

MODARABA AL-MALI (managed by LSE CAPITAL LIMIED)

NOTICE OF EXTRAORDINARY GENERAL MEETING FOR APPROVAL OF SCHEME OF COMPROMISES, ARRANGEMENTS AND RECONSTRUCTION

PART-1 - Complete Transfer of Assets and Undertakings

MODARABA AL-MALI (AND ITS MEMBERS) AND LSE PROPTech LIMITED (AND ITS MEMBERS) WITH AND INTO LSE CAPITAL LIMITED (AND ITS MEMBERS)

PART-2 - Partial Transfer of Designated Assets

LSE CAPITAL LIMITED (AND ITS MEMBERS) WITH AND INTO LSE FINANCIAL SERVICES LIMITED (AND ITS MEMBERS)

In compliance with the order dated November 28, 2023 passed by the Honorable Lahore High Court, Lahore in Civil Original No. **78278/2023**, notice is hereby given that the Extra-ordinary General Meeting (EOGM) of the certificate-holders of **Modaraba Al-Mali (MODAM)** will be held on **Tuesday, December 26, 2023** at **11:30 A.M.** at the registered office of the **Modaraba Al-Mali (through LSE Capital Limited)** i.e. LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore to consider and if deemed fit, adopt, agree and approve the Scheme of Compromises, Arrangements and Reconstruction ('the Scheme') of:

PART-1 - Complete Transfer of Assets and Undertakings

MODARABA AL-MALI (AND ITS MEMBERS) AND LSE PROPTech LIMITED (AND ITS MEMBERS) WITH AND INTO LSE CAPITAL LIMITED (AND ITS MEMBERS)

PART-2 - Partial Transfer of Designated Assets

LSE CAPITAL LIMITED (AND ITS MEMBERS) WITH AND INTO LSE FINANCIAL SERVICES LIMITED (AND ITS MEMBERS)

and to pass the special resolution, with or without any modification, subject to the terms and conditions entailed in the Scheme.

The Board of Directors in its meeting held on **November 15, 2023** has approved the Scheme and has recommended the resolutions as outlined in the Statement of Information accompanying the Notice to the Members under Section 281(1)(A) / 134(3) of the Companies Act, 2017 to the Shareholders for their approval with or without amendment/alteration. The Board of Directors of the Company has passed the following resolution:

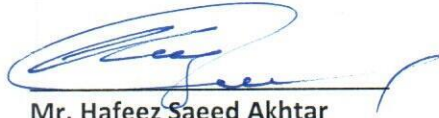
RESOLVED THAT the draft scheme of merger (as Part-1) of **LSE Proptech Limited** (& its Members) with and into the **LSE Capital Limited** in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 be and is hereby approved.

RESOLVED FURTHER THAT the draft scheme of merger (as Part-1) of **Modaraba Al-Mali** (& its Members) with and into the **LSE Capital Limited** in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 be and is hereby approved.

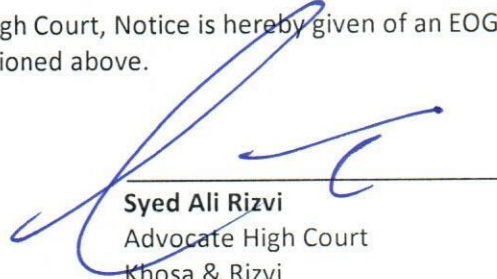
RESOLVED FURTHER THAT the draft scheme of merger (partially as Part-2) of **LSE Capital Limited** (& its Members) with and into the **LSE Financial Services Limited** in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 be and is hereby approved.

RESOLVED FURTHER THAT the approval of draft scheme of merger (Part-1 and Part-2) is subject to the approval of Registrar Modaraba.

In compliance to the above order of the Honorable High Court, Notice is hereby given of an EOGM of the Company to be held at the date, time and place mentioned above.



