

SCHEME OF ARRANGEMENT FOR DEMERGER AND MERGER
UNDER SECTIONS 228 TO 229
AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 1994
AMONGST
ADVANCED CHEMICAL INDUSTRIES LIMITED (“Transferee Company”)
AND
PREMIAFLEX PLASTICS LIMITED (“Demerged Company/Transferor Company”)
AND
ACI PREMIO PLASTICS LIMITED (“Resulting Company”)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

A. PREAMBLE OF THE SCHEME

1. This Scheme of Arrangement for Demerger and Merger (hereinafter referred to as the “Scheme”) provides for the (i) demerger of plastics business undertaking from Premiaflex Plastics Limited (“PPL”) (**“Demerged Company/Transferor Company”**) into ACI Premio Plastics Limited (**“the Resulting Company”**) and, subject to fulfillment of (i) above, merger of the remaining business undertaking of PPL with Advanced Chemical Industries Limited (**“Transferee Company”**) pursuant to Sections 228 and 229 of the Companies Act, 1994 ("the Act") and other related provisions of the Companies Act, 1994, in accordance with which the Transferee Company shall be the surviving corporation and the separate corporate existence of the Demerged Company/Transferor Company shall cease thereafter.

B. RATIONALE FOR THE SCHEME

2. It has been realized by the Board of Directors of the Demerged/Transferor Company that the Demerged Company/ Transferor Company’s business activities of packaging and plastics manufacturing, are distinct and diverse from each other. For, while the packaging activities of the Demerged Company/Transferor Company is fully operated under B2B model serving institutional customers only, the plastics unit is operated to deliver premium quality plastic made furniture and household products to individual consumers. Consequently, considering the divergence of the business model, customer base and product nature of packaging and plastics unit, the Board of Directors of the Demerged Company/ Transferor Company adopted the view that in order to establish distinct brand identity and to ensure sustainable long-term growth, profitability, market share and continuous customer service, the plastics unit requires focused management attention, different set of skill and resources to meet competitive environment and to mitigate business risks.
3. With this objective in mind, it has been proposed to transfer and vest the plastics business undertaking of PPL in the Resulting Company (**“Demerger”**). It is envisaged that the said proposal shall be in the larger interest of the shareholders, creditors, and employees of the Demerged Company/Transferor Company, and the focused management of plastics business undertaking in a separate entity, will help to achieve effective future growth of the plastics business undertaking, by

streamlining operation costs, unlocking various untapped market opportunities. The demerger will allow plastics unit in creating a focused 'Go to Market' strategy leading to stronger market presence and higher confidence levels with all stakeholders.

4. On the other hand, merger of the remaining business of the Demerged Company/Transferor (having trading operations and vertical business relationship with the Transferee Company) into the Transferee Company would result in consolidation of businesses and its related assets. Consequent upon the merger, the Transferee Company would have a larger asset base, and greater borrowing capacity, which would provide it a competitive edge of others, especially in view of the increasing competition.
5. Merging the remaining business of PPL, including the packaging undertaking, with the Transferee Company, will create backward linkage for the Transferee Company as Demerged Company/Transferor Company is one of the key suppliers of packaging materials to Transferee Company. Consequently, the rationale for continuing closely related business separately no longer exists.
6. The restructuring of the companies will lead to simplification of group structure by splitting a distinct undertaking to a separate company, while join a backward linkage industry with an industry involved in the production of the final product. The synergies that exist between the Parties will ensure synergies of operations, capital efficiency, improved cash flows and greater business efficiency and avoid duplication of work and efforts and reduce managerial overlaps towards their common advantage.

C. PARTS OF THE SCHEME

7. This Scheme is divided into the following parts:
 - 7.1. **Part I** deals with definitions of the capitalized terms and interpretations used in this Scheme and sets out the share capital of the Demerged Company/Transferor Company, Resulting Company, and Transferee Company.
 - 7.2. **Part II** deals with the demerger of the plastics business undertaking of Demerged Company/Transferor Company into the Resulting Company, consideration for Demerger and the accounting treatment for Demerger.
 - 7.3. **Part III** deals with the merger of remaining business of the Demerged Company/Transferor Company with Transferee Company, consideration for merger and the accounting treatment for merger.
 - 7.4. **Part IV** deals with the general terms and conditions applicable to this Scheme and other matters consequential and integrally connected thereto.

PART I

8. DEFINITIONS AND INTERPRETATIONS

8.1. In this Scheme, unless the context otherwise requires, the following expression shall have the following meanings:

“Act” means the Companies Act, 1994, including any statutory modifications, re-enactments or amendments for the time being in force and the rules and/ or regulations and/ or other guidelines or notifications under Applicable Laws, made thereunder from time to time.

“Merger Appointed Date” means 30 June 2021 or such other date as the Court may direct.

“Merger Record Date” means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the shareholders of the Demerged Company/Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of this Scheme.

“Applicable Law(s)” means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, S.R.O.s circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Parties; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the parties.

“Appropriate Authority(ies)” means any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority.

“Board” or **“Board of Directors”** means the Board of Directors of Party, collectively or individually, including any committees thereof or any person duly authorised by the Board in connection with this Scheme.

“Demerger Appointed Date” means 30 June 2021 or such other date as the Court may direct.

“Demerger Record Date” means the date fixed by the Board of Directors of the Resulting Company for determining names of the shareholders of the Demerged Company/Transferor Company who shall be entitled to shares of the Resulting Company upon coming into effect of this Scheme.

“Effective Date” means last of the dates on which the conditions specified in Clause 39 hereof have been fulfilled and the certified true copy of the order of the Court sanctioning the Scheme has been filed with the Registrar of Joint Stock Companies (“RJSC”) by the Demerged Company/Transferor Company, Resulting Company and the Transferee Company. References in this Scheme to the date of “upon this Scheme becoming effective” or “effectiveness of this Scheme” or “coming into Effect of this Scheme” shall mean the Effective Date.

“Permits” means all consents, licenses, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, and regulatory under Applicable Law.

“Register of Members” shall mean the registers to be maintained by every company under Section 34 of the Act.

“Remaining Business” shall mean the whole of the assets, properties, liabilities and the undertaking(s) and all the businesses of the Demerged Company/Transferor Company excluding its Plastics Business Undertaking.

“Resulting Company” means ACI Premio Plastics Limited, having Registration no. C-179655/2022, a private company incorporated on 16 March 2022 under the Companies Act, 1994 and having its registered office at ACI Centre, 245 Tejgaon Industrial Area, Dhaka-1208, Bangladesh.

“Packaging Business Undertaking” means the business undertaking of the Demerged Company/ Transferor Company for manufacturing and supplying of all kinds of flexible packaging materials using technology machineries.

“Plastics Business Undertaking” means the business undertaking of the Demerged Company/ Transferor Company for manufacturing, supplying and trading of various home plastic products / consumer plastics products under the brand of “*ACI Premio Plastics*” and shall include the whole of the assets, properties, liabilities and entire business(es) pertaining to Plastics Business carried out on a going concern basis and specifically include the following (without limitation):

- all the assets (whether movable or immovable), properties, current assets, investments, claims, authorities, allotments, approvals, consents, licenses, registration, contracts, concessions, engagements, arrangements, estates, interests, intellectual property rights, powers, rights and titles, benefits and advantages, of whatsoever nature and wherever situated of every description belonging to or in the ownership, power or possession and in the control of or vested in or granted in favor of or enjoyed by Demerged Company/Transferor Company in relation to Plastics Business Undertaking as on the Demerger Appointed Date;
- All the debts, duties, liabilities and obligations of every description of or pertaining to Plastics Business Undertaking of Demerged Company/Transferor Company standing in the books of Demerged Company/Transferor Company as on the Demerger Appointed Date;
- All encumbrances and charges appearing in the books of Demerged Company/Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised, incurred or utilized for the benefit of or enjoyed by the Demerged Company/Transferor Company in relation to its Plastics Business Undertaking as on the Demerger Appointed Date;
- All agreements, rights, contracts, entitlements, permits, licenses, approvals, authorities, consents, quota rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantee, reversions, powers and all other approvals of every kind, nature, description whatsoever relating to the business activities and operations of the Demerged Company/Transferor Company relating to/ in connection with/ recognized or treated as part of the Plastics Business Undertaking of the Demerged Company/Transferor Company as on the Effective Date;
- All records, files, papers, computer programs, manuals, catalogues, sales material, list of clients, other client information and all other records and documents relating to the business activities and operations of the Demerged Company/Transferor Company and relating to/ in connection with/ recognized or treated as part of the Plastics Business Undertaking of the Demerged Company/Transferor Company as on the Effective Date;
- All employees engaged in or relating to the business activities and operations of the Demerged Company/Transferor Company and relating to/ in connection with/ recognised

or treated as part of the Plastics Business Undertaking of the Demerged Company/Transferor Company as on the Effective Date;

- Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Plastics Business Undertaking or whether it arises out of the activities or operations of the Plastics Business Undertaking shall be decided by mutual agreement between the Board of Directors of the Demerged Company/Transferor Company and the Resulting Company; and
- The Assets and Liabilities of Plastics Business Undertaking as on Demerger Appointed Date is more fully described in Schedule I to this Scheme.

“Scheme” means this scheme of arrangement for demerger and merger in the present form submitted to the Court for sanction or with any modification(s) approved or imposed or directed by the Court and accepted by the Board of Directors of the Parties.

“Tax Law(s)” means any tax liabilities under the Income Tax Ordinance, 1984, Customs Act, 1969, Value Added Tax and Supplementary Duties Act, 2012 or other Applicable Laws dealing with taxes/duties/levies in Bangladesh.

“Transferee Company” means Advanced Chemical Industries Limited having Registration no. C-3885 a listed public limited company incorporated on 24 January 1973 under the Companies Act, 1913 and having its registered office at ACI Centre, 245 Tejgaon I/A, Dhaka 1208, Dhaka.

“Transferor Company” or **“Demerged Company”** means Premiaflex Plastics Limited having Registration No. C-67215 an unlisted private limited company incorporated on 11 June 2007 under the Companies Act, 1994 and having its registered office at ACI Centre, 245 Tejgaon I/A, Dhaka 1208, Dhaka.

“Court” means the High Court Division of Supreme Court of Bangladesh.

“Stock Exchange” means the stock exchanges where the equity shares of the Transferee Company are listed i.e, Dhaka Stock Exchange.

