

SCHEME OF ARRANGEMENT

**UNDER SECTIONS 279 TO 283 AND 285
READ WITH SECTION 505 OF
THE COMPANIES ACT, 2017**

BETWEEN

HABIB METROPOLITAN MODARABA MANAGEMENT COMPANY (PRIVATE) LIMITED

AND

FIRST HABIB MODARABA

AND

HABIB METRO MODARABA

FOR

The merger / amalgamation of the entire undertaking of Habib Metro Modaraba with and into First Habib Modaraba, along with all ancillary matters.

SCHEME OF ARRANGEMENT

UNDER SECTIONS 279 TO 283 AND 285
READ WITH SECTION 505
OF THE COMPANIES ACT, 2017

ENTERED INTO BETWEEN

HABIB METROPOLITAN MODARABA MANAGEMENT COMPANY (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan, registered as a modaraba company under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, and having its registered office at 6th Floor, HBZ Plaza, I. I. Chundrigar Road, Karachi (hereinafter referred to as the "**Modaraba Company**", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

FIRST HABIB MODARABA, a modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, managed by the Modaraba Company, and having its registered office at 6th Floor, HBZ Plaza, I. I. Chundrigar Road, Karachi (hereinafter referred to as "**FHM**", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

HABIB METRO MODARABA, a modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, managed by the Modaraba Company, and having its registered office at 3rd Floor, Al-Manzoor Building, Dr. Ziauddin Ahmed Road, Karachi (hereinafter referred to as "**HMM**", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns).

RECITALS

1. **WHEREAS** by this Scheme of Arrangement ("**Scheme**"), it is, *inter alia*, proposed that the entire undertaking, comprising all the Assets, Liabilities and Obligations of HMM shall, as at the Effective Date (as defined below), stand merged with, transferred to, vested in, and be assumed by FHM.
2. **AND WHEREAS**, as consideration for the above, it is proposed that FHM Certificates shall be issued to the HMM Certificate Holders in accordance with this Scheme.
3. **AND WHEREAS**, upon the merger and transfer of HMM in the manner prescribed under this Scheme, HMM shall be dissolved without winding up.
4. **AND WHEREAS**, the Registrar Modarabas, Securities and Exchange Commission of Pakistan (Modaraba Wing) has granted its approval / no objection for the Amalgamation vide letter no. SC/M/PRDD/HMMML/2022 –RS 19/148, dated July 22, 2022.

5. **AND WHEREAS**, this Scheme, if approved through a resolution by the requisite majority of the respective certificate holders of FHM and HMM, along with the requisite majority of creditors (as may be applicable), and sanctioned by the Court by an order passed in this respect, is to be binding on the Modaraba Company, FHM and HMM, along with all the certificate holders, creditors, employees, Customers, contracting parties, government, tax and regulatory / statutory authorities, bodies and departments of or with respect to FHM and HMM (as applicable) respectively.

BENEFITS OF THIS SCHEME

A. Arrangements Between the Modarabas and their Respective Certificate Holders

The Amalgamation shall allow FHM and HMM to effectuate the arrangement envisaged by the parties, including the Modarabas and their respective certificate holders, through the provisions of Sections 279 to 283 and 285 (read with Section 505) of the Act.

B. Larger Asset Base

The Amalgamation would lead to an increase in the asset base and the size of the surviving entity i.e. FHM. This would in turn assist the management to have access to more external funds at competitive rates. The larger size of the fund capital and asset base would provide greater comfort to existing and potential creditors of the surviving / merged entity. Moreover, access to larger resources would in turn improve growth prospects and the ability to undertake large assignments.

C. Synergies

Both the Modarabas are multi-purpose Modarabas, involved in similar lines of business / activities. Accordingly, the Amalgamation would provide an opportunity to operate the business / operations of FHM and HMM through a consolidated operations department, a single accounts department and one set of employees, thus resulting in economies of scales. The same would also be beneficial as the entity would benefit from increased market presence.

D. Increase in Risk Absorption Capacity

The larger size of FHM (as the merged / amalgamated modaraba) would increase its risk absorption capacity thus enhancing the capacity to manage the potential risks arising out of the adverse and uncertain operating environment. In the long run, this factor would provide greater stability as well as sustainability in operations.

E. Reduction in Administrative Costs

The Amalgamation would enable the merged entity i.e. FHM to carry out its business through single operations, accounts, treasury and management information system department with one set of management and staff, thus resulting in substantial cost savings and economies of scales, leading to enhanced efficiency and profitability.

F. Single Corporate and Tax Reporting

The Amalgamation will make single corporate and tax reporting possible for the merged entity. The same will entail elimination of maintenance of separate records for business operations, selling, purchasing, marketing, legal, administrative, and secretarial and other records under the various laws resulting in duplication of work and higher costs.

NOW THEREFORE, this Scheme is presented as follows:

ARTICLE 1

DEFINITIONS

- 1.1. In this Scheme, unless the subject or context otherwise requires, the following expression shall bear the meanings specified below:

"Act" means the Companies Act, 2017 (as amended from time to time);

"Amalgamation" shall have the same meaning as prescribed thereto in Article 2.1. of this Scheme;

"Annexure A" is the annexure attached hereto which lists the members of the Board of Directors of the Modaraba Company;

"Annexure B" is the annexure attached hereto containing the Swap Letter;

"Assets" mean assets, properties and rights of every description and kind (whether present or future, actual or contingent, tangible or intangible) and includes properties held on trust and benefit of securities obtained from Customers, benefits, powers, rights, authorities, privileges, contracts, Government consents, tax refunds / credits, tax exemptions (including holding period of such assets and liabilities along with all the rights attached and accrued thereto including, but not limited to, equity-based tax credits for unexpired period), sanctions and authorizations, including all registrations, licences, Claims, no objection certificates / letters, permits, categories, entitlements, sanctions, permissions and benefits relating to the business / modaraba / entity (as the case may be), all trademarks, patents, copyrights, intellectual property rights, licences, liberties, secret processes, know-how, good-will, data and confidential information belonging / pertaining to a modaraba / entity (as the case may be). Without in any way limiting or prejudicing the generality of the foregoing, it is hereby clarified that the Assets shall include: (i) all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated belonging to a modaraba / entity (as the case may be), as well as equity, stocks, debentures, bonds, rights under futures, options, derivative contracts, commodities etc. (and all rights associated therewith); (ii) all inventory, stock-in trade, consignments from shipments, plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licences, motor vehicles, office equipment, appliances and accessories, spare parts and tools; (iii) all choses-in-action, instruments, decretal amounts, bank and other accounts, cash balances, reserve funds, revenue balances, investments, loans, advances, guarantees, deposits, prepayments, receivables, book debts, trade debts and all other rights and interest in and arising out of such property in the ownership, possession, power or control of a modaraba / entity (as the case may be), whether