

OFFER DOCUMENT

المجموعة السعودية للإستثمار الصناعي
Saudi Industrial Investment Group



This Offer Document is issued by the Saudi Industrial Investment Group ("SIIG") and is addressed to the shareholders of the National Petrochemical Company ("Petrochem") with respect to the Offer made by SIIG to Petrochem Shareholders to acquire all shares in Petrochem which are not owned by SIIG by way of a share exchange offer pursuant to Article (26) of the Merger and Acquisition Regulations.

This Offer Document is important and requires your immediate attention. This Offer Document should be read in full (in particular "Important Notice" and Section (1) "RISK FACTORS") before voting on the Acquisition Resolutions. If there is any doubt as to how to vote at the EGM connected to the Acquisition Transaction, we encourage you to seek the advice of an independent financial advisor duly licensed by the CMA.

SIIG has entered into an implementation agreement with Petrochem on 21/03/1443H (corresponding to 27/10/2021G) (the "Implementation Agreement") for SIIG to acquire all the shares issued in Petrochem which are not owned by SIIG, being two hundred and forty million (240,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, which represents (50%) of Petrochem's capital shares (the "Offer Shares"), through a securities exchange offer for all the Offer Shares (the "Acquisition Transaction"), in consideration of issuance of three hundred and four million eight hundred thousand (304,800,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share by SIIG to Petrochem's Selling Shareholders (the "Consideration Shares") by way of increasing SIIG's paid-up capital from four billion five hundred million Saudi Riyals (SAR 4,500,000,000) to seven billion five hundred forty-eight million Saudi Riyals (SAR 7,548,000,000) representing an increase in SIIG's shares from four hundred fifty million (450,000,000) shares to seven hundred fifty-four million eight hundred thousand (7,548,000,000) shares which represents a 67.733% increase in SIIG's current share capital. The Acquisition Transaction is subject to the conditions set out in the Implementation Agreement, which are summarized in Section (2.3.1) ("Implementation Agreement") of this Offer Document. It must be noted that such conditions may not be amended or waived without the written and signed approval of both companies. SIIG announced on 21/03/1443H (corresponding to 27/10/2021G) the entry into the Implementation Agreement and SIIG's firm intention to proceed with the Acquisition Transaction and to make the Offer to Petrochem Selling Shareholders in this respect.

Pursuant to the Acquisition Transaction, the Offer Shares will be acquired in consideration for the issue of the Consideration Shares by SIIG to Petrochem's Selling Shareholders, whereas the Petrochem's shareholders who are registered in the Petrochem's shareholders' register at the end of the second trading period following the Effective Date will receive 1.27 SIIG shares for every share they hold in Petrochem (the "Exchange Ratio"). At the Effective Date, Petrochem will become a delisted joint stock company wholly owned by SIIG (for more details about the Completion of the Acquisition Transaction, please see Section (2.4) ("Procedures Required to Effect the Acquisition Transaction").

The Completion of the Acquisition Transaction will also result in the increase of SIIG's share capital from four billion and five hundred million Saudi Riyals (SAR 4,500,000,000) to seven billion five hundred and forty-eight million Saudi Riyals (SAR 7,548,000,000). Furthermore, SIIG has only one class of shares and no share carries any preferential rights. All Consideration Shares will be of the same class and will have the same rights as the existing SIIG shares, including voting and dividends rights. If the Offer is fully accepted by Petrochem's Selling Shareholders (by approving the Acquisition Resolutions at the Petrochem EGM) and all of the other Acquisition Transaction conditions are satisfied, the Petrochem's Selling Shareholders will become owners of (40.38%) of SIIG's share capital. The holders of the Consideration Shares will be entitled to receive dividends declared by SIIG following the Effective Date. For more details about the rationale of Acquisition Transaction and its effect on Petrochem and SIIG, see Section (1.2) ("Rationale of the Acquisition Transaction") of this Offer Document as well as section (2.3.1.3) ("Structure of SIIG Board of Directors after Completion of Acquisition Transaction") with regards to the proposed amendments of SIIG's board of directors after the Completion of the Acquisition Transaction.

The total value of the Acquisition Transaction is determined on the basis of the value of the Consideration Shares. The total nominal value of the Consideration Shares is three billion forty-eight million Saudi Riyals (SAR 3,048,000,000). The total market value of the Consideration Shares as determined on the basis of the Exchange Ratio and the closing price of SAR 41.1 per SIIG share on 20/03/1443H (corresponding to 26/10/2021G) (which is the last trading day prior to signing the Implementation Agreement)

is twelve billion five hundred twenty-seven million two hundred and eighty thousand Saudi Riyals (SAR 12,527,280,000). The total value of the Consideration Shares (as will be recorded on SIIG's financial statements) will be determined at a later stage on the basis of the closing price of SIIG shares on the last trading day prior to the Effective Date.

The Completion of the Acquisition Transaction is conditional upon, amongst other things, obtaining the approval of the SIIG EGM and the Petrochem EGM. For more details on the conditions and procedures for the Completion of the Acquisition Transaction, see Section (2.3.1) ("Implementation Agreement"), and Section (2.4) ("Procedures Required to Effect the Acquisition Transaction") of this Offer Document. For clarification, and subject to satisfying all the other Acquisition Transaction conditions (which mainly includes obtaining the required approvals from the CMA and the Saudi Exchange Company, and there being no Material Adverse Event occurring or continuing or the breach of a warranty given by both parties. For more details, see section (2.3.1.1) ("Implementation Agreement Terms and Conditions"), and if the Acquisition Resolutions are approved by the requisite percentage - at least three-fourth of the shares represented at the meeting - of Petrochem Shareholders (who are entitled to vote at the Petrochem EGM) and of SIIG Shareholders (who are entitled to vote at the SIIG EGM), Petrochem will become a delisted joint stock company wholly owned by SIIG, and all Petrochem's Selling Shareholders (including those who voted against or did not participate in voting) will receive the Consideration Shares in SIIG in accordance with the Exchange Ratio. For more details, see section (2.3.1.1) ("Implementation Agreement Terms and Conditions").

SIIG was established pursuant to the Ministry of Commerce's Resolution No. 291 issued on 29/06/1416H (corresponding to 23/11/1995G) as a joint stock company, holding commercial registration number 1010139946 dated 10/08/1416H (corresponding to 01/01/1996G) issued in Riyadh, and has a share capital of four billion and five hundred million Saudi Riyals (SAR 4,500,000,000) consisting of four hundred and fifty million (450,000,000) ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share, all of which are fully paid and listed on Tadawul.

At of the date of this Offer Document, SIIG has no Substantial Shareholder.¹

The Acquisition Transaction involves Related Parties, as GOSI is a shareholder in SIIG and a Substantial Shareholder in Petrochem, and it has representation on the boards of both SIIG and Petrochem. SIIG is also considered a Related Party due to its 50% ownership in Petrochem and its interest as the Offeror in the Acquisition Transaction which is above its ordinary interest as a shareholder. Pursuant to Article 3(n) of the Merger and Acquisition Regulations, a shareholder that holds shares in both Petrochem and SIIG, including shareholders that are Related Parties, can only vote on the Acquisition Resolutions in the EGM of one of the companies. For further information see Section (2.5) ("Related Parties and Conflicted Directors") of this Offer Document.

A number of SIIG's directors have an interest in the Acquisition Transaction, as Mr. Khalil I. Alwatban and Mr. Thamer A. Alhumud (in their capacity as board representatives of GOSI on the SIIG board of directors) have declared their interest to the SIIG board of directors and therefore have not voted on the resolution by SIIG's board of directors to approve entry into the Implementation Agreement.

A number of Petrochem's directors have an interest in the Acquisition Transaction, as His Excellency Mr. Hamad S. AlSayari (a direct shareholder in SIIG), Mr. Suliman M. Al-Mandeel (as a direct and indirect shareholder in SIIG), Mr. Abdulrahman S. Alismail (in his capacity as a senior executive in SIIG and as a direct shareholder in SIIG) and Dr. Rasheed R. Bin Owain (as an indirect shareholder in SIIG), and Mr. Khalid M. Alarafi and Mr. Eyad A. Alhusain (in their capacity as board representatives of

GOSI on the Petrochem board) have declared their interest to the Petrochem board of directors and did not vote on the resolution by Petrochem's board of directors to approve entry into the Implementation Agreement. For further information on this, see Section (2.5) ("Related Parties and Conflicted Directors") of this Offer Document.

