

## Sipchem Bylaw

### **Chapter No. (1)** **Company Incorporation**

#### **Article No. (1):**

Company was established as Saudi joint-stock Company under the provisions of Companies Law and its bylaws, under the following:

#### **Article No. (2): Company Name**

Sahara International Petrochemical Company (SIPCHEM)- Saudi Arabian Joint Stock Company.

#### **Article No. (3): Company Purposes**

1. Manufacturing basic chemicals.
2. Manufacturing basic organic chemicals.
3. Chemical wholesaling.
4. Manufacturing solar panels and parts thereof.
5. Managing subsidiaries of holding companies.
6. Providing marketing services on behalf of third parties.
7. Providing electricity, gas, steam, and air conditioning supplies.
8. Chemical and petroleum products laboratories. (Inorganic materials such as screening gold and precious stones).
9. Real estate activities.

Company carries out its activities following applicable regulations under obtaining necessary licenses from competent authorities.

#### **Article No. (4): Participation and, shares Ownership in Other Companies**

Company may establish companies alone (Limited Liability Company or Closed Shareholding Company). Company may own shares and stocks in other existing companies or merge with them. Company shall have the right to participate with others in establishing Joint Stock Companies or Limited Liability Companies inside and outside Kingdom of Saudi Arabia after fulfilling requirements of and regulations of applying laws in this regard.

#### **Article No. (5): Company Head Office**

Company Head office is located in Al-Khobar in Kingdom of Saudi Arabia, and Board of Directors may establish other branches, offices, or agencies, both within or outside Kingdom.

#### **Article No. (6): Company Term**

Company was established for an indefinite term, commencing from registration date with Commercial Registry.

### **Chapter No. (2) Capital and Shares**

#### **Article No. (7): Capital**

Company issued capital is (7,333,333,320) seven billion, three hundred and thirty-three million, three hundred and thirty-three thousand, and three hundred and twenty Saudi riyals, fully paid, divided into (733,333,332) seven hundred and thirty-three million, three hundred and thirty-three thousand three hundred and thirty-two of equal value ordinary shares. Value of each share is (SAR 10).

#### **Article No. (8): Shares Offering (IPO).**

Shareholders have subscribed to all Company issued shares counting (733,333,332) seven hundred and thirty-three million three hundred and thirty-three thousand three hundred and thirty-two shares and have paid their value in full.

#### **Article No. (9): Preferred Shares**

In accordance with the bylaws set by competent authority, extraordinary assembly of Company may issue preferred shares. Extraordinary assembly may decide to buy these shares, convert ordinary shares into preferred shares or convert preferred shares into ordinary shares. Preferred shares shall not give the right to vote in general assemblies of shareholders. These shares entitle their owners to obtain greater shares from Company net profits than owners of ordinary shares, after setting aside reserves, if any.

#### **Article No. (10): Sale of Partly Paid-up Shares**

A shareholder shall pay the value of a share on specified dates. If a shareholder fails to pay on due date, Board of Directors may, after informing such shareholder through modern means of communication or registered mail sent to its address as recorded in shareholder register, sell such share in a public auction or capital market, as the case may be, under applicable laws and regulations set by competent authority. However, if the shareholder in default pays the due amount before the sale date, in addition to any expenses incurred by Company.

Company shall receive amounts due thereto from sale proceeds and return any remaining amount to shareholder. If the sale proceeds are insufficient to cover these amounts, Company may claim the outstanding amounts from shareholder. Company shall cancel the sold share following the provisions of this article. Company shall give the purchaser a new share bearing

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number of canceled shares. Shareholder register shall indicate the sale and mention the name of new shareholder.

### **Article No. (11): Share Issuance**

Shares are nominal, and may not be issued for a value lesser than their nominal value. Company may issue shares for a value higher than their nominal value, provided that the difference in value shall be added in a separate item within the shareholder rights and may not be distributed to shareholders as dividend. A share is indivisible against Company. If multiple persons own a share, they shall select one to represent them in practicing the rights relating to the share. These persons shall be jointly liable for obligations arising from share ownership.

