

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: Disclosure of Material Information

Dear Sir,

In accordance with Sections 96 and 131 of the Securities Act, 2015 and Clause 5.6.1 of the Rule Book of the Pakistan Stock Exchange Limited, we hereby convey the following information:

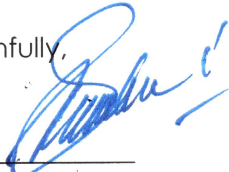
In continuation of our earlier disclosure dated February 28, 2024, we are pleased to announce that vide order dated October 9, 2024 (copy received on October 12, 2024), passed in J.C.M. No. 08 of 2024, the Honourable High Court of Sindh at Karachi has allowed the said petition and, *inter alia*, sanctioned the Scheme of Arrangement dated February 29, 2024 ("**Scheme**") for the merger, by way of amalgamation, of IMS Securities Limited ("**IMS**") with, and into EFG Hermes Pakistan Limited ("**EFGH**") (along with ancillary matters thereto). A certified copy of the order of the Court is attached herewith.

In accordance with the Scheme and in consideration of the arrangement thereunder, EFGH will allot and issue an aggregate of 108,735,374 ordinary shares to the shareholders of IMS, based on a swap ratio of approximately 2.16 ordinary shares of EFGH for every 1 ordinary share of IMS held by each shareholder of IMS, subject to adjustment of fractional shares in accordance with the Scheme.

The record date to determine the identities and entitlements of the shareholders of IMS will be fixed by the directors of IMS in due course, subsequent to which details will be provided to EFGH, in each case in accordance with the provisions of the Scheme. We will keep the shareholders informed of all significant developments as the matter progresses further.

You may please inform the TRE Certificate holders accordingly.

Yours faithfully,



Shahid Kamal
Company Secretary

Cc:
Director / HOD
Surveillance, Supervision and Enforcement Department
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue
Blue Area, Islamabad

Enclosure: Copy of the aforementioned Order dated October 9, 2024.

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Presented on 01/03/2024
Deputy Registrar (C.S.)

**IN THE HIGH COURT OF SINDH AT KARACHI
(COMPANIES JURISDICTION)**

J. C. M. PETITION NO. 8. OF 2024

In the matter of:
Sections 279 to 283 and 285(8) of the Companies Act, 2017

1. EFG HERMES PAKISTAN LIMITED, a public company limited by shares, incorporated under the provisions of the Companies Ordinance, 1984, and existing under the provisions of the Companies Act, 2017, having its Registered Office at Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block 5, Clifton, Karachi.

INTERMARKET SECURITIES LIMITED, a public company limited by shares, incorporated under the provisions of the Companies Ordinance, 1984, and existing under the provisions of the Companies Act, 2017, having its Registered Office at 5th Floor, Bahria Complex IV Ext Block, Chaudry Khaliqzaman Road, Gizri, Karachi.

.....PETITIONERS

PETITION UNDER SECTION 279 READ WITH
SECTIONS 280 TO 283 AND 285(8) OF THE COMPANIES ACT, 2017

Assistant Registrar
Affidavit & Identity (A.S.)
High Court of Sindh
Karachi



THE HIGH COURT OF SINDH, KARACHI
[COMPANY BENCH]

J.C.M. No. 08 of 2024
In the matter of the Companies Act, 2017
And
of (a) EFG Hermes Pakistan Ltd.
(b) Intermarket Securities Ltd.

Petitioners : EFG Hermes Pakistan Limited and
Intermarket Securities Limited,
through Mr. Mikael Azmat Rahim
Advocate.

On Court notice : (i) Pakistan Stock Exchange through
Mr. Tariq Ali, Advocate.

(ii) Securities and Exchange
Commission of Pakistan through Syed
Ebad-ur-Rehman, Advocate.

Date of hearing : 09-10-2024

Date of order : 09-10-2024



ORDER OF SANCTION OF SCHEME

Adnan Iqbal Chaudhry J. - The Petitioners are public companies limited by shares incorporated in Pakistan with registered offices at Karachi. The Petitioners seek sanction of a Scheme of Amalgamation under section 282 read with sections 279 to 281 of the Companies Act, 2017 [the Act]. The Petitioners fall in the category of Large Sized Companies under the Third Schedule to the Act. Therefore, in view of SRO 840(I)/2017 dated 17.08.2017 issued under section 285(8) of the Act, the instant petition lies before the Company Bench of the High Court.

2. The principal line of business of both Petitioners is brokerage of securities. Both hold Trading Rights Entitlement (TRE) Certificates issued by the Pakistan Stock Exchange [PSX].

3. The Scheme of Amalgamation proposes to merge/amalgamate the Petitioner No.2 with the Petitioner No.1 such that:

- (a) the entire undertaking and business of the Petitioner No.2, including all assets, rights, liabilities and obligations, shall stand transferred to and vest in the Petitioner No.1 with effect from the start of business on July 1, 2024;
- (b) the authorized capital of the Petitioner No.1 shall stand enhanced to Rs. 2,000,000,000/- divided into 200,000,000 shares of Rs. 10/- each;
- (c) in consideration of the amalgamation, the Petitioner No.1 will issue and allot an aggregate of 108,735,374 shares of Rs. 10/- each to the shareholders of the Petitioner No.2 at a swap ratio of approximately 2.16 shares for every 1 share of the Petitioner No.2;
- (d) the Petitioner No.2 shall stand dissolved without winding-up.



By order dated 04.03.2024 passed under section 282(1) of the Act, the Court ordered separate meetings of shareholders and secured creditors of the Petitioners to vote on the Scheme of Amalgamation. The Chairman appointed for each meeting has filed his report under Rule 57 of the Companies (Court) Rules, 1997.