“Undertakings of the Demerged Company/Transferor Company” means either or both (i) Plastics Business Undertaking, and, (ii) Packaging Business Undertaking.

8.2. In this Scheme, unless the context otherwise requires:

8.2.1. Words denoting singular shall include plural and vice versa.

8.2.2. Headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation.

8.2.3. References to the word “include” or “including” shall be construed without limitation.

8.2.4. Any reference to a clause, part, annexure, or schedule is, unless indicated to the contrary, a reference to a clause, part, annexure or schedule of this Scheme.

8.2.5. Unless otherwise defined, the reference to the word “days” shall mean calendar days,

8.2.6. Reference to a document includes an amendment or supplement to, or replacement or novation of, that document.

8.2.7. Word(s) and expression(s) elsewhere defined in this Scheme will have the meanings) respectively ascribed to them.

9. SHARE CAPITAL

9.1. The description of share capital of the Demerged Company/Transferor Company (**Premiaflex Plastics Limited**) as of 30 June 2021 is as under:

<u>(a) Authorized:</u>	<u>(Taka)</u>
1,500,000 Ordinary Shares of Tk.1000 each	1,500,000,000
<u>(b) Issued, subscribed and paid-up:</u>	
300,000 Ordinary Shares of Tk. 1000 each	300,000,000

Description of Share Capital is as follows:

Name of the shareholders	No. of Shares	% of shareholding	Taka
Advanced Chemical Industries Limited	261,945	87.315%	261,945,000
Mr. M Anis Ud Dowla	37,980	12.660%	37,980,000
Mrs. Najma Dowla	75	0.025%	75,000
	300,000	100.00%	300,000,000

Balance Sheet of the Demerged Company/Transferor Company as on 30 June 2021 is enclosed herewith as **Schedule II**.

9.2. The summary of share capital of the Resulting Company (**ACI Premio Plastics Limited**) as of 16 March 2022 is as under:

<u>(a) Authorized:</u>	<u>(Taka)</u>
150,000,000 Ordinary Shares of Tk.10 each	1,500,000,000
<u>(b) Issued, subscribed and paid-up:</u>	
20,000 Ordinary Shares of Tk. 10 each	200,000

Description of Share Capital is as follows:

Name of the shareholders	No. of Shares	% of shareholding	Taka
Premiaflex Plastics Limited	19,999	99.995%	199,990
Mr. M. Anis Ud Dowla	1	0.005%	10
Total	20,000	100%	200,000

9.3 The Summary of share capital of the Transferee Company (**Advanced Chemical Industries Limited**) as of 30 June 2021 is as under:

<u>(a) Authorized:</u>	<u>(Taka)</u>
150,000,000 Ordinary Shares of Tk.10 each	1500,000,000
<u>(b) Issued, Subscribed and paid-up:</u>	
63,110,250 Ordinary Shares of Tk.10 each	631,102,500

Description of the Share Capital is as follows:

Shareholder Description	No. of shares	% of shareholding
Directors and sponsors:		
Mr. M. Anis Ud Dowla	11,715,086	18.56%
Dr. Arif Dowla	2,273,543	3.60%
Mrs. Najma Dowla	1,744,909	2.76%
ACI Foundation	5,746,648	9.11%
Ms. Shusmita Anis	785,670	1.24%
	22,265,856	35.28%
Institutional Shareholders	27,162,781	43.04%
General Shareholders	13,681,613	21.68%
Total	63,110,250	100%

Balance Sheet of the Transferee Company as of 30 June 2021 is enclosed herewith as **Schedule III**.

**PART II- DEMERGER, TRANSFER AND VESTING OF PLASTICS BUSINESS
UNDERTAKING OF DEMERGED COMPANY/TRANSFEROR COMPANY INTO
RESULTING COMPANY**

10. GENERAL

Upon the coming into effect of Part II of this Scheme and with effect from the Demerger Appointed Date, the Plastics Business Undertaking of the Demerged Company/Transferor Company (including all assets, liabilities, estates, properties, investments, rights, claims, titles, employees, contracts, arrangements, approvals, permits, licenses, records, interests and authorities thereto) shall stand transferred to and vested in or deemed to be transferred to and vested in the Resulting Company under the provisions of this Scheme, Section 228, 229 and all other applicable provisions, if any, of the Act as a going concern, without any further act, deed, matter or thing by virtue of and in the manner provided in this Scheme.

11. TRANSFER OF ASSETS

11.1. Without prejudice to the generality of Clause 10 above, upon coming into effect of this Scheme and with effect from the Demerger Appointed date:

11.1.1 All the assets and properties comprised in the Plastics Business Undertaking of Demerged Company/Transferor Company, of whatsoever nature and wheresoever situated, whether or not recorded in the books of the Demerged Company/Transferor Company including those referred in Schedule I of this scheme, including assets and properties acquired on or after the Demerger Appointed Date, shall, under the provisions of this Scheme, Section 228 to 229 of the Act and all other applicable provisions, if any, without any further act or deed, be and stand transferred to and vested in the Resulting Company or be deemed to be transferred to and vested in the Resulting Company on a going concern basis so as to become, the assets and properties of the Resulting Company.

11.1.2 Without prejudice to Clause 11.1.1 above, in respect of such assets and properties pertaining to the Plastics Business Undertaking of Demerged Company/Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Demerged Company/Transferor Company and shall, upon such transfer, become the assets and properties of the Resulting Company as an integral part of the Plastics Business Undertaking, without requiring any separate deed or instrument or conveyance for the same.

11.1.3 In respect of movables other than those dealt with in Clause 11.1.2 above, assets and liabilities including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Demerger Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may, without being obliged, and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or deposittee, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Resulting Company).

11.1.4 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all quality certifications

and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other intellectual property and all other interests relating to the goods or services being dealt with by the Plastics Business Undertaking, be transferred to and vested in the Resulting Company. Insofar as the various incentives, sales tax deferral benefits, subsidies (including applications for subsidies), rehabilitation schemes, grants, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Demerged Company/Transferor Company are concerned, the same shall, without any further act or deed, in so far as they relate to the Plastic Business Undertaking, vest with and be available to the Resulting Company on the same terms and conditions.

- 11.1.5 All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Plastics Business Undertaking of Demerged Company/Transferor Company and all rights and benefits that have accrued or which may accrue to the Demerged Company, whether before or after the Demerger Appointed Date, shall, under the provisions of this Scheme, Section 228 to 229 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Resulting Company so as to become, from the Demerger Appointed Date, licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 11.1.6 All immoveable property, whether or not included in the books of the Demerged Company/Transferor Company, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) of the Plastics Business Undertaking shall stand transferred to and be vested in the Resulting Company, without any act or deed to be done or executed by the Demerged Company/Transferor Company and/or the Resulting Company.
- 11.1.7 Insofar as the assets comprised in the Plastics Business Undertaking of Demerged Company/Transferor Company are concerned, the security or charge over such assets relating to any loans, debentures or borrowing or guarantee of the Demerged Company/Transferor Company, whether or not in connection with the Plastics Business Undertaking, shall without any further act or deed be transferred along with Plastics Business Undertaking to the Resulting Company.
- 11.1.8 Where the Demerged Company/Transferor Company is entitled to various benefits under incentive schemes and policies in relation to the Plastics Business Undertaking and pursuant to this Scheme, it is declared that the benefits under all such schemes and policies shall be transferred to and vest in the Resulting Company and all benefits, entitlements and incentives of any nature whatsoever shall be claimed by the Resulting Company and these shall relate back to the Demerger Appointed Date as if the Resulting Company was originally entitled to all benefits under such incentive scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under the incentive schemes were made available to the Demerged Company/Transferor Company.

12. TRANSFER OF LIABILITIES

- 12.1. Without prejudice to the generality of Clause 11 above, upon coming into effect of this Scheme and with effect from the Demerger Appointed Date:
- 12.1.1. All the loans raised and utilized, and all liabilities, duties and obligations incurred or undertaken by the Demerged Company/Transferor Company in relation to the activities or operations of the Plastics Business Undertaking including those included in Schedule I of this scheme or as acquired on or after the Demerger Appointed Date shall, to the extent they are outstanding on the Effective Date, under the provisions of this Scheme, Sections 228 and 229 of the Act, and all other applicable provisions, if any, shall, without any further act or deed, be and stand transferred and vested to or deemed to have been transferred and vested to the Resulting Company and shall become the loans, liabilities, duties and obligations of the Resulting Company, on the same terms and conditions, which shall undertake to meet, discharge and satisfy the same.
 - 12.1.2. Without prejudice to the provisions of 12.1.1 above, all general and multipurpose liabilities and borrowings including fund-based and non-fund based limits sanctioned by the lenders to the Demerged Company/Transferor Company will be allocated and transferred to the Resulting Company based on mutual agreement between the board of directors of the Demerged Company/Transferor Company and the Resulting Company.
- 12.2. All specific loans and borrowings, raised and used, and all liabilities and obligation incurred and utilized by the Demerged Company/Transferor Company solely for the operations and activities of Plastics Business Undertaking after the Demerger Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also, without any further Act or Deed be and stand transferred to the Resulting Company and shall become liabilities and obligations of the Resulting Company which shall undertake to meet and discharge and satisfy the same.
- 12.3. Where any of the liabilities and obligations of the Demerged Company/Transferor Company relating to the Plastics Business Undertaking as on the Demerger Appointed Date is deemed to be transferred to the Resulting Company, have been discharged by the Demerged Company/Transferor Company after the Demerger Appointed Date but before the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and the Resulting Company shall promptly upon demand by the Demerged Company make good and pay the same to the Demerged Company/Transferor Company.
- 12.4. The transfer of the general or multipurpose loans in terms of Clause 12.1 above, shall be subject to any agreement or arrangement including agreements in respect of security entered into between the Demerged Company and the lenders existing on the Demerger Appointed Date or Effective Date which shall continue in full force notwithstanding that the liabilities for repayment of principal and payment of interest are taken over by the Resulting Company (on the basis of this Clause 12). If the agreement with lender(s) so require, the Demerged Company shall make repayments of such principal amounts and payments of interest thereon on behalf of the Resulting Company, and the Resulting Company shall be under obligation to place the Demerged Company in funds at the relevant time so as to enable the Demerged Company to make payment to the lenders.

