

**Sapphire Fibres Limited**

316-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phone: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that pursuant to the Order of the Honourable High Court of Sindh at Karachi dated 05th November 2025, passed in Judicial Miscellaneous Petition bearing No. 48 of 2025, an Extraordinary General Meeting (EOGM) of the shareholders of Sapphire Fibres Ltd will be held on 08 December 2025 at 2 PM, at 312- Cotton Exchange Building, I.I. Chundrigar Road, Karachi, Pakistan; to consider and if thought fit, approve, adopt and agree to the Scheme of Arrangement proposed by the Board of Directors.

Copies of the Scheme, the Statement as required under s.134(3) of the Companies Act, 2017 setting out in detail the special business to be conducted in the Extraordinary General Meeting and the Statement under s.281 of the Companies Act, 2017, explaining the effects of the Scheme are available online at <http://www.sapphire.com.pk/sfl/notices.htm> (QR Code below). Further copies of such documents may be obtained upon application from the registered office of the company at 316- Cotton Exchange Building, I.I. Chundrigar Road, Karachi, Pakistan, during working hours on a day prior to the meeting.

As per the aforementioned order of the Honourable Court, Mr. Abdul Sattar Arain has been appointed as the Chairman of the meeting and will report the results thereof to the Court.

Please note that the Scheme will be subject to the subsequent approval of the Honourable Court.

By Order of the Board


Rameez Ghausi
Company Secretary

Karachi
November 17, 2025

NOTE:

1. A draft of the resolution proposed to be considered by the shareholders of the Company is being attached herewith as required by s.140(1) of the Companies Act, 2017.
2. A copy of the Scheme, Statements required under Section 134(3) and Section 281 of the Companies Act, 2017 setting out the material facts are annexed herewith. Further copies of Memorandum and Articles of Association of the Company; Statements required under Section 134(3) and Section 281 of the Companies Act, 2017; Scheme of Arrangement; Letter dated September 25, 2025, issued by Shinewing Hameed Chaudri & Co; annual audited financial statements of the Company for the year ended June 30, 2025; 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 316- Cotton Exchange Building, I.I. Chundrigar Road, Karachi, Pakistan, free of cost during normal office hours, from the date of this notice till the conclusion of the EOGM.
3. The share transfer books of the Company shall remain closed from 5th December 2025 to 08th December 2025 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar i.e. M/s. THK Associates (Private) Limited Company Registrar, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi, before the close of business on December 04, 2025, will be considered in time, to entitle the transferees to attend and vote at the meeting.
4. Any member may appoint a proxy to attend, speak and vote on his behalf and a proxy so appointed shall have such rights as respect speaking and voting at the meeting as are available to the member himself. The instrument of proxy must be in the form annexed as Schedule 'A' to this notice. Instruments of proxy must be lodged with the company no later than forty-eight hours before the time of the meeting. The proxy need not be a member himself.

**Sapphire Fibres Limited**

316-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phone: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

5. 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:

- a. EOGM will be held through Zoom application – a video link facility.
- b. Members interested in attending the EOGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an e-mail with subject: “Registration for SFL EOGM” at the earliest but not later than 48 hours before EOGM on E-mail: contact@sapphiretextiles.com.pk along with a valid copy of both sides of CNIC.

Members are advised to mention their Name, Folio/CDC Account Number, CNIC Number, Valid email address and cell number.

Upon receipt of the above information from the interested members, the Company will send the login credentials at their e-mail address. On the date of EOGM, members will be able to login and participate in the EOGM proceedings through their smartphone/computer devices. The login facility shall be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification/ verification process.

6. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city.
7. The members are requested to submit a copy of their Computerized National Identity Card (CNIC), if not already provided and immediately notify changes if any, in their addresses to our Share Registrar THK Associates (Pvt) Ltd.
8. Pursuant to Companies (Postal Ballot) Regulations 2018, in case of special business members will be allowed to exercise their right to vote through postal ballot, that is voting by post or through E-voting, in accordance with the requirements and procedures contained in the aforesaid regulations. The procedure of postal ballot [e-voting and voting by post] shall be placed on the company’s website seven (7) days before the meeting.

E-voting Procedure:

- (a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the company by the close of business on 04 December 2025.
- (b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of THK Associates (Private) Limited (being the e-voting service provider).
- (c) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (d) E-Voting lines will start from 05 December 2025, 09:00 a.m. and shall close on 07 December 2025 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a member, he / she shall not be allowed to change it subsequently.

Procedure for voting through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper, along with copy of CNIC, should reach the Chairman of the meeting through post at the registered address of the Company / Share Registrar or through email at contact@sapphiretextiles.com.pk, by close of business on December 04, 2025. The signature on the ballot paper shall match with the signature on CNIC.

**Sapphire Fibres Limited**

316-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phone: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

Note:

Under the provision of S.R.O 451(I)/2025 issued by SECP to be read in conjunction with section 134 of the Companies Act 2017, for all businesses classified as "Special Business", the voting by the members of the listed company shall only be through postal ballot and for the purpose of this there shall be no voting by show of hands by members of the listed company who attend the general meeting physically.

Further, the members who did not cast their vote through the electronic voting facility and by post prior to the date of the general meeting, shall be allowed to cast his/her vote on the day of the general meeting by way of a ballot paper only.

9. CDC shareholders will further have to follow the below mentioned guidelines as laid down in Circular 1, dated 26 January, 2000 issued by Securities and Exchange Commission of Pakistan:

A. For attending the meeting:

- i) In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies;

- i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the above Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of a corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with the proxy form to the Company.

10. **Statutory Code of Conduct at EOGM:** Members are requested to observe the conduct referred to in sub-regulation 2 of Regulation 55 of the Companies Regulations, 2024 while attending the EOGM.

The notice of the EOGM along with the statements, the Scheme of Arrangement, the latest annual audited financial statements of the Company have also been placed on the website of the Company. which can be downloaded from the following weblink and QR enabled code:

http://www.sapphire.com.pk/sfl/notices.htm	QR Code  SFL
---	---

**Sapphire Fibres Limited**

316-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phone: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

**DRAFT RESOLUTION TO BE PLACED BEFORE THE SHAREHOLDERS OF SAPPHIRE FIBRES LTD
AT THE EXTRAORDINARY GENERAL MEETING:**

WHEREAS it is proposed that by means of a Scheme of Arrangement Reliance Cotton Spinning Mills Limited shall, along with all their respective assets and liabilities, be amalgamated with and into Sapphire Fibres Limited, in exchange for the issuance of ordinary shares of Sapphire Fibres Limited to the shareholders of Reliance Cotton Spinning Mills Limited [in the manner as outlined in the Scheme of Arrangement]. This will result in the dissolution without winding up of Reliance Cotton Spinning Mills Limited.

WHEREAS it is also proposed that by means of the aforesaid Scheme of Arrangement the shares of Reliance Cotton Spinning Mills Limited held by Sapphire Fibres Limited shall be cancelled so as to eliminate the cross holding between Reliance Cotton Spinning Mills Limited and Sapphire Fibres Limited.

WHEREAS it is also proposed that by means of the aforesaid Scheme of Arrangement the shares of Sapphire Fibres Limited held by Reliance Cotton Spinning Mills Limited shall be distributed to the shareholders of Reliance Cotton Spinning Mills Limited (excluding Sapphire Fibres Limited) so as to eliminate the cross holding between Reliance Cotton Spinning Mills Limited and Sapphire Fibres Limited.

WHEREAS pursuant to the Scheme of Arrangement, it is envisaged thereunder that there will be a reduction of the issued and paid up share capital of Reliance Cotton Spinning Mills Limited.

IT IS THEREFORE RESOLVED:

That subject to the approval / sanction of the High Court, the draft Scheme of Arrangement under Sections 279-283 of the Companies Act, 2017, between Sapphire Fibres Ltd. and Reliance Cotton Spinning Mills Limited, which is attached as Schedule 'A' herewith, and initialled by the Chairman of the Meeting for purposes of identification, is hereby approved, adopted and agreed.

Further, subject to the approval / sanction of the Honourable High Court and compliance with applicable laws and regulations, the issued, subscribed and paid-up share capital of Reliance Cotton Spinning Mills Limited shall be reduced by cancellation of the ordinary shares of the Company in the manner as envisaged under the Scheme of Arrangement.

Further, it is reaffirmed that the Scheme of Arrangement is approved along with all ancillary and incidental matters thereto. Further, all approvals under the law, in relation to the Scheme of Arrangement, are deemed to be granted.

IN THE HIGH COURT OF SINDH AT KARACHI

JCM No. 48 of 2025

IN THE MATTER OF SECTION.279-283 OF THE COMPANIES ACT, 2017, AND IN
THE MATTER OF:

Sapphire Fibres Ltd. & another

.... Petitioners

AND IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN
SAPPHIRE FIBRES LTD., AND RELIANCE COTTON SPINNING MILLS LTD.

STATEMENT UNDER S.134(3) OF THE COMPANIES ACT, 2017

1. Judicial Miscellaneous Petition No. 48 of 2025 has been filed in the Hon'ble High Court of Sindh at Karachi under ss.279-283 of the Companies Act, 2017 for sanction of (and for other orders) in respect of the Scheme of Arrangement (hereinafter referred to as the "Scheme") between Sapphire Fibres Ltd and Reliance Cotton Spinning Mills Limited (hereinafter collectively referred to as the "Petitioners") and their respective members. In that proceeding, the Hon'ble Court has, through order dated 05th November, 2025 directed the convening of separate meetings of the members of each of the Petitioners / companies for seeking their agreement to the Scheme.
2. That the Board of Directors of the Petitioners Nos. 1 and 2 have considered various options, ways and means available to improve their business with the ultimate aim of maximizing shareholder returns. They have accordingly formulated the Scheme annexed herewith (the objectives and benefits of the Scheme have been more fully detailed in Clause 3 of the Preamble to the Scheme). The Petitioners intend to enter into a Scheme of Arrangement whereby the entire undertaking (i.e. assets and liabilities) of Reliance Cotton Spinning Mills Limited shall be amalgamated into Sapphire Fibres Limited and Reliance Cotton Spinning Mills Limited shall be dissolved (in respect of which the entire shareholding in the issued share capital of Reliance Cotton Spinning Mills Limited shall stand cancelled). Pursuant to the Scheme shareholders of Reliance Cotton Spinning Mills Limited shall be issued shares in Sapphire Fibres Limited as calculated under the Swap Letter which calculation amounts to 0.40 shares in Sapphire Fibres Limited for every 1 share in Reliance Cotton Spinning Mills Limited.
3. In light of the aforesaid, the Scheme has been prepared. The respective Boards of the Petitioners have approved the Scheme and resolved to commence with the process to effect the Scheme and to take all such steps as are necessary in this regard and for submission of the Scheme to the Hon'ble High Court pursuant to ss.279-283 of the Companies Act, 2017. A copy of the Scheme is available online at <http://www.sapphire.com.pk/sfl/notices.htm> (QR Code below) and the same may also be inspected by the members of the Company during business hours at the registered office of the Company.

