

**Scheme of Amalgamation of
Holcim Cement (Bangladesh) Limited (Transferor Company)
with
LafargeHolcim Bangladesh Limited (Transferee Company)**

PART I: GENERAL

1. Introduction

LafargeHolcim Bangladesh Limited (LHBL) and Holcim Cement (Bangladesh) Limited (HBL) are companies limited by shares incorporated in Bangladesh under the prevailing Companies Act and both having common business of manufacturing and marketing of cement, contemplate merger in order to run the affairs of the merged company more efficiently and effectively. Accordingly both the companies entered into an arrangement and compromise providing for a scheme of reconstruction and amalgamation of the two companies as envisaged in Section 229 of the Companies Act 1994 read with section 228 of the said Act. LHBL is a publicly traded Company listed with Dhaka Stock Exchange Limited (DSE) and Chittagong Stock Exchange Limited (CSE) and HBL is a private company limited by shares. A table of the existing status of the entities under the merger scheme is presented below:

	LafargeHolcim Bangladesh Limited (LHBL)	Holcim Cement (Bangladesh) Limited (HBL)
RJSC Registration No. and date	C-34266(1012)/97, dated 11/11/1997 under the Companies Act, 1994 as a Private Limited Company.	C-36429, dated 01/12/2011 under the Companies Act 1994 as a Private Limited Company
Present Status	<p>a. Originally incorporated under the name of “Lafarge Surma Cement Limited” and changed its name to “LafargeHolcim Bangladesh Limited” on 07/02/2017.</p> <p>b. Converted into a public limited company on 20/01/2003.</p> <p>c. The company went public in November 2003 and its shares are being traded in both DSE and CSE since then.</p> <p>d. Acquired 100% of HBL shares from its Sponsors on 7/01/2018.</p> <p>e. As on 8/01/2018 LHBL holds 100% of HBL’s equity.</p>	<p>a. Originally incorporated under the name of Hyundai Cement (Bangladesh) Company Limited and changed its name to Holcim Bangladesh Limited. Subsequently, Holcim Bangladesh Limited, United Cement Industries Limited and Saiham Cement Industries Limited were merged in December 2011 and carried out business in the name of United Cement Industries Limited. Subsequently, United Cement Industries Limited changed its name to Holcim Cement (Bangladesh) Limited.</p> <p>b. 100% of its equity is held by LHBL.</p>

	LafargeHolcim Bangladesh Limited (LHBL)	Holcim Cement (Bangladesh) Limited (HBL)
Authorized Capital	Tk. 14,000,000,000/- divided into 1,400,000,000 ordinary shares of Tk. 10/- each	Tk. 500,000,000/- divided into 4,500,000 ordinary shares and 500,000 redeemable preference shares of Tk. 100/- each
Paid Up Capital as on 30th Sept 2018	1,161,373,500 shares of Tk.10/- each= Tk. 11,613,735,000/-	88,244 ordinary shares of Tk 100/- each= Tk. 8,824,400/-
Primary Activities	Manufacturing and marketing of cement and clinker.	Manufacturing and marketing of cement.

