



GADOON TEXTILE MILLS LIMITED

7-A Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi-75350, Pakistan.
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December 15, 2014

The General Manager
Karachi Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

DISCLOSURE OF MATERIAL INFORMATION

Dear Sir,

In accordance with Section 15D of the Securities and Exchange Ordinance, 1969 and Clause (xx) of the Listing Regulations No. 35 of the Code of Corporate Governance we hereby convey the following:

At a meeting of the Board of Directors of Gadoon Textile Mills Limited (hereinafter referred to as the "Company") held at 5:00 p.m. on December 15, 2014 at the registered office of the Company, the Board of Directors approved a Scheme of Arrangement under Sections 284 to 288 of the Companies Ordinance, 1984 laid before the Board of Directors of the Company ("Scheme") whereby the textile undertaking of Fazal Textile Mills Limited ("FTML") is to be merged with and into the Company, subject to obtaining all necessary shareholders', creditors' and regulatory approvals and the sanction of the Scheme by the High Court along with fulfilment of related legal formalities. The Board of Directors approved the draft of the Scheme (subject to any changes and modifications as may be required by the shareholders of the merger parties and / or the Honourable High Court of Sindh and such amendments as may be considered necessary without affecting the substance thereof) and the swap ratio as recommended by A. F. Ferguson & Co. which is as follows:

- (i) 1,550,484 (One Million Five Hundred Fifty Thousand Four Hundred Eighty Four) ordinary shares, of the face value of Rs. 10/- (Rupees Ten only) each, of the Company will be issued in aggregate to the YBG Shareholders (representing the sponsor majority shareholders of FTML as defined under the Scheme); and
- (ii) 3,041,599 (Three Million Forty One Thousand Five Hundred Ninety Nine) ordinary shares, of the face value of Rs. 10/- (Rupees Ten only) each, of the Company will be issued in aggregate to the Other Shareholders (i.e. shareholders other than YBG shareholders as defined under the Scheme).

The Scheme will be circulated to the Stock Exchanges and the shareholders in due course subject to directions / order of the High Court of Sindh.

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