Mr. Hafeez Saeed Akhtar
Advocate Supreme Court
Sayeed, Hafeez & Mirza
Advocate & Legal Advisors
19-Sir Ganga Ram Mansions
The Mall, Lahore



Syed Ali Rizvi
Advocate High Court
Khosa & Rizvi
Advocates and Legal Consultants
Office 140-A, Ahmad Block
New Garden Town, Lahore

Date: December 2nd, 2023

Notes:

5. The detailed explanatory statement accompanying the notice to the members is being sent along with the Notice of the Extra Ordinary General Meeting of the Company.
6. Copies of the Scheme, statement u/s 281 of the Companies Act, 2017 recent annual/quarterly accounts along with all published or otherwise required accounts of all previous periods of the above referred companies along with financial details on swap ratio, Memorandum and Articles of Association, requisite approvals and any other related information/ documents may also be inspected/ procured during the business hours on any working day at Registered Office of the Company from the date of publication of this Notice till the conclusion of the Extra-Ordinary General Meeting.

Closure of Share Transfer Books

The share transfer Books of the Company shall remain closed from **December 19, 2023 to December 26, 2023** (both days inclusive) for the purpose of attending Extraordinary General Meeting. Transfers received in order at the office of our **Company Secretary, LSE Plaza, 19-Khayaban-e-Aiwan-Iqbal, Lahore** at the close of business on **December 18, 2023** will be considered in time to attend the EOGM.

Participation in the Extraordinary General Meeting (EOGM)

In the light of COVID-19 situation in the Country, the Company has made the arrangement for the safety of the members attending the meeting physically. The relevant SOPs should be followed strictly. All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend, speak and vote for him / her. Proxies in order to be effective must be received at the Registered



Office of the Company **not less than 48 hours before the time of holding the meeting.** The CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e., www.lse.com.pk.

For Attending the Meeting

- a. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.
- b. In case of corporate entity, Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

For Appointing Proxies

- k) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
- l) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- m) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- n) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- o) In case of corporate entities, board of directors' resolution/ power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

Consent For Video Conference

Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and submit to registered address of the Company at least 10 days before the date of EOGM.

I/We _____ of _____, being member(s) of **Modaraba Ali-Mali** holder _____ Ordinary share(s) as per Register Folio No. _____ hereby opt for video conference facility at _____

**STATEMENT OF INFORMATION
ACCOMPANYING NOTICE TO THE MEMBERS
UNDER SECTION 281(1)(a) / 134(3) OF THE COMPANIES ACT, 2017**

Background

LSE CAPITAL LIMITED (LSECAP), is the Modaraba Company and its principal object is to initiate, sponsor, promote, float, organize, manage, administer and operate modaraba companies, modaraba funds and modaraba of all type and descriptions, mutual funds, unit trust and other similar concerns either in syndicates or otherwise. Currently **LSECAP** is Modaraba Company of Modaraba Al-Mali. Currently **LSECAP** holds the following licenses/ registrations/approvals:

Sr. no.	Type of Licenses/Approvals	From
1 -	Registration as a modaraba company under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980	Securities and Exchange Commission of Pakistan
2 -	License as a consultant to the issue under the Public Offering (Regulated Securities Activities Licensing) Regulations, 2017	Securities and Exchange Commission of Pakistan
3 -	Floated and Listed Modaraba Al-Mali	Securities and Exchange Commission of Pakistan
4 -	Permission (with periodical extensions in the time) for the floatation of following Modarabas: 1. Modaraba Al-Istathmar 2. Modaraba Al-Makatib 3. Modaraba Al-Tameer	Securities and Exchange Commission of Pakistan

LSE PROPTech LIMITED (LSEPL) was incorporated under the Companies Act, 2017 with the principal business to develop, import, market, construct and maintain and offer software services for efficient real estate management and to provide online/e-commerce market places/networked warehouses and smart architectural, maintenance, safety, security and assurance solutions and eco-systems for Internet of Things (IoT) for buildings, shared grids and data centers and insulated construction methodologies, and to provide digital platform for information, analytics, data for real estate management and to buy, sell, export, import of software, hardware and establishment of incidental infrastructural facilities, subject to the permission of the relevant authorities, wherever required. The Corporate Unique Identification (CUIN) of **LSEPL** is **020194** and the date of incorporation is May 11, 2022. The company's shares were listed on PSX under an earlier scheme having been sanctioned by the honorable Lahore High Court accomplished through Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017.