2. This Scheme of amalgamation (hereinafter referred to as the "Scheme") provides for a legal merger of HBL with LHBL pursuant to section 228 and 229 of the Companies Act. 1994 and other related provisions of this Act.
3. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as stated:
 1. "**The Act**" means the Companies Act. 1994 including any amendments thereto.
 2. "**Appointed Date**" means 1st October 2018.
 3. "**Assets**" or "**Undertaking**" means and includes all the undertakings, the entire businesses. All the properties (whether moveable or immovable: tangible or intangible). Lands, buildings, plant and machinery, capital works in progress, furniture, fixtures, office equipment, leasehold property, Appliances, vehicles, other 'fixed assets, all stocks, investments of all kinds (including shares, scripts, debentures or bonds), advances, deposits, prepayments, debtors, receivables, cash, balances with banks on any deposit or other accounts, financial assets, leases, tenancies, direct and indirect tax benefit, subsidies, contingent rights or benefits, agreements, contracts, powers, approvals, allotments, authorities, permits, consents, quotas, rights, entitlements, licenses (industrial or otherwise) or any other benefits, patents, trademarks, copyrights, and other intellectual property rights, rights to use and avail of telephone, telexes, facsimiles, email, internet connections and installations, utilities, electricity and other services, all files, records, papers, manuals, programs, data, catalogues, sales and advertising materials, and other records, whether in Bangladesh or abroad.
 4. "**Liabilities**" means all secured and unsecured debts, debentures, bonds and everything as stated in clauses a. to f. under item 5 of PART-II: TRANSFER AND VETTING.
 5. "**Effective Date**"; or "coming into effect of this Scheme"; or "effectiveness of this Scheme" means the day on which the conditions specified hereinafter of this scheme have been fulfilled.
 6. "**Transferee Company**": means "**LafargeHolcim Bangladesh Limited (LHBL)**", a public company limited by shares, incorporated under the Act and having its registered office at Ninakabbo, Level – 7, 227/A, Bir Uttam Mir Shawkat Sarak, (Tejgaon Gulshan Link Road), Tejgaon, Dhaka-1208, Bangladesh.
 7. "**Transferor Company**": means "**Holcim Cement (Bangladesh) Limited (HBL)**", a private company limited by shares, incorporated under the Act and having its registered office at Ninakabbo, Level – 7, 227/A, Bir Uttam Mir Shawkat Sarak, (Tejgaon Gulshan Link Road), Tejgaon, Dhaka-1208, Bangladesh.
 8. "**Employees**" means all permanent employees of the Transferor Company as on the effective date.

9. **“Encumbrance”** means any options, pledge, mortgage, lien, security, interest, claim, charge, pre-emptive right, easement, limitation, attachment, restraint or any other encumbrance of any kind or nature whatsoever, and the term “Encumbered” shall be construed accordingly.
10. **“Governmental Authority”** means any applicable legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau, instrumentality, judicial or arbitral body, statutory body or stock exchange, including but not limited to the Bangladesh bank, the Bangladesh Securities and Exchange Commission or any other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law.
11. **“Scheme”** means this scheme of amalgamation, pursuant to Section 228 and 229, read with applicable provisions, if any, of the Act, in its present form (along with any annexure, schedules, etc, attached hereto), with such modifications and amendments as may be made from time to time, and sanctions from the High Court and the regulatory authorities as may be required under the Act and under all applicable laws.

4. **Scope of Work**

Basic scopes of work for the assignment were as follows:

- a. Mainly developing a Scheme of Reconstruction of the business of two Companies through amalgamation of HBL with LHBL.
- b. The Scheme is based on the position reflected in the audited Financial Statements of the two Companies on Appointed date.
- c. Prior to preparing the Scheme, examine Financial Statements of the two companies in detail to ensure that the Financial Statements are in compliance with Bangladesh Financial Reporting Standards (BFRS), Bangladesh Accounting Standards (BAS), Companies' Act 1994, Securities & Exchange Commission Rules 1987 and other applicable laws and regulations.
- d. That elimination of all inter-company balances is done in the accounts of both the companies. Finally, the Scheme should vest all assets, liabilities, business, undertakings, commitments, obligations, intangibles whatsoever into the Transferee entity.

5. **Methodology**

A methodology has been adopted for executing the proposed merger exercise based on the Bangladesh Companies, Act 1994 and Bangladesh Financial Reporting Standards. Where required taxation code and other regulatory requirements as applicable, have been maintained. A summarized version of the methodology is presented below:

- a. Audit has been carried out as of the appointed date by the statutory auditors of the respective company.
- b. Reconstruction & Amalgamation
 - The accounting component or the exercise has been structured in compliance with BAS/BFRS as applicable.
 - Section 229 of the Companies' Act 1994 read with Section 228 of the same, contains provisions for the reconstruction of any company or companies, including amalgamation and provides court power to approve and sanction a Scheme of Reconstruction to this effect, making provision for all or any of the following matters:
 - > Transfer of the whole or any part of the undertaking and of the property or liabilities of one company to the other.
 - > Allotting or appropriation by the transferee company of any shares or like interest in the company which under the arrangement are to be allotted to any person such as shareholders.
 - > Continuation by or against the transferee company of any legal proceedings pending by or against the transferor company.
 - > Dissolution, without winding up of the transferor company.

