

NOTICE OF EXTRAORDINARY GENERAL MEETING

This is to inform you that pursuant to the Order of the High Court of Sindh at Karachi dated December 1, 2022, passed in Civil Miscellaneous Application No. 2994 of 2022, in Petition bearing J. C. M. No. 44 of 2022, an Extraordinary General Meeting ("EOGM") of Sapphire Textile Mills Limited (the "Company") shall be held at, and conducted from Trading Hall, Situated at Cotton Exchange Building, I. I. Chundrigar Road, Karachi, on Tuesday, December 27, 2022 at 12.00 Noon to transact the following business:

A. Special Business

That pursuant to the Order of the High Court of Sindh at Karachi dated December 1, 2022, passed in Civil Miscellaneous Application No. 2994 of 2022, in Petition bearing J. C. M. No. 44 of 2022, to consider and, if thought fit, to pass, with or without modification, the following resolution for, *inter alia*, the reorganization / re-arrangement of a certain portion of the shareholdings of the sponsors in the Company, involving their respective holding companies i.e. Channel Holdings (Private) Limited, Resource Corporation (Private) Limited, ATMZ Company (Private) Limited, Synergy Holdings (Private) Limited, Salman Ismail (Private) Limited, Glory (Private) Limited, Glitter (Private) Limited, Lavender (Private) Limited and Acrylic (Private) Limited, and their respective members, along with all ancillary matters thereto, in accordance with the Scheme of Arrangement dated November 29, 2022, as approved by the Board of Directors of the Company through circular resolutions passed on November 28, 2022.

The resolution to be passed by the requisite majority under Sections 279 and 282 of the Companies Act, 2017 is as under:

"RESOLVED THAT the Scheme of Arrangement dated November 29, 2022, involving Sapphire Textile Mills Limited, Channel Holdings (Private) Limited, Resource Corporation (Private) Limited, ATMZ Company (Private) Limited, Synergy Holdings (Private) Limited, Salman Ismail (Private) Limited, Glory (Private) Limited, Glitter (Private) Limited, Lavender (Private) Limited and Acrylic (Private) Limited, and their respective members, for, inter alia, the reorganization / re-arrangement of a certain portion of the shareholdings of the sponsors in Sapphire Textile Mills Limited, along with all ancillary matters thereto, placed before the meeting for consideration and approval, be and is hereby approved and adopted, along with any modifications / amendments required or conditions imposed by the High Court of Sindh at Karachi, subject to sanction by the Honorable High Court of Sindh at Karachi, in terms of the provisions of the Companies Act, 2017."

B. Ordinary Business

To transact any other business that may be placed before the meeting with the permission of the Chair.

Copies of the Statement of Material Facts under Section 134(3) of the Companies Act, 2017 concerning the Special Business; Statement under Section 281 of the Companies Act, 2017; Scheme of Arrangement; and the Letter dated November 24, 2022 issued by A. F. Ferguson & Co. (a member firm of the PwC network), are being circulated to the members along with this notice of the EOGM.

By the Order of the Board

Zeeshan
Company Secretary



Karachi: December 5, 2022



Sapphire Textile Mills Limited

Notes:

1. The share transfer books of the Company shall remain closed from December 21, 2022 to December 27, 2022 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar i.e. Hameed Majeed Associates (Private) Limited, situated at 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi, before the close of business on December 20, 2022 will be treated in time for the purpose of entitlement of attending and voting at the EOGM.
2. All members, whose names appear in the register of members of the Company as on December 20, 2022, are entitled to attend, participate in and vote at the meeting.
3. A member of the Company entitled to attend and vote at the EOGM may appoint another member 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 later than 48 hours before the time for holding the EOGM. Copies of the instrument may be obtained from the registered office of the Company during normal office hours. Furthermore, the proxy form can also be downloaded from the Company's website: www.sapphire.com.pk/stml.
4. If proxies are granted by the members, the same must be accompanied with notorally certified copies of the CNICs or the Passports of the beneficial owners. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures of the nominee shall be produced at the time of meeting.
5. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.
6. In order to comply with the directives of the Securities and Exchange Commission of Pakistan, including in terms of Circular No. 4 of 2021, the Company has also arranged video conference facility for those members who are interested in participating virtually in the EOGM.

Special arrangements for participating in the EOGM through electronic means will be as under:

- Members who wish to participate virtually in the EOGM are requested to share below information at contact@sapphiretextiles.com.pk not later than 48 hours before the time for holding the EOGM.

Name of Shareholder	CNIC Number	Folio / CDC Account Number	Registered email Address	Cell Number

- Video conference link details and login credentials shall be shared with those members whose information has been received through their registered e-mail address within the specified time. Furthermore, the said facility shall be login from the registered email address only.
 - On the day of EOGM, the members will be able to login and participate in the EOGM proceedings through their smart phone or computer devices from any convenient location.
 - The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process and verification process.
7. Members holding shares in physical form, are requested to notify any change in their addresses immediately to the Share Registrar of the Company. Members having shares in their CDC accounts are required to have their addresses updated with their respective participants.



8. Copies of the Statement under Section 134(3) of the Companies Act, 2017 in respect of the material facts of the special business, Statement under Section 281 of the Companies Act, 2017, Scheme of Arrangement dated November 29, 2022, Letter dated November 24, 2022 issued by A. F. Ferguson & Co. (a member firm of the PwC network), and any other information relevant to the special business in respect of the Company shall be available upon request, and for inspection, by any person entitled to attend the EOGM from the registered office of the Company, located at 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi free of cost during normal office hours, from the date of this notice till the conclusion of the EOGM. Such information shall also be placed for inspection of members of the Company during the EOGM.
9. Deposit of physical certificate(s) in CDC Account: As per section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017.

Accordingly, a member having physical shares are encouraged to open a CDC sub-account with a broker or Investor Account directly with CDC to place their physical certificates into scrip less form.
10. In compliance with regulatory directives issued from time to time, members who have not yet submitted copy of their valid CNIC/NTN are requested to submit the same to the Company, with the respective member's folio number mentioned thereon for updating record.
11. The Company shall provide video conference facility to its members for attending the EOGM at places other than the town in which the EOGM is taking place, provided that if members, collectively holding 10% or more shareholding residing at a geographical location, provide their consent to participate in the meeting through video conference at least 7 days prior to date of the EOGM, the Company shall arrange video conference facility in that city, subject to availability of such facility in that city.

In this regard, please fill the following form and submit the same to the registered address of the Company 7 days before holding of the EOGM:

"I/We, _____ of _____ being a member of Sapphire Textile Mills Limited, holder of _____ Ordinary Shares as per registered folio # _____ hereby opt for video conference facility at _____."

Signature of Member



Statement under Section 134(3) of the Companies Act, 2017 concerning the Special Business to be transacted at the Extraordinary General Meeting of Sapphire Textile Mills Limited

Subject to the sanction of the High Court of Sindh at Karachi, under the Scheme of Arrangement dated November 29, 2022 (the "Scheme of Arrangement"), involving Sapphire Textile Mills Limited (the "Company"), Channel Holdings (Private) Limited ("Channel"), Resource Corporation (Private) Limited ("Resource"), ATMZ Company (Private) Limited ("ATMZ"), Synergy Holdings (Private) Limited ("Synergy"), Salman Ismail (Private) Limited ("Salman Ismail"), Glory (Private) Limited ("Glory"), Glitter (Private) Limited ("Glitter"), Lavender (Private) Limited ("Lavender") and Acrylic (Private) Limited ("Acrylic"), and their respective members, there shall be a corporate reorganization of a certain portion of the shareholdings of the sponsors of the Company in the issued and paid up share capital of the Company. (Channel, Resource, ATMZ, Synergy, Glory, Glitter, Lavender and Acrylic shall collectively be referred to as the "Sponsors' HoldCos").

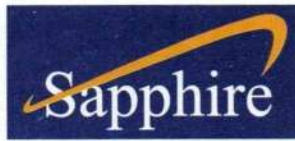
In terms of the Scheme of Arrangement, an aggregate of 10,737,472 (Ten Million Seven Hundred Thirty Seven Thousand Four Hundred Seventy Two) ordinary shares of the Company, having face value of PKR 10/- (Pak Rupees Ten) each, (the "Sapphire Arrangement Shares") held by the sponsors of the Company, including through Salman Ismail, (to the extent detailed in the Scheme of Arrangement) shall stand cancelled, and simultaneously, in lieu of the above, an equivalent number of ordinary shares of the Company i.e. 10,737,472 (Ten Million Seven Hundred Thirty Seven Thousand Four Hundred Seventy Two) shares (the "Sapphire Re-organization Shares") shall be issued collectively in favour of the Sponsors' HoldCos, as a result of which there shall be no change in the issued and paid up share capital of the Company (the "Arrangement"). The Arrangement, and the Scheme of Arrangement (along with all matters thereunder) shall be with effect from the date of passing of the order by the Court sanctioning the Scheme of Arrangement or at such other date stated by the Court.

The proposed Arrangement detailed above, along with all ancillary and related matters thereto, shall be effective by way of the Scheme of Arrangement, in accordance with the provisions of Sections 279 to 283 and 285 of the Companies Act, 2017. The Scheme of Arrangement has been filed with the High Court of Sindh at Karachi vide Petition bearing J. C. M. No. 44 of 2022; furthermore, in accordance with the directions of the High Court, notice of the said petition has been provided to the registrar, Securities and Exchange Commission of Pakistan.

A copy of the Scheme of Arrangement is available for inspection to any person entitled to attend the Extraordinary General Meeting, at the registered office of the Company, situated at 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi, free of cost during normal office hours; copies of the same may also be obtained upon request by such persons from the registered office of the Company free of cost during normal office hours. Furthermore, in accordance with the provisions of Section 282(2) of the Companies Act, 2017, a copy of the Scheme of Arrangement has been enclosed with the notice of the meeting circulated to the members of the Company.

The Scheme of Arrangement, along with the arrangements envisaged thereunder, comprises, and shall enable, a re-organization of the ownership structure of the sponsors' shareholdings in the Company without adversely affecting or otherwise impacting the Company and / or its members. The same will facilitate the sponsors to improve the management of the Company, which is expected to support business growth and long-term business continuation of the Company; this will in-turn benefit all the members of the Company.