5. Heard learned counsel and perused the record.
6. In view of section 11 of the Competition Act, 2010, read with Regulation 6 of the Competition (Merger Control) Regulations 2016, the Petitioners have obtained the pre-merger clearance from the Competition Commission of Pakistan. A copy of such order dated 22.05.2024 is placed on the record.
7. *Prima facie*, the requirements of section 282(2) of the Act were fulfilled in calling the meetings of shareholders and secured creditors of each Petitioner to vote on the Scheme of Amalgamation.

8. Reports of the Chairmen of the respective meetings, submitted under Rule 57 of the Companies (Court) Rules, 1997, are to the following effect:

- (i) the meeting of shareholders of the Petitioner No.1, held on 28.03.2024, was attended by shareholders representing 15,134,312 shares (75.612%) out the total of 20,015,650 shares issued; that the Scheme was approved by shareholders representing 15,134,262 shares as against holders of 50 shares voting against it; thus the Scheme was approved by 99.99% of the value of shareholders present and voting at the meeting and a special resolution was passed accordingly;
- (ii) the meeting of shareholders of the Petitioner No.2, held on 28.03.2024, was attended by 100% of the shareholders, all of whom voted in favor of the Scheme and a special resolution was passed accordingly;
- (iii) the meetings of the secured creditors of the Petitioners were held respectively on 29.05.2024 and 21.06.2024, which were attended by 100% of them, all of whom voted in favor of the Scheme. NoCs of the secured creditors are also on the record.



Thus, the Scheme of Amalgamation is approved without modification by more than three-fourths majority of the value of shareholders and secured creditors of each Petitioner present and voting at the meeting called for such purpose, thereby fulfilling the requirement of section 279(2) of the Act.

9. Comments filed by the Securities & Exchange Commission of Pakistan [SECP] make an observation with regards to Article 11 of the Scheme, which proposes that upon sanction of the Scheme the name of the Petitioner No.1 will stand changed to the name which is presently of the Petitioner No.2. Though the SECP does not object to

such change, it submits that the procedure for change of name is provided separately in section 12 of the Act. That appears to be correct. Under section 12 of the Act the change of name of a company requires approval of the Registrar of Companies, and comes into effect upon a certificate issued by him under section 13 of the Act. However, Article 11 of the Scheme does not seek to by-pass section 12 of the Act, but only that the special resolution passed by the Petitioner No.1 on 28.03.2024 for approving the Scheme may also be taken as the special resolution required by section 12 for change of name. That resolution specifically recites that it is also a resolution for change of name of the Petitioner No.1. Therefore, with the observation that the Petitioner No.1 need not pass a further special resolution for making an application under section 12 of the Act, I see no impediment to Article 11 of the Scheme.

10. Article 4.3 of the Scheme proposes that upon the amalgamation of the Petitioners, the Memorandum and Articles of Association of the Petitioner No.1 shall stand amended for the enhanced authorized capital of the Petitioner No.1. The objection of the SECP is that the Memorandum and Articles of Association can only be amended by resort to sections 32 and 38 of the Act. However, such argument was rejected in the cases of *Joint Registrar of Companies, SECP v. Omer Iqbal Solvent (Pvt.) Ltd.* (2016 CLD 902) and *Kings Food (Pvt.) Ltd & Hilal Confectionary (Pvt.) Ltd.* (2014 CLD 961). It was held that where an increase in the authorized capital of the transferee company was automatic by virtue of an amalgamation under sections 284 and 287 of the erstwhile Companies Ordinance, 1984, the separate provisions for enhancing the authorized capital were not attracted. Therefore, the objection to Article 4.3 of the Scheme is rejected.

11. As per the auditor's report on the financial statements of the Petitioners for the period ended 30-09-2023, the books of accounts of the Petitioners are properly maintained, and the financial statements are in accord with the books of accounts. The auditors also affirm that the shares issued by each Petitioner are fully paid-up.



12. The principal line of business of the Petitioners is the same. The Scheme of Amalgamation is for viable reasons, *inter alia* that the amalgamation would increase the asset base of the surviving company and would reduce administrative costs of the surviving company. The swap ratio of shares worked out by the Chartered Accountant engaged for the purpose appears to be reasonable. It is settled law that where a Scheme of Amalgamation approved by the requisite majority appears to be fair, just, reasonable and *prima facie* fulfils statutory requirements, then the Court does not sit in appeal over the commercial wisdom of the Scheme.¹

13. The Petitioners affirm that there are no investigation proceedings pending against them under sections 256 to 258 of the Act. The SECP does not dispute that fact. The PSX has also reported that no claims are pending with it against the Petitioners. The petition was advertised pursuant to Rule 19 of the Companies Court Rules, 1997. None of the shareholders or creditors of the Petitioners have come forth to oppose sanction of the Scheme of Amalgamation.