13. ENCUMBRANCES

- 13.1. The transfer and vesting of the assets comprised in the Plastics Business Undertaking of the Demerged Company/Transferor Company to and in the Resulting Company shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided:
- 13.1.1 All the existing securities, mortgages, charges, encumbrances or liens ("**Encumbrances**"), if any, as on the Demerger Appointed Date and created by the Demerged Company/Transferor Company after the Demerger Appointed Date over the assets comprised in the Plastics Business Undertaking or any part thereof transferred to the Resulting Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Demerged Company/Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred and vested in the Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of the Resulting Company provided however that no Encumbrances shall have been created by the Demerged Company/Transferor Company over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Resulting Company.
- 13.1.2 Unless provided for otherwise in this Scheme, upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.
- 13.2. It is expressly provided that, no other term or condition of the liabilities transferred to the Resulting Company or the liabilities of the Demerged Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication of this Scheme.
- 13.3. The provisions of this Clause pertaining to Encumbrance shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writing shall be deemed to stand modified and/or superseded by the foregoing provisions, except any other arrangements to the contrary with the lenders.

14. CONTRACTS, DEEDS, ETC

- 14.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments, of whatsoever nature, to which the Demerged Company/Transferor Company is a party or to the benefit of which the Demerged Company/Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, so far as it relates to Plastics Business Undertaking, shall continue in full force and effect by, for or against or in favour of as the case may be, the Resulting Company and may be enforced as fully and effectually as if instead of the Demerged Company/Transferor Company, the Resulting Company had been a party or beneficiary or obligee or obligor thereto or thereunder, subject to such changes and variations in the terms, conditions and provisions thereof as may be mutually agreed to between Resulting Company and other parties thereto. Resulting Company shall enter and/or issue and/or execute deeds, writings or confirmations or enter into any arrangement, confirmations or novation in order to give formal effect to the provisions of this Clause 14.1, if so required or if it becomes necessary by law or by any other arrangement.

- 14.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Plastics Business Undertaking of Demerged Company/Transferor Company occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company/Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Demerged Company may also, if required, be party to such arrangements. The Resulting Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Demerged Company/Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company/Transferor Company to be carried out or performed.
- 14.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Demerged Company/Transferor Company to the extent related to Plastics Business Undertaking shall, without any further act or deed, stand transferred to the Resulting Company, as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall receive relevant approvals from the Appropriate Authorities as may be necessary in this behalf.

15. LEGAL PROCEEDINGS

- 15.1 Upon coming into effect of the Scheme, on and from the Demerger Appointed Date, all suits, actions, claims and legal proceedings, if any, by or against the Demerged Company/Transferor Company in respect of Plastics Business Undertaking pending and/or arising on or before the Effective Date shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Resulting Company. Following the Effective Date, the Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company, to the extent they relate to Plastics Business Undertaking, and doing so is practically feasible, transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.
- 15.2 All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions, if any) by or against Demerged Company/Transferor Company in respect of Plastics Business Undertaking shall not abate, be discontinued or be in any way prejudicially affected by reasons of this Scheme or the transfer of the Plastics Business Undertaking or of anything contained in this Scheme, but the said proceedings shall till the Effective Date be continued, prosecuted and enforced by or against Demerged Company as if this Scheme had not been made and thereafter be continued, prosecuted and enforced by or against Resulting Company in the same manner and to the same extent as they would or might have been continued, prosecuted, enforced by or against Demerged Company if this Scheme had not been made.
- 15.3 The Resulting Company undertakes to have all legal proceedings initiated by or against the Demerged Company/Transferor Company referred to in Clause 15.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company/Transferor Company. Both companies shall make relevant applications in that behalf.

- 15.4 Notwithstanding the above, in case the proceedings referred to in Clause 15.1 above cannot be transferred for any reason, the Demerged Company/Transferor Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the Resulting Company shall reimburse, indemnify and hold harmless the Demerged Company/Transferor Company against all liabilities and obligations incurred by the Demerged Company/Transferor Company in respect thereof.
- 15.5 If proceedings are taken against the Demerged Company in respect of the Plastics Business Undertaking on or after the Demerger Appointed Date, the Demerged Company shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company. The latter shall reimburse and fully indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

16. EMPLOYEES

- 16.1. Upon coming into effect of this Scheme, the permanent employees of the Demerged Company/Transferor Company to the Plastics Business Undertaking who are in employment with the Demerged Company as on the Effective Date shall become the permanent employees of the Resulting Company (“Transferred Employees”) with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favorable than those on which they are engaged or employed by the Demerged Company/Transferor Company. The Resulting Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Demerged Company/Transferor Company relating to the Plastics Business Undertaking with any union/employee of the Demerged Company/Transferor Company. The Resulting Company agrees that for the purpose of any payment of any compensation, gratuity and other termination benefits, the past services of the Transferred Employees with the Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 16.2. Insofar as the existing provident fund trusts, gratuity funds, pension and/or superannuation fund or any other fund trusts created by the Demerged Company/Transferor Company for its employee (including the Transferred Employees) are concerned, the part of the funds referable to the Transferred Employees shall be continued for the benefit of the Transferred Employees pursuant to this Scheme in the manner provided hereinafter. The Resulting Company shall have the obligation to take all necessary steps to set up its own funds as soon as practicable. In the event that the Resulting Company has set up its own funds, the amounts in such funds in respect of contributions of the Demerged Company pertaining to the Transferred Employees of the Plastics Business Undertaking shall, subject to the necessary approvals and permissions, if any, be transferred to the relevant funds of the Resulting Company. Until such time that the Resulting Company creates its own fund, the Resulting Company may, subject to necessary approvals and permissions, if any, continue to contribute in respect of the Transferred Employees, to the relevant funds of the Demerged Company. At the time that the Resulting Company creates its own funds, the contributions pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.
- 16.3. With effect from the first of the dates of filing of this Scheme with the Court and up to and including the Effective Date the Demerged Company/Transferor Company shall not vary the terms and conditions of employment of any of Transferred Employees relating to Plastics Business Undertaking, except with the prior written consent of the Resulting Company.

17. CONDUCT OF BUSINESS

- 17.1. With effect from the Demerger Appointed Date and up to and including the Effective Date, the Demerged Company/Transferor Company shall carry on and be deemed to have carried on its business and activities relating to the Plastics Business Undertaking and shall stand possessed of all its assets and properties referred to above, on trust for the Resulting Company and shall account for the same to the Resulting Company. The Demerged Company shall hold the said assets with utmost prudence until the Effective Date.
- 17.2. Without prejudice to the generality of the conduct of business in Clause 17.1 above, with effect from the Demerger Appointed Date and up to and including the Effective Date, all general and indivisible profits or incomes accruing or arising to the Demerged Company/Transferor Company and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profit and income) by the Demerged Company/Transferor Company, shall, unless the same are distinctly identifiable as relating and attributable to the Plastics Business Undertaking, for all purposes, be treated and be deemed to be and accrued as the profits or incomes or as the case may be, expenditure or losses (including taxes) of the Demerged Company.
- 17.3. The Demerged Company/Transferor Company undertakes that it will from the date of approval of the Scheme by the Board of Directors of the Demerged Company/Transferor Company and the Resulting Company, or the Appointed Date, whichever is earlier, and up to and including the Effective Date preserve and carry on the Plastic Business Undertaking with diligence and prudence and agrees that it will not, in any material respect, without the prior written consent of the Resulting Company, alienate, charge or otherwise deal with or dispose of the Plastic Business Undertaking or any part thereof except in the ordinary course of business or undertake substantial expansion of the Plastic Business Undertaking, other than expansions which have already been commenced.
- 17.4. Any of the rights, powers, authorities, and privileges attached or related or pertaining to Plastics Business Undertaking and exercised by or available to the Demerged Company/Transferor Company shall be deemed to have been exercised by the Demerged Company/Transferor Company for and on behalf of the Resulting Company, as its trustee and agent. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Plastics Business Undertaking that have been undertaken or discharged by the Demerged Company/Transferor Company shall be deemed to have been undertaken or discharged by for and on behalf of and as agent for the Resulting Company.

18. TAXES

- 18.1. All taxes (including, without limitation, income tax, advance tax, excise duty, customs duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, paid or payable by the Demerged Company/Transferor Company in respect of the operations and/or the profits of the Plastic Business Undertaking before the Demerger Appointed Date, shall be on account of the Demerged Company/Transferor Company and, insofar as it relates to the tax payment (including, without limitation, income tax, minimum tax, dividend distribution tax, sales tax, VAT, excise duty, customs duty, services tax, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company/Transferor Company in respect of the profits or activities or operations of the Demerged Company/Transferor Company with effect from the Demerger Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company, and, shall, in all proceedings, be dealt with accordingly.
- 18.2. On the Scheme becoming effective, the Resulting Company shall be entitled to file/revise its Income Tax Returns, Tax Deducted at Source ("TDS") Returns and other statutory

returns, if required and shall have the right to claim refunds, depreciation benefits etc., if any, as to the Income Tax Returns filed by the Demerged Company/Transferor Company in respect of Plastics Business Undertaking so far as is necessitated on account of the Scheme becoming effective from the Demerger Appointed Date under the Scheme.

