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Sapphire

Sapphire Fibres Limited

December 13, 2019

Deputy General Manager
Trading & TREC Holder's Affairs
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Sub: **Release of Right Shares Subscription Amount**

Dear Sir,

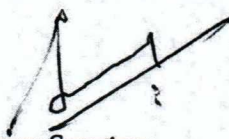
We are pleased to inform that 5% (984,375) Right Shares offered by Sapphire Fibres Limited (the "Company") have been fully subscribed as per detail given below:

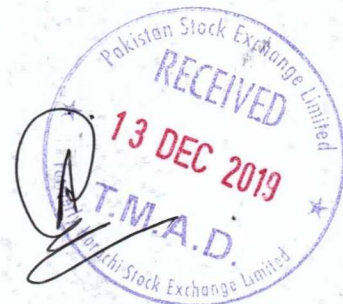
Particulars	Shares	Amount
Directors	158,283	41,153,580
General Public & Others	820,056	213,214,560
Allotment of Unsubscribed Shares	6,036	1,569,360
Total	984,375	255,937,500

The Auditors' certificate confirming receipt of full amount of right shares is attached herewith.

You are requested to please issue NOC in the name of Habib Bank Limited (the "Banker" of the right issue) to release to the subscription amount to the company received by them in favor of the company in respect of right issue.

Yours truly,
For & on behalf of "Sapphire Fibres Limited"


Company Secretary



73/S-25/2019-20

December 13, 2019

The Company Secretary
Sapphire Fibres Limited
Cotton Exchange Building
I.I. Chundrigar Road
Karachi.

Dear Sir,

AUDITOR CERTIFICATE ON RECEIPT OF FULL AMOUNT OF SUBSCRIPTION MONEY IN CASH AGAINST ISSUE OF RIGHT SHARES

We have been requested to provide you with a certificate to confirm the receipt of full amount of subscription money for subscribing right shares of Sapphire Fibres Limited (the Company) as required by Pakistan Stock Exchange Limited (PSX) vide its letter No. PSX/C-608-5269 (the Letter), dated October 22, 2019.

Scope of Certificate

The requirement of clause 7 of Annexure-II 'Procedure to be complied with for issue of right shares' of the Letter is produced below;

"In case of under subscription, the Company shall arrange payment of un-subscribed right shares within 15 days from the last date of payment and shall confirm the same to the Exchange. The Company will also furnish Auditors' Certificate confirming receipt of full amount of Right Issue in cash enabling the Exchange to issue NOC in the name of the banker to the issue of the company for release of subscription amount received by them."

We as statutory auditors of the Company are required to issue a certificate to confirm the receipt of full amount of subscription money in cash for subscribing right shares of the Company under clause 7 of Annexure-II "Procedure to be complied with for issue of right shares" of the Letter.

Management responsibility

It is the management's responsibility to fulfill all requirements of the Companies Act, 2017 and ensure compliance with the requirement of PSX as required under the Letter. The management's responsibility also includes maintenance of accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of fraud and irregularities. This certificate does not relieve the management of its responsibilities.

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Auditors' responsibility

Our responsibility is to certify the compliance with the requirement of PSX as required under clause 7 of Annexure-II 'Procedure to be complied with for issue of right shares' of the Letter in accordance with the 'Guidelines for issue of Certificate for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to the procedures as mentioned below:

- Review resolution of the Board of Directors to check the approval of issuance of right shares to existing shareholders of the Company;
- Traced subscription money of Rs.254,368,140 received from shareholders against subscription of 978,339 ordinary shares through right issue having face value of Rs.10 each of the Company at exercise price of Rs.260 per share in bank statement of Habib Bank Limited non-chequeing account number 0042-79919340-03;
- Reviewed resolution of Board of Directors to confirm that 6,036 unsubscribed right shares having face value of Rs.10 each of the company at exercise price of Rs.260 per share have been allocated to Neelum Textile Mills (Private) Limited {NTML}; and
- Traced amount of Rs.1,569,360 received from NTML against allocation of 6,036 unsubscribed right shares having face value of Rs.10 each of the Company at exercise price of Rs.260 per share in bank statement of Habib Bank Limited non-chequeing account number 0042-79919340-03.