### **Article No. (12): Shares Trading**

Company shares shall be traded under Capital Market Law provisions and Bylaws.

### **Article No. (13): Capital Increase**

1. Extraordinary General Assembly may decide to increase Company issued or authorized capital, if any, provided that issued capital has been paid in full. Capital shall not require to be fully paid up if unpaid portion relates to shares issued in exchange for conversion of debt instruments or financing instruments into shares and prescribed period for conversion into shares has not expired yet.
2. Extraordinary General Assembly may allocate, in all cases, all or part of the shares issued for a capital increase to employees of Company and/or all or part of its subsidiaries. Shareholders may not exercise pre-emptive rights if Company issues shares for employees.
3. When Extraordinary General Assembly issues a resolution approving capital increase, a shareholder shall have the right to offer new shares in exchange for a cash contribution. Such a shareholder shall be informed of their pre-emptive right by a registered letter to their address listed in the shareholder register or through modern means of communication. This communication shall include details of capital increase resolution, capital increase and conditions, manner of subscription, and commencement, and expiry date offers.
4. Extraordinary General Assembly shall have the right to suspend the priority right for shareholders to offer an increase in capital in exchange for cash shares or grant pre-emptive right to non-shareholders in necessary cases in Company interest.
5. A shareholder may sell or assign pre-emptive right for a financial consideration or for free, as specified in the Companies Law Bylaws.
6. Subject to Paragraph No. (4) above, the new shares shall be distributed to holders of the pre-emptive right who requested subscription in proportionate to their pre-emptive right of the total pre-emptive rights resulting from the capital increase, provided that the shares they receive do not exceed the number of new shares they requested, taking into account type and class of owned shares. Remainder of new shares shall be distributed to holders of pre-emptive right who requested more than their respective shares in proportionate to their pre-emptive right of the total pre-emptive rights resulting from the capital increase, provided that the shares they receive do not exceed the number of new shares they requested. Remaining shares shall be offered to third parties unless Extraordinary General Assembly decides or Capital Market Law (CML) states otherwise.

### **Article No. (14): Capital Reduction**

1. Company capital may be reduced, by resolution of Extraordinary General Assembly, if capital exceeds Company need or if Company suffers losses. In the latter case only, capital may be reduced below the limit stipulated in Article No. (59) of Companies Law. Capital reduction resolution may only be issued after Extraordinary General Assembly receives a statement prepared by Board of Directors examining reasons for reduction, Company obligations, and effect of reduction on meeting these obligations, provided that such statement shall be accompanied by a report from Company auditor.
2. If capital reduction is a result of capital being over Company need, creditors shall be invited to submit their objections to reduction, if any, at least forty-five days before the date set for holding Extraordinary General Assembly meeting to take the reduction resolution, provided that such invitation shall be accompanied by a statement stating the amount of capital before and after the reduction, the date of holding the meeting, and the effective date of the reduction. If a creditor objects to such reduction and submits to Company their documents on the specified date, Company shall pay their debt if already due or shall provide them with sufficient guarantee to satisfy their debt if it is due in the future.
3. Equality between shareholders of the same type and class shall be taken into account upon capital reduction.

### **Article No. (15): Debt Instruments and Financing Sukuk**

Company may issue any negotiable debt instruments such as bonds or financing Sukuk, both within or outside Kingdom of Saudi Arabia, under laws and regulations applicable to debts when issued and traded.

Ordinary General Assembly, by a resolution thereof, may delegate to Board of Directors the authority to issue these debt instruments, including bonds or Sukuk, whether in part or several parts or through a series of issues under one or more programs established by Board of Directors from time to time, all at times, amounts and conditions decided by Company

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board of directors. Company board of directors shall have the right to take all necessary measures to issue it.

### **Article No. (16): Purchase, Sale, and Pledge of Shares**

1. Subject to controls specified in Companies Law Bylaws, Company may buy, sell, or pledge its shares. The shares purchased by Company shall not have voting rights in Shareholders assemblies. Company may also purchase its shares to allocate them to Company employees or subsidiaries as part of employee stock program. Company may also sell treasury shares in one or several stages in accordance with relevant rules and regulations.
2. Subject to the controls specified by Companies Law Bylaws, Company shares may be pledged. Pledgee creditor shall be entitled to receive profits and exercise the rights associated with these shares, unless otherwise agreed upon in the pledge contract. The pledgee creditor may not attend meetings of Shareholders assemblies or vote therein.