- 18.3. Upon the Scheme coming into effect, all taxes payable by the Demerged Company/Transferor Company, and all or any refunds and claims, which can be identified distinctly as being related and attributable to Plastics Business Undertaking, with effect from the Demerger Appointed Date shall, for all purposes, be treated as the tax liabilities or refunds and claims (including, without limitation, income tax, minimum tax, dividend distribution tax, VAT, excise duty, customs duty, services tax, etc.), as the case may be, of the Resulting Company. Accordingly, upon the Scheme becoming effective, the Demerged Company and Resulting Company are also expressly permitted to revise their respective Financial Statements, Income Tax Returns, TDS Returns, VAT Returns and other tax/statutory returns and to claim refunds, advance tax and withholding tax credits, benefits of credit for Minimum Tax in accordance with Income Tax Ordinance 1984, Value Added Tax and Supplementary Duties Act 2012 and Customs Act, 1969.
- 18.4. Without prejudice to the above, it is hereby clarified that nothing in this Clause shall be deemed to have affected the rights of the Demerged Company to carry forward of accumulated depreciation, losses and income tax refunds, etc. accrued or incurred, before or on the Demerger Appointed Date, nor shall this Scheme be deemed to be conferring a right upon the Resulting Company to carry forward such accumulated depreciation and losses of the Demerged Company arising before or on the Demerger Appointed Date.
- 18.5. On and from the Demerger Appointed Date, if any certificate for TDS or any other tax credit certificate specifically and distinctly relating to the Plastics Business Undertaking of the Demerged Company/Transferor Company is received in the name of the Demerged Company/Transferor Company, it shall be deemed to have been received in the name of the Resulting Company, which alone shall be entitled to claim credit for such tax deducted or paid.
- 18.6. With effect from the Demerger Appointed Date, all VAT Registrations, Certificates, Declarations, Returns, all indirect taxes and duties including VAT, excise duty, customs duty etc. and any balance therein relating to the Plastics Business Undertaking shall be deemed transferred to the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 18.7. Without prejudice to the generality of the above, all benefits, entitlements, incentives, credits (including Income Tax; Excise Duty, Customs Duty, VAT, registrations, etc.) to which the Demerged Company/Transferor Company is entitled to specifically and identifiably in relation to Plastics Business Undertaking, in terms of Applicable Laws, shall be available to and vest in the Resulting Company, upon the Scheme coming into effect.
- 18.8. Any tax loss not specifically allocable or related to the Plastics Business Undertaking of Demerged Company/Transferor Company, to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Demerger Appointed Date, shall be retained with the Remaining Business of the Demerged Company.
- 18.9. All tax assessment proceedings/appeals of whatsoever nature by or against the Demerged Company/Transferor Company so far as it identifiably relates to Plastics Business Undertaking pending on and/or arising at the Demerger Appointed Date and relating to the Demerged Company shall be continued and/or enforced until the Effective Date by the Demerged Company. In the event of the Demerged Company/Transferor Company failing to continue or enforce the proceedings/appeal, to the same extent the proceedings may be

distinctly identifiable to Plastics Business Undertaking, the same may be continued or enforced by the Resulting Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Demerged Entity, only to the extent that the proceedings may be separately and distinctly identifiable to relate to Remaining Business, while the proceedings relating to the Plastics Business Undertaking, as far as practicably possible, be enforced and continued by the Resulting Entity.

19. BANK ACCOUNT

On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company/Transferor Company, in relation to or in connection with the Plastics Business Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company/Transferor Company, in the name of the Demerged Company/Transferor Company for such time as may be determined to be necessary by the Resulting Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company/Transferor Company, specifically in relation to or in connection with the Plastics Business Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.

20. RIGHTS OF SHAREHOLDERS

The shareholders of Demerged Company/Transferor Company and Resulting Company shall, save as otherwise, provided under this Scheme, continue to enjoy their existing rights under their respective Articles of Association, including the right to receive dividends, from the respective company of which they are members till the Effective Date. It is clarified that it is an enabling clause and not an obligation on the Demerged Company/Transferor Company and/or Resulting Company to pay any dividend.

21. SAVING OF CONCLUDED TRANSACTIONS

- 21.1. Subject to the terms of this Scheme, the transfer and vesting of the Plastics Business Undertaking under Part II of this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company and the Resulting Company on or before the Demerger Appointed Date or concluded after the Demerger Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company/Transferor Company in relation to Plastics Business Undertaking as acts deeds and things made, done and executed by or on behalf of the Resulting Company.
- 21.2. Without prejudice to the provisions of the foregoing, and upon the effectiveness of this Part II of this Scheme, the Demerged Company/Transferor Company and the Resulting Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Resulting Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/or modification(s) of charge, with the RJSC or filing of necessary applications, notices, intimations or letters with any authority or person to give effect to the Scheme.

22. CONSIDERATION

- 22.1. Following the Effective Date of this Scheme and in consideration for the Demerger by way of transfer and vesting of the Plastics Business Undertaking of Demerged Company/Transferor Company to the Resulting Company, the Resulting Company shall, without further application, act, instrument or deed, issue and allot its equity shares to the equity shareholders of Demerged Company/Transferor Company, whose names are recorded in the register of members of the Transferor Company/Demerged Company or to their heirs or to any other person as may be nominated by the Shareholder(s), on a date (hereinafter referred to as the “Demerger Record Date”) to be fixed by the Board of Directors of the Resulting Company, up to 39,849,600 ordinary shares of Tk. 10 each, credited as fully diluted paid-up shares of the Resulting Company amounting total up to Tk 398,496,000 total fully diluted paid up equity capital at the Effective Date according to their shareholding ratio in the Transferor Company/Demerged Company or such adjusted number of ordinary shares as may be agreed upon by the Shareholders of both the parties. Accordingly, subject to the provisions of Clause 10 to 21 and 47 hereof, the Shareholders (or such of their heirs, executors, administrators or the successor-in-title) of the Demerged Company/Transferor Company, shall be entitled up to 39,849,600 of ordinary shares of Tk. 10 each, or such adjusted number of ordinary shares of the Resulting Company as may be agreed upon by the Shareholders of both the parties (the “Consideration Shares”). A description of the post-demerger shareholding of Resulting Company is enclosed herewith as Part A of Schedule IV.
- 22.2. In determining the value of the shares of each company, both the parties have relied on the valuation reports of the Demerged Company/Transferor Company as of 30 June 2021 prepared by Hoda Vasi Chowdhury and Co. and hereby acknowledge that the value of the Plastics Business Undertaking as determined by the independent valuer is the fair market value and the transaction is carried out at arm’s length basis. A copy of the Valuation Report dated 23 November 2021 prepared by Hoda Vasi Chowdhury and Co. is annexed hereto as **Schedule VII** and shall form part of the Scheme.
- 22.3. The issue and allotment of shares by the Resulting Company to the shareholders of the Demerged Company/Transferor Company as provided in this Scheme is an integral part thereof and shall be deemed to have been carried out in accordance with the procedures laid down under the Act, as may be applicable.

23. REMAINING BUSINESS OF THE DEMERGED COMPANY

- 23.1. The Remaining Business of the Demerged Company/Transferor Company shall continue with the Demerged Company/Transferor Company.
- 23.2. The Remaining Business of the Demerged Company/Transferor Company and all the assets, liabilities and obligations (contractual or otherwise) pertaining thereto shall continue to belong to be vested in and be managed by the Demerged Company/Transferor Company, subject to Part III below.
- 23.3. All legal, taxation or other proceedings whether civil or criminal before any Appropriate Authority, by or against the Demerged Company/Transferor Company under any statute, whether pending on the Demerger Appointed Date or which may be instituted at any time thereafter, and any case relating to the Remaining Business of the Demerged Company/Transferor Company (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company/Transferor Company) shall be deemed to continue and be enforceable by or against the Demerged Company/Transferor Company (or the Transferee Company, as applicable) after the Effective Date.

23.4. If any proceedings are initiated against the Resulting Company in respect of such proceedings as referred to in Clause 23.3 above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company/Transferor Company and at the cost of the Demerged Company/Transferor Company.

23.5. With effect from the Demerger Appointed Date:

23.5.1. The Demerged Company/Transferor Company shall carry on and shall be deemed to have been carrying on all activities relating to the Remaining Business for and on its own behalf, and/or, if the context so requires/merits, on behalf of the Transferee Company.

23.5.2. All profits accruing to the Demerged Company/Transferor Company thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) of general and/or indivisible nature, or, specifically relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be, of the Demerged Company/Transferor Company, and/or, if the context so requires/merits, those of the Transferee Company.

23.5.3. Nothing in this clause shall be deemed to be prejudicial to the proposed scheme of merger of the Demerged Company with its Remaining Business Undertaking with the Transferee Company.

24. ACCOUNTING TREATMENT

24.1. Accounting Treatment in the Books of the Resulting Company

24.1.1. Upon the Scheme becoming effective, the Resulting Company shall account for the demerger of the Plastics Business Undertaking of the Demerged Company/Transferor Company in its books of account as of the Demerger Appointed Date with effect from the Effective Date.

24.1.2. Upon the Scheme becoming effective, the Resulting Company shall record all the assets and liabilities of the Plastics Business Undertaking of the Demerged Company/Transferor Company transferred to the Resulting Company pursuant to this Scheme at their respective book values thereof as appearing in the books of account of the Demerged Company/Transferor Company, on the close of business on Demerger Appointed Date.

24.1.3. Resulting Company shall credit the aggregate face value/ nominal value of new shares issued by it to the shareholders of Demerged Company/Transferor Company to the Share Capital Account in its books of accounts.

24.1.4. The Resulting Company shall, from Demerger Appointed Date to the Effective Date, record in its books of account, all transactions of the Plastics Business Undertaking of the Demerged Company in respect of assets, liabilities, income and expenses, to the extent such transactions are capable of being distinctly identified as relatable and attributable to the Plastics Business Undertaking.

24.2. Accounting Treatment in the books of the Demerged Company/Transferor Company

- 24.2.1. The Demerged Company/Transferor Company shall reduce from its books, the book value of assets and liabilities along with relatable provisions, if any, demerged as part of the Plastics Business Undertaking to Resulting Company, pursuant to the Scheme.
- 24.2.2. The difference arising pursuant to the net assets (assets less liabilities) of the Plastics Business Undertaking of the Demerged Company/Transferor Company transferred to the Resulting Company shall be adjusted with the Capital Reserve/ Securities Premium/ Retained earnings or any other reserves of the Demerged Company as on Demerger Appointed Date in accordance with applicable accounting standard.

PART III- MERGER OF REMAINING BUSINESS OF DEMERGED COMPANY/TRANSFEROR COMPANY WITH THE TRANSFEREE COMPANY

25. GENERAL

Upon the coming into effect of Part II and Part III of this Scheme and with effect from the Merger Appointed Date, the Remaining Business of the Demerged Company/Transferor Company (including all assets, liabilities, estates, properties, investments, rights, claims, titles, employees, contracts, arrangements, approvals, permits, licenses, records, interests and authorities including accretions and appurtenances, thereto) shall stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company under the provisions of this Scheme, Sections 228, 229 and all other applicable provisions, if any, of the Act and any other Applicable Law, on a going concern basis, without any further act, deed, matter or thing by virtue of and in the manner provided in this Scheme.

26. TRANSFER OF ASSETS

26.1. Without prejudice to the generality of Clause 25 above, upon coming into effect of this Scheme and with effect from the Merger Appointed Date:

26.1.1. All the assets and properties including the immovable properties as listed in Schedule VIII to this Scheme together with building, structure, etc. erected thereon and trees etc. situated thereon, comprised in the Remaining Business of the Demerged Company/Transferor Company, of whatsoever nature and wheresoever situated, whether or not recorded in the books of the Demerged Company/Transferor Company, including assets and properties acquired on or after the Merger Appointed Date, shall, under the provisions of this Scheme, Section 228-229 of the Act and all other applicable provisions of the Applicable Law, if any, without any further act or deed, be and stand transferred to and vested in the Transferee Company or be deemed to be transferred to and vested in the Transferee Company on a going concern basis, so as to become, the assets and properties of the Transferee Company. More specifically, the shares held by the Demerged Company/Transferor Company in the Resulting Company or any other company, shall be transmitted to the Transferee Company, without any further act or deed.

