

IN THE HIGH COURT OF SINDH AT KARACHI

JCM No. 49 of 2022

Presented on 3/12/2022 ¹


Deputy Registrar (O.S.)

IN THE MATTER OF SECTION.279-283 OF THE COMPANIES ACT, 2017,
AND IN THE MATTER OF:

1. SFL Limited,
a company incorporated
under the laws of Pakistan,
having its registered office at:
316- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

... Petitioner No. 1

2. SFL Corporation (Pvt.) Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
307- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

... Petitioner No. 2

3. Channel Holdings (Pvt.) Ltd.,
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi



... Petitioner No. 3

4. ATMZ Company (Pvt.) Ltd.,
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

... Petitioner No. 4

5. Synergy Holdings (Pvt.) Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.5

6. Resource Corporation (Pvt.) Ltd.,
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.6

7. STM Corporation (Pvt.) Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
307- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.7



8. Glory (Pvt.) Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.8

9. Glitter (Pvt.) Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.9

10. Lavender (Pvt.) Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.10

11. Acrylic (Pvt.) Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.11

12. Sapphire Holding Ltd.
a company incorporated
under the laws of Pakistan,
having its registered office at:
212- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No.12

13. Salman Ismail (Pvt) Ltd.
a company incorporated under the
laws of Pakistan,
having its registered office at:
312- Cotton Exchange Building,
I. I Chundrigar Road,
Karachi

...Petitioner No. 13



**AND IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN
SFL LTD, RESOURCE CORPORATION (PVT.) LTD, CHANNEL HOLDINGS
(PVT.) LTD, ATMZ COMPANY (PVT.) LTD, SYNERGY HOLDINGS (PVT.) LTD,
SFL CORPORATION (PVT.) LTD, STM CORPORATION (PVT.) LTD, GLORY
(PVT.) LTD, GLITTER (PVT.) LTD, LAVENDER (PVT.) LTD, ACRYLIC (PVT.)
LTD, SAPPHIRE HOLDING LTD, AND SALMAN ISMAIL (PVT.) LIMITED**

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**SCHEME OF ARRANGEMENT under the
COMPANIES ACT, 2017 between**

**SFL Limited.
(hereinafter also referred to as "SFL Limited")
and its Members;**

AND

**SFL CORPORATION (Pvt.) Ltd.
(hereinafter also referred to as "SFL Corporation")
and its Members**

**STM CORPORATION (Pvt.) Ltd.
(hereinafter also referred to as "STM Corporation")
and its Members**

**RESOURCE CORPORATION (Pvt.) Ltd.
(hereinafter also referred to as "Resource Corporation")
and its Members;**

**CHANNEL HOLDINGS (Pvt.) Ltd.
(hereinafter also referred to as "Channel Holdings")
and its Members;**

**ATMZ COMPANY (Pvt.) Ltd.
(hereinafter also referred to as "ATMZ Company")
and its Members;**

**SYNERGY HOLDINGS (Pvt.) Ltd.
(hereinafter also referred to as "Synergy Holdings")
and its Members;**

**GLITTER (Pvt.) Ltd.
(hereinafter also referred to as "Glitter")
and its Members**

**GLORY (Pvt.) Ltd.
(hereinafter also referred to as "Glory")
and its Members**



LAVENDER (Pvt.) Ltd.
(hereinafter also referred to as "Lavender")
and its Members

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ACRYLIC (Pvt.) Ltd.
(hereinafter also referred to as "Acrylic")
and its Members

SAPPHIRE HOLDING Ltd.
(hereinafter also referred to as "Sapphire Holding")
and its Members

SALMAN ISMAIL (PVT) Ltd.
(hereinafter also referred to as "Salman Ismail")
and its Members



FOR

The carving out of the Demerging Undertaking (as defined hereunder) from SFL Ltd (hereinafter referred to as "SFL Limited") and from SFL Corporation (Pvt.) Ltd (hereinafter referred to as "SFL Corporation") and the allocation thereof into Resource corporation (Pvt.) Ltd, Glitter Private Limited, Channel Holdings (Pvt.) Ltd, Glory Private Ltd, ATMZ Company (Pvt.) Ltd, Lavender Private Limited, Synergy Holdings (Pvt.) Ltd, Acrylic Private Ltd, STM Corporation (Pvt.) Ltd., [hereinafter collectively referred to as the "Shareholders' Companies"] in proportion to the proportionate shareholding in SFL Limited of each of the Shareholders (as defined hereinbelow), against the issuance of ordinary shares of each of the Shareholders' Companies (as defined hereinbelow) as well as the cancellation of the existing shareholding in the issued share capital of SFL Limited.