14. Therefore, the Scheme of Amalgamation filed with the petition as Annexure 'C' is hereby sanctioned without modification with the following order:



- (i) That all the property, rights and powers of Intermarket Securities Ltd. [IMS] as per the audited financial statement of IMS as at September 30, 2023, and all the other property, rights and powers of IMS, be transferred without further act or deed to EFG Hermes Pakistan Ltd. [EFGH], and accordingly the same shall pursuant to section 282(3) of the Companies Act, 2017 be transferred to and vest in EFGH for all the estate and interest of the IMS therein but subject nevertheless to all charges now affecting the same; and
- (ii) That all the liabilities and duties of IMS be transferred without further act or deed to EFGH, and accordingly the same shall pursuant to section 282(3) of the Act, be

¹ *Paramount Spinning Mills* (2020 CLD 1443); *IGI Insurance Ltd.* (2018 CLD 572); *Gadoon Textile Mills Ltd.* (2015 CLD 2010).

transferred to and become the liabilities and duties of EFGH; and

- (iii) That all proceedings now pending by or against IMS be continued by or against EFGH; and
- (iv) That EFGH do without further application allot to the members of IMS the shares in EFGH to which they are entitled under the Scheme of Amalgamation, and the shares allotted by IMS shall be cancelled as per the Scheme; and
- (v) That the authorized capital of EFGH stands increased to Rs. 2,000,000,000/- divided into 200,000,000 shares of Rs. 10/- each, and Memorandum & Articles of Association of EFGH stands amended accordingly; and
- (vi) That EFGH do within 7 days after the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for registration, and on such certified copy being so delivered IMS shall stand dissolved without winding-up and the Scheme shall be effective on start of business on July 1, 2024. The Registrar of Companies shall place all documents relating to IMS and registered with him on the file kept by him in relation to EFGH, and the files relating to the said two companies shall be consolidated accordingly; and
- (vii) That any person interested shall be at liberty to apply to the Court in the above matter for any directions that may be necessary.

Petition allowed as above.

Karachi:
Dated: 09-10-2024

Sr. Adnan Iqbal Chaudhry
Judge



SCHEME OF ARRANGEMENT

**UNDER SECTIONS 279 TO 283 AND 285 OF
THE COMPANIES ACT, 2017**

INVOLVING

EFG HERMES PAKISTAN LIMITED

AND

INTERMARKET SECURITIES LIMITED

FOR

The merger / amalgamation of the entire undertaking of Intermarket Securities Limited with and into EFG Hermes Pakistan Limited, along with all ancillary matters.

SCHEME OF ARRANGEMENT

UNDER SECTIONS 279 TO 283 AND 285 OF THE COMPANIES ACT, 2017

BETWEEN

EFG HERMES PAKISTAN LIMITED, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, incorporated and existing under the laws of Pakistan and having its registered office at Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block 5, Clifton, Karachi (hereinafter referred to as “EFGH”, which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

INTERMARKET SECURITIES LIMITED, a public company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 5TH Floor, Bahria Complex IV Ext Block, Chaudhry Khalique- uz-zaman Road, Gizri, Karachi (hereinafter referred to as “IMS”, which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns).

RECITALS

WHEREAS by this Scheme of Arrangement (“Scheme”), it is, *inter alia*, proposed that:

1. The entire undertaking, comprising all the Assets, Liabilities and Obligations of IMS shall, as at the Effective Date, stand merged with, transferred to, vested in, and be assumed by EFGH.
2. As consideration for the above, it is proposed that Shares shall be issued to the Shareholders in accordance with this Scheme.
3. Upon the merger and transfer of IMS in the manner stated under this Scheme, IMS shall be dissolved without winding up.
4. This Scheme, if approved through a resolution by the requisite majority of the respective members of EFGH and IMS, 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 EFGH and IMS along with all the members, creditors, employees, Customers, contracting parties, government, tax and any other regulatory / statutory authorities, bodies and departments of or with respect to EFGH and IMS (as applicable) respectively.

BENEFITS OF THIS SCHEME

A. Arrangements Between EFGH, IMS and their Respective Members

The Amalgamation shall allow EFGH and IMS to effectuate the arrangement envisaged by the parties, including the companies and their respective members, through the provisions of sections 279 to 283 and 285 of the Act, in a seamless and tax efficient manner.

B. Synergies

The Amalgamation would provide an opportunity to operate the business / operations of EFGH and IMS through a consolidated operations department, single accounts department, treasury and management information system department, with one set of management and staff, resulting in substantial cost savings and economies of scale, particularly since EFGH and IMS are involved in the same line of business.

C. Larger Equity and Asset Base

The Amalgamation would lead to an increase in the asset base and size of the surviving entity i.e. EFGH, which is a listed company. Consequently, the management of the surviving entity would be in a better position to access more external funds at competitive rates, as well as enabling more and better investment opportunities. The larger size of the equity 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.

D. Increase in Risk Absorption Capacity

The larger size of EFGH (as the merged / amalgamated entity) would increase its risk absorption capacity, thus enhancing the capacity to manage 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. Cost Savings

The Amalgamation would enable the companies and their respective members to rationalize and save costs under the applicable laws while effectuating the envisaged arrangement.

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.

G. Strategic Rationale

The Amalgamation would benefit the members and employees of both the companies. EFGH, being a loss making company, is expected to benefit from multiple cost savings and synergies as detailed above). On the other hand, the members and employees of IMS will become part of a listed entity which will have customer visibility, public image, enhanced corporate governance and an exit platform for its members.

NOW THEREFORE, this Scheme is presented as follows:

ARTICLE 1

DEFINITIONS

1.1. In this Scheme, including in the recitals and benefits above, unless the subject or context otherwise requires, the following expression shall bear the meanings specified below:

“Act” means Companies Act, 2017;

“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 EFGH;

“Annexure B” is the annexure attached hereto which lists the members of the Board of Directors of IMS;