26.1.2. Without prejudice to the Clause 26.1.1 above, in respect of such assets and properties pertaining to the Remaining Business of the Demerged Company/Transferor Company as are movable in nature or incorporeal property or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same shall be so transferred by the Demerged Company/Transferor Company and shall, upon such transfer, become the assets and properties of the Transferee Company as an integral part of the undertakings of the Transferee Company, without requiring any separate deed or instrument or conveyance for the same.

26.1.3. In respect of movables other than those dealt with in Clause 26.1.1 above, assets and liabilities including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any government, quasi-government, local or other authority or body or with any company or other person, the same shall on and from the Merger Appointed Date stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (although the Transferee Company may, without being obliged, and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or deposittee, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Transferee Company).

- 26.1.4. All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by, and all rights and benefits that have accrued or which may accrue to, the Demerged Company/Transferor Company in connection with its Remaining Business whether before or after the Merger Appointed Date, shall, under the provisions of this Scheme, Section 228-229 of the Act and all other applicable provisions of Applicable Law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become as and from the Merger Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 26.1.5. All immoveable property, whether or not included in the books of the Demerged Company/Transferor Company in connection with its Remaining Business, whether freehold or leasehold (including but not limited to land, buildings, sites, tenancy rights related thereto, and immovable properties and any other document of title, rights, interest and easements in relation thereto) shall stand transferred to and be vested in the Transferee Company, without any act or deed to be done or executed by the Demerged Company/Transferor Company and/ or the Transferee Company.

27. TRANSFER OF LIABILITIES

- 27.1. Without prejudice to the generality of Clause 26 above, upon coming into effect of this scheme and with effect from the Merger Appointed Date:
- 27.1.1. All the loans raised and utilized, and all liabilities, duties and obligations incurred or undertaken by the Demerged Company/Transferor Company in relation to the activities or operations or otherwise in connection with its Remaining Business to the extent they are outstanding on the Effective Date, under the provisions of this Scheme, Section 228-229 and all other applicable provisions, if any, of the Act and any other provisions of any other Applicable Laws, without any further act or deed, be and stand transferred and vested to or deemed to have been transferred and vested to the Transferee Company and shall become the loans, liabilities, duties and obligations of the Transferee Company, on the same terms and conditions, which shall undertake to meet, discharge and satisfy the same.
- 27.1.2. Where any of the liabilities and obligations of the Demerged Company/Transferor Company in connection with its Remaining Business as on the Merger Appointed Date is deemed to be transferred to the Transferee Company, have been discharged by the Demerged Company/Transferor Company after the Merger Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- 27.1.3. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferee Company and the Demerged Company/Transferor Company shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any Party and appropriate effect shall be given in the books of accounts and records of the Transferee Company.

- 27.1.4. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Merger Appointed Date.

28. ENCUMBRANCES

- 28.1. The transfer and vesting of the assets comprised in the Remaining Business of the Demerged Company/Transferor Company to and in the Transferee Company shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided:

28.1.1. all the existing securities, mortgages, charges, encumbrances or liens ("Encumbrances"), if any, as on the Merger Appointed Date and created by the Demerged Company/Transferor Company after the Merger Appointed Date, over the assets comprised in its Remaining Business or, any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Demerged Company/Transferor Company in connection with its Remaining Business, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to and vested in the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company, provided however that no Encumbrances shall have been created by the Demerged Company/Transferor Company over its assets in connection with its Remaining Business after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.

28.1.2. The existing Encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties in connection with the Remaining Business of the Demerged Company/Transferor Company transferred to and vested in the Transferee Company by virtue of this Scheme.

28.1.3. Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to it in terms of the Scheme.

28.1.4. It is expressly provided that, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.

28.1.5. The provisions of this Clause pertaining to Encumbrance shall operate in accordance with the terms of the Scheme, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writing shall be deemed to stand modified and/or superseded by the foregoing provisions, except any other arrangements to the contrary with the lenders.

29. CONTRACTS, DEEDS, ETC

- 29.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, assurances and other instruments of whatsoever nature to which the Demerged Company/Transferor Company is a party or to the benefit of which the Demerged Company/Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date shall continue in full force and effect by, for or against or in favour of, as the case may be, so far

as it relates to Remaining Business of the Demerged Company/Transferor Company, and may be enforced as fully and effectually against the Transferee Company as if, instead of the Demerged Company/Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto or thereunder.

- 29.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Remaining Business of the Demerged Company/Transferor Company occur by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company/Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Remaining Business of the Demerged Company/Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Remaining Business of the Demerged Company/Transferor Company to be carried out or performed.
- 29.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, certificate, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Remaining Business of the Demerged Company/Transferor Company, shall without any further act or deed, stand transferred to the Transferee Company, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall receive relevant approvals from the concerned Governmental authorities as may be necessary in this behalf.

30. LEGAL PROCEEDINGS

- 30.1. On and from the Merger Appointed Date, all suits, actions, claims and legal proceedings, if any by or against the Demerged Company/Transferor Company in connection with its Remaining Business, pending and/or arising on or before the Effective Date shall be continued and/or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.
- 30.2. All proceedings of whatsoever nature (legal and others, including any suits, appeals, arbitration, execution proceedings, revisions, writ petitions, if any) by or against the Demerged Company/Transferor Company in connection with its Remaining Business shall not abate, be discontinued or be in any way prejudicially affected by reasons of this Scheme or the transfer of the Remaining Business of the Demerged Company/Transferor Company or of anything contained in this Scheme, but the said proceedings, shall till the Effective Date be continued, prosecuted and enforced by or against the Demerged Company/Transferor Company as if this Scheme had not been made and thereafter be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as they would or might have been continued, prosecuted, enforced by or against Demerged Company/Transferor Company if this Scheme had not been made. Transferee Company shall take steps to have the abovementioned proceedings continued in its name.

31. EMPLOYEES

31.1. Upon coming into effect of this Scheme:

- 31.1.1. The permanent employees of the Demerged Company/Transferor Company in connection with its Remaining Business who are in employment as on the Effective Date shall become the employees of the Transferee Company with effect from the Effective Date without any break or interruption in service and on terms and conditions as to employment and remuneration not less favorable than those on which they are engaged or employed by the Demerged Company/Transferor Company. It is clarified that the employees of the Demerged Company/Transferor Company in connection with its Remaining Business who become employees of the Transferee Company by virtue of this Scheme, shall not be entitled to the employment policies and shall not be entitled to avail of any schemes and benefits that may be applicable and available to any of the employees of the Transferee Company (including benefits under WPPF), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into by the Demerged Company/Transferor Company with any union/employee of the Demerged Company/Transferor Company in connection with its Remaining Business.
- 31.1.2. The existing provident fund, gratuity fund, pension and/or superannuation fund or trusts or retirement funds or benefits created in relation to the Remaining Business of the Demerged Company/Transferor Company or any other special funds created or existing for the benefit of the concerned employees of the Demerged Company/Transferor Company in connection with its Remaining Business (“Funds”) and the investment made out of such Funds shall, at an appropriate stage, be transferred to the Transferee Company to be held for the benefit of the concerned employees. The Funds shall, subject to the necessary approvals and permission and at the discretion of the Transferee Company, either be continued as separate funds of the Transferee Company for the benefit of the employees of the Demerged Company/Transferor Company in connection with its Remaining Business or be transferred to and merged with other similar funds of the Transferee Company. In the event that the Transferee Company does not have its own Fund with respect to any such Funds, the Transferee Company may, subject to necessary approvals and permissions, continue to maintain the existing Funds separately and contribute therein, until such time as the Transferee Company creates its own funds into which the Funds and the investments and contributions pertaining to the employees of the Demerged Company/Transferor Company in connection with its Remaining Business, shall be transferred to such funds of the Transferee Company.
- 31.1.3. With effect from the first of the dates of filing of this Scheme with the Court and up to and including the Effective Date, the Demerged Company/Transferor Company shall not vary or modify the terms and conditions of employment of any of its employees in connection with its Remaining Business except with the prior written consent of the Transferee Company.
- 31.1.4. It is clarified that the services of all transferred staff, workmen and employees of the Demerged Company/Transferor Company in connection with its Remaining Business will be treated as having been continuous for the purpose of the aforesaid employee benefits and/or liabilities. For the purpose of payment of any retrenchment compensation, gratuity, and/or other terminal benefits, and/or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Demerged Company/Transferor Company shall also be taken into account by the Transferee Company, who shall pay the same as and when payable.

32. CONDUCT OF BUSINESS AND TAXES

32.1. Upon coming into effect of this Scheme:

- 32.1.1. With effect from the Merger Appointed Date and up to and including the Effective Date, the Demerged Company/Transferor Company shall carry on and be deemed to have carried on its business and activities in relation its Remaining Business and shall stand possessed of all its assets and properties referred to above, in trust for the Transferee Company and shall account for the same to the Transferee Company. The Demerged Company/Transferor Company shall hold the said assets with utmost prudence until the Effective Date.
- 32.1.2. All the profits, incomes or losses of general and indivisible nature (i.e. incapable of being attributed to the Undertakings of the Demerged Company/Transferor Company distinctly) accruing or arising or unabsorbed depreciation or business losses or tax refunds as mentioned in the income tax return of the Demerged Company/Transferor Company, or expenditures or losses arising or incurred (including the effect of taxes, if any, thereon) by the Transferor Company in respect of the Remaining Business shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or expenditures or taxes of the Transferee Company, as the case may be.
- 32.1.3. Income taxes of whatsoever nature (including, without limitation, advance tax, minimum tax, source tax, etc.) paid by the Demerged Company/Transferor Company, whether by way of deduction at source, advance tax or otherwise howsoever shall be deemed paid by the Transferee Company and it shall, without any limitation, be entitled to claim, credit, refund, rebate, carry forward or adjustment for the same as may be applicable.
- 32.1.4. With effect from the Merger Appointed Date, all VAT Registrations, Certificates, Declarations, Returns, all indirect taxes and duties including VAT, excise duty, customs duty etc and any balance therein relating to the Remaining Business Undertaking shall be deemed to be transferred to the Transferee Company and shall, in all proceedings, be dealt with accordingly.
- 32.1.5. With effect from the Merger Appointed Date and up to and including the Effective Date, all tax payment (including, without limitation, income tax, minimum tax, dividend distribution tax, VAT, excise duty, customs duty, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company/Transferor Company in respect of the profits or activities or operations of the Remaining Business or in respect of general/multipurpose operations (i.e. activities that are incapable of being attributable to the Undertakings of the Demerged Company/Transferor Company distinctly) of Demerged Company/Transferor Company, shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.
- 32.1.6. Any refund/credit and rebate under the tax laws due to the Demerged Company/Transferor Company consequent to the assessment made on Demerged Company/Transferor Company for which no credit is taken in the account as on the date immediately preceding the Merger Appointed Date, shall also belong to and be received by the Transferee Company. The Transferee Company is expressly permitted to revise and expressly permitted to file revised income tax returns, VAT returns, and other tax returns, and to claim refunds/credits, pursuant to the provisions of the Scheme.
- 32.1.7. The Transferee Company shall be entitled to such tax, benefits including but not limited to minimum tax paid under section 16BBB or 82C of the Income Tax Ordinance, 1984