In the event that the calculation of the number of shares owed to any Petrochem's Selling Shareholder based on the Exchange Ratio results in fractional shares, the resulting figure will be rounded down to the lowest whole number. For example, if a Petrochem's Selling Shareholder holds (50) Petrochem shares, such Petrochem's Selling Shareholder will be allocated (63) Consideration Shares, not (63.5) Consideration Shares. The fractional shares will be aggregated and sold on Tadawul on behalf of the Petrochem's Selling Shareholders. Subsequently, the proceeds resulting from the sale of the fractional shares will be distributed to the Petrochem's Selling Shareholders proportionate to their respective fractional entitlements. Any expenses in relation to the sale of fractional shares will be paid from the proceeds of such sale.

Following the issuance of the Consideration Shares, the current SIIG shareholders will own (59.62%) of SIIG's share capital, and the Petrochem's Selling shareholders will own (40.38%) of SIIG's share capital. The Consideration Shares will entitle its holders to receive dividends declared by SIIG following the Effective Date.

SIIG has made an application to the CMA for the registration and offer of the Consideration Shares in addition to an application made to the Saudi Exchange Company (Tadawul) for the listing of the Consideration Shares on Tadawul. This Offer Document has been submitted to and approved by the CMA for publication, and all requirements of the CMA have been supplied and, subject to the required EGM resolutions being passed at the SIIG EGM and Petrochem EGM, all relevant regulatory approvals pertaining to the Acquisition Transaction and the increase of SIIG's share capital have been obtained (for further information, see Section (2.4.1) ("Government Approvals") of this Offer Document.

This Offer Document has been issued by SIIG to Petrochem's Selling Shareholders and has been prepared pursuant to the requirements of Article (38) of the MARs without accepting any liability in relation to the validity and accuracy of any Petrochem information contained in this Offer Document. All information contained in this Offer Document in relation to Petrochem and its subsidiaries has been included on the basis of the information provided by Petrochem and information obtained during the due diligence exercise conducted by SIIG and its advisers on Petrochem. Petrochem has an obligation under the Implementation Agreement to provide SIIG with all information required to prepare this Offer Document. Petrochem has also provided a warranty (as customary in these situations) in favor of SIIG under the Implementation Agreement that all information in connection with the Acquisition Transaction provided to SIIG, including information that was provided during the course of the due diligence process and during the preparation of the documents related to the Acquisition Transaction, including this Offer Document, was true and accurate in all material respects and not misleading in any material respect at the time provided. Petrochem has also warranted that it has not knowingly withheld any material information from SIIG in connection with the Acquisition Transaction.

This Offer Document should be carefully read by shareholders in full, in particular the "IMPORTANT NOTICE" and Section 1 ("RISK FACTORS"). In addition, the Petrochem Board Circular should be carefully read in full and be considered carefully prior to making a decision whether to vote on the Acquisition Resolutions.

SIIG has appointed HSBC Saudi Arabia as its financial advisor in connection with the Acquisition Transaction.

¹ Note: GOSI transferred part of its direct ownership in SIIG to some of its subsidiaries. The percentage of direct ownership of GOSI in SIIG fell from (13.14%) to (4.95%) as of 13/01/2022G according to the data published on Tadawul. Noting that GOSI's total direct and in direct ownership in SIIG Pre-Completion of the Acquisition Transaction is (18.93%) of SIIG's share capital. Furthermore, GOSI's total direct and in direct ownership in SIIG Post-Completion of the Acquisition Transaction will be (38.91%) of SIIG's share capital. Noting that GOSI will not own any shares in Petrochem Post-Completion, due to Petrochem becoming a delisted joint stock company wholly owned by SIIG.

Financial Advisor



The CMA and the Saudi Exchange (Tadawul) do not assume any responsibility for the contents of this Offer Document, and make no assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from this Offer Document or reliance on any part thereof.

This Offer Document was published on 14/8/1443H (corresponding to 17/3/2022G) in both Arabic and English. Arabic is the official language of this Offer Document and, in the case any inconsistency between the Arabic and English version exists, the Arabic version shall prevail.

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IMPORTANT NOTICE

This Offer Document contains detailed information relating to the Acquisition Transaction. The purpose of this Offer Document is to provide Petrochem's Selling Shareholders with information on the Acquisition Transaction and the offer made by SIIG. It must be noted that obtaining the approval from SIIG Shareholders and Petrochem Shareholders is a condition to complete the Acquisition Transaction. The vote of the shareholders of Petrochem will be deemed to have been made on the basis of the information contained in this Offer Document and the Petrochem Board Circular.

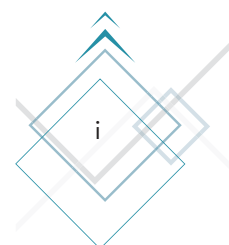
The CMA and the Saudi Exchange Company (Tadawul) do not assume any responsibility for the contents of this Offer Document and make no assurances as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from this Offer Document or reliance on any part thereof.

Statements and information contained in this Offer Document are made as at the date of this Offer Document unless some other time is specified in relation to them. As a result, the information contained in this Offer Document is subject to change after its publication. The publication of this Offer Document (or any action taken pursuant to it) shall not give rise to any implication that there has been no change in the facts or affairs of SIIG, Petrochem or any of their Subsidiaries since the date of this Offer Document. Nothing contained in this Offer Document is intended to be or shall be deemed to be a forecast, projection or estimate of the future financial performance of SIIG or any of its Subsidiaries, and no statement in this Offer Document should be interpreted to mean that share earnings for current or future financial periods of SIIG will necessarily match or exceed historical published share earnings of SIIG shares (for further information, please see Section (1) ("**RISK FACTORS**") of this Offer Document).

No person has been authorized to give any information or to make any representations on behalf of SIIG's board of directors other than those contained in this Offer Document. As such, no information or representations should be relied by any third-party as having been authorized by SIIG, HSBC Saudi Arabia or any of the other SIIG advisers in connection with the Acquisition Transaction.

Copies of this Offer Document can be obtained from the offices of SIIG or through SIIG's website at (www.siiig.com.sa), from the CMA's website at (www.cma.org.sa), or from Tadawul's website at (www.saudiexchange.sa). Except with respect to this Offer Document, none of the contents on the websites mentioned in this paragraph should be considered part of this Offer Document, and SIIG bares no responsibility to the information contained in these websites.

SIIG has appointed HSBC Saudi Arabia as its financial advisor in connection with the Acquisition Transaction. HSBC Saudi Arabia – a Capital Market Institution licensed by the CMA – is acting exclusively as financial adviser to SIIG and for no one else in connection with the Acquisition Transaction and will not be responsible to any person other than SIIG for providing the advice in relation to the Acquisition Transaction or any other issue addressed in the Offer Document. HSBC Saudi Arabia has not independently verified the information contained in this Offer Document. Accordingly, HSBC Saudi Arabia or any of its Subsidiaries bare no responsibility as to the accuracy or completeness of the information contained in this Offer Document.



