



**SUMMARY CIRCULAR TO SHAREHOLDERS OF**

**AL BARAKA GROUP B.S.C.**

**(Incorporated in the Kingdom of Bahrain under Commercial Registration No.: 48915)**

## **SUMMARY CIRCULAR TO SHAREHOLDERS OF AL BARAKA GROUP B.S.C.**

### **in relation to the**

Voluntary conditional exit offer made by Dallah AlBaraka Holding Company B.S.C.(c) (“Dallah”) to acquire up to 100% of the issued and paid-up ordinary shares of Al Baraka Group B.S.C. (“ABG”) (constituting voting rights), excluding those shares held by the Connected ABG Shareholders (as defined in the Offer Document), amounting to 281,141,331 (22.62% stake) of the issued and paid-up ordinary shares of ABG by way of cash offer of USD 0.30 per share at the discretion of each ABG Shareholder with the intention of a subsequent voluntary delisting of ABG.

### **DISCLAIMER STATEMENT**

THE OFFER DOCUMENTS, THE CIRCULAR AND ACCEPTANCE AND TRANSFER FORM IN RESPECT OF THE OFFER HAVE BEEN FILED WITH THE CENTRAL BANK OF BAHRAIN IN ACCORDANCE WITH THE REQUIREMENTS OF THE CENTRAL BANK OF BAHRAIN RULEBOOK VOLUME 6, TAKEOVERS, MERGERS AND ACQUISITIONS MODULE.

THE CENTRAL BANK OF BAHRAIN, THE BAHRAIN BOURSE AND THE MINISTRY OF INDUSTRY AND COMMERCE, IN THE KINGDOM OF BAHRAIN, ASSUME NO RESPONSIBILITY FOR THE ACCURACY AND COMPLETENESS OF THE STATEMENTS AND INFORMATION CONTAINED IN THIS SUMMARY CIRCULAR AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM THE RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS SUMMARY CIRCULAR.

### **DIRECTORS’ DECLARATION**

THE DIRECTORS OF ABG, ISSUING THIS SUMMARY CIRCULAR JOINTLY AND SEVERALLY, ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF INFORMATION CONTAINED IN THIS SUMMARY CIRCULAR. TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE DIRECTORS, WHO HAVE TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS SUMMARY CIRCULAR IS IN ACCORDANCE WITH THE TERMS OF THE OFFER RECEIVED FROM DALLAH AND CONTAINS NO MATERIAL OMISSIONS LIKELY TO AFFECT THE IMPORTANCE AND COMPLETENESS OF THIS SUMMARY CIRCULAR.

ABG Shareholders should note that this document (“Summary Circular”) is a summary of the circular dated 24 October 2023 issued by the ABG Board (“Circular”) and should not rely on only this Summary Circular but should refer to the contents of the Offer Document dated 3 October 2023 prepared by Dallah in connection with the Offer (“Offer Document”) and the Circular. If you are in any doubt about the contents of this Summary Circular or any aspect of the Offer, you should consult a licensed securities dealer or licensed institution in securities, a bank manager, solicitor, professional accountant or other professional advisers. Terms not defined herein are defined in the Circular.

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ABG notifies its shareholders that the Board of ABG has issued an Offeree Board Circular in response to the Offer Document issued by Dallah dated 3 October 2023 relating to the formal voluntary conditional exit offer by Dallah to acquire up to 100% of the issued and paid-up ordinary shares of ABG (constituting voting rights), excluding those shares held by the Connected ABG Shareholders, amounting to 281,141,331 (22.62% stake) of the issued and paid-up ordinary shares of ABG by way of cash offer of USD 0.30 per share (“the Offer”).

The Offeree Board Circular (the “Circular”) contains the following:

- i. The ABG Board letter to ABG shareholders.
- ii. The letter containing the Recommendation of the Independent Committee from the Independent Committee to ABG shareholders.
- iii. The Professional Independent Adviser’s fairness opinion including its advice and recommendation to the Independent Committee; and
- iv. The Shari’a Supervisory Board Fatwa issued in relation to the Dallah Offer.

Terms not defined herein are defined in the Offer Document.