4. Under s.279(2) of the Ordinance, a majority in number representing three-fourths of the members of the companies present in the meeting should agree to the Scheme in order for the same to be sanctioned by the Hon'ble High Court. Hence, pursuant to the order dated 05th November, 2025 passed in the aforesaid Judicial Miscellaneous petition, an Extraordinary General Meeting of the shareholders of the Company will be held at 312 Cotton Exchange Building, I.I. Chundrigar Road, Karachi, Pakistan; on 8th December, 2025 at 2:00 PM to consider and if thought fit, approve, adopt and agree to the Scheme.
5. No director of the company has any interest, whether directly or indirectly, except to the extent of their shareholding held by them in the two petitioner companies and their employment within the said companies. The Directors are also interested to the extent of remuneration and benefits as per the policy of the Company.

KARACHI

Dated: 17th November 2025



CHIEF FINANCIAL OFFICER

IN THE HIGH COURT OF SINDH AT KARACHI

JCM No. 48 of 2025

IN THE MATTER OF SECTION.279-283 OF THE COMPANIES ACT, 2017, AND IN
THE MATTER OF:

Sapphire Fibres Ltd. & another

.... Petitioners

AND IN THE MATTER OF THE SCHEME OF ARRANGEMENT BETWEEN
SAPPHIRE FIBRES LTD., AND RELIANCE COTTON SPINNING MILLS LTD.

STATEMENT UNDER SECTION 281 OF THE COMPANIES ACT, 2017

Judicial Miscellaneous Petition No. 48 of 2025 has been filed in the Hon'ble High Court of Sindh at Karachi under ss.279-283 of the Companies Act, 2017 for sanction of (and for other orders) in respect of the Scheme of Arrangement (hereinafter referred to as the "Scheme") between Sapphire Fibres Ltd and Reliance Cotton Spinning Mills Limited (hereinafter collectively referred to as the "Petitioners") and their respective members. In that proceeding, the Hon'ble Court has, through order dated 5th November, 2025 directed the convening of separate meetings of the members and the creditors of each of the Petitioners for seeking their agreement to the Scheme.

The accompanying notice convenes the meeting of shareholders and / or creditors of the Petitioners as directed by the Hon'ble High Court. It is intended to pass the following proposed resolution at the two respective Extraordinary General Meetings / two respective Meetings of the Creditors:

WHEREAS it is proposed that by means of a Scheme of Arrangement Reliance Cotton Spinning Mills Limited shall, along with all their respective assets and liabilities, be amalgamated with and into Sapphire Fibres Limited, in exchange for the issuance of ordinary shares of Sapphire Fibres Limited to the shareholders of Reliance Cotton Spinning Mills Limited [in the manner as outlined in the Scheme of Arrangement]. This will result in the dissolution without winding up of Reliance Cotton Spinning Mills Limited.

WHEREAS it is also proposed that by means of the aforesaid Scheme of Arrangement the shares of Reliance Cotton Spinning Mills Limited held by Sapphire Fibres Limited shall be cancelled so as to eliminate the cross holding between Reliance Cotton Spinning Mills Limited and Sapphire Fibres Limited.

WHEREAS it is also proposed that by means of the aforesaid Scheme of Arrangement the shares of Sapphire Fibres Limited held by Reliance Cotton Spinning Mills Limited shall be distributed to the shareholders of Reliance Cotton Spinning Mills Limited (excluding Sapphire Fibres Limited) so as to eliminate the cross holding between Reliance Cotton Spinning Mills Limited and Sapphire Fibres Limited.

WHEREAS pursuant to the Scheme of Arrangement, it is envisaged thereunder that there will be a reduction of the issued and paid up share capital of Reliance Cotton Spinning Mills Limited.

IT IS THEREFORE RESOLVED:

That subject to the approval / sanction of the High Court, the draft Scheme of Arrangement under Sections 279-283 of the Companies Act, 2017, between Sapphire Fibres Ltd. and Reliance Cotton Spinning Mills Limited, which is attached as Schedule 'A' herewith, and initialled by the Chairman of the Meeting for purposes of identification, is hereby approved, adopted and agreed.

Further, subject to the approval / sanction of the Honourable High Court and compliance with applicable laws and regulations, the issued, subscribed and paid-up share capital of Reliance Cotton Spinning Mills Limited shall be reduced by cancellation of the ordinary shares of the Company in the manner as envisaged under the Scheme of Arrangement.

Further, it is reaffirmed that the Scheme of Arrangement is approved along with all ancillary and incidental matters thereto. Further, all approvals under the law, in relation to the Scheme of Arrangement, are deemed to be granted.

The sanctioning of the Scheme and the making of other appropriate orders in connection therewith will be considered by the Hon'ble High Court only after the Scheme is agreed to by the requisite statutory majority at each of the meetings duly convened for this purpose under the order of the Court, by the members / creditors (as the case may be) of Sapphire Fibres Ltd and Reliance Cotton Spinning Mills Limited.

OBJECTIVE OF THE SCHEME

The Object of the Scheme is for Reliance Cotton Spinning Mills Limited, along with all its respective assets and liabilities (as explained in the Scheme), to be amalgamated with and into Sapphire Fibres Limited, in exchange for the issuance of ordinary shares of Sapphire Fibres Limited to the shareholders of Reliance Cotton Spinning Mills Limited [in the manner as outlined in the Scheme of Arrangement]. This will result in the dissolution without winding up of Reliance Cotton Spinning Mills Limited.

APPROVAL AND SANCTION OF THE SCHEME

That the said Scheme has been approved by the Board of Directors of each of the companies, who in turn have authorised their respective officers to initiate the instant proceedings so as to obtain the sanction of this Hon'ble Court to put the Scheme into effect. As a result, Judicial Miscellaneous 48 of 2025 has been filed seeking sanction of the Hon'ble High Court of Sindh at Karachi for the aforesaid Scheme. It is a prerequisite for such sanction that the statutory majority of the members and creditors of each of the Petitioners should indicate their approval of the Scheme. As such, through order dated 05th November, 2025 meetings have been convened by the Hon'ble Court to assess whether the Scheme is acceptable to all concerned parties.

INTEREST OF THE CREDITORS

In the case of Sapphire Fibres Limited and Reliance Cotton Spinning Mills Limited, the interest of the creditors will be protected since any and all securities or charges in relation to assets transferred to Sapphire Fibres Limited shall be preserved in the same priority and for the same amounts in which they exist immediately prior to the sanctioning of the Scheme, and all Liabilities shall stand transferred as well. There shall be no reduction, restructuring, or recharacterization of any amount owed to any creditor other than the transfer of such liabilities to Sapphire Fibres Limited.

The amalgamation of Reliance Cotton Spinning Mills Limited. into Sapphire Fibres Limited will allow the amalgamated company to better function and maximize returns which is also in the interest of the existing creditors of both companies.

ISSUANCE AND ALLOTMENT OF SHARES

In consideration for the amalgamation of Reliance Cotton Spinning Mills Limited into Sapphire Fibres Limited and the cancellation of shares in the issued share capital of Reliance Cotton Spinning Mills Limited of all the shareholders of Reliance Cotton Spinning Mills Limited, ordinary shares of Sapphire Fibres Limited shall be issued to the shareholders of Reliance Cotton Spinning Mills Limited as calculated under the Swap Letter which calculation amounts to 0.40 shares in Sapphire Fibres Limited for every 1 share in Reliance Cotton Spinning Mills Limited which has been calculated by the auditor. It may also be noted that all cross holding – i.e. the shares of Sapphire Fibres Limited held by Reliance Cotton Spinning Mills Limited in its name – will be eliminated and distributed to the existing shareholders of Reliance Cotton Spinning Mills Limited.) It may also be noted that the remaining cross holding – i.e. the shares of Reliance Cotton Spinning Mills Limited held by Sapphire Mills Limited shall be cancelled.

The new shares issued pursuant to the Scheme shall rank *pari passu* with the existing shares in all respect and will be entitled to all dividends, bonus, right issue, declared after the allotment of shares as above.

LIABILITIES, OBLIGATION AND LEGAL PROCEEDINGS

The transfer of assets as per the Scheme will include all the liabilities, encumbrances and obligations relating to the assets howsoever arising, and after the Scheme is sanctioned, the transferee of the Assets will discharge all such outstanding liabilities and will perform all such outstanding obligations in due course as if they were originally its own liabilities and obligations.

It has been prayed in the Petition submitted in Court that an order be passed directing that the transferee of assets shall, without any further act, deed, matter or thing, be deemed to have created all such liens charges, mortgages, pledges, hypothecation, assignments by way of security, security interests, claims and other encumbrances of whatever nature over the transferred assets.

Any and all legal proceedings in relation to the assets and pending against the transferor will be treated as legal proceedings by or against the transferee and the transferor shall have no further liability in this regard.

ADVANTAGES OF THE SCHEME

That Board of Directors of the Petitioners Nos. 1 and 2 have considered various options, ways and means available to improve their business with the ultimate aim of maximizing shareholder returns. They have accordingly formulated the Scheme annexed herewith (the objectives and benefits of the Scheme have been more fully detailed in Clause 3 of the Preamble to the Scheme).