The Sapphire Re-organization Shares to be issued to the Sponsors' HoldCos, represent the corresponding number of ordinary shares of the Company which are to be cancelled as part of the Arrangement i.e. the Sapphire Arrangement Shares, as further detailed in the letter dated November 24, 2022, issued by A. F. Ferguson & Co. (a member firm of the PwC network) (attached as Annexure



Sapphire Textile Mills Limited

G to the Scheme of Arrangement), which has been approved by the respective Board of Directors of the Company, Salman Ismail and each Sponsors' HoldCo. Resultantly, and as a consequence of the Arrangement, the issued and paid up share capital of the Company shall remain PKR 216,897,910/- (Pak Rupees Two Hundred Sixteen Million Eight Hundred Ninety Seven Thousand Nine Hundred Ten), divided into 21,689,791 (Twenty One Million Six Hundred Eighty Nine Thousand Seven Hundred Ninety One) ordinary shares of PKR 10/- (Pak Rupees Ten each).

In consideration for the Arrangement the Sponsors' HoldCos shall issue ordinary shares to certain sponsors' groups in the manner detailed in the Scheme of Arrangement.

The objects and benefits of the arrangements are also provided in detail in the Scheme of Arrangement.

The directors of the Company are interested in the Scheme of Arrangement to the extent of their common directorships and (direct and indirect) shareholdings in the respective companies i.e. the Company, Salman Ismail and the Sponsors' HoldCos (to the extent applicable). The effect of the Scheme of Arrangement on the interests of these directors does not differ from its effect on the like interests of other members, except as stated herein or under the Scheme of Arrangement, particularly Article 5.12 thereof. As stipulated in Article 5.12 of the Scheme of Arrangement, Mr. Yousuf Abdullah, Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Shayan Abdullah, Mr. Nabeel Abdullah, Mr. Umer Abdullah, Mr. Hassan Abdullah, Mr. Tayyab Abdullah, Mr. Ali Abdullah, Mr. Mustafa Abdullah, Mr. Salman Abdullah and Mr. Ismael Abdullah, are from amongst the sponsors, holding a significant portion of the Sapphire Arrangement Shares (along with their family members and Salman Ismail) which shall stand cancelled in accordance with the provisions of the Scheme of Arrangement. The said directors are also shareholders of different Sponsors' HoldCos, in favour of which the Company shall issue the Sapphire Re-organization Shares, as part of the Arrangement. Furthermore, each of the Sponsors' HoldCos shall issue shares to some of the said directors in accordance with the provisions of the Scheme of Arrangement.

In view of the above, the Board of Directors of the Company have approved and recommended the Scheme of Arrangement, along with the arrangements stipulated thereunder which have been described above.

Statement under Section 281 of the Companies Act, 2017 concerning the Special Business

The statement setting forth the terms of the Scheme of Arrangement and explanation of its effects, including the interests of the directors of the Company and the effect of those interests and other ancillary information may be obtained upon request by any person entitled to attend the Extraordinary General Meeting from the registered office of the Company situated at 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi, free of cost during normal office hours.

The aforesaid statement is also enclosed along with this notice of the Extraordinary General Meeting.



Statement under Section 281(1)(a) of the Companies Act, 2017, accompanying the Notices to the Members and Secured Creditors of Sapphire Textile Mills Limited

Pursuant to the Order dated December 1, 2022, passed by the High Court of Sindh at Karachi in Civil Miscellaneous Application No. 2994 of 2022, in Petition bearing J. C. M. No. 44 of 2022, under Sections 279 to 283 and 285(8) of the Companies Act, 2017, the Court has directed, *inter alia*, that separate meetings of the members and secured creditors of Sapphire Textile Mills Limited (the "Company") be convened for seeking approval with respect to the Scheme of Arrangement dated November 29, 2022, involving the Company, Channel Holdings (Private) Limited ("Channel"), Resource Corporation (Private) Limited ("Resource"), ATMZ Company (Private) Limited ("ATMZ"), Synergy Holdings (Private) Limited ("Synergy"), Salman Ismail (Private) Limited ("Salman Ismail"), Glory (Private) Limited ("Glory"), Glitter (Private) Limited ("Glitter"), Lavender (Private) Limited ("Lavender") and Acrylic (Private) Limited ("Acrylic"), and their respective members, pertaining, *inter alia*, to a corporate reorganization of a certain portion of the shareholdings of the sponsors of the Company in the issued and paid up share capital of the Company, along with ancillary matters thereto (the "Scheme of Arrangement"). (Channel, Resource, ATMZ, Synergy, Glory, Glitter, Lavender and Acrylic shall collectively be referred to as the "Sponsors' HoldCos").

In terms of the Scheme of Arrangement, an aggregate of 10,737,472 (Ten Million Seven Hundred Thirty Seven Thousand Four Hundred Seventy Two) ordinary shares of the Company, having face value of PKR 10/- (Pak Rupees Ten) each, (the "Sapphire Arrangement Shares") held by the sponsors of the Company, including Salman Ismail, (to the extent detailed in the Scheme of Arrangement) shall stand cancelled, and simultaneously, in lieu of the above, an equivalent number of ordinary shares of the Company i.e. 10,737,472 (Ten Million Seven Hundred Thirty Seven Thousand Four Hundred Seventy Two) shares (the "Sapphire Re-organization Shares") shall be issued collectively in favour of the Sponsors' HoldCos, as a result of which there shall be no change in the issued and paid up share capital of the Company (the "Arrangement").

A copy of the Scheme of Arrangement (along with its annexures) may be obtained from the registered office of the Company, situated at 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi, free of cost during normal business hours. Furthermore, a copy of the Scheme of Arrangement has been / shall be enclosed with the respective notices of the meetings circulated / to be circulated to the members and secured creditors of the Company.

The notices issued and published to the members of the Company are for the purpose of convening a meeting of the members of the Company, as directed by the Court, for the purpose of passing, *inter alia*, the following resolution for obtaining approval in respect of the Scheme of Arrangement and the arrangements contemplated thereunder, along with ancillary matters:

"RESOLVED THAT the Scheme of Arrangement dated November 29, 2022, involving Sapphire Textile Mills Limited, Channel Holdings (Private) Limited, Resource Corporation (Private) Limited, ATMZ Company (Private) Limited, Synergy Holdings (Private) Limited, Salman Ismail (Private) Limited, Glory (Private) Limited, Glitter (Private) Limited, Lavender (Private) Limited and Acrylic (Private) Limited, and their respective members, for, inter alia, the reorganization / re-arrangement of a certain portion of the shareholdings of the sponsors in Sapphire Textile Mills Limited, along with all ancillary matters thereto, placed before the meeting for consideration and approval, be and is hereby approved and adopted, along with any modifications / amendments required or conditions imposed by the High Court of Sindh at Karachi, subject to sanction by the Honorable High Court of Sindh at Karachi, in terms of the provisions of the Companies Act, 2017."

As required under section 279(2) of the Companies Act, 2017, the above resolution is required to be passed at the meeting of the members convened pursuant to the Order of the Court, by a majority



representing three-fourths in value of the issued shares held by the members of the Company, present in person or by proxy, and voting at the Extraordinary General Meeting. The sanctioning of the Scheme of Arrangement and the making of other appropriate orders in connection therewith will be considered by the Court after the Scheme of Arrangement is approved as aforesaid.

The notice issued / to be issued to the secured creditors of the Company is for the purpose of convening a meeting of the secured creditors of the Company, as directed by the Court, for the purpose of obtaining their approval in respect of the Scheme of Arrangement and the arrangements contemplated thereunder. With respect to the secured creditors of the Company, under section 279(2) of the Companies Act, 2017, the Scheme of Arrangement is required to be approved by three-fourths of the creditors (in value of outstanding liabilities) present and voting at the meeting of the secured creditors (through their authorized representatives).

The principal object of the Scheme of Arrangement is, *inter alia*, to effect the Arrangement, as further detailed in the Scheme of Arrangement, with effect from the date of passing of the order by the Court sanctioning the Scheme of Arrangement or at such other date stated by the Court (the "Effective Date"). In terms of the Scheme of Arrangement, the Sapphire Arrangement Shares, which are owned by the sponsors, including through Salman Ismail, (as per the details stipulated in the Scheme of Arrangement) shall stand cancelled with effect from the Effective Date. In lieu of the said cancellation, the Company shall simultaneously allot and issue the Sapphire Re-organization Shares, credited as fully paid up, at par, in favour of the respective Sponsors' HoldCos, in the manner, and as per the break-ups, detailed in the Scheme of Arrangement. The allotment and issuance of the Sapphire Re-organization Shares shall be deemed to have been carried out with effect from the Effective Date.

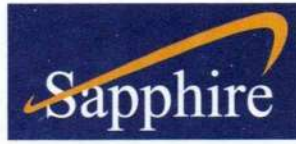
The Sapphire Re-organization Shares to be issued to the Sponsors' HoldCos, represent the corresponding number of ordinary shares of the Company which are to be cancelled as part of the Arrangement i.e. the Sapphire Arrangement Shares, as further detailed in the letter dated November 24, 2022, issued by A. F. Ferguson & Co. (a member firm of the PwC network) (attached as Annexure G to the Scheme of Arrangement), which has been approved by the respective Board of Directors of the Company, Salman Ismail, and each Sponsors' HoldCo. Resultantly, and as a consequence of the Arrangement, the issued and paid up share capital of the Company shall remain PKR 216,897,910/- (Pak Rupees Two Hundred Sixteen Million Eight Hundred Ninety Seven Thousand Nine Hundred Ten), divided into 21,689,791 (Twenty One Million Six Hundred Eighty Nine Thousand Seven Hundred Ninety One) ordinary shares of PKR 10/- (Pak Rupees Ten each).

In light of the above, it is pointed out that the Arrangement comprises a re-organization of the issued and paid up share capital of the Company to the extent of the Sapphire Arrangement Shares which are held by the sponsors, and that the same will not impact the other members of the Company.

As consideration for the arrangement, each Sponsors' HoldCo shall allot and issue ordinary shares in favour of certain sponsors' groups, in the manner detailed in the Scheme of Arrangement.