1. Interpretation

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

"Act" means the Companies Act, 2017.

"Amer Family" means the following members:

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- (i) Mr. Amer Abdullah, having CNIC No. 42201-2089751-3, and residing at B-31, KDA Scheme No. 1, Karachi;
 - (ii) Mr. Tayyab Abdullah, having CNIC No. 42201-1378817-5, and residing at B-31, KDA Scheme No. 1, Karachi;
 - (iii) Mr. Ali Abdullah, having CNIC No. 42201-6303220-1, and residing at B-31, KDA Scheme No. 1, Karachi;
 - (iv) Mr. Mustafa Abdullah, having CNIC No. 42201-4523424-3, and residing at B-31, KDA Scheme No.1, Karachi;

"Amer Family HoldCos" means the companies ATMZ Company and Lavender collectively.

"Amer Family Shareholding" means proportionate shareholding in SFL Limited held by Amer Family and Amer Family Holdcos collectively.

"Assets" means all assets (whether tangible or intangible), properties (whether movable or immovable), rights, titles, privileges, powers, licenses, permissions, claims, and interests, including but not limited to:

- i. all rights, title and interest (whether freehold, leasehold, or otherwise) in or to immovable properties, including to buildings, offices and structures;
- ii. all plant, machinery, equipment, furniture, fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances, accessories, spare parts and tools;
- iii. all data, information, records, instruments, documents of title, market statistics, marketing surveys, and report, marketing research, advertising or other promotional material and information, accounting and financial data, whether physically or digitally stored on or in any medium;
- iv. all claims, choses-in-action, receivables, book trade, trade debts, credit notes, promissory notes, and other debts or sums due, owing, accrued or payable (whether or not invoiced and whether or not immediately due or payable), advances, deposits, prepayments and all receivables (other than Tax), investments, cash in hand or at bank, bank balances, goodwill, revaluation surplus, share premium account, capital and revenue reserves;



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v. all equity, stocks, debentures, bonds, debts (and all dividend, repayment, voting, preferential and other rights associated therewith), rights under futures, options and other derivative contracts, commodities, foreign exchange and negotiable instruments;

vi. all benefits and rights under contract or deed including rights under or relating to contracts or deeds of employment, consultancy, loans, financial facilities, sale or transfer of property, insurance, franchise, distribution, trusts, indemnity, guarantee, warranty, performance, letters of credit, secrecy and non-disclosure, and including any rights and benefits under contracts and agreements already determined in the form of continuing benefits and rights, compensation, damages, rights to adjudication and choses-in-action, and the Contracts;

vii. all rights and benefits under claims, petitions, suits, applications, references, revisions, and appeals filed or pending before any court, authority, tribunal, official, regulatory officer or body;

viii. all intellectual property rights, whether registered or not, including trade mark, copyrights, patents, designs, trade secrets, technical data, processes and know-how, confidential information, results of research and development work, whether physically or digitally stored on or in any medium;

ix. all connections, equipment, installations and facilities pertaining to telecommunications, water, gas, electricity, sewerage or other utilities, and all licenses, permits and grants related thereto;

x. all regulatory and governmental rights, titles, permissions, permits, grants concessions, privileges, sanctions, approvals, licenses, registrations and no-objection certificates;



"Completion Date" means the date on which this Scheme (once sanctioned and approved by the Court) is lodged with the Registrar of the Securities & Exchange Commission of Pakistan;

"Court" means the court having jurisdiction for the time being in connection with this Scheme under Part VIII of the Act;

"Carved out Free Assets" means the Free Assets which are part of the Demerging Undertaking.

"Demerger Letter" means the letter dated November 30, 2022 from M/s A. F. Ferguson & Co. in respect of the Scheme that reflects the transfer of the Demerging Undertaking from SFL Limited and SFL Corporation into the various Shareholder's Companies as explained in the Scheme for the purposes of the enactment of this Scheme, which has been prepared by them based on the financial statements of SFL Limited and SFL Corporation as at, October 31, 2022 which Demerger Letter is attached as Schedule 'A' to this Scheme.

