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MALEK SPINNING MILLS LIMITED

Mehnaj Monsur Tower (2nd & 4th floor), House No. 11A, Road No. 130, Gulshan-1,
Dhaka-1212. G.P.O Box No.- 931, Phone : 880-2-8816128, 8817497, 9888917
9889265, 9890892, 9862315, 9862330, 9862332, 8832771-82
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PRICE SENSITIVE INFORMATION

This is for the information of all concerned that the Board of Directors of the Company, in its meeting held on 3rd April, 2011 at 3.30 p.m. has decided the followings:

- (1) To shelve the further implementation of the project of NewAsia Synthetics Limited (NSL) due to declination of gas supply connection by Titas Gas Transmission & Distribution Co. Ltd. excepting incurring of those expenditure which are considered necessary for the interest of the company (NSL).
- (2) To Purchase **624,900** fully paid up ordinary shares of Tk.100/- each out of **625,000** total issued/paid up shares of Tk.100/- each i.e. **99.98%** shares of **J M Fabrics Limited**, a Private Limited Company, in the name of Malek Spinning Mills Ltd. at a total consideration of **Tk.77.50** Crore (Seventy seven crore fifty lac only) covering value of share capital, payment of term loan with Banks & Directors, share money deposit and price of additional land purchase etc. for implementation of Revised Investment Strategy/Programme of Investment as approved by shareholders in the AGM held on December 27, 2010 in lieu of the use of IPO proceeds for Investment in NewAsia Synthetics Limited as per Prospectus.

That the total consideration value of Tk.77.50 Crore covering heads of payments as follows:

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|--|---------------------------|
| (a) Value of Share Capital (624,900 shares of Tk.100/-each) | :Tk.6.25crore (rounded) |
| (b) Payment of Term Loan with Sonali Bank Ltd. & Janata Bank Ltd. & payment against Directors' Share Money Deposit/loan: | Tk.65.32 crore " |
| (c) Payment against additional Land purchase, Gas connection | : <u>Tk. 5.93 crore</u> " |
| Total | : Tk.77.50 crore " |

The Board of Directors also approved BMRE of **J M Fabrics Limited** at an estimated cost of **Tk.104** Crores enabling the Company to raise its production capacity by about 50%-60% and with expected more than proportionate increase in profitability and authorized the Managing Director of MSML to take necessary steps and arrange long term loans from Banks in addition to providing proportionate equity by Malek Spinning Mills Ltd.

J M Fabrics Ltd. is engaged in the production of 100% Export oriented garments and knit fabrics. The factory is located on a plot of land measuring approx. 4 (four) acres, at South Nayapara, 6 No.Dorgi, P.O. Bhawal Mirzapur, Gazipur. In addition the chairman of the company also owned land measuring approx. 2.50 acres, which was also offered for sale. It has a production capacity of 8 (eight) M. Tons of knitted fabric and 18 (eighteen) lines of cutting and sewing operation with all facilities, storage etc.

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- (3) To Purchase **9,000** fully paid up ordinary shares of Tk.100/- each out of **10,000** total issued/paid up shares of Tk.100/- each i.e. **90%** shares of **Titas Spinning & Denim Company Limited**, a Private Limited Company, as direct investment by Malek Spinning Mills Limited instead of by Salek Textile Limited under the same terms and conditions for which Price Sensitive Information was published on August 19, 2010 at a total consideration of **Tk.120.00** Crore (One hundred twenty crore only) for implementation of Revised Investment Strategy/Programme of Investment as approved by shareholders in the AGM held on December 27, 2010 in lieu of the use of IPO proceeds for Investment in NewAsia Synthetics Limited as per Prospectus.

That the total consideration money of Tk.120.00 Crores would cover the following heads of utilization:

- | | |
|--|-----------------------------------|
| (a) Payment for 9,000 shares of Tk.100/- each to the Directors/Shareholders of Titas Spinning & Denim Company Limited at par | :Tk.0.09crore (rounded) |
| (b) Payment against Directors Loan, Creditors and others | :Tk.24.91 crore " |
| (c) Taking over of Bank Liabilities with Islami Bank Bangladesh Ltd. as on 12/08/2010 | : Tk.95.00 crore " |
| Total | : <u>Tk.120.00 crore</u> " |

Titas Spinning & Denim Company Limited is engaged in the production of 100% Export oriented denim fabrics/garments with capacity of 15,000 yards/day. The factory is located on 17.60 acres (approx) of land at Mahna, Bhabanipur, Gazipur, having all infrastructural facilities.

- (4) The Board of Directors also decided to confirm the redemption of Debt of Malek Spinning Mills Limited, as on December 31, 2010 with different Banks/Financial Institutions amounting to Tk.59,23,02,793 from IPO and placement proceeds as approved by shareholders in the AGM held on December 27, 2010 as per requirement of consent order of SEC.
- (5) The Board of Directors further decided to confirm the redemption of Debt of Salek Textile Limited, a subsidiary of Malek Spinning Mills Limited, as on December 31, 2010 with different Banks amounting to Tk.53,05,30,308 from IPO and placement proceeds as approved by shareholders in the AGM held on December 27, 2010 as per requirement of consent order of SEC.

Dated, Dhaka
April 03, 2011

By order of the Board

Sd/-
(Syed Saiful Haque)
Company Secretary