FORWARD-LOOKING STATEMENTS

This Offer Document contains certain forward-looking statements with respect to SIIG. These forward-looking statements can be identified by the fact that they do not depend on historical or current facts. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “plan”, “will”, “goal”, “believe”, “aim”, “may”, “would”, “could” or “should” or other words of similar meaning or the negative thereof. Forward-looking statements in this Offer Document include, without limitation, statements relating to the following: (i) preliminary synergy estimates, future capital expenditures, expenses, revenues, economic performance, financial conditions, dividend policy, losses and future prospects from the Acquisition Transaction; (ii) business and management strategies and the expansion and growth of the operations of SIIG following the Acquisition Transaction; and (iii) the Acquisition Transaction and the dates on which events are expected to occur. Neither the forward-looking statements nor the objectives referred to in this Offer Document can be made certain. The advisors of SIIG, those whose names appear in Section “CORPORATE DIRECTORY” of this Offer Document, or any of their managers or employees shall not be liable for any direct or indirect loss or damage that any person may incur due to their reliance on any information included in the Offer Document, or the omission of any information not included in this Offer Document.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, industry results, strategies or events, to be materially different from any results, performance, achievements or other events or factors expressed or implied by such forward-looking statements. Many of the risks and uncertainties relating to forward-looking statements are beyond SIIG’s control and cannot be estimated precisely, such as future market conditions and the behaviors of other market participants, and therefore undue reliance should not be placed on such statements. Forward-looking statements are not guarantees of future performance. They have not, unless otherwise indicated, been reviewed by the auditors of SIIG. Forward-looking statements are based on numerous assumptions, including assumptions regarding the present and future business strategies of SIIG and the environment in which it will operate in the future. All subsequent oral or written forward-looking statements made by or attributable to SIIG or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above.

For further details about these risks and uncertainties, see Section (1) (“RISK FACTORS”) of this Offer Document.

SIIG assumes no obligation to, and does not intend to, update any forward-looking statements, except as required pursuant to applicable laws and regulations.

No person should construe the contents of this Offer Document as a legal, financial or tax advice. If you are in any doubt as to the action you should take at the Petrochem EGM, SIIG recommends that you seek financial advice from an independent financial advisor authorized by the CMA.

PUBLICATION AND DISTRIBUTION RESTRICTIONS

This Offer Document is addressed to Petrochem's Selling Shareholders, subject to any restriction in the rules of any Restricted Jurisdiction.

NOTICE TO PETROCHEM'S SELLING SHAREHOLDERS RESIDING OUTSIDE OF SAUDI ARABIA

Please note that, although all Petrochem Shareholders have the right to vote at the Petrochem EGM (without prejudice to any restriction due to a conflict of interest or any other restriction imposed by the laws and regulations applicable in KSA), Petrochem Shareholders residing outside of KSA are hereby made aware that this Offer Document was not filed, notified or registered with any regulatory authority outside the KSA. Therefore, if a Petrochem Shareholder is based in a jurisdiction where voting on the Acquisition Resolutions requires any steps to be taken by SIIG to lawfully enable such shareholder to vote on the Acquisition Resolutions, then that shareholder should not vote on the resolutions to be proposed at Petrochem EGM. If such shareholder has nevertheless voted on the Acquisition Resolutions, SIIG reserves the right, after it agrees the same with Petrochem, not to proceed with the Acquisition Transaction unless the relevant resolutions are approved by the requisite majorities without counting the vote of that shareholder.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION¹

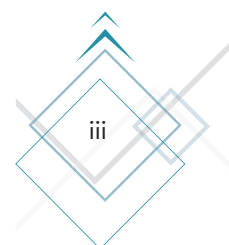
SIIG's consolidated financial statements (audited) for the financial years ended 31 December 2018G, 31 December 2019G, 31 December 2020G are prepared in accordance with IFRS as adopted in KSA. The consolidated condensed financial statements (unaudited) of SIIG for the two periods of three and six months ended on 30 June 2021G and the two periods of three and nine months ended on 30 September 2021G were prepared in accordance with IAS 34 applicable in the KSA.

Save where expressly stated otherwise, financial information contained in this Offer Document is based on management's information and has not been independently verified by auditors or otherwise. Save as disclosed otherwise, all financial information is set out in Saudi Riyals.

Petrochem has, after considering the external auditor review results in relation to joint ventures with Chevron Phillips Petrochemical Limited Company i.e., its Subsidiaries, reassessed its control of its Subsidiaries which resulted in reassessing the consolidation of Petrochem with its Subsidiaries. As a result, the accounting of these investments in the Petrochem's accounts has changed to be joint ventures using the equity method as opposed to full consolidation in the condensed financial statements (unaudited) of Petrochem for the two periods of three and nine months ended on 30 September 2021G, which are available to shareholders on the official website of the Saudi Exchange. Accordingly, SIIG introduced a similar amendment to the condensed financial statements (unaudited) for the two periods of three and nine months ended on 30 September 2021G.

This Offer Document has been prepared in accordance with the applicable laws and regulations of KSA. The Consideration Shares constitute securities of a Saudi Arabian company and, as such, this Offer Document and any other documents relating to the Acquisition Transaction and the Consideration Shares have been or will be prepared in accordance with disclosure requirements applicable in the KSA, which may differ from those required in other jurisdictions.

¹ Note to HSBC: FDD adviser to confirm translation.



CORPORATE DIRECTORY

Saudi Industrial Investment Group (SIIG)

Office No. 203
Rubeen Plaza Center, Northern Ring Rd
Hittin District
P.O. Box 99833 Riyadh 11625
Kingdom of Saudi Arabia
Telephone: 0096611 2792522
Fax: 0096611 2792523
Email: ir@siig.com.sa
Website: www.siig.com.sa



FINANCIAL ADVISER TO SIIG

HSBC Saudi Arabia

Al Olaya Street, Al Murooj district 7267
Postal Code 2215-12283
Kingdom of Saudi Arabia
Telephone: 00966 920005920
Fax: 00966 11 299 2385
Email: siig-npc@hsbcsa.com
Website: www.hsbcsaudi.com



LEGAL ADVISER TO SIIG

Khoshaim & Associates

17th Floor, Tower B, Olaya Towers
Olaya District
P.O. Box 230667
Riyadh 11321
Kingdom of Saudi Arabia
Telephone: +966 114618700
Fax: +966 114618799
Email: info@khoshaim.com
Website: www.khoshaim.com



Independent Auditor of SIIG and Petrochem for the year ending on 31 December 2020G, the two periods of three and six months ending on 30 June 2021G, and the two periods of three and nine months ending on 30 September 2021G

PricewaterhouseCoopers, Public Accountants

Al-Hugayet Tower
P.O. Box 467, Dhahran Airport 31932
Kingdom of Saudi Arabia
Telephone: +966 13 849 6311
Fax: +966 13 849 6281
Email: ali.alotaibi@pwc.com
Website: www.pwc.com/me



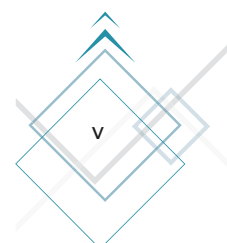
FINANCIAL DUE DILIGENCE ADVISER TO SIIG

Ernst & Young & Co (public Accountants)

General Partnership
Al Faisaliyah Tower, Floor Fourteen
King Fahad Road
P.O. Box 2732, Riyadh, 11461
Kingdom of Saudi Arabia
Telephone: +966 11273 4740
Fax: +966 112734730
Email: ey.ksa@sa.ey.com
Website: ey.com/mena



Note: The above advisors and independent auditor have given and, as at the date of this Offer Document, have not withdrawn their written consent to the publication of their names, addresses, logos and the statements attributed to each of them in the context in which they appear in this Offer Document.



KEY DATES AND MILESTONES FOR THE ACQUISITION TRANSACTION

The below outlines the expected timeline for the main events related to the Acquisition Transaction. SIIG will announce any changes that may occur to the timeframe and expected dates set out in the table below on the Tadawul website.