### **Chapter No. (3)** **Board of Directors**

### **Article No. (17): Company Management**

Company shall be managed by a board of directors of natural persons consists of eleven (11) members appointed by Ordinary General Assembly for a period not exceeding four years. Board Members may be re-elected for further terms.

### **Article No. (18): Expiry of Board Membership**

Board membership shall terminate upon expiry of its term or by expiry of its membership in accordance with any regulations or instructions applicable in Kingdom of Saudi Arabia, However, Ordinary General Assembly may, at any time, dismiss all or some Board members without prejudice to the right of a dismissed member to claim compensation if directors are dismissed for an unacceptable reason or at an inappropriate time. In this case, Ordinary General Assembly shall elect a new Board member or replacement to dismissed Board members (as the case may be), in accordance with Companies Law provisions.

Board member may step down, provided that this takes place at an appropriate time; otherwise, such member shall be liable to Company for damage caused by stepping down. Ordinary General Assembly may also, based on Board recommendation, terminate membership of any member whose absence reached (three) consecutive meetings or (five) separate meetings during the term of his membership without a legitimate excuse accepted by Board.

### **Article No. (19): Vacant Positions in Board**

If the position of a Board member becomes vacant, Board may appoint a member to temporarily fill the vacancy. Appointed member shall meet required conditions of experience and efficiency. Competent authorities shall be notified accordingly within period specified in relevant regulations. Appointment shall be referred to Ordinary General Assembly in its first meeting. Newly appointed member shall complete the remainder of its predecessor term. If board of directors fails to convene due to not meeting minimum number of members as prescribed in Companies Law or these Bylaws, the existing members shall call for an Ordinary General Assembly within (60) sixty days to elect required number of members.

### **Article (20): Board of Directors Powers**

Considering competencies prescribed for General Assembly, Board of Directors shall have the absolute authority to manage Company and conduct its business and affairs both within or outside Kingdom of Saudi Arabia. Board of Directors or whoever it authorizes among its members or others, collectively or individually, may represent Company in its relations with others, and before all public and private courts, judicial bodies, Board of Grievances, labor and workers offices, higher and primary committees, commercial papers committees, all bodies and committees, other judicial and arbitration bodies, civil rights, police departments, chambers of commerce and industry, notary public, Electricity and Cogeneration Regulatory Authority, General Investment Authority, financial and banking committees, Customs Authority, customs committees, private bodies, companies and institutions of all kinds. It shall also have the right to acknowledge, demand, defend, plead, litigate, settle, accept and reject judgments, arbitrate, request implementation of judgments, oppose them, and collect what unfolds from implementation. It also has the right to contract, commit and be associated with Company in the name of and on behalf of Company, enter into tenders and agree with other parties to form unions to apply for projects, carry out all acts and actions, and sign all types of contracts, documents, and papers. It also has the right to appoint and dismiss Company employees and staff, determine their salaries and bonuses, and loans granted to them, set Company policies in all other matters related to Company employees and staff, request banking facilities for companies in which Company is a partner, sign contracts and agreements related to the guarantees of Company in which Company is a partner, sign Islamic Murabaha agreements and investment contracts, assign rights and benefits, sign treasury agreements, works and products, conduct all banking transactions necessary for Company activity, including opening, managing and operating bank accounts of all kinds in the name of Company, appoint delegates to manage those accounts and determine their authorities, issue and sign cheques, bills of exchange, promissory notes, commercial and civil bonds, their acceptance and endorsement, withdrawals, exchanges, deposits and receipts in the name of Company, close bank accounts, approve and accept account statements, open credits, drawings and deposits with banks, mortgage real estate, movables or shares, release all kinds of mortgages, collect Company dues and pay its liabilities, sign loan agreements and contracts and any amendments thereto, including any related documents such as mortgage of accounts, real estate guarantees, balances, current and investment accounts of all