MODARABA AL-MALI (MODAM) is a multipurpose and perpetual Modaraba floated in Pakistan on July 8, 1987, under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("Modaraba Ordinance, 1980"), and Modaraba Companies and Modaraba Rules, 1981 ("Modaraba Rules, 1981"). The Modaraba is being managed by LSE Capital Limited (the "**Modaraba Company**"), a company



registered under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Modaraba is listed on the Pakistan Stock Exchange Limited. The registered office of the Modaraba is relocated to 505, 5th Floor, LSE Plaza, Kashmir-Edgerton Road, Lahore, in the province of Punjab. Upon transfer to the new management, Modaraba's focus has been changed from conventional Islamic financing modaraba to undertaking Islamic venture capital, private equity and corporate & financial restructuring /rehabilitation transactions of potentially viable companies through resource mobilization.

LSE FINANCIAL SERVICES LIMITED (LSEFSL) was originally incorporated with the name of Lahore Stock Exchange (Guarantee) Limited under the Companies Act, 1913 (now the Companies Act, 2017) on October 05, 1970 as a Company limited by guarantee. The Company was re-registered as a public limited company by shares under "Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012 on August 27, 2012. The Securities Exchange and Commission of Pakistan (SECP) vide its notification dated August 25, 2015 directed integration of stock exchanges in the Country. Consequent to the approved scheme of integration of stock exchanges, the Company ceased its stock exchange operations on January 11, 2016, and was granted a license of "investment finance services" under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008) to operate as an investment finance services company under the name of "LSE Financial Services Limited". Prior to cessation of the stock exchange operations, the Company was engaged in listing, conducting, regulating and controlling the trade or business of buying, selling and dealing in shares, scrips, participation term certificates, Modaraba certificates, Sukuks, bonds, debentures, commercial papers and other securities.

LSE Financial Services Limited was demerged into LSE Ventures Limited and LSE Proptech Limited through Scheme of Compromises, Arrangement and Reconstruction under Section 279 to 283 of the Companies Act, 2017 sanctioned by the honorable Lahore High Court. **LSEFSL** is continued under license of "investment finance services" within NBFC Rules and Regulations. Under the "investment finance service" license, **LSEFSL** has to operate within the ambit defined by the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (and related regulations under the Non-Banking Finance Companies and Notified Entities Regulations, 2008) that generally includes provision of finance, loans, guarantee, financial accommodation etc. Further, the license is also valid for undertaking leasing, housing finance services and discounting services without the requirement of obtaining separate licenses for each form of business under the NBFC rules and regulations. **LSEFSL** operates under the ambit of NBFC Rules and Regulations, and holds the license of investment finance services (IFS). Moreover, **LSEFSL** is continued to comply within the restrictions and requisite requirements placed by Integration Order 1/2016 by the Commission under Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012. However, status of NBFC can be changed, if approved by the shareholder/member through special resolution in the general meeting.