All information / particulars with respect to the Arrangement, and all ancillary matters thereto, are provided in detail in the Scheme of Arrangement, including the objects and benefits of the entire arrangement. Approval of the Scheme of Arrangement by the members of the Company shall also constitute an approval by way of special resolution from the members of the Company with respect to all matters prescribed under the Scheme of Arrangement, including the issuance of the Sapphire Re-organization Shares in favour of the Sponsors' HoldCos.

The Scheme of Arrangement has been filed with the High Court of Sindh at Karachi vide Petition bearing J. C. M. No. 44 of 2022; furthermore, in accordance with the directions of the High Court, notice of the said petition has been provided to the registrar, Securities and Exchange Commission of Pakistan.



Sapphire Textile Mills Limited

The respective directors of the Company, Salman Ismail and the respective Sponsors' HoldCos are interested in the Scheme of Arrangement to the extent of their common directorships and shareholdings in the respective companies i.e. the Company, Salman Ismail and the Sponsors' HoldCos (to the extent applicable). The effect of the Scheme of Arrangement on the interests of these directors does not differ from its effect on the like interests of other members, except as stated herein or under the Scheme of Arrangement, particularly Article 5.12 thereof. As stipulated in Article 5.12 of the Scheme of Arrangement, Mr. Yousuf Abdullah, Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Shayan Abdullah, Mr. Nabeel Abdullah, Mr. Umer Abdullah, Mr. Hassan Abdullah, Mr. Tayyab Abdullah, Mr. Ali Abdullah, Mr. Mustafa Abdullah, Mr. Salman Abdullah and Mr. Ismael Abdullah, are from amongst the sponsors, holding a significant portion of the Sapphire Arrangement Shares (along with their family members and Salman Ismail) which shall stand cancelled in accordance with the provisions of the Scheme of Arrangement. The said directors are also shareholders of different Sponsors' HoldCos, in favour of which the Company shall issue the Sapphire Re-organization Shares, as part of the Arrangement. Furthermore, each of the Sponsors' HoldCos shall issue shares to some of the said directors in accordance with the provisions of the Scheme of Arrangement.


Zeeshan
Company Secretary
SAPPHIRE TEXTILE MILLS LIMITED

Karachi
Dated: December 5, 2022

SCHEME OF ARRANGEMENT

**UNDER SECTIONS 279 TO 283 AND 285 OF
THE COMPANIES ACT, 2017**

INVOLVING

**SAPPHIRE TEXTILE MILLS LIMITED
AND ITS MEMBERS**

**CHANNEL HOLDINGS (PRIVATE)
LIMITED
AND ITS MEMBERS**

AND

**RESOURCE CORPORATION (PRIVATE)
LIMITED
AND ITS MEMBERS**

**ATMZ COMPANY (PRIVATE)
LIMITED
AND ITS MEMBERS**

AND

AND

**SYNERGY HOLDINGS (PRIVATE)
LIMITED
AND ITS MEMBERS**

**SALMAN ISMAIL (PRIVATE)
LIMITED
AND ITS MEMBERS**

AND

AND

**GLORY (PRIVATE) LIMITED
AND ITS MEMBERS**

**GLITTER (PRIVATE) LIMITED
AND ITS MEMBERS**

AND

AND

**LAVENDER (PRIVATE) LIMITED
AND ITS MEMBERS**

**ACRYLIC (PRIVATE) LIMITED
AND ITS MEMBERS**

FOR

**The reorganization / re-arrangement of a certain portion of the shareholdings of the
Sponsors in Sapphire Textile Mills Limited, involving the Sponsor HoldCos and their
respective members, along with all ancillary matters.**

SCHEME OF ARRANGEMENT

UNDER SECTIONS 279 TO 283 AND 285 OF THE COMPANIES ACT, 2017

BETWEEN

SAPPHIRE TEXTILE MILLS LIMITED, a public company limited by shares and listed on the Pakistan Stock Exchange Limited, incorporated and existing under the laws of Pakistan and having its registered office at 212, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "Sapphire Textile", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

CHANNEL HOLDINGS (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "Channel", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

RESOURCE CORPORATION (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "Resource", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

ATMZ COMPANY (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "ATMZ", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

SYNERGY HOLDINGS (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "Synergy", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

SALMAN ISMAIL (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 407, Commerce Centre, Hasrat Mohani Road, Karachi (hereinafter referred to as "Salman Ismail", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

GLORY (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road,

Karachi (hereinafter referred to as "Glory", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

GLITTER (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "Glitter", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

LAVENDER (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "Lavender", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

ACRYLIC (PRIVATE) LIMITED, a private company limited by shares, incorporated and existing under the laws of Pakistan and having its registered office at 312, Cotton Exchange Building, I. I. Chundrigar Road, Karachi (hereinafter referred to as "Acrylic", which expression shall mean and include, where the context so requires or admits, its successors-in-interest and permitted assigns);

AND

THEIR RESPECTIVE MEMBERS

RECITALS

WHEREAS by this Scheme of Arrangement ("Scheme"), it is, *inter alia*, proposed that:

1. A portion of the issued and paid-up share capital of Sapphire Textile shall be reorganized, such that the Sapphire Arrangement Shares (as defined below), being a portion of the Sapphire Shares held by the Sponsors (as defined below), shall stand cancelled on the Effective Date, and Sapphire Textile shall allot and issue a corresponding number of Sapphire Re-Organization Shares (as defined below) in favour of the Sponsors' HoldCos (as defined below), without any reduction in the issued and paid up share capital of Sapphire Textile.
2. As consideration for the above, the respective Sponsors' HoldCos shall allot and issue ordinary shares to certain Sponsors in accordance with this Scheme.
3. As a consequence of the Arrangement (as defined below), there shall be a reduction in the shareholders' equity (i.e. reserves) of Salman Ismail in accordance with the provisions of this Scheme.
4. Sapphire Textile and each Sponsors' HoldCo shall continue to own and operate its respective undertaking (including all Assets, Liabilities and Obligations comprising the same), each as independent companies, without any such Company being dissolved or wound up.

Furthermore, Salman Ismail shall continue to own and operate the Remainder Undertaking (as defined below).

5. This Scheme, if approved through a resolution by the requisite majority of the respective members of each Company, along with the requisite majority of creditors (as may be applicable), and sanctioned by the Court by an order passed in this respect, is to be binding on each of the Companies along with all the members / shareholders, creditors, employees, Customers, contracting parties, government, tax and regulatory / statutory authorities, bodies and departments of or with respect to, the respective Companies (as applicable).

BENEFITS OF THIS SCHEME

A. Arrangement Between the Companies and their Respective Members

The Arrangement shall enable a re-organization of the ownership structure of the Sponsors' shareholdings in Sapphire Textile through the provisions of sections 279 to 283 and 285 of the Act, without adversely affecting or impacting Sapphire Textile and / or its members.

B. Better Management of Shareholding of Sapphire Textile by the Sponsors

The Arrangement will enable the Sponsors to exercise better management of the shareholding of Sapphire Textile through the Sponsors' HoldCos, which will reduce the likelihood of disputes between such members and their successors that could otherwise adversely and detrimentally impact Sapphire Textile. Globally, holding companies are often set up to facilitate and enable a more structured management of shareholding positions, which will be possible as a consequence of the Arrangement. Furthermore, the individual Sponsors will no longer be required to manage a significant portion of the Sapphire Shares held by them.

C. Improve Focus on Management of Sapphire Textile

The Sponsors' HoldCos will be in a position to appoint professionals, if deemed fit, to manage the shareholding portfolios of the respective Sponsors' HoldCos, including the respective portion of the Sapphire Shares held by the Sponsors' HoldCos from time to time. This in-turn is expected to improve the management and focus on operations of Sapphire Textile.

D. Business Continuity and Longevity

Decision making by the Sponsors through the Sponsors' HoldCos is expected to support business growth and long term business continuation of Sapphire Textile, which shall benefit all its shareholders.

NOW THEREFORE, this Scheme is presented as follows:

ARTICLE 1

DEFINITIONS AND INTERPRETATION

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

"Acrylic" shall have the meaning as prescribed in the Preamble above;

"Acrylic Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Acrylic;

"Act" means the Companies Act, 2017;

"Annexure A" is the annexure attached hereto which details / stipulates the break-up of the (i) holdings of the Sapphire Shares held by the respective Sponsors as on the date of this Scheme; and (ii) Sapphire Arrangement Shares amongst the respective Sponsors, which shall stand cancelled pursuant to the provisions of the Scheme;

"Annexure B" is the annexure attached hereto which stipulates the break-up of the Sapphire Re-organization Shares to be issued to the respective Sponsors' HoldCos, as part of the Arrangement;

"Annexure C" is the annexure attached hereto which stipulates the break-up / details of issuance of the Channel Shares and Glory Shares, by Channel and Glory respectively, to certain Sponsor Group A members;

"Annexure D" is the annexure attached hereto which stipulates the break-up / details of issuance of the Resource Shares and Glitter Shares, by Resource and Glitter respectively, to certain Sponsor Group B members;

"Annexure E" is the annexure attached hereto which stipulates the break-up / details of issuance of the ATMZ Shares and Lavender Shares, by ATMZ and Lavender respectively, to certain Sponsor Group C members;

"Annexure F" is the annexure attached hereto which stipulates the break-up / details of issuance of the Synergy Shares and Acrylic Shares, by Synergy and Acrylic respectively, to certain Sponsor Group D members;

"Annexure G" is the annexure attached hereto containing the Letter;

"Arrangement" shall have the same meaning as prescribed thereto in Article 2.1 of this Scheme;