“Annexure C” 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 protections, remissions and 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, exemptions, categories, entitlements, empowerments, dispensations, sanctions, charter, immunities, grants, prerogatives, permissions and benefits relating to the business / company, all trademarks, patents, copyrights, intellectual property rights, licences, liberties, secret processes, know-how, goodwill, data and confidential information belonging / pertaining to a Company. Without in any way limiting or prejudicing the generality of the foregoing, it is hereby clarified that the term ‘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 Company, 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, raw materials, ingredients, consignments from shipments, plant, machinery, equipment, depots, terminals, 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, goodwill, revaluation surplus, 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 company, whether legal or beneficial, whether within or out of Pakistan, and all books of accounts,

registers, records, information, reports, policies, research and all other documents of whatever nature relating thereto; (iv) all the utilities connections and facilities for telecommunications, electricity, gas, water and other installations, owned by, leased or licensed to a company (including related deposits); (v) the Contingent Claims, tax credits / carry forward losses and proceeds realized from the Liquidation of the Contingent Claims; (vi) unadjusted tax receivables / losses and tax refunds; (vii) sales tax carry forward balance and sales tax refunds; and (viii) registrations and licences with / from all regulatory authorities, Federal Board of Revenue, Provincial Boards of Revenue, including in respect of income tax, sales tax, excise duty and otherwise;

“CDC” means the Central Depository Company of Pakistan Limited;

“CDS” means the Central Depository System, an electronic book entry system for the recording and transfer of securities, established under the Central Depositories Act, 1997 and maintained by the CDC;

“Claim” means claim, counter-claim, demand or cause of action and includes a Contingent Claim;

“Completion Date” has the same meaning as prescribed thereto in Article 3.1 of this Scheme;

“Contingent Claims” means any potential Claim that a company may have against any person prior to the Effective Date which may not be disclosed or reflected as part of its Assets on its books or records;

“Contracts” means any contracts, agreements, deeds, instruments, letters, insurance policies or undertakings of every description, creating any obligations enforceable against the parties, including any finance agreements;

“Court” means the High Court of Sindh at Karachi, or any other Court / authority for the time being having jurisdiction under the Act in connection with the Amalgamation;

“Customer” means any person having entered into a transaction, arrangement or other dealing with a company;

“Effective Date” has the same meaning as prescribed thereto in Article 3.1 of this Scheme;

“EFGH” shall have the meaning as prescribed in the Preamble above;

“existing” means existing, outstanding or in force immediately prior to the Effective Date (unless stated otherwise);

“IMS” shall have the meaning as prescribed in the Preamble above;

“Liabilities and Obligations” includes all borrowings, liabilities, duties, commitments and obligations of every description (whether present or future, actual or contingent) arising out of any Contract, law or otherwise whatsoever, and all Securities, and the term **“Liabilities”** and **“Obligations”** are used interchangeably and / or in conjunction with each other;

“**Liquidation**” means the release, compromise, satisfaction, settlement or reduction to judgment of any Claim by a competent court of law;

“**Record Date**” means the date to be fixed by the directors of IMS, after the Completion Date (and subject to the occurrence of the Effective Date), to determine the identities and entitlements of the Shareholders;

“**Scheme**” means this Scheme of Arrangement in its present form with any modifications thereof or additions thereto, approved or with any conditions imposed by the Court;

“**Security**” or “**Securities**” means interest, right or title in and to any and all mortgages, encumbrances or charges (whether legal or equitable), debentures, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any Liabilities and Obligations;

“**Shareholders**” means all the members of IMS, as determined on the Record Date, to whom Shares shall be issued in accordance with the provisions of this Scheme;

“**Shares**” means the ordinary shares, having face value of PKR 10/- (Pak Rupees Ten) each, in the share capital of EFGH;

“**Swap Letter**” means the Swap Letter dated February 28, 2024, issued by Yousuf Adil, Chartered Accountants, attached hereto as Annexure C, pertaining to the Amalgamation, and stipulating, *inter alia*, the basis and calculation of the Swap Ratio; and

“**Swap Ratio**” has the same meaning as prescribed thereto in Article 9.1 of this Scheme.

ARTICLE 2

OBJECTS OF THE SCHEME

- 2.1. The principal object of this Scheme is to amalgamate the entire undertaking of IMS with and into EFGH, by transferring to, merging with and vesting in EFGH the whole of IMS, as a going concern, including all the Assets, Liabilities and Obligations of IMS, as of the Effective Date, against the allotment and issue of Shares to the Shareholders based on the Swap Ratio, and dissolving IMS without winding-up in accordance with the provisions of this Scheme (the “**Amalgamation**”). Furthermore, the name of EFGH shall stand changed / altered in the manner detailed in this Scheme.
- 2.2. It is hereby clarified that although the above steps will take place on the same date, the same shall be deemed to be effective as of the Effective Date.

ARTICLE 3

EFFECTIVE DATE

- 3.1. This Scheme shall become operative and bind EFGH and IMS as soon as an order is passed by the Court under Sections 279 / 282 of the Act, sanctioning this Scheme and making the necessary provisions under Section 282 of the Act (hereinafter referred to as the “**Completion Date**”). When this Scheme becomes operative on the Completion Date, the Amalgamation, in accordance with this Scheme, will be treated as having effect from the start of business on July 1, 2024, or such other date as may be stated by the Court (hereinafter referred to as the “**Effective Date**”). Each company shall file a certified copy of the order passed by the Court with the Registrar of Companies, Karachi in accordance with Section 279 of the Act.
- 3.2. Accordingly, as of the Effective Date and thereafter, until the undertaking of IMS (including the Assets, Liabilities and Obligations thereof) is actually transferred to and vested in EFGH (and all regulatory or third party related formalities, if any, required to be separately completed are fulfilled / completed) in terms of this Scheme, the business of IMS will be deemed to have been carried for and on account and for the benefit of EFGH, and all income, profits, gains and losses accruing or arising to, or incurred by, IMS (including any taxes paid or deducted or withheld) from the Effective Date shall be treated as the income, profits, gains or losses (including any taxes paid or deducted or withheld), as the case may be, of EFGH. The reserves, including un-appropriated profits / losses of IMS, up to and immediately preceding the Effective Date, shall constitute and be treated as reserves / losses of a corresponding nature in EFGH and shall be accounted for on that basis in the books of account of EFGH.