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kinds, bank guarantees, and issue guarantees to funds and government financing institutions. It can also sign all papers, documents, partnerships, all banking transactions, financial derivative contracts in favor of Company or companies in which Company is a partner, Company shares and their mortgages, and any other guarantee documents, release them and any loans from Company as a partner, agreements to give priority to third party debts and the like, allow others to use all or part of the facilities granted to Company or companies in which Company is a partner, appoint and dismiss Company representatives, agents, and advisors, release, drop and accept arbitration, appoint and dismiss arbitrators and experts, determine their fees, and issue the power of attorneys on behalf of Company. It also has the right to sell, buy, empty, accept, receive, deliver, rent, lease, collect and pay, and authorize the sale, delivery, and emptying of housing units allocated to its employees or dependents before the notary public and official government agencies. The Board can also incorporate other fully owned companies both within or outside Kingdom, participate with others in incorporating other companies both within or outside Kingdom, withdraw from these companies, sell Company shares in these companies, buy new shares in them, or in other existing companies, or increase or decrease Company capital, whether Company contributes to the increase or not, receive dividends, represent Company in the assemblies of partners, shareholders and constituent assemblies, voting on behalf of Company on the resolutions of the partners and in the assemblies of shareholders and constituent assemblies, nominate Company representatives in these assemblies and sign the resolutions of partners, shareholders, agreements and deeds before notary public and official bodies, make any amendment to the articles of association of these companies, whatever the type of such amendment, and sign all partners' resolutions and minutes of meetings in these companies that are necessary to enforce these amendments, including submitting before the notary public the appendices of amending the articles of association of these companies, whatever the content of this amendment, sign the partners' resolutions regarding the appointment or dismissal of managers in these companies, carry out all work, and take all necessary measures to issue and receive permits and licenses for these companies, conclude lease and insurance contracts on Company property, do everything necessary to implement any new law or amendment to an existing law, regulations or instructions from the competent authorities in the Kingdom of Saudi Arabia, prepare Company financial statements and profit and loss accounts, and take the necessary steps to prepare and maintain correct ledgers for Company in respect of all income and expenses, all contracts and purchases entered into by Company, and the assets and liabilities of Company. The ledgers shall be kept at Company head office or any other place in Saudi Arabia to be determined for this purpose. The Board has the right to issue bonds and Sukuk, whether for public subscription or otherwise, in the amounts, terms, and times determined by the Board under the controls and procedures stipulated in Companies Law, its Bylaws, and the current or future regulations governing these actions. Board may delegate and authorize any person in all or some of the authorities of the Board, and the authorized has the right to delegate the authorities to others.

Board of Directors may sell real estate and property of Company, provided that the minutes of Board of Directors meeting include the reasons for its resolution to act, taking into account the following conditions:

1. Board shall determine in the sale resolution the reasons and justifications for the sale.
2. Sale price should be close to the price of the same item.
3. Sale process shall be in person, except in cases determined by the Board with sufficient guarantees.
4. This act shall not result in the suspension of some of Company activities or the imposition of other obligations on it.

Board of Directors shall obtain General Assembly approval when selling assets whose value exceeds 50% of the total value of Company assets, whether the sale is made in a single transaction or several ones. In this case, the transaction leading to exceeding 50% of the assets value is considered the transaction requiring General Assembly approval. This percentage shall be calculated from the date of first transaction concluded during the previous twelve months. Competent authorities may exclude some actions from this condition.

Board of Directors may also agree on loans, whatever their term, and provide necessary guarantees for this with funds, portfolios, bodies, governmental and semi-governmental financing institutions, commercial and non-commercial entities, and banks both within or outside Kingdom of Saudi Arabia.

Board of Directors may provide financial support to any of its subsidiaries or companies in which Company is a partner, guarantees of government and bank credit facilities obtained by any of the companies in which Company is a partner, and waives the priority debt repayment.