"Demerging Undertaking" collectively means the Demerging Undertaking of SFL Limited and the Demerging Undertaking of SFL Corporation.

"Demerging Undertaking of SFL Limited" means the Carved Out Free Assets of SFL Limited. The Carved Out Free Assets of SFL Limited are reflected in Annexure A.

"Demerging Undertaking of SFL Corporation" means the Carved Out Free Assets of SFL Corporation. The Carved Out Free Assets of SFL Corporation are reflected in Annexure B.

"Effective Date" means the Completion Date or any other date as approved by the Court.

"Free Assets" means all assets other than those specifically identified for discharge of liabilities.

"Liabilities" means all liabilities, duties and obligations of every kind, actual or contingent, whether arising from or payable under any contract, agreement, deed, bond, statute or law, and all liens, charges (floating and fixed), pledges, hypothecations, assignments, securities, mortgages (legal and equitable), interests and claims of whatever nature.

"Nadeem Family" means the following members:

- (i) Mr. Nadeem Abdullah, having CNIC No. 42201-2771651-1, and residing at B-31, KDA Scheme No. 1, Karachi;
- (ii) Mr. Umer Abdullah, having CNIC No. 42201-7610201-5, and residing at B-31, KDA Scheme No. 1, Karachi;



- (iii) Mr. Nabeel Abdullah, having CNIC No. 42201-7610106-5, and residing at B-31, KDA Scheme No. 1, Karachi;

"Nadeem Family HoldCos" means the companies Channel Holdings and Glory collectively.

"Nadeem Family Shareholding" means proportionate shareholding in SFL Limited held by Nadeem Family and Nadeem Family Holdcos collectively.

"Retained Undertaking" means the Free Assets excluding the Carved Out Free Assets.

"Scheme" means this Scheme of Arrangement in its present form with any modification thereof or addition thereto approved by the Court.

"SFL Limited" means SFL Limited.

"SFL Corporation" means SFL Corporation Private Limited, which is a wholly-owned subsidiary of SFL Limited

"Share Equity" means the share equity, including any assets and/or rights that correspond to such share equity.

"Shareholder" means the following individually (collectively to be referred to as **"Shareholders"**):

- i. Amer Family
- ii. ATMZ Company
- iii. Nadeem Family
- iv. Channel Holdings
- v. Shahid Family
- vi. Resource Corporation
- vii. Yousuf Family
- viii. Synergy Holdings
- ix. Salman Ismail
- x. Sapphire Holding
- xi. STM Corporation



xii. SFL Corporation

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"Shareholders' Companies" (individually referred to as "Shareholder's Company") means the following entities:

- i. Amer Family HoldCos (i.e. ATMZ Company (Pvt.) Limited and Lavender Private Limited)
- ii. Nadeem Family HoldCos (i.e. Channel Holdings Private Limited and Glory Private Limited)
- iii. Shahid Family HoldCos (i.e. Resource Corporation Private Limited and Glitter Private Limited)
- iv. Yousuf Family HoldCos (i.e. Synergy Holdings Private Limited and Acrylic Private Limited)
- v. STM Corporation

"Shahid Family" means the following members:

- (i) Mr. Shahid Abdullah, having CNIC No. 42201-5225618-1, and residing at B-31, KDA Scheme No. 1, Karachi;
- (ii) Mr. Hassan Abdullah, having CNIC No. 42201-2742773-5 and residing at B-31, KDA Scheme No. 1, Karachi;
- (iii) Mr. Shayan Abdullah, having CNIC No. 42201-0776395-1, and residing at B-31, KDA Scheme No. 1, Karachi

"Shahid Family HoldCos" means the companies Resource Corporation and Glitter collectively.

"Shahid Family Shareholding" means proportionate shareholding in SFL Limited held by Shahid Family and Shahid Family HoldCos collectively.

"Share Equity" means the share equity, including any assets and/or rights that correspond to such share equity.

"SHL Shareholding" means proportionate shareholding in SFL Limited held by Sapphire Holding and STM Corporation collectively.



