

KINGDOM OF SAUDI ARABIA

Capital Market Authority

LISTING RULES

**English Translation of the Official Arabic Text
Issued by the Board of the Capital Market Authority
Pursuant to its Resolution Number 3-11-2004
Dated 20/8/1425H Corresponding to 4/10/2004G
Based on the Capital Market Law
issued by Royal Decree No. M/30 dated 2/6/1424H**

**Amended by Resolution of the Board
of the Capital Market Authority Number 1-64-2016
Dated 19/8/1437H Corresponding to 26/5/2016G**

Arabic is the official language of the Capital Market Authority

**Important Notice: The current version of these Rules, as may be amended, can be found
at the Authority website: www.cma.org.sa**

TABLE OF CONTENTS

PART 1 : GENERAL PROVISIONS

- Article 1 : Preliminary provisions
- Article 2 : Scope and Application
- Article 3 : Approval of the issuer's board
- Article 4 : Appointment of representatives of the issuer

PART 2 : ADVISORS TO THE ISSUER

- Article 5 : Appointment of advisors
- Article 6 : Requirements of the financial advisor
- Article 7 : Obligations of the financial advisor
- Article 8 : Requirements of the legal advisor
- Article 9 : Obligations of the legal advisor
- Article 10 : Duty of care of the advisors

PART 3 : CONDITIONS FOR REGISTRATION AND ADMISSION TO LISTING

- Article 11 : Conditions relating to issuers
- Article 12 : General Conditions relating to registration and admission to listing of securities
- Article 13 : Conditions relating to registration and admission listing of shares
- Article 14 : Conditions relating to cross listing
- Article 15 : Conditions Relating to registration and admission to listing of debt instruments
- Article 16 : Conditions Relating to registration and admission to listing of contractually based securities and warrants
- Article 17 : Conditions Relating to registration and admission to listing of convertible debt instruments

PART 4 : REGISTRATION AND LISTING

- Article 18 : Underwriting
- Article 19 : Application for registration and admission to listing and supporting documents
- Article 20 : Dormant applications
- Article 21 : The prospectus
- Article 22 : Approval of prospectus

Article 23 : Issues not requiring a prospectus
Article 24 : Supplementary prospectus
Article 25 : Publication of prospectus and formal notices
Article 26 : Dissemination of information
Article 27 : Application to employee share schemes
Article 28 : Registration and admission to listing

PART 5 :CAPITAL INCREASE FOR ISSUER OF LISTED SECURITIES

Article 29 : Application submission for capital increase of issuers of listed securities and supporting documents
Article 30 : Conditions related to issuance of rights issues
Article 31 : Conditions related to Capitalisation issues
Article 32 : Conditions related to capital increase for acquiring a company or an asset

PART 6 : CAPITAL REDUCTION FOR ISSUER OF LISTED SECURITIES

Article 33 : Conditions related to issuer's capital reductions

PART 7 : COMPLIANCE WITH THE LISTING RULES

Article 34 : Compliance with the Listing Rules
Article 35 : Power to suspend or cancel listing
Article 36: Voluntary cancellation or suspension of listing
Article 37 : Temporary trading halt
Article 38 : Lifting of suspension
Article 39 : Re-registering and admission to listing of cancelled securities

PART 8 : CONTINUING OBLIGATIONS

Article 40 : Clear fair and not misleading disclosure
Article 41 : Material developments disclosure obligation
Article 42 : Disclosure of financial information
Article 43 : Board of directors' report
Article 44 : Duties of directors and senior executives
Article 45 : Notification related to substantial holdings in shares or convertible debt instruments
Article 46 : Notification related to securities

Article 47 : Miscellaneous provisions

Article 48 : Language of announcements, notifications and publications

Article 49 : Restrictions on share transactions

Article 50 : Prohibition on dealings by directors and senior executives

Article 51 : Provision of documents to the Authority

Article 52 : Fees

PART 9 : PUBLICATION AND ENTRY INTO FORCE

Article 53 : Publication and Entry into Force

ANNEX 1 CONTENT OF APPLICATION FOR LISTING TO THE EXCHANGE

ANNEX 2 ISSUER'S DECLARATION

ANNEX 3 DIRECTOR'S DECLARATION

ANNEX 4 CONTENTS OF A PROSPECTUS FOR SHARES

ANNEX 5 CONTENTS OF A PROSPECTUS FOR DEBT INSTRUMENTS AND CONVERTIBLE DEBT INSTRUMENTS

ANNEX 6 ACCOUNTANT'S REPORT

ANNEX 7 FORM OF FINANCIAL ADVISOR'S LETTER

ANNEX 8 FORM OF LEGAL ADVISOR'S LETTER

ANNEX 9 FORM OF LETTER REQUIRED FOR A CAPITALISATION ISSUE

PART 1: GENERAL PROVISIONS

Article 1: Preliminary provisions

- a. Any reference to the “Capital Market Law” in these Rules shall mean the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.
- b. Expressions and terms in these Rules have the meaning which they bear in the Capital Market Law and in the Glossary of defined terms used in the Regulations and Rules of the Capital Market Authority, unless the contrary intention appears.
- c. Any person subject to these Rules may appeal to the Committee in respect of any decision or action that the Authority takes under these Rules.

Article 2: Scope and application

- a. The purpose of these Rules is to regulate the public offering, registration and admission to listing of securities in the Kingdom.
- b. Securities may not be offered by way of a public offer unless all the requirements and conditions provided for in these Rules have been fulfilled.
- c. These Rules shall not apply to the offering of units in investment funds.
- d. These Rules shall be read in conjunction with and in addition to the Offers of Securities Regulations.

Article 3: Approval of the issuer’s board

- a. An offeror may not offer securities to the public without the approval of the issuer’s board.
- b. Subject to paragraph (a) of this Article, where an offeror wishes to offer securities to the public, the issuer must submit to the Authority an application for registration and admission to listing.

Article 4: Appointment of representatives of the issuer

- a. The issuer must appoint two representatives, one of whom must be a director and the other must be a senior executive, to act as its representatives before the Authority for all purposes relating to these Rules.

- b. The issuer must provide details in writing of how its representatives may be contacted including office, mobile and fax telephone numbers, and electronic mail address.

PART 2: ADVISORS TO THE ISSUER

Article 5: Appointment of advisors

- a. Where an issuer makes an application for registration and admission to listing of securities that requires the production of a prospectus, the issuer must appoint an independent financial advisor and an independent legal advisor.
- b. Where an issuer whose securities are listed undertakes a voluntary cancellation of listing as described at Article 36 of these Rules, the issuer must appoint a financial advisor and a legal advisor.
- c. Where an issuer whose securities are listed submits an application to reduce its capital, the issuer must appoint a financial advisor and a legal advisor.
- d. In cases where the appointment of a financial advisor or a legal advisor is not mandatory, the Authority may require the appointment of a financial advisor and/or legal advisor to advise the issuer on the application of these Rules, the Capital Market Law or its Implementing Regulations.

Article 6: Requirements of the financial advisor

- a. The financial advisor must be authorised by the Authority.
- b. Circumstances under which the financial advisor shall not be considered independent of the issuer include, but are not limited to the following:
 - 1) the financial advisor or any of its subsidiaries is a substantial shareholder in the issuer or any of its subsidiaries or vice versa;
 - 2) a director or a shareholder of the financial advisor is a substantial shareholder in the issuer or any of its subsidiaries or vice versa;
 - 3) an employee of the financial advisor who is involved in the provision of financial advice to the issuer is a substantial shareholder in the issuer or any of its subsidiaries ; or
 - 4) any of the persons referred to in sub-paragraphs 1), 2) and 3) of paragraph (b) of this Article is a director of the issuer or in any of the issuer's subsidiaries.

Article 7: Obligations of the financial advisor

- a. On an application of an issuer for registration and admission to listing of securities, the financial advisor must:
 - 1) be the main point of contact for the Authority in relation to the application for registration and admission to listing of securities;
 - 2) satisfy itself, having conducted due diligence and made enquiry from the issuer and its advisors, that the issuer has satisfied all conditions required for registration and admission to listing of its securities and has satisfied all other relevant requirements;
 - 3) provide to the Authority any information or clarifications in such form and within such time limit as the Authority may require for the purpose of verifying whether the financial advisor and the issuer have complied with the Capital Market Law and its Implementing Regulations; and
 - 4) provide the Authority with a letter in the form set out in Annex 7 to these Rules.
- b. If matters which should be taken into account by the Authority come to the attention of the financial advisor during the period between the provision of the letter described at sub-paragraph 4) of paragraph (a) of this Article and listing of the issuer's securities, the financial advisor must notify the Authority thereof without delay.

Article 8: Requirements of the legal advisor

- a. The legal advisor must be licensed to practise law in the Kingdom.
- b. An issuer may only appoint a legal advisor if the legal advisor is independent of both the issuer and the issuer's financial advisor. Circumstances under which the legal advisor shall not be considered independent of the issuer and the issuer's financial advisor include, but are not limited to the following:
 - 1) the legal advisor is a substantial shareholder in the issuer or any of its subsidiaries or the financial advisor or vice versa;
 - 2) a partner of the legal advisor is a substantial shareholder in the issuer or any of its subsidiaries or in the financial advisor;

- 3) an employee of the legal advisor, who is involved in the provision of legal advice and service to the issuer, is a substantial shareholder in the issuer or any of its subsidiaries or in the financial advisor;
- 4) any of the persons referred to in sub-paragraphs 1), 2) and 3) of paragraph (b) of this Article is a director of the issuer or any of the issuer's subsidiaries or a director of the financial advisor.

Article 9: Obligations of the legal advisor

On an application of an issuer for registration and admission to listing of securities, the legal advisor to the issuer must provide the Authority with a letter in the form set out at Annex 8 to these Rules.

Article 10: Duty of care of the advisors

Where an advisor gives advice to an issuer in relation to the application for registration and admission to listing, it must ensure that it gives appropriate advice in accordance with the rules of the profession.

PART 3: CONDITIONS FOR REGISTRATION AND ADMISSION TO LISTING

Article 11: Conditions relating to issuers

- a. The issuer must be a Saudi joint stock company, except where the provisions of Article 14 of these Rules apply.
- b. On an application for registration and admission to listing of securities, the issuer must have been carrying on, either by itself or through one or more of its subsidiaries, a main activity for at least three financial years under substantially the same management.
- c. On an application for registration and admission to listing of securities, an issuer must have prepared its audited financial statements covering at least the previous three financial years, prepared in accordance with the accounting standards approved by SOCPA. The period covered by the most recent audited financial statements must have ended no more than six months prior to the date of approval of the prospectus. If the period covered by the most recent audited financial statements has ended more than six months prior to the expected date of approval of the prospectus. The Authority may require audited financial statements covering any period that it deems appropriate from the date of the end of the period covered by the latest audited financial statements until the expected date of approval of the prospectus.
- d. On an application for registration and admission to listing of securities, where the issuer has undergone restructuring or has been subject to an alteration in capital using external financing (including through any shareholder current account), the issuer shall not be eligible to apply for registration and admission to listing until one financial year has elapsed since the date of completion of the restructuring/alteration in capital.
- e. The senior executives of the issuer must have an appropriate expertise and experience for the management of the issuer's business.
- f. An issuer must have, on its own or with its subsidiaries, a sufficient working capital for the 12 months immediately following the date of the publication of the prospectus.
- g. The issuer must provide the Authority with reviewed interim financial statements if such statements were issued during the application period.
- h. An application for registration and admission to listing may be accepted if it does not meet the requirements of this Article if the Authority is satisfied that such listing will be in the interest of investors and that the investors have received the necessary information to arrive at an informed judgment concerning the issuer and the securities that are the subject of the application.

Article 12: General conditions relating to registration and admission to listing of securities

- a. To be registered and admitted to listing, the securities must:
 - 1) conform with the statutory conditions in the Kingdom; and
 - 2) be duly authorised according to the requirements of the issuer's articles of association or other constitutional documents.
- b. The securities must be freely transferable and tradable. Any restriction on transferability must be approved by the Authority and all investors must be provided with appropriate information to enable dealings in such securities to take place on an open and fair basis.
- c. The securities must be registered and settled centrally through the Depository Centre.

Article 13: Conditions relating to registration and admission to listing of shares

- a. There must be a sufficiently liquid market for the shares that are the subject of the application for registration and admission to listing, as follows:
 - 1) there must be at least 200 public shareholders; and
 - 2) at least 30% of the class of shares that are the subject of the application are owned by the public.

The Authority may permit a lower percentage or a lower number of shareholders if it considers that it is appropriate in view of the number of shares under the same class and its distribution to the public.

