shall cast vote for agenda item No. 1 and 2 online from June 17, 2023 till June 19, 2023 5:00 p.m. Voting shall close on June 19, 2023, at 5:00 p.m. A vote once cast by a Member, shall not be allowed to be changed.

6. **Procedure for Voting Through Postal Ballot**

- a. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website www.serviceglobalfootwear.com to download.
- b. The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, Servis House, 2-Main Gulberg, Lahore, or email at chairman@servis.com one day before the EOGM, i.e., on June 19, 2023 before 5:00 p.m. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

7. For any query / problem / information, the investors may contact the Shares Registrar: Mr. Muhammad Akbar Moghal, Phone No. 042-35839182, 35916714, 5916719, e-mail address:

corplink786@gmail.com and / or the Company: Mr. Tahir Maqsood, Phone No. 042-35751990, email address: shareholders@servis.com.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE EXTRAORDINARY GENERAL MEETING:

This statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on June 20, 2023.

Item No. 1 of the Agenda – Increase in Authorized Share Capital of the Company and Consequent Amendment in the Memorandum of Association

In order to cater for future increase in paid up share capital as and when deemed necessary in accordance with the growth plans and in the best interest of the Company and its stakeholders, the Board of Directors in their meeting held on May 29, 2023 have decided that the Authorized Share Capital of the company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the Authorized Share Capital of the Company from Rs. 2,500,000,000/- divided into 250,000,000 ordinary shares of Rs. 10/- each to Rs. 7,500,000,000/- divided into 750,000,000 ordinary shares of Rs. 10/- each by creation of additional 500,000,000 ordinary shares of Rs. 10/- each.

The new Ordinary Shares when issued shall carry same voting rights and rank *pari passu* with the existing Ordinary Shares in all respect/matters in conformity with the provisions of the Companies Act, 2017.

The proposed increase in the Authorized Share Capital of the Company will also necessitate amendments in clause 5 of the Memorandum of Association. Therefore, the Board of Directors have also recommended alteration in the Memorandum of Association of the Company to reflect increase in Authorized Share Capital of the Company.

The Directors / CEO of the Company or their relatives have no interest, direct or indirect, in the special business save to the extent of their Shareholding in the Company and in their capacity as Directors/CEO of the Company.

Reasons for increase in authorized share capital

It is being proposed to enhance the existing authorized capital in order to allow further issue of shares in future. Additional authorized capital of Rs. 5,000,000,000 i.e., creation of additional 500,000,000 ordinary shares of Rs. 10/- each is being proposed.

Reasons for Alteration in Memorandum of Association:

The Authorized Share Capital is being increased to cater future requirements of issue of further share capital. This necessitates the alteration of Clause 5 of the Memorandum of Association of the Company.

Existing Clause 5 of Memorandum of Association:

“The authorized 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 Only) each.”

Proposed Clause 5 of Memorandum of Association:

“The authorized capital of the company is Rs. 7,500,000,000/- (Rupees Seven Billion Five Hundred Million Only) divided into 750,000,000 (Seven Hundred Fifty Million) ordinary shares of Rs. 10/- (Rupees Ten Only) each.”

Statement by the Board of Directors:

We the Board of Directors of the Company hereby confirm that the proposed alterations in the Memorandum of Association for increase in authorized share capital of the Company are in line with the applicable provisions of the law and the regulatory framework.

Inspection:

A copy each of the existing and amended Memorandum of Association identifying the changes proposed therein bearing the initial of the company secretary for identification purposes and the documents pertaining to proposed special resolution are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, up to the last working day before the date of the Extraordinary General Meeting. The same shall also be available for inspection by the members in the Extraordinary General Meeting.

Item No. 2 of the Agenda – To amend the clause 85 of the Articles of Association of the Company

In order to allow the Board of Directors of the Company to approve the issuance of bonus shares by way of capitalization of any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, the Board of Directors of the Company in their meeting held on May 29, 2023 has recommended to substitute the Clause 85 of the Articles of Association of the Company accordingly.

Comparative AnalysisExisting Clause 85 of the Articles of Association

"85. Capitalization of Profits

The Company in general meeting may upon the recommendation of the Directors resolve through ordinary resolution that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, and the Directors shall give effect to such resolution."

Proposed Clause 85 of the Articles of Association

"85. Capitalization of Profits

The Board of Directors may capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution among the members who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied in or towards paying up in full unissued shares as bonus shares or debentures of the Company to be allotted and distributed, credited as fully paid up to and amongst such members in the proportion aforesaid, and the Directors shall give effect to such resolution."

Reason for Amendment in Articles of Association:

The Board is being allowed to capitalize the reserves / unappropriated profits by issuance of bonus shares for which the alteration in Article 85 has been recommended for approval of members.

Availability of Relevant Documents and Inspection

A copy each of the existing and proposed Articles of Association indicating the proposed amendments are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, upto the last working day before the date of the Extraordinary General Meeting.

Interest of directors

The Directors / Chief Executive of the Company have no interest, directly or indirectly, in this Special Business and / or Special Resolution except in their capacities as Directors / Chief Executive / shareholders.

Statement of the Board of Directors

We, the members of the Board of Directors of the Company hereby confirm that the proposed amendment in Articles of Association of the Company is in line with the applicable provisions of the laws and regulatory framework.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	Service Long March Tyres (Private) Limited	Service Industries Limited
Total Investment Approved	Long term equity investment increased from Rs. 2,175,215,000 to up to Rs. 2,525,215,000 for purchase of 35,000,000 shares.	<ul style="list-style-type: none"> - Working capital loan of up to Rs. 4.5 Billion for a period of one year till June 30, 2024. - Long-term loan of Rs. 2.5 Billion for a period of six years till June 30, 2027.
Amount of Investment made to date	An investment of Rs. 2,423,316,500 has been made so far by the Company.	<ul style="list-style-type: none"> - Investment made in the form of working capital loan amounting to Rs. 638 Million. - Investment made in the form of Long-term loan amounting to Rs. 2.25 Billion for a period of six years till June 30, 2027.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in a specified time	No deviation. The validity of resolution for investment of up to Rs. 2,525,215,000 is three (3) years from April 28, 2022. The balance investment will be made as and when funds are required by the associated Company.	No deviation. The investment will be made as and when funds are required by the associated company.
Material change in financial statements of associated company or associated undertaking since the date of the resolution passed for approval of investment in such company	<p>Investment was approved on December 30, 2020 and subsequently increased on April 28, 2022. The sponsors have injected Rs. 12,815,000,000 as equity and the associated company has commenced the commercial operations with effect from March 10, 2022.</p> <p>As per latest audited financial statements for the year ended June 30, 2022 the balance sheet size is Rs. 26.795 Billion, Loss after tax is Rs. 334,092,000 and Loss per share is Rs. 0.38.</p>	<p>There is no material change in the financial statements of the associated company since the date of passing of special resolution i.e., on June 30, 2021.</p> <p>As per latest audited financial statements for the year ended December 31, 2022 the balance sheet size is Rs. 40.250 Billion, Profit after tax is Rs. 354 Million and Earnings per share is Rs. 7.54.</p>