Objective of the Scheme

1. Book value of **MODAM** per certificate is Rs. 14.04 whereas its market value is Rs. 3.65 per certificate (as on November 13, 2023). Likewise, Book value of **LSEPL** per share is **Rs. 19.37** whereas its market value is **Rs. 3.34** per share (as on November 13, 2023) i.e. shares (and certificates) of **LSEPL** and **MODAM** are undervalued.
2. Modaraba certificates are non-voting and trading volumes of Modaraba sector remains sluggish due to lack of interest from the investors/public and tax exemption available to Modaraba sector is already withdrawn by the Federal government.
3. Shariah Compliance can be made to the companies registered under Companies Act, 2017 i.e. **LSECAP** being Modaraba Company is Shariah Compliant.
4. Operational and administrative synergies will be available if operations of **MODAM**, **LSEPL** and **LSECAP** are combined whereas, **LSEPL** has limited revenue sources mainly derived from short term rental income and facility management fee. Combining the operations of **LSEPL**, **MODAM** with **LSECAP** will diversify the income stream and also provide the operational synergies as a whole.
5. Upon the completion of merger / amalgamation through the intended Scheme, the **MODAM** and **LSEPL** will be dissolved under the Order of the Honorable Lahore High Court, Lahore without winding up, and the issuance of shares of **LSECAP** to the registered members/shareholders /certificate-holders of **MODAM** and **LSEPL** respectively.
6. Registration as a Modaraba Company shall remain with the **LSECAP**. Requisite changes in the Memorandum of Association of **LSECAP** shall be made to accommodate the undertaking and business of **MODAM** and **LSEPL** (as transferors) that will be transferred to **LSECAP** (as transferee).
7. Listing status of **MODAM** shall be transferred to **LSEFSL**.
8. Listing status of **LSEPL** shall be transferred to **LSECAP**.
9. Designated assets (Schedule – 3) shall be transferred to **LSEFSL** (as a transferee) by **LSECAP** (as a transferor) against additional share capital of **LSEFSL**.

Benefits of the Scheme

- a. **LSECAP** shall be listed on PSX by virtue of merger of **LSEPL** (as a transferor) with and into **LSECAP** (as a transferees).
- b. **LSECAP** will get shares of **LSEFSL**.
- c. Shareholders of **LSECAP** will get shares of **LSEFSL**.
- d. Shares of Digital Custodian Company Limited (owned by **LSECAP**) will be transferred (partially) to **LSEFSL** under the Scheme.
- e. Operational and strategic synergies will be available to **LSECAP** if all operations (of **LSEPL**, **MODAM** and **LSECAP**) are combined in terms of costs, efficiency and fund raising, if required.
- f. The proposed merger will provide a broader shareholders' base which will be conducive in further fund raising, if required, from the capital market.
- g. Certificate-holders of **MODAM** will get shares of **LSECAP** (as per SWAP ratio) which will carry pari-passu rights (including voting rights).
- h. It is expected that trading volumes (at PSX) will be improved after the proposed merger which will provide liquidity and tradability to the shareholders/investors.

- i. Modaraba Certificate-holders of **MODAM** will get shares of **LSEFSL** under the Scheme.
- j. The combined value (based on book value) of **LSECAP** shares that are being given to **MODAM**'s shareholders under the SWAP ratio is in excess of the current market value of **MODAM**'s shares. Thus, the certificate-holders of **MODAM** shall gain from the merger transaction.
- k. **LSEFSL** shall be listed on PSX by virtue of merger of **MODAM**'s listing status (as a transferor) with and into **LSEFSL** (as a transferee).
- l. **LSEFSL** will get Shares of **LSECAP** (as an additional share capital).
- m. The proposed merger and listing status will provide broad shareholders' base (for **LSECAP** and **LSEFSL**) which will be conducive in fund raising, if required, from the capital market.
- n. **LSEFSL** shall continue to operate under the ambit of NBFC Rules and Regulations, and will continue to hold the license of investment finance services (IFS). Moreover, **LSEFSL** is continued to comply within the restrictions and requisite requirements placed by Integration Order 1/2016 by the Commission under Stock Exchange (Corporatization, Demutualization and Integration) Act, 2012.
- o. It is expected that trading volumes (at PSX) will be improved after the proposed merger which will provide liquidity and tradability to the shareholders/investors.