"Subject Shareholder" means the following individually (collectively to be referred to as **"Subject Shareholders"**):

- i. Amer Family and Amer Family HoldCos
- ii. Nadeem Family and Nadeem Family HoldCos
- iii. Shahid Family and Shahid Family HoldCos
- iv. Yousuf Family and Yousuf Family HoldCos
- v. Sapphire Holding and STM Corporation

"Subject Shareholder's Shareholding" means the following individually (collectively to be referred to as **"Subject Shareholders' Shareholding"**):

- i. Shahid Family Shareholding
- ii. Nadeem Family Shareholding
- iii. Amer Family Shareholding
- iv. Yousuf Family Shareholding
- v. SHL Shareholding

"Tax" means all present and future taxes, including income tax, sales tax, stamp duties, octroi, customs or excise duty, registration charges, levies, deductions, imposts, and any other charges and withholdings whatsoever, together with any interest, mark-up or penalties payable in connection with any failure to pay or delay in paying any of the above.

"Yousuf Family" means the following members:

- (i) Mr. Yousuf Abdullah, having CNIC No. 42201-5234263-1, and residing at B-31, KDA Scheme No. 1, Karachi;
- (ii) Mr. Ismael Abdullah, having CNIC No. 42201-2753223-5 and residing at B-31, KDA Scheme No. 1, Karachi;
- (iii) Mr. Salman Abdullah, having CNIC No. 42201-0962977-7, and residing at B-31, KDA Scheme No.1, Karachi;

"Yousuf Family HoldCos" means the companies Synergy Holdings, Acrylic and Salman Ismail collectively.



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"Yousuf Family Shareholding" means proportionate shareholding in SFL Limited held by Yousuf Family and Yousuf Family Holdcos collectively.

1.2. A reference to 'day' or 'days' is a reference to a working day(s) on which the State Bank of Pakistan is open for business.

1.3. The singular includes the plural and vice versa; the masculine includes the feminine and vice versa.

1.4. 'Include,' 'includes' and 'including,' wheresoever it may be used within the Scheme shall be construed to be followed by "without limitation".

1.5. The Schedules to this Scheme form an integral part herewith.

2. Object of the Scheme

2.1. To identify all the Free Assets of SFL Limited and SFL Corporation, i.e. being all those assets of the same which are other than those specifically identified for the discharge of liabilities of the aforesaid companies.

2.2. The carving out of the Free Assets of SFL Limited (i.e. this being the Demerging Undertaking of SFL Limited) and thereafter identifying the proportion of the Demerging Undertaking of SFL Limited which represents the proportion of the Subject Shareholders' Shareholding. For the avoidance of doubt this will represent each of the Subject Shareholder's interest in the Demerging Undertaking of SFL Limited.

2.3. The carving out of the Free Assets of SFL Corporation (i.e. this being the Demerging Undertaking of SFL Corporation) and thereafter identifying the proportion of the Demerging Undertaking of SFL Corporation which represents the proportion of the Subject Shareholders' Shareholding. For the avoidance of doubt this will represent each of the Subject Shareholder's interest in the Demerging Undertaking of SFL Corporation. It is also further clarified that SFL Corporation is a wholly-owned subsidiary of SFL Limited.

2.4. The transferring and vesting into the respective Shareholders' Companies their proportionate share of the Demerging Undertaking of SFL Limited as well as their proportionate share of the Demerging Undertaking of SFL Corporation, in proportion to each Subject Shareholder's Shareholding and as outlined in the Demerger Letter.



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2.5. The cancellation of all shares held by the Subject Shareholders in the issued share capital of SFL Limited against the Demerging Undertaking of SFL Limited and the Demerging Undertaking of SFL Corporation as well as the cancellation of the proportionate shares held by SFL Corporation in the proportion of Subject Shareholders' Shareholding.

2.6. Shareholders' Companies issuing ordinary shares in its share capital to its respective shareholders against the transfer and vesting of the proportionate share of the Demerging Undertaking of SFL Limited and the proportionate share of the Demerging Undertaking of SFL Corporation in each of the respective Shareholder's Companies (as outlined in the Demerger Letter).

3. Capital

3.1. The authorised capital of SFL Limited is Rs 202,000,000 divided into 20,200,000 ordinary shares of Rs 10/- each out of which 20,091,450 shares have been fully subscribed and paid up.