"Assets" mean assets, properties and rights of every description and kind (whether present or future, actual or contingent, tangible or intangible) and includes properties held on trust and benefit of securities obtained from Customers, benefits, powers, rights, authorities, privileges, Contracts, government consents, tax refunds / credits, tax exemptions (including

holding period of such assets and liabilities along with all the rights attached and accrued thereto including, but not limited to, equity-based tax credits for unexpired period), sanctions and authorizations, including all registrations, licences, Claims, no objection certificates / letters, permits, categories, entitlements, sanctions, permissions and benefits relating to the business / company, all trademarks, patents, copyrights, intellectual property rights, licences, liberties, secret processes, know-how, good-will, data and confidential information belonging / pertaining to a Company. Without in any way limiting or prejudicing the generality of the foregoing, it is hereby clarified that the Assets shall include: (i) all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wheresoever situated belonging to a Company, as well as equity, stocks, debentures, bonds, rights under futures, options, derivative contracts, commodities etc. (and all rights associated therewith); (ii) all inventory, stock-in trade, consignments from shipments, plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licences, motor vehicles, office equipment, appliances and accessories, spare parts and tools; (iii) all choses-in-action, instruments, decretal amounts, bank and other accounts, cash balances, reserve funds, revenue balances, investments, loans, advances, guarantees, deposits, prepayments, receivables, book debts, trade debts and all other rights and interest in and arising out of such property in the ownership, possession, power or control of a company, whether legal or beneficial, whether within or out of Pakistan, and all books of accounts, registers, records, information, reports, policies, research and all other documents of whatever nature relating thereto; (iv) all the connections and facilities for telecommunications, electricity, gas, water and other installations, owned by, leased or licensed to a company (including related deposits); (v) the Contingent Claims, tax credits / carry forward losses and proceeds realized from the liquidation / release / settlement / satisfaction of the Contingent Claims; and (vi) unadjusted tax receivables / losses;

"ATMZ" shall have the meaning as prescribed in the Preamble above;

"ATMZ Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of ATMZ;

"CDC" means the Central Depository Company of Pakistan Limited;

"CDS" means the Central Depository System (an electronic book entry system for the recording and transfer of securities, established under the Central Depositories Act, 1997 and maintained by the CDC);

"Channel" shall have the meaning as prescribed in the Preamble above;

"Channel Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Channel;

"Claim" means claim, counter-claim, demand or cause of action and includes a Contingent Claim;

"Companies" means collectively, Sapphire Textile, Channel, Resource, ATMZ, Synergy, Salman Ismail, Glory, Glitter, Lavender and Acrylic; and **"Company"** means any of them;

"Contingent Claim(s)" means any potential Claim that a Company may have against any person prior to the Effective Date which may not be disclosed or reflected as part of its Assets on its books or records;

"Contracts" means any contracts, agreements, deeds, instruments, insurance policies, letters or undertakings of every description, creating any obligations enforceable against the parties, including any finance agreements;

"Court" means the High Court of Sindh at Karachi, or any other Court / authority for the time being having jurisdiction under the Act in connection with the Arrangement;

"Customer" means any person having entered into a transaction, arrangement or other dealing with a Company;

"Effective Date" shall have the same meaning as prescribed thereto in Article 3.1 of this Scheme;

"existing" means existing, outstanding or in force immediately prior to the Effective Date (unless stated otherwise);

"Glitter" shall have the meaning as prescribed in the Preamble above;

"Glitter Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Glitter;

"Glory" shall have the meaning as prescribed in the Preamble above;

"Glory Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Glory;

"Lavender" shall have the meaning as prescribed in the Preamble above;

"Lavender Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Lavender;

"Letter" means the letter dated November 24, 2022, issued by A. F. Ferguson & Co. (a member firm of the PwC network) to the respective Board of Directors of the Companies, attached hereto as Annexure G, pertaining to the Arrangement and ancillary matters thereto;

"Liabilities and Obligations" includes all borrowings, liabilities, duties, commitments and obligations of every description (whether present or future, actual or contingent) arising out of any Contract or otherwise whatsoever, and all Securities, and the term "Liabilities" and "Obligations" are used interchangeably and / or in conjunction with each other;

"Remainder Undertaking" means all the Assets, Liabilities and Obligations of Salman Ismail, excluding the portion of the Sapphire Arrangement Shares held by Salman Ismail (as detailed in Annexure A attached hereto) which shall stand cancelled in accordance with the provisions of this Scheme;

"Resource" shall have the meaning as prescribed in the Preamble above;

"Resource Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Resource;

"Salman Ismail" shall have the meaning as prescribed in the Preamble above;

"Sapphire Textile" shall have the meaning as prescribed in the Preamble above;

"Sapphire Arrangement Shares" means collectively, the 10,737,472 (Ten Million Seven Hundred Thirty Seven Thousand Four Hundred Seventy Two) Sapphire Shares legally and beneficially owned and held by the Sponsors (as detailed in Annexure A attached hereto), which shall stand cancelled as part of the Arrangement in accordance with the provisions of this Scheme;

"Sapphire Re-organization Shares" means collectively, 10,737,472 (Ten Million Seven Hundred Thirty Seven Thousand Four Hundred Seventy Two) Sapphire Shares to be allotted and issued to the Sponsors' HoldCos in the manner detailed in Annexure B attached hereto, in lieu of the cancellation of the Sapphire Arrangement Shares (held by the Sponsors), which shall rank *pari passu* with the existing issued and paid up Sapphire Shares in all respect;

"Sapphire Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Sapphire Textile;

"Scheme" means this Scheme of Arrangement, in its present form with any modifications thereof or additions thereto, approved or with any conditions imposed by the Court;

"Security" or "Securities" means interest, right or title in and to any and all mortgages, encumbrances or charges (whether legal or equitable), debenture, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, right of set-off, undertaking or other means of securing payment or discharge of any Liabilities and Obligations;

"Sponsor Group A" means collectively, (i) Mr. Nadeem Abdullah (holding CNIC No. 42201-2771651-1); (ii) Mrs. Noshaba Nadeem (holding CNIC No. 42201-7461277-8); (iii) Mr. Nabeel Abdullah (holding CNIC No. 42201-7610106-5); and (iv) Mr. Umer Abdullah (holding CNIC No. 42201-7610201-5), being part of the immediate family of Mr. Nadeem Abdullah;

"Sponsor Group A HoldCos" means collectively, Channel and Glory;

"Sponsor Group B" means collectively, (i) Mr. Shahid Abdullah (holding CNIC No. 42201-5225618-1); (ii) Mrs. Shireen Shahid (holding CNIC No. 42201-1691052-6); (iii) Mr. Shayan Abdullah (holding CNIC No. 42201-0776395-1); and (iv) Mr. Hassan Abdullah (holding CNIC No. 42201-2742773-5), being part of the immediate family of Mr. Shahid Abdullah;

"Sponsor Group B HoldCos" means collectively, Resource and Glitter;

"Sponsor Group C" means collectively, (i) Mr. Amer Abdullah (holding CNIC No. 42201-2089751-3); (ii) Mrs. Ambareen Amer (holding CNIC No. 42201-9033659-8); (iii) Mr. Tayyab Abdullah (holding CNIC No. 42201-1378817-5); (iv) Mr. Mustafa Abdullah (holding CNIC No. 42201-4523424-3); and (v) Mr. Ali Abdullah (holding CNIC No. 42201-6303220-1), being part of the immediate family of Mr. Amer Abdullah;

"Sponsor Group C HoldCos" means collectively, ATMZ and Lavender;

"Sponsor Group D" (i) Mr. Yousuf Abdullah (holding CNIC No. 42201-5234263-1); (ii) Mrs. Usma Yousuf (holding CNIC No. 42201-1104589-6); (iii) Mr. Salman (holding CNIC No. 42201-0962977-7); and (iv) Mr. Ismael Abdullah (holding CNIC No. 42201-2753223-5), being part of the immediate family of Mr. Yousuf Abdullah, along with Salman Ismail, being a company owned by such family members;

"Sponsor Group D HoldCos" means collectively, Synergy and Acrylic;

"Sponsors" means collectively, the persons and entity (as may be applicable) comprising the Sponsor Group A, Sponsor Group B, Sponsor Group C and Sponsor Group D, being some of the sponsor shareholders of Sapphire Textile;

"Sponsors' HoldCos" means collectively, the Sponsor Group A HoldCos, Sponsor Group B HoldCos, Sponsor Group C HoldCos and Sponsor Group D HoldCos;

"Synergy" shall have the meaning as prescribed in the Preamble above; and

"Synergy Shares" means the ordinary shares of PKR 10/- (Pak Rupees Ten) each in the share capital of Synergy.

1.2. In this Scheme, unless specified otherwise:

- (i) the headings in this Scheme are for convenience only and shall not affect the construction or interpretation thereof;
- (ii) a reference to any legislation or legislative provision includes any statutory modification of, or re-enactment of, or legislative provision substituted for, and any subordinate legislation under that legislation or legislative provision;
- (iii) words denoting the singular shall include the plural and vice versa;
- (iv) a reference to a person includes a company, firm, trust, authority or government and vice versa;
- (v) a reference to any person includes that person's executors, administrators, successors, legal heirs, and permitted assigns;
- (vi) "including" and "include" shall be deemed to mean "including, without limitation" and "Include, without limitation"; and
- (vii) the word "hereof", "herein", "hereto" and "hereunder" and words of similar import when used, with the required linguistic and / or grammatical derivation, in this Scheme refer to this Scheme as a whole and not to any particular provision thereof.

ARTICLE 2

OBJECTS OF THE SCHEME

- 2.1. The principal object of this Scheme is to cause a reorganization in the issued and paid up share capital of Sapphire Textile through cancellation of the Sapphire Arrangement Shares held by the Sponsors, on the Effective Date, without any further act or deed (except to the extent stated herein), and simultaneous allotment and issuance of the Sapphire Re-organization Shares in favour of the Sponsors' HoldCos in accordance with the provisions of this Scheme (the "Arrangement").
- 2.2. In consideration for the same, shares shall be issued to certain Sponsors by the respective Sponsors' HoldCos.
- 2.3. It is hereby clarified that although all of the above steps will take place on the same date, the same shall be deemed to be effective as of the Effective Date.
- 2.4. The Remainder Undertaking shall, at all times, remain part of Salman Ismail.

ARTICLE 3

EFFECTIVE DATE

- 3.1. This Scheme shall become operative and bind the Companies as soon as an order is passed by the Court under Sections 279 / 282 of the Act, sanctioning this Scheme and making the necessary provisions under Section 282 of the Act. When this Scheme becomes operative upon its sanction, the Arrangement, in accordance with this Scheme, will be treated as having effect from the date of sanction or such other date as may be stated by the Court (hereinafter referred to as the "Effective Date"). Each Company shall file a certified copy of the order passed by the Court with the Registrar of Companies, Karachi in accordance with Section 279 of the Act.