- b. The requirements of paragraph (a) of this Article shall constitute a continuous obligation on the issuer.
- c. Where the issuer at any time, following having its shares admitted to listing, becomes aware that the requirements of paragraph (a) of this Article are no longer met, the issuer must take the necessary remedial action to ensure that the relevant requirements are met.
- d. Where none of the shares of a particular class are listed, the application for registration and admission to listing must relate to all shares of that class issued or proposed to be issued. If the shares of that class are already listed, the application must include all further shares of that class which are proposed to be issued.

- e. Except where shares of the same class are already listed, at the date of listing the expected aggregate market value of all shares to be listed must be at least SR 100 million. The Authority may admit shares of a lower value if it is satisfied that there will be a sufficiently liquid market for the shares concerned.

Article 14: Conditions relating to cross listing

- a. A foreign issuer whose securities are listed in another regulated exchange may apply for its securities to be registered and admitted to listing on the Exchange. The Authority may admit the securities to listing provided that, in the Authority's opinion, the listing rules applicable in the foreign issuer's jurisdiction of listing are at least equivalent to these Rules.
- b. A foreign issuer is subject to the general provisions of these Rules, as determined by the Authority from time to time.
- c. The Authority may, at its absolute discretion, approve or reject an application for registration and admission to listing of the securities of a foreign issuer on the Exchange.

Article 15: Conditions relating to registration and admission to listing of debt instruments

- a. If the issuer has its securities already listed, the expected aggregate value of all debt instruments to be registered and admitted to listing or, in the case of a debt issuance programme, each separate tranche must be at least SR 50 million.
- b. If the issuer does not have listed securities, the expected aggregate value of all debt instruments to be registered and admitted to listing or, in the case of a debt instrument issuance programme, each separate tranche must be SR 100 million.
- c. The Authority may register and admit to listing debt instruments of a lower value than the aggregate values stated in paragraphs (a) and (b) of this Article provided that it is satisfied that there will be a sufficiently liquid market for such debt instruments.
- d. If the issuer wishes to launch a debt instrument issuance programme, the issuer must produce a single prospectus which covers the maximum value of debt instruments which may be issued under the programme. If the Authority approves the prospectus, all debt instruments which may be issued under the programme must be offered within 24 months after the approval of the prospectus provided that the issuer complies with the following requirements:
 - 1) a pricing supplement for each tranche under the programme must be submitted in writing to the Authority as soon as possible and signed by a duly authorised representative of the issuer; and

- 2) the issuer must confirm to the Authority in writing that the debt instruments in question have been offered.
- e. The pricing supplement of each debt instruments issue must include details in respect of the issue, maturity and redemption dates (if any) of the debt instruments to be listed as well as its pricing details.
- f. The pricing supplement must provide the terms and conditions of an issue, in addition to those set out in the prospectus related to a debt instrument issuance programme.
- g. The issuer must notify the Authority in writing of the final allocation of the debt instruments offered as well as the total amount paid compared to the total value offered under the prospectus.

Article 16: Conditions relating to registration and admission to listing of contractually based securities and warrants

- a. In relation to registration and admission to listing, contractually based securities and warrants are subject to the provisions of these Rules, where applicable.
- b. The Authority may impose such other conditions as it considers appropriate to registration and admission to listing of contractually based securities and warrants.

Article 17: Conditions relating to registration and admission to listing of convertible debt instruments

- a. Convertible debt instruments may be registered and admitted to listing only if the shares into which they are convertible are already listed or listed on a regulated exchange recognised by the Authority.
- b. The Authority may approve the registration and admission to listing application of convertible debt instruments in circumstances not falling within paragraph (a) of this Article if it considers that the proposed offer of convertible debt instruments is in the interest of investors and that the investors have received the necessary information to arrive at an informed judgment concerning the underlying convertible debt instruments.
- c. Annex 5 to these Rules sets out the minimum information which must be included in a prospectus for convertible debt instruments. A prospectus for convertible debt instruments, which would be converted into shares which are not already listed, must contain, in addition to all of the information stipulated in Annex 5 to these Rules, the applicable information as required by Annex 4 to these Rules.
- d. The Authority approval of the prospectus of convertible debt instruments is regarded as approval of the shares conversion and admission to listing.

PART 4: REGISTRATION AND LISTING

Article 18: Underwriting

- a. The offer of securities must be fully underwritten by an underwriter authorised by the Authority.
- b. The underwriter must comply with the prudential rules issued by the Authority.
- c. The provisions of paragraphs (a) and (b) of this Article shall not apply to capitalisation issues.
- d. Debt instruments and convertible debt instruments will be regarded as fully underwritten if the settlement risk in relation to the issue of the instruments is underwritten by an underwriter authorised by the Authority.

Article 19: Application for registration and admission to listing and supporting documents

- a. An issuer seeking registration and admission to listing of its securities must submit an application to the Authority which contains the information required under these Rules and pay the fee set by the Authority.
- b. The issuer must submit with its application to the Authority an original copy (or certified where appropriate) of the following documents:
 - 1) the letter of appointment for the financial advisor;
 - 2) the letter of appointment for the legal advisor;
 - 3) the authorisation letters or powers of attorney of the representatives of the issuer empowering them to sign the prospectus;
 - 4) a working party list providing the contact details of the persons in charge whom are involved with the application at the issuer, the financial advisor and the legal advisor;
 - 5) a list containing the names and civil registry numbers (or the equivalent to it for non-Saudi nationals) of the directors and their relatives, senior executives and their relatives and shareholders;

- 6) a formal letter of application to registration and admission to listing signed by a representative of the issuer in the form set out in Annex 1 to these Rules;
- 7) a declaration by the issuer in the form set out in Annex 2 to these Rules;
- 8) a declaration and undertaking signed by the directors of the issuer and by each proposed director of the issuer in the form set out in Annex 3 to these Rules;
- 9) governmental approvals required by the relevant governmental agencies, where applicable;
- 10) the board of directors consent decision on submitting an application for registration and admission to listing;
- 11) the draft prospectus in Arabic;
- 12) all underwriting commitment letters;
- 13) the issuer's certificate of commercial registration and, where applicable, those of its subsidiaries, or equivalent in the case of a foreign issuer;
- 14) the issuer's articles of association and by-laws and all amendments to date (if any) and, where applicable, those of its subsidiaries;
- 15) the annual report and audited annual financial statements of the issuer and, where applicable, those of its subsidiaries for each of the three financial years immediately preceding submission of the application;
- 16) the latest interim financial statements produced since the date of the last annual report and the most recent audited financial statements;
- 17) a report by an external auditor on the working capital of the issuer for the 12 month period following the date of the publication of the prospectus;
- 18) the legal due diligence report issued by the legal advisor regarding the application;
- 19) the financial due diligence report regarding the application;
- 20) a presentation detailing the structure of the issuer and its subsidiaries, along with a detailed description of the most recent restructuring of the issuer (if applicable);

- 21) the market study detailing the latest industry information and market trends produced for inclusion in the prospectus;
 - 22) the letters of consent from all the advisors on the use of their names, logos and statements in the prospectus;
 - 23) a subscription application forms;
 - 24) a letter from the financial advisor and the issuer setting out the disclosure requirements under these Rules which are not applicable;
 - 25) a letter from the issuer's financial advisor in the form set out in Annex 7 to these Rules;
 - 26) a letter from the issuer's legal advisor in the form set out in Annex 8 to these Rules;
 - 27) in the case of debt instruments or convertible debt instruments, a copy of the debenture agreement or any other document constituting or securing a debt instrument must be included;
 - 28) the issuer's corporate governance code;
 - 29) an electronic copy of all the above mentioned documents (where applicable);
and
 - 30) any other documentation as it may be required by the Authority.
- c. Following the approval of the prospectus by the Authority and prior to the listing, the issuer must submit an original copy (or certified where appropriate) of the following documents to the Authority:
- 1) a prospectus in Arabic signed on every page by the representatives of the issuer whom are appointed as authorised signatories;
 - 2) 15 copies of the published prospectus in Arabic;
 - 3) 15 copies of the English translation of the prospectus;
 - 4) the securities allocation model;
 - 5) the latest reviewed interim financial statements (where applicable);

- 6) all signed underwriting, sub-underwriting and distribution agreements entered into in connection with the offer; and the subscription managing agreement;
 - 7) an updated and signed letter in the form set out in Annex 1 to these Rules; and
 - 8) an electronic copy of all of the above mentioned documents (where applicable).
- d. The issuer must retain copies of all documents required pursuant to this Article for a period not less than five years, and without prejudice to this period, in the event such documents relate to any litigation or claim (including any litigation pending or threatened) or any on-going investigations, the issuer must retain such documents until the closure of that litigation, claim or on-going investigation.
 - e. If the issuer has its securities already listed, paragraphs (c) and (d) of Article 11 of these Rules and sub-paragraphs 5), 13), 14), 15), 16) and 17) of paragraph (b) of this Article shall not apply to the application for registration and admission to listing of debt instruments or convertible debt instruments.

Article 20: Dormant applications

The Authority may, at its absolute discretion, cancel an application for registration and admission to listing of securities where such application has in the opinion of the Authority remained dormant. Should the issuer wish to continue such application, a new application must be made by the issuer in accordance with the application process set out in these Rules.

Article 21: The prospectus

- a. The prospectus must contain all information which is necessary to enable an investor to make an assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and must include information in relation to the number and price of the securities and any obligations, rights, powers and privileges attaching to them.
- b. Annex 4 to these Rules sets out the minimum information which must be included in a prospectus for shares.
- c. Annex 5 to these Rules sets the minimum information which must be included in a prospectus for debt instruments and convertible debt instruments.

- d. The prospectus must be in Arabic language.
- e. The draft prospectus must be annotated in the margin to indicate where the information required by the applicable paragraphs of these Rules has been included and any changes from any previous drafts must be clearly marked. Each draft prospectus must indicate the draft number and date of submission on its cover page.

Article 22: Approval of prospectus

- a. The prospectus must not be published and made available to the public without the approval of the Authority. The issuer may, after obtaining the written approval of the Authority, make the final draft prospectus available to such persons as the Authority may specify.
- b. Approval will be given only if the Authority is satisfied that the information contained in the prospectus is complete and fulfils the requirements under the Capital Market Law and these Rules.
- c. The Authority will review the prospectus within 45 days of receiving all information and documentation required.
- d. If, having reviewed the prospectus, the Authority considers that the proposed offer of securities may result in a breach of the Capital Market Law or its Implementing Regulations then it may take any of the following actions:
 - 1) carry out any enquiries which it considers appropriate;
 - 2) require the issuer or its representative to appear before the Authority to answer questions and explain any matters that the Authority considers relevant to the application;
 - 3) require the issuer or third parties to provide additional information or to confirm, in such manner as the Authority may specify, that the information provided is accurate; or
 - 4) defer making a decision for such period as may be reasonably necessary to carry out further study or examination.
- e. If, having taken action pursuant to paragraph (d) of this Article, the Authority determines that the offer to be made pursuant to the prospectus may result in a breach of the Capital Market Law or its Implementing Regulations, the Authority shall issue a “notification” to the issuer stating that the prospectus has not been approved, or publish a “notice” prohibiting the offer, sale or transfer of title of the securities to which the prospectus relates.

Article 23: Issues not requiring a prospectus

- a. A prospectus is not required for the issue of further securities by an issuer whose securities are already listed where:
 - 1) the securities to be issued would increase the securities of a class already listed by no more than 10% in any 12 month period. For the purpose of determining this percentage a series of issues in connection with a single transaction will be deemed a single issue, and a series of transactions that is regarded by the Authority as a single transaction will be deemed a single issue;
 - 2) shares issued as a result of capitalisation issue;
 - 3) an employee share scheme;
 - 4) shares issued as a result of the conversion of debt instruments convertible into shares already listed; or
 - 5) split of shares already issued.
- b. In the circumstances specified in paragraph (a) of this Article, application for registration and admission to listing, as specified by the Authority must be submitted to the Authority and the securities may not be issued in accordance with this Article prior to the approval of the application by the Authority.
- c. The issuer must disclose any issue made under this Article in the manner prescribed by the Authority.

Article 24: Supplementary prospectus

- a. The issuer must submit a supplementary prospectus to the Authority if at any time after the prospectus has been published and before listing, the issuer becomes aware that:
 - 1) there has been a significant change in material matters contained in the prospectus or any document required by these Rules; or
 - 2) additional significant matters have become known which would have been required to be included in the prospectus.
- b. A supplementary prospectus must contain the following:

- 1) details of the change or new matters in accordance with paragraph (a) of this Article;
 - 2) a declaration in the form specified at paragraph (10) of section (1) of Annex 4 to these Rules or paragraph (10) of section (1) of Annex 5 to these Rules, as the case may be;
 - 3) a declaration by the directors that there have been no significant changes in material matters nor additional significant matters have arisen other than what has been disclosed in the supplementary prospectus; and
 - 4) a declaration by the directors that a copy of the supplementary prospectus has been submitted to the Authority.
- c. Where a supplementary prospectus is submitted to the Authority under this Article, an investor who subscribed for securities prior to the announcement of the supplementary prospectus is permitted to rescind or amend his subscription for such securities prior to the end of the offering period.