Hence all assets and liabilities of the Transferor Company are to be vested into the Transferee Company. All inter-company and other dues/receivables between the companies are to be reconciled and negated.

PART II: TRANSFER AND VETTING

1. Upon coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme, the Undertaking of the Transferor Company shall, pursuant to section 229 (2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the assets, rights, title, interests and authorities of the Transferee Company.
2. Without prejudice to sub-clause (1) above, in respect of such of the assets of the Undertaking as are moveable in nature or are otherwise capable of transfer by manual delivery or by endorsement and/or delivery, the same may be so transferred by the Transferor Company; and upon such transfer, become the property, assets, rights, title, interest and authorities of the Transferee Company.
3. All the license, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, claims, leases tenancies and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued which may accrue to the Transferee Company shall, pursuant to the provisions or section 229(2) or the Act, without any further act, instrument or deed, be and stand transferred to and vested in and available to the Transferee Company so as to become as and from the appointed date the licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, claims, leases, tenancies and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law. It is hereby clarified that all inter party transactions between any/or all of the transferor company and the Transferee Company shall be considered as intra party transactions for all purpose from the appointed date.
4. All the assets, rights, interests, licenses, permits, quotas, approvals, permissions, incentives, loans, subsidies, concessions, grants, claims, leases, tenancies and other benefits or privileges enjoyed or conferred upon or held or availed of by and all rights and benefits that have accrued, which may accrue to the Transferor Company after the Appointed date and prior to the Effective date in connection with or in relation to the undertaking shall, pursuant to the provisions of section 229(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested in and available to the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions to the extent permissible under law.
5. Upon coming into effect of this scheme and with effect from the Appointed date:
 - a. All secured and unsecured debts (whether in taka or in foreign currencies), all liabilities, duties and obligations of the transferor companies along with any charge, encumbrance, lien or security thereon (hereinafter referred to as the "said liabilities") shall pursuant to the provisions of section 229(2) of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to have been transferred to and vested in, so as to become the debts, liabilities, duties, and obligations of the transferee company, and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause. It is clarified that in so far as the assets of the Transferor Company are concerned, the security or charge over such assets or any part thereof, relating to any loans, debentures or borrowings of the Transferor Company, shall, without any further act or deed continue to relate such assets or any part thereof, after the Effective Date and shall not relate to or be available as security in relation to any, or any part of, the assets of the transferee company, save to the extent warranted by the terms of the existing security arrangements to which any of the Transferor Company and the Transferee Company are party, and consistent with the joint obligations assumed by them under such arrangement.

- b. All debentures, bonds, notes or other debt securities of the Transferor Company, whether convertible into shares or otherwise (hereinafter referred to as "the Transferor Company's Securities"), shall, pursuant to the provisions of Section 229(2) of the Act, without any further act, instrument or deed become securities of the Transferee Company and all rights, power, duties and obligations in relation thereto shall be and stand transferred to and vested in or deemed to have been transferred to and vested in and shall be exercised by or against the Transferee Company as if it were the Transferor Company in respect of the Transferor Company's Securities so transferred.
 - c. Loans, advances and other obligations (including any guarantees, letters of credit or any other instruments or arrangements which may give rise to contingent liabilities in any form), if any due or which may at any time in future become due between the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability in that behalf on either party.
 - d. Any debentures or notes or other debt securities if any issued by the Transferor Company and held by the Transferee Company and vice versa, shall unless sold or transferred by the Transferor Company or the Transferee Company, as the case may be, at any time prior to the Effective Date, stand cancelled as on the Effective date, and shall be of no legal effect and the Transferor Company or the Transferee Company, as the case may be, shall have no further obligation in that behalf.
 - e. Where any of the liabilities and obligations of the Transferor Company as on the Appointed date transferred to the Transferee Company have been discharged by the Transferor Company after the Appointed date and prior to the Effective date, such discharge shall be deemed to have been for and on account of the Transferee Company.
 - f. All loans raised and utilized and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective date, shall upon coming into effect of this Scheme, pursuant to the provisions of Section 229(2) of the act, without any further act, instrument or deed be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
 - g. All assets, rights, title, interests and authorities accrued to and/or acquired by the Transferor Company in relation to or in connection with the Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been accrued to and/or acquired for and on behalf of the Transferee Company and shall, upon coming into effect of this Scheme, pursuant to the provisions of Section 229(2) of the act, without any further act, instrument ordered be and stand transferred to or vested in or be deemed to have been transferred to or vested in the Transferee Company to the extent and shall become the assets rights, title, interests and authorities of the Transferee Company.
6. With effect from the Appointed Date and up to the Effective date:
- a. The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of and for the benefit of and in trust for, the Transferee Company.
 - b. All the profits or incomes accruing or arising to the Transferor Company or expenditures or losses arising or incurred (including the effect of taxes, if any, thereon) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or expenditures or taxes of the Transferee Company, as the case may be.