ARTICLE 4

CAPITAL

- 4.1. The authorized share capital of Sapphire Textile is PKR 350,000,000/- (Pak Rupees Three Hundred Fifty Million), divided into 35,000,000 (Thirty Five Million) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 21,689,791 (Twenty One Million Six Hundred Eighty Nine Thousand Seven Hundred Ninety One) ordinary shares have been issued, fully subscribed to and paid up.
- 4.2. The authorized share capital of Channel is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3 Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 778,482 (Seven Hundred Seventy Eight Thousand Four Hundred Eighty Two) shares have been issued, fully subscribed to and paid up.
- 4.3. The authorized share capital of Resource is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak

Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3 Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 778,482 (Seven Hundred Seventy Eight Thousand Four Hundred Eighty Two) shares have been issued, fully subscribed to and paid up.

- 4.4. The authorized share capital of ATMZ is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3 Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 798,642 (Seven Hundred Ninety Eight Thousand Six Hundred Forty Two) shares have been issued, fully subscribed to and paid up.
- 4.5. The authorized share capital of Synergy is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3 Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 738,161 (Seven Hundred Thirty Eight Thousand One Hundred Sixty One) shares have been issued, fully subscribed to and paid up.
- 4.6. The authorized share capital of Salman Ismail is PKR 1,000,000/- (Pak Rupees One Million), divided into 100,000 (One Hundred Thousand) ordinary shares of PKR 10/- (Pak Rupees Ten) each, out of which 2,000 (Two Thousand) ordinary shares have been issued, fully subscribed to and paid up.
- 4.7. The authorized share capital of Glory is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3 Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 60,484 (Sixty Thousand Four Hundred Eighty Four) shares have been issued, fully subscribed to and paid up.
- 4.8. The authorized share capital of Glitter is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3 Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 60,484 (Sixty Thousand Four Hundred Eighty Four) shares have been issued, fully subscribed to and paid up.
- 4.9. The authorized share capital of Lavender is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3

Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 80,644 (Eighty Thousand Six Hundred Forty Four) shares have been issued, fully subscribed to and paid up.

- 4.10. The authorized share capital of Acrylic is PKR 25,000,000/- (Pak Rupees Twenty Five Million), divided into 2,500,000 (Two Million Five Hundred Thousand) shares of PKR 10/- (Pak Rupees Ten) each, which is sub-divided into the following classes: (i) 2,499,996 (Two Million Four Hundred Ninety Nine Thousand Nine Hundred Ninety Six) ordinary shares; (ii) 1 (one) Class A1 Preference Share; (iii) 1 (one) Class A2 Preference Share; (iv) 1 (one) Class A3 Preference Share; and (v) 1 (one) Class A4 Preference Share, out of which 60,484 (Sixty Thousand Four Hundred Eighty Four) shares have been issued, fully subscribed to and paid up.
- 4.11. It is hereby clarified that consequent upon the Scheme becoming effective, the authorized share capital of the Companies shall remain unchanged.

ARTICLE 5

BOARD OF DIRECTORS

- 5.1. The present directors of Sapphire Textile are as follows:

- (i) Mr. Mohammad Abdullah;
- (ii) Mr. Nadeem Abdullah;
- (iii) Mr. Shahid Abdullah;
- (iv) Mr. Amer Abdullah;
- (v) Mr. Yousuf Abdullah;
- (vi) Mr. Nabeel Abdullah;
- (vii) Mr. Umer Abdullah;
- (viii) Mr. Nadeem Karamat;
- (ix) Mr. Shahid Shafiq; and
- (x) Ms. Mashmooma Zehra Majeed.

- 5.2. The present directors of Channel are as follows:

- (i) Mr. Nadeem Abdullah;
- (ii) Mr. Nabeel Abdullah; and
- (iii) Mr. Umer Abdullah.

- 5.3. The present directors of Resource are as follows:

- (i) Mr. Shahid Abdullah;
- (ii) Mr. Hassan Abdullah; and
- (iii) Mr. Shayan Abdullah.

- 5.4. The present directors of ATMZ are as follows:

- (i) Mr. Amer Abdullah;
- (ii) Mr. Tayyab Abdullah;

- (iii) Mr. Ali Abdullah; and
 - (iv) Mr. Mustafa Abdullah.
- 5.5. The present directors of Synergy are as follows:
- (i) Mr. Yousuf Abdullah; and
 - (ii) Mr. Salman Abdullah.
- 5.6. The present directors of Salman Ismail are as follows:
- (i) Mr. Yousuf Abdullah; and
 - (ii) Mr. Ismael Abdullah.
- 5.7. The present directors of Glory are as follows:
- (i) Mr. Nadeem Abdullah;
 - (ii) Mr. Nabeel Abdullah; and
 - (iii) Mr. Umer Abdullah.
- 5.8. The present directors of Glitter are as follows:
- (i) Mr. Shahid Abdullah;
 - (ii) Mr. Shayan Abdullah; and
 - (iii) Mr. Hassan Abdullah.
- 5.9. The present directors of Lavender are as follows:
- (i) Mr. Amer Abdullah;
 - (ii) Mr. Ali Abdullah;
 - (iii) Mr. Tayyab Abdullah; and
 - (iv) Mr. Mustafa Abdullah.
- 5.10. The present directors of Acrylic are as follows:
- (i) Mr. Yousuf Abdullah;
 - (ii) Mr. Ismael Abdullah; and
 - (iii) Mr. Salman Abdullah.
- 5.11. The directors of the respective Companies are expected to continue as the directors after the Arrangement / sanction of this Scheme, subject to compliance with the applicable laws and / or their ceasing to be directors in the meantime due to any reason(s) and appointments being made to the vacancies thus created (or elections being held).
- 5.12. All the directors of the respective Companies have interest in the Arrangement to the extent of their respective directorships and shareholdings in the Companies (to the extent applicable). The effect of this Scheme on the interest of these directors does not differ from the respective interests of the members of the respective Companies, except to the extent stipulated in this Scheme. In this respect it may be noted that:

- (i) Mr. Yousuf Abdullah, Mr. Shahid Abdullah, Mr. Nadeem Abdullah, Mr. Amer Abdullah, Mr. Shayan Abdullah, Mr. Nabeel Abdullah, Mr. Umer Abdullah, Mr. Hassan Abdullah, Mr. Tayyab Abdullah, Mr. Ali Abdullah, Mr. Mustafa Abdullah, Mr. Salman Abdullah and Mr. Ismael Abdullah, are from amongst the Sponsors, holding a significant portion of the Sapphire Arrangement Shares (along with their family members and Salman Ismail) which shall stand cancelled in accordance with the provisions of this Scheme.
- (ii) The said directors are also shareholders of different Sponsors' HoldCos, in favour of which Sapphire Textile shall issue the Sapphire Re-organization Shares, as part of the Arrangement. Furthermore, the Sponsors' HoldCos shall issue shares to the said directors in accordance with the provisions of this Scheme.
- (iii) The Arrangement comprises a re-organization of the issued and paid up share capital of Sapphire Textile to the extent of the Sapphire Arrangement Shares which are held by the Sponsors, including the said directors, directly and indirectly, and which Arrangement will not impact the other members of Sapphire Textile.

ARTICLE 6

ARRANGEMENT

6.1. Ownership and Cancellation of the Sapphire Arrangement Shares

The Sapphire Arrangement Shares are legally and beneficially owned and held by the Sponsors as per the details stipulated in Annexure A attached hereto, and are free from any Claims or Securities as on the date of this Scheme.

6.2. Cancellation of the Sapphire Arrangement Shares

- (i) With effect from the Effective Date, the Sapphire Arrangement Shares shall stand automatically cancelled without any further act or deed, or any documents required to be executed, registered or filed in respect of such cancellation (except to the extent stated herein).
- (ii) Securities existing over the Sapphire Arrangement Shares (or any portion thereof), if any, shall stand automatically extinguished, discharged and vacated on the Effective Date.
- (iii) Within 30 (thirty) days from the Effective Date, the respective Sponsors shall, including through their authorized representative(s) (as may be applicable), hand over certificates representing the Sapphire Arrangement Shares (to the extent of the physical shares), to the management of Sapphire Textile, which shall stand cancelled, provided that the Sapphire Arrangement Shares shall automatically stand cancelled notwithstanding the non-provision of such certificates.
- (iv) With respect to the portion of the Sapphire Arrangement Shares held in book entry form through the CDS, requisite notice shall be provided by Sapphire Textile / the Sponsors / the Sponsors' HoldCos to the CDC in accordance with the rules and regulations of the CDC, provided that the Sapphire Arrangement Shares shall automatically stand cancelled on the Effective Date.

6.3. Issuance of the Sapphire Re-Organization Shares

- (i) In lieu of the cancellation of the Sapphire Arrangement Shares, and as part of the Arrangement, Sapphire Textile shall simultaneously allot and issue the Sapphire Re-Organization Shares, credited as fully paid up, at par, in favour of the respective Sponsors' HoldCos in the manner (and as per the break-ups) detailed in Annexure B attached hereto.
- (ii) The Sapphire Re-organization Shares being issued, represent the corresponding number of Sapphire Shares being cancelled as part of the Arrangement i.e. the Sapphire Arrangement Shares, as further detailed in the Letter, which has been approved by the Board of Directors of each Company.
- (iii) The Sapphire Re-organization Shares, issued by Sapphire Textile to the Sponsors' HoldCos, shall initially be recorded in the books of account of the respective Sponsors' HoldCos at, and considered to have, the same cost at which the Sapphire Arrangement Shares (which are being cancelled) are held / recorded by the respective Sponsors (including in the entity's books of account, to the extent applicable) prior to the sanction of this Scheme / the Effective Date.
- (iv) The issuance of the fully paid up Sapphire Re-organization Shares in favour of the respective Sponsors' HoldCos (as each is entitled to in accordance with the provisions of this Scheme) shall be carried out by Sapphire Textile within 45 (forty five) days from the Effective Date in accordance with the applicable laws.
- (v) Notwithstanding the above, the allotment and issuance of the Sapphire Re-organization Shares shall be deemed to have been carried out with effect from the Effective Date.
- (vi) With effect from the Effective Date, the Sponsors' HoldCos shall be the legal and beneficial holders / owners of the respective portions of the Sapphire Re-organization Shares issued in their favour in accordance with the provisions of the Scheme. The respective Sponsors' HoldCos shall be fully permitted to deal with the same in their own right, and entitled to all the rights and the benefits thereof. Furthermore, all Liabilities and Obligations pertaining to the Sapphire Re-organization Shares shall stand vested in, and assumed by, the respective Sponsors' HoldCos.
- (vii) The Sapphire Re-organization Shares, issued and allotted to the Sponsors' HoldCos in accordance with the provisions of this Scheme, shall, in all respects, rank *pari passu* with the ordinary shares of Sapphire Textile and shall be entitled to all dividends declared by Sapphire Textile after the date of sanction of this Scheme.
- (viii) The Sapphire Re-organization Shares shall be issued free of any and all encumbrances or Securities.
- (ix) Any Claims existing on or with respect to the Sapphire Arrangement Shares, or any portion thereof, shall, upon the sanction of this Scheme, be deemed to be Claims on or with respect to the Sapphire Re-organization Shares (or the relevant portion thereof), which shall stand vested in the respective Sponsors' HoldCo holding the relevant portion of the Sapphire Re-organization Shares.