DIRECTORS AND MANAGEMENT

That the Board of Directors of the Petitioner No. 1 is composed of the following individuals:

Sr. No.	Name of Director	Category
1.	Mr. Yousuf Abdullah	Chairman
2.	Mr. Shahid Abdullah	Chief Executive Officer
3.	Mr. Amer Abdullah	Director
4.	Mr. Nadeem Abdullah	Director
5.	Mr. Shayan Abdullah	Director
6.	Mr. Abdul Sattar	Director
7.	Mr. Muhammad Naeem Khan	Independent Director
8.	Mr. Nadeem Arshad Elahi	Independent Director
9.	Dr. Marium Chughtai	Independent Director

That the Board of Directors of the Petitioner No. 2 is composed of the following individuals:

Sr. No.	Name of Director	Category
1.	Mr. Shahid Abdullah	Chairman
2.	Mr. Shayan Abdullah	Chief Executive Officer
3.	Mr. Amer Abdullah	Director
4.	Mr. Yousuf Abdullah	Director
5.	Mr. Nabeel Abdullah	Director
6.	Mrs. Madiha Saeed Nagra	Independent Director
7.	Mr. Anjum Saleem	Independent Director

INTEREST OF DIRECTORS

No director of Sapphire Fibres Ltd and Reliance Cotton Spinning Mills Limited has any interest, whether directly or indirectly except to the extent of the shareholding held by them and their directorship in the companies. The Directors are also interested to the extent of remuneration, and benefits as per the policy of the companies named above. The effect of the Scheme on the interest of these Directors does not differ from its effect on the like interest of other members.

DIRECTORS AFTER THE SCHEME IS SANCTIONED

The Directors of Sapphire Fibres Ltd after the sanctioning of the Scheme will remain unchanged and will be as follows:

Sr. No.	Name of Director	Category
1.	Mr. Yousuf Abdullah	Chairman
2.	Mr. Shahid Abdullah	Chief Executive Officer
3.	Mr. Amer Abdullah	Director
4.	Mr. Nadeem Abdullah	Director
5.	Mr. Shayan Abdullah	Director
6.	Mr. Abdul Sattar	Director
7.	Mr. Muhammad Naeem Khan	Independent Director
8.	Mr. Nadeem Arshad Elahi	Independent Director
9.	Dr. Marium Chughtai	Independent Director

DOCUMENTS FOR INSPECTION

The relevant documents in relation to the Scheme i.e. copies of Memorandum and Articles of Association, latest balance sheets, the Scheme of Arrangement and the Statement of Information under s.281 of the Companies Act, 2017, may be inspected at the registered office of the Companies during the usual business hours on any working day till the date scheduled for the meeting in which the resolution for approving the Scheme will be adopted.

SOME OF THE PRAYERS MADE IN THE PETITION FILED IN THE HIGH COURT

“an order under s. 279(2) of the Companies Act, 2017, sanctioning the Scheme as set forth in Annexure ‘C’ to this Petition, so as to make the Scheme binding on the Petitioners and their respective members and creditors;

an order under S. 282(3)(f) directing that the shares of the Petitioner No. 2 (i.e. Reliance Cotton Spinning Mills Limited) held by the Petitioner No. 1 (i.e. Sapphire Fibres Limited) shall be cancelled;

an order under S. 282(3)(b) read with S. 282(3)(f) directing that the shares of the Petitioner No. 1 (i.e. Sapphire Fibres Limited) held by the Petitioner No. 2 (i.e. Reliance Cotton Spinning Mills Limited) should be distributed amongst the current shareholders of the Petitioner No. 2 (i.e. Reliance Cotton Spinning Mills Limited);

an order under S.282(3)(a) of the Companies Act 2017 transferring to and vesting in the Petitioner No. 1 (i.e. Sapphire Fibres Limited), the whole of the undertaking (as defined in the Scheme of Arrangement) of the Petitioner No. 2 (i.e. Reliance Cotton Spinning Mills Limited) and as envisaged in the Scheme which is Annexure ‘C’ to this Petition;

an order under S.282(3)(b) of the Companies Act directing the Petitioner No. 1 (i.e. Sapphire Fibres Limited) to allot the ordinary shares in its issued share capital in the manner and proportion as defined in the Scheme;

an order under S.282(3)(c) of the Companies Act directing that any and all legal proceedings pending by or against the Petitioner No. 2 (i.e. Reliance Cotton Spinning Mills Limited) with the respect to the undertaking of the Petitioner No. 2 (i.e. Reliance Cotton Spinning Mills Limited), as of the Effective Date (as defined in the Scheme), continue by or against the Petitioner No. 1 (i.e. Sapphire Fibres Limited);

an order under S. 282(3)(d) for the dissolution, without winding up, of the Petitioner No. 2 (i.e. Reliance Cotton Spinning Mills Limited) in accordance with the Scheme;”

SCHEME OF COMPROMISES, ARRANGEMENT AND RECONSTRUCTION

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

FOR AMALGAMATION / MERGER

OF

1. RELIANCE COTTON SPINNING MILLS LIMITED (AND ITS MEMBERS)

WITH AND INTO

2. SAPPHIRE FIBRES LIMITED (AND ITS MEMBERS)



TABLE OF CONTENTS

PREAMBLE	-	
ARTICLE- 1	-	DEFINITIONS
ARTICLE-2	-	EFFECTIVE DATE
ARTICLE-3	-	SHARE CAPITAL AND MANAGEMENT
ARTICLE-4	-	BOARD OF DIRECTORS
ARTICLE-5	-	SCHEME OF ARRANGEMENT
ARTICLE-6	-	SHARES
ARTICLE-7	-	GENERAL PROVISIONS
SCHEDULE - 1	-	Pattern of shareholding of Reliance Cotton Spinning Mills Ltd Pattern of shareholding of Sapphire Fibres Ltd
SCHEDULE - 2	-	List of Members of Board of Directors of Sapphire Fibres Ltd as Merged / Surviving Entity
SCHEDULE - 3	-	SWAP Letter



PREAMBLE

1. RELIANCE COTTON SPINNING MILLS LIMITED

BACKGROUND

Reliance Cotton Spinning Mills Limited (RCSML) was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on June 16, 1993 on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn.

The Corporate Unique Identification (CUIN) OF RCSML is **0040953**

Registered Office : 312, Cotton Exchange Building, I.I. Chundrigar Road, Karachi
Manufacturing Facility : Feroze Wattoan, Sheikhpura
External Auditors : Shinewing Hameed Chaudhri & Co, Chartered Accountants
Legal Advisors : Hassan and Hassan, Advocates
Share Registrar : Hameed Majeed Associates (Pvt.) Ltd

Financial position (as per Audited Accounts) of the Company as on June 30, 2025 is as follows:

	June 30, 2025 Rs.
ASSETS	
Non-current assets	
Property, plant and equipment	6,092,103,556
Long Term investments	7,730,811,810
Investment Property	171,291,004
Long Term advances and deposits	24,892,424
	14,019,098,794
Current assets	
Stores, spare parts and loose tools	175,742,596
Stock in trade	7,977,736,601
Trade debts	2,062,517,411
Loans and advances	339,279,489
Short term deposits and prepayments	31,919,934
Short term investments	287,941,583
Other receivables	357,201,255
Tax refunds due from Government	1,237,341,881
Cash and Bank balances	757,937,935
	13,227,618,685
TOTAL ASSETS	27,246,717,479



EQUITY AND LIABILITIES**Share capital and reserves****Authorized capital**

12,000,000 ordinary shares of Rs. 10 each

120,000,000

Issued, subscribed and paid-up capital

106,520,000

Reserves

7,205,106,156

Unappropriated profit

7,415,844,769

Total Equity**14,727,470,925****Non- current liabilities**

Long term liabilities

1,752,834,872

Staff retirement benefit – gratuity

226,322,929

Deferred taxation

699,484,669

2,678,642,470**Current liabilities**

Trade and other payables

3,569,199,577

Contract liabilities

564,520,015

Accrued mark-up / interest

80,502,150

Short Term Borrowings

4,676,419,815

Current portion of long-term liabilities

388,447,776

Unclaimed dividend

920,117

Provision for Taxation & levies

560,594,634

9,840,604,084**TOTAL LIABILITIES****12,519,246,554****TOTAL EQUITY AND LIABILITIES****27,246,717,479**

2. SAPPHIRE FIBRES LIMITED

BACKGROUND

Sapphire Fibres Limited (SFL) was incorporated in Pakistan on June 05, 1979 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacture and sale of yarn, fabrics and garments.

The Corporate Unique Identification (CUIN) OF SFL is **0041252**

Registered Office	:	316, Cotton Exchange Building, I.I. Chundrigar Road, Karachi
Manufacturing Facility	:	10 KM, Sheikhpura Faisalabad Road, Kharianwala – Spinning Unit 26 KM, Sheikhpura Faisalabad Road, Feroze Wattoan - Spinning Unit 7 KM Warburton Road, Feroze Wattoan – Fabric Knitting Unit 3.5 KM Raiwind Manag Road, Raiwind – Fabric Dyeing & Denim Units
External Auditors	:	Shinewing Hameed Chaudhri & Co, Chartered Accountants
Legal Advisors	:	Hassan and Hassan, Advocates
Share Registrar	:	THK Associates (Pvt.) Ltd

Financial position (as per audited accounts) of the Company as on June 30, 2025 is as follows:

	June 30, 2025 Rs.
ASSETS	
Non-current assets	
Property, plant and equipment	28,511,956,430
Investment Property	31,750,000
Intangible Assets	6,972,594
Long Term investments	47,855,111,380
Long Term Loans	5,307,500
Long Term advances and deposits	64,348,145
	76,475,446,049
Current assets	
Stores, spare parts and loose tools	1,476,118,503
Stock in trade	18,138,879,313
Trade debts	8,227,060,045
Loans and advances	574,310,900
Short term deposits and prepayments	91,743,747
Short term investments	10,944,936,762
Other receivables	3,568,664,530
Tax refunds due from Government	4,616,184,888
Cash and Bank balances	2,273,772,406
	49,911,671,094
TOTAL ASSETS	126,387,117,143