7.
 - a. Upon the coming into effect of this Scheme, all suits, actions and proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been pending and/or arising by or against the Transferee Company.
 - b. The Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company referred to in Sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company.
8.
 - a. Upon the coming into effect of this Scheme, and subject to the provisions of this Scheme, all contracts, deeds, land-title documents and deeds, bonds, agreements, arrangements and other instruments (including all tenancies, leases - including but not limited to the lease with Mongla Port Authority, licenses and other assurances in favour of the Transferor Company or power or authorities granted by or to it) of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed, be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. The Transferee Company shall, at any time prior to the Effective Date, wherever necessary enter into, and/or issue and/or execute deeds, writings, confirmations, any tripartite arrangements or notations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this clause.
 - b. The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise enter into, issue or execute deeds, writings, confirmations, any tripartite arrangements, notations, declarations or other documents with or in favour of any party to any contact or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall be deemed to be authorized to execute any such writings on behalf of the Transferor Company to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Company.
9.
 - a. Upon the coming into effect of this Scheme, all Employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on such date without any break or interruption in service and on such terms and conditions that were agreed between the Employees and the Transferor Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any entered into by the Transferor Company with any employees.
 - b. The existing provident, gratuity or other Employee-related funds created by the Transferor Company shall be maintained separately, until otherwise decided by the Transferee Company in conformity with the applicable law. The Transferee Company undertakes to continue to abide by the provisions of any Trust Deeds of any such funds.

PART III: RE-ORGANIZATION OF CAPITAL

1. It is hereby clarified that Transferor Company is 100% subsidiary of the Transferee Company and thus Transferee Company holds 100% share of the Transferor Company. As such, Investment of Transferee Company in equity shares of Transferor Company shall be treated as intra party transaction and shall be eliminated/ negated.
2.
 - a. Ordinary shares of the Transferor Company held by the Transferee Company on the Record Date shall be cancelled and deemed to have been cancelled without any further act or deed and no shares of the Transferee Company are required to be issued in lieu thereof.
Ordinary shares of the Transferee Company, if any, held by the Transferor Company on the
 - b. Record Date shall be cancelled and deemed to have been cancelled without any further act or record and no shares of the Transferee Company are required to be issued in lieu thereof.

PART-IV: STATEMENT OF FINANCIAL POSITION

1. Summarized Audited Statement of Financial position

Pre-amalgamation summarized audited Financial Position of LHBL and HBL as of 30th September 2018 is shown as under:

	LafargeHolcim Bangladesh Limited (LHBL) taka	Holcim Cement (Bangladesh) Limited (HBL) taka
ASSETS:		
Non-Current Assets	15,440,342,000	6,052,712,245
Current Assets	6,874,400,000	2,931,302,117
Total Assets	22,314,742,000	8,984,014,362
SHAREHOLDERS' EQUITY & LIABILITIES:		
Shareholders' Equity		
Paid Up Capital	11,613,735,000	8,824,400
Other Components of Equity	(107,346,000)	1,295,798,365
Retained Earnings	1,973,366,000	2,096,026,270
Total Equity	13,479,755,000	3,400,649,035
LIABILITIES:		
Non-current Liabilities	3,047,196,000	1,050,795,345
Current Liabilities	5,787,791,000	4,532,569,982
Total Liabilities	8,834,987,000	5,583,365,327
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	22,314,742,000	8,984,014,362

2. Pre-amalgamation Statement of Financial Position with Reconstruction entries:

The entry required to be passed in the books HBL to eliminate Inter-Company Trade Payable and Receivable and Paid up capital.