Board of Directors shall, in the cases it determines, have the right to release Company debtors from their obligations following what serves its interests, provided that Board of Directors minutes of meeting include the rationale for its resolution under the following conditions:

1. Release shall be at least one full year after the debt arose.
2. Release shall be for a specified maximum amount per year for one debtor.
3. Debt Release is the Council right and may not be delegated.

### **Article (21): Board Members Remuneration**

Board Members are entitled to receive remuneration in their capacity as Board members in accordance with the terms and conditions approved by Ordinary General Assembly from time to time. Remuneration of Board of Directors members shall

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be a certain amount, attendance allowance for meetings, in-kind benefits, or a certain percentage of net dividends. It is permissible to combine two or more of these benefits, and in all cases, what the Board member receives in terms of remuneration, expense allowance, and other financial or operational benefits shall not exceed the specified amount under the provisions of Companies Law and its regulations and the controls set by competent authorities. Board of Directors report to Ordinary General Assembly shall include a comprehensive statement of all the remunerations, allowances, and other benefits received by the Board members during the financial year, and also include a statement of what the Board members received in their capacity as workers or administrators, or what they received in return for technical, administrative or consulting work.

It shall also include a statement of number of Board meetings and number of meetings attended by each member.

### **Article (22): Chairman, Vice-Chairman, Managing Director, and Secretary Powers**

At its first meeting, Board of Directors shall appoint a Chairman and a Vice-Chairman from among its members, and it may appoint a managing Director. It is not permissible to combine the Chairman of Board of Directors with any other executive position in Company, and the Vice-Chairman of Board of Directors shall replace the Chairman of Board of Directors in his absence.

Board Chairman shall be responsible for representing Company with its relations with others, before the judiciary and the notary, and before all government departments, committees for settling disputes of all kinds and degrees, and all other bodies. Chairman shall have the right to buy, sell, empty, pledge, and unpledge land and real estate on behalf of Company, the right to sign contracts for the establishment of the companies it participates in and other contracts, the right to authorize the Chief Executive Officer and others in any of these authorities. Board of Directors determines the other powers of Board Chairman, Managing Director, and Chief Executive Officer, and determines what they are entitled to in terms of remuneration and other financial benefits other than the remuneration determined for members of Board of Directors.

Managing Director shall be responsible for following up the implementation of the policy drawn up by Board of Directors and other authorities and authorities delegated to him by Board of Directors.

Board of Directors shall appoint a Chief Executive Officer of Company and defines his authorities, authorities, responsibilities, salary, and term of tenure for this position.

Board of Directors shall appoint a secretary from its members or from others, who shall be responsible for recording the minutes of the Board meetings, recording and keeping the resolutions issued during these meetings, in addition to exercising other authorities assigned to him by the Board.

Term of Chairman, Vice-Chairman, Managing Director, and Secretary, who is a Board member, shall not exceed the term of their membership in Board, and they may be re-elected. Board may dismiss them or any of them at any time without prejudice to the right of the dismissed person to be compensated unless the dismissal occurred for an illegal reason or at an inappropriate time.

### **Article (23): Board Meetings**

Board of Directors shall hold (4) four meetings a year at least, with no less than one meeting every three months, at or outside Company head office, at invitation of its Chairman. Invitation shall be in writing, using modern technology, by e-mail, or delivered by hand or fax, and Chairman shall call for a meeting whenever requested to do so in writing by any member.

### **Article (24): Board Meeting Quorum**

Board meeting shall not be valid unless attended by at least (6) members in person or by proxy, provided that number of attendees is not less than (3) three members in person. If a member of Board of Directors delegates another member to attend Board meeting, delegation shall be under the following controls:

1. Board of Directors member may not represent more than one member in attending the same meeting.
2. Delegation shall be proved in writing and for a specific meeting.
3. Representative may not vote on resolutions that the represented is prohibited from voting on under law.
4. Board resolutions are issued by a majority of members votes present or represented, and when votes are equal, Chairman of the meeting side shall prevail.

Board meetings may be held using modern technology or by live video and audio transmission so that Board members can participate effectively and in a way that enables them to listen, follow up on the visual presentation, give an opinion, discuss and vote on resolutions.