EQUITY AND LIABILITIES

Share capital and reserves

Authorized capital

35,000,000 ordinary shares of Rs. 10 each

350,000,000

Issued, subscribed and paid-up capital

Reserves

Unappropriated profit

Equity Attributable to shareholders of Parent Company

Non- Controlling Interest

Total Equity

206,718,750
34,161,769,460
50,328,915,272
84,697,403,482
5,948,989,308
90,646,392,790



Non- current liabilities

Long term liabilities	2,937,585,540
Staff retirement benefit – gratuity	884,975,148
Deferred taxation	805,975,783
	4,628,536,471

Current liabilities

Trade and other payables	8,170,420,135
Contract liabilities	392,431,444
Accrued mark-up / interest	293,804,016
Short Term Borrowings	16,460,179,106
Current portion of long-term liabilities	973,030,232
Unclaimed dividend	8,634,411
Provision for Taxation	4,813,688,538
	31,112,187,882

TOTAL LIABILITIES	35,740,724,353
--------------------------	-----------------------

TOTAL EQUITY AND LIABILITIES	126,387,117,143
-------------------------------------	------------------------



3. OBJECTIVES AND BENEFITS

1. Objective of the Scheme

The principal objective of this Scheme is to give effect to the following:

- a. distribution of all SFL shares held by RCSML to RCSML's shareholders;
- b. cancellation of all RCSML shares held by SFL;
- c. merger / amalgamation of RCSML with and into SFL by transferring to, merging with, and vesting in SFL the whole of RCSML including all Assets (excluding certain SFL shares currently belonging to RCSML), Liabilities and Obligations of RCSML, as of the Scheme Completion Date and dissolving RCSML without winding up;
- d. thereafter allotment and issuance of fully paid SFL shares to RCSML's shareholders in consideration of the Amalgamation based on the Swap Ratio in accordance with the provisions of the Scheme.

All of the above steps will take place by virtue of the sanction of the Scheme by the Court and completion of the formalities of the Scheme, the same shall be deemed to be effective as on the Scheme Completion Date.

2. Benefits of the Scheme

a) Larger Asset Base

The proposed merger will provide a broader shareholders and asset base which will be conducive in raising further finances at better rates and provide greater comfort to existing and potential creditors of the merged entity.

b) Synergies and Reduction in Administrative Costs

The merger will provide an opportunity to operate the businesses / operations of SFL and RCSML through single / consolidated operations, accounts, treasury and management information system departments with one set of management and staff, thus resulting in substantial cost savings and economies of scales, leading to enhanced profitability.

c) Single Corporate and Tax Reporting

The amalgamation will make single corporate and tax reporting possible for the merged entity. The same will entail elimination of maintenance of separate records for business operations, selling, purchasing, marketing, legal, administrative and secretarial, and other records under the various laws resulting in duplication of work and higher costs.

d) Increase in Risk Absorption Capacity

The larger size of the merged / amalgamated entity would increase SFL's risk absorption capacity, to manage the potential risks arising out of adverse and uncertain operating environments. In the long run this factor would provide greater stability as well as sustainability in operations for SFL.



ARTICLE – 1 – DEFINITIONS

In this Scheme of Arrangement (including the preamble hereto), unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

- a) **“Act”** means the Companies Act, 2017
- b) **“Assets”** means 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, sanctions and authorizations, including all registrations, licenses, permits, categories, entitlements, sanctions, permissions and benefits relating to the business, all trademarks, patents, copyrights, approvals, licenses, liberties, secret processes, know-how and confidential information belonging / pertaining to the company but does not include shares of SFL which are owned by RCSML. 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 whosoever situated belonging to a company including buildings, offices and structures as well as equity, stocks, debentures, bonds, rights under futures, options, derivative contracts, commodities etc.
 - (ii) all plant, machinery, equipment, furniture and fixtures, computer hardware and software, software applications and licenses, motor vehicles, office equipment, appliances and accessories, spare parts and tools;
 - (iii) all stock-in-trade, inventory, stocks of fuel, raw materials, ingredients, packaging, office and laboratory supplies, engineering spares, consumables stores, work-in-progress and finished goods
 - (iv) all connections, equipments, installations and facilities pertaining to telecommunications, water, electricity, gas and other installations, owned by, leased or licensed to a company including related deposits
 - (v) goodwill, revaluation surplus, share premium account, capital and revenue reserves
 - (vi) tax credits, tax or other refunds, tax or tariff protections, remissions or exemptions / carry and unadjusted tax receivables or losses and
 - (vii) the Contingent Claims and proceeds realized from the Liquidation of the Contingent Claims
- c) **“CDC”** means the Central Depository Company of Pakistan Limited;
- d) **“Commission”** means the Securities and Exchange Commission of Pakistan (SECP) including its regional offices;
- e) **“Court”** means the Honorable High Court of Sindh at Karachi or any other court of competent jurisdiction for the time being having jurisdiction under Sections 279 to 283 and 285 of the Companies Act, 2017 in connection with this Scheme;
- f) **“Excluded Assets”** means all the SFL shares belonging to RCSML as on the Scheme Completion Date;
- g) **“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 the term “Liabilities” and “Obligations” are used interchangeably and / or in conjunction with each other;
- h) **“RCSML”** means **RELIANCE COTTON SPINNING MILLS LIMITED**, a public listed company formed under Companies Ordinance, 1984;
- i) **“PSX”** means Pakistan Stock Exchange Limited;
- j) **“Rs.”** or **“PKR”** shall mean “Rupees” being the legal tender money of the Islamic Republic of Pakistan;
- k) **“Scheme”** means this Scheme of Arrangement in its present form, with any modification thereof or

addition hereto, as approved by the Court and/or the Securities and Exchange Commission of Pakistan and/or the general meeting of members of the respective companies;

- l) **"SECP"** means the Securities and Exchange Commission of Pakistan;
- m) **"SFL"** means **SAPPHIRE FIBRES LIMITED**, a public listed company formed under Companies Act, 1913;
- n) **"SFL shareholding in RCSM"** means all the shares of RCSML held by SFL as of the Scheme Completion Date;
- o) **"Securities" or "Securities"** means interest, right or title in and to any and all mortgages or charges (whether legal or equitable), debentures, 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;
- p) **"Swap Ratio"** shall have the same meaning as prescribed thereto in Article-6 of this scheme.



ARTICLE – 2 – SCHEME COMPLETION DATE

- 2.1** This Scheme shall become operative and bind SFL and RCSML as soon as they file with the SECP an order passed by the Court under Section 279 / 282 of the Act, sanctioning this Scheme and issuing other necessary directions / orders under Section 282 of the Act (hereinafter referred to as the **"Scheme Completion Date"**).



ARTICLE – 3 – SHARE CAPITAL AND MANAGEMENT

3.1 SAPPHIRE FIBRES LIMITED

The Authorized Share Capital of the Company is Rs. 350,000,000 divided into 35,000,000 of ordinary shares of Rs. 10/- each, out of which **20,671,875** ordinary shares (as at 30.06.2025) are fully paid and issued as follows:

Number of Shares	Issued for/Against	Rs.
12,759,375	Ordinary Share of Rs. 10 each fully paid in cash	127,593,750
7,912,500	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	79,125,000
20,671,875		206,718,750

a) Pattern of Shareholding of the Shares held by the Shareholders as of 30.06.2025 is as follows:

Particulars	No. of Shares	% holding
Director's, CEO, their Spouse and minor children	285,646	1.382%
Associated Companies, Undertakings and Related Parties	18,524,516	89.612%
NIT & ICP	628,171	3.039%
Banks, Development Finance Institutions, Non- Banking Finance Institutions	1,381	0.007%
Modarabas Companies & Mutual Funds	161	0.001%
General Public (Local & Foreign)	1,215,558	5.880%
Others	16,442	0.080%
	20,671,875	100%

b) Complete Pattern of shareholding of the Shareholders as at 30.06.2025 is attached as Schedule – 1.

Impact of the Scheme:

- The Excluded Assets (i.e. all the SFL shares belonging to RCSML as on the Scheme Completion Date) shall be distributed amongst the shareholders of RCSML in proportion to their shareholding in RCSML.
- SFL shareholding in RCSML as on the Scheme Completion Date will be cancelled.
- Thereafter, fresh new shares of SFL will be issued to the shareholders of RCSML as per the SWAP ratio.

Ordinary Shares after Merger

- SFL shall continue to operate its existing operations.
- Moreover, no cross holding shall exist between SFL and RCSML as described in Article – 6 after the implementation of the Scheme.

3.2 RELIANCE COTTON SPINNING MILLS LIMITED

The Authorized Share Capital of the Company is Rs.120,000,000 divided into 12,000,000 of ordinary shares of Rs. 10/- each, out of which **10,652,000** ordinary shares (as at 30.06.2025) are fully paid and issued as follows:

Number of Shares	Issued for/Against	Rs.
10,652,000	Ordinary Share of Rs. 10 each fully paid in cash	106,520,000

a) Pattern of Shareholding of the Shares held by the Shareholders as of 30.06.2025 is as follows:

Particulars	No. of Shares	% holding
Director's, CEO, their Spouse and minor children	478,710	4.494%
Associated Companies, Undertakings and Related Parties	8,562,370	80.383%
NIT & ICP	465,638	4.371%
Banks, Development Finance Institutions, Non- Banking Finance Institutions	325	0.003%
Modarabas Companies & Mutual Funds	500	0.005%
General Public (Local & Foreign)	1,102,506	10.350%
Joint Stock Companies	3,744	0.035%
Other Companies	38,207	0.359%
	10,652,000	100%

b) Complete Pattern of shareholding as at 30.06.2025 is attached as Schedule – 1.

Impact of the Scheme: -

- On the completion of the merger / amalgamation and after the issuance of shares of SFL to the registered members of RCSML, RCSML will be dissolved by the order of the Honorable Sindh High Court, Karachi without winding up.
- The Excluded Assets (i.e. all the SFL shares belonging to RCSML as on the Scheme Completion Date) shall be distributed amongst the shareholders of RCSML in proportion to their shareholding in RCSML.
- SFL shareholding in RCSML as on the Scheme Completion Date will be cancelled.
- Thereafter, fresh new shares of SFL will be issued to the shareholders of RCSML as per the SWAP ratio.
- Board of Directors of SFL shall be given power to execute, on behalf of RCSML, the deeds / documents for the transfer of assets, liabilities and reserves of RCSML.