ARTICLE 4

CAPITAL

- 4.1. The authorized share capital of EFGH is PKR 1,000,000,000/- (Pak Rupees One Billion), divided into 100,000,000/- (One Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 20,015,650 (Twenty Million Fifteen Thousand Six Hundred Fifty) ordinary shares have been issued, fully subscribed to and paid up.
- 4.2. The authorized share capital of IMS is PKR 1,000,000,000/- (Pak Rupees One Billion), divided into 100,000,000/- (One Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 50,340,451 (Fifty Million Three Hundred Forty Thousand Four Hundred Fifty One) ordinary shares have been issued, fully subscribed to and paid up.
- 4.3. Upon the sanction of this Scheme, the authorized share capital of EFGH shall be merged and combined with the authorized share capital of IMS. Resultantly, as a consequence of the above, the authorized share capital of EFGH shall thus stand enhanced to PKR 2,000,000,000/- (Pak Rupees Two Billion), divided into 200,000,000 (Two Hundred Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, and accordingly the Memorandum and Articles of Association of EFGH shall stand amended. Approval of the members of EFGH to this Scheme shall also include and constitute an approval, by way of special resolution from the members of EFGH, to the alteration of the Memorandum and Articles of Association of EFGH for the increase of

the authorized share capital of EFGH to PKR 2,000,000,000/- (Pak Rupees Two Billion), as required in terms of the Act.

ARTICLE 5

BOARD OF DIRECTORS

- 5.1. The present directors of EFGH are listed in Annexure A attached hereto.
- 5.2. The present directors of IMS are listed in Annexure B attached hereto.
- 5.3. Upon the sanction of this Scheme, if the Amalgamation / Completion Date occurs (i) after the Effective Date, then from the Completion Date; or (ii) before the Effective Date, then from the Effective Date, the directors of EFGH (existing at the time) shall automatically cease to hold office as directors of EFGH without any right to any compensation for loss of office, and the vacancies arising from such cessation shall automatically be filled by the directors of IMS (existing at such time) and / or such person(s) that the Board of Directors of IMS appoints, who shall thereafter (for the remainder of the term, subject to their ceasing to be directors) continue as directors of the surviving entity i.e. EFGH (as renamed in accordance with this Scheme), subject to compliance with the applicable laws.
- 5.4. The directors of IMS shall cease to hold office as directors of IMS without any rights to any compensation for loss of office upon the dissolution of IMS in accordance with the provisions of this Scheme.
- 5.5. All the directors of EFGH and IMS have an interest in the Amalgamation to the extent of their directorships and respective direct and indirect shareholdings in EFGH and IMS (to the extent applicable). The effect of this Scheme on the interest of these directors does not differ from the respective interests of the members of EFGH and IMS (except as specified in this Scheme).

ARTICLE 6

AMALGAMATION

- 6.1. **General Description**
 - (i) As of the Effective Date, IMS, as a going concern (without discontinuation) for the purpose of all laws, shall be amalgamated with and vest in EFGH upon the terms and conditions set forth in this Scheme without any further act, deed, matter or thing, process or procedure.
 - (ii) EFGH shall be able to carry out all the business of IMS and shall be entitled to all the rights and the benefits thereof.
 - (iii) In consideration of the Amalgamation, EFGH shall allot and issue Shares to the Shareholders in accordance with Article 9 below.

- (iv) IMS shall be dissolved, without winding up, on the date on which all the Shares to be allotted by EFGH to the Shareholders, as prescribed in Article 9, have been so allotted, or on such later date as the Court may prescribe.

6.2. Transfer of the Assets

- (i) As of the Effective Date, all the Assets of IMS shall immediately, without any conveyance or transfer, and without any further act or deed, or payment of any duties or other amounts, be vested in and become the undertaking and Assets of EFGH, which shall have, hold and enjoy the same in its own right as fully as the same were possessed, held and enjoyed by IMS prior to the Amalgamation.
- (ii) The vesting / transfer of the Assets shall be subject to all Securities subsisting thereon (if any), including in the manner prescribed under this Scheme.
- (iii) The vesting / transfer of the Assets of IMS to EFGH pursuant to the Amalgamation shall be effectuated notwithstanding that the same may be in blocked accounts, or pledged by IMS, or in freeze status (including maintained with the CDC in such form). Where required or applicable, the status of the same shall continue in such manner (under the ownership and title of EFGH) once transferred to the relevant account / sub-account of EFGH.
- (iv) Having said the above, the TRE Certificate held by IMS shall stand automatically relinquished / surrendered as a consequence of the Amalgamation in light of the TRE Certificate already held by EFGH. Since the Liabilities and Obligations of IMS shall be assumed by EFGH (as the surviving entity), the relinquishment / surrender of IMS's TRE Certificate shall not require compliance with the provisions of Clause 4.9.1 of the Rule Book of the Pakistan Stock Exchange Limited.

6.3. Transfer of Liabilities and Obligations

As of the Effective Date, all the Liabilities and Obligations of IMS, including towards the creditors of IMS, shall immediately, and without any further act or deed, be assumed by and become the Liabilities and Obligations of EFGH, which shall pay, undertake, satisfy, discharge and perform, when due, all of the Liabilities and Obligations.

6.4. EFGH's Right to Execute Deeds

Deeds, assignments or similar instruments to evidence the aforesaid transfer of Assets and / or assumption of Liabilities may, if required, at any time may be executed by officers of EFGH authorized in this regard.