6.4. Issued and paid up share capital of Sapphire Textile

- (i) As a consequence of the Arrangement, the issued and paid up share capital of Sapphire Textile shall remain PKR 216,897,910/- (Pak Rupees Two Hundred Sixteen Million Eight Hundred Ninety Seven Thousand Nine Hundred Ten), divided into 21,689,791 (Twenty One Million Six Hundred Eighty Nine Thousand Seven Hundred Ninety One) Sapphire Shares.
- (ii) Consequently, there shall be no reduction or increase in the issued and paid up share capital of Sapphire Textile.

6.5. Remainder Undertaking and Reduction in Shareholders' Equity

- (i) The Remainder Undertaking shall be retained by Salman Ismail, which shall continue to own and operate the same (including all Assets, Liabilities and Obligations comprising the same).
- (ii) As a consequence of the cancellation of the relevant portion of the Sapphire Arrangement Shares held by Salman Ismail, as part of the Arrangement, the shareholders' equity of Salman Ismail shall stand reduced in accordance with the provisions of this Scheme. Furthermore, the same shall form part of, and be recorded as, corresponding reserves, of the same nature and character, of the Sponsor Group D HoldCos in accordance with Article 8.5.

6.6. General

- (i) The Sponsors' HoldCos shall be entitled to execute deeds, assignments, confirmations or similar instruments pertaining to their respective portions of the Sapphire Re-organization Shares.
- (ii) Subject to Article 6.5(i), each Company shall continue to own and operate its respective undertaking (including all Assets, Liabilities and Obligations comprising the same), each as independent companies, without any Company being dissolved or wound up.

6.7. Clarification

The provisions contained in Articles 6.1 to 6.6 above are without prejudice to the generality of any other provisions in this Scheme, but subject to any provisions in this Scheme to the contrary effect.

ARTICLE 7

THE SCHEME'S EFFECT

- 7.1. The provisions of this Scheme shall be effective and binding by operation of law and shall become effective in terms of Article 3 above.

- 7.2. The execution and / or sanction of this Scheme, including the Arrangement, shall not: (i) constitute or be treated as any assignment, transfer, devolution, conveyance, alienation, parting with possession, or other disposition under any law for the time being in force; (ii) give rise to any forfeiture; (iii) invalidate or discharge any Contract or Security (except to the extent stipulated in this Scheme); and (iv) give rise to any right of first refusal or pre-emptive right that any person may have in respect of the Sapphire Re-organization Shares or any investment made by such person in any Company.
- 7.3. Upon the sanction of this Scheme, as of the Effective Date, the terms of this Scheme shall be binding on the Companies, and also on all the respective members of the Companies, the Customers of each of the Companies, the creditors of the Companies (to the extent applicable), and on any other person having any right or liability in relation to either of them.

ARTICLE 8

CONSIDERATION FOR THE ARRANGEMENT, REDUCTION OF SHAREHOLDERS' EQUITY AND RELATED MATTERS

- 8.1. As consideration for the Arrangement, and as stipulated in the Letter:
- (i) Channel shall allot and issue an aggregate of 100,000 (One Hundred Thousand) Channel Shares to certain Sponsor Group A members, credited as fully paid up, at par, in the manner detailed in Annexure C attached hereto, as approved by the Board of Directors of Channel.
 - (ii) Resource shall allot and issue an aggregate of 100,000 (One Hundred Thousand) Resource Shares to certain Sponsor Group B members, credited as fully paid up, at par, in the manner detailed in Annexure D attached hereto, as approved by the Board of Directors of Resource.
 - (iii) ATMZ shall allot and issue an aggregate of 100,000 (One Hundred Thousand) ATMZ Shares to certain Sponsor Group C members, credited as fully paid up, at par, in the manner detailed in Annexure E attached hereto, as approved by the Board of Directors of ATMZ.
 - (iv) Synergy shall allot and issue an aggregate of 100,000 (One Hundred Thousand) Channel Shares to certain Sponsor Group D members, credited as fully paid up, at par, in the manner detailed in Annexure F attached hereto, as approved by the Board of Directors of Synergy.
 - (v) Glory shall allot and issue an aggregate of 100,000 (One Hundred Thousand) Glory Shares to certain Sponsor Group A members, credited as fully paid up, at par, in the manner detailed in Annexure C attached hereto, as approved by the Board of Directors of Glory.
 - (vi) Glitter shall allot and issue an aggregate of 100,000 (One Hundred Thousand) Glitter Shares to certain Sponsor Group B members, credited as fully paid up, at par, in the manner detailed in Annexure D attached hereto, as approved by the Board of Directors of Glitter.

- (vii) Lavender shall allot and issue an aggregate of 100,000 (One Hundred Thousand) Lavender Shares to certain Sponsor Group C members, credited as fully paid up, at par, in the manner detailed in Annexure E attached hereto, as approved by the Board of Directors of Lavender.
 - (viii) Acrylic shall allot and issue an aggregate of 100,000 (One Hundred Thousand) Acrylic Shares to certain Sponsor Group D members, credited as fully paid up, at par, in the manner detailed in Annexure F attached hereto, as approved by the Board of Directors of Acrylic.
- 8.2. The allotment / issuance of shares by each Sponsors' HoldCo (in accordance with the provisions of this Article 8) shall be made within 45 (forty five) days from the date of sanction of this Scheme, subject to compliance with any legal formalities, including the Articles of Association of the respective Sponsors' HoldCo.
 - 8.3. Notwithstanding the above, the shares to be issued by the Sponsors' HoldCos shall be deemed to have been issued with effect from the Effective Date.
 - 8.4. The shares, issued and allotted by each Sponsors' HoldCo to the relevant Sponsors in accordance with the provisions of this Scheme, shall, in all respects, rank *pari passu* with the ordinary shares of that Sponsors' HoldCo, and shall be entitled to all dividends declared by the respective Sponsors' HoldCo after the date of sanction of this Scheme.
 - 8.5. Shares issued by the respective Sponsors' HoldCos in accordance with Article 8.1 shall initially be recorded in the books of account of the respective Sponsors' HoldCos at cost. Any amount in excess of the par value of the share capital being issued by the respective Sponsors' HoldCo shall be credited / recorded as a reserve, including as a "Reserve arising under the Scheme".
 - 8.6. Issuance of the Channel Shares and Glory Shares by the respective Sponsor Group A HoldCos in favour of the relevant members of the Sponsor Group A, in accordance with this Scheme, constitutes valid consideration for the cancellation of the portion of the Sapphire Arrangement Shares held by the Sponsor Group A.
 - 8.7. Issuance of the Resource Shares and Glitter Shares by the respective Sponsor Group B HoldCos in favour of the relevant members of the Sponsor Group B, in accordance with this Scheme, constitutes valid consideration for the cancellation of the portion of the Sapphire Arrangement Shares held by the Sponsor Group B.
 - 8.8. Issuance of the ATMZ Shares and Lavender Shares by the respective Sponsor Group C HoldCos in favour of the relevant members of the Sponsor Group C, in accordance with this Scheme, constitutes valid consideration for the cancellation of the portion of the Sapphire Arrangement Shares held by the Sponsor Group C.
 - 8.9. Issuance of the Synergy Shares and Acrylic Shares by the respective Sponsor Group D HoldCos in favour of the relevant members of the Sponsor Group D, in accordance with this Scheme, constitutes valid consideration for the cancellation of the portion of the Sapphire Arrangement Shares held by the Sponsor Group D.
 - 8.10. As a consequence of the Arrangement, to the extent of the Sapphire Arrangement Shares held by Salman Ismail (as detailed in Annexure A attached hereto), which shall stand cancelled in accordance with the provisions of this Scheme, the shareholders' equity i.e. the reserves of

Salman Ismail shall stand reduced to provide for a reduction corresponding to the carrying / recorded value of such Sapphire Arrangement Shares existing in the books and accounts of Salman Ismail. The reduction in the reserves of Salman Ismail shall automatically be effectuated and recorded accordingly with effect from the Effective Date. Furthermore, the same shall form part of, and be recorded as, corresponding reserves, of the same nature and character, of the Sponsor Group D HoldCos in accordance with Article 8.5.

ARTICLE 9

GENERAL

9.1. Modifications by the Court

This Scheme shall be subject to such modification of conditions, as the Court may deem expedient to impose. The Board of Directors of each of the Companies may consent to any modifications or additions to this Scheme or to any conditions which the Court may think fit (without seeking further approval). In case of any difficulty in implementation of any aspect of this Scheme, clarifications, directions and / or approval may be obtained from the Court. Notwithstanding the above, in the event that the terms of this Scheme are not approved by the members and / or creditors of the respective Companies (as applicable) in its entirety and / or the Scheme, as approved by the respective Companies, is modified by the Court, the Board of Directors of any Company shall be entitled to withdraw this Scheme (whether or not approval from the members and creditors of the respective Companies has been obtained).

9.2. Severability

If any provision of this Scheme is found to be unlawful and unenforceable by a competent court of law, then to the fullest extent possible, all of the remaining provisions of the Scheme shall remain in full force and effect.

9.3. Costs and expenses

All costs, charges and expenses in respect of the preparation of this Scheme and carrying the same into effect shall be borne by Sapphire Textile, provided that each Company shall be responsible for payment of stamp duty (to the extent applicable) for issuance of shares of that Company pursuant to this Scheme.

Karachi.