ARTICLE – 4 – BOARD OF DIRECTORS

- a) The Board of Directors of Sapphire Fibres Ltd (SFL) before the Scheme is as follows:

Sr. No.	Name of Director	Category
1.	Mr. Yousuf Abdullah	Chairman
2.	Mr. Shahid Abdullah	Chief Executive Officer
3.	Mr. Amer Abdullah	Director
4.	Mr. Nadeem Abdullah	Director
5.	Mr. Shayan Abdullah	Director
6.	Mr. Abdul Sattar	Director
7.	Mr. Muhammad Naeem Khan	Independent Director
8.	Mr. Nadeem Arshad Elahi	Independent Director
9.	Dr. Marium Chughtai	Independent Director

- b) The Board of Directors of the Reliance Cotton Spinning Mills Ltd (RCSML) before the Scheme is as follows:

Sr. No.	Name of Director	Category
1.	Mr. Shahid Abdullah	Chairman
2.	Mr. Shayan Abdullah	Chief Executive Officer
3.	Mr. Amer Abdullah	Director
4.	Mr. Yousuf Abdullah	Director
5.	Mr. Nabeel Abdullah	Director
6.	Mrs. Madiha Saeed Nagra	Independent Director
7.	Mr. Anjum Saleem	Independent Director

- c) As of the Scheme Completion Date or such other date as the Board of Directors of SFL may approve, the existing Board of Directors of SFL shall continue after the sanction of the Scheme. The next election for the directors of SFL shall take place under Section 159 and 166 of the Companies Act, 2017, on July 20, 2026. List of Members of Board of Directors of Sapphire Fibres Ltd as Merged / Surviving Entity as attached as Schedule-2.
- d) Upon dissolution of RCSML in accordance with this Scheme, the directors of RCSML shall cease to hold office as directors without any rights to any compensation for loss of office.
- e) All the directors of SFL and RCSML have interest in the Amalgamation to the extent of their respective shareholdings in SFL and RCSML (to the extent applicable). The effect of this Scheme on the interest of these directors does not differ from the respective interests of the shareholders of SFL and RCSML.



ARTICLE -5 – THE SCHEME OF ARRANGEMENT

5.1 GENERAL

This Scheme of Arrangement has been formulated pursuant to the provisions of Sections 279 to 283 and 285 of the Act for the transfer and vesting of the undertaking and business of RCSML (as a transferor) into SFL (as transferee). Upon the completion of merger / amalgamation through the intended Scheme, RCSML will be dissolved under the Order of the Honorable Sindh High Court, Karachi without winding up and shares of SFL shall be issued to the registered members/shareholders of RCSML.

5.2 TRANSFER OF THE ASSETS

- a) As of the Scheme Completion Date, all the Assets of RCSML, shall immediately without any conveyance or transfer and without any further act or deed, be vested in and become the undertaking and Assets of SFL, which shall have, hold and enjoy the same in its own right as fully as the same were possessed, held and enjoyed by RCSML prior to the Amalgamation. However, the vesting / transfer of the Assets shall be subject to all mortgages, charges or other encumbrances subsisting thereon (if any).
- b) Notwithstanding anything contained in the Stamp Act, 1899 (II of 1899) or any other law for the time being in force, no stamp duty shall be payable on transfer to the transferee company (i.e. SFL) of the whole or any part of the undertaking and of the property of any transferor company (i.e. RCSML) as a result of sanctioning of the Scheme by the honorable Court. All the bodies, departments and concerned institutions/companies, wherever required, shall transfer the assets without any cost, taxes, any further act or deed by the SFL.

5.3 TRANSFER OF LIABILITIES AND OBLIGATIONS

As of the Scheme Completion Date, all the liabilities and obligations of RCSML shall immediately and without any further act or deed be assumed by and become the liabilities and obligations of SFL, which shall pay, undertake, satisfy, discharge and perform, when due, all such liabilities and obligations.

5.4 SFL'S RIGHT TO EXECUTE DEEDS

Deeds, assignments or similar instruments to evidence the aforesaid transfer of Assets and / or assumption of liabilities and obligation of RCSML may, if required at any time, may be executed by officers of SFL authorized in this regard.

5.5 REFERENCES TO ASSETS AND LIABILITIES AND OBLIGATIONS

Any reference in this Scheme to Assets or Liabilities and Obligations of RCSML is a reference to Assets or liabilities and obligations to which RCSML is for the time being entitled or subject to (whether beneficially or in any fiduciary capacity) immediately preceding the Scheme Completion Date, wherever such Assets or Obligations and Liabilities are situated or arise and whether or not such Assets or Obligations and Liabilities are capable of being transferred or assigned to or by RCSML under any applicable law or instrument.

5.6 ASSETS HELD IN TRUST

Any Asset comprised or vested in RCSML which immediately before the Scheme Completion Date was held by RCSML as trustee or custodian in the form of any trust deed, settlement, covenant, agreement or will or as executor of the will, or administrator of the estate of a deceased person or as judicial trustee appointed by order of any court, or in any other fiduciary capacity, shall, as of the Scheme Completion Date, be held by SFL in the same capacity upon the trusts, subject to the powers, provisions and Liabilities applicable thereto.

5.7 CONTRACTS

Every Contract to which RCSML is a party shall have effect as of the Scheme Completion Date as if:

- i. SFL had been a party thereto instead of RCSML; and
- ii. Any reference (however worded and whether express or implied) to RCSML therein shall stand substituted, as respects anything to be done as of the Scheme Completion Date, to a reference to SFL.



5.8 UTILITIES

- a) All the utility licenses, connections, meters, and other facilities for electricity, gas, water, telecommunication and others allowed, licensed or provided by any Government agency (including Water and Power Development Authority, Water and Sanitation Agency, Sui Northern Gas Pipelines Limited, Sui Southern Gas Limited) or other agency to the RCSML with the respective benefits including the deposits and prepayments, Government approvals, (if any) will stand transferred without any additional charges/costs to the SFL. The security deposits and any other existing facilities shall remain unchanged and the charge of name shall take place without any additional fee, charges or costs whatsoever and without any delay.
- b) All the licenses, permits, quotas, rights, permissions, concessions, privileges, sanctions, approvals, registrations and entitlements obtained/ held by RCSML shall, with effect from the Scheme Completion Date, stand vested in and transferred to SFL without any further act or deed, and shall be appropriately mutated by the relevant authorities in favor of the latter.

5.9 BANK ACCOUNTS

Any account(s) maintained by RCSML with any bank or financial institution shall, as of the Scheme Completion Date, become account(s) between SFL and such bank or financial institution, subject to the same conditions and incidents as before; provided that nothing herein shall affect any right of SFL to vary the conditions or incidents subject to which any account is kept.

5.10 INSTRUCTIONS

Any existing instruction, order, direction, mandate, power of attorney, authority, undertaking or consent given to RCSML in writing shall have effect, as of the Scheme Completion Date, as if given to SFL.

5.11 NEGOTIABLE INSTRUMENTS

Any negotiable instrument or order for payment of money drawn on or given to, or accepted or endorsed by, RCSML, or payable at any place of business of RCSML, whether so drawn, given, accepted or endorsed before the Scheme Completion Date, shall have the same effect as of the Scheme Completion Date, as if it had been drawn on, or given to, or accepted or endorsed by SFL, or were payable at the same place of business of SFL.

5.12 CUSTODY OF DOCUMENTS

The custody of any document, record or goods held by RCSML as bailee and duly recorded in their books that pass to RCSML under any Contract of bailment relating to any such document, record or goods shall on the Scheme Completion Date become rights and obligations of SFL.

5.13 SECURITIES

- (i) Any Security held immediately before the Scheme Completion Date by RCSML or by a nominee or agent of or trustee for RCSML, as security for the payment or discharge of any liability and obligation of a Customer shall, as of the Scheme Completion Date, be held by, or, as the case may require, by that nominee, agent or trustee for SFL be available to SFL (whether for its own benefit or, as the case may be, for the benefit of any other person) as security for the payment or discharge of that liability and obligation.
- (ii) In relation to any Security vested in SFL, pursuant to and in accordance with the provisions of this Scheme, and any liabilities and obligations thereby secured, SFL shall be entitled to the rights and priorities to which RCSML would have been entitled if they had continued to hold the Security.
- (iii) Any Security referred to in the foregoing provisions of this paragraph which extends to future advances or liabilities shall, as of the Scheme Completion Date, be available to SFL (whether for its own benefit or as the case may be, for the benefit of any other person) as security for the payment or discharge of future advances and future liabilities to the same extent and in the same manner in all respects as future advances by or liabilities to, RCSML or, as the case may be, SFL were secured thereby immediately before that time.

5.14 LEGAL PROCEEDINGS

Where by virtue of this Scheme any right, claim or liability of RCSML, becomes a right, claim or liability of



SFL as of the Scheme Completion Date, SFL shall have the same rights, claims, powers and remedies (and in particular the same rights, claims and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing that right, claim or liability as if it had at all times been a right, claim or liability of SFL, and any legal proceedings or application to any authority existing or pending immediately before the Scheme Completion Date by or against RCSML may be continued by or against SFL.

5.15 JUDGMENTS

Any judgment or award obtained by or against RCSML and not fully satisfied before the Scheme Completion Date shall at that time, become enforceable by or against SFL.

5.16 EVIDENCE

All books and other documents which would, before the Scheme Completion Date, have been evidenced in respect of any matter, for or against RCSML shall be admissible in evidence in respect of the same matter for or against SFL.