SPECIAL BUSINESS

Proposed Resolutions as an integral part of Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/Merger ('the Scheme') to be adopted by the Shareholders/Certificate-holders:

Agenda item – 1 : and the specific resolution required to be approved by the Shareholders	Type of resolution to be passed
<p>RESOLVED THAT the draft scheme of merger (as Part-1) of LSE Proptech Limited (& its Members) with and into the LSE Capital Limited in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 be and is hereby approved.</p>	<p>Special Resolution / Under Section 279 and all other enabling provisions of Companies Act, 2017</p>
<p>RESOLVED FURTHER THAT the draft scheme of merger (as Part-1) of Modaraba Al-Mali (& its Members) with and into the LSE Capital Limited in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 be and is hereby approved.</p>	
<p>RESOLVED FURTHER THAT the draft scheme of merger (partially as Part-2) of LSE Capital Limited (& its Members) with and into the LSE Financial Services Limited in terms of the provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017 be and is hereby approved.</p>	
<p>RESOLVED FURTHER THAT the approval of draft scheme of merger (Part-1 and Part-2) is subject to the approval of Registrar Modaraba.</p>	
<p>In terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017, and, for this purpose, pass the resolutions, as</p>	



special resolutions (as attached in the Statement of Information, accompanying Notice to the Members under Section 281(1)(a) / 134(3) of the Companies Act, 2017) , with or without modification(s), addition(s) or deletion(s), and to approve the consequent alterations in the Memorandum and Articles of Association of the Company, subject to requisite approvals, if any;

RESOLVED FURTHER THAT Chief Executive or the Company Secretary of the **LSE Capital Limited**, be and is hereby singly authorized to sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/ merger to the competent authorities including but not limited to honorable Lahore High Court, Securities and Exchange Commission of Pakistan, Competition Commission of Pakistan."

Special Resolution /
Under Section 279
and all other enabling
provisions of
Companies Act, 2017

Notes:

1. The resolutions are meant for enabling actions under Sections 279 to 283 of the Companies Act, 2017 and the Rule Book of Pakistan Stock Exchange Limited.
2. The above resolutions may be passed by the shareholders in their absolute discretion, with or without modification(s), addition(s) or deletion(s), if any.

AGENDA ITEM NO. 1 – SCHEME OF ARRANGEMENT

Proposed Resolutions

1. **RESOLVED THAT** pursuant to the provisions of Section 279 to 283 of the Companies, Act, 2017 and other applicable provisions, if any, and subject to the approval of Registrar Modaraba and the Honorable Lahore High Court, the proposed merger (Part-1) of **LSE Proptech Limited** ('Transferor Company') with and into **LSE Capital Limited** ('Transferee Company') along with the draft Scheme of Amalgamation/ Merger/ as placed before the shareholders, be and are hereby approved.
2. **RESOLVED THAT** pursuant to the provisions of Section 279 to 283 of the Companies, Act, 2017 and other applicable provisions, if any, and subject to the approval of Registrar Modaraba and the Honorable Lahore High Court, the proposed merger (Part-1) of **Modaraba Al-Mali** ('Transferor Company') with and into **LSE Capital Limited** ('Transferee Company') along with the draft Scheme of Amalgamation/ Merger/ as placed before the shareholders/ certificate-holders, be and are hereby approved.
3. **RESOLVED THAT** pursuant to the provisions of Section 279 to 283 of the Companies, Act, 2017 and other applicable provisions, if any, and subject to the approval of Registrar Modaraba and the Honorable Lahore High Court, the proposed partial merger (Part-2) of **LSE Capital Limited** ('Transferor Company') with and into **LSE Financial Services Limited** ('Transferee Company') along with the draft Scheme of Amalgamation/ Merger/ as placed before the shareholders, be and are hereby approved.
4. **RESOLVED FURTHER THAT** approval be and is hereby accorded to implement the Scheme and accordingly application/petition shall be filed with the Securities and Exchange Commission of Pakistan, honorable Lahore High Court, Pakistan Stock Exchange Limited and any other competent authority(ies).