(as amended time to time) and the right to claim credit therefore including the benefits of brought forward losses or unabsorbed depreciation or tax refund regardless of whether they are general and/or indivisible, or, relates specifically to the Remaining Business, as admissible under the provision of the Income Tax Ordinance, 1984 to the extent applicable to the Demerged Company/Transferor Company, from taxable profit of the Transferee Company with effect from the Merger Appointed Date. The Transferee Company shall continue to enjoy the tax benefits/concessions provided to the Demerged Company/Transferor Company's through notifications/circular issued by the concerned authorities.

- 32.1.8. Upon the Scheme coming into effect, all taxes/ duties, direct and/or indirect taxes, receivable by or on behalf of the Demerged Company/Transferor Company including all or any refunds, rebate and claims, including refunds, rebates or claims pending, unabsorbed depreciation, accumulated losses, whether of general/multipurpose and indivisible nature or specifically relating to the Remaining Business, as per income tax return of Demerged Company/Transferor Company with any Governmental Authority including National Board of Revenue, Income Tax, VAT, Customs and including the right to claim credit for minimum tax paid, tax deducted at sources and carry forward of accumulated losses (including any unabsorbed depreciation), and unutilized VAT credit, rebate, VAT/AT refund etc. shall, for all purposes, be treated as the tax, duty, liabilities or refunds, rebates, claims, accumulated losses and unutilized VAT credit, rebate, VAT / AT refund etc. of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company shall be permitted to revise, if it becomes necessary, its income tax returns, wealth tax returns, excise and VAT returns, other statutory returns, and to claim refunds, rebates, set off, credits, pursuant to the provisions of this Scheme. For avoidance of doubt, it is hereby declared that all accumulated/accrued loss of income over the past years that are due and attributable to the Demerged Company/Transferor Company, whether they are of general/multipurpose and indivisible nature or specifically relating to the Remaining Undertaking, shall be vested, by virtue of this Scheme, in the Transferee Company as if the said accrued loss has been inherited by operation of law under section 229 of the Companies Act, 1994 and the said amount shall be adjustable against the total income of the Transferee Company after coming into effect of the Scheme.
- 32.1.9. The Transferee Company shall also be permitted to claim refunds / credits in respect of any transaction between the Demerged Company/Transferor Company and the Transferee Company.
- 32.1.10. All tax deducted at source, if any, paid by the Demerged Company/Transferor Company under the Income Tax Ordinance, Value Added Tax Act or any other statute in respect of income of the Remaining Business and/or in respect of general/multipurpose operations (i.e. activities that are incapable of being attributable to the Undertakings of the Demerged Company/Transferor Company distinctly) of the Demerged Company/Transferor Company, assessable for the period commencing from Merger Appointed Date, shall be deemed to be the tax deducted from/advance tax paid by the Transferee Company and credit for such withholding tax shall be allowed to the Transferee Company notwithstanding that certificates or receipts or challans for withholding tax/advance tax are in the name of the Demerged Company/Transferor Company and not in the name of the Transferee Company.
- 32.1.11. For the avoidance of doubt it is stated that any tax liabilities under the Tax Laws whether or not specifically allocable or related to the business of the Demerged Company/Transferor Company in relation to the Remaining Business of the Demerged Company/Transferor Company, to the extent not provided for or covered by tax

provision in the accounts made as on the date immediately preceding the Merger Appointed Date, shall be transferred to Transferee Company.

33. BANK ACCOUNTS

On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company/Transferor Company in relation to its Remaining Business have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Demerged Company/Transferor Company in relation to its Remaining Business, in the name of the Demerged Company/Transferor Company for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company/Transferor Company in relation to its Remaining Business after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.

34. RIGHTS OF SHAREHOLDERS

The shareholders of Demerged Company/Transferor Company and Transferee Company shall, save as otherwise provided under this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends from the respective company of which they are members till the Effective Date. It is clarified that it is an enabling clause and not an obligation on the Demerged Company/Transferor Company and Transferee Company to pay any dividend.

35. SAVING OF CONCLUDED TRANSACTIONS

- 35.1. Subject to the terms of this Scheme, the transfer and vesting of the Remaining Business of the Demerged Company/Transferor Company to and in the Transferee Company under Part III of this Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company/Transferor Company in connection with its Remaining Business on or before the Merger Appointed Date or concluded after the Merger Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company/Transferor Company in connection with its Remaining Businesses acts, deeds and things made, done and executed by or on behalf of the Transferee Company.
- 35.2. Without prejudice to the provisions of the foregoing, and upon the effectiveness of Part III of this Scheme, the Demerged Company/Transferor Company and the Transferee Company shall be entitled to apply to the Appropriate Authorities as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/or modification(s) of charge, with the concerned RJSC of filing of necessary applications, notices, intimations or letters with any authority or person to give effect to the Scheme.

36. CONSIDERATION

- 36.1. Upon the coming into effect of this Scheme and in consideration of the merger by way of transfer and vesting of the Remaining Business of the Demerged Company/Transferor Company in Part III of this Scheme, Transferee Company shall issue and allot, to the equity shareholders of Demerged Company/Transferor Company holding (except the Transferee Company itself) fully paid up equity shares of Taka 1,000 each in the Demerged

Company/Transferor Company and whose name appear in the Register of Members of Demerged Company/Transferor Company on the Merger Record Date, or to such of their heirs, executors, administrators or the successor-in-title, shares in the following modes viz.: 5.134 fully paid-up equity share of BDT. 10/- (Taka ten) only each of Transferee Company for every 1 (One) fully paid-up equity shares of BDT 1000/- (Taka one thousand) only each held in the Demerged Company/Transferor Company, without any further act or deed. A description of the Post Merger shareholding is enclosed herewith as **Schedule V**.

- 36.2. Upon the Scheme coming into effect, all shares which the Transferee Company holds in the Demerged Company/Transferor Company or vice versa, shall stand cancelled without any further application, act or deed. 19,999 shares held by the Demerged Company/Transferor Company in the Resulting Company shall stand transmitted to the Transferee Company without any further application, act or deed. A description of the post-merger shareholding of the Resulting Company is enclosed herewith as **Part B of Schedule IV**.
- 36.3. No shareholder of Demerged Company/Transferor Company shall be allotted any fractional shares in the Transferee Company. Any fraction arising on issue of equity shares as above will be rounded off, or as the case may be, truncated, to the nearest integer.
- 36.4. The said shares of the Transferee Company to be issued to respective shareholder of Demerged Company/Transferor Company shall rank pari-pasu in all respects, with the existing shares in the Transferee Company from Merger Appointed Date. Such shares in the Transferee Company, to be issued to the shareholders of Demerged Company/Transferor Company, will for all purposes, save as otherwise, be deemed to have been held by each such member from Merger Appointed Date.
- 36.5. The equity shares being issued and allotted by the Transferee Company to the shareholders of the Transferor Company in accordance with Clause 36.1 above shall be listed on all the stock exchanges on which equity shares of the Transferee Company are listed on the record date.
- 36.6. All shares shall be issued in dematerialised form to those equity shareholders who hold shares of the Demerged Company/Transferor Company provided that all details relating to their B/O accounts are available with the Transferee Company.
- 36.7. The new shares to be issued and allotted in terms hereof will be subject to Memorandum and Articles of Association of Transferee Company.

37. ACCOUNTING TREATMENT

- 37.1. From the Effective Date and with effect from the Merger Appointed Date, for the purposes of accounting and dealing with the value of the assets and liabilities of the Demerged Company/Transferor Company in the books of the Transferee Company, the assets and liabilities of the Demerged Company/Transferor Company, as appear in their respective financial statements as of the Merger Appointed Date, shall be accounted following the accepted applicable accounting principles as prescribed by International Accounting Standards (IAS) and/or International Financial Reporting Standards (IFRS).
- 37.2. The Transferee Company shall record the assets and liabilities of the Demerged Company/Transferor Company pursuant to this Scheme at their respective book values as appearing in the books of the Demerged Company/Transferor Company and necessary adjustment will be made following the accepted applicable accounting principles as prescribed by International Accounting Standards (IAS) and/or International Financial Reporting Standards (IFRS).

