



CHAKWAL SPINNING MILLS LTD.



ISO 9001:2000
CERTIFIED

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October 24, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Road,
Karachi.

Sub: Material Information

Dear Sir,

In accordance with the section 96 of the Securities Act 2015 and Clause 5.6.1(a) of the PSX Regulations of the Pakistan Stock Exchange Limited, we hereby convey the following information to be disclosed to the general public:


- 1. Non-Materialization of Memorandum of Association ("MOU") between Khazana Enterprises (Private) Limited ("KEPL"), a Technology Company and Chakwal Spinning Mills Limited ("CWSM"):**
A MOU between KEPL and CWSM for possible merger/acquisition signed on 2nd January 2024 for 90 days, valid till 31-Mar-24 was disclosed to general public on 9th January 2024 after its approval from the board of directors. As the due diligence could not be concluded by the KEPL, MOU was extended through Addendum for 60 days on 31st March 2024 valid till 31-May-24. Even after the expiry of MOU, a draft agreement with details was continued under discussion but could not be agreed upon. Therefore, a formal agreement for merger/acquisition could not be materialized.
- 2. Termination of Mandate to Optimus Capital Management Limited ("OPTIMUS") as Financial Advisors/Consultants and Terms Sheet with PNO Capital Limited ("PNO"):**
After expiry of MOU with KEPL and subsequent disagreement on formal agreement, the CWSM gave mandate to OPTIMUS as Consultants/Advisors on 15th August 2024 for arranging funds for the company to establish its own new line of business as technology and cloud computing. The OPTIMUS arranged commitment of funds around PKR 7.284 Billion from PNO for which a Term Sheet was signed between CWSM and PNO on 15th August 2024.
As neither the PNO nor the OPTIMUS had official terminated its Terms Sheet even after refusal of name by the SECP, however, the Chief Executive Officer of OPTIMUS vide his emailed dated 10th October 2024 in response to an email query of the Chief Executive of CWSM for getting update on the status of the Commitment of funds by PNO, the CEO OPTIMUS explained that they felt that they would be engaged when all regulatory matters are cleared, therefore, the Company has no plan to proceed further with the OPTIMUS/PNO.
- 3. Refusal of Name as "Quantum Cloud & AI Technologies" by Business Centre:**
The Business Centre of SECP, Islamabad, sent a letter on 2nd October 2024 refusing the name "Quantum Cloud & AI Technologies" due to expiry of MOU with KEPL and planned launch of Data Centre and Cloud operations in Pakistan, financed by PNO, is in doubt due to refusal by PNO to proceed further with this transaction.

Despite having all odds, the management of the CWSM is committed that journey started to transform into IT related Business shall be succeeded with speediness and tireless effort for best interest of the shareholders. We will disclose the information relating to further development, to market participants, through PSX.

You may please inform the TRE Certificate holder of the exchange accordingly.

Yours truly,

For Chakwal Spinning Mills Limited


Khawaja Muhammad Kaleem
Director