5. **RESOLVED FURTHER THAT** the approval of the shareholders and Modaraba certificate-holders, be and is hereby granted to the terms and conditions as set out in the draft Scheme of Amalgamation/ Merger, which includes, inter-alia, the following:
- a) That all asset and liabilities including Income Tax and all other statutory liabilities of the Transferor Company (**LSE Proptech Limited**) will be transferred to and vest in the Transferee Company i.e. **LSE Capital Limited** (as described in Schedule – 1 of the Scheme);
 - b) That all asset and liabilities including Income Tax and all other statutory liabilities of the Transferor Company (**Modaraba Al-Mali**) will be transferred to and vest in the Transferee Company i.e. **LSE Capital Limited** (as described in Schedule – 2 of the Scheme);
 - c) That designated asset and liabilities including Income Tax and all other designated statutory liabilities of the Transferor Company (**LSE Capital Limited**) will be transferred to and vest in the Transferee Company i.e. **LSE Financial Services Limited** (as described in Schedule – 3 of the Scheme);
 - d) That all the employees of the Transferor Company (i.e. **LSE Proptech Limited**) , if any, in service on the date immediately preceding the date on which Scheme finally takes effect i.e. the Effective Date, shall become the employees of the Transferee Company i.e. **LSE Capital Limited** (as described in Schedule – 6 of the Scheme) on such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the concerned Transferor Company on the said date;
 - e) That all the employees of the Transferor Company (i.e. **Modaraba Al-Mali**) , if any, in service on the date immediately preceding the date on which Scheme finally takes effect i.e. the Effective Date, shall become the employees of the Transferee Company i.e. **LSE Capital Limited** (as described in Schedule – 6 of the Scheme) on such date without any break or interruption in service and upon terms and conditions not less favorable than those subsisting in the concerned Transferor Company on the said date;
 - f) No transfer of employee shall be made from **LSE Capital Limited** (as Transferor Company) to **LSE Financial Services Limited** (as Transferee Company);
 - g) That the Scheme of Amalgamation / Merger shall be effective from **Effective Date**, the provisions of the Scheme, so far as they relate to transfer and vesting of the business and undertaking(s) of the Transferor Company(ies) (as described in Schedule – 1, Schedule – 2 and Schedule - 3 of the Scheme) into the Transferee Company(ies), shall be applicable and come into operation from the Sanction Date or such other date as the Honorable Lahore High Court may approve;
 - h) That the **LSE Capital Limited** shall allot shares to the shareholders of the **LSE Proptech Limited** in accordance to the **SWAP Ratio** as per the Valuation Report given by the **Kreston Hyderbhimji & Co., Chartered Accountants** (or any other renowned practicing-chartered accounting firm), as tabled before the meeting and taken note of; and
 - i) That the **LSE Capital Limited** shall allot shares to the certificate-holders of the **Modaraba Al-Mali** in accordance to the **SWAP Ratio** as per the Valuation Report given by the **Kreston Hyderbhimji & Co., Chartered Accountants** (or any other renowned practicing-chartered accounting firm), as tabled before the meeting and taken note of; and
 - j) That the **LSE Financial Services Limited** shall allot shares to the shareholders of the **LSE Capital Limited**, to the certificate-holders of **Modaraba Al-Mali** and to the **LSE Capital Limited** in accordance to the **SWAP Ratio** as per the Valuation Report given by the **Kreston Hyderbhimji & Co., Chartered Accountants** (or any other renowned practicing-chartered accounting firm), as tabled before the meeting and taken note of; and
 - k) That **LSE Capital Limited** shall allot shares to **LSE Financial Services Limited** in accordance to the Scheme.