3. HBL is subsidiary of LHBL, and hence the consolidated Financial Statements of LHBL on 30th September 2018 have eliminated all the intercompany transactions between the Transferor and Transferee in the books of LHBL.

4. Pro-forma Statement of Financial Position of LafargeHolcim Bangladesh Limited (LHBL)

Consolidated post amalgamation pro-forma financial position of LafargeHolcim Bangladesh Limited (LHBL) as on 30th September 2018 due to entries as stated in 2 and 3 above is presented below:

	Amount in taka
NON-CURRENT ASSETS	
Property Plant & Equipment	14,941,347,535
Intangible Assets	96,657,000
Leasehold Land	931,922,710
Investment in Subsidiaries	475,307,000
	16,445,234,245
CURRENT ASSETS	
Inventories	2,964,830,249
Trade receivables	1,405,807,395
Other receivables	3,094,121,035
Cash and cash equivalents	664,758,455
	8,129,517,134
Total Assets	24,574,751,379
EQUITY & LIABILITIES	
Share capital	11,613,735,000
Retained Earnings	1,973,366,000
Other components of equity	(1,754,516,965)
Equity	11,832,584,035
NON-CURRENT LIABILITIES	
Long term debts	1,077,575,000
Deferred tax liability	2,902,968,583
Employee benefits	117,447,762
	4,097,991,345
CURRENT LIABILITIES	
Trade Payables	3,365,010,529
Other Payables	2,540,032,541
Current portion of long term debts	800,000,000
Short term debts	1,939,132,929
	8,644,175,999
Total Equity and Liabilities	24,574,751,379

PART V: GENERAL TERMS AND CONDITIONS

1. With effect from the date of filing of this Scheme with the High Court Division of the Supreme Court of Bangladesh (hereinafter called the "High Court") and up to and including the Effective Date, the Transferor company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their ordinary shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.

2. a. Upon the coming into effect of this Scheme and with effect from the Appointed Date, for the purposes of accounting for and dealing with the value of the assets and liabilities of the Transferor Company in the books of the Transferee company, the assets and liabilities of the Transferor Company as appear in their respective audited financial statements as of the Appointed Date shall be accounted.
 - b. Any excess of the net assets of the Transferor Company over the paid-up value of the shares to be issued and allotted by the Transferee Company pursuant to this Scheme shall be transferred and credited to the "Capital Reserve" in the books of the Transferee Company.
3. The Board of Directors of the Transferor Company and the Transferee Company may assent on behalf of all concerned from time to time to any modifications or amendments or additions to this Scheme or to any conditions which the High Court may under law think fit to approve or impose and may do and execute all acts, deeds, matters and things necessary for bringing this Scheme into Effect or to review a position relating to the satisfaction of the conditions to this Scheme and if necessary to waive any of those (to the extent permissible under the law) for bringing this Scheme into effect.
4. This Scheme is conditional upon and subject to the Sanction of this Scheme by the High Court under Section 228 read with Section 229 of the Act; and to requisite orders made by the High Court pursuant to Section 228 read with Section 229 of the Act for amalgamation of the Transferor Company with the Transferee Company and for implementation of this Scheme. The aforementioned merger shall be and deemed to have been effective on the date the certified copy of the order made by the High Court is filed with Registrar of Joint Stock Companies & Firms, Bangladesh.
5. All costs, charges and expenses including any taxes and duties of the Transferor Company and the Transferee Company respectively in relation to or in connection with this Scheme and incidental to the completion of the merger of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.
6. In the event of this Scheme failing to take effect finally by 31st March 2019 or by such later date as may be agreed by the respective Board of Directors of the Transferor Company and the Transferee Company this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred by the parties or their shareholders or creditors or Employees or any other person(s).
7. This Scheme of Amalgamation has been prepared for the shareholders of the two independent entities, namely LafargeHolcim Bangladesh Limited and Holcim Cement (Bangladesh) Limited to approve and then place before the High Court Division of the Supreme Court of Bangladesh for approval and sanction.