



**Gulf Pharmaceutical Industries ("Julphar") PJSC (the "Company")**

**QUESTIONS AND ANSWERS REGARDING**

**the Decrease in the Share Capital of the Company with an amount of AED  
503,274,989**

**and**

**the subsequent Increase in the Share Capital of the Company by up to AED  
500,000,000 by way of Rights Issue  
(THE "RIGHTS ISSUE")**

The questions and answers (including the glossary) set out below are intended to be in general terms only and, as such, you should read the terms and conditions of the Rights Issue set out in the Invitation for full details of what action you should take. Shareholders /readers are strongly advised to seek their own financial and legal advice independently.

**1. Why is the Company decreasing the share capital?**

The Company intends to extinguish its accumulated losses as shown in its latest financial statements for the year ended 31 December 2019 in order to strengthen its financial position.

**2. What are the reasons of the losses and how Company plans to improve performance?**

There are several reasons for the losses in 2019; most importantly is the temporary suspension on exports to Saudi Arabia, Oman and Kuwait. Company has taken significant steps to address this problem. Exports to Oman were resumed in March 2020 and Company is optimistic to resume exports to Saudi Arabia and



Kuwait shortly. Company is also working on new plans and initiative to ensure long-term healthy performance and results.

### **3. What does Company plan to do with the Rights Issue?**

The Company intends to use the net proceeds raised from the Rights Issue to strengthen its financial position and settle its current liabilities. Moreover, this shall also support future growth of the business of the Company.

### **4. How much is the expected capital reduction and how it shall affect Shareholders?**

The share capital of the Company will be decreased by AED 503,274,989 by the cancellation of a number of shares in the Company (the “Capital Reduction”) to extinguish its accumulated losses as shown in its latest financial statements for the year ended 31 December 2019. This shall reduce the current total number of shares by 503,274,989. The number of shares owned by each shareholder will be reduced on a prorate basis by the proportion of the capital reduction.

### **5. How does the Company plan to decrease its issued share capital?**

The capital reduction will be executed by the cancellation of a number of shares in the Company (the “Capital Reduction”) to extinguish its accumulated losses as shown in its latest financial statements for the year ended 31 December 2019.

### **6. What is a rights issue?**

The Rights Issue is an offer by the Company to its Shareholders, and to the then Rights holders, to subscribe for New Shares to be issued at an issue price of AED (1.00) per New Share, reflecting the nominal value of AED 1.00 per New Share and without a share premium.

The Rights to be issued to Shareholders are tradable securities making their holders eligible to subscribe for the New Shares. Each Right grants its holder the eligibility to subscribe for one New Share at the Issue Price.

The New Shares will have the same rights as the existing Shares. The existing Shares are (and the New Shares will be) indivisible.



The New Shares will rank pari passu with the existing Shares including the right to receive all future dividends and other distributions declared, made or paid after the Eligibility Date.

**7. Is a Right different from a Share?**

Yes. A Right is an instrument entitling its holder to subscribe for one New Share. If the Right is not used by the relevant Right holder, the Right will lapse and shall have no value upon the expiration of the Rights Trading Period (which shall last for a period not less than (10) Ten Working Days, which shall be announced (15) Fifteen Working Days before the start of the Rights Trading Period).

**8. How much is the Company raising?**

The Rights Issue will increase the share capital of the Company by up to AED 500,000,000, by creating up to 500,000,000 New Shares at issue price of AED (1.00) per New Share

**9. Who is granted Rights?**

Rights will be granted to all Shareholders existing as at the close of trading on the ADX on the Eligibility Date (which is (10) Ten Working Days before the start of the subscription period). Shareholders must ensure that their names are reflected in the Company's share register held by the ADX as at the close of business of the ADX on the Eligibility Date.

In order to receive Rights on the Eligibility Date, investors must ensure that they execute any purchase orders for shares at least two Days prior to the Eligibility Date, to allow for the settlement of trades on the ADX (which operates on a T+2 basis).

**10. Does a Shareholder have to subscribe for New Shares?**

It is for the Shareholder to decide whether to subscribe or not to subscribe. If a Shareholder decides not to subscribe for New Shares, the Shareholder may sell the Rights or do nothing with them. If a Shareholder chooses not to exercise some or all of the Rights that were issued to subscribe for New Shares, the Shareholder's ownership percentage in the Company will decrease and the Shareholder will be diluted accordingly after the right issuance.