### **DISPATCH OF DOCUMENTS TO SHAREHOLDERS**

Firm Intention to make the Offer and summary of Offer Document, summary of the Circular and Acceptance and Transfer Form have been dispatched by mail to all ABG shareholders whose names appeared in the ABG share register at their addresses as registered in the share register pursuant to the Central Bank of Bahrain Rulebook Volume 6, Takeovers, Mergers and Acquisitions Module.

ABG shareholders may obtain electronic copies of Circular, Firm intention to make the Offer and summary of Offer Document, Offer Document, Cover Letter to ABG shareholders from the websites of ABG and SICO. Also, Memorandum and Article of Associations are available on the website of ABG.

The summary of Circular, Firm Intention to make the Offer and summary of the Offer Document are also available on Bahrain Bourse’s website.

Physical copies of Acceptance and Transfer Form can be obtained from the Receiving agent through Participating branch. Electronic copies of sample of the Acceptance and Transfer Form can also be located at ABG, SICO, and Bahrain Bourse websites.

Alternatively, any ABG shareholder who wishes to receive electronic copies of any of the above documents may email Mr. Ahmed M. AbdulGhaffar, First Vice President - Investor Relations at [aghaffar@albaraka.com](mailto:aghaffar@albaraka.com).

### **KEY DATES**

<b>Event</b>	<b>Time and/or Date</b>
Circulation of EGM Agenda	24 October 2023
Last Trading Date	31 October 2023
Suspension Date	1 November 2023
Record Date for ABG Shares	2 November 2023
Offer Opening Date	6 November 2023
EGM Date	14 November 2023
Publication of Conversion Notice*	23 November 2023
Start of Objection Period to Conversion*	26 November 2023
End of Objection Period to Conversion*	14 December 2023
Initial Offer Closing Date	21 December 2023 (subject to extension)

Offer to be declared unconditional in all respects	To be announced
Sell-Out Notice to Dissenting Shareholders sent	To be announced
Final Offer Closing Date	To be announced
Effective Date	Effective Date
End of Sell-Out period	To be announced
Delisting Date	To be announced
Conversion Date	To be announced

\*Target dates subject to change

## **DETAILS OF THE OFFER**

### **THE OFFEREE**

ABG incorporated in the Kingdom of Bahrain on 27 June 2002, under commercial registration number 48915 as a public Bahraini shareholding company whose ordinary shares are listed on the BHB.

ABG is licensed by the CBB as a locally incorporated category 1 investment business firm and provides its clients, through its network of subsidiaries and associated companies, with financial services offering retail, corporate, treasury and investment banking services, strictly in accordance with the principles of Islamic Shari'ah. ABG operates regionally through its subsidiaries and associates in Jordan, Egypt, Tunisia, Bahrain, Sudan, Turkey, South Africa, Algeria, Pakistan, Syria, Lebanon and Germany, as well as two branches in Iraq and a representative office in Libya.

### **Securities for which the Offer will be made**

The Dallah Offer is to acquire up to 281,141,331 ABG Shares which have a par value of USD 1.00 each in ABG, representing up to 22.62% of ABG's issued and paid-up share capital.

### **THE OFFEROR**

Dallah is registered with the MOIC under commercial registration number 23200 as a closed Bahraini shareholding company.

### **SHAREHOLDING IN ABG**

Dallah has not purchased or sold ABG Shares during the 6-month period prior to the date of the Offer Document and holds 54.75% of the issued share capital of ABG as of the date of the Offer Document. Some of the directors of Dallah hold ABG shares as highlighted in section 15 of the Offer Document.

### **CONSIDERATION OF THE OFFER**

The consideration for the Offer is USD 0.30 in cash per ABG share provided that the Offer becomes unconditional after the fulfilment, or waiver by Dallah, of the Conditions Precedent. Assuming that all ABG Shareholders who are not Connected ABG Shareholders avail of the Offer, the total value of the Offer would be USD 84,342,399.30.

### **SHAREHOLDERS ELIGIBLE FOR THE OFFER**

ABG Shareholders who are not Connected ABG Shareholders and whose names appear in the ABG share register on the Record Date will be eligible to receive the Offer.

