

**Report on “Scheme of Merger/Amalgamation, Calculation of Merger  
Consideration and Independent Valuation of Shares” of  
FAR Chemical Industries Limited (FARCHEM)  
and  
S.F. Textile Industries Limited (SFTIL).**

**As of 30 June 2021**

**FAMES & R  
Chartered Accountants  
Sharaqa Mac, H-3/1, & 3/2 (Flat-2A)  
Bijoy Nagar, Dhaka-1000**

Ref: FAMES/SF\_FARCHEM/M-2021/13

19 December, 2021

The Board of Directors  
FAR Chemical Industries Limited  
House No: 11 (Floor:5-A), Road No: 12  
Niketon, Gulshan-1, Dhaka

The Board of Directors  
S.F. Textile Industries Limited  
House No: 11, Road No: 12  
Niketon, Gulshan-1, Dhaka

**Report on "Scheme of Merger/Amalgamation, Calculation of Merger Consideration and Independent Valuation of Shares" of FAR Chemical Industries Limited (FARCHEM) and S.F. Textile Industries Limited (SFTIL).**

Reference: Appointment letter SFTIL/2021/021 dated 10 November, 2021 & FARCHEM/2021/014 dated 10 November, 2021.

Dear Sir(s),

We are pleased to submit the reports for the purpose of merger of S.F. Textile Industries Limited (SFTIL) and FAR Chemical Industries Limited (FARCHEM) based on the Independent Share Valuations of FARCHEM and SFTIL.

The report contains the following -

1. Scheme of Merger/Amalgamation of S.F. Textile Industries Limited (SFTIL) and FAR Chemical Industries Limited (FARCHEM),
2. Calculation of Merger Consideration.
3. Independent Valuation of Shares of FAR Chemical Industries Limited as of 30 June 2021.
4. Independent Valuation of Shares of S.F. Textile Industries Limited as of 30 June 2021.

We would like to take the opportunity to express our sincere thanks and deep appreciation to the management of S.F. Textile Industries Limited (SFTIL) and FAR Chemical Industries Limited (FARCHEM) for the courtesy and cooperation extended to our representatives in the successful accomplishment of our assignment.

Thanking you.  
Yours faithfully,



**Md. Abdur Rashid, FCA**  
Partner  
ICAB Enrollment No.: 474  
FAMES & R  
Chartered Accountants

**SCHEME OF AMALGAMATION/MERGER  
OF  
S.F. TEXTILE INDUSTRIES LIMITED  
AND  
FAR CHEMICAL INDUSTRIES LIMITED**

**A. GENERAL**

1. This Scheme of Amalgamation (hereinafter referred to as the "Scheme") provides for the amalgamation of S.F. Textile Industries Limited. ("SFTIL") and FAR Chemical Industries Limited ("FARCHEM") pursuant to Sections 228 and 229 of the Companies Act, 1994 ("the Act") and other related provisions of the Companies Act, 1994 (the "**Merger**"), in accordance with which the FAR Chemical Industries Limited ("FARCHEM") shall be the surviving corporation of the Merger and the separate corporate existence of S.F. Textile Industries Limited. ("SFTIL") shall cease thereafter.
2. **Definitions and Interpretations**
  - 2.1. In this Scheme, unless repugnant to the meaning or context thereof, the expressions used herein shall have the following meanings:
    - (a) "**The Act**" means the Companies Act, 1994 including any amendments thereto.
    - (b) "**Appointed Date**" means the last date of a quarter in the financial year as determined by the Board prior to approval of the Scheme or any other date as may be determined by the Hon'ble High Court Division.
    - (c) "**Assets**" or "**Undertakings**" means and includes all the undertakings, the entire businesses, all the properties (whether movable or immovable, tangible or intangible), lands, buildings, plant, roads and pavements, machinery and equipment, capital works in progress, furniture, fixtures, office equipment, appliances, vehicles, other fixed assets, all stocks, investments of all kinds (including shares, scripts, debentures, or bonds), advances, deposits, prepayments, debtors, receivables, book debit, cash and cash equivalents. Balances with banks on any deposit or other accounts, financial assets, leases, bond license, import-export permits, environmental clearance, tenancies, 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, design right and other intellectual property rights, rights to use and avail of telephones, telexes, facsimiles, email, internet connections and installations, utilities, gas connection, WASA, electricity and other services, all files, records, papers, manuals, programs, data, catalogues, sales and advertising materials, software and other records, whether in Bangladesh or abroad.

- (d) **"Business"** means the business of Spinning Mills to produce all types of Cotton, Viscose and CVC yarn of different qualities for selling or export to 100% export oriented dyeing / Textiles / garments industries and export thereof including Textile Chemical business and other activities as mentioned in the both Company's memorandum and articles of association.
- (e) **"Effective Date" or "coming into effect of this Scheme" or "effectiveness of this Scheme"** means the day on which the conditions specified in Clause 25 of this Scheme have been fulfilled.
- (f) **"Surviving Company" or "FARCHEM"** means, FAR Chemical Industries Limited, a public company limited by shares, listed with stock exchanges incorporated under the Companies Act. 1994 and having its registered office at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh. Factory of new location at Village / Mouza: Mirkutirchao, P.O.: Murapara, P.S.: Rupgonj, District: Narayanganj. Factory of old location at Plot # 135-136 in CEPZ, Comilla Export Processing Zone, Comilla, Bangladesh substantially transferred to the new location.
- (g) **"Merged Company" or "SFTIL"** means S.F. Textile Industries Limited., a non-listed public company limited by shares incorporated under the Companies Act. 1994 and having its registered office and factory at Village / Mouza: Kornogope, P.O.: Rupshi, P.S.: Rupganj, District.: Narayanganj.
- (h) **"Board of Directors"** means the board of directors of the both Company (FAR Chemical Industries Limited and S.F. Textile Industries Limited) or both as the context may require.
- (i) **"Scheme"** means this Scheme of Amalgamation in its present form or with any modification(s) approved, imposed, or directed by the High Court or the Shareholders of either party.
- (j) **"Governmental Authority"** means any supranational, national, municipal or local court, administrative body or other governmental or quasi-governmental entity or authority, or any stock exchange, wherever located.
- (k) **"Liabilities"** means secured and unsecured debts (whether in Taka or in foreign currencies), all liabilities, duties and obligations, along with any charge, encumbrance, lien or security thereon.

#### **B. RATIONALE FOR AMALGAMATION**

3. The Merger of FAR Chemical Industries Limited and S.F. Textile Industries Limited is proposed in order to develop the management efficiency and potential for further growth and expansion of the market and to improve synergies, vertical integration, optimize resources and increase fund raising capabilities.