- l) That the distribution of shares of **LSE Proptech Limited** owned by **Modaraba Al-Mali** to be distributed to the certificate-holders of **Modaraba Al-Mali**.
- m) That the distribution of certificates of **Modaraba Al-Mali** owned by **LSE Capital Limited** to be made to the shareholders of **LSE Capital Limited**.
- n) That the listing status of the **LSE Proptech Limited (LSEPL)** with the Pakistan Stock Exchange Limited (PSX) and eligibility status (of **LSEPL**) with Central Depository Company of Pakistan Limited (CDC) along with all privileges, rights and liabilities of the Transferor Company with PSX and CDC shall be transferred in the names of the **LSE Capital Limited** (as described in the Scheme).
- o) That the listing status of the **Modaraba Al-Mali (MODAM)** with the Pakistan Stock Exchange Limited (PSX) and eligibility status (of **MODAM**) with Central Depository Company of Pakistan Limited (CDC) along with all privileges, rights and liabilities of the Transferor Company with PSX and CDC shall be transferred in the names of the **LSE Financial Services Limited** (as described in the Scheme).
- p) Effective date of the Scheme is **June 30, 2023** or any other date which is determined by the honorable Lahore High Court. However, this will not affect the SWAP ratio determined in the Scheme. Any difference, if any, will be adjusted either in goodwill or merger reserves, as the case may be. Moreover, actual transfer will be effectuated on sanctioned date, when the Scheme shall become the operative (as defined in Article – 3 of the Scheme). No further approval shall be required from the shareholders of the Company.
- q) SWAP ratio will not be changed unless directed (and accepted by the Company) by the honorable Lahore High Court or the Securities and Exchange Commission of Pakistan, as the case may be. Any difference, if any, will be adjusted either in goodwill or merger reserves, as the case may be. No further approval shall be required from the shareholders of the Company.
6. **RESOLVED FURTHER THAT** pursuant to the provision of Section 279 to 283 of the Companies, Act, 2017 and other applicable provisions, necessary joint/separate application(s), petition(s) and may be removed by the Chief Executive Officer or the Company Secretary of **LSE Capital Limited** singly before the Honorable Lahore High Court, for seeking its directions as to convening, holding and conducting of any meeting(s) of the shareholders and creditors (if any) or dispensation thereof, as the case may be, including for the appointment of Chairman, issuance and dispatch of notices and placement of advertisements and for seeking any other directions as the Honorable Lahore High Court may deem fit and proper and for seeking the approval of the proposed amalgamation/ merger and the proposed Scheme of Amalgamation / Merger.”
7. **RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of **LSE Proptech Limited** and **LSE Capital Limited** to amend the swap ratio, if advised or directed by the Securities and Exchange Commission of Pakistan or honorable Lahore High Court, as the case may be, for the issuance of shares of **LSE Capital Limited** to the shareholders of the **LSE Proptech Limited**.
8. **RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of **Modaraba Al-Mali** and **LSE Capital Limited** to amend the swap ratio, if advised or directed by the Securities and Exchange Commission of Pakistan or honorable Lahore High Court, as the case may be, for the issuance of shares of **LSE Capital Limited** to the shareholders of the **LSE Proptech Limited**.
9. **RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of **LSE Capital Limited** and **LSE Financial Services** to amend the swap ratio, if advised or directed by the Securities and Exchange Commission of Pakistan or honorable Lahore High Court, as the case may be, for the



issuance of shares of **LSE Financial Services Limited** to the shareholders of the **LSE Capital Limited** and to the **LSE Capital Limited**.

10. **RESOLVED FURTHER THAT** approval be and is hereby given to the Board of Directors of LSE Financial Services and **LSE Capital Limited** to amend the swap ratio, if advised or directed by the Securities and Exchange Commission of Pakistan or honorable Lahore High Court, as the case may be, for the issuance of shares of **LSE Capital Limited** to the **LSE Financial Services Limited**.
11. **RESOLVED FURTHER THAT** the shareholders, be and hereby authorize singly the Chief Executive or the Company Secretary of the Company (i.e. respective company/ corporate undertaking), to undertake and implement all relevant steps/actions, required to be completed, as a consequence of the approval of the above special resolutions.
12. **RESOLVED FURTHER THAT** the Chief Executive Officer or the Company Secretary of the **LSE Capital Limited**, be and are hereby singly authorized to submit the certified true copies of the resolutions passed by the shareholders of the Company (i.e. respective company/ corporate undertaking) to the Honorable Lahore High Court, the Registrar of Companies, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and such other competent authorities, if necessary."
13. **RESOLVED FURTHER THAT** the Chief Executive Officer, or the Company Secretary of the **LSE Capital Limited**, be and are hereby singly authorized:
 - a) To sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and to swear affidavits or execute bonds for the above-mentioned amalgamation/ merger;
 - b) To engage any counsel(s)/advocate(s)/consultant(s) to file the application(s) and petition(s) before the Honorable Lahore High Court, and to do other needful tasks;
 - c) To appear [in person or through representative(s)] before the Honorable Lahore High Court; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; Pakistan Stock Exchange Limited and/or before any other authority or person in connection with the aforesaid amalgamation/merger; and
 - d) To do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required for the aforesaid purpose.