### **CONDITIONS PRECEDENT TO THE OFFER**

The implementation of the Offer will be subject to the fulfilment or waiver, where applicable, by Dallah of the following Conditions Precedent. For the avoidance of doubt, the Offer shall not become unconditional unless the below Conditions Precedent are fulfilled or waived, where applicable, by Dallah:

1. no Material Adverse Effect having occurred prior to, and being continued as at, the date on which the Offer would have been declared unconditional in all respects but for the occurrence of a Material Adverse Effect;
2. the receipt of the following approvals or confirmations to the conversion of ABG into a closed Bahraini shareholding company and subsequent delisting of ABG from BHB, in accordance with any in-principle approvals received from various regulatory authorities:
  - a. EGM approval from the ABG Shareholders (other than Dallah and the Connected ABG Shareholders)
  - b. CBB approving Dallah's proposed increase in its shareholding in ABG as a controller of ABG;
  - c. CBB providing an exemption from Rule GR-5.3.3A of the General Requirements Module of CBB Rulebook Volume 4 "The percentage of direct or indirect control of an unregulated legal person in a Bahraini investment firm licensee must not exceed 30% of the issued and paid-up capital";
  - d. confirmation from the CBB that it has no objection to the conversion and delisting of ABG; and
  - e. confirmation from the BHB that it has no objection to the conversion and delisting of ABG;
3. if the approvals or confirmations are obtained as set out in paragraph 2, ABG does not receive any objections from the creditors of the Company within the Objection Period which are not resolved within the Objection Period; and
4. ABG does not, from the date of the Firm Intention until the expiration of the Offer Period, do any of the following:
  - a. issue any shares and / or distribute cash dividends;
  - b. create, issue or grant, or permit the creation, issue or grant of, any convertible securities, options or warrants in respect of shares of ABG;
  - c. other than in the normal course of business, sell, dispose of or acquire assets;
  - d. enter into contracts, including service contracts, other than in the ordinary course of business, including contracts or actions which may give rise to any contingent liability;
  - e. cause ABG or any subsidiary or associate of ABG to purchase or redeem any shares in ABG or provide financial assistance for any such purchase;
  - f. acquire any company, partnership, other business organisation or division thereof, or enter into any joint venture or strategic alliance;
  - g. enter into any commitment, agreement or arrangement for assumption of third-party financing or bank debt or any other loan or debt, nor obtain or procure any such financing for ABG, other than in the ordinary course of business;
  - h. make any changes in the memorandum and articles of association or in the nature of the bank licence or registered address of ABG;
  - i. amend, waive, modify or consent to the termination of any contract or ABG's rights thereunder other than in the ordinary course of business consistent with past practice;
  - j. enter into any contract which is not in the ordinary course of business with any related party;
  - k. enter into any formal or informal agreement, or otherwise make a commitment to do any of the foregoing; or
  - l. carry out any actions prohibited by the TMA.

ABG Shareholders and/or potential investors of ABG should note that the Offer is subject to the satisfaction or, with the exception of the Condition Precedent at paragraphs 2 and 3, waiver by Dallah (where applicable), of the Conditions Precedent, and is conditional upon the Offer becoming or being declared unconditional in all respects. Accordingly, the Offer may or may not become unconditional. ABG Shareholders and / or potential investors of ABG should therefore exercise caution when dealing in the securities of ABG. Persons who are in doubt as to the action they should take should consult their licensed brokers, dealers, solicitors, professional accountants or other professional advisers.

In the event that the Conditions Precedent at paragraph 2 and 3 are satisfied above, and the other Conditions Precedent are not satisfied by the Initial Offer Closing Date, Dallah reserves the right to proceed to declaring the Offer unconditional in all respects (subject to the satisfaction or, where applicable, waiver of the other conditions), following the EGM approval, in which case Dallah will procure that ABG applies to the CBB for the delisting of ABG from BHB and the conversion of ABG into a closed Bahraini shareholding company.

## **OFFER PERIOD AND ACCEPTANCE PROCEDURES**

The Dallah Offer will be open for acceptance from 6 November 2023 (the “Offer Opening Date”) to the Initial Offer Closing Date being 21 December 2023, subject to extension and subject to the Final Offer Closing Date [to be announced] (“Offer Period”). The results of the Offer will be communicated to the ABG Shareholders (other than the Connected ABG Shareholders) on the Offer result announcement date which is one business day after the Final Closing Date.

Please refer to section 5.8 “Offer Acceptance procedures” of the Dallah Offer Document for further details. An announcement will be made by ABG upon the fulfillment of the conditions precedent to the Dallah Offer.