### **Article (25): Board Deliberations**

Board deliberations and resolutions shall be recorded in minutes prepared by Secretary and signed by meeting Chairman, Board members present, and Secretary. These minutes shall be recorded in a special register signed by Chairman and Secretary. Modern means of technology may be used for signing and recording deliberations and decisions, as well as recording minutes.

In urgent matters, Board may issue resolutions by passing them to all members unless one member requests -in writing- a meeting of the Board to deliberate thereon. These resolutions shall be submitted to Board of Directors at its first

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subsequent meeting to be recorded in that meeting minutes.

### **Article (26): Board Committees**

Board of Directors shall form the appropriate committees for Company business as needed, delegate authorities to these committees as the Board deems appropriate, and coordinate between these committees to quickly decide on the matters presented to it.

Board committee meetings can be held using modern technology or by live video and audio transmission so that committee members can participate effectively and in a way that enables them to listen, follow up on the visual presentation, give an opinion, discuss vote, and sign on resolutions.

## **Chapter No. (4)** **Shareholders Assemblies**

### **Article (27): Attending Assemblies**

1. Properly constituted General Assembly shall represent all shareholders and be held in the city where Company head office is located. It may be held in any other city within Kingdom of Saudi Arabia under a board of Directors resolution.
2. Shareholders General Assembly may also be held, and shareholder may participate in deliberations and vote on resolutions using modern technology.
3. Regardless of number of his shares, every shareholder has the right to attend general assemblies. For this, he may delegate another person other than Board of Directors to attend General Assembly.

### **Article (28): Ordinary General Assembly Powers**

Ordinary General Assembly is concerned with all matters relating to Company, in particular the following:

1. Electing and dismissing Board members.
2. Appointing, dismissing, reappointing, and determining fees of one or more auditors for Company as stated by Companies Law.
3. Reviewing and discussing Board report.
4. Reviewing and discussing Company financial statements.
5. Discussing auditor report, if any, and deciding thereon.
6. Deciding on Board proposals regarding dividend distribution method.
7. Forming Company reserves and determining their uses.

### **Article (29): Extraordinary General Assembly Powers**

Extraordinary General Assembly is concerned with amending Company bylaw, except for matters that cannot be amended under the law. It is also concerned with determining Company continuation or dissolution, approving Company purchase of shares, and any other competencies stipulated by Companies Law or its Bylaws.

It may issue resolutions on matters originally within the competencies of Ordinary General Assembly, according to the terms and conditions established for Ordinary General Assembly.

### **Article (30): Calling and Convening Assemblies**

Shareholders general assemblies shall be convened upon Board of Directors call, pursuant to Companies Law or its Bylaws. Board shall call General Assembly to convene if requested by auditor, audit committee, or a number of shareholders representing at least (10%) ten percent of Company shares that have voting rights. Auditor may call assembly to convene if Board does not call assembly within (30) thirty days from the date of auditor request.

The call for convening the General Assembly and the plan shall be published through modern means of technology at least twenty-one days before the date set for the meeting. However, it may be sufficient to send the call on the date mentioned above to all shareholders by registered letters.

A copy of convening call and plan shall be sent to Commercial Registry and Capital Market Authority within the period specified for publication.

### **Article (31): Attending Assemblies Register**

Shareholders who wish to attend General Assembly shall register their names at Company head office before the time specified for assembly, and Company may use modern and electronic technology means to register Shareholders attendance.

### **Article (32): Quorum of Ordinary General Assembly Meeting**

1. Ordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least one-quarter

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of Company shares that have voting rights.

2. If this quorum is not present at Ordinary General Assembly meeting according to the above paragraph, a second meeting shall be called under the same conditions stipulated in Article (91) of Companies Law within (30) thirty days following the date specified for holding the previous meeting. However, the second meeting may be held an hour after the end of the period specified for convening the first meeting, provided that the call for the first meeting includes an announcement of the possibility of holding this meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

### **Article (33): Quorum of Extraordinary General Assembly Meeting**

1. Extraordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least half of Company shares that have voting rights.
2. If this quorum is not present at Ordinary General Assembly meeting according to the above paragraph, a second meeting shall be called under the same conditions stipulated in Article (91) of Companies Law. However, the second meeting may be held an hour after the end of the period specified for convening the first meeting, provided that the call for the first meeting includes an announcement of the possibility of holding this meeting. In all cases, the second meeting shall be valid if it is attended by a number of shareholders representing at least (quarter) of Company shares that have voting rights.
3. If the necessary quorum is not present in the second meeting, a third meeting shall be called to be held under the same conditions stipulated in Article (91) of Companies Law. The third meeting shall be valid regardless of the number of shares represented therein.