Article 25: Publication of prospectus and formal notices

- a. The issuer must publish the prospectus and must ensure that it is made available to the public at least 14 days prior to the start of the offering.
- b. As an exception from paragraph (a) of this Article , an issuer must publish the prospectus and must ensure that it is made available to the public at least 14 days prior to the general assembly meeting where an offering of a rights issue is to be made.
- c. The prospectus and any supplementary prospectus shall be made available to the public as follows:
 - 1) in printed form, free of charge, at the offices of the Exchange, the issuer's registered office, the head office of the financial advisor, the offices of the financial advisor and the offices of any authorised persons whom are placing or selling the securities to which the prospectus relates; and
 - 2) in electronic form, on the websites of the issuer, the Exchange, the Authority and the financial advisor.
- d. Printed copies of the prospectus or supplementary prospectus both in Arabic and English must be made available free of charge and in sufficient numbers to satisfy public demand.

e. Where an issuer has published an announcement after the publication of the prospectus in a local newspaper, the announcement must contain at least the following:

- 1) the name and commercial registration number of the issuer;
- 2) the securities that are the subject of the application for registration and admission to listing and their value, type and class;
- 3) the addresses and locations where the public may obtain the prospectus;
- 4) the date of publication of the prospectus;
- 5) a statement that the announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities;
- 6) the names of the subscription lead manager, underwriter, financial advisor, legal advisor and receiving agents;
- 7) a statement of the total value of securities that could be issued under an issuance programme (if applicable); and
- 8) a disclaimer as follows:

“The Capital Market Authority and the Saudi Stock Exchange (Tadawul) take no responsibility for the contents of this announcement, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this announcement.”

Article 26: Dissemination of information

- a. The Authority may require the publication of further information by, or impose additional continuing obligations on, the issuer where it deems this appropriate. The Authority will notify the issuer of its intentions in this regard and will allow representations by the issuer before imposing any such requirements or obligations.
- b. Except as permitted in paragraph (c) of this Article, information that is required to be disseminated pursuant to these Rules must not be given to a third party before the information has been filed with the Authority and has been published.
- c. The issuer may disclose information that is required to be disseminated pursuant to these Rules before the information has been filed with the Authority and has been published to any of the following persons:

- 1) the issuer's advisors to the extent necessary for those advisors to provide advice in relation to these Rules;
- 2) the issuer's agent employed to release the information; and
- 3) persons with whom the issuer is negotiating with a view to effecting a transaction or raising finance, including prospective underwriters of an issue of securities or lenders.

The issuer must advise the above mentioned persons in writing that the information is confidential and that they must not deal in the issuer's securities (or any other related securities) before the information has been made available to the public.

d.

- 1) where, in the opinion of the issuer, disclosure of any matter required by these Rules would be unduly detrimental to the issuer, and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question, the issuer may apply for a waiver from the relevant requirement. The issuer must in that case provide to the Authority on a strictly confidential basis a statement of the requested waiver together with the reasons why the issuer believes that the information should not be disclosed at that time.
- 2) if the Authority approves the application for a waiver, the Authority may at any time require the issuer to disclose any information in relation to the waiver.

Article 27: Application to employee share schemes

Where an issuer's application for registration and admission to listing includes distribution of shares which are not already listed to employees through an employee share scheme, the following requirements must be fulfilled:

- 1) subscription to such shares is restricted to directors and employees of the issuer or its subsidiaries;
- 2) the issuer must ensure that the total number of shares to be issued under the scheme does not exceed 15% of the paid-up capital of the issuer at any time; and
- 3) the scheme must be approved by a resolution passed in an extraordinary general assembly of the issuer.

Article 28: Registration and admission to listing

The Authority shall register and admit the listing of securities when it is satisfied that all the relevant requirements under the Capital Market Law and these Rules have been fulfilled.

PART 5: CAPITAL INCREASE FOR ISSUER OF LISTED SECURITIES

Article 29: Application submission for capital increase of issuers of listed securities and supporting documents

- a. Where an issuer wishes to register and admit to listing new shares of a class already listed, either by way of rights issue, capitalisation issue, acquisition of a company or asset purchase, it must obtain the Authority's approval prior to calling for the issuer's extraordinary general assembly meeting.
- b. The provisions of Article 19 of these Rules shall not apply to capitalisation issues.
- c. Paragraphs (c) and (d) of Article 11 and sub-paragraphs 5), 13), 14), 15), 16), and 17) of paragraph (b) and sub-paragraph 5) of paragraph (c) of Article 19 of these Rules shall not apply to rights issues.
- d. Paragraph (c) and (d) of Article 11 and sub-paragraph 5), 12), 13), 14), 15), 16), 17), 18), and 19) of paragraph (b) and sub-paragraph 5) of paragraph (c) of Article 19 of these Rules shall not apply to capital increase for acquisition of a company or purchasing an asset.
- e. An issuer must not issue shares of the same class as the shares that are listed for a period of six months following the date of the most recent listing of the shares.

Article 30: Conditions related to issuance of rights issues

- a. Where an issuer wishes to apply to the Authority for registration and admission to listing of a rights issue the following conditions must be satisfied:
 - 1) details of the proceeds of any previous rights issues must be provided and such details must be compared with the disclosure made under the previous prospectus;
 - 2) details of any qualifications made in the audited financial statements for the preceding financial year must be provided;
 - 3) all greenfield projects must include a feasibility study for the proposed project; and
 - 4) no more than 25% of the issuance total proceeds can be used for general investment purposes.
- b. The issuer must set out in the rights issue prospectus the following:

- 1) the purpose of the issuance of the proposed rights issue;
 - 2) the total proceeds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds;
 - 3) the total proceeds raised on the most recent rights issue, its breakdown and description as well as the use, or (where applicable) the expected use of such proceeds not yet utilised,; and
 - 4) any additional information required by the Authority to be provided in the prospectus as it deems appropriate.
- c. The issuer must provide to the Authority a quarterly report specifying the use of the proceeds raised through the rights issue, and announce to the public the development in the use of proceeds.

Article 31: Conditions related to capitalisation issues

- a. Where an issuer wishes to increase its capital by way of a capitalisation issue, it must submit to the Authority, a letter of application that includes the minimum information set out in Annex 9 to these Rules.
- b. If the Authority approves the issuer's capital increase by way of a capitalisation issue, the approval of the extraordinary general assembly must be obtained during (6) months succeeding the approval of the Authority. If the assembly's approval is not obtained during such time, the Authority's approval shall be deemed to be cancelled and the issuer will be required to resubmit its letter of application.

Article 32: Conditions related to capital increase for acquiring a company or purchasing an asset:

Where the purpose of a capital increase is to acquire a company or purchase or an asset, the following additional requirements must be complied with as applicable:

- 1) the issuer must submit to the Authority a report prepared by the issuer's financial advisor comprising the issuer's valuation and a valuation of the target company to be acquired or the asset to be purchased;
- 2) the issuer must submit to the Authority a financial due diligence report and a legal due diligence report issued by the legal advisor for the target company to be acquired or assets to be purchased; and
- 3) the prospectus shall include:

- a) the general structure of the transaction;
- b) the rationale behind the acquisition or purchase;
- c) an outline of the business of the target company to be acquired and market details of its relevant industry and trends;
- d) a management discussion and analysis section on the target company to be acquired or the target asset to be purchased;
- e) annual audited financial statements for the past three years (if any) preceding the date of the application for the target company to be acquired;
- f) disclosure of any related parties;
- g) pro forma financial statements reflecting the financial position of the issuer following the acquisition or the purchase;
- h) any change in the issuer or the target company to be acquired as a result of the transaction (including changes to the board or senior executives);
- i) the risk factors related to the acquisition transaction or to the asset to be purchased;
- j) the valuation of the company to be acquired or the asset to be purchased;
- k) the time period of the acquisition process; and
- l) the issuer's share price performance.

PART 6: CAPITAL REDUCTION FOR ISSUER OF LISTED SECURITIES

Article 33: Conditions related to issuer's capital reduction

Where an issuer wishes to reduce its share capital, it must submit an application to the Authority for its approval prior to obtaining an approval of the extraordinary general assembly of the issuer on the capital reduction. The application must be accompanied by the following:

- 1) the letter of appointment for the financial advisor;
- 2) the letter of appointment for the legal advisor;
- 3) an external auditor's report on the reasons for the capital reduction and the impact of the capital reduction on the issuer's liabilities; and
- 4) the proposed method of capital reduction and the expected effect of such reduction.
- 5) any other documentation as it may be required by the Authority.

PART 7: COMPLIANCE WITH THE LISTING RULES

Article 34: Compliance with the Listing Rules

- a. The issuer must comply with these Rules and must provide to the Authority without delay all information, explanations, books and records and forms that the Authority may require, which must be complete, clear, accurate and not misleading.
- b. The directors, senior executives and advisors of the issuer must comply with requests of the Authority to appear before it in order to assist in any enquiry relating to compliance with these Rules.

Article 35: Power to suspend or cancel listing

- a. The Authority may at any time suspend or cancel the listing as it deems fit, in any of the following circumstances:
 - 1) the Authority considers it necessary for the protection of investors or the maintenance of an orderly market;
 - 2) the issuer fails, in a manner which the Authority considers material, to comply with the Capital Market Law and its Implementing Regulations including a failure to pay on time any fees or fines due to the Authority;
 - 3) the liquidity requirements set out in paragraph (a) of Article 13 of these Rules are no longer met;
 - 4) the Authority considers that the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued trading of its securities on the Exchange;
 - 5) the Authority considers that the issuer or its business is no longer suitable to warrant the continued listing of its securities on the Exchange; or
 - 6) in the case of cross-listed securities, the listing of the foreign issuer's securities has been suspended or cancelled elsewhere.
- b. An issuer whose securities are subject to a suspension must continue to comply with the Capital Markets Law and its Implementing Regulations.
- c. Where a suspension of an issuer continues for 6 months, without the issuer taking appropriate action to resume its trading, the Authority may cancel the listing.

- d. Upon an announcement of an extraordinary general assembly's approval of the issuer on a capital increase resulting in a reverse takeover, the listing of the issuer's shares shall be cancelled. The issuer must submit a new application for registration and admission to listing in accordance with these Rules, should it wish to list its securities.

Article 36: Voluntary cancellation or suspension of listing

- a. An issuer whose securities have been admitted to listing may not suspend or cancel the listing of its securities on the Exchange without the prior approval of the Authority. The issuer must provide the following to the Authority:
 - 1) specific reasons for the request for the suspension or cancellation;
 - 2) a copy of the form of the announcement described at paragraph (c) of this Article; and
 - 3) if the cancellation is to take place as a result of a takeover or other corporate action by the issuer, a copy of the relevant documentation and a copy of each related communication to shareholders.
- b. Once approval from the Authority has been obtained for the cancellation of listing, an issuer must obtain the consent of its extraordinary general assembly.
- c. Where a suspension or cancellation is made at the issuer's request, the issuer must announce as soon as possible the reason for the suspension or cancellation, the anticipated period of the suspension, the nature of the event resulting in the suspension or the cancellation which affects the issuer's activities.
- d. The Authority may accept or reject the request for suspension or cancellation in its discretion.

Article 37: Temporary trading halt

- a. An issuer may request a temporary trading halt upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under these Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period.
- b. To enable the Authority to assess the need for the trading halt and the appropriate duration of the trading halt the request must be supported by:
 - 1) specific reasons for the request for the trading halt and the duration of the requested trading halt; and

- 2) a copy of the announcement described at paragraph (c) of this Article.
- c. Where a trading halt is made at the issuer's request, the issuer must announce, as soon as possible, the reason for the trading halt, the anticipated period of the trading halt, the event affecting the issuer's activities.
 - d. The Authority may accept or reject the request for trading halt in its discretion.
 - e. The Authority may impose a trading halt without a request from the issuer where the Authority becomes aware of information or circumstances affecting the issuer's activities which the Authority considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to a trading halt must continue to comply with the Capital Markets Law and its Implementing Regulations.
 - f. A trading halt will be lifted following the lapse of the period referred to in the announcement specified in paragraph (c) of this Article, unless the Authority decides otherwise.