**11. What happens if a Shareholder does not subscribe for New Shares?**

If a Shareholder chooses not to exercise some or all of the Rights that were issued to subscribe for New Shares, the Shareholder's ownership percentage in the Company will decrease and the Shareholder will be diluted accordingly after the right issuance. This is because, while the total number of Shares of the Company will increase through the Capital Increase which will be implemented in connection with the

Rights Issue, the number of Shares that the Shareholder owns will not increase in the same proportion, unless the Shareholder exercises all of the Rights that was issued to subscribe for New Shares. This will have implications – for example, the Shareholder's share percentage of the total dividends paid by the Company will decrease, and its share of votes at shareholders meetings will decrease.

**12. Can I subscribe to the Rights Issue if I am not a Shareholder of the Company?**

Yes, you can buy Rights to subscribe for the Company's shares on the ADX during the Rights Trading Period which shall last for a period not less than (10) Ten Working Days and shall be announced (15) Fifteen Working Days before the start of the Rights Trading Period.

You can do this through an ADX-registered broker. Once you own the Rights, you can subscribe to New Shares during the Subscription Period.

**13. How do I know if my NIN is valid?**

To check if your NIN is valid, for retail investors, please contact ADX Customer Service on the Contact Details that will be mentioned in the invitation, which will be announced (20) Twenty Working Days before opening the subscription period.

**14. How are Shareholders notified of the deposit of Rights in their accounts?**

Shareholders will be notified that the Rights have been deposited into their accounts through an announcement on the website of the ADX or through an SMS or email if a Shareholder has updated the same with ADX. If a Shareholder has not received Rights, but believes that he or she should have received such Rights, they should contact the Company's call centre or the Lead Manager and Bookrunner's call centre at the contact details mentioned in the invitation that will be announced (20) Twenty Working Days before opening the subscription period.

**15. How many Rights will the Shareholder receive?**

As per the Invitation, each Shareholder on the Eligibility Date will receive one Right for every 1.31 shares held on such date. Remaining unallocated Rights resulted from the rounding up of the Rights-to-Shares ratio will be further allocated on a pro-rata basis to the Shareholders in proportion of their entitlements. The final allocated Rights will be deposited into the Shareholder's respective accounts by close of business on the Eligibility Date which is (10) Ten Working Days before opening the subscription period. Each Right grants its holder the eligibility to subscribe to one New Share at the Issue Price. Entitlements to Rights will be rounded down to the nearest whole number of Rights and Shareholders will not receive a Right in respect of the fraction of any Rights.

**16. Are the Rights tradable? Will they be added to the Shareholders' accounts under the same name/symbol as the Company's shares, or will they be assigned a new name?**

Yes, the Rights can be traded, but only during the Rights Trading Period, and provided the Rights are credited to a Shareholder's brokerage account (Rights credited to a CDS account are not tradeable), which runs for a period not less than (10) Working Days, which shall be announced (15) Fifteen Working Days before its start. Shareholders who do not wish to subscribe for some or all of the New Shares to which they are entitled at the Issue Price may therefore sell some or all of their Rights to other persons via securities brokers registered and licensed by the ADX during the Rights Trading Period. The Rights will be deposited in the CDS account or brokerage account of each Shareholder where his or her existing Shares are held one day after the Eligibility Date. The Rights will appear in the accounts of the Shareholders under a new symbol that designates these Rights, the new symbol will be mentioned in the invitation that will be announced (20) Twenty Working Days before opening the subscription period.

**17. Is it possible for a Shareholder to sell all or part of the Rights it holds?**

A holder of the Rights may sell all or a part of the Rights through securities brokers registered and licensed by the ADX during the Rights Trading Period.

**18. When is the Subscription Period?**

The Subscription Period will be announced (20) Twenty Working Days before its start, and the subscription period shall remain open for a period not less than (10) Ten Working Days.

During the Subscription Period, the holders of Rights, which includes Shareholders and any persons who purchased Rights during the Rights Trading Period, will be allowed to exercise their Rights to subscribe for New Shares at the Issue Price.