Event	Timeline/Date
1- Actions required in relation to EGM	
Submission of the final draft of the Offer Document to the CMA.	The final draft of the Offer document was submitted to the CMA on 12/8/1443H (corresponding to 15/3/2022G).
CMA approval of the SIIG capital increase application and the application to publish the Offer Document.	13/8/1443H (corresponding to 16/3/2022G).
CMA approval to convene the SIIG EGM and the Petrochem EGM.	14/8/1443H (corresponding to 17/3/2022G)
Publication of the invitation to the SIIG EGM on the Tadawul website (noting the possibility of holding a second meeting within an hour after the end of the first meeting if the first meeting was not quorate).	17/8/1443H (corresponding to 20/3/2022G)
Publication of the invitation to the Petrochem EGM on the Tadawul website (noting the possibility of holding a second meeting within an hour after the end of the first meeting if the first meeting was not quorate).	17/8/1443H (corresponding to 20/3/2022G)
Publication of the Offer Document, the Shareholders' Circular, and the Petrochem Board Circular.	14/8/1443H (corresponding to 17/3/2022G)
Providing documents for inspection.	14/8/1443H (corresponding to 17/3/2022G)
Starting electronic voting by SIIG shareholders on the EGM resolutions	5/9/1443H (corresponding to 6/4/2022G)
Starting electronic voting by Petrochem shareholders on the EGM resolutions.	5/9/1443H (corresponding to 6/4/2022G)
SIIG EGM (first meeting) – quorum required is shareholders representing at least 50% of the share capital.	9/9/1443H (corresponding to 10/4/2022G)
SIIG EGM (second meeting) (if quorum for first meeting is not attained) – quorum required for the second meeting is shareholders representing at least 25% of the share capital.	After one hour from the end of the first inquorate SIIG meeting
Petrochem EGM (first meeting) – quorum required is shareholders representing at least 50% of the share capital.	9/9/1443H (corresponding to 10/4/2022G)
Petrochem EGM (second meeting) (if quorum for first meeting is not attained) – quorum required for the second meeting is shareholders representing at least 25% of the share capital.	After one hour from the end of the first inquorate SIIG meeting
Announcement on the Tadawul website of the Acquisition Resolutions passed at the SIIG EGM (first or second meeting) (or, if the EGM was not quorate, the announcement of such fact).	10/9/1443H (corresponding to 11/4/2022G)
Announcement on the Tadawul website of the Acquisition Resolutions passed at the Petrochem EGM (first or second meeting) (or, if the EGM was not quorate, the announcement of such fact).	10/9/1443H (corresponding to 11/4/2022G)
2- Actions Required in the event that the first and second EGM are not quorate	
CMA approval to convene a third SIIG EGM and/or Petrochem EGM.	12/9/1443H (corresponding to 13/4/2022G)
Publication of the invitation to the SIIG EGM (third meeting) and/or the Petrochem EGM (third meeting) on the Tadawul website.	13/9/1443H (corresponding to 14/4/2022G)
Electronic voting period for the SIIG EGM (third meeting) and/or the Petrochem EGM (third meeting).	1/10/1443H (corresponding to 2/5/2022G)
Third SIIG EGM and/or third Petrochem EGM- the third meeting will be valid irrespective of the number of shares represented in the meeting.	4/10/1443H (corresponding to 5/5/2022G)
Publication and announcement on the Tadawul website of the Acquisition Resolutions of the SIIG EGM (third meeting) and/or Petrochem EGM (third meeting).	5/10/1443H (corresponding to 6/5/2022G)

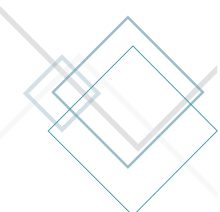
Event	Timeline/Date
3- Effectiveness of the Acquisition Transaction	
Effective Date	9/9/1443H (corresponding to 10/4/2022G) (if approval is obtained in the first or second meeting of the SIIG EGM and the Petrochem EGM). 4/10/1443H (corresponding to 5/5/2022G) (if approval is obtained in the third meeting of the SIIG EGM and the Petrochem EGM, as applicable).
Petrochem Shares Suspension	The first trading period following the Effective Date which is expected to occur on: 10/9/1443H (corresponding to 11/4/2022G) (if approval is obtained in the first or second meeting of the SIIG EGM and the Petrochem EGM). 7/10/1443H (corresponding to 8/5/2022G) (if approval is obtained in the third meeting of the SIIG EGM and the Petrochem EGM, as applicable).
Cancellation of the listing of Petrochem shares on Tadawul	Within a period of not less than the third trading period and not exceeding the sixth trading period after the Effective Date.
Listing the Consideration Shares on Tadawul and allocating such shares to the benefit of the respective Petrochem's Selling Shareholders registered in the Petrochem's shareholders' register at the end of the second trading period following the Effective Date.	Within a period of not less than the third trading period and not exceeding the sixth trading period after the Effective Date.
Amendment of SIIG's commercial registration certificate.	Within thirty (30) days of the Effective Date, which is expected to occur on: 9/10/1443H (corresponding to 10/5/2022G) (if approval is obtained in the first or second meeting of the SIIG EGM and the Petrochem EGM). 6/11/1443H (corresponding to 5/6/2022G) (if approval is obtained in the third meeting of the SIIG EGM and the Petrochem EGM, as applicable).
Deadline for distribution of proceeds of fractional shares which have been sold.	Within thirty (30) days as of the Effective Date of the Acquisition Resolution, which is expected to occur on: 9/10/1443H (corresponding to 10/5/2022G) (if approval is obtained in the first or second meeting of the SIIG EGM and the Petrochem EGM). 6/11/1443H (corresponding to 5/6/2022G) (if approval is obtained in the third meeting of the SIIG EGM and the Petrochem EGM, as applicable).

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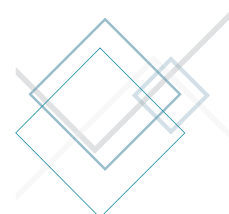
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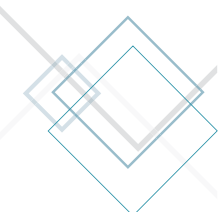
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Terms and Definitions

The following definitions apply throughout this Offer Document unless the context requires otherwise:

Implementation Agreement	The agreement dated 21/03/1443H (corresponding to 27/10/2021G) between SIIG and Petrochem setting out the terms and conditions of, and the parties' rights and obligations in connection with, the implementation of the Acquisition Transaction.
Completion of the Acquisition Transaction or Completion	After listing the Consideration Shares on Tadawul and allocating such shares to the benefit of Petrochem's Selling Shareholders, respectively, who are registered in the Petrochem's shareholders register at the end of the second trading period following the Effective Date.
EGM	The extraordinary general assembly meeting of the shareholders of the relevant Company convened in accordance with the provisions of the bylaws of the relevant Company.
Consideration Shares	The new SIIG shares to be issued to Petrochem's Selling Shareholders pursuant to the Acquisition Transaction. The Consideration Shares nominal value is ten (10) Saudi Riyals per share, with a total number of three hundred four million eight hundred thousand (304,800,000) shares.
Offer Shares	Shares issued in Petrochem and not owned by SIIG. The Offer Shares nominal value is ten (10) Riyals per share, with a total number of two hundred forty million (240,000,000) shares; representing (50%) of Petrochem's share capital.
Firm Intention Announcement	The announcement by SIIG on the Saudi Exchange on 21/03/1443H (corresponding to 27/10/2021G) in relation to its firm intention to make an offer to acquire all shares issued in Petrochem through a securities exchange transaction, in accordance with Article 17(e) of the MARs.
GOSI	General Organization for Social Insurance.
Affiliate	a person who Controls another person or is Controlled by that other person, or who is under common Control with that person by a third person. In any of the preceding, Control could be direct or indirect.
Conflict of Interests	<p>A conflict of interest situation of a member of the board of directors arises when any of the following occurs:</p> <ol style="list-style-type: none"> 1- the member of the board of directors has a direct or an indirect interest in the offer. 2- the member of the board of directors is a shareholder in Petrochem and at the same time a director of the SIIG board of directors, or vice versa 3- the member of the board of directors is a member of the SIIG board of directors and at the same time he/she is a board member of, or serves in an executive position in Petrochem, or vice versa 4- The member of the board of directors is a representative of a shareholder owning shares at SIIG and Petrochem. <p>An interest of a person who is a Relative or an Affiliate of a member of the board of directors shall be treated as an interest of such a member of the board of directors</p>
Shareholders' Circular	The shareholders' circular issued by SIIG in line with the requirements of Article 57 of the ROSCOS
Petrochem Board Circular	The circular prepared by Petrochem's board of directors according to Article (39) of MARs in relation to the SIIG offer relating to the Acquisition Transaction which provides the views of the Petrochem's board of directors on the offer to Petrochem's Selling Shareholders, and SIIG's plans for Petrochem and its employees