Summary of the Scheme

		Before Scheme				After Scheme	
		LSEPL	MODAM	LSECAP	LSEFSL	LSECAP	LSEFSL
Authorized Shares	Nos.	150,000,000	92,000,000	25,000,000	52,000,000	200,000,000	119,000,000
Share Outstanding	Nos.	90,090,731	90,816,915	21,000,000	10,000,000	181,153,345	35,677,578
Book Value	Rs/Share	19.37	14.04	14.08	10.07	15.14	10.90

SWAP Ratio

No. of Shares of LSECAP against 100 shares of LSEPL	83.00
No. of Shares of LSECAP against 100 Modaraba certificates of MODAM	83.00

Distribution Ratio

No. of Shares of LSEFSL against 1,000 shares of LSECAP	941.51
No. of Shares of LSEFSL against 1,000 Modaraba certificates of MODAM	65.03

Other Distribution

No. of shares of LSEPL against 1,000 Modaraba certificates of MODAM	181.35
i.e. total 16,469,434 shares of LSEPL shall be distributed to the certificate-holders of MODAM	

No. of Modaraba certificates of MODAM against 1,000 shares of LSECAP	737.94
i.e. total 15,496,673 Modaraba certificates of MODAM shall be distributed to the shareholders of LSECAP	

LSE Financial Services Limited

No. of shares of Digital Custodian Company Limited to be given to LSEFSL by LSECAP	18,817,917
No. of shares of LSECAP to be given to LSEFSL as an additional capital by LSECAP	10,000,000
No. of shares of LSEFSL to be given to the certificate-holders of MODAM by LSEFSL	4,898,091
No. of shares of LSEFSL to be given to the shareholders of LSECAP by LSEFSL	20,779,487



Other Matters

1. Interest of Directors:

The Directors are interested in the resolutions to the extent of their common directorships and their shareholdings/certificate-holding in each of the companies as mentioned in the list of shareholders/ certificate-holders and as mentioned in the Scheme.

2. Effect on Secured Creditors

None of the Company is having secured creditors. No charge is created in favour of any bank, financial institution or any other by any of the Company/Modaraba (party to the Scheme). So there will be no effect on borrowing limits (which is Nil as on effective date) and effect on any other security holder (which is Nil as on effective date).

3. Risk Factors

- The Scheme is not approved by the shareholders/ certificate-holders of any Company/ Modaraba.
- The Scheme is not approved/sanctioned by Registrar Modaraba or SECP or honorable Court.
- NoC is not given by Competition Commission of Pakistan to the merger/Scheme.
- Once the Scheme is approved by the honorable Court, listing process may be delayed by PSX or price of the shares of LSECAP and/or LSEFSL (after listing on PSX) may move adversely.

4. Mitigants to Risk Factors

- As mentioned in the Scheme, individual companies/Modaraba shall continue and operate till the Scheme is approved by the honorable High Court.
- Price of the share is dependent on the market forces that in turn dependent on general economic condition, interest rate, political stability, fiscal and monetary policies etc. which are beyond of any companies'/ modaraba's control.

5. Possible Purchase of Share by any other Company not involved in the Scheme

As mentioned in the Scheme, consideration of Rs. 41.00 million is already paid to the InfoTech (Private) Limited to purchase **19,288,362** shares of Digital Custodian Company Limited. Said transfer is subject to SECP's approval and the said approval is part of the Scheme.

6. Effect on any Funds for Employees

As mentioned in the Scheme, employees will be transferred on the same remuneration and other conditions of service, rights, privileges as to the provident fund, gratuity, any other retirement funds, if any, and other matters as had been applicable to them, before the effective date.

7. Cost of the Scheme

LSE Capital Limited shall bear the expenses related to the Scheme.