- 37.3. The Transferee Company shall credit the aggregate face value/ nominal value of shares issued to the Shareholders of Demerged Company/Transferor Company pursuant to Clause 36 of this Scheme to the Share Capital Account in its books of accounts. Any amount in excess of face value of the shares issued shall be credited to the Share Premium Account in the books of accounts of Transferee Company. The identity of the reserves of the Demerged Company/Transferor Company if any, shall be preserved and they shall appear in the financial statements of the Transferee Company in the same form and manner in which they appeared in the financial statements of the Demerged Company/Transferor Company.
- 37.4. Any excess/surplus/deficit of the net assets to the extent related to non-controlling shareholders of the Demerged Company/Transferor Company over or under the fair value of the shares to be issued and allotted by the Transferee Company pursuant to this Scheme, shall be transferred and credited/debited to the “Capital Reserve/ Goodwill” in the books of the Transferee Company.
- 37.5. In case of any difference in accounting policy between the Demerged Company/Transferor Company and the Transferee Company, a uniform set of accounting policies shall be adopted following the Merger. The effects on the financial statements of any changes in accounting policies will be reported in accordance with International Accounting Standards (IAS) and/or International Financial Reporting Standards (IFRS).
- 37.6. Upon coming into effect of this Scheme, to the extent that there are inter-company loans, advances, deposits balances or other obligations as between the Demerged Company/Transferor Company in relation to its Remaining Business and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of the Transferee Company for reduction of any assets of liabilities, as the case may be. Further no interest shall be provided on loans and advances or any outstanding loans and advances, if any, after Merger Appointed Date. All inter party transactions in relation to the Remaining Business of the Demerged Company/Transferor Company and the Transferee Company shall be treated as intra party transactions for all purposes and inter-company balances.
- 37.7. Any difference resultant from the cancellation of the shares held by Transferee Company in Transferor Company shall be adjusted against the reserves of the Transferee Company. The Transferee Company shall record "Investment in Resulting Company" as a result of receiving equity shares from Resulting Company in consideration by way of transfer of assets and liabilities of the Plastics Business Undertaking of Demerged Company/ Transferor Company, and shall correspondingly adjust it against Reserves.
- 37.8. In case of any difference in accounting policy between the Transferor and the Transferee Company, the accounting policies followed by the Transferee Company shall prevail and the difference till Appointed Date for Merger would be quantified and adjusted in the reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.

38. COMBINATION OF AUTHORIZED SHARE CAPITAL

- 38.1. Upon coming into effect of the Scheme, the authorized share capital of the Demerged Company/Transferor Company as mentioned in Clause 9.1 above shall be deemed to be added to the authorized share capital of the Transferee Company, without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and registration fees payable to the RJSC and the Memorandum of Association and Articles of Association of the Transferee Company, so far as it relates to the authorized share capital,

shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under the relevant provisions of the Companies Act, 1994 would be required to be separately passed, as the case may be, and for this purpose the stamp duties and fees paid on the authorized share capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or the fee by the Transferee Company for increase in the authorized share capital to that extent.

- 38.2. For the purpose of combination of authorized share capital as contemplated in this Clause, any subsequent increase in the authorized share capital of the Transferor Companies and Transferee Company, as may be applicable, shall be considered and the effect of such further increase be given accordingly.
- 38.3. It is clarified that the approval of the shareholders of the Transferee Company to the Scheme shall be deemed to be their consent/approval also to the alteration of the Memorandum of Association and Articles of Association of the Transferee Company as may be required under the Companies Act and Clause 5 of the Memorandum of Association and Article 4 of Articles of Association of the Transferee Company shall stand substituted by virtue of the Scheme to give effect to the increase of authorized capital as contemplated in this Clause.

PART IV-GENERAL TERMS AND CONDITIONS

39. CONDITIONALITY OF THE SCHEME

39.1. This Scheme is conditional upon the following being satisfied:

39.1.1. The Scheme being agreed to by the requisite majority of the members of the Demerged Company/Transferor Company, the Resulting Company, and the Transferee Company as required under the Act and the sanction by the Hon'ble High Court under Section 228 read with Section 229 of the Act and to requisite orders made by the Hon'ble High Court pursuant to Section 228 read with Section 229 of the Act inter alia approving:

- i. Demerger of the Plastics Business Undertaking from the Demerged Company/Transferor Company to the Resulting Company;
- ii. Merger of the Remaining Business of the Demerged Company/Transferor Company with the Transferee Company; and
- iii. the implementation of this Scheme.

39.1.2. Such other sanctions and approvals including sanctions and approvals including sanctions of any governmental or regulatory authority including the Bangladesh Securities and Exchange Commission, waiver of requirements under Securities and Exchange (Substantial Acquisition and Takeover) Rules, 2018 (if applicable), creditor, lessor or contracting party as may be required by law or contract in respect of the scheme being obtained; and

39.1.3. Compliance by the Demerged Company/Transferor Company with the conditions, if any, set out in the no objection certificates of banks and/or financial institutions with whom the it has outstanding Liabilities; each of the above being a "Condition", and together, the "Conditions".

39.2. In relation to a condition, limitation, reduction or withdrawal of an existing authorization imposed by a Governmental Authority that could reasonably be expected to have a material adverse impact on the Transferee Company as the surviving entity, the Board of Directors of the Demerged Company/Transferor Company and the Transferee Company may, on a mutual consent basis, agree to proceed with implementing the Scheme. In such event, if the parties agree on a mutual consent basis to proceed with implementing the Scheme, such a condition, limitation, reduction or withdrawal of an existing authorization by a Governmental Authority, shall not constitute a Burdensome Condition.

40. EFFECTIVE DATE

This Scheme shall be deemed to have been effective on the date that all the Conditions have been satisfied and the certified copy of the Order made by the High Court Division is filed with the RJSC (the "Effective Date").

41. FAILURE TO TAKE EFFECT

In the event of this Scheme failing to take effect finally by 31 December 2023 or any other later date as may be determined by the Board of Directors of the Transferee Company, this Scheme shall become null and void and, in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se by parties or their shareholders or creditors or employees or any other person(s).

42. SEVERABILITY

If any part of the Scheme is found to be unworkable for any reason, the same shall not, subject to the decision of the Demerged Company/Transferor Company, Resulting Company and the Transferee Company, affect the validity and implementation of the other parts and/or provisions of this Scheme.

43. WITHDRAWAL, REVOCATION, OR CANCELLATION OF THE SCHEME

The Boards of Directors of the Demerged Company/Transferor Company, Resulting Company, and/or the Transferee Company shall be entitled to withdraw this Scheme prior to the Effective Date. The Boards of Directors of the Demerged Company/Transferor Company, the Resulting Company, and/or the Transferee Company shall be entitled to revoke, cancel and declare the Scheme of no effect if they are of the view that the coming into effect of the Scheme with effect from the Demerger Appointed Date or Merger Appointed Date could have adverse implications on the Demerged Company/Transferor Company, Resulting Company, and/or the Transferee Company.

44. DISSOLUTION OF DEMERGED/TRANSFEROR COMPANY

44.1. Following the Effective Date, all equity shares of the Demerged Company/Transferor Company (including those held by the Transferee Company either directly or through nominees) shall stand cancelled without any further application, act or deed. It is clarified that no new shares shall be issued or payment made in cash whatsoever by the Demerged Company/Transferee Company in lieu of such shares of the Transferor Company.

44.2. Following the Effective Date and the issue of ordinary shares in accordance with clauses 22 and 36 above, the Demerged Company/Transferor Company shall stand dissolved without winding up, without any further act or deed and the Transferor Company shall be removed from the register of the Registrar of Joint Stock Companies and Firms.

45. DATE OF TAKING EFFECT AND IMPLEMENTATION OF THIS SCHEME

45.1. Part II read with Part I and IV of this Scheme as set out herein in its present form and with any modification(s), as may be approved or imposed or directed by the Court, shall become effective from Demerger Appointed Date but shall be operative from the Effective Date

45.2. Part III read with Part I and Part IV of this Scheme as set out herein in its present form or with any modification(s), as may be approved or imposed or directed by the Court, shall become effective from Merger Appointed Date but shall be operative from the Effective Date.

46. APPLICATIONS/PETITIONS TO THE COURT FOR SANCTIONING SCHEME

46.1. The Parties shall jointly dispatch, make and file all applications and petitions under Sections 228-229 and other applicable provisions of the Act before the Court for convening and holding of meetings of their respective shareholders and creditors, as applicable, to be called, held and conducted in such manner as the Court may direct, to consider and if thought fit, to approve, with or without modification, this Scheme; and shall apply for such approvals as may be required under Applicable Law to give effect to this Scheme and for dissolution of the Demerged Company/Transferor Company without being wound up.

46.2. The Parties shall jointly make applications/petitions under section 228-229 of the Act before the High Court Division for sanctioning of this Scheme and for appropriate orders under the applicable provisions of the Act for carrying out this Scheme into effect.

47. MODIFICATIONS TO THE SCHEME

47.1. This Scheme is subject to the approval of the shareholders in an EGM under the supervision of the Hon'ble Court, and the Board of Directors of the Demerged Company/Transferor Company, the Resulting Company, and the Transferee Company may assent on behalf of all concerned from time to time to any modifications or amendments or additions to this Scheme or to any conditions, which the Shareholders of the Parties (as mutually agreed), and/or the High Court, may think fit to approve or impose.

47.2. The Board of Directors of the Transferor Company, the Resulting Company, and the Transferee Company may:

47.2.1. do and execute all acts, deeds, matters and things, including amending the Scheme, if deemed required, for enabling effective implementation of this Scheme;

47.2.2. review a position relating to the satisfaction of the Conditions to this Scheme; and if necessary, to waive any of those (to the extent permissible under the law) for bringing this Scheme into effect.

47.3. The Scheme shall be subject to such modifications as the Court, while sanctioning the same, may direct and which the Board of the respective Parties may consent and agree to. The Parties may in their full and absolute discretion, make and/or assent to any alteration, or modification to this Scheme, including but not limited to those which the Court and/or any other authority may deem fit, approve or propose. In the event that any conditions proposed by the Court and/or any other authority are found unacceptable for any reason whatsoever by the respective Parties, then the respective Parties shall be entitled to withdraw the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se between any of the Parties.

48. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

In the event of any of the said sanctions and approvals referred not being obtained and/or the Scheme not being sanctioned by the Court and/or the order(s) not being passed, the Scheme shall become null and void and shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or may otherwise arise in law.

49. EFFECT OF NON-FULFILLMENT OF ANY OBLIGATION

In the event of non-fulfillment of any or all the obligations under the Scheme, by any Party. The non-performance of which will put another Party or Parties under any obligation, such defaulting Party will indemnify all costs/interest, etc. to the other Party, subject to any specific provision, if any, to the contrary under the Scheme.

50. COSTS, CHARGES AND EXPENSES

All costs, charges and expenses (including any taxes and duties registration charges, etc.) of the Parties, respectively in relation to carrying out, implementing and completing the terms and provisions of this Scheme and/or incidental to the completion of this Scheme shall be borne and paid by the Transferee Company.