Material Adverse Event	<p>means, pursuant to the definition agreed upon in the Implementation Agreement, any event, occurrence or change in circumstances which individually, or when aggregated with all such other events, occurrences or changes, has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities, financial position, profitability or prospects of either of the Petrochem Group or the SIIG Group (in each case taken as a whole) or on the Acquisition Transaction or its implementation, provided that the following shall not be considered in determining whether a Material Adverse Event has occurred:</p> <ul style="list-style-type: none"> a- any deterioration of the economic, political or market conditions or securities, credit, financial or other capital markets conditions in the financial services industry globally, in the Middle East, in KSA or in general except to the extent that such effect has a materially disproportionate adverse effect compared to other businesses or participants in the industry in which the Petrochem Group or the SIIG Group (as the case may be) operates. b- any change, event or development to the extent resulting from the execution and delivery of this Agreement or the public announcement, pendency or consummation of the Acquisition Transaction or any of the other transactions contemplated by this Agreement, including the impact of such changes or developments on the relationships, contractual or otherwise, of the Petrochem Group or the SIIG Group (as the case may be) with employees, clients, customers, suppliers or partners; c- any change, event or development to the extent resulting from any failure of the Petrochem Group or the SIIG Group (as the case may be) to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts and circumstances giving rise to such failure may be deemed to constitute, and may be taken into account in determining whether there has been, a Material Adverse Event if such facts and circumstances are not otherwise described in paragraph (a) or (d) through (h) of this definition); d- any change, in and of itself, in the market price, credit rating (with respect to such Party or its securities) or trading volume of such Party's securities (it being understood that the facts and circumstances giving rise to such change may be deemed to constitute, and may be taken into account in determining whether there has been, a Material Adverse Event if such facts and circumstances are not otherwise described in paragraphs (a), (c), or (e) through (h) of this definition); e- any change or proposed change, after the date of this Agreement, in Applicable Law (or, in each case, authoritative interpretation thereof), except where the change in Applicable Law has an adverse effect on the Petrochem Group or the SIIG Group (as the case may be) in a materially disproportionate manner compared to each other or other businesses or participants in the industry in which the Petrochem Group or the SIIG Group (as the case may be) operates; f- geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of this Agreement, except to the extent that such change, event or development affects the Petrochem Group or the SIIG Group (as the case may be) in a materially disproportionate manner compared to each other or other businesses or participants in the industry in which the Petrochem Group or the SIIG Group (as the case may be) operates; g- any flood, earthquake or other natural disaster, except to the extent that such change, event or development that has a materially disproportionate manner compared other businesses or participants in the industry in which the Petrochem Group or the SIIG Group (as the case may be) operates; or h- any change, event or development to the extent resulting from any action that is expressly required to be taken in connection with the Acquisition Transaction.
Petrochem EGM	the extraordinary general assembly meeting of Petrochem convened for the purpose of the Acquisition Resolutions.

SIIG EGM	the extraordinary general assembly meeting of SIIG convened for the purpose of the Acquisition Resolutions
Restricted Jurisdiction	any jurisdiction where the offer of the Consideration Shares would violate the law of, or regulation applicable to, that jurisdiction
SAR or Saudi Riyals	Saudi Arabian Riyals, the official currency of KSA
Capital Increase	the proposed increase in SIIG's share capital by issuing three hundred four million eight hundred thousand (304,800,000) shares in favor of Petrochem's Selling Shareholders. This will increase SIIG's paid-up capital from four billion five hundred million Saudi Riyals (SAR 4,500,000,000) to seven billion five hundred forty eight million Saudi Riyals (7,548,000,000).
Control	the ability to influence the actions or decisions of another person, whether directly or indirectly, (except for indirect ownership through the exchange agreement or a hedge fund where the owner does not have the right to make the fund investment decisions) alone or with collaborating person(s) through holding (directly or indirectly) 30% or more of the voting rights in a company, and the term " Controller " shall be interpreted accordingly.
Closing Price	Last trading price for the shares, according to the mechanism set by Tadawul
Exchange or Tadawul	The market operated by the Saudi Exchange where securities are traded. Any reference to the market shall mean a reference to the Exchange.
Saudization	The requirements under the laws and regulations applicable in the Kingdom of Saudi Arabia imposed on companies operating in it to employ a certain percentage of Saudi nationals.
Companies	SIIG and Petrochem
Subsidiary	in relation to a company, another company which it Controls
National Petrochemical Company or Petrochem	The National Petrochemical Company, a joint stock company registered in the Commercial Register under no. 1010246363 dated 08/03/1429H (16/03/2008G) and based in Riyadh City with a capital of four billion eight hundred million (4,800,000,000) Saudi Riyals.
Chevron Phillips Chemical International (CPCIS)	Chevron Phillips Chemical International (CPCIS), an established and organized company, with headquarters in 50 Shirley Street, Nassau, The Bahamas.
Person	Any natural or legal person recognized as such under the laws of the Kingdom.
Acquisition Transaction	The SIIG acquisition of all Offer Shares according to Article (26) of the MARs in return for issuing Consideration Shares to Petrochem's Selling Shareholders by increasing the SIIG capital from four billion and five hundred million (4,500,000,000) Saudi Riyals to seven billion, five hundred and forty-eight million (7,548,000,000) Saudi Riyals)
VAT	An indirect tax imposed on all commodities and services, whether purchased or sold, by entities. VAT is currently imposed at the rate of 15%.
"Offeror" or "SIIG"	Saudi Industrial Investment Group (SIIG), a listed joint stock company in the Kingdom of Saudi Arabia established pursuant to the Ministry of Commerce's Resolution No. 291 dated 29/06/1416H (corresponding to 23/11/1995G), registered under the Commercial Registration No. 1010139946 dated 10/08/1416H (corresponding to 01/01/1996G) issued in Riyadh. and has a share capital of four billion and five hundred million (4,500,000,000) Saudi Riyals) consisting of four hundred and fifty million (450,000,000) ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) paid in full.
Offer	The offer from SIIG to Petrochem's Selling Shareholders for the purpose of acquisition of all Offer Shares in consideration of Consideration Shares to be issued to Petrochem's Selling Shareholders in SIIG pursuant to Article (26) of the MARs.
Offer Period	The period from SIIG's Firm Intention Announcement to make an Offer to Petrochem Shareholders until the date of SIIG EGM and Petrochem EGM's resolutions or until the Implementation Agreement is terminated in accordance with its provisions (whichever comes first). (For more details on the termination of the Implementation Agreement, see Section (2.3.1.4) (" Termination of the Implementation Agreement ") of this Offer Document.