### **Article (34): Voting at Assembly Meetings**

Each shareholder has a vote for each share in the general assemblies. Cumulative voting is used to elect the Board members so that the right to vote for a share may not be used more than once. However, members of Board of Directors may not participate in voting on the resolutions of the assembly related to business and contracts in which they have a direct or indirect interest or that involve a conflict of interest.

### **Article (35): Resolutions of the Assemblies**

Ordinary General Assembly Resolutions shall be issued by majority of voting rights represented at meeting. Extraordinary General Assembly resolutions require a two-thirds majority of voting rights represented at meeting, unless resolution is related to capital increase or decrease, Company term extension, Company dissolution before expiry of period specified in its articles of association, merger with another Company or other institution, or division into two or more companies. In these cases, resolution shall not be valid unless issued by a majority of three-quarters of voting rights represented at meeting. General Assembly Resolution shall be effective from the date of its issuance, except in cases where Companies Law, Company Bylaws, or issued resolution stipulates that it will take effect at another time or when certain conditions are met.

### **Article (36): Discussion in Assemblies**

Each shareholder shall have the right to discuss the topics listed on the assembly agenda and direct questions about them to Board of Directors and Auditor. The Board or Auditor shall answer the Shareholders questions to the extent that does not jeopardize Company interest. If the shareholder finds that the answer to his question is not insufficient, he may appeal to the assembly, and its resolutions in this regard shall be valid.

### **Article (37): Presiding over Assemblies and Minutes Preparation**

Meetings of shareholders general assemblies shall be chaired by Chairman of Board of Directors or Vice-Chairman in his absence, or whoever is delegated by Board from its members for that role in the Chairman absence and Vice-Chairman. In the event that this is not possible, General Assembly shall be chaired by whoever delegated by shareholders from among Board members or others through voting. President of assembly shall appoint a secretary and a vote-collector.

Assembly meetings minutes shall be drawn up containing number of the shareholders present or represented, number of shares they hold in person or by proxy, number of votes assigned to them, number of resolutions taken, number of votes approved or objected, and a complete summary of discussions that took place during meeting. Minutes shall be recorded in a special register signed by assembly president, secretary, and vote collector.

## **Chapter No. (5)**

### **Auditor**

### **Article (38): Auditor Appointment**

1. Company shall have an Auditor (or more) from among auditors licensed to work in Kingdom of Saudi Arabia, and General Assembly shall appoint them, determine their fees, scope, and term. Auditors may be re-appointed, provided that their appointment term does not exceed the term specified in Companies Law Bylaws.
2. General Assembly may dismiss Auditor, and Board Chairman shall inform competent authority of the dismissal resolution and its reasons, within a period not exceeding five (5) days from issuance date.
3. Auditor may resign from his duties under a written notification to be submitted to Company. Auditor duties shall be

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ended on the date of submission or on a later date specified in the such notification, without prejudice to Company right to claim compensation for damages if necessary. When submitting written notification, resigned auditor shall submit a statement of reasons for his resignation to both the Company and competent authority. Board shall call for General Assembly to discuss the reasons for resignation, appoint another auditor, determine his fees, fees, scope, and duration of his work.

### **Article (39): Auditor Powers**

Auditor at any time has the right to review Company books, records, and supporting documents, and also has the right to request data and clarifications that he deems necessary to obtain to verify Company assets and liabilities and other things that fall within the scope of his work.

Board of Directors shall enable him to perform his duty, and if Auditor encounters difficulty in this regard, he shall prove this in a report submitted to Board of Directors. If the Board does not facilitate the work of Auditor, he shall request Board of Directors to call for Ordinary General Assembly to look into the matter. Auditor may send this invitation if Board of Directors fails to send the same within (thirty) days from the date of Auditor request.