3.2. The authorised capital of each of the companies joined in this Scheme is as follows:

- i) SFL Corporation 100,000 shares of par value of Rs 100/- each
- ii) STM Corporation 100,000 shares of par value of Rs 100/- each
- iii) Resource Corporation 2,500,000 shares of par value of Rs 10/- each
- iv) Channel Holdings 2,500,000 shares of par value of Rs 10/- each
- v) ATMZ Company 2,500,000 shares of par value of Rs 10/- each
- vi) Synergy Holdings 2,500,000 shares of par value of Rs 10/- each
- vii) Glitter 2,500,000 shares of par value of Rs 10/- each
- viii) Glory 2,500,000 shares of par value of Rs 10/- each
- ix) Lavender 2,500,000 shares of par value of Rs 10/- each
- x) Acrylic 2,500,000 shares of par value of Rs 10/- each
- xi) Sapphire Holding 20,100,000 shares of par value of Rs 10/- each
- xii) Salman Ismail 100,000 shares of par value of Rs 10/- each

4. Transfer of Assets & Liabilities

- 4.1. From the Effective Date, the Demerging Undertaking shall be carved out and should vest in (or be deemed to be transferred to and vested in, as the case may be) the Shareholders' Companies (as detailed in the Demerger Letter) in proportion to the shareholding in SFL Limited of the respective shareholder, and SFL Limited's balance sheets, and heads of account (including the share premium account), shall be deemed to be amended accordingly.
- 4.2. Insofar as the Demerging Undertaking (or any part thereof) is subject to any Liabilities immediately prior to the Effective Date, the Demerging Undertaking (or such part thereof) shall be deemed to have been transferred subject to such Liabilities.
- 4.3. By virtue of approval of this Scheme by the Court, on the Effective Date, without any further act, deed, matter or thing, all Liabilities in relation to the Demerging Undertaking, shall be deemed to have been created by the transferee on that day.
- 4.4. From the Effective Date, the Demerging Undertaking (inclusive of all Liabilities) shall be deemed to be and assumed by the Shareholders' Companies in the proportion set out in the Demerger Letter. Simultaneously with the assumption by the Shareholders' Companies of Liabilities in relation to the Demerging Undertaking, SFL Limited shall stand released from all obligations in respect of such Liabilities.
- 4.5. A portion of the investment (i.e. shares) currently held in Sapphire Finishing Mills Limited which form part of the Demerging Undertaking relating to Shahid Family Shareholding, Nadeem Family Shareholding, Amer Family Shareholding, and Yousuf Family Shareholding will be transferred and vested into Glitter, Glory, Lavender, and Acrylic. Whereas the rest of the Free Assets of SFL Limited and SFL Corporation forming part of the Demerging Undertaking relating to Shahid Family Shareholding, Nadeem Family Shareholding, Amer Family Shareholding, and Yousuf Family Shareholding will be transferred and vested respectively into Resource Corporation, Channel Holdings, Acrylic, and Synergy Holdings. Lastly, Free Assets of SFL Limited and SFL Corporation forming part of the Demerging Undertaking relating to the SHL Shareholding will be transferred and vested into STM Corporation.



5. Substitution of Name

- 5.1. From the Effective Date, in all contracts, deeds, share certificates, bonds, documents, correspondence, records, agreements, and instruments of any nature whatsoever in relation to the Demerging Undertaking, any and all references to SFL Limited shall be deemed to be a reference to the concerned Shareholder's

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Company and, all such contracts, deeds, Share Certificates, Register of Members, bonds, documents, correspondence, records, agreements, and instruments shall be given effect accordingly.

5.2. From the Effective Date, in all contracts, deeds, share certificates, bonds, documents, correspondence, records, agreements, and instruments of any nature whatsoever in relation to the Demerging Undertaking, any and all references to SFL Corporation shall be deemed to be a reference to the concerned Shareholder's Company and, all such contracts, deeds, Share Certificates, Register of Members, bonds, documents, correspondence, records, agreements, and instruments shall be given effect accordingly.

6. Legal Proceedings

6.1. All legal actions and legal proceedings of any nature whatsoever by or against SFL Limited pending immediately prior to the Effective Date, shall not abate, be discontinued or be in anyway prejudiced by reason of the transfer of the Demerging Undertaking of SFL Limited or of anything contained in this Scheme. Any legal action and/or legal proceedings in relation to the Demerging Undertaking of SFL Limited shall be continued, prosecuted or enforced against the concerned Shareholder's Company, in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against SFL Limited, prior to the transfer.