5.17 EMPLOYEES

- (i) On and from the Scheme Completion Date, all full-time officers, staff and employees of RCSML shall become the officers, staff and employees of SFL at the same level of remuneration and under the same terms and conditions of service, rights, privileges as to the provident fund, gratuity, any other retirement funds, if any, and other matters as had been applicable to them, before the Scheme Completion Date.
- (ii) On and from Scheme Completion Date, all deeds, rules and other instruments relating to any and all provident and / or gratuity funds (or any other funds / schemes pertaining to the Employees) established by RCSML (including all amounts / funds in the nature of monies, investments and otherwise, and including amounts standing to the credit of such provident and / or gratuity funds (or other schemes) on the Scheme Completion Date, held by the trustees for the benefit of RCSML's eligible employees who are members and / or beneficiaries thereof, including without limitation, upon being transferred to and vested in SFL shall remain in full force and effect, for the benefit of the eligible Employees of RCSML who shall be employees of SFL (in accordance with Article 5.17(i)), with SFL as if originally SFL was a party thereto and was mentioned therein instead of RCSML, and SFL may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly. SFL and the trustees of such funds shall take necessary steps, including making the necessary / appropriate revisions, amendments and arrangements for the purposes of the above



ARTICLE – 6 – SHARES

6.1 CONSIDERATION

- (i) As consideration for the Amalgamation of RCSML into SFL, SFL shall allot and issue SFL shares, credited as fully paid shares of par value of Rs.10/- (Pak Rupees Ten) each to RCSML shareholders on the basis of a swap ratio which has been determined as 0.40 shares of SFL for every 1 (one) share of RCSML held by each of the Shareholders and all entitlements of the Shareholders shall be determined in the proportion aforesaid.
- (ii) The SWAP ratio has been determined on the basis of Annual Audited Accounts of SFL and RCSML for the year ended June 30, 2025 and the relative valuations carried out by Shinewing Hameed Chaudhri & Co, Chartered Accountants, as stipulated in the SWAP letter in accordance with the applicable laws, accounting standards and the valuation methods suggested by SECP in its Guidelines for Mergers and Amalgamations and as approved by the Board of Directors of SFL and RCSML.

6.2 TRANSFER / CANCELLATION OF SHARES

- (i) There shall be no cross holdings between SFL and RCSML. SFL shareholding of all RCSML shares will be cancelled and RCSML shareholding of all SFL shares shall be distributed amongst the shareholders of RCSML in proportion to their shareholding.
- (ii) At least fourteen (14) days' notice shall be given to the members of RCSML of the date fixed by the directors of SFL for determining the entitlements to ordinary shares of SFL to be issued to the members of RCSML. The members holding physical shares, if any, will deliver their share certificates to the company for cancellation and shall be issued the shares of SFL in physical form within thirty (30) days from the reopening of the Book Closure.
- (iii) The scrip-less shares of SFL shall be directly credited by book entries in the CDS in lieu of the scrip-less shares of RCSML to their respective Investors' accounts or sub- accounts with CDC participants within thirty (30) days from the reopening of Book Closure as announced for the determination of the merger entitlements.
- (iv) Upon the allotment of the Ordinary shares of SFL to the members of RCSML in the manner aforesaid, all share certificates representing the ordinary shares of RCSML shall stand cancelled.
- (v) While making allotment of SFL shares, the fractional allotments above 0.5 shares shall be rounded up to one whole SFL share and fraction allotments below 0.5 shares shall be consolidated into whole shares which shall be disposed of by SFL for charitable purposes in a manner to be determined by the Board of Directors of SFL.
- (vi) Shares will be issued by SFL to the members of RCSML under the SWAP ratio.
- (vii) The SFL Shares, issued and allotted to the RCSML Shareholders in accordance with the provisions of this Scheme shall, in all respect, rank pari passu with the ordinary shares of SFL and shall be entitled to all dividends declared by SFL after the Scheme Completion Date.
- (viii) Subject to the sanction of the Scheme by the Court, RCSML shall, without winding up, stand dissolved from the date on which all the SFL Shares, to be allotted by SFL to the Shareholders in the manner stated above, have been so allotted. Consequently, RCSML shall automatically stand delisted from the PSX.



ARTICLE – 7 – GENERAL PROVISIONS

7.1 SANCTION AND EFFECTIVENESS OF SCHEME

- (i) This Scheme has been formulated in terms of the provisions of Section 279 and all other enabling provisions of the Act and for an order under Section 282 (along with Section 283) of the Act for bringing the Scheme into effect.
- (ii) This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve; and this Scheme is also subject to any such modification or addition or conditions, if any, which the Court and / or the respective Board of Directors of RCSML and SFL may impose.
- (iii) The respective Boards of Directors of RCSML and SFL have approved the foregoing Scheme for the submission of the same to the Court. The respective Board of Directors of RCSML and SFL, have also authorized, consented to, either singly or jointly on behalf of all concerned, to any modifications or additions or alterations to this Scheme or to any conditions, which the Court may think fit to impose and may give any directions, as the honorable Court may consider necessary to settle any question(s) or difficulty arising under this Scheme or in regard to its implementation or in any matter connected therewith.
- (iv) The provisions of this Scheme shall become binding and operative on the date (the "Sanction Date") that a certified copy of the order of the Court, sanctioning this Scheme under Section 279 of the Act, and by making any necessary provisions under Section 282 of the Act, and upon such Scheme having been filed with the office of the Registrar of Companies, SECP, Karachi.

7.2 COSTS AND EXPENSES

- (i) All the costs, charges and expenses, incurred/ to be incurred in relation to or in connection with the Scheme of Arrangement and of carrying out the implementation of the Scheme or incidental to the completion of the amalgamation/merger in pursuance of the Scheme, shall be borne and paid by SFL

7.3 EVENT OF DEFAULT AND EFFECT ON SCHEME

- (i) This Scheme shall become null and void, subject to the following and in that event, no rights and liabilities shall accrue to or be incurred in terms of this Scheme:
 - a) if the Scheme is not approved by the requisite majority of the shareholders and members of any of SFL and RCSML;
 - b) if the sanction of the Court in respect of this Scheme is not obtained by such date (if any) as may be mutually agreed by the respective Board of Directors of SFL and RCSML.

7.4 MISCELLANEOUS

- (i) This Scheme shall be governed by and be construed in accordance with the substantive and procedural laws of Pakistan.
- (ii) The section or headings used in this Scheme, are solely for the convenience of reference, and shall not affect the meaning or interpretation of this Scheme or any of its provisions.
- (iii) 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.

Karachi

Dated: 25 Sep 2025

For and on behalf of
Sapphire Fibres Ltd

Name: ABDUL SATTAR

Designation: AUTHORIZED PERSON /
DIRECTOR

For and on behalf of
Reliance Cotton Spinning Mills Ltd

Name: ABDUL SATTAR

Designation: AUTHORIZED PERSON

SCHEDULE - 1

- Pattern of shareholding of Sapphire Fibres Limited
Pattern of shareholding of Reliance Cotton Spinning Mills Limited

PATTERN OF SHAREHOLDING OF SAPPHIRE FIBRES LIMITED

(As on June 30, 2025)



PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2025

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
365	1	100	5,795
150	101	500	36,323
92	501	1000	58,469
61	1001	5000	111,000
16	5001	10000	112,329
4	10001	15000	48,980
3	15001	20000	55,372
6	20001	25000	129,448
3	25001	30000	82,775
3	30001	35000	90,246
1	35001	40000	35,089
2	60001	65000	122,753
1	65001	70000	65,171
1	95001	100000	98,207
1	115001	120000	118,125
1	210001	215000	211,008
1	220001	225000	225,000
1	245001	250000	245,128
1	260001	265000	264,745
1	275001	280000	279,570
2	280001	285000	562,750
1	320001	325000	323,014
1	350001	355000	352,161
1	355001	360000	355,084
1	435001	440000	435,750
1	520001	525000	524,477
1	615001	620000	616,671
1	620001	625000	621,153
1	635001	640000	638,778
1	675001	680000	676,878
1	690001	695000	691,305
1	865001	870000	869,090
1	935001	940000	935,950
4	1025001	1030000	4,113,142
1	1055001	1060000	1,056,824
1	1125001	1130000	1,127,290
1	1285001	1290000	1,286,670
1	3085001	3090000	3,089,355
736			20,671,875



PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2025

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
446	1	100	9,291
88	101	500	28,351
31	501	1,000	27,526
27	1,001	5,000	61,311
9	5,001	10,000	65,705
4	10,001	15,000	46,291
1	15,001	20,000	20,539
2	20,001	25,000	47,715
3	25,001	30,000	82,009
1	35,001	40,000	36,835
3	40,001	45,000	129,945
1	50,001	55,000	53,678
1	55,001	60,000	57,830
3	65,001	70,000	205,407
1	70,001	75,000	71,812
1	75,001	80,000	77,621
1	80,001	85,000	81,376
1	85,001	90,000	89,293
1	95,001	100,000	95,855
1	100,001	105,000	101,508
1	105,001	110,000	109,764
1	150,001	155,000	153,618
1	155,001	160,000	157,779
1	185,001	190,000	189,307
1	235,001	240,000	237,112
2	240,001	245,000	483,582
1	245,001	250,000	246,470
1	315,001	320,000	315,963
2	385,001	390,000	776,232
4	400,001	405,000	1,607,675
1	405,001	410,000	407,726
1	410,001	415,000	411,240
1	465,001	470,000	465,638
1	635,001	640,000	636,156
4	765,001	770,000	3,063,840
649			10,652,000

*Note: The slabs representing nil holding have been omitted.