### **Chapter No. (6)**

#### **Company Accounts and Dividends**

### **Article (40): Financial Year**

Company financial year begins on January 1 and ends on December 31 of each Gregorian year, provided that the first financial year begins from the date of the ministerial resolution announcing the incorporation of Company and ends on December 31 of the following Gregorian year.

### **Article (41): Financial Documents**

1. At the end of each financial year of Company, Board of Directors shall prepare Company financial statements and a report on its activity and financial position for the past financial year. Company Board shall place these documents at the disposal of Auditor at least (45) forty-five days before date set for convening Annual Ordinary General Assembly.
2. Company Board of Directors, Chief Executive Officer, and Financial Manager shall sign documents referred to in paragraph (1) of this article, and copies thereof shall be deposited at Company head office at Shareholders disposal.
3. Board of Directors Chairman shall provide shareholders with Company financial statements, the Board report after signing them, and Auditor report unless they are published in any means of modern technology, at least 21 days before the date of convening General Assembly. Chairman of Board of Directors shall also deposit these documents as specified in Companies Law Bylaws.

### **Article (42): Entitlement to Dividends**

Shareholder shall be entitled to his share of dividends under General Assembly resolution issued in this regard. Resolution shall indicate maturity and distribution dates. Dividends eligibility shall be distributed to shares owners registered in Shareholders records at the end of the day specified for entitlement.

### **Article (43): Dividends Distribution**

Company annual net dividends shall be distributed as follows:

1. Annual or interim dividends may be distributed to shareholders from distributable profits, in accordance with controls specified by Companies Law Bylaws.
2. General Assembly shall determine the percentage of net profits, after deducting reserves, to be distributed to shareholders.
3. Ordinary General Assembly may decide to has the authority to establish other reserves that serve Company interest or ensures distribution of fixed dividends to shareholders as much as possible. Assembly mentioned above may also deduct sums from the net dividends for establishing social institutions for Company employees or support existing ones.
4. In accordance with controls specified by Companies Law Bylaws, and subject to the provisions stipulated in Article (21) of this Bylaw, General Assembly shall determine the percentage of net profits after deducting reserves, to be distributed as remuneration to Board of Directors members.

### **Article (44): Dividends Payment**

Board of Directors shall implement General Assembly resolution regarding distribution of profits to shareholders within the term specified by the Companies Law Bylaws.

### **Article (45): Company Losses**

If Company losses amount to half of the issued capital, Board of Directors shall disclose these losses and provide recommendations in this regard within (60) sixty days from the date of becoming aware of losses reaching that amount. Within (180) one-hundred eighty days of becoming aware of losses, Board shall call for Extraordinary General Assembly meeting to consider continuation of Company and take necessary measures to address or resolve those losses.



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### Chapter No. (7)

#### Disputes

#### Article (46): Liability Action

Liability lawsuit may be filed against Board members in accordance with provisions contained in Companies Law and its Bylaws.

### Chapter No. (8)

#### Company Dissolution and Liquidation

#### Article (47): Company Expiration

As soon as Company term expires, it enters the liquidation stage and retains the legal capacity to the extent of the liquidation. Extraordinary General Assembly issues the voluntary liquidation resolution. Liquidation resolution shall include appointment of liquidator, his authorities and fees, restrictions imposed on his authorities, and the time required for liquidation. Voluntary liquidation period shall not exceed (3) three years. It may not be extended for more than that except by judicial order, and Company Board of Directors powers ends with its liquidation. However, these people remain in charge of Company management and are considered liquidators for third parties until liquidator is appointed. Shareholders assemblies shall remain in place during liquidation period, and their role shall be limited to exercising their authority that does not conflict with liquidator powers and functions.

### Chapter No. (9)

#### Final Provisions

#### Article (48):

Companies Law and its Bylaws shall be applied in everything not provided for in these Articles of Association.

#### Article (49):

This Bylaws shall be deposited and published in accordance with provisions of Companies Law and its regulations.