Once all the Conditions Precedent have been fulfilled or waived, where applicable, and the Offer becomes unconditional in all respects, during or at the end of the Final Offer Closing Date, Dallah will arrange to make an announcement to this effect in two newspapers in the Kingdom of Bahrain and the websites of: (i) the BHB and (ii) ABG and SICO.

## **DELISTING OF ABG**

Dallah intends to seek the delisting of ABG from BHB and the conversion of ABG into a closed Bahraini shareholding company. Dallah will request that the ABG Board of Directors invite the shareholders of ABG (after obtaining the approval of the CBB and other competent regulatory authorities in Bahrain) to convene an EGM in order to consider and approve the delisting of ABG from the BHB and the conversion of ABG into a closed Bahraini shareholding company. This EGM will be held prior to the Initial Offer Closing Date.

Following EGM approval to delist from the BHB, Dallah will apply to the CBB to delist ABG from the BHB in accordance with the terms of the TMA Module.

In this scenario, ABG Shareholders who do not accept the Offer should note that they will remain shareholders in a closed Bahraini shareholding company and will be exposed to the liquidity risk in relation to their holding of ABG Shares with no exit option through the BHB. Rights and obligations of such remaining ABG Shareholders will be governed by the memorandum and articles of association of ABG, as amended following completion of the Offer and the delisting of ABG.

Further detail in relation to the Delisting of ABG, Quorum and voting requirements at EGM considering the delisting and conversion of ABG, and Objection to conversion and redemption is available under section 2.12, 2.13 and 2.14, respectively in the Circular.

## **SUSPENSION OF TRADING**

Trading in ABG Shares will be suspended for the duration of the Suspension Period. If the Offer is declared unconditional in all respects, ABG Shares will remain suspended until the delisting of ABG from the Bahrain Bourse is effective.

## **SETTLEMENT**

For those ABG Shareholders accepting the Offer, the settlement shall be effective on the Settlement Date by wire transfer in USD from an account held with the Offeror to the account of the ABG Shareholder indicated on the Acceptance and Transfer Form.

No other modes of payment shall be effective and all settlement shall be net of any bank or related charges. All charges such as wire transfer charges, processing fees, collection charges, foreign

currency conversion charges, managers cheque charges and special clearing charges shall be borne by the ABG Shareholder.

### **THE OPINION OF THE PROFESSIONAL INDEPENDENT ADVISER**

Pursuant to article 2.2.1 of the TMA Module, Volume 6 of the CBB Rulebook, our Professional Independent Adviser has provided its advice to the Independent Committee as follows:

According to the Professional Independent Adviser, the Offer is Fair and Reasonable, from a financial point of view to the shareholders of the 281,141,331 ordinary and paid-up shares of ABG, not currently owned by Dallah, representing up to 22.62% stake of ABG's issued and paid-up share capital. Based on the Professional Independent Adviser's Opinion, it is their advice to the Board Independent Committee that they recommend Acceptance of the Offer to the ABG shareholders.

The detailed Professional Independent Adviser's fairness opinion letter has been set out in Part VI of the Circular.

### **RECOMMENDATION FROM THE INDEPENDENT COMMITTEE TO THE SHAREHOLDERS OF ABG**

Taking into consideration Dallah's statements made in the Offer Document and relying solely on the contents of the Adviser's Opinion, the Independent Committee's assessment is that the Offer is FAIR and REASONABLE in accordance with the facts available at the time of review. Accordingly, the Independent Committee unanimously recommends that the ABG Shareholders (other than the Connected ABG Shareholders) ACCEPT the Dallah Offer to acquire the ABG Shares at the cash price of USD 0.30 per share.

The Independent Committee unanimously recommends that the ABG shareholders vote in favour of the relevant resolutions which will be proposed in such general meeting to consider the delisting of ABG.

Detailed Independent Committee recommendation letter has been set out in Part V of the Circular.

In case of any doubt, ABG Shareholders (other than the Connected ABG Shareholders) are also advised to seek independent professional advice, as deemed appropriate, prior to making any decision.

### **KEY PARTIES**

#### **The Offeree**

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#### **The Offeror**

##### **Dallah AlBaraka Holding Company B.S.C. (c)**

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#### **Share Registrar**

##### **Bahrain Clear B.S.C.**

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