FAZAL TEXTILE MILLS LTD.

Head Office: 6-A Muhammad Ali Housing Society, Abdul Aziz haji Hashim Tabba Street, Karachi-75350, Pakistan.
Tel: (92-21) 35205479-80 Fax: (92-21) 34382436 E-mail: info@fazaltextile.com Web: www.fazaltextile.com

December 15, 2014

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

The General Manager
Lahore Stock Exchange Limited
19, Khayaban-e_Aiwan-Iqbal
Lahore

The Managing Director
Islamabad Stock Exchange Limited
ISE Towers, 55-B, Jinnah Avenue
Islamabd.

Subject: **Disclosure of Material Information**

Dear Sirs,

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 Fazal Textile Mills Limited (hereinafter referred to as the "**Company**") held at 05:30 p.m. on December 15, 2014 at the Head 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 real estate undertaking of the Company is to be merged with and into Lucky Landmark (Private) Limited ("**LLPT**"),a newly incorporated company,and the textile undertaking of the Company is to be merged with and into Gadoon Textile Mills Limited ("**GTML**"),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 Honorable High Court of Sindh and such amendments as may be considered necessary without affecting the substance thereof) and the swap ratios as recommended by A. F. Ferguson & Co. which are as follows:

LLPT will issue shares in its share capital to YBG Shareholders (representing the sponsor majority shareholders of the Company as defined under the Scheme).

GTML will issue its shares in the following manner to the shareholders of the Company:

(i) 1,550,484 (One Million Five Hundred Fifty Thousand Four Hundred Eighty Four) ordinary shares, of the face value of PKR 10/- (Pak Rupees Ten only) each, of GTML will be issued in aggregate to the YBG Shareholders; and