**19. Can Shareholders subscribe for Additional New Shares?**

Shareholders may subscribe for Additional New Shares. The holders of Rights are entitled to subscribe for Additional New Shares, in excess of the number of Rights they respectively hold, which will be allocated to the holders of Rights who subscribed for Additional New Shares in the event that unsubscribed New Shares remain after the end of the Subscription Period, either as a result of the consolidation of the unallocated fractional entitlements to New Shares or the failure by the Eligible Persons to exercise their Rights in full to subscribe for New Shares. Additional New Shares will be allocated on a *pro rata* basis to the Eligible Persons who had subscribed for such Additional New Shares, scaled back (if necessary) in accordance with the proportion that the number of Additional New Shares requested by the subscriber represents to the total number of Additional New Shares requested by all Eligible Persons who subscribed for such Additional New Shares. There is, therefore, no guarantee that the holders of Rights applying for



Additional New Shares will receive the number of Additional New Shares applied for, and no holder of Rights will receive more New Shares than they have subscribed for during the Subscription Period.

However, the Board of Directors may resolve not to offer any unsubscribed New Shares that still remain after the allocation of the New Shares and Additional New Shares (if any) to the Eligible Persons who have subscribed for such New Shares and Additional New Shares (if any) for sale through a public offering to members of the public in the UAE, and instead limit the Capital Increase and the actual number of New Shares to be issued to the number of New Shares (including any Additional New Shares) actually subscribed for by Eligible Persons.

#### **20. How is the subscription done?**

Subscription is accomplished by the submission of a subscription form at a participating branch of the Sole Receiving Bank during the Subscription Period, together with the production of the required documents, and the payment in full for the New Shares.

The details of the required documents, the payment methods and the branches of the Sole Receiving Bank will be mentioned in the invitation that will be announced (20) Twenty Working Days before the start of the subscription period.

#### **21. Are purchasers of additional Rights entitled to trade them again?**

Yes, purchasers of additional Rights may sell those additional Rights or any other Rights they hold and/or purchase other Rights, but only during the Rights Trading Period.

#### **22. Can an Eligible Person sell a Right after expiry of the Rights Trading Period?**

No, after the expiry of the Rights Trading Period, an Eligible Person may only choose to exercise the Right to subscribe for the New Shares and only until the expiry of the Subscription Period. In the event that this Right is sold prior to the expiry of the Rights Trading Period or is not exercised prior to the expiry of the Subscription Period, the Eligible Person may suffer a loss or a decrease in the value of its investment portfolio.

#### **23. What happens to Rights that are unsubscribed at the end of the Subscription Period?**

If you do not wish to subscribe for the New Shares to which you are entitled, you can choose not to exercise your Rights. In such circumstances, the number of New Shares to which you are entitled will be subscribed for by those holders of Rights who have applied for Additional New Shares. You will not be entitled to any compensation in respect of any Rights not used to subscribe for New Shares and your shareholding in the Company will be diluted accordingly.

**24. How will the Additional New Shares be allocated?**

The allocation of Additional New Shares to Eligible Persons who have subscribed for Additional New Shares will be allocated after allocations to Eligible Persons who have subscribed for a number of New Shares equal to or less than the number of Rights they hold. Such allocation will be on a *pro rata* basis to the Eligible Persons who had subscribed for such Additional New Shares, scaled back (if necessary) in accordance with the proportion that the number of Additional New Shares requested by the Eligible Person represents to the total number of Additional New Shares requested by all Eligible Persons who subscribed for Additional New Shares.

**25. Will there be any additional fees for trading in Rights?**

The same commissions that would apply to the sale and purchase of Shares will apply to the sale and purchase of Rights.

**26. If I buy Shares after the Eligibility Date, will I be eligible to participate in the Rights Issue?**

No, Shares purchased after the Eligibility Date will not carry the right to receive Rights pursuant to the Rights Issue. However, you may still buy Rights from other selling Rights holders during Rights Trading Period. In order to receive Rights on the Eligibility Date, you must ensure that you execute any purchase orders for shares at least Two Days prior to the Eligibility Date.