6.5. References to Assets and Liabilities and Obligations

Any reference in this Scheme to Assets or Liabilities and Obligations of IMS is a reference to Assets or Liabilities and Obligations to which IMS is for the time being entitled or subject to (whether beneficially or in any fiduciary capacity) immediately preceding the Effective Date, wherever such Assets or Liabilities are situated or arise and whether or not capable of being transferred or assigned to or by IMS under any applicable law or instrument.

6.6. Assets held in Trust, etc.

Any Asset vested in IMS which immediately before the Effective Date was held by IMS as trustee or custodian in the form of any trust deed, settlement, covenant, agreement or will or as executor of the will, or administrator of the estate of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall, as of the Effective Date, be held by EFGH in the same capacity upon the trusts, subject to the powers, provisions and Liabilities applicable thereto.

6.7. Contracts

Every Contract to which IMS is a party shall have effect as of the Effective Date as if:

- (i) EFGH had been a party thereto instead of IMS; and
- (ii) For any reference (however worded and whether express or implied) to IMS therein shall stand substituted, as respects anything to be done as of the Effective Date, to a reference to EFGH.

6.8. Bank Accounts

Any and all account(s) maintained by IMS with any bank or financial institution shall, as of the Effective Date, become account(s) between EFGH and such bank or financial institution, subject to the same conditions and incidents as therefore; provided that nothing herein shall affect any right of EFGH to vary the conditions or incidents subject to which any account is kept.

6.9. Instructions

Any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent given to IMS in writing shall have effect, as of the Effective Date, as if given to EFGH.

6.10. Negotiable Instruments

Any negotiable instrument or order for payment of money drawn on or given to, or accepted or endorsed by IMS, or payable at any place of business of IMS, whether so drawn, given, accepted or endorsed before, as of the Effective Date, shall have the same effect as of the Effective Date, as if it had been drawn on, or given to, or accepted or endorsed by EFGH, or were payable at the same place of business of EFGH.

6.11. Custody of Documents

The custody of any document, record or goods held by IMS as bailee and duly recorded in their books that pass to IMS under any Contract of bailment relating to any such document, record or goods shall on that day become rights and obligations of EFGH.

6.12. **Securities:**

- (i) Any Security held immediately before the Effective Date by IMS or by a nominee or agent of or trustee for IMS, as security for the payment or discharge of any liability and obligation of a Customer shall, as of the Effective Date, be held by, or, as the case may require, by that nominee, agent or trustee for EFGH and be available to EFGH (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability and obligation.
- (ii) In relation to any Security vested in EFGH, in accordance with the provisions of this Scheme, and any liabilities and obligations thereby secured, EFGH shall be entitled to the rights and priorities to which IMS would have been entitled if they had continued to hold the Security.
- (iii) Any Security referred to in the foregoing provisions of this paragraph which extends to future advances or liabilities shall, as of the Effective Date, be available to EFGH (whether for its own benefit or as the case may be, for the benefit of any other person) as security for the payment or discharge of future advances and future liabilities to the same extent and in the same manner in all respects as future advances by or liabilities to, IMS or, as the case may be, EFGH, were secured thereby immediately before that time.
- (iv) All Securities of any nature (whether legal or equitable) granted / created by IMS in favour of its secured creditors, if any, will continue to remain operative and effective as Securities in the manner detailed below (to the extent applicable), unless the same have been vacated prior to the Effective Date in accordance with the applicable law. In this respect, upon the Amalgamation (and the sanction of this Scheme):
 - (a) the *pari passu* Security holders of IMS, having Securities over the present and future Assets (excluding land and building), or any part or class thereof, of IMS, shall rank *pari passu* with the *pari passu* Security holders of EFGH, having Securities over the same (class of) present and future Assets (excluding land and building) of EFGH;
 - (b) the ranking Security holders of IMS, having ranking charges / Securities over the present and future Assets (excluding land and building), or any part or class thereof, of IMS, shall continue to be treated as ranking charges / Securities over the combined Assets (or same class thereof) of EFGH. The ranking of such charges / Securities (including the ranking of Securities created by EFGH in favour of its creditors) shall be determined based on the date on which the same were registered with the Securities and Exchange Commission of Pakistan, irrespective of which company had created the same;
 - (c) any first exclusive charge or Security interest granted to a creditor of IMS, by IMS, over specific Assets of IMS will continue to remain and retain its priority of such specific Assets (which stand merged with and into EFGH), notwithstanding the time of time of creation and registration of any other charge / Security;

- (d) any first exclusive charge or Security interest granted to a creditor of EFGH, by EFGH, over specific assets of EFGH will continue to remain and retain its priority of such specific Assets, notwithstanding the time of time of creation and registration of any other charge / Security;
- (e) any mortgage over an immovable property of IMS, granted in favour of a creditor of IMS, shall continue to remain as is (i.e. over such immovable property which stands transferred to and vested in EFGH upon the Amalgamation); and
- (f) any mortgage over an immovable property of EFGH, granted in favour of a creditor of EFGH, shall continue to remain as is.

6.13. Legal Proceedings

Where by virtue of this Scheme any right, Claim or Liability of IMS, becomes a right, Claim or Liability of EFGH as of the Effective Date, EFGH shall have the same rights, claims, powers and remedies (and in particular the same rights, Claims and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right, Claim or Liability as if it had at all times been a right, Claim or Liability of EFGH, and any legal proceedings or application to any authority existing or pending immediately before the Effective Date by or against IMS may be continued by or against EFGH.

6.14. Judgments

Any judgment or award obtained by or against IMS, and not fully satisfied before the Effective Date, shall at that time, to the extent to which it is enforceable by or against IMS, become enforceable by or against EFGH.