Acquisition Resolutions	<p>Resolutions in relation to the Acquisition Transaction, which will be presented to SIIG and Petrochem shareholders, as follows:</p> <p>with respect to SIIG: Approval of the acquisition of all the Offer Shares pursuant to Article (26) of the MARs through the issuance of three hundred four million eight hundred thousand (304,800,000) new SIIG shares to Petrochem's Selling Shareholders in accordance with the Implementation Agreement, including the approval of the following matters relating to the Acquisition Transaction:</p> <ul style="list-style-type: none"> a- Approval of the increase in the share capital of SIIG from four billion and five hundred million (4,500,000,000) Saudi Riyals to seven billion, five hundred and forty-eight million (7,548,000,000) Saudi Riyals pursuant to the terms and conditions of the Implementation Agreement, for the purpose of acquisition of all the Offer Shares, with a total number of two hundred forty million (240,000,000) shares; representing (50%) of Petrochem's share capital. b- Approval of the provisions of the Implementation Agreement between SIIG and Petrochem dated 21/03/1443H (corresponding to 27/10/2021G) c- Approval of the amendments to SIIG's bylaws in the form set out in Annex with effect from the Effective Date. d- The authorization of the SIIG' board of directors, or any person authorized by the board of directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions. <p>with respect to Petrochem: Approval of the Offer provided by SIIG to acquire all the Offer Shares pursuant to Article (26) of the MARs through the issuance of three hundred four million eight hundred thousand (304,800,000) shares to Petrochem's Selling Shareholders in accordance with the Implementation Agreement, including the approval of the following matters relating to the Acquisition Transaction:</p> <ul style="list-style-type: none"> a- Approval of the provisions of the Implementation Agreement between Petrochem and SIIG dated 21/03/1443 H (corresponding to 27/10/2021G). b- The authorization of the Petrochem's board of directors, or any person authorized by the board of directors, to adopt any resolution or take any action as may be necessary to implement any of the above resolutions.
Relative	a husband, wife, children and parents.
ROSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the board of the CMA pursuant to its resolution no. 3-123-2017, dated 9/4/1439H (corresponding to 27/12/2017G) as amended by the board of the CMA pursuant to its resolution no. 5-5-2022, dated 2/6/1443H (corresponding to 5/1/2022G).
MARs	the Merger and Acquisition Regulations issued by the board of the CMA pursuant to its resolution no. 1-50-2007, dated 21/9/1428H (corresponding to 3/10/2007G), amended by resolution no. 3-45-2018, dated 7/8/1439H (corresponding to 23/4/2018G).
Feedstock	A raw material used to produce other materials through fracking, chemical reactions or polymerization, and it is used to produce ethylene, propylene, gasoline and other material.
GCC	the Gulf Cooperation Council.
MoU	Memorandum of Understanding signed by and between SIIG and Petrochem on 20/2/1443H (corresponding to 27/9/2021G), whereby the Companies reached a non-binding agreement on the Exchange Ratio and the structure of implementation of the Acquisition Transaction.
Financial Advisor	HSBC Saudi Arabia.
Exchange Ratio	It is the basis on which the number of Consideration Shares owed to Petrochem's Selling Shareholders will be determined in relation to the Acquisition Transaction, which will result in 1,27 SIIG shares for every Petrochem share
Substantial Shareholder	a shareholder owning five per cent (5%) or more of the shares in SIIG or in Petrochem (as applicable).
KSA, Kingdom or Saudi Arabia	The Kingdom of Saudi Arabia

Petrochem's Selling Shareholders	All shareholders of Petrochem except for SIIG
Offer Document	This document prepared by SIIG pursuant to Article (38) of the MARs in relation to the Offer made by SIIG to Petrochem's Selling Shareholders
Related Party	Means a person who, whether acting in concert with SIIG or Petrochem or any of their subsidiaries, owns or deals directly or indirectly with shares of SIIG or Petrochem either through a special sale or purchase transaction or offer, or any person (in excess of its normal interests as a shareholder) has interest or potential interest - whether personal, financial or business - arising from the Acquisition Transaction or a related party with both SIIG and Petrochem. The definition includes, but is not limited to, the following: 1- any person(s) who has/ have provided financial assistance to SIIG or Petrochem. 2- the members of the board of directors of SIIG and Petrochem (or any of their subsidiaries); 3- any person owning 20% of SIIG and Petrochem (weather individually or by acting in concert with other(s)); 4- Substantial Shareholder in SIIG who at the same time is a member of the board of directors of Petrochem, or vice versa.
Effective Date	After the approval of the SIIG EGM and Petrochem EGM in respect of the Acquisition Transaction.
Companies Law	The Companies Law issued pursuant to Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G) as amended pursuant to the Royal Decree No. M/79 dated 25/07/1439H (corresponding to 11/4/2018G).
Labour Law	The Labour Law issued pursuant to Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G) as amended pursuant to the Royal Decree No. M/5 dated 7/1/1442H (corresponding to 26/8/2020G).
CMA	the Capital Market Authority of Saudi Arabia.
GAC	the General Authority for Competition in Saudi Arabia.
MISA	the Ministry of Investment of Saudi Arabia.
MOC	the Ministry of Commerce of Saudi Arabia.
MHRSD	the Ministry of Human Resources and Social Development of Saudi Arabia.
Acting in Concert	Means, at CMA's discretion, the actual cooperation under agreement (whether binding or non-binding) or understanding (whether official or non-official) between persons to control (whether directly or indirectly, except for the indirect ownership via exchange agreement, via a hedge fund where the owner does not have the right to make the fund investment decisions) a company through acquiring (directly or indirectly) shares that have voting rights in such company. The term " persons acting in concert " shall be interpreted accordingly. Notwithstanding the application of this definition, the persons mentioned below shall, without limitation, be deemed to be acting in concert with other persons in the same category unless proven otherwise: (1) members of the same group (2) relatives of the person (3) person(s) who has provided financial assistance (other than the ordinary course of business of a company) to the Offeror or the members of the same group with that person for the purpose of buying shares that have voting rights or convertible debt instruments.
Business Day	any day, other than a Friday, Saturday or a public holiday in KSA
IFRS Applicable in the KSA:	The International Financial Reporting Standards applicable in the KSA and other standards and publications of SCOPA.
IAS 34 applicable in the KSA:	IAS 34 " Interim Financial Reporting " applicable in the KSA.
SOCPA	Saudi Organization for Chartered and Professional Accountants (formerly known as Saudi Organization for Certified Public Accountants).

1. RISK FACTORS

In deciding whether to vote for or against the Acquisition Resolutions, Petrochem's Selling Shareholders should carefully read the risk factors contained in this section, in addition to all the other sections of this Offer Document and the information set out herein. Additional risks, other than those provided herein, and uncertainties not presently known to the SIIG board, or which the SIIG board currently considers to be immaterial, may also have an adverse effect on SIIG and Petrochem.

The activity, financial position, results of operations, cash flows, future prospects and profitability of SIIG and its subsidiaries after Completion of the Acquisition Transaction, will be adversely affected should any of the risks referred to herein materialize. Further, if any other risk materializes not mentioned herein (i.e. either because the SIIG board is not aware of such risks, or because the SIIG board did not classify them as material risks but otherwise turned to be material) then such risk will adversely impact the activities, financial position, results of operations, cash flows, future prospects and profitability of SIIG and its Subsidiaries.

Any shareholder in doubt about the content of this Offer Document or in relation to voting in favor of or against the Acquisition Resolutions should consult an independent financial adviser authorized by the CMA in this regard.

The order in which the risks are listed under this section below is not intended to reflect their significance or eventuality probability.

1.1 Risks Relating to the Acquisition Transaction and SIIG Business Following Completion of the Acquisition Transaction

1.1.1 Risks related to Satisfying the Acquisition Transaction Conditions

The Completion of the Acquisition Transaction is conditional on a number of conditions as summarized in Section (2) ("OVERVIEW OF THE ACQUISITION TRANSACTION") of this Offer Document. Failure to satisfy any of the conditions or the delay in satisfying such conditions will result in the Completion of the Acquisition Transaction not being completed or being delayed. The most important conditions which have not yet been satisfied are the material terms and conditions of the Implementation Agreement which the Companies shall comply with until the Effective Date and which is summarized in Section (2.3.1) ("Implementation Agreement") of this Offer Document including not breaching any of the warranties provided or the conduct of business requirements and other conditions set out in the said section.

Any delay to Completion of the Acquisition Transaction due to a failure of satisfying the Completion of the Acquisition Transaction conditions may diminish and/or delay the anticipated benefits or may result in additional transaction costs, loss of revenue or other unquantifiable effects associated with the delay of the Acquisition Transaction.

1.1.2 Risks relating to Realizing the Anticipated Cost Savings, Growth Opportunities and other Benefits Anticipated from the Acquisition Transaction

After Completion of the Acquisition Transaction, the SIIG ability to realize anticipated synergies financial benefits and growth opportunities or the timing of this realization may be affected by a variety of factors, including but not limited to:

- Difficulties or delays in obtaining any approvals that may be required to implement certain actions that aim to realize any of the benefits of the Acquisition Transaction.
- Unforeseeable events, including major changes in the markets and operating environment in which both SIIG and Petrochem operate.