**27. What if the number of Rights to which I am entitled is not a whole number; am I entitled to fractions of Rights?**

Your entitlement to Rights will be calculated as at the close of business of the ADX on the Eligibility Date (The Eligibility Date is (10) Ten Working Days before opening the subscription period). If the result of this calculation is not a whole number, your entitlement will be rounded down to the nearest whole number of Rights and you will not receive a Right in respect of the fraction of any Rights. The New Shares representing the aggregated fractions not allotted as a result of the rounding exercise will be allocated to those holders of Rights who have subscribed for Additional New Shares.

**28. Will I receive a refund if I do not receive the number of Additional New Shares that I have applied for?**

Yes, you will receive a refund in respect of the number of Additional New Shares that you have not received. Upon expiry of the subscription period, the shares will be allocated within (5) Five Working Days and the refund will be made within (5) Five Working Days from the date of allocating shares to the subscribers.



The Company shall coordinate with the Sole Receiving Bank to minimize the period as much as possible.

**29. What are the important Contact Details that Shareholders must know?**

Important contact details will be announced in the shareholders invitation that will be provided (20) Twenty Working Days before the start of the subscription period.

**Important Note**

We would like to draw your attention to the further terms and conditions of the Rights Issue set out in the Invitation.

**GLOSSARY**

<b>the Company</b>	Gulf Pharmaceutical Industries (Julphar) PJSC
<b>Additional New Shares</b>	New Shares that Eligible Persons may apply for in addition to exercising their Rights to subscribe for one New Share at the Issue Price.
<b>AED or UAE Dirham</b>	The lawful currency of the UAE.
<b>Board of Directors</b>	Board of Directors of Gulf Pharmaceutical Industries (Julphar) PJSC (the “Company”) from time to time.
<b>Capital Increase</b>	The proposed increase in the issued share capital of Gulf Pharmaceutical Industries (Julphar) PJSC (the “Company”) up to AED 500,000,000, by creating up to 500,000,000 New Shares.
<b>CDS account</b>	Central Depository System account.
<b>ADX</b>	Abu Dhabi Securities Exchange
<b>Eligibility Date</b>	(10) Ten Working Days before opening the subscription period.
<b>Eligible Person</b>	A person who holds Rights at the close of the Rights Trading Period.
<b>Invitation</b>	The Invitation to the Shareholders of Gulf Pharmaceutical Industries (Julphar) PJSC (the “Company”) to subscribe for the New Shares in the Rights Issue that shall be published in UAE daily Arabic and English newspapers(20) Twenty Working Days before opening the subscription period.
<b>Issue Price</b>	AED 1.00 per New Share.
<b>Lead Manager and Bookrunner</b>	First Abu Dhabi Bank PJSC
<b>New Shares</b>	Ordinary shares of AED 1.00 each in the capital of Gulf Pharmaceutical Industries (Julphar) PJSC (the “Company”)
<b>NIN</b>	The National Investor Number provided on registration as a new investor in the ADX.

<b>Sole Receiving Bank</b>	First Abu Dhabi Bank PJSC
<b>Right/ Rights</b>	A tradable security issued pursuant to the Board of Directors' Decree of the Securities and Commodities Authority's Chairman of the Board, No. 11RM of 2016.
<b>Rights Trading Period</b>	<p>Rights trading period shall be announced (15) Fifteen Working Days before its start.</p> <p>Rights Trading Period shall be for a period not less than (10) Ten Working Days.</p>
<b>Shareholder</b>	A registered shareholder in Gulf Pharmaceutical Industries (Julphar) PJSC (the "Company") as at the close of business on the ADX on the Eligibility Date.
<b>Shares</b>	Ordinary shares in the capital of Gulf Pharmaceutical Industries (Julphar) PJSC (the "Company"), each with a fully paid up nominal value of AED 1.00 per share.
<b>Subscription Period</b>	<p>The Subscription period shall be announced (20) Twenty Working Days before opening the subscription period.</p> <p>Subscription Period shall remain open for a period not less than (10) Ten Working Days.</p>
<b>UAE</b>	United Arab Emirates.
<b>Unallocated Shares</b>	Unallocated New Shares remaining after the allocation of the New Shares (and Additional New Shares, if any) to the Eligible Persons who subscribed for New Shares during the Subscription Period.