6.15. Evidence

All books and other documents which would, before the Effective Date, have been evidenced in respect of any matter, for or against IMS, shall be admissible in evidence in respect of the same matter for or against EFGH.

6.16. Authorizations

Any authorizations / powers of attorney granted by IMS to any persons, with respect to matters pertaining to the undertaking / business / operations etc. of IMS, shall continue to subsist subsequent to the Amalgamation and shall be deemed to be authorizations / powers of attorney granted by EFGH to such persons, until or unless otherwise revoked or modified by EFGH.

6.17. Clarification

The provisions contained in Articles 6.2 to 6.16 above are without prejudice to the generality of any other provisions in this Scheme, but subject to any specific provisions in this Scheme to the contrary effect.

ARTICLE 7

CERTAIN OBLIGATIONS AND REPRESENTATIONS

- 7.1. Upon the Amalgamation, but with effect from the Effective Date, EFGH shall take all necessary and expedient steps to properly and efficiently manage its entire business and affairs and shall operate and promote its entire business and affairs in the normal course.
- 7.2. As of the Completion Date, but with effect from the Effective Date, EFGH shall undertake, pay, satisfy, discharge, perform and fulfil the Liabilities and Obligations, Contracts, engagements and commitments whatsoever of IMS.

ARTICLE 8

THE SCHEME'S EFFECT

- 8.1. The provisions of this Scheme shall be effective and binding by operation of law and shall become effective in terms of Article 3 above.
- 8.2. The execution and / or sanction of this Scheme shall not: (i) constitute any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any Contract or Security; and (iv) give rise to any right of first refusal or pre-emptive right that any person may have in respect of any investment made by such person in EFGH and / or IMS.
- 8.3. Upon the sanction of this Scheme, as of the Effective Date, the terms of this Scheme shall be binding on EFGH and IMS and also on all the respective shareholders / members of EFGH and IMS, the Customers of each of EFGH and IMS, the creditors of the companies and on any other person having any right or liability in relation to either of the companies.

ARTICLE 9

CONSIDERATION FOR THE AMALGAMATION AND RELATED MATTERS

- 9.1. As consideration for the Amalgamation, EFGH shall allot and issue an aggregate of 108,735,374 (One Hundred Eighty Million Seven Hundred Thirty Five Thousand Three Hundred Seventy Four) Shares to the Shareholders, credited as fully paid up, at par, on the basis of a swap ratio of approximately 2.16 Shares for every 1 (one) share of IMS, of the face value of PKR 10/- (Pak Rupees Ten) each, held by each Shareholder (the "Swap Ratio"). All fractions less than a Share shall be consolidated into whole Shares which shall be dealt with by EFGH in a manner determined by the Board of Directors of EFGH. All entitlements of the Shareholders shall be determined in the proportion aforesaid.

- 9.2. The Swap Ratio has been determined and approved by the respective Board of Directors of EFGH and IMS on the basis of the calculations and range of valuations as stated in the Swap Letter, based, *inter alia*, on the average of the net asset value (NAV) per share of the companies based on the audited financial statements of the respective companies for the period ended September 30, 2023, and average of NAV and the weighted average market price per share of EFGH during September 2023. The Swap Letter has been approved by the respective Board of Directors of each of EFGH and IMS.
- 9.3. Subsequent to the Completion Date (and subject to occurrence of the Effective Date), at least 7 (seven) days' notice shall be given to members of IMS, by IMS, specifying the Record Date in order to determine the identities of the Shareholders and their entitlements. Such notice shall also specify the date by which the Shareholders shall deliver to IMS, for cancellation, all the share certificates representing ordinary shares in IMS held by them and such share certificates shall be delivered to IMS on or before that date. IMS shall, within 7 (seven) days of the Record Date, provide EFGH with the list of the Shareholders along with details of their respective entitlements. It is clarified that where any shares of IMS are held by a nominee shareholder of another member of IMS, such nominating member shall determine whether Shares shall be allotted and issued in favour of the nominee shareholder or not (which shall be communicated by the nominating member to IMS).
- 9.4. The share certificates delivered / to be delivered by the Shareholders in accordance with Article 9.3 above shall stand cancelled (whether or not the same have been surrendered to IMS by the prescribed date) and the Shareholders shall be entitled to share certificates / CDC book-entries representing the number of fully paid up Shares to which the respective Shareholder is entitled to in accordance with the provisions of this Scheme.
- 9.5. The allotment of Shares (in accordance with the provisions of this Article 9) shall be made by EFGH within 14 (fourteen) days from the date notified above. The share certificates for such Shares shall be made ready for delivery as soon as practicable thereafter and notices of their readiness for their delivery shall be given to the Shareholders in the manner provided in the Articles of Association of EFGH. Share certificates not collected within the time specified in any such notice shall be sent by post in prepaid envelopes addressed to the persons entitled thereto at their respective registered addresses. In the case of joint shareholders, share certificates may be delivered to or may be sent to the address of that one of the joint holders whose name appears first in respect of such joint holding. EFGH shall not be responsible for loss of the share certificates in such transmission. The Shareholders shall have the option of receiving the Shares in book entry form through the CDS, which they shall intimate to IMS in advance (which in turn will intimate EFGH of the same at the time of sharing details pertaining to the Shareholders in accordance with Article 9.3). In such case, and with respect to such Shareholders holding shares of IMS, EFGH shall credit the respective CDC accounts / sub-accounts of the relevant Shareholders with book entries relating to the corresponding number of Shares which the relevant Shareholder is entitled to in accordance with this Article 9. Such allotment shall be carried out in accordance with the rules and regulations of the CDC.
- 9.6. The Shares, issued and allotted to the Shareholders in accordance with the provisions of this Scheme, shall, in all respect, rank *pari passu* with the ordinary shares of EFGH and shall be entitled to all dividends declared after the Effective Date.