The projected cost savings from the Acquisition Transaction are based on preliminary estimates. Therefore, there is a risk that the estimated savings will not be realized due to a variety of reasons including but not limited to the performance of SIIG and its Subsidiaries after Completion of the Acquisition Transaction and other factors related to petrochemical industry, business environment and economic situation. No responsibility for the outcome in respect of such preliminary estimates has been assumed by SIIG, its board, its executive management or any other person in this regard and there is no intention to update the cost saving and benefits or other such forward-looking statements in this Offer Document except as required pursuant to applicable law and regulation. (For further details, please see Section (2.2) ("Rationale of the Acquisition Transaction") of this Offer Document)

There is a risk that these cost savings expected from the Acquisition Transaction are not realized in the time, manner or amounts currently expected, if at all, as a result of various external and internal factors. This would adversely affect SIIG and its Subsidiaries after the Completion of the Acquisition Transaction and their future operations and operating and financial results. (For further details of the benefits anticipated from the Acquisition Transaction, please see Section (2.2) ("**Rationale of the Acquisition Transaction**") of this Offer Document).

1.1.3 Risks relating to the Exchange Ratio for the Acquisition Transaction

SIIG will issue the Consideration Shares to Petrochem's Selling Shareholders after the Acquisition Resolutions becomes effective based on a fixed exchange ratio of (1.27) shares in the SIIG for each share in Petrochem (for more details about the Exchange Ratio, please refer to Section (2.1) ("**The Valuation of Petrochem**") of this Offer Document).

The Exchange Ratio has been calculated on the basis of, amongst other things, the share price of the Companies, certain internal financial information and other data relating to the business and financial prospects of the Companies, including estimates and financial forecasts for the performance of SIIG after Completion of the Transaction and transaction benefits prepared by the respective management of the Companies. It has been assumed that such information, forecasts, estimates, and benefits have been reasonably prepared on a basis reflecting the best currently available information of the respective management of the Companies and assuming that they will be realized in the amounts and time periods contemplated thereby (For further information on Exchange Ratio, please see Section (2.1) ("**The Valuation of Petrochem**") of this Offer Document).

If all or any of these assumptions prove to be materially incorrect, or the share price of the Companies materially change after the Exchange Ratio has been agreed upon Completion, as a result of market volatility or the operations of the Companies, or due to delays in Completion of the Acquisition Transaction for any reason or due to any political or economic changes or any reasons that may affect the share price, this would materially affect the valuations of the Companies and the Exchange Ratio would not accurately reflect the fair values of the Companies at Completion of the Acquisition Transaction.

1.1.4 Risks relating to the reduction in Petrochem's Selling shareholders voting powers and their share in the total net profit following the Completion of the Acquisition Transaction

After the Effective Date, SIIG shall issue Consideration Shares to Petrochem's Selling Shareholders as per the Exchange Ratio of (1.27) shares in the SIIG per share in Petrochem. Upon Completion of the Acquisition Transaction, Petrochem's Selling Shareholders will own (40.38%) in SIIG while SIIG shareholders will own (59.62%). As a result, the ownership percentage and the number of shares that will be owned by each Petrochem's Selling Shareholder in SIIG (save for those shareholders who own shares in SIIG prior to the Completion of the Acquisition Transaction) will be reduced compared to the ownership percentage and the number of shares currently owned in Petrochem. The reduction in the ownership percentage and the number of shares owned by Petrochem's Selling Shareholders in SIIG after the Completion of the Acquisition Transaction (compared to pre-completion) will result in having less voting power and will reduce their share in the total net profit of SIIG after the Completion of the Acquisition Transaction.

1.1.5 Risks relating to the SIIG reputation after Completion of the Acquisition Transaction

SIIG's reputation is critical in attracting and retaining new customers and establishing strong relationships with counterparties, whether for SIIG and its co-managed projects or its Subsidiaries. SIIG's reputation could be damaged in the future after the Completion of the Acquisition Transaction by various factors, including, but not limited to, a decline, restatement, or other corrections to its financial results, legal or regulatory actions against SIIG or employee misconduct which causes SIIG to breach applicable legal requirements after Completion of the Acquisition Transaction. The damage to the SIIG's reputation will have an adverse impact on SIIG, its Subsidiaries -including Petrochem, co-managed projects, business, financial position, results of operations, or future prospects after Completion of the Acquisition Transaction.

1.1.6 Risks relating to costs sustained to complete Acquisition Transaction

SIIG expects to incur a range of non-recurring direct costs associated with the Acquisition Transaction, including fees for financial advisors, chartered accountants, legal advisors and other related costs, these costs amounting to approximately nineteen million Saudi Riyals (SAR 19,000,000). These costs will be incurred by SIIG regardless of whether the Acquisition Transaction is completed or not. This may affect the financial position of SIIG.

1.1.7 Risks relating to Petrochem being a fully owned Subsidiary of SIIG

Upon Completion of the Acquisition Transaction, Petrochem will be a fully owned subsidiary of SIIG. Accordingly, it will not act as an internal section or branch of SIIG. After the Completion of the Acquisition Transaction, SIIG will not be able to extract any funds from Petrochem except through profits distributed to shareholders or by reducing the capital and transferring the amount resulting from this reduction to the SIIG's current account.

The contractual relations between SIIG and Petrochem, after the Completion of the Acquisition Transaction, should not result in an undue benefit to SIIG on the expense of Petrochem. SIIG, after the Completion of the Acquisition Transaction, may not use Petrochem's assets except through appropriate contractual relationships compatible with the Companies Law. Otherwise, it may result in financial claims by third parties, creditors, violations, or penalties against both SIIG and Petrochem, which will affect SIIG and Petrochem, their respective operations, future prospects, operational activities, financial results and market value of the SIIG shares.

1.1.8 Risks relating from independent advice provided by financial advisors

Upon signing the Implementation Agreement on 3/21/1443H (corresponding to 10/27/2021G), SIIG and Petrochem received independent advice from their respective financial advisors, confirming that the Acquisition Transaction is financially fair, and neither SIIG nor Petrochem obtained any updated advice from their financial advisors as of the date of the execution of the Implementation Agreement, and they do not intend to do so. The prices of SIIG's shares may differ upon Completion of the Acquisition Transaction due to the changes related to the operations of the two Companies and their future prospects or changes in market conditions and the economy and other factors that are beyond their control, which may affect the statements relied upon by the financial advisors when preparing their advice. As the financial advisors will not update their independent advice, their opinions will not determine whether the consideration offered in the Acquisition Transaction is financially fair upon Completion of the Acquisition Transaction.

1.2 Risks Relating to the Shares

1.2.1 Risks relating to the current and previous trading patterns of SIIG's shares relative to the historic trends related to SIIG's Shares

SIIG's shareholders should be aware that the historic trading patterns of SIIG's shares are independent of, and may bear no resemblance whatsoever to, the trading patterns of SIIG's shares following Completion of the Acquisition Transaction.

It should also be noted that the SIIG's base of shareholders upon the Completion of the Acquisition Transaction will differ from the Petrochem's Shareholders base before the Completion of the Acquisition Transaction, which will result in a difference in trading patterns compared to the trading patterns of Petrochem shares.

1.2.2 Risks relating to the decline of the market price of the SIIG's shares as a result of the Acquisition Transaction

The market price of SIIG's shares (including the Consideration Shares) may decline in the event of occurring multiple factors related to the Acquisition Transaction, including:

- SIIG does not achieve the expected benefits of the Acquisition Transaction as rapidly or to the extent anticipated by the investors and financial analysts or SIIG's board;
- the effect of the Acquisition Transaction on financial results of SIIG after the Completion of the Acquisition Transaction not consistent with the expectations of financial analysts or investors or SIIG's board.

1.2.3 Risks related to the volatility of SIIG's shares price

The announcement of the Acquisition Transaction to the investors, the management of the two companies or their business, the delay in completing the Acquisition Transaction for any reason or any other political, economic or any other reason may impact the market price of SIIG and Petrochem shares through increased volatility until the Completion of the Acquisition Transaction. The market price of SIIG's shares during the period between the date of publication of this Offer Document and the Effective Date may differ significantly, which may impact the market value of SIIG's shares and the value of the investment of SIIG's investors in SIIG.

It should also be noted that the SIIG's shareholder base upon the Completion of the Acquisition Transaction will differ from Petrochem's shareholder base, which will result in difference in volatility of SIIG's share price compared to the volatility of Petrochem's share price.