Article 38: Lifting of suspension

- a. Where a listing has been suspended, the lifting of such suspension will depend on:
 - 1) the events which led to the suspension have been sufficiently remedied, and the suspension is no longer necessary for the protection of investors; and
 - 2) the issuer complying with any other conditions that the Authority may require.
- b. The Authority may lift a suspension even where the issuer has not requested it.

Article 39: Re-registering and admission to listing of cancelled securities

An issuer is required to submit a new application for registration and admission to listing in order to re-registering and admission to list securities which have been cancelled.

PART 8: CONTINUING OBLIGATIONS

Article 40: Clear fair and not misleading disclosure

- a. All disclosures made by an issuer to the public and to the Authority must be complete, clear, accurate and not misleading.
- b. Without prejudice to paragraph (a) of Article 37 of these Rules, disclosures to the public of any information or material developments required pursuant to this Part must be made at least half an hour before the start of the trading period.
- c. Where, in the opinion of the issuer, disclosure of any matter required by these Rules would be unduly detrimental to the issuer, and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question, the issuer may apply for a waiver from the relevant requirement. The issuer must in that case provide to the Authority on a strictly confidential basis a statement of the requested waiver together with the reasons why the issuer believes that the information should not be disclosed at that time. If the Authority approves the application for a waiver, the Authority may at any time require the issuer to disclose any information in relation to the waiver.
- d. All information and material developments stated in this Part shall be deemed confidential. Before providing the Authority with such information and material developments and disclosing it, the issuer shall be prohibited from disclosing such information to parties not bound by a confidentiality obligation and an obligation to protect such information. An issuer must also take all necessary steps to prevent the leakage of any information and material developments before providing the Authority with such information and material developments and disclosing them as described in paragraph (b) of this Article.
- e. An issuer must determine the need to publish an announcement to the public in response to rumors related to any material development, and the Authority may require such publication to be made by the issuer as it sees appropriate.

Article 41: Material developments disclosure obligation

- a. An issuer must notify the Authority and the public without delay of any material developments in its sphere of activity which are not public knowledge and which may

affect the assets and liabilities or financial position or on the general course of business of the issuer or its subsidiaries and which may:

- 1) lead to movements in the price of the listed securities; or
- 2) significantly affect an issuer's ability to meet its commitments in respect of debt instruments.


In determining whether a development falls within the scope of this paragraph, an issuer must assess whether any investor would be likely to consider information about the development in making his investment decisions.

b. Material developments referred to in paragraph (a) of this Article which the issuer must disclose include, but are not limited to, the following:

- 1) any transaction to purchase, sell, lease or mortgage an asset at a price equal to or greater than 10% of the net asset of the issuer according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later.
- 2) any debt outside the issuer's ordinary course of business, of a value equal to or greater than 10% of the issuer's net assets; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 3) any losses equal to or greater than 10% of the issuer's net assets; according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 4) any significant change in the issuer's production environment or activity including but not limited to the availability of resources and the possibility of obtaining them;
- 5) any changes in the composition of the directors or to CEO's position of the issuer;
- 6) any dispute including any litigation, arbitration or mediation where the value involved is equal to or greater than 5% of the net assets of the issuer according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 7) any judicial decision issued against the board or any of the directors where the subject of the decision involved relates to the business of the board or any of the directors in the issuer;

- 8) the increase or decrease in the net assets of the issuer equal to or greater than 10% according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;
- 9) the increase or decrease in the gross profit of the issuer equal to or greater than 10% according to the latest audited annual financial statements;
- 10) the entering into, or the unexpected termination of, any contract with revenues equal to or greater than 5% of the gross revenues of the issuer according to the latest audited annual financial statements;
- 11) any transaction between the issuer and a related party or any arrangement through which the issuer and a related party invest in any project or asset or provide financing therefor if this transaction or arrangement is equal to or greater than 1% of the gross revenues of the issuer according to the latest audited annual financial statements; and
- 12) any interruption in the principal activities of the issuer or its subsidiaries equal to or greater than 5% of the gross revenues according to the latest audited annual financial statements.

Article 42: Disclosure of financial information

- a. The interim and annual financial statements of an issuer must be approved by the directors and signed by a director authorised by the directors and by the CEO and the CFO prior to their publication and circulation to shareholders and third parties.
- b. The interim and annual financial statements and the board of director's report referred to in Article 43 of these Rules must be filed with the Authority immediately upon approval by the directors.
- c. The issuer shall announce, through the electronic applications that the Authority will specify, its interim and annual financial statements immediately upon approval by the directors and such statements must not be published to the shareholders or third parties prior to their announcement in the Exchange.
-  d. The issuer must provide the Authority and announce to the shareholders its interim financial statements (which must be prepared and reviewed in accordance with the accounting standards approved by SOCPA) as soon as they have been approved and

within a period not exceeding 30 days after the end of the financial period included in such financial statements.



- e. The issuer must provide the Authority and announce to the shareholders its annual financial statements (which must be prepared and audited in accordance with the accounting standards approved by SOCPA) as soon as they have been approved and within a period not exceeding 3 months after the end of the annual financial period included in such financial statements. The issuer must provide the Authority and announce to the shareholders these annual financial statements not less than 15 calendar days before the date of convening the issuer's annual general assembly.
- f. An issuer must ensure that the external auditor that audits its financial statements and any of its partners comply with the SOCPA rules and regulations in relation to the ownership of shares or securities of the issuer or any of its subsidiaries in order to ensure the audit firm's independence and the independence of any partner or employee of that firm.

Article 43: Board of directors' report

The issuer must provide the Authority and announce to the shareholders within a period not exceeding 75 calendar days after the end of the annual financial period a report issued by the directors including a review of the operations of the issuer during the last financial year and of all relevant factors affecting the issuer's business which an investor requires to assess the assets, liabilities and financial position of the issuer. The board of directors' report must contain the following:

- 1) a description of the principal activities of the issuer and its subsidiaries. If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it;
- 2) a description of the issuer's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations of the issuer), the future prospects of the issuer's business and any risks facing the issuer;
- 3) information relating to any risks facing the issuer (whether it is operational, credit or market risk) and the issuer's risk management policy and its supervision.
- 4) a summary, in the form of a table or a chart, of the assets and liabilities of the issuer and of the issuer's business results for the last five financial years or from incorporation, whichever is shorter;
- 5) a geographical analysis of the issuer's gross revenues and its subsidiaries;

- 6) an explanation for any material differences in the operating results of the previous year or any announced forecast made by the issuer;
- 7) an explanation for any departure from the accounting standards approved by SOCPA;
- 8) the name of every subsidiary, its share capital, the issuer's ownership percentage in it, its main business, its principal country of operation and its country of incorporation;
- 9) the particulars of the issued shares and debt instruments of every subsidiary;
- 10) a description of the issuer's dividend policy;
- 11) a description of any interest in a class of voting shares held by persons (other than the issuer's directors, senior executives and their relatives) that have notified the issuer of their holdings pursuant to Article 44 of these Rules, together with any change to such interests during the last financial year;
- 12) a description of any interest, contractually based securities, and subscription rights of the issuer's directors, senior executives and their relatives in the shares or debt instruments of the issuer or any of its subsidiaries, together with any change to such interest or rights during the last financial year;
- 13) information relating to any borrowings of the issuer (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of the issuer and its subsidiaries together with any amounts paid by the issuer as a repayment of loans during the year, loan amount, its duration and the remaining amount. In case there are no loans outstanding for the issuer, the issuer must provide an appropriate statement;
- 14) a description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants or similar rights issued or granted by the issuer during the financial year, together with the consideration received by the issuer in return;
- 15) a description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the issuer;
- 16) a description of any redemption or purchase or cancellation by the issuer of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the issuer and those purchased by its subsidiaries;

- 17) the number of meetings of the directors held during the last financial year and the attendance record of each meeting listing names of the attendees;
- 18) a description of any transaction between the issuer and any related party
- 19) information relating to any businesses or contract to which the issuer is a party and in which a director of the issuer, the CEO, the CFO or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract or if there are no such businesses or contracts, the issuer must submit an appropriate statement;
- 20) a description of any arrangement or agreement under which a director or a senior executive of the issuer has waived any salary or compensation;
- 21) a description of any arrangement or agreement under which a shareholder of the issuer has waived any rights to dividends;
- 22) a statement of the value of any outstanding statutory payment on account of any zakat, taxes, fees or any other charges with a brief description and the reasons therefor;
- 23) a statement as to the value of any investments made or any reserves set up for the benefit of the employees of the issuer;
- 24) declaration that:
 - a) proper books of account have been maintained;
 - b) the system of internal control is sound in design and has been effectively implemented; and
 - c) there are no significant doubts concerning the issuer's ability to continue as a going concern;

if any of the statements above cannot be made, the report must contain a statement clarifying the reasons therefor;

- 25) information required to be disclosed by the Corporate Governance Regulations;

- 26) if the external auditor's report containing reservations on the relevant annual financial statements is qualified, the directors report must include such qualifications, its reasons and any related information; and
- 27) if the directors recommends that the external auditors should be changed before the elapse of the term it is appointed for, the report must contain a statement to that effect and the reasons for such recommendation.

Article 44: Duties of directors and senior executives

The directors and senior executives of an issuer must exercise their powers and carry out their duties in such a way as to serve the interest of the issuer.

Article 45: Notification related to substantial holdings in shares or convertible debt instruments

- a. Where a person is subject to one or more of the following events, the person must notify the issuer and the Authority at the end of the trading day of the occurrence of the relevant event:
 - 1) becoming the owner of, or interested in, 5% or more of any class of voting shares or convertible debt instrument of the issuer;
 - 2) the ownership or interest of the person referred to in sub-paragraph (1) of paragraph (a) of this Article increasing or decreasing by 1% or more of the shares, or convertible debt instruments of the issuer. Except where the increase or decrease was a result of capitalisation issue, capital increase for acquiring a company or purchasing an asset, issuer's capital reduction, or the issuance of rights issues where the person or any of the persons referred to in paragraph (b) of this Article did not trade or exercise their right to subscribe;
 - 3) a director or senior executive of the issuer becoming the owner of, or interested in, any rights in the shares or convertible debt instruments of that issuer; and
 - 4) the ownership or interest of any of the directors or senior executives of the issuer increasing or decreasing by 50% or more in the shares or convertible debt instruments that he or she owns in that issuer, or by 1% or more of the shares or convertible debt instruments of that issuer whichever is less. Except where the increase or decrease was a result of capitalisation issue, capital increase for acquiring a company or purchasing an asset, issuer's capital

reduction, or the issuance of rights issues where the person or any of the persons referred to in paragraph (b) of this Article did not trade or exercise their right to subscribe.

- b. For the purposes of this Article in calculating the total number of shares or convertible debt instruments in which a person is interested, that person will be deemed to be interested in any shares or convertible debt instruments owned by or controlled by any of the following persons:
 - 1) a relative of that person;
 - 2) a company controlled by that person; or
 - 3) any other persons with which that person has agreed to act in concert to acquire interest in or exercise voting rights in the shares or in the convertible debt instruments of the issuer.
- c. The Authority may disseminate any notification that it receives under this Article.
- d. The notice referred to in paragraph (a) of this Article shall be in accordance with a form prepared by the Authority and must contain at least the following information:
 - 1) the names of the persons who own or have the right to dispose of the subject shares or convertible debt instruments;
 - 2) details of the ownership process;
 - 3) details of any loans or financial support for the ownership process that the person has received from any other persons; and
 - 4) the ownership objective.
- e. In case of a change in the ownership or interest objective that was previously disclosed, the relevant person shall promptly notify the issuer and the Authority of such change and must not dispose of any shares or convertible debt instruments of that issuer except after the expiry of (10) days from the date of that notification.
- f. Without prejudice to the provisions of this Article, a person who has become an owner of or interested in 10% or more of any class of shares or convertible debt instruments of the issuer, must not dispose of the same without the approval of the Authority. The Authority may impose certain restrictions on such a disposal and specify its method.

Article 46: Notification related to securities

An issuer must notify the Authority and the public without delay of the following information:

- 1) any proposed change in the capital of the issuer;
- 2) any decision to declare, recommend to declare or pay dividends or to make any other distributions to the holders of its listed securities;
- 3) any decision not to declare, recommend not to declare or pay dividends which would otherwise have been expected to have been declared, recommended to declare or paid in the normal course of events;
- 4) any decision to call, repurchase, draw, redeem or propose to buy any of its securities and the total amount and value thereof;
- 5) any decision not to make payment in respect of debt instruments or convertible debt instruments; or
- 6) any change in the rights attaching to any class of listed shares or to the debt instruments convertible to such shares.