Dated: NOVEMBER 29, 2022.


For and on behalf of
SAPPHIRE TEXTILE MILLS LIMITED


Name: ABDUL SATTAR

Designation: CHIEF FINANCIAL OFFICER


For and on behalf of
CHANNEL HOLDINGS (PRIVATE) LIMITED


Name: ZEESHAN.

Designation: COMPANY SECRETARY


For and on behalf of
RESOURCE CORPORATION (PRIVATE) LIMITED


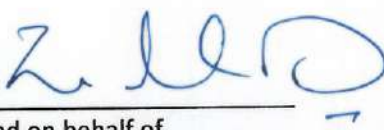
Name: MOHAMMAD ALAM

Designation: COMPANY SECRETARY


For and on behalf of
ATMZ COMPANY (PRIVATE) LIMITED


Name: ZEESHAN.

Designation: COMPANY SECRETARY


For and on behalf of
SYNERGY HOLDINGS (PRIVATE) LIMITED



Name: ZEESHAN.

Designation: COMPANY SECRETARY


For and on behalf of
SALMAN ISMAIL (PRIVATE) LIMITED



Name: ARIF QURESHI

Designation: COMPANY SECRETARY


For and on behalf of
GLORY (PRIVATE) LIMITED

Name: ZEESHAN.

Designation: COMPANY SECRETARY


For and on behalf of
GLITTER (PRIVATE) LIMITED

Name: MOHAMMAD ALAM

Designation: COMPANY SECRETARY



For and on behalf of
LAVERDER (PRIVATE) LIMITED

Name: ZEESHAN

Designation: COMPANY SECRETARY


For and on behalf of
ACRYLIC (PRIVATE) LIMITED

Name: ZEESHAN.

Designation: COMPANY SECRETARY

LIST OF ANNEXURES

- "Annexure A"** – Details / break-up of the (i) holdings of the Sapphire Shares held by the respective Sponsors on the date of this Scheme; and (ii) Sapphire Arrangement Shares amongst the respective Sponsors, which shall stand cancelled.
- "Annexure B"** – Details of issuance of the Sapphire Re-organization Shares to the Sponsors' HoldCos.
- "Annexure C"** – Details of issuance of Channel Shares and Glory Shares to certain Sponsor Group A members.
- "Annexure D"** – Details of issuance of Resource Shares and Glitter Shares to certain Sponsor Group B members.
- "Annexure E"** – Details of issuance of ATMZ Shares and Lavender Shares to certain Sponsor Group C members.
- "Annexure F"** – Details of issuance of Synergy Shares and Acrylic Shares to certain Sponsor Group D members.
- "Annexure G"** – Letter dated November 24, 2022, issued by A. F. Ferguson & Co. (a member firm of the PwC network).

ANNEXURE A

DETAILS OF HOLDINGS OF THE SAPPHIRE SHARES HELD BY THE SPONSORS AND BREAK-UP OF SAPPHIRE ARRANGEMENT SHARES TO BE CANCELLED

Name of Sponsor	Number of Sapphire Shares held (as at date of Scheme)	Number of Sapphire Shares to be cancelled (as part of Sapphire Arrangement Shares)	Nature / Details (CDC / Physical) of Sapphire Arrangement Shares to be cancelled
Sponsor Group A			
Mr. Nadeem Abdullah	654,584	543,485	Physical: 462,053 CDC: 81,432
Mrs. Noshaba Nadeem	434,516	360,769	Physical: 142,825 CDC: 217,944
Mr. Nabeel Abdullah	1,072,000	890,057	Physical: 890,057
Mr. Umer Abdullah	1,072,000	890,057	Physical: 890,057
Sponsor Group A Total	3,233,100	2,684,368	-
Sponsor Group B			
Mr. Shahid Abdullah	427,741	360,069	Physical: 165,629 CDC: 194,440
Mrs. Shireen Shahid	708,594	596,488	Physical: 455,008 CDC: 141,480
Mr. Shayan Abdullah	1,026,540	864,133	Physical: 864,133
Mr. Hassan Abdullah	1,026,000	863,678	Physical: 863,138 CDC: 540
Sponsor Group B Total	3,188,875	2,684,368	-
Sponsor Group C			
Mr. Amer Abdullah	312,228	265,713	Physical: 230,613 CDC: 35,100
Mrs. Ambareen Amer	489,540	416,610	Physical: 227,070

			CDC: 189,540
Mr. Tayyab Abdullah	784,170	667,347	Physical: 667,347
Mr. Mustafa Abdullah	784,172	667,348	Physical: 667,348
Mr. Ali Abdullah	784,174	667,350	Physical: 667,350
Sponsor Group C Total	3,154,284	2,684,368	-
Sponsor Group D			
Mr. Yousuf Abdullah	805,744	684,735	Physical: 670,282 CDC: 14,453
Mr. Salman Abdullah	800,000	679,855	Physical: 679,855
Mr. Ismael Abdullah	800,000	679,855	Physical: 679,855
Salman Ismail (Private) Limited	639,923	639,923	Physical: 609,683 CDC: 30,240
Sponsor Group D Total	3,045,667	2,684,368	-
Sponsors' Total	12,621,926	10,737,472 (the Sapphire Arrangement Shares)	-
Others (including group companies, certain Sponsors' HoldCos, other family members and general public etc.)	9,067,865	Nil	-
Total Sapphire Shares	21,689,791	-	-

ANNEXURE B

DETAILS OF ISSUANCE OF SAPPHIRE RE-ORGANIZATION SHARES TO THE SPONSORS' HOLDCOS

Name of Sponsors' HoldCo	No. of Sapphire Re-Organization Shares to be Issued
Channel	778,467
Glory	1,905,901
Total Sponsor Group A HoldCos	2,684,368
Resource	765,045
Glitter	1,919,323
Total Sponsor Group B HoldCos	2,684,368
ATMZ	791,889
Lavender	1,892,479
Total Sponsor Group C HoldCos	2,684,368
Synergy	771,756
Acrylic	1,912,612
Total Sponsor Group D HoldCos	2,684,368
Total Sapphire Re-organization Shares issued to the Sponsors' HoldCos	10,737,472

ANNEXURE C

**DETAILS OF ISSUANCE OF CHANNEL SHARES AND GLORY SHARES
TO CERTAIN SPONSOR GROUP A MEMBERS**

CHANNEL HOLDINGS (PRIVATE) LIMITED

Name of Sponsor Group A Member	No. of Channel Shares to be issued
Mr. Nadeem Abdullah	33,334
Mr. Nabeel Abdullah	33,333
Mr. Umer Abdullah	33,333
Total	100,000

GLORY (PRIVATE) LIMITED

Name of Sponsor Group A Member	No. of Glory Shares to be issued
Mr. Nadeem Abdullah	33,334
Mr. Nabeel Abdullah	33,333
Mr. Umer Abdullah	33,333
Total	100,000

ANNEXURE D

**DETAILS OF ISSUANCE OF RESOURCE SHARES AND GLITTER SHARES
TO CERTAIN SPONSOR GROUP B MEMBERS**

RESOURCE CORPORATION (PRIVATE) LIMITED

Name of Sponsor Group B Member	No. of Resource Shares to be issued
Mr. Shahid Abdullah	33,334
Mr. Shayan Abdullah	33,333
Mr. Hassan Abdullah	33,333
Total	100,000

GLITTER (PRIVATE) LIMITED

Name of Sponsor Group B Member	No. of Glitter Shares to be issued
Mr. Shahid Abdullah	33,334
Mr. Shayan Abdullah	33,333
Mr. Hassan Abdullah	33,333
Total	100,000

ANNEXURE E

**DETAILS OF ISSUANCE OF ATMZ SHARES AND LAVENDER SHARES
TO CERTAIN SPONSOR GROUP C MEMBERS**

ATMZ COMPANY (PRIVATE) LIMITED

Name of Sponsor Group C Member	No. of ATMZ Shares to be issued
Mr. Amer Abdullah	25,000
Mr. Tayyab Abdullah	25,000
Mr. Mustafa Abdullah	25,000
Mr. Ali Abdullah	25,000
Total	100,000

LAVENDER (PRIVATE) LIMITED

Name of Sponsor Group C Member	No. of Lavender Shares to be issued
Mr. Amer Abdullah	25,000
Mr. Tayyab Abdullah	25,000
Mr. Mustafa Abdullah	25,000
Mr. Ali Abdullah	25,000
Total	100,000

ANNEXURE F

**DETAILS OF ISSUANCE OF SYNERGY SHARES AND ACRYLIC SHARES
TO CERTAIN SPONSOR GROUP D MEMBERS**

SYNERGY HOLDINGS (PRIVATE) LIMITED

Name of Sponsor Group B Member	No. of Synergy Shares to be Issued
Mr. Yousuf Abdullah	35,500
Mr. Salman Abdullah	32,250
Mr. Ismael Abdullah	32,250
Total	100,000

ACRYLIC (PRIVATE) LIMITED

Name of Sponsor Group B Member	No. of Acrylic Shares to be Issued
Mr. Yousuf Abdullah	33,334
Mr. Salman Abdullah	33,333
Mr. Ismael Abdullah	33,333
Total	100,000



A.F. FERGUSON & CO.

The Boards of Directors of

- | | |
|--|--|
| 1. Sapphire Textile Mills Limited; | 2. Resource Corporation (Private) Limited; |
| 3. Channel Holdings (Private) Limited; | 4. ATMZ Company (Private) Limited; |
| 5. Synergy Holdings (Private) Limited; | 6. Glory (Private) Limited; |
| 7. Glitter (Private) Limited; | 8. Lavender (Private) Limited; |
| 9. Acrylic (Private) Limited; and | 10. Salman Ismail (Private) Limited |

The Cotton Exchange Building
I. I. Chundrigar Road
Karachi

November 24, 2022

Our reference: ADV 037

Dear Sirs

ENVISAGED SCHEME OF ARRANGEMENTS

This refers to the Scheme of Arrangements between Sapphire Textile Mills Limited ('STML' or 'the Company') and its members, Resource Corporation (Private) Limited ('RCPL') and its members, Channel Holdings (Private) Limited ('CHPL') and its members, ATMZ Company (Private) Limited ('ACPL') and its members, Synergy Holdings (Private) Limited ('SHPL') and its members, Glitter (Private) Limited ('GPL') and its members, Glory (Private) Limited ('Glory') and its members, Lavender (Private) Limited ('LPL') and its members, Acrylic (Private) Limited ('APL') and its members and Salman Ismail (Private) (SIPL) Limited and its member (the Scheme of Arrangements hereinafter referred to as 'the Scheme').