SCHEDULE I
The assets and liabilities of Plastics Business Undertaking as on Demerger Appointed Date

Particulars	Amount in BDT 30 June 2021
Assets	
Property, plant and equipment	597,047,588
Right-of-use assets	33,297,733
Non-current assets	630,345,321
Inventories	652,959,050
Trade receivables	70,491,004
Advances, deposits and prepayments	27,324,443
Cash and cash equivalents	14,326,148
Current assets	765,100,645
Total assets	1,395,445,966
Liabilities	
Long term bank loan	180,878,984
Lease liabilities	9,683,588
Employee benefit	4,781,467
Non-current liabilities	195,344,039
Loans and borrowings	496,474,177
Lease liabilities-current portion	25,002,109
Trade payables	54,985,126
Other Payables	18,980,681
Inter-company payables	206,163,834
Current liabilities	801,605,927
Total liabilities	996,949,966

SCHEDULE II
Balance Sheet of Premiaflex Plastics Limited as at 30 June 2021

Shiraz Khan Basak & Co.
Chartered Accountants

Premiaflex Plastics Limited
Statement of Financial Position

In Taka	Note	30 June 2021	30 June 2020
Assets			
Property, plant and equipment	4	2,815,853,489	2,667,771,337
Right-of-use assets	5	33,297,733	58,271,033
Investments	6	2,131,154	1,522,328
Non-current assets		2,851,282,376	2,727,564,698
Inventories	7	1,909,992,177	1,091,736,365
Trade receivables	8	1,160,868,742	1,201,662,525
Advances, deposits and prepayments	9	260,677,363	210,957,396
Current tax assets	10	714,756,560	525,341,462
Cash and cash equivalents	11	23,201,716	32,992,788
Current assets		4,069,496,559	3,062,690,536
Total assets		6,920,778,934	5,790,255,233
Equity			
Share capital	12	300,000,000	300,000,000
Reserves	13	560,154,438	285,021,937
Retained earnings		(95,669,168)	17,181,992
Total equity		764,485,270	602,203,929
Liabilities			
Long term bank loan	14	474,780,257	654,008,216
Lease liabilities	5	9,683,588	34,685,697
Deferred tax liabilities	15	8,102,957	(18,237,753)
Employee benefit	16	22,759,659	20,665,085
Non-current liabilities		515,326,461	691,121,245
Bank overdraft	17	99,076,197	222,852,153
Loans and borrowings	18	2,453,776,728	1,616,014,423
Lease liabilities-current portion	5	25,002,109	20,495,363
Trade payables	19	200,584,117	114,362,861
Other Payables	20	60,330,495	59,571,707
Inter-company payables	21	2,802,197,558	2,463,633,553
Current liabilities		5,640,967,204	4,496,930,060
Total liabilities		6,156,293,665	5,188,051,305
Total equity and liabilities		6,920,778,934	5,790,255,233

The annexed notes 1 to 33 form an integral part of these financial statements.

Dr. A.K.M. Fareyazul Haque Ansarey
Managing Director

Kamran Tanvirur Rahman
Director

Mohammad Mostafizur Rahman
Company Secretary

Place: Dhaka
Date: October 24, 2021



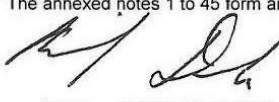
Chaity Basak, ECA (Enrol # 1772)
Partner
Shiraz Khan Basak & Co.
Chartered Accountants
DVC : 2110241772AS326079

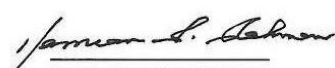
An associate firm of D. N. Gupta & Associates

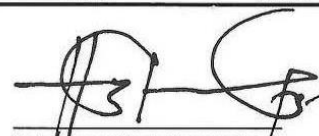
SCHEDULE III
Balance Sheet of Advanced Chemical Industries Limited as at 30 June 2021

		A. WAHAB & CO.	
		Chartered Accountants	
Advanced Chemical Industries Limited			
Statement of financial position			
<i>In Taka</i>	<i>Notes</i>	30 June 2021	30 June 2020
Assets			
Property, plant and equipment	8	12,960,524,391	10,664,953,300
Right-of-use assets	9	506,002,819	499,939,927
Investments	10	3,139,924,178	2,950,640,117
Intangible assets	11	2,806,963	3,785,456
Biological assets	12	17,778,109	10,914,869
Deferred tax assets	23	88,780,615	214,067,035
Non-current assets		16,715,817,075	14,344,300,704
Inventories	13	6,773,319,558	4,976,119,509
Trade receivables	14	2,910,514,412	3,881,479,422
Other receivables	15	543,148,332	374,562,251
Inter-company receivables	16	20,142,238,769	19,146,539,217
Advances, deposits and prepayments	17	847,270,802	743,851,475
Cash and cash equivalents	18	1,672,219,768	787,826,245
Current assets		32,888,711,641	29,910,378,119
Total assets		49,604,528,716	44,254,678,823
Equity			
Share capital	19	631,102,500	573,729,555
Share premium		402,310,367	402,310,367
Reserves	20	5,165,967,572	3,511,867,965
Retained earnings		12,693,654,845	10,933,326,291
Total equity		18,893,035,284	15,421,234,178
Liabilities			
Employee benefits	21	1,123,745,409	1,081,292,596
Long term bank loan	22	1,044,719,565	571,815,927
Lease liabilities	9	378,647,480	388,549,474
Non-current liabilities		2,547,112,454	2,041,657,997
Bank overdraft	24	1,681,372,914	2,502,962,921
Loans and borrowings	25	17,068,609,497	12,134,376,165
Lease liabilities-current portion	9	175,644,292	141,728,247
Trade payables	26	1,371,346,761	1,497,795,622
Other payables	27	3,071,295,827	2,972,664,738
Unclaimed dividend account	28	118,208,225	160,950,794
Inter-company payables	29	4,269,065,083	6,838,688,727
Current tax liabilities	30	408,838,379	542,619,434
Current liabilities		28,164,380,978	26,791,786,648
Total liabilities		30,711,493,432	28,833,444,645
Total equity and liabilities		49,604,528,716	44,254,678,823
Net Asset Value (NAV) per share	37.3	299.37	244.35


The annexed notes 1 to 45 form an integral part of these financial statements.


Dr. Arif Dowla
 Managing Director


Kamran Tanvirur Rahman
 Director


Mohammad Mostafizur Rahman
 Company Secretary


As per our report of same date.


 (A. WAHAB & CO.)
 Chartered Accountants
Kazi Md. Mahboob Kasem, FCA
 Partner
 Enrolment No: 845

Dated: Dhaka, October 28, 2021

1

DVC: 2111040845AS643373



SCHEDULE IV

PART A: Description of the post-demerger shareholding of ACI Premio Plastics Limited

Description	Pre-demerger No. of Shares	No. of Consideration Shares for Demerger	Post-demerger no. of Shares	Amount in BDT	
				Face Value of Shares	Value of Shares
Advanced Chemical Industries Limited	-	34,794,678	34,794,678	10	347,946,780
Premiaflex Plastics Limited	19,999	-	19,999	10	199,990
Mr. M Anis Ud Dowla	1	5,044,960	5,044,961	10	50,449,610
Mrs. Najma Dowla	-	9,962	9,962	10	99,620
Total	20,000	39,849,600	39,869,600	10	398,696,000

PART B: Description of the post-merger shareholding of ACI Premio Plastics Limited

Description	Post-merger No. of Shares	Percentage of Shareholding	Amount in BDT	
			Face Value of Shares	Value of Shares
Advanced Chemical Industries Limited	34,814,677	87.321%	10	348,146,770
Mr. M Anis Ud Dowla	5,044,961	12.654%	10	50,449,610
Mrs. Najma Dowla	9,962	0.025%	10	99,620
Total	39,869,600	100%	10	398,696,000

SCHEDULE V

A description of the post-merger shareholding of Advanced Chemical Industries Limited as of Merger Appointed Date

Shareholder Description	No. of shares	% of shareholding
Directors and sponsors:		
Mr. M. Anis Ud Dowla	11,910,075	18.81%
Dr. Arif Dowla	2,273,543	3.59%
Mrs. Najma Dowla	1,745,294	2.76%
ACI Foundation	5,746,648	9.08%
Ms. Shusmita Anis	785,670	1.24%
	22,461,230	35.48%
Institutional Shareholders	27,162,781	42.91%
General Shareholders	13,681,613	21.61%
Total	63,305,624	100.00%

SCHEDULE VI

Pro-forma post-merger Balance Sheet of Advanced Chemical Industries Limited as on Merger Appointed Date

Particulars	Amount in BDT 30 June 2021
Assets	
Property, plant and equipment	15,179,330,291
Right-of-use assets	506,002,819
Investments	3,260,057,112
Intangible assets	13,235,058
Biological assets	17,778,109
Deferred tax assets	80,677,658
Non-current assets	19,057,081,047
Inventories	8,030,352,685
Trade receivables	4,000,892,150
Other receivables	543,148,332
Inter-company receivables	17,546,205,045
Advances, deposits and prepayments	1,080,623,723
Current tax assets	305,918,183
Cash and cash equivalents	1,681,095,336
Current assets	33,188,235,454
Total assets	52,245,316,502
Equity	
Share capital	633,056,240
Share premium	457,210,461
Reserves	5,655,066,419
Retained earnings	12,642,121,311
Total equity	19,387,454,431
Liabilities	
Employee benefits	1,141,723,601
Long term borrowings	1,338,620,838
Lease liabilities	378,647,480
Non-current liabilities	2,858,991,918
Bank overdraft	1,780,449,111
Loans and borrowings	19,025,912,048
Current portion of lease liability	175,644,292
Trade payables	1,516,945,752
Inter-company payables	4,269,065,083
Other payables & dividend payables	3,230,853,866
Current liabilities	29,998,870,152
Total liabilities	32,857,862,070
Total equity and liabilities	52,245,316,502

SCHEDULE VII

**Valuation Reports
prepared by
Hoda Vasi Chowdhury & Co**

SCHEDULE VIII

List/Details of Immovable Properties of Transferor Company

SL No	Company Name	JL No.	Mouza	Sub-registry office	AC Land Office	Deed No.	Date of Registration
1	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	415	09.01.2017
2	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	2459	19.02.2017
3	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	5825	16.04.2017
4	Premiaflex Plastics Limited	8	Mulaid	Sreepur, Gazipur	Sreepur, Gazipur	5826	16.04.2017
5	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	7372	16.05.2017
6	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	13754	17.10.2016
7	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	14469	27.10.2016
8	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	4215	22.03.2016
9	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	1730	02.02.2016
10	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	19944	28.12.2010
11	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	1231	25.01.2016
12	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	276	05.01.2017
13	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	5102	06.05.2008
14	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	4163	09.03.2011
15	Premiaflex Plastics Limited	7	Kewa	Sreepur, Gazipur	Sreepur, Gazipur	11713	20.07.2011