Article 47: Miscellaneous provisions

An issuer must notify the Authority and the public promptly of:

- 1) any change in the issuer's articles of association or the location of its principal office;
- 2) any change in its external auditors;
- 3) the presentation of any winding-up petition, the making of any winding-up order or the appointment of a liquidator in respect of the issuer or its affiliates under the Companies Law, or the commencement of any proceedings under the Bankruptcy Regulations;
- 4) the passing of a resolution by the issuer or its affiliates that it be dissolved or liquidated, or the occurrence of an event or termination of a period of time which would require the issuer to be put into liquidation or dissolution;
- 5) the making of any judgement, decision, order or declaration by a court or tribunal of competent jurisdiction, whether at first instance or on appeal,

which may adversely affect the issuer's utilisation of any portion of its assets which in aggregate value represents a value in excess of 5% or more of the net assets of the issuer according to the latest reviewed interim financial statements or audited annual financial statements, whichever is later;

- 6) the call for convening a general assembly and its agenda.

Article 48: Language of announcements, notifications and publications

- a. All announcements, notifications and publications must be in Arabic and the issuer may translate them to English.
- b. The Arabic language is the official language used to explain and interpret any and all announcements, notifications and publications. In case of contradiction between the Arabic version and the English version, the Arabic version shall prevail.

Article 49: Restrictions on share transactions

- a. Any person or group of persons specified in the prospectus as owning shares in the issuer as at the date of the prospectus must not dispose of any shares during a period of six months from the date on which its trading in the shares of the issuer first commences on the Exchange.
- b. Any person or group of persons specified in the prospectus as owning shares in the issuer as at the date of the prospectus must undertake that the registered holder shall not dispose of any of such shares in respect of which the prospectus states that he is or they are the beneficial owner for a period of six months from the date on which trading in the shares first commences on the Exchange. A person shall be treated as a beneficial owner of shares if he has the ultimate beneficial ownership or control of the shares, whether through a chain of companies or otherwise.
- c. The Authority may require that any person or group of persons specified in the prospectus as owning shares as at the date of the prospectus comply with paragraphs (a) and (b) of this Article for a period longer than six months where it considers that this is for the protection of investors.
- d. Shares granted to the persons described in paragraphs (a) and (b) of this Article as a result of a capital increase by way of a capitalisation issue must not be disposed for a period of six months in accordance with this Article.

- e. At the end of any period prescribed under paragraph (a), b) or (c) of this Article, the person or group of persons specified in the prospectus as owning shares as at the time of the prospectus must obtain the Authority's prior approval in order to dispose of such shares.

Article 50: Prohibition on dealings by directors and senior executives

- a) The directors and senior executives of the issuer and any person related to them may not deal in any securities of the issuer during the following periods:
 - 2) during the 15 calendar days preceding the end of the financial quarter and until the date of the announcement of the reviewed interim financial statements of the issuer; and
 - 3) during the 30 calendar days preceding the end of the financial year and until the date of the announcement of the reviewed interim financial statements or the audited annual financial statements of the issuer.
- b) Prohibition referred to in paragraph (a) of this Article shall not apply to exercising the subscription's right in rights issues and the sale of such rights.
- c) Where a director or a senior executive of the issuer resigns during any of the periods referred to in paragraph (a) of this Article, this period (where applicable) shall apply to the resigning director or senior executive, and any person related to them.

Article 51: Provision of documents to the Authority

The issuer must send copies to the Authority of the circulars sent to shareholders and all documents relating to acquisitions, mergers and offers, notices of meetings, reports, announcements or other similar documents, promptly after they are issued.

Article 52: Fees

An issuer whose securities are registered and admitted to listing is required to pay such fees to the Authority as the Authority specifies.

PART 9: PUBLICATION AND ENTRY INTO FORCE

Article 53: Publication and Entry into Force

These Rules shall become effective upon their publication.

ANNEX 1
CONTENT OF APPLICATION
FOR REGISTRATION AND ADMISSION TO LISTING

The following information must be provided in the application for registration and admission to listing:

First: Shares

- Issued shares
- Number
- Class
- Nominal value per share (SAR)
- Amount paid up per share (SAR)
- Total amount paid up for issued shares

Second: Debt instruments and convertible debt instruments

- Number
- Class
- Nominal Value
- Redemption value
- Total nominal value of the debt instruments

Third: Ownership of shares

- Number of holders of shares
- Number of securities
- Directors of the issuer
- Substantial shareholders
- Shares in public hands
- Shares in hands of employees
- Shares in hands of directors

Four: Type of issue for which application is being made

- Number or value of securities for which application is being made
- Description of securities for which application is being made
- Are the securities for which application is made identical in all respects? If not, how do they differ and when will they become identical?
- Details of documents of title

The application must contain an authorisation in the form below:

“The issuer hereby authorises the Authority to exchange any relevant information with the authorities, agencies or bodies having responsibility for the supervision of financial services or any other relevant authorities.”

ANNEX 2
ISSUER'S DECLARATION

To: The Authority

We, being directors of _____ (insert name of "issuer") (the issuer), hereby jointly and severally declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case) the issuer:

1. has satisfied all the relevant conditions for registration and admission to listing and all other relevant requirements of the Capital Market Law and the Listing Rules;
2. has included all the information required to be included in the prospectus pursuant to the Capital Market Law and the Listing Rules; and
3. has or will supply all the documents required by the Capital Market Law and the Listing Rules.

We confirm that there are no other facts bearing on the issuer's application for registration and admission to listing which in our opinion, should have been disclosed to the Authority. We further confirm that we:

1. have read and understood the Capital Market Law and the Listing Rules and the Offers of Securities Regulations;
2. have understood the nature of our responsibilities and obligations as directors of a company whose securities are listed; and
3. have understood in particular what is required of us to enable holders of the listed securities and the public to appraise the issuer.

We acknowledge that the issuer's securities will be entitled to remain listed only if the securities comply with the applicable requirements of the Listing Rules and the issuer complies with these requirements. We hereby jointly and severally undertake and agree to comply with the Capital Market Law and the Listing Rules and other rules from time to time issued by the Authority and in particular undertake and agree to comply with the continuing obligations vis-à-vis the Authority set out in the relevant part of the Capital Market Law and the Listing Rules. We further jointly and severally undertake to use our best endeavours to procure that the issuer shall also comply with the Capital Market Law and the Listing Rules and other rules from time to time issued by the Authority. We acknowledge the power of the Authority to suspend or cancel the listing of the issuer's securities and to take other actions in accordance with its rules.

We jointly and severally confirm that the funds raised through the offer of any securities shall be utilised in accordance with the reasons disclosed in the relevant prospectus, unless we

inform the Authority and the shareholders otherwise and obtain their approval for any alternative use. We further confirm that the financial information in the relevant prospectus has been extracted without material adjustment from the audited financial statements, and that such financial statements have been prepared and audited in accordance with the auditing standards issued by ("please insert the accounting standard")

We hereby authorise the Authority to exchange any relevant information with the authorities, agencies or bodies having responsibility for the supervision of financial services or other relevant authorities.

Signed on behalf of the issuer: the directors

Name: _____

Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

Name: _____

Signature: _____

Date: _____

ANNEX 3
DIRECTOR'S DECLARATION

Each director (or comparable official) of an issuer must sign and submit a declaration containing the following information:

1. Name.
2. Passport / Civil Registry number.
3. Date of birth.
4. Residential address.
5. Nationality.
6. Professional and academic qualifications, if any.
7. Business experience during the last five years (to include name of the company, the nature of its business, dates of employment and the positions held).
8. Are you a director of any other company or a partner in any partnership? If yes, state the name of any such company or partnership, its legal status, the nature of its business, and date you became a director or partner.
9. Have you at any time been declared bankrupt in any jurisdiction? If so, state the court by which you were adjudged bankrupt and, if discharged, the date and conditions on which you were granted your discharge.
10. Have you at any time been a party to a deed of arrangement or made any other form of composition with your creditors?
11. Are there any unsatisfied judgements outstanding against you? If so, give full particulars.
12. Has any company been put into compulsory liquidation or has an administrator or an administrative or other receiver been appointed during the period when you were one of its directors? If so, give full particulars.
13. Has any partnership been put into compulsory liquidation or been sequestrated during the period when you were one of its partners? If so, in each case state the name, nature of business, date of commencement of winding up, administration or receivership and the amount together with an indication of the outcome or current position.

14. Have you at any time or has a company of which you were a director at the time of the offence been convicted in any jurisdiction of any offence involving fraud or dishonesty or an offence under legislation relating to companies or money laundering. If so, all such convictions must be disclosed together with the name of the court by which you were or the company was convicted, the date of conviction and full particulars of the offence and the penalty imposed.
15. Have you, in connection with the formation or management of any company, partnership or unincorporated institution been adjudged by a court in any jurisdiction civilly liable for any fraud, misfeasance or other misconduct by you towards it or towards any of its members? If so, give full particulars.
16. Have you ever been disqualified by a court from acting as a director of a company, or from acting in the management or conduct of the affairs of any company? If so, give full particulars.
17. Have you been refused membership or renewal of membership in any professional body, institution or association, or stock exchange or been censured or disciplined or had membership withdrawn by any such body to which you belong or belonged or have you held a practising certificate subject to conditions? If so, give full particulars.
18. A declaration in the following form:

“I, [Insert name] _____, being a director of _____
_____ [state name of company] (the “issuer”), declare
that to the best of my knowledge and belief (having taken all reasonable care to ensure
that such is the case) the answers to all the above questions are true and complete.
I hereby authorise the Authority to exchange any relevant information with the
authorities, agencies or bodies having responsibility for the supervision of financial
services or any other relevant authorities.”

ANNEX 4
CONTENTS OF A PROSPECTUS FOR SHARES

Inclusion of information in the prospectus

A prospectus submitted for shares registration and admission to listing must contain the information under the following sections at a minimum:

1. Cover page

This section must include the following information (where applicable):

- 1) the issuer's formation, incorporation and commercial registration information;
- 2) capital and number of shares;
- 3) a summary of the offer including share class and rights;
- 4) substantial shareholders;
- 5) targeted types of investors;
- 6) offer period and conditions;
- 7) Shares that have been listed prior to the particular offer by the issuer (if applicable);
- 8) a statement that the issuer has submitted the application for registration and admission to listing to the authority and that all requirements have been met;
- 9) a statement referring to the "Important Notice" and the "Risk Factors" under section (2) and section (10), respectively before making an investment decision; and
- 10) the following declaration:

"This prospectus includes information given in compliance with the Listing Rules of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The directors, whose names appear on page [], collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus"

2. Important notice

This section must include a notice which shows the purpose and the nature of information mentioned in the prospectus.

3. Corporate directory

This section must include the following:

- 1) issuer's and its representatives' contact information, including addresses, telephone and fax numbers, e-mail addresses, and the issuer's website.
- 2) the contact information, including addresses, telephone and fax numbers, and website and e-mail addresses, for each of the parties listed below, and any other expert to whom a statement or report included in the prospectus has been attributed:
 - (a) the financial advisor;
 - (b) the legal advisor;
 - (c) the external auditor;
 - (d) the underwriter;
 - (e) the authorised persons placing or selling the securities; and
 - (f) the issuer's commercial banks;

4. Offer summary

This section must include a disclaimer to the targeted investors on the importance of reading the prospectus prior to making an investment decision. The section must include the following information (where applicable):

- 1) the issuer's name, description and incorporation information;
- 2) the issuer's activities;
- 3) substantial shareholders showing their ownership percentages and number of shares pre- and post-offering;
- 4) the capital of the issuer;
- 5) issuer's total number of shares;

- 6) the nominal value per share;
- 7) the total number of offered shares;
- 8) the percentage of offered shares to the capital of the issuer;
- 9) the offer price;
- 10) the total value of offer;
- 11) the use of the proceeds;
- 12) the number of offer shares underwritten;
- 13) the value of offer shares underwritten;
- 14) types of targeted investors;
- 15) the total number of offered shares available to each type of targeted investors;
- 16) subscription procedure for each type of targeted investors;
- 17) the minimum number of shares to be subscribed for by each type of targeted investors;
- 18) the minimum value of shares to be subscribed for by each type of targeted investors;
- 19) the maximum number of shares to be subscribed for by each type of targeted investors;
- 20) the maximum value of shares to be subscribed for by each type of targeted investors;
- 21) allocation method and description of the process where an excess of subscription monies has been received for each type of targeted investors;
- 22) the offer period;
- 23) the rights to dividends;
- 24) voting rights;
- 25) restrictions on shares;
- 26) a statement regarding whether or not there has been a prior listing of the issuer's shares; and

- 27) a statement emphasising the importance of considering the “Important Notice” and “Risk Factors” under section (2) and section (10), respectively prior to making an investment decision in the offered shares.

5. Key dates and subscription procedure

This section must include:

- 1) a timetable showing the expected dates of the offering; and
- 2) a description of the subscription procedure.