6.2. All legal actions and legal proceedings of any nature whatsoever by or against SFL Corporation pending immediately prior to the Effective Date, shall not abate, be discontinued or be in anyway prejudiced by reason of the transfer of the Demerging Undertaking of SFL Corporation or of anything contained in this Scheme. Any legal action and/or legal proceedings in relation to the Demerging Undertaking of SFL Corporation shall be continued, prosecuted or enforced against the concerned Shareholder's Company, in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against SFL Corporation, prior to the transfer.

7. Licenses, Permits, and Approvals

7.1. All licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, licenses, registrations, title to any property, and entitlements held by SFL Limited in relation to the Demerging Undertaking of SFL Limited or otherwise, shall, with effect from the Effective Date, stand vested in and transferred to the concerned Shareholder's Company without any further act or



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deed, and shall be appropriately mutated by the relevant authorities in favour of the concerned Shareholder's Company.

7.2. All licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, licenses, registrations, title to any property, and entitlements held by SFL Corporation in relation to the Demerging Undertaking of SFL Corporation or otherwise, shall, with effect from the Effective Date, stand vested in and transferred to the concerned Shareholder's Company without any further act or deed, and shall be appropriately mutated by the relevant authorities in favour of the concerned Shareholder's Company.

8. Tax

8.1. All Liabilities in relation to Tax with regards to the Demerging Undertaking of SFL Limited, existing as on the Effective Date, shall remain the Liabilities of SFL Limited. However, all Liabilities which accrue in relation to Tax with regards to the Demerging Undertaking from the Effective Date onwards shall be the Liabilities of the concerned Shareholder's Company.

8.2. All rights to refunds, credits, advance payments or any other benefits in respect of any Tax in relation to the Demerging Undertaking of SFL Limited, existing as on the Effective Date, shall continue to vest with SFL Limited. However, all such rights, which accrue in relation to Tax, with regards to the Demerging Undertaking of SFL Limited, from the Effective Date onwards, shall vest with the concerned Shareholder's Company.

8.3. All Liabilities in relation to Tax with regards to the Demerging Undertaking of SFL Corporation, existing as on the Effective Date, shall remain the Liabilities of SFL Corporation. However, all Liabilities which accrue in relation to Tax with regards to the Demerging Undertaking from the Effective Date onwards shall be the Liabilities of the concerned Shareholder's Company.

8.4. All rights to refunds, credits, advance payments or any other benefits in respect of any Tax in relation to the Demerging Undertaking of SFL Corporation, existing as on the Effective Date, shall continue to vest with SFL Corporation. However, all such rights, which accrue in relation to Tax, with regards to the Demerging Undertaking of SFL Corporation, from the Effective Date onwards, shall vest with the concerned Shareholder's Company.

9. Cancellation of Shares



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9.1. In consideration of the Demerging Undertaking of SFL Limited and the Demerging Undertaking of SFL Corporation being carved out and vested into each of the Shareholders' Companies, all shares held by each Subject Shareholder in the issued share capital of SFL Limited are to be cancelled and shares held by SFL Corporation in the issued share capital of SFL Limited are to be cancelled in the proportion of Subject Shareholders' Shareholding (detailed in the table hereinbelow):

S. No	Shareholders	Number of shares being cancelled
01	Shahid Family	2,528,632
02	Resource Corporation	1,364,432
03	Nadeem Family	2,528,632
04	Channel Holdings	1,364,432
05	Amer Family	2,528,632
06	ATMZ Company	1,364,432
07	Yousuf Family	2,507,118
08	Synergy Holdings	1,364,432
09	Salman Ismail	21,514
10	Sapphire Holding	3,001,087
11	STM Corporation	263,471
12	SFL Corporation	367,408

10. Issuance of Shares

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10.1. In consideration for the carving out and subsequent assignment of the Demerging Undertaking to the Shareholders' Companies, each Shareholder's Company shall issue ordinary shares to its own respective shareholders in the following manner:

10.2. In consideration of the transfer of the relevant portion of the Demerging Undertaking into RESOURCE CORPORATION (Pvt.) Ltd. the same shall issue 100,000 ordinary shares to the Shahid Family in the manner delineated in the Table E/1 hereinbelow;