Certificate

Based on our procedures mentioned under Auditors' responsibility paragraph, we certify that subscription money of Rs.255,937,500 for subscribing 984,375 right shares having face value of Rs.10 each of the Company at exercise price of Rs.260 per share has been fully received in cash by the Company.

The details of right shares and money received there-against are as follows:

Subscribed by:	Shares (Numbers)	Amount (Rupees)
the Directors of the Company	158,283	41,153,580
the general public other than directors	820,056	213,214,560
unsubscribed shares as detailed above	6,036	1,569,360
Total	984,375	255,937,500

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Restriction on use and distribution

This certificate is being issued in capacity of statutory auditors of the Company on specific request of the management for onward submission with PSX as required under clause 7 of Annexure-II 'Procedure to be complied with for issue of right shares' of the Letter and is not to be used or distributed for any other purpose. This certificate is restricted to the fact stated herein.

Yours truly

Shinewing Hameed Chaudhri & Co.
SHINEWING HAMEED CHAUDHRI & CO.
CHARTERED ACCOUNTANTS



Sapphire Fibres Limited

Extract of Resolution passed by the Board of Directors of Sapphire Fibres Limited ("Company") in their meeting held on Dec 10, 2019 at the registered office of the company

At the meeting of the Board of Directors of the Company, the Directors were informed that pursuant to the resolution passed by the Board of Directors on Sept 26, 2019, a right issue of shares of the Company in the aggregate amount of Rs. 255,937,500 (Rupees Two hundred fifty five thousand nine hundred thirty seven thousand five hundred only) divided into 984,375 ordinary shares of Rs. 260 each, comprising face value of Rs. 10/- and Premium of Rs. 250/- each, was carried out. The Directors were further informed that as on the last date of payment of the subscription amounts i.e. Nov 29, 2019, an amount of Rs. 254,368,140 (Rupees Two hundred fifty four million three hundred sixty eight thousand one hundred forty only) had been subscribed as per the subscription results presented to the Board, whilst the balance amount of Rs. 1,569,360 (Rupees One million five hundred sixty nine thousand three hundred sixty only) remains unsubscribed (i.e. 6,036 unsubscribed shares).

Consequently the following resolutions passed by the Board:

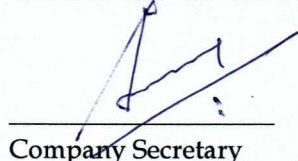
RESOLVED THAT pursuant to the provisions of Companies Act, 2017, the consent of the Board of Directors of the Company be and is hereby accorded for allotment of 978,339 (Nine hundred seventy eight thousand three hundred thirty nine only) ordinary shares at a face value of Rs. 10 (Rupees ten only) each at a premium of Rs. 250 (Rupees two hundred fifty only) to all those members who have accepted the offer by depositing of right subscription and amount aggregating to Rs. 254,368,140 (Rupees two hundred fifty four million, three hundred sixty eight thousand one hundred forty only).

FURTHER RESOLVED THAT the 6,036 un-subscribed shares amounting to Rs. 1,569,360 (Rupees One million five hundred sixty nine thousand three hundred sixty only), be and hereby allotted to M/s. Neelum Textile Mills (Pvt) Limited.

FURTHER RESOLVED THAT all necessary steps and actions be taken in accordance with the applicable laws for completion of the Right Issue process.

FURTHER RESOLVED THAT the Chief Executive, the Chief Financial Officer and the Company Secretary, be and are hereby jointly or severally authorised to take all necessary steps, and do all other acts, deeds and things, including any ancillary or incidental actions to give effect to the above resolutions including but not limited offering the unsubscribed shares in the manner directed by the Board, carrying out discussions and negotiations for subscription of the unsubscribed shares, confirming allotment of the said shares and completing the right issue process.

CERTIFIED TO BE TRUE COPY



Company Secretary