6. Summary of basic information

This section must include a summary of the basic information contained in the prospectus, including:

- 1) a disclaimer to investors about consideration of the prospectus as a whole, and not merely the summary;
- 2) a description of the issuer;
- 3) the issuer’s mission and overall strategy;
- 4) the issuer’s key strengths and competitive advantages; and
- 5) an overview of the market.

7. Summary of financial information

This section must include a summary of key financial information contained in the prospectus, including issuer’s operational performance, financial condition, cash flows, and key performance indicators.

8. Table of contents

This section must include the prospectus table of contents.

9. Terms and definitions

This section must include the terms and definitions used through the prospectus.

10. Risk factors

This section must include information in relation to risk factors specific to:

- 1) the issuer;

- 2) the market or industry in which the issuer operates; and
- 3) the securities being offered.

11. Market and industry information

This section must include information on market trends and industry information specific to the issuer's operations.

12. Issuer's background and business nature

This section must include the following information:

- 1) the official name, commercial registration number and the address shown in the commercial registration and, if different, the principal address of the issuer;
- 2) the date of incorporation of the issuer;
- 3) the authorised shares of the issuer, the number of shares issued or agreed to be issued, the value paid up, the nominal value and a description of the shares;
- 4) a description and organization chart of the group showing the issuer's position within that group (if applicable);
- 5) the general nature of the business of the issuer and the issuer's subsidiaries (if applicable) and details of the main products sold or services performed and an indication of any significant new products or activities;
- 6) if the issuer or the issuer's subsidiaries (if applicable) trades outside the Kingdom, a statement showing the location of such trading operations must be provided. Where a material portion of the issuer or the issuer's subsidiaries assets' are outside the Kingdom, the value and location of such assets and the value of the assets located in the Kingdom;
- 7) information concerning the policy of the issuer and the issuer's subsidiaries (if applicable) on the research and development of new products and production processes over the past three financial years, where significant;
- 8) particulars of any interruption in the business of the issuer and the issuer's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last 12 months;

- 9) the number of people employed by the issuer and the issuer's subsidiaries (if applicable) and any material changes to that number over the last two financial years, with a breakdown of persons employed by main categories of activity and by Saudization ratio; and
- 10) a statement that no material change in the nature of the business is contemplated or, if one is contemplated, a detailed description of that change and its impact on the issuer's business and profitability.

13. Organisational structure

This section must include the following information:

- 1) Management
 - (a) the issuer's organizational chart showing the directors structure, supervisory committees, and the functions of senior executives;
 - (b) the full names and description of the professional and academic qualifications and area of expertise and the date of appointment of all the directors or proposed directors (showing whether the director is independent or non-independent and executive or non-executive), in addition to the senior executives and the secretary of the board;
 - (c) details of other previous or current board positions held by all the directors or proposed directors, senior executives, and the secretary of the board. The details should include the name of the company, legal entity, membership dates, and the sector in which the company operates;
 - (d) details of any bankruptcies of each director or proposed director, senior executives, or the secretary of the board;
 - (e) details of any company insolvency in the preceding five years where any of the directors or proposed directors, senior executives, or the secretary of the board were employed by the insolvent company in a managerial or supervisory capacity;
 - (f) a statement showing the direct or indirect interests of each director or proposed director, senior executives, secretary of the board, and any of their relatives in the shares or debt instruments of the issuer or the issuer's subsidiaries (if applicable), or provide an appropriate negative statement;
 - (g) the aggregate remuneration and benefits in kind granted by the issuer or any affiliate during the three financial years prior to listing to the directors and the

five senior executives who received the highest payments, including the CEO and CFO if they were not within the top five;

- (h) a summary of existing or proposed service contracts, if any, of the directors, the CEO, and CFO;
- (i) full particulars of any contract or arrangement in effect or contemplated at the time of submission of the prospectus in which a director or senior executive or any of their relatives is interested in relation to the business of the issuer or the issuer's subsidiaries (if applicable), or provide an appropriate negative statement;
- (j) information about the issuer's directors committees, including the names of each committee member and a summary of the terms of reference under which the committee operates; and
- (k) information on the issuer's compliance with Corporate Governance Regulations.

2) Employees

- (a) any employee share schemes in place prior to the application for registration and admission to listing of the securities along with details on the aggregate amount of shares owned by the employees in the issuer; and
- (b) any other arrangements involving the employees in the capital of the issuer.

14. Financial information and management discussion and analysis

The information required below must be provided in relation to the issuer and the issuer's subsidiaries (if applicable) for the three financial years immediately preceding the application for registration and admission to listing as well as the period covered in the interim financial statements as per paragraph (c) of Article 11 of the Listing Rules:

- 1) comparative tables of financial information with commentary and analysis by management. The comparative tables must:
 - (a) be prepared on a consolidated basis;
 - (b) be extracted without material adjustment from audited financial statements; and
 - (c) include financial information presented in a form consistent with that which is adopted in the issuer's annual financial statements.

- 2) a report by certified external auditor to be prepared in accordance with the requirements of Annex 6 of the Listing Rules in any of the following circumstances:
 - (a) where the external auditors' report on the consolidated financial statements of the issuer for any of the last three financial years immediately preceding the application for registration and admission to listing has been qualified;
 - (b) where the issuer has undergone restructuring or an alteration in capital using external financing in the three financial years immediately preceding the date of application for registration and admission to listing;
 - (c) where any material change has been made to the accounting policies of the issuer; or
 - (d) where any material adjustment has been made or is required to be made to the published audited financial statements during the periods referred to in sub-paragraph (a) above.
- 3) details of holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the issuer's financial position.
- 4) the information required below must be provided in relation to the financial, operating performance, and results of operations:
 - (a) performance indicators;
 - (b) the financial, operating performance, and results of operations of the main lines of business;
 - (c) any seasonal or business cycles which affect the business or the financial condition;
 - (d) an explanation of any material changes from year to year in the financial information;
 - (e) information regarding any governmental, economic, fiscal, monetary or political policies or other factors that have materially affected, or could materially affect, directly or indirectly, the operations;
 - (f) the funding structure;

- (g) particulars of any alterations in the capital of the issuer, or where material, any of the issuer's subsidiaries (if applicable) within the three years immediately preceding the date of application for registration and admission to listing. Such particulars must state the price and terms of any issues by the issuers or its subsidisers; and
 - (h) a table showing any capital of the issuer or any subsidiary which is under option, including the consideration for which the option was granted, and the price and duration of the option, and the name and address of the grantee, or provide an appropriate negative statement.
- 5) property, plant and equipment
 - (a) a breakdown of any existing material fixed assets, including leased properties;
 - (b) an explanation of the issuer's depreciation policy and any changes contemplated in that policy; and
 - (c) any planned material fixed assets, including leased properties.
- 6) in relation to debt, a statement on a consolidated basis as at the most recent date must be prepared covering the following:
 - (a) a breakdown and classification of any debt instruments issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the pledge is provided by the issuer or by third parties) and unsecured loans, or provide an appropriate negative statement;
 - (b) a breakdown and classification of all other borrowing or indebtedness, including bank overdrafts, liabilities under acceptances, acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowing and debt, or provide an appropriate negative statement;
 - (c) a breakdown and classification of all mortgages, rights and charges on the issuer, and its subsidiaries' properties, or provide an appropriate negative statement; and
 - (d) a breakdown of any contingent liabilities or guarantees, or provide an appropriate negative statement.
- 7) a working capital statement in accordance with paragraph (f) of Article 11 of the Listing Rules.

- 8) a statement by the directors of any material adverse change in the financial or trading position in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus, or provide an appropriate negative statement.
- 9) particulars of any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the issuer or any of the issuer's subsidiaries (if applicable), together with the names of any directors, proposed directors, senior executives, persons offering or placing the securities or experts who received any such payment or benefit, or provide an appropriate negative statement.

15. Dividend policy

This section must include an explanation of the issuer's dividend policy, as well as details on any dividend payments made during the last three years.

16. Use of proceeds and future projects

- a. This section must include an estimate of the proceeds of the offer and the offer expenses and a statement as to how such proceeds are intended to be used.
- b. Where the proceeds are to be used to fund future projects, the nature of these projects should be described and the following information included:
 - 1) future projects' key milestones and timetable; and
 - 2) an estimate and breakdown of future projects costs, showing the stage in which such costs will be incurred, in addition to details regarding the sources of financing.

17. Post listing undertakings

This section must include all undertakings the issuer and its Board of Directors must fulfil post listing.

18. Statements by experts

Where the prospectus includes a statement made by an expert, a statement should be included specifying the qualifications of the expert and whether such expert or any relative has any shareholding or interest of any kind in the issuer or any of its subsidiaries. In addition, the statement should confirm that the expert has given and not withdrawn his written consent to the publication in the prospectus of the expert's statement included in the form and context in which it is included.

19. Declarations

The directors of the issuer must make the following declarations:

- 1) other than what has been mentioned on page (●) of this prospectus, there has not been any interruption in the business of the issuer or any of the issuer's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last 12 months.
- 2) other than what has been mentioned on page (●) of this prospectus, there has not been any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the issuer or any of the issuer's subsidiaries (if applicable).
- 3) other than what has been mentioned on page (●) of this prospectus, there has not been any material adverse change in the financial or trading position of the issuer or its subsidiaries (if applicable) in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus.
- 4) other than what is mentioned on page (●) of this prospectus, they do not have any shareholding or interest of any kind in the issuer or any of the issuer's subsidiaries (if applicable), and nor does any relative of theirs.

20. Legal information

This section must include the following legal information:

- 1) a summary of the provisions of the issuer's by-laws and other constitutional documents, including but not limited to:
 - (a) the object clause;
 - (b) provisions relating to the issuer's administrative, management and supervisory bodies;
 - (c) provisions relating to the rights and restrictions attached to the issuer's securities;
 - (d) provisions governing the alteration of share rights or classes;
 - (e) provisions governing the conduct of general assembly meetings;
 - (f) provisions governing liquidation and winding up;
 - (g) any power enabling a director or the CEO to vote on a contract or proposal in which he has an interest;
 - (h) any power enabling a director or the CEO to vote on remuneration to themselves; and
 - (i) any powers allowing the directors or the senior executives to borrow from the issuer.
- 2) a summary of all material contracts.
- 3) a summary of all related party contracts.
- 4) in relation to the issuer and its subsidiaries (if applicable), the following must be included:
 - (a) particulars of any intangible assets such as trademarks, patents, copyright or other intellectual property rights which are material in relation to the issuer's or any of its subsidiaries (if applicable) business or profitability, and a statement regarding the extent to which the issuer or any of its subsidiaries (if applicable) is dependent on such assets; and
 - (b) particulars of any litigation or claim (including any litigation pending or threatened) or any on-going investigations which may have a material effect on the issuer's or any of its subsidiaries business or financial position, or an appropriate negative statement.

5) as to the shares that are the subject of the application, a description of the rights of the holders of the shares must be provided, as follows:

(a) the voting rights, rights to dividends, rights to redemption or repurchase or to surplus assets on liquidation, winding up or otherwise, and all other significant information regarding the rights of the holders of such shares; and

(b) a summary of the approvals necessary for the variation of such rights.

21. Underwriter

This section must include information about the underwriter of the offer, as follows:

- 1) the name and address of the underwriter; and
- 2) the principal terms of the underwriting agreement, including the compensation arrangement between the issuer and the underwriter.

22. Expenses

This section must include details of the aggregate offer expenses.

23. Waivers

This section must include details on all requirements that have been waived for the issuer by the Authority.

24. Information concerning the shares and terms and conditions of the offer

This section must include the following information:

- 1) a statement that application has been made to the Authority for registration and admission to listing;
- 2) the type and total value of the offer including the number of shares being offered;
- 3) the offer price and the nominal value of each share;
- 4) the subscription method;
- 5) the offer period and conditions;
- 6) the method of allocation of the shares and refund of excess monies;

- 7) when and under what circumstances the offer may be suspended;
- 8) a description of the resolutions, and approvals by virtue of which the shares will be offered;
- 9) details of any lock-up arrangement in place restricting the disposal of particular shares; and
- 10) if a public or private offer has been or is being made simultaneously on the markets of two or more countries at the same time, and if a tranche has been or is being reserved for certain of these markets, details of any such offer or tranche must be provided.

25. Price dilution

If the offer is a result of an increase in the issuer's capital, this section must include information on the price dilution effects and its impact on the shareholders.

26. Subscription Declarations

This section must include information on the subscription declarations, allocation process, and the Exchange details.