CATEGORY OF SHAREHOLDERS

AS AT 30 JUNE, 2025

		Shares Held	Percentage %
1	Directors, Chief Executive Officer, and their spouse and minor children.	478,710	4.4941
2	Associated Companies, Undertakings and Related Parties	8,562,370	80.3827
3	NIT and ICP	465,638	4.3714
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	325	0.0031
5	Modarabas Companies & Mutual Funds	500	0.0047
6	General Public		
	A. Local	1,102,406	10.3493
	B. Foreign	100	0.0009
7	Joint Stock Companies	3,744	0.0351
8	Other Companies	38,207	0.3587
		10,652,000	100.0000



PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2025

SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD
A)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
	Acrylic (Private) Limited	802,278
	ATMZ Company (Private) Limited	1,012,431
	Channel Holdings (Private) Limited	1,003,073
	Crystal Enterprises (Private) Limited	28,798
	Glitter (Private) Limited	799,159
	Glory (Private) Limited	805,397
	Lavender (Private) Limited	796,039
	Nadeem Enterprises (Private) Limited	778
	Resource Corporation (Private) Limited	1,009,311
	Salman Ismail (SMC-Private) Limited	1,500
	Sapphire Fibers Limited	153,618
	Sapphire Holding Limited	636,156
	Sapphire Power Generation Limited	20,539
	Sapphire Textile Mills Limited	315,963
	SFL Corporation (Pvt) Limited	202
	SFL Limited	26,511
	STM Corporation (Pvt) Limited	101,508
	Synergy Holdings (Private) Limited	1,006,189
	Yousuf Agencies (Private) Limited	42,920
B)	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN DIRECTORS & THEIR SPOUSES	
	Mr. Shahid Abdullah	41,494
	Mr. Yousuf Abdullah	109,764
	Mr. Amer Abdullah	47,715
	Mr. Nabeel Abdullah	9,665
	Mr. Anjum Saleem	58
	Mrs. Shireen Shahid	95,855
	Mrs. Ambareen Amer	77,621
	Mrs. Usma Yousuf	8,715
	Mrs. Madiha Saeed Nagra	100
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
	Mr. Shayan Abdullah	87,723
C)	NIT & ICP	
	CDC - Trustee National Investment (Unit) Trust	465,638



SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD
D)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS	
	BANKS	
	National Bank of Pakistan	225
	DEVELOPMENT FINANCIAL INSTITUTIONS	
	National Development Finance Corporation	100
E)	MODARABAS, INVESTMENTS AND MUTUAL FUNDS	
	MODARABAS COMPANIES	
	First Punjab Modaraba	500
F)	GENERAL PUBLIC	
	A. Local	1,102,406
	B. Foreign	100
G)	JOINT STOCK COMPANIES	3,744
H)	OTHER COMPANIES	38,207
	TOTAL	10,652,000

I) TRADING IN THE SHARES OF COMPANY DURING THE YEAR BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN

Mr. Nabeel Abdullah shares cancelled under scheme of Arrangment approved by the court	(405)
Mr. Nabeel Abdullah was allotted shares under the scheme of amalgamation	9,500
Mr. Yousuf Abdullah shares cancelled under scheme of Arrangment approved by the court	(178,881)
Mr. Yousuf Abdullah was allotted shares under the scheme of amalgamation	39,935
Mr. Amer Abdullah shares cancelled under scheme of Arrangment approved by the court	(27,843)
Mr. Amer Abdullah was allotted shares under the scheme of amalgamation	23,914
Mr. Shahid Abdullah shares cancelled under scheme of Arrangment approved by the court	(79,450)
Mr. Shahid Abdullah was allotted shares under the scheme of amalgamation	3,167
Mrs. Usma Yousuf shares cancelled under scheme of Arrangment approved by the court	(20,148)
Mrs. Usma Yousuf was allotted shares under the scheme of amalgamation	850
Mr. Shayan Abdullah shares cancelled under scheme of Arrangment approved by the court	(148,899)
Mr. Shayan Abdullah was allotted shares under the scheme of amalgamation	9,547
Mrs. Ambareen Amer shares cancelled under scheme of Arrangment approved by the court	(83,091)
Mrs. Ambareen Amer was allotted shares under the scheme of amalgamation	44,479
Mrs. Shireen Shahid shares cancelled under scheme of Arrangment approved by the court	(66,451)
Mrs. Shireen Shahid was allotted shares under the scheme of amalgamation	63,800



PATTERN OF SHAREHOLDING OF RELIANCE COTTON SPINNING MILLS LTD
(As on June 30, 2025)



CATEGORY OF SHAREHOLDERS

AS AT 30 JUNE, 2025

		Shares Held	Percentage
1	Directors, CEO, spouses minor.Children	285,646	1.382
2	Associated Companies, undertaking, related parties	18,524,516	89.612
3	NIT & ICP	628,171	3.039
4	Banks, DFI & NBFi	1,381	0.007
5	Modaraba & Mutual Fund	161	0.001
6	General Public (Local)	1,147,823	5.553
7	General Public (Foreign)	67,735	0.328
9	Others	16,442	0.080
		20,671,875	100.000



PATTERN OF SHAREHOLDING

AS AT 30 JUNE, 2025

A	DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	SHARES
	DIRECTORS & THEIR SPOUSES	
	Mr. Nadeem Abdullah	67,289
	Mr. Amer Abdullah	62,589
	Mr. Yousuf Abdullah	21,754
	Mrs. Usma Yousuf	369
	Mrs. Noshaba Nadeem	9,959
	Mrs. Ambareen Amer	6,828
	Mr. Shayan Abdullah	65,171
	Mr. Muhammad Naeem Khan	500
	Mr. Nadeem Arshad Elahi	525
	Mr. Abdul Sattar	525
	Mariam Chughtai	500
	CHIEF EXECUTIVE OFFICER & HIS SPOUSE	
	Mr. Shahid Abdullah	28,507
	Mrs. Shireen Shahid	21,130
B	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
	Sapphire Textile Mills Limited	145
	Crystal Enterprises (Private) Limited	5,837
	Sapphire Power Generation Limited	473,209
	Salman Ismail (Pvt) Limited	23,302
	Reliance Cotton Spinning Mills Limited	1,511,670
	Sapphire Holding Limited	3,089,355
	Synergy Holdings (Private) Limited	1,948,810
	Resource Corporation (Private) Limited	1,965,541
	ATMZ Company (Private) Limited	1,982,270
	Channel Holdings (Private) Limited	1,932,083
	Lavender (Pvt) Limited	1,288,111
	Glitter (Pvt) Limited	1,304,840
	Glory (Pvt) Limited	1,338,298
	Acrylic (Pvt) Limited	1,321,569
	SFL Corporation (Private) Limited	16,462
	STM Corporation (Private) Limited	323,01
C	NIT & ICP	
	CDC Trustee NIT-Equity Market Opportunity Fund	11,500
	CDC Trustee National Investment (UNIT) Trust	616,671



D	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	
	BANKS, DFI & NBF	
	National Bank of Paksitan	1,300
	National Bank of Paksitan	81
E	MODARABAS & MUTUAL FUNDS	
	Modaraba-Al-Mali	112
	MUTUAL FUNDS	
	CDC TrusteeGolden Arrow Selected Stock Funds	49
F	GENERAL PUBLIC (LOCAL)	1,147,823
G	GENERAL PUBLIC (FOREIGN)	67,735
H	OTHERS	16,442
	TOTAL	20,671,875
	SHAREHOLDERS HOLDING 10% OR MORE	
	Sapphire Holding Limited	3,089,355
	TRADING IN THE SHARES OF COMPANY DURING THE YEAR	
	BY THE DIRECTORS, CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN.	
	Mr. Nadeem Abdullah shares cancelled under scheme of Arrangment approved by the court	(193,668)
	Mr. Yousuf Abdullah shares cancelled under scheme of Arrangment approved by the court	(565,509)
	Mr. Amer Abdullah shares cancelled under scheme of Arrangment approved by the court	(119,847)
	Mr. Shahid Abdullah shares cancelled under scheme of Arrangment approved by the court	(398,037)
	Mrs. Usma Yousuf shares cancelled under scheme of Arrangment approved by the court	(9,593)
	Mr. Shayan Abdullah shares cancelled under scheme of Arrangment approved by the court	(489,911)
	Mrs. Noshaba Nadeem shares cancelled under scheme of Arrangment approved by the court	(270,710)
	Mrs. Ambareen Amer shares cancelled under scheme of Arrangment approved by the court	(337,505)
	Mrs. Shireen Shahid shares cancelled under scheme of Arrangment approved by the court	(295,013)



SCHEDULE - 2

List of Members of Board of Directors of Sapphire Fibres Limited
as Merged / Surviving Entity

Sr. No	Name of Director	Category
1.	Mr. Yousuf Abdullah	Chairman
2.	Mr. Shahid Abdullah	Chief Executive Officer
3.	Mr. Amer Abdullah	Director
4.	Mr. Nadeem Abdullah	Director
5.	Mr. Shayan Abdullah	Director
6.	Mr. Abdul Sattar	Director
7.	Mr. Muhammad Naeem Khan	Independent Director
8.	Mr. Nadeem Arshad Elahi	Independent Director
9.	Dr. Marium Chughtai	Independent Director



SCHEDULE - 3

-

SWAP Letter



16396/S-25/2025

Sep 25, 2025
Lahore,

The Board of Directors,
Reliance Cotton Spinning Mills Limited,
312, Cotton Exchange Building,
I.I Chundrigar Road,
Karachi.

The Board of Directors,
Sapphire Fibres Limited,
316 Cotton Exchange Building,
I.I Chundrigar Road,
Karachi.

AUDITORS CERTIFICATE ON SHARE SWAP RATIO

We have been requested to certify the basis of the determination of the share swap ratio as on June 30, 2025 upon the proposed amalgamation / merger of Reliance Cotton Spinning Mills Limited (RCML) with in and into Sapphire Fibres Limited (SFL) under the proposed Scheme of Arrangement under Sections 279 to 282 and 285 of the Companies Act, 2017.

Understanding of the two Companies***Reliance Cotton Spinning Mills Limited***

Reliance Cotton Spinning Mills Limited was incorporated in Pakistan on June 13, 1990 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on June 16, 1993 on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. RCML registered office is currently located at 312, Cotton Exchange Building, I.I Chundrigar Road, Karachi.

Sapphire Fibres Limited

Sapphire Fibres Limited (the Company) was incorporated in Pakistan on June 05, 1979 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacturing and sale of yarn, fabrics and garments. SFL registered office is currently located at 316, Cotton Exchange Building, I.I Chundrigar Road, Karachi.