- 9.7. The Shares, issued by EFGH in accordance with this Article 9, shall initially be recorded in the books of account of EFGH at cost / par value. Any amount in excess of the par value of the share capital being issued by EFGH shall be credited / recorded as reserves, including as a "Capital Reserve" or "Merger Reserve", taking into account the carrying values of the net assets comprising the undertaking of IMS which shall stand vested in EFGH pursuant to this Scheme (however, this shall not include or be applicable to revenue reserves / unappropriated profits of IMS being vested in EFGH, in respect of which the provisions of Article 3.2 of this Scheme shall be applicable).
- 9.8. Subject to the sanction of the Scheme by the Court, IMS shall, without winding up, stand dissolved from the date on which all the Shares, to be allotted by EFGH to the Shareholders as prescribed above, have been so allotted.

ARTICLE 10

EMPLOYEES

- 10.1. Subject to the sanction of this Scheme, but with effect from the Effective Date, all full time officers and employees (including workmen, if any) of IMS shall become the employees of EFGH at the same level of remuneration and under the same terms and conditions of service which they were receiving or, as the case may be, by which they were governed immediately before the Effective Date, including those relating to entitlements and benefits arising upon termination of services, on the basis of continuation of service (which shall be taken into account for the purposes of all benefits to which such employees may be eligible, including for the purpose of payment of any retrenchment compensation and other terminal benefits), unless the employment of any such person(s) is terminated (including pursuant to resignation or otherwise).
- 10.2. On and from the sanction of this Scheme, but with effect from the Effective Date, all amounts / funds (including in the nature of monies, investments or otherwise) vested in the provident fund maintained by IMS titled "Intermarket Securities Limited Employees Provident Fund Trust" (the "Provident Fund"), held by the trustees thereof, including amounts standing to the credit of the Provident Fund on the Completion Date / Effective Date (whichever is later), for the benefit of the eligible employees of IMS who are members and beneficiaries of the Provident Fund, shall be transferred from such fund and vest in the trustees of a similar fund established by EFGH for the benefit of its employees. IMS and the trustees of the Provident Fund shall take necessary steps, including making necessary arrangements and entering into agreements (if required) for the purposes of the above.

ARTICLE 11

CHANGE OF NAME OF EFGH

- 11.1. Upon the sanction of this Scheme, and with effect from the Effective Date, the name of EFGH shall stand changed / altered from "EFG Hermes Pakistan Limited" to "Intermarket Securities Limited".

- 11.2. Without prejudice to the provisions of Article 11.1 above, EFGH shall fulfil any documentary formalities / filings for the change of its name.
- 11.3. Approval of the members of EFGH to this Scheme shall also include and constitute an approval by way of special resolution from the members of EFGH, to the change in the name of EFGH in the manner detailed above.

ARTICLE 12

GENERAL

12.1. Modifications by the High Court

This Scheme shall be subject to such modification of conditions, as the Court may deem expedient to impose. The Board of Directors of EFGH and IMS respectively may consent to any modifications or additions to this Scheme or to any conditions which the Court may think fit. In case of any difficulty in implementation of any aspect of this Scheme, clarifications, directions and / or approval may be obtained from the Court. Notwithstanding the above, in the event that the terms of this Scheme are not approved by the members and / or creditors of EFGH and / or IMS (as applicable) in its entirety and / or the Scheme, as approved by the respective companies, is modified by the Court, the Board of Directors of EFGH and / or IMS shall be entitled to withdraw this Scheme (whether or not approval from the shareholders and creditors of the respective companies has been obtained).

12.2. Headings

Article headings are not to be considered part of this Scheme, but are solely for convenience of reference, and shall not affect the meaning or interpretation of this Scheme or any of its provisions.

12.3. Severability

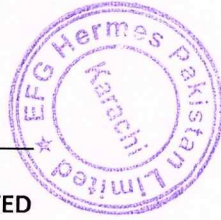
If any provision of this Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of the Scheme shall remain in full force and effect.

12.4. Costs and expenses

All costs, charges and expenses of IMS and EFGH in respect of the preparation of this Scheme and carrying the same into effect shall be borne by IMS and EFGH on equal basis.

Karachi.

Dated: February 29, 2024.



For and on behalf of
EFG HERMES PAKISTAN LIMITED

Name: SHAHID KAMAL

Designation: COMPANY SECRETARY



For and on behalf of
INTERMARKET SECURITIES LIMITED

Name: MUHAMMAD YOUNUS

Designation: Head of Operations

LIST OF ANNEXURES

- “Annexure A”** – List of members of Board of Directors of EFGH.
- “Annexure B”** – List of members of Board of Directors of IMS.
- “Annexure C”** – Swap Letter dated February 28, 2024, issued by Yousuf Adil, Chartered Accountants.

ANNEXURE A

LIST OF MEMBERS OF BOARD OF DIRECTORS OF EFG HERMES PAKISTAN LIMITED

Mr. Syed Raza Haider Jafri

Ms. Sarah Kwena Maja

Mr. Mohamed Hussein Mahmoud Mohamed Ebeid

Mr. Freyan Byram Avari

Mr. Johannes Hailu Gunnell

Mr. Fayyaz Ilyas

ANNEXURE B

LIST OF MEMBERS OF BOARD OF DIRECTORS OF INTERMARKET SECURITIES LIMITED

Ms. Erum Bilwani

Mr. Muhammad Rehan Alam

Mr. Shehzad Hussain

Mr. Muhammad Ashfaq

Mr. Wajid Hussain