27. Documents available for inspection

This section must include information in relation to the place in the Kingdom at which the following documents may be inspected and the period of time during which the inspection may take place (being not less than 20 days before the end of the offer period):

- 1) the by-laws and other constitutional documents of the issuer;
- 2) any document or order granting permission to offer securities to the public;
- 3) each contract disclosed pursuant to sub-paragraph (i) of paragraph (1) of section (13) this Annex or, if the contract is not produced in writing, a memorandum giving full particulars of the agreement;
- 4) the valuation report of the issuer's securities;
- 5) all other reports, letters, documents or statements by any expert any part of which is extracted or referred to in the prospectus; and
- 6) the audited financial statements of the issuer and its subsidiaries (if applicable) and the consolidated audited financial statements of the issuer

for each of the three financial years immediately preceding the date of the publication of the prospectus, in addition to the most recent interim financial statements.

28. External auditor's report

The issuer's consolidated audited financial statements for the three years immediately preceding the date of the publishing the prospectus, in addition to the most recent interim financial statements.

ANNEX 5
CONTENTS OF A PROSPECTUS FOR DEBT INSTRUMENTS AND
CONVERTIBLE DEBT INSTRUMENTS

Inclusion of information in the prospectus

A prospectus submitted for registration and admission to listing of debt instruments and convertible debt instruments must contain the information under the following sections at a minimum:

1. Cover page

This section must include the following information (where applicable):

- 1) the issuer's formation, incorporation and commercial registration information;
- 2) capital and number of shares;
- 3) a summary of the offer including debt instruments details and rights;
- 4) substantial shareholders;
- 5) target participants;
- 6) offer period and conditions;
- 7) Shares and debt instruments that have been listed prior to the particular offer by the issuer (if applicable);
- 8) a statement that the issuer has submitted the application for admission to listing to the authority and that all requirements have been met;
- 9) a statement referring to the "Important Notice" and the "Risk Factors" under section (2) and section (9), respectively before making an investment decision; and
- 10) the following declaration:

"This prospectus includes information given in compliance with the Listing Rules of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The directors, whose names appear on page [], collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this prospectus, do not make any representation as to

its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus”

2. Important notice

This section must include a notice which shows the purpose and the nature of information mentioned in the prospectus.

3. Corporate directory

This section must include the following:

- 1) issuer’s and its representatives’ contact information, including addresses, telephone and fax numbers, e-mail addresses, and the issuer’s website.
- 2) the contact information, including addresses, telephone and fax numbers, and website and e-mail addresses, for each of the parties listed below, and any other expert to whom a statement or report included in the prospectus has been attributed:
 - (a) the financial advisor;
 - (b) the legal advisor;
 - (c) the external auditor;
 - (d) the lead underwriter;
 - (e) the authorised persons placing or selling the securities; and
 - (f) the issuer’s commercial banks.

4. Offer summary

This section must include a disclaimer to the target investors on the importance of reading the prospectus prior to making an investment decision. This section must include the following information (where applicable):

- 1) the issuer’s name, description and incorporation information;
- 2) the issuer’s activities;
- 3) substantial shareholders showing their ownership percentages and number of shares pre- and post offering.
- 4) the capital of the issuer;
- 5) the issuer’s total number of shares;
- 6) the nominal value for offered debt instrument;

- 7) the use of proceeds;
- 8) types of targeted investors;
- 9) subscription method for each type of targeted investors;
- 10) the minimum number of offer debt instruments to be subscribed for by each type of targeted investors;
- 11) the minimum value of offer of debt instruments to be subscribed for by each type of targeted investors;
- 12) the maximum number of offer debt instruments to be subscribed for by each type of targeted investors;
- 13) the maximum value of offer debt instruments to be subscribed for by each type of targeted investors;
- 14) allocation method and description of the process where an excess of subscription monies has been received for all types of targeted investors;
- 15) the offer period;
- 16) full information of rights granted to holders of the debt instruments;
- 17) debt instruments particulars;
- 18) details of repayment related dates including final maturity date and early repayment dates, specifying whether exercisable at the issuer's or the holder of debt instruments' request and the date from which payments are due to start;
- 19) restrictions on debt instruments;
- 20) details of the arrangements for transfer of the debt instruments
- 21) the names and addresses of the paying agents, and any registrar and transfer agents for the debt instruments
- 22) details of the early redemption of the debt instruments; and
- 23) a statement referring to the "Important Notice" and the "Risk Factors" under section (2) and section (9), respectively before making an investment decision; and

5. Summary of basic information

This section must include a summary of the basic information contained in the prospectus, including:

- 1) a disclaimer to investors about consideration of the prospectus as a whole, and not merely the summary;
- 2) a description of the issuer;
- 3) the issuer's mission and overall strategy;
- 4) the issuer's key strengths and competitive advantages; and
- 5) an overview of the market.

6. Summary of financial information

This section must include a summary of key financial information contained in the prospectus, including issuer's operational performance, financial condition, cash flows and key performance indicators.

7. Table of contents

This section must include a table of contents.

8. Terms and definitions

This section must include the terms and definitions used through the prospectus.

9. Risk factors

This section must include information in relation to risk factors specific to:

- 1) the issuer;
- 2) the market or industry in which the issuer operates; and
- 3) the securities being offered.

10. Market and industry information

This section must include information on market trends and industry information specific to the issuer's operations.

11. Issuer's background and business nature

This section must include the following information:

- 1) the official name, commercial registration number and the address shown in the commercial registration and, if different, the principal address of the issuer;

- 2) the date of incorporation of the issuer;
- 3) the authorised shares of the issuer, the number of shares issued or agreed to be issued, the value paid up, the nominal value and a description of the shares;
- 4) a description and organization chart of the group showing the issuer's position within that group (if applicable);
- 5) the general nature of the business of the issuer and the issuer's subsidiaries (if applicable) and details of the main products sold or services performed and an indication of any significant new products or activities;
- 6) if the issuer or the issuer's subsidiaries (if applicable) trades outside the Kingdom, a statement showing the location of such trading operations must be provided. Where a material portion of the issuer or the issuer's subsidiaries assets' are outside the Kingdom, the value and location of such assets and the value of the assets located in the Kingdom;
- 7) information concerning the policy of the issuer and the issuer's subsidiaries (if applicable) on the research and development of new products and production processes over the past three financial years, where significant;
- 8) particulars of any interruption in the business of the issuer and the issuer's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last 12 months;
- 9) the number of people employed by the issuer and the issuer's subsidiaries (if applicable) and any material changes to that number over the last two financial years, with a breakdown of persons employed by main categories of activity and by Saudization ratio; and
- 10) a statement that no material change in the nature of the business is contemplated or, if one is contemplated, a detailed description of that change and its impact on the issuer's business and profitability.

12. Organisational structure

This section must include the following information:

- 1) Management
 - (a) the issuer's organizational chart showing the directors structure, supervisory committees, and the functions of senior executives;

- (b) the full names and description of the professional and academic qualifications and area of expertise and the date of appointment of all the directors or proposed directors (showing whether the director is independent or non-independent and executive or non-executive), in addition to the senior executives and the company secretary of the issuer;
 - (c) details of other previous or current board positions held by all directors or proposed directors or senior executives and the company secretary of the issuer. The details should include, the name of the company, legal entity, membership dates, and the sector in which the company operates;
 - (d) details of any bankruptcies of each director or proposed director, senior executives, or the company secretary of the issuer;
 - (e) details of any company insolvency in the preceding five years where any of the directors or proposed directors, senior executives, or the company secretary of the issuer were employed by the insolvent company in a managerial or supervisory capacity;
 - (f) a statement showing the direct or indirect interests of each director or proposed director, senior executives, company secretary of the issuer, and any of their relatives in the shares or debt instruments of the issuer or the issuer's subsidiaries (if applicable), or provide an appropriate negative statement;
 - (g) the aggregate remuneration and benefits in kind granted by the issuer or any subsidiary during the three financial years prior to listing to the directors and the five senior executives who received the highest payments, including the CEO and CFO if they were not within the top five;
 - (h) a summary of existing or proposed service contracts, if any, of the directors or the CEO and CFO;
 - (i) full particulars of any contract or arrangement in effect or contemplated at the time of submission of the prospectus in which a director or senior executive or any of their relatives is interested in relation to the business of the issuer or the issuer's subsidiaries (if applicable), or provide an appropriate negative statement;
 - (j) information about the issuer's directors committees, including the names of each committee member and a summary of the terms of reference under which the committee operates; and
 - (k) information on the issuer's compliance with corporate governance.
- 2) Employees

- (a) any employee share schemes in place prior to the application for registration and admission to listing of the securities along with details on the aggregate amount of shares owned by the employees in the issuer; and
- (b) any other arrangements involving the employees in the capital of the issuer.

13. Financial information

The information required below must be provided in relation to the issuer and the issuer's subsidiaries (if applicable) for the three financial years immediately preceding the application for registration and admission to listing as well as the period covered in the interim financial statements as per paragraph (c) of Article 11 of the Listing Rules:

- 1) comparative tables of financial information with commentary and analysis by management. The comparative tables must:
 - (a) be prepared on a consolidated basis;
 - (b) be extracted without material adjustment from audited financial statements; and
 - (c) include financial information presented in a form consistent with that which is adopted in the issuer's annual financial statements.
- 2) a report by certified external auditor must be prepared in accordance with the requirements of Annex 6 of the Listing Rules in any of the following circumstances:
 - (a) where the external auditors' report on the consolidated financial statements of the issuer for any of the last three financial years immediately preceding the application for registration and admission to listing has been qualified;
 - (b) where the issuer has undergone restructuring or an alteration in capital using external financing in the three financial years immediately preceding the date of application for registration and admission to listing;
 - (c) where any material change has been made to the accounting policies of the issuer; or
 - (d) where any material adjustment has been made or is required to be made to the published audited financial statements during the periods referred to in sub-paragraph (a) above.

- 3) details of holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the issuer's financial position.
- 4) the information required below must be provided in relation to the financial, operating performance, and results of operations:
 - (a) performance indicators;
 - (b) the financial, operating performance, and results of operations of the main lines of business;
 - (c) any seasonal or business cycles which affect the business or the financial condition;
 - (d) an explanation of any material changes from year to year in the financial information;
 - (e) information regarding any governmental, economic, fiscal, monetary or political policies or other factors that have materially affected, or could materially affect, directly or indirectly, the operations;
 - (f) the funding structure;
 - (g) particulars of any alterations in the capital of the issuer, or where material, any of the issuer's subsidiaries (if applicable) within the three years immediately preceding the date of application for registration and admission to listing. Such particulars must state the price and terms of any issues by the issuers or its subsidisers; and
 - (h) a table showing any capital of the issuer or any subsidiary which is under option, including the consideration for which the option was granted, and the price and duration of the option, and the name and address of the grantee, or provide an appropriate negative statement.
- 5) property, plant and equipment
 - (a) a breakdown of any existing material fixed assets, including leased properties;
 - (b) an explanation of the issuer's depreciation policy and any changes contemplated in that policy; and
 - (c) any planned material fixed assets, including leased properties.
- 6) in relation to debt, a statement on an individual and consolidated basis as at the most recent date must be prepared covering the following:

- (a) a breakdown and classification of any debt instruments issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the pledge is provided by the issuer or by third parties) and unsecured loans, or provide an appropriate negative statement;
 - (b) a breakdown and classification of all other borrowing or indebtedness, bank overdrafts, liabilities under acceptances, acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowing and debt, or provide an appropriate negative statement;
 - (c) a breakdown and classification of all mortgages, rights and charges on the issuer and its subsidiaries' properties, or provide an appropriate negative statement; and
 - (d) a breakdown of any contingent liabilities or guarantees, or provide an appropriate negative statement.
- 7) A working capital statement in accordance with paragraph (f) of Article 11 of the Listing Rules.
- 8) A statement by the directors of any material adverse change in the financial or trading position in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus or provide an appropriate negative statement.
- 9) Particulars of any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the issuer or any of the issuer's subsidiaries (if applicable), together with the names of any directors, proposed directors, senior executives, persons offering or placing the securities or experts who received any such payment or benefit or provide an appropriate negative statement.

14. Use of proceeds

This section must include a statement as to how such proceeds are intended to be used and estimate of the offer expenses.

15. Statements by experts

Where the prospectus includes a statement made by an expert, a statement should be included specifying the qualifications of the expert and whether such expert or any relative has any shareholding or interest of any kind in the issuer or any of its subsidiaries. In addition, the statement should confirm that the expert has given and not withdrawn his written consent to the publication in the prospectus of the expert's statement included in the form and context in which it is included.