2. COMPANIES AND THEIR SHARE CAPITAL

2.1 STML is a public listed company under the Companies Act, 2017 (the 'Act'). RCPL, CHPL, ACPL, SHPL, GPL, Glory, LPL, APL and SIPL are private companies under the Act.

2.2 As per the statutory records of the aforementioned companies, provided to us by the managements; the issued and paid-up share capital of these companies as at November 17, 2022, is as follows:

- | | |
|--------|--|
| - STML | 21,689,791 shares of par value of Rs 10/- each |
| - RCPL | 778,482 shares of par value of Rs 10/- each |

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

- CHPL 778,482 shares of par value of Rs 10/- each
- ACPL 798,642 shares of par value of Rs 10/- each
- SHPL 738,161 shares of par value of Rs 10/- each
- GPL 60,484 shares of par value of Rs 10/- each
- Glory 60,484 shares of par value of Rs 10/- each
- LPL 80,644 shares of par value of Rs 10/- each
- APL 60,484 shares of par value of Rs 10/- each
- SIPL 2,000 shares of par value of Rs 10/- each

2.3 As per the corporate records of STML and representations from its management, a major part of the issued and paid-up shares in the share capital of the Company is held collectively by Mr. Shahid Abdullah and his family members ('Shahid Family'), Mr. Nadeem Abdullah and his family members ('Nadeem Family'), Mr. Amer Abdullah and his family members ('Amer Family'), and Mr. Yousuf Abdullah and his family members ('Yousuf Family') (individually referred to as a Brother's Family and collectively referred to as Brothers' Families).

2.4 We have further been given to understand that:

- Shahid Family holds its shareholding in the Company in their individual names ('Shahid Family Direct Shareholding') and / or through their wholly owned holding companies, RCPL and GPL (individually referred to as a 'Shahid Family HoldCo' and collectively referred to as 'Shahid Family HoldCos');
- Nadeem Family holds its shareholding in the Company in their individual names ('Nadeem Family Direct Shareholding') and / or through their wholly owned holding companies, CHPL and Glory (individually referred to as a 'Nadeem Family HoldCo' and collectively referred to as 'Nadeem Family HoldCos');
- Amer Family holds its shareholding in the Company in their individual names ('Amer Family Direct Shareholding') and / or through their wholly owned holding companies, ACPL and LPL (individually referred to as an 'Amer Family HoldCo' and collectively referred to as 'Amer Family HoldCos'); and
- Yousuf Family holds its shareholding in the Company in their individual names and through a single member company SIPL ('Yousuf Family Direct Shareholding') and / or through their wholly owned holding companies, SHPL and APL (individually referred to as a 'Yousuf Family HoldCo' and collectively referred to as 'Yousuf Family HoldCos').

2.5 Shahid Family HoldCos, Nadeem Family HoldCos, Amer Family HoldCos and Yousuf Family HoldCos are individually referred to as a 'Family HoldCo' and collectively referred to as 'Family HoldCos'.



3. THE SCHEME OF ARRANGEMENTS

3.1 Based on the draft of the Scheme provided to us, we understand that a restructuring of the shares in the share capital of the Company is being envisaged whereunder a portion of shareholding of the Company held directly by Brother's Families in their individual names is envisaged to be held through their respective holding companies, and accordingly the Scheme is for:

- i. Cancellation of a portion of Shahid Family Direct Shareholding in the Company against issuance of corresponding number of shares by the Company to Shahid Family HoldCos;
- ii. Cancellation of a portion of Nadeem Family Direct Shareholding in the Company against issuance of corresponding number of shares by the Company to Nadeem Family HoldCos;
- iii. Cancellation of a portion of Amer Family Direct Shareholding in the Company against issuance of corresponding shares by the Company to Amer Family HoldCos;
- iv. Cancellation of a portion of Yousuf Family Direct Shareholding in the Company against issuance of corresponding shares by the Company to Yousuf Family HoldCos; and
- v. Issuance of shares by each of the Family HoldCo, in its respective share capital to its respective shareholder(s) against issuance of shares of the Company to the respective Family HoldCo.

4. ISSUANCE AND CANCELLATION OF SHARES

- 4.1 Based on the above, the number of shares in the issued share capital of the Company to be cancelled and to be issued are attached as Annexure A.
- 4.2 The cancellation and issuance of shares in the issued share capital of the Company under the Scheme as above shall not have any effect on the effective proportionate shareholding in the Company of the Brothers' Families and of all the other shareholders as detailed in Annexure B.
- 4.3 Further, each Family Holdco is to issue 100,000 ordinary shares to its respective shareholder(s) under the Scheme.

5. CAVEATS

This letter has been prepared for the above-named addressees only in relation to the Scheme and accordingly, is not to be used by any other person or for any other purpose.

Yours truly



encls

NUMBER OF SHARES TO BE CANCELLED / ISSUED IN
THE SHARE CAPITAL OF THE COMPANY UNDER THE
SCHEME

Shareholders	Number of shares held prior to the effect of the Scheme	Cancellation of shares under the Scheme	Issuance of shares under the Scheme	Number of shares held post the effect of the Scheme
Shahid Family:				
- Shahid Family Direct Shareholding	3,188,875 (A1)	2,684,368 (B1)	- (C1)	504,507 (D1) = (A1) - (B1) + (C1)
- RCPL	1,270,455 (A2)	- (B2)	765,045 (C2)	2,035,500 (D2) = (A2) - (B2) + (C2)
- GPL	- (A3)	- (B3)	1,919,323 (C3)	1,919,323 (D3) = (A3) - (B3) + (C3)
	4,459,330 (A4) = (A1) + (A2) + (A3)	2,684,368 (B4) = (B1) + (B2) + (B3)	2,684,368 (C4) = (C1) + (C2) + (C3)	4,459,330 (D4) = (D1) + (D2) + (D3)
Nadeem Family:				
- Nadeem Family Direct Shareholding	3,233,100 (A5)	2,684,368 (B5)	- (C5)	548,732 (D5) = (A5) - (B5) + (C5)
- CHPL	1,270,455 (A6)	- (B6)	778,467 (C6)	2,048,922 (D6) = (A6) - (B6) + (C6)
- Glory	- (A7)	- (B7)	1,905,901 (C7)	1,905,901 (D7) = (A7) - (B7) + (C7)
	4,503,555 (A8) = (A5) + (A6) + (A7)	2,684,368 (B8) = (B5) + (B6) + (B7)	2,684,368 (C8) = (C5) + (C6) + (C7)	4,503,555 (D8) = (D5) + (D6) + (D7)

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NUMBER OF SHARES TO BE CANCELLED / ISSUED IN
THE SHARE CAPITAL OF THE COMPANY UNDER THE
SCHEME

Shareholders	Number of shares held prior to the effect of the Scheme	Cancellation of shares under the Scheme	Issuance of shares under the Scheme	Number of shares held post the effect of the Scheme
Amer Family:				
- Amer Family Direct Shareholding	3,154,284 (A9)	2,684,368 (B9)	- (C9)	469,916 (D9) = (A9) - (B9) + (C9)
- ACPL	1,270,455 (A10)	- (B10)	791,889 (C10)	2,062,344 (D10) = (A10) - (B10) + (C10)
- LPL	- (A11)	- (B11)	1,892,479 (C11)	1,892,479 (D11) = (A11) - (B11) + (C11)
	4,424,739 (A12) = (A9) + (A10) + (A11)	2,684,368 (B12) = (B9) + (B10) + (B11)	2,684,368 (C12) = (C9) + (C10) + (C11)	4,424,739 (D12) = (D9) + (D10) + (D11)
Yousuf Family:				
- Yousuf Family Direct Shareholding	3,045,667 (A13)	2,684,368 (B13)	- (C13)	361,299 (D13) = (A13) - (B13) + (C13)
- SHPL	1,270,447 (A14)	- (B14)	771,756 (C14)	2,042,203 (D14) = (A14) - (B14) + (C14)
- APL	- (A15)	- (B15)	1,912,612 (C15)	1,912,612 (D15) = (A15) - (B15) + (C15)
	4,316,114 (A16) = (A13) + (A14) + (A15)	2,684,368 (B16) = (B13) + (B14) + (B15)	2,684,368 (C16) = (C13) + (C14) + (C15)	4,316,114 (D16) = (D13) + (D14) + (D15)
Others	3,986,053 (A17)	- (A17)	- (A17)	3,986,053 (D17)
Total	21,689,791 (A18) = (A4) + (A8) + (A12) + (A16) + (A17)	10,737,472 (B18) = (B4) + (B8) + (B12) + (B16) + (B17)	10,737,472 (C18) = (C4) + (C8) + (C12) + (C16) + (C17)	21,689,791 (D18) = (D4) + (D8) + (D12) + (D16) + (D17)



Annexure B
Referred to in our letter ADV 037
Dated November 24, 2022

EFFECTIVE PROPORTIONATE SHAREHOLDING OF
BROTHER' FAMILIES IN THE COMPANY PRIOR TO
AND POST THE EFFECT OF SCHEME

Shareholders	Effective proportionate Shareholding prior to the effect of the Scheme	Effective proportionate Shareholding post the effect of the Scheme	Change in effective proportionate shareholding
	%	%	
Shahid Family	20.56% (A1) = Annexure A [(A4) / (A18)]	20.56% (B1) = Annexure A [(D4) / (D18)]	- (C1) = (A1) - (B1)
Nadeem Family	20.76% (A2) = Annexure A [(A8) / (A18)]	20.76% (B2) = Annexure A [(D8) / (D18)]	- (C2) = (A2) - (B2)
Amer Family	20.40% (A3) = Annexure A [(A12) / (A18)]	20.40% (B3) = Annexure A [(D12) / (D18)]	- (C3) = (A3) - (B3)
Yousuf Family	19.90% (A4) = Annexure A [(A16) / (A18)]	19.90% (B4) = Annexure A [(D16) / (D18)]	- (C4) = (A4) - (B4)

Mr .