TABLE E/1

Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Shahid Abdullah	259,498	33.3340%	33,334
Shayan Abdullah	259,490	33.3330%	33,333
Hassan Abdullah	259,490	33.3330%	33,333
Total	778,478	100.0000%	100,000

10.3. In consideration of the transfer of the relevant portion of the Demerging Undertaking into GLITTER (Pvt) Ltd., the same shall issue 100,000 ordinary shares to the Shahid Family in the manner delineated in the Table E/2 hereinbelow;

TABLE E/2



Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Shahid Abdullah	20,160	33.3334%	33,334
Shayan Abdullah	20,160	33.3333%	33,333
Hassan Abdullah	20,160	33.3333%	33,333
Total	60,480	100.0000%	100,000

- 10.4. In consideration of the transfer of the relevant portion of the Demerging Undertaking into CHANNEL HOLDINGS (Pvt.) Ltd. the same shall issue 100,000 ordinary shares to the Nadeem Family in the manner delineated in the Table E/3 hereinbelow;

TABLE E/3

Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Nadeem Abdullah	259,498	33.3340%	33,334
Nabeel Abdullah	259,490	33.3330%	33,333
Umer Abdullah	259,490	33.3330%	33,333
Total	778,478	100.0000%	100,000

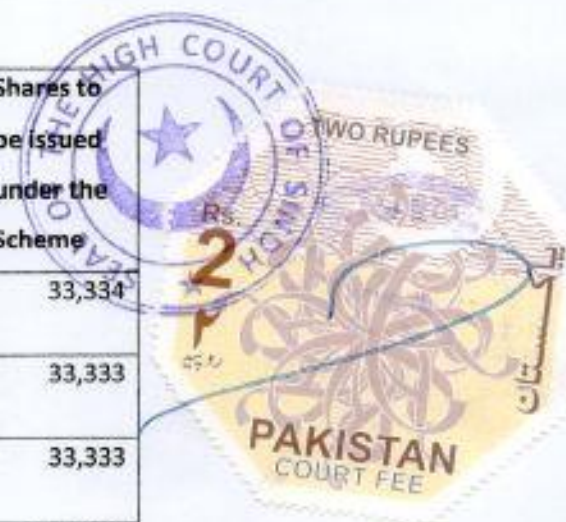
- 10.5. In consideration of the transfer of the relevant portion of the Demerging Undertaking into GLORY (Pvt.) Ltd. the same shall issue 100,000 ordinary shares to the Nadeem Family in the manner delineated in the Table E/4 hereinbelow;

TABLE E/4

Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Nadeem Abdullah	20,160	33.3334%	33,334
Nabeel Abdullah	20,160	33.3333%	33,333
Umer Abdullah	20,160	33.3333%	33,333
Total	60,480	100.0000%	100,000

- 10.6. In consideration of the transfer of the relevant portion of the Demerging Undertaking into ATMZ COMPANY (Pvt.) Ltd. the same shall issue 100,000

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ordinary shares to the Amer Family in the manner delineated in the Table E/5
hereinbelow;

TABLE E/5

Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Amer Abdullah	199,658	24.9997%	25,000
Ali Abdullah	199,660	25.0001%	25,000
Tayyab Abdullah	199,660	25.0001%	25,000
Mustafa Abdullah	199,660	25.0001%	25,000
Total	798,638	100.0000%	100,000

- 10.7. In consideration of the transfer of the relevant portion of the Demerging Undertaking into LAVENDER (Pvt.) Ltd. the same shall issue 100,000 ordinary shares to the Amer Family in the manner delineated in the Table E/6 hereinbelow;

TABLE E/6

Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Amer Abdullah	20,160	25.0000%	25,000
Ali Abdullah	20,160	25.0000%	25,000
Tayyab Abdullah	20,160	25.0000%	25,000
Mustafa Abdullah	20,160	25.0000%	25,000
Total	80,640	100.0000%	100,000



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- 10.8. In consideration of the transfer of the relevant portion of the Demerging Undertaking into SYNERGY HOLDINGS (Pvt.) Ltd. the same shall issue 100,000 ordinary shares to the Yousuf Family in the manner delineated in the Table E/7 hereinbelow;