Principal Office:
HM House
7-Bank Square, Lahore.
Tel: +92 42 37235084-87
Email: lhr@hccpk.com

www.hccpk.com
sw.international

Other Offices:
Karachi, Islamabad & Multan



Catalyst for success

Relationship between the two Companies

SFL and RCML are Associated Companies due to common directorship. Further, SFL holds 153,618 ordinary shares of RCML and RCML also holds 1,511,670 ordinary shares of SFL as at June 30, 2025.

Proposed Amalgamation / Merger Scheme

The principal objective of the Scheme of Arrangement formulated under the provision of section 279 to 283 and 285 of the Companies Act, 2017 is to amalgamate / merge RCML within and into SFL. The amalgamation / merger involves the transfer to and vesting in SFL the whole undertaking and business of RCML together with all assets, liabilities, rights and obligation of every description of RCML against allotment of shares of SFL to the members of RCML. On the allotment of shares of SFL to the members of RCML, RCML will be dissolved without winding up and RCML shall stand delisted from PSX.

The shareholders of the RCML will be issued shares of SFL as per the swap ratio in accordance with the provisions of the Scheme of Arrangement. The new shares will be issued to those registered members of RCML whose name appears on the register of members on the date to be decided by the board of directors of SFL for this purpose. All the shares of RCML including the shareholding of SFL in RCML shall stand cancel upon passing of the order by the Court under Sections 279 to 283 of The Companies Act, 2017.

Scope of Certificate

The management of SFL, with the approval of its members, is in process of filing the proposed Scheme of Arrangement under the provisions of section 279 to 283 and 285 of the Companies Act, 2017 and enabling provision of the Companies Act, 2017 for amalgamation / merger of RCML (a listed company) within and into SFL (a listed company) subject to approval of the Honorable Sindh High Court.

Management Responsibility

It is the responsibility of the management to prepare the share swap ratio in accordance with the Scheme of Arrangement under section 279 to 283 and 285 of the Companies Act, 2017 and enabling provision of the Companies Act, 2017. This certificate does not relieve the management of its responsibility.



Auditor's Responsibility

Our responsibility is to certify, after verification, that the share swap ratio has been determined on the basis of following generally accepted valuation methods:

1. Net Assets Valuation (NAV);
2. Share price as quoted on Pakistan Stock Exchange Limited (Volume weighted average share price for last six months);
3. Dividend discount model;
4. Market value per share based on average price to book multiple of peer group; and
5. Discounted future Cash flow method. Financial projections for the years 2026 - 2030 have been used. We have not conducted verification of the said financial projections and the related information.

Our verification procedures are mentioned below:

- For valuation purpose we have used annual consolidated financial statements of SFL and RCML for the year ended June 30, 2025 duly approved by the Board of Directors (BOD).
- Obtained information about the undertakings and businesses to be amalgamated / merged from the financial statements.
- We have obtained complete working / information from the management on swap ratio. We verified Net Assets Valuation based on the financial statements. We obtained information on market value of shares (including average price to book multiple) and discounted cash flows.
- We checked all the information used in the computation of swap ratio regarding assets and liabilities of both the companies from the annual consolidated financial statements approved by the BOD of respective Companies.
- We have verified the computation of swap ratio as prepared by the management of SFL to bring into effect the proposed Scheme of Amalgamation / merger. (*enclosed as Annexure A*).



Certification

Based on the verification procedure applied and information provided by the management we certify that the shares to be issued by SFL to the existing shareholders of RCML under the scheme of amalgamation / merger in a share swap ratio of 0.4 : 1 i.e. 0.40 shares of SFL will be issued for every 1 share of RCML.

We have complied with the guidelines issued by the *Institute of Chartered Accountants of Pakistan (ICAP)* for Special Purpose Certification. Our verification was limited to the information mentioned above

Restriction on use and distribution

This certificate is being issued by us solely on the request of the respective management of SFL and RCML for onward submission to all the concerned parties / authorities including the Honorable Sindh High Court in connection with the Scheme of Arrangement for amalgamation / merger of RCML within / into SFL. This certificate is not submitted / distributed to any other party without our prior consent; this certificate is restricted to the facts stated herein.

Yours truly,

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



Valuation Methodology

		SFL	RCML
1.	Net Assets Valuation (NAV) - Rupees per Share	4,385.01	1,382.60
2.	Share Price as quoted on Pakistan Stock Exchange (volume Weighted average price for last six months) - Rupees per Share	1,056.32	517.51
3.	Market Value per Share based on Average Price to Book Multiples of Peer Group) - Rupees per Share	1,437.63	512.54
4.	Discounted Cash Flow (DCF) - Rupees per Share	1,545.00	614.62
5.	Dividend Discount Model - Rupees per Share	303.47	457.88
	Average	1,745.49	697.03

Share SWAP ratio is : 0.40 shares of SFL will be issued for every 1 share of RCML





Reliance Cotton Spinning Mills Limited

312-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phones: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

EXTRACT OF RESOLUTION PASSED AT BOARD OF DIRECTORS' MEETING HELD ON SEPTEMBER 25, 2025 AT 03:00 P.M. AT ITS OFFICE 1ST FLOOR TRICON CORPORATE CENTRE, 73-E, MAIN JAIL ROAD, GULBERG II, LAHORE

The Board of Directors of Reliance Cotton Spinning Mills Limited in their meeting held on September 25, 2025 have approved the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Merger of Reliance Cotton Spinning Mills Limited with and into Sapphire Fibres Limited and have passed the following resolutions:

"RESOLVED THAT pursuant to the provisions of Sections 279 to 283 read with Section 285 and all applicable provisions of Companies, Act, 2017, the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/ Merger of Reliance Cotton Spinning Mills Limited and its members with and into Sapphire Fibres Limited be and are hereby approved and adopted, along with any modifications, amendments required or conditions imposed by the Honorable High Court of Sindh at Karachi, subject to approval of the members of the company and sanction by the Honorable High Court of Sindh at Karachi, in terms of the provisions of the Companies Act, 2017.

RESOLVED THAT SWAP ratio of 0.40 shares of Sapphire Fibres Limited (SFL) against every One (1) share of Reliance Cotton Spinning Mills Limited (RCSML) as recommended by the board and reviewed by Shinewing Hameed Chaudhri & Co, Chartered Accountants, by and is hereby approved.

FURTHER RESOLVED THAT Mr. Abdul Sattar having CNIC No. 42501-1560393-7, authorized person of the Company and/ or Mr. Rameez Ghausi, company secretary be and are hereby authorized singly:

- a) To sign, submit or present necessary applications, petitions, supplementary applications/petitions, summons, deeds, documents, instruments, rejoinders, replies, and affidavits or execute bonds for the above-mentioned amalgamation/ merger;
- b) To engage any counsel(s)/advocate(s)/consultant(s) to file the application(s) and petition(s) before the Honorable High Court of Sindh, and to do other needful tasks;
- c) To appear in person or through representative(s) before the Honorable High Court of Sindh; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; Pakistan Stock Exchange Limited, Competition Commission of Pakistan and/or before any other authority or person in connection with the aforesaid amalgamation/ merger and



Reliance Cotton Spinning Mills Limited

312-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phones: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

- d) To do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required for the aforesaid purpose

For and behalf of Reliance Cotton Spinning Mills Limited

Company Secretary





Sapphire Fibres Limited

316-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phones: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

EXTRACT OF RESOLUTION PASSED AT BOARD OF DIRECTORS' MEETING HELD ON SEPTEMBER 25, 2025 AT 04:30 P.M. AT ITS OFFICE 1ST FLOOR TRICON CORPORATE CENTRE, 73- E, MAIN JAIL ROAD, GULBERG II, LAHORE

The Board of Directors of **Sapphire Fibres Limited** in their meeting held on September 25, 2025 have approved the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Merger of **Reliance Cotton Spinning Mills Limited** with and into **Sapphire Fibres Limited** and have passed the following resolutions:

"RESOLVED THAT pursuant to the provisions of Sections 279 to 283 read with Section 285 and all applicable provisions of Companies, Act, 2017, the Scheme of Compromises, Arrangement and Reconstruction for Amalgamation/ Merger of **Reliance Cotton Spinning Mills Limited** and its members with and into **Sapphire Fibres Limited** be and are hereby approved and adopted, along with any modifications, amendments required or conditions imposed by the Honorable High Court of Sindh at Karachi, subject to approval of the members of the company and sanction by the Honorable High Court of Sindh at Karachi, in terms of the provisions of the Companies Act, 2017.

RESOLVED THAT SWAP ratio of 0.40 shares of **Sapphire Fibres Limited (SFL)** against every One (1) share of **Reliance Cotton Spinning Mills Limited (RCSML)** as recommended by the board and reviewed by **Shinewing Hameed Chaudhri & Co, Chartered Accountants**, by and is hereby approved.

FURTHER RESOLVED THAT Mr. Abdul Sattar having CNIC No. 42501-1560393-7, authorized person of the Company and/ or Mr. Rameez Ghausi, company secretary be and are hereby authorized singly:

- a) To sign, submit or present necessary applications, petitions, supplementary applications/ petitions, summons, deeds, documents, instruments, rejoinders, replies, and affidavits or execute bonds for the above-mentioned amalgamation/ merger;
- b) To engage any counsel(s)/ advocate(s)/ consultant(s) to file the application(s) and petition(s) before the Honorable High Court of Sindh, and to do other needful tasks;
- c) To appear in person or through representative(s) before the Honorable High Court of Sindh; the Offices of the Registrar of the Companies; the Securities and Exchange Commission of Pakistan; Pakistan Stock Exchange Limited, Competition Commission of Pakistan and/ or before any other authority or person in connection with the aforesaid amalgamation/ merger and



Sapphire Fibres Limited

316-Cotton Exchange Building,
I.I Chundrigar Road, Karachi – 74000 Pakistan
Phones: 92-21-111-000-100
Fax: 92-21-2416705, 92-21-2417418
E-Mail: contact@sapphiretextiles.com.pk

- d) To do any other act, deed or thing which may be ancillary or incidental to the above-mentioned matter or which may otherwise be required for the aforesaid purpose

For and behalf of Sapphire Fibres Limited

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text "SAPPHIRE FIBRES LIMITED" around the top edge, "KARACHI" in the center, and a small star at the bottom.
Company Secretary