16. Declarations

The directors of the issuer must make the following declarations:

- 1) other than what has been mentioned on page (●) of this prospectus, there has not been any interruption in the business of the issuer or any of the issuer's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last 12 months.
- 2) other than what has been mentioned on page (●) of this prospectus, there has not been any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the issuer or any of the issuer's subsidiaries (if applicable).
- 3) other than what has been mentioned on page (●) of this prospectus, there has not been any material adverse change in the financial or trading position of the issuer or its subsidiaries (if applicable) in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus.
- 4) other than what is mentioned on page (●) of this prospectus, they do not have any shareholding or interest of any kind in the issuer or any of the issuer's subsidiaries (if applicable), and nor does any relative of theirs.

17. Legal information

This section must include the following legal information:

- 1) a summary of the provisions of the issuer's by-laws and other constitutional documents, including but not limited to:
 - (a) the object clause;

- (b) provisions relating to the issuer's administrative, management and supervisory bodies;
 - (c) provisions relating to the rights and restrictions attached to the issuer's securities;
 - (d) provisions governing the alteration of securities rights or classes;
 - (e) provisions governing the conduct of general assembly meetings;
 - (f) provisions governing liquidation and winding up;
 - (g) any power enabling a director or the CEO to vote on a contract or proposal in which he has an interest;
 - (h) any power enabling a director or the CEO to vote on remuneration to themselves; and
 - (i) any powers allowing the directors or the senior executives to borrow from the issuer.
- 2) a summary of all material contracts.
 - 3) a summary of all related party contracts.
 - 4) in relation to the issuer and its subsidiaries (if applicable), the following must be included:
 - (a) particulars of any intangible assets such as trademarks, patents, copyright or other intellectual property rights which are material in relation to the issuer's or any of its subsidiaries (if applicable) business or profitability, and a statement regarding the extent to which the issuer or any of its subsidiaries (if applicable) is dependent on such assets; and
 - (b) particulars of any litigation or claim (including any litigation pending or threatened) which may have a material effect on the issuer's or any of its subsidiaries business or financial position, or an appropriate negative statement.

18. Underwriter

This section must include information about the underwriter of the offer, as follows:

- 1) the name and address of the underwriter; and

- 2) the principal terms of the underwriting agreement, including the compensation arrangement between the issuer and the underwriter.

19. Expenses

This section must include details of the aggregate offer expenses.

20. Waivers

This section must include details on all requirements that have been waived for the issuer by the authority.

21. Information concerning the debt instruments and terms and conditions of the offer

This section must include the following information:

- 1) a statement that application has been made to the Authority for the registration and admission to listing;
- 2) the nominal value of the offer;
- 3) full information on the rights conferred upon holders of debt instruments;
- 4) particulars of the debt instruments;
- 5) subscription method;
- 6) details of the early redemption of the offer;
- 7) the names and addresses of the paying agents, and any registrar and transfer agents for the debt instruments;
- 8) details of the arrangements for transfer of the debt instruments;
- 9) details of repayment related dates including the final maturity date and early repayment dates, specifying whether exercisable at the issuer's or the holder of debt instruments' request and the date from which payments are due;
- 10) procedures and time limits for allocation and delivery of the debt instruments and, where there will be temporary documents of title, the procedures for the delivery and exchange thereof;

- 11) a description of the resolutions, and approvals by virtue of which the debt instruments will be offered;
- 12) whether there are any guarantees, pledges or commitments intended to be provided to guarantee the offer;
- 13) details of any agreements with the representative of the holders of the debt instruments, if any, the name and function and head office of such representative, the conditions under which the representative may be replaced together with an indication of where the public may inspect copies of the documents detailing the obligations of the representative;
- 14) a description of any subordination of the offer to any other debts or debt instruments of the issuer;
- 15) a description of the applicable law related to the offer;
- 16) details of any restrictions on the transferability of the debt instruments;
- 17) the date upon which it is expected that trading in the debt instruments will commence, if the issuer can anticipate such date; and
- 18) if a public or private offer has been or is being made simultaneously on the markets of two or more countries at the same time, and if a tranche has been or is being reserved for certain of these markets, details of any such offer or tranche must be provided.

22. Subscription declarations

This section must include information on the subscription declarations, allocation process, and the Exchange details.

23. Documents available for inspection

This section must include information in relation to the place in the Kingdom at which the following documents may be inspected and the period of time during which the inspection may take place (being not less than 20 days before the end of the offer period):

- 1) the by-laws and other constitutional documents of the issuer;
- 2) any document or order granting permission to offer securities to the public;

- 3) each contract disclosed pursuant to sub-paragraph (i) of paragraph (1) of section (12) of this Annex or, if the contract is not produced in writing, a memorandum giving full particulars of the agreement;
- 4) all other reports, letters, documents or statements by any expert any part of which is extracted or referred to in the prospectus; and
- 5) the reviewed financial statements of the issuer and its subsidiaries (if applicable) and the consolidated audited financial statements of the issuer for each of the three financial years immediately preceding the date of the publication of the prospectus, in addition to the most recent interim financial statements.

24. External auditor's report

The issuer's consolidated reviewed financial statements for the three years immediately preceding the date of the publication of the prospectus, in addition to the most recent interim financial statements.

25. Guarantees

Where a guarantee, pledge or other similar commitment is to be provided the following information must be included:

- 1) details regarding the terms, conditions and scope of the guarantee, pledge or other similar commitment including any conditionality on the application of the guarantee, pledge or similar commitment; and
- 2) copies of the external auditors' and the directors' report on the accounts of the guarantor company.

ANNEX 6

EXTERNAL AUDITOR'S REPORT

This Annex details the external auditor's report which is prepared pursuant to Annex 4 (Contents of a Prospectus for Shares) and Annex 5 (Contents of a Prospectus for Debt Instruments and Convertible Debt Instruments) of the Listing Rules. The Authority must be consulted in cases where the issuer is uncertain as to whether an external auditors' report is required.

The external auditors' report must be prepared by an independent external auditor who is a current member certified by SOCPA.

1. Contents of external auditor's report

- a. The report must cover the issuer and its subsidiaries (if applicable).
- b. The report must be extracted from the audited financial statements and adjusted as considered necessary by the reporting external auditor.
- c. The report must be prepared in accordance with the accounting standards approved by SOCPA.
- d. The report must include the following financial information, presented in a form consistent with that which is adopted in the issuer's annual financial statements, and must cover the three financial years immediately preceding the application for registration and admission to listing:
 1. balance sheet;
 2. income statement;
 3. cash flow statement;
 4. accounting policies; and
 5. any notes to the financial statements covering, as a minimum, the last three financial years.
- e. The report must contain an opinion by the external auditor as to whether or not, for the purposes for which it was prepared, the report gives a true and fair view of the financial matters set out therein.
- f. If the opinion in paragraph (e) above is qualified, the report must refer to all material matters about which the external auditor has reservations, give all reasons for the qualifications and, if both relevant and practicable, quantify its effect.

- g. In the event that the issuer is applying for registration and admission to listing for the first time, the report must not contain any qualification unless the Authority is satisfied that the qualification is acceptable to the Authority and has been adequately explained so as to enable the investors to make a proper and appropriate assessment of the significance of the matter that is the subject of the qualification.

2. Statement of adjustments

If the external auditor, when preparing his report, considers it necessary to effect adjustments to previously published figures, such adjustments must be limited to those that the external auditor considers necessary. The external auditor must prepare and sign a written statement of the adjustments, and submit it to the Authority for each period to which the report relates, in such form and detail and with such explanation as will show how the reported figures reconcile to the corresponding information in the published accounts. The statement of adjustments must be made available for inspection.

3. Material acquisitions and disposals made during the period under review

- a. Where the issuer has acquired at any time during the three financial years immediately preceding the application for registration and admission to listing an undertaking or assets which would be classified as material by the Authority, financial information on the undertaking or assets must be given covering the last three years. An acquisition will be material where the consideration due in respect of it is greater than 5% of the net book value of the existing net assets of the issuer and its subsidiaries (if applicable).
- b. The external auditor's report must include the post acquisition information on the issuer and its subsidiaries and relevant undertaking referred to in paragraph (a) above.
- c. Where the issuer has, since the date to which the latest published annual financial statements have been made up, acquired or disposed of an undertaking or assets which would be classified as material by the Authority, a pro forma net assets statement showing the effect of the acquisition or disposal on the net assets must be submitted.
- d. In the case of a new application for registration and admission to listing of securities, where the external auditor's report on the consolidated financial statements for the last three financial years of any undertaking acquired by the issuer during the period under review has been qualified, the issuer will be regarded as unsuitable for registration and admission to listing unless the Authority is satisfied that the qualification has been adequately explained so as to enable the investors to make a proper and appropriate assessment of the significance of the matter that is the subject of the qualification.

ANNEX 7
FORM OF FINANCIAL ADVISOR'S LETTER

TO BE PROVIDED ON THE FINANCIAL ADVISOR'S LETTERHEAD

To: The Authority

In our capacity acting as the financial advisor to (please insert the name of the issuer) in respect of the issuer's application for registration and admission to listing of its securities (please provide details of the securities). And in accordance with Article 7 of the Listing Rules, we (please insert the name of the financial advisor) confirm, to the best of our knowledge, and through conducting due diligence and making enquiries from the issuer and its advisors, that the issuer has satisfied all conditions required for registration and admission to listing of its securities and has satisfied all other matters required by the Capital Market Authority (the "Authority") as of the date of this letter.

(please insert the financial advisor name) further confirms its independency of the issuer in accordance with independency requirements stated in Article 6 of the Listing Rules and that it has, to the best of its knowledge and within its capacity as financial advisor, provided to the Authority any information or clarifications in such form and within such time limit as the Authority required for the purpose of verifying whether (please insert the financial advisor name) and the issuer have complied with the Capital Market Law, Listing Rules and the Offers of Securities Regulations.

In particular, (please insert the financial advisor name) confirms that:

- 1) it has provided all the relevant services required by the Listing Rules with due care and skill;
- 2) it has taken reasonable steps to satisfy itself that the directors of the issuer understand the nature and extent of their responsibilities under the Capital Market Law, and its Implementing Regulations; and
- 3) it has come to a reasonable opinion, based on due enquiry and professional experience, that:
 - a) the issuer has satisfied all relevant requirements for registration and admission to listing (including provisions regarding the prospectus),
 - b) the directors of the issuer have established adequate procedures, controls and systems which enable the issuer to comply with the requirements of the Listing Rules, the Capital Market Law, and its Implementing Regulations; and
 - c) that all matters known to (please insert the financial advisor name) which should be taken into account by the Authority when considering the

application for registration and admission to listing have been disclosed to the Authority.

ANNEX 8
FORM OF LEGAL ADVISOR'S LETTER

TO BE PROVIDED ON THE LEGAL ADVISOR'S LETTERHEAD

To: The Authority

We act as legal advisor to (please insert the name of the issuer) ("*issuer*") in respect of the issuer's application for registration and admission to listing of its securities (please provide details of the securities). In this regards we confirm our independency of the issuer and its financial advisor in accordance with independency requirements stated in Article 8 of the Listing Rules

We further refer to the draft prospectus prepared in relation to the issuer (please provide details of the offer), and more specifically, in connection with the application to the Capital Market Authority (the "Authority") for registration and admission to listing of the securities of the issuer. We have, in relation to the application, and in consultation with the financial advisor to the application, advised the issuer in relation to the requirements of the Capital Market Law and the Listing Rules. In particular, we have advised the issuer on the content of the legal sections of the prospectus. In this respect, we have carried out such further review and enquiries as we consider appropriate in the circumstances and have undertaken a formal legal due diligence review.

In our capacity as such counsel, we confirm that we are not aware of any material matter of noncompliance by the issuer with the requirements of the Capital Market Law or with the conditions imposed by the Listing Rules in respect of the registration and admission of the issuer's securities to listing, including the content requirements in relation to the prospectus as at the date hereof.

ANNEX 9

FORM OF LETTER OF APPLICATION REQUIRED FOR A CAPITALISATION ISSUE AND THE REGISTRATION AND ADMISSION OF THE ISSUED SHARES

The issuer must provide the Authority with an application letter to obtain the Authority's approval on any capitalisation issue and the registration and admission of the issued shares. The letter shall contain the following information according to the latest audited annual financial statements:

1. The nominal value of the issuer's listed share capital before and after the capitalisation issue;
2. The number of shares issued before and after the capitalisation issue;
3. The ratio of shares to be issued as a result of the capitalisation issue to the number of shares issued prior to the capitalisation issue;
4. The value of the reserves to be utilised in the capitalisation issue;
5. The nature of the reserves to be utilised in the capitalisation issue;
6. The details on share fraction treatment (if any);
7. The date of the financial statements from which the value of the reserves to be utilised was taken and a certified copy of such statements; and
8. Include a statement on the approval from the relevant regulatory authorities as well as a copy of this approval (where applicable).