TABLE E/7

Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Yousuf Abdullah	262,049	35.5004%	35,500
Salman Abdullah	238,054	32.2498%	32,250
Ismael Abdullah	238,054	32.2498%	32,250
Total	738,157	100.0000%	100,000

- 10.9. In consideration of the transfer of the relevant portion of the Demerging Undertaking into ACRYLIC (Pvt.) Ltd. the same shall issue 100,000 ordinary shares to the Yousuf Family in the manner delineated in the Table E/8 hereinbelow;

TABLE E/8



Ordinary Shareholders	Present Shareholding		Shares to be issued under the Scheme
	Number of shares held	Proportionate shareholding	
Yousuf Abdullah	20,160	33.3334%	33,334
Salman Abdullah	20,160	33.3333%	33,333
Ismael Abdullah	20,160	33.3333%	33,333
Total	60,480	100.0000%	100,000

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10.10. In consideration of the transfer of the relevant portion of the Demerging Undertaking into STM Corporation (PVT.) Ltd. the same shall issue 100,000 ordinary shares to Sapphire Holding Limited.

11. Scheme's Effect

11.1. As and from the Completion Date, the provisions of this Scheme shall be effective and binding by operation of law.

11.2. The transfer of the Demerging Undertaking, the cancellation of shares in the issued share capital of SFL Limited and the issuance of fresh shares of the Shareholders' Companies in terms of this Scheme shall not:

11.2.1. Constitute (or be deemed to constitute) any assignment, transfer, devolution, conveyance, alienation, parting with possession, issuance of bonus shares, or other disposition under any applicable law including Tax law (other than as contemplated under Section 282 of the Act);

11.2.2. give rise to any forfeiture; and/or

11.2.3. give rise to any right of first refusal or pre-emptive right to any person.

11.3. As and from the date on which an order by the Court sanctioning this Scheme is filed with the Registrar of Companies, the terms of this Scheme shall be binding on SFL Limited, SFL Corporation, STM Corporation, Resource Corporation, Channel Holdings, ATMZ Company, Synergy Holdings, Glitter, Glory, Lavender, Acrylic, Sapphire Holding, and Salman Ismail and also on the shareholders and creditors of each of the above, and on any and all other persons.



12. Miscellaneous

12.1. This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and this Scheme with such modification or addition, if any, is also subject to any conditions which the Court may impose.

12.2. If the Court requires SFL Limited, SFL Corporation, STM Corporation, Resource Corporation, Channel Holdings, ATMZ Company, Synergy Holdings, Glitter, Glory, Lavender, Acrylic, Sapphire Holding, or Salman Ismail to consent to any modification to this Scheme, such consent may be given on their behalf by their respective authorised officer or by their legal counsel.s

Annexure A

1257

Carved Out Free Assets of SFL Limited

Long term investments

-Reliance Cotton Spinning Mills Limited	Number of shares	532,538
-Sapphire Finishing Mills Limited	Number of shares	24,648,060
-Sapphire Dairies (Private) Limited	Number of shares	6,685,126
-Diamond Fabrics Limited	Number of shares	4,363,477
-Amer Cotton Mills (Private) Limited	Number of shares	320,886
Long term deposit	Amount in Rupees	35,813

Short term investments

- Aisha Steel Mills Limited	Number of shares	229,204
- Engro Corporation Limited	Number of shares	31,516
- Engro Fertilizers Limited	Number of shares	191,004
- Habib Bank Limited	Number of shares	33,426
- HBL Cash Fund	Number of units	131,175
Bank balances - current accounts	Amount in Rupees	4,593,325



Annexure B

1259

Carved Out Free Assets of SFL Corporation

Long term investments

-Sapphire Textile Mills Limited	Number of shares	169,607
-Sapphire Fibres Limited	Number of shares	349,513
-Reliance Cotton Spinning Mills Limited	Number of shares	4,286
-Sapphire Holding Limited	Number of shares	111,471
-Sapphire Finishing Mills Limited	Number of shares	3,787,934
-Sapphire Dairies (Private) Limited	Number of shares	5,139,356
-Diamond Fabrics Limited	Number of shares	9,353
Investment in T-bill	Amount in Rupees	1,842,956
Interest receivable	Amount in Rupees	63,857
Cash and Bank balances	Amount in Rupees	4,495,605