1.2.4 Risks related to sale of a significant number of SIIG's shares

It should be noted that sales, or the possibility of sales of substantial numbers of the SIIG shares by Substantial Shareholders or others upon Completion of the Acquisition Transaction may have an adverse effect on the share price.

1.2.5 Risks related to dividend distribution

It may be difficult to determine the profits that SIIG will realize or distribute (if any) upon the Completion of the Acquisition Transaction as such profit depends on a number of different factors, including, but not limited to, the economic situation at the global and local levels, the economic cycle of the petrochemical sector, and SIIG operational and financial performance and future prospects. The SIIG's board of directors will also have the absolute discretion in determining whether or not any dividends will be distributed and determining the amount of such dividends and the time of distribution (if any).

On the other hand, the distribution of dividends in SIIG's Subsidiaries shall be subject to some restrictions including, but are not limited to, the results of operations, regulatory requirements, the existence of sufficient distributable reserves, contractual restrictions under financing agreements (including financial undertakings), joint venture agreements, and each member of SIIG to have sufficient funds not required for its operations, fulfillment of other obligations or implementation of its commercial plans.

Therefore, there is no guarantee that SIIG will, after the Completion of the Acquisition Transaction, announce or distribute any future dividends, and there is no guarantee regarding the amount of dividends that SIIG will announce or distribute after the Completion of the Acquisition Transaction (if any) in any specific fiscal year. Additionally, there is no guarantee that the SIIG's shareholders will receive, after the Completion of the Acquisition Transaction, or that they will be entitled to dividends equal to the previously distributed dividends from SIIG or Petrochem. Furthermore, the SIIG's dividend distribution policy after the Completion of the Acquisition Transaction may be subject to amendment from time to time over the upcoming years.

1.3 Legal Risks

1.3.1 Risks related to the issuance of new laws and regulations that affect SIIG's operations

SIIG, its Subsidiaries, and its operations are subject to several regulators in the KSA, including, but not limited to: the Ministry of Commerce, the Ministry of Energy, the Royal Commission for Jubail and Yanbu, the General Authority for Meteorology and Environmental Protection, municipalities, civil defense, and other entities. Therefore, SIIG is subject to risks related to changing laws, regulations, circulars and government policies in the KSA, including laws and regulations related to taxation, liquidation, import and export, currencies, environment, labor and health and safety standards. The regulatory and legislative environment in the KSA is subject to continuous changes and development in line with the development of economic and administrative policies and trends, in addition to the best international practices. The costs of complying with these regulations are also high. In the event of changes to the existing law and regulations or the enactment of new laws and regulations related to petrochemical manufacturing, it is possible that SIIG, after the Completion of the Acquisition Transaction, will be forced to make changes to its products and production lines to meet the requirements of these laws and regulations. This will lead to SIIG incurring, after the Completion of the Acquisition Transaction, unexpected additional financial expenses, whether exceptionally or continuously, which will have a material adverse impact on the SIIG's business, the results of its operations, its financial position, and future prospects.

SIIG must, after the Completion of the Acquisition Transaction, continuously comply with the laws and regulations related to its business and operations. Accordingly, if SIIG fails, after the Completion of the Acquisition Transaction, to comply with these regulations, it will be subject to fines or penalties imposed by the relevant authorities, which will have an adverse impact on SIIG's operations after the Completion of the Acquisition Transaction, leading to an increase in its operating costs or suspension of its business or its licenses.

1.3.2 Risks related to licenses and permits

SIIG's Subsidiaries are subject to several laws and regulations that obligate them to obtain the necessary licenses and permits from the competent regulatory authorities in KSA in order to conduct their business. SIIG's Subsidiaries are required to obtain and maintain the necessary licenses, permits and regulatory approvals in connection with their activities including, but not limited to, industrial licenses, foreign investment licenses and commercial registration certificates obtained by SIIG's Subsidiaries from the Ministry of Energy, the Ministry of Investment and the Ministry of Commerce, in addition to environmental permits, Chamber of Commerce and Industry membership certificates, Saudization certificates, Zakat certificates, and social insurance certificates. These licenses and permits must remain in effect on an ongoing basis through SIIG's Subsidiaries' compliance with the laws and regulations governing these licenses and permits. If, after the Completion of the Acquisition Transaction, SIIG's Subsidiaries fail to comply with the laws and regulations governing these licenses and permits, or fail to hold a valid license, these Subsidiaries may not be able to renew these licenses and permits or obtain additional licenses and permits that may be required for future expansion. It may also lead to revocation or cancellation of these licenses and permits (in addition to the imposition of fines in relation to foreign investment licenses). The loss of these licenses and permits due to non-compliance with the relevant laws and regulations may lead to the suspension of business of SIIG's Subsidiaries, after the Completion of the Acquisition Transaction, which leads to a material adverse impact on the SIIG's business, after the Completion of the Acquisition Transaction, its financial condition, business results, and future prospects.

1.3.3 Risks related to intellectual property rights

If SIIG or any of its Subsidiaries fails to protect the intellectual property rights of any of them for any reason, or if any person infringes the property rights of SIIG or any of its subsidiaries, the value of these rights may be affected, which will have an adverse effect on SIIG, its processes, future prospects, operations and financial results and the market value of its shares.

SIIG, or any of its Subsidiaries may from time to time have to file a lawsuit to enforce their trademarks or any of their intellectual property rights. It is possible for third parties to file a lawsuit against SIIG or any of its Subsidiaries regarding the violation of their intellectual property rights. Litigation may cause significant costs in addition to harnessing the company's related resources for the purpose of defending its intellectual property rights, which will adversely affect the business of SIIG or any of its Subsidiaries (as applicable) and their profits regardless of the outcome of the litigation. As a result of such potential litigation, SIIG, or any of its Subsidiaries (as applicable) may have to enter into licensing and ownership agreements whose provisions may not be in their interests, or none of these companies may be able to enter into such agreements. Any of the above will have a material adverse impact on the SIIG's business after the Completion of the Acquisition Transaction, its financial condition, business results, and future prospects.

1.3.4 Risks related to Saudization

The Ministry of Human Resources and Social Development requires SIIG and its Subsidiaries to recruit a specific percentage of Saudi nationals and to 'Saudize' certain positions. SIIG and its Subsidiaries may face, from time to time, difficulties in relation to recruitment and retention of qualified Saudi nationals. If SIIG and its Subsidiaries fail to recruit a sufficient number of Saudi nationals, or if the Saudization rate decreases, SIIG may be penalized by the Ministry of Human Resources and Social Development for failure to comply with such requirements, which will have an adverse effect after Completion of the Acquisition Transaction on SIIG's business, results of operations and its financial position in general.

If SIIG and its Subsidiaries fail, upon Completion of the Acquisition Transaction, to comply with the Saudization rates, a restriction will be imposed on its recruitment of non-Saudi employees, which may adversely impact the ability of SIIG and its subsidiaries to engage in business as usual.

1.3.5 Risks relating to legal disputes

Any lawsuits brought against SIIG may harm the reputation of SIIG regardless of its final results. There is no assurance that SIIG will succeed in addressing any potential or future lawsuits or similar issues under the different regulations.

Except for Zakat claims contained in Section 10 ("**Zakat and Taxation**"), SIIG does not have any lawsuits brought by it or against it.

1.3.6 Risk relating to adequate insurance coverage

As participants in the refining and petrochemical industry, SIIG, or any of its Subsidiaries, may become subject to liability for hazards that cannot be insured against. The insurance coverage may not be sufficient to cover all cases or all the risks to which they may be exposed. There may be events in the future where their insurance does not cover all the potential losses, or they may not be covered by the insurance coverage at all. In addition, the insurance policies purchased, similar to all insurance policies, contain certain standard exclusions and limitations, which could potentially leave them exposed to liability. Accordingly, losses from uninsured risks may cause SIIG or any of its Subsidiaries to incur costs that could have a material adverse effect after Completion of the Acquisition Transaction on SIIG's business, after the Completion of the Acquisition Transaction, operations, financial position, cash flows and future prospects.

Further, if the insurance policies are not renewed within the current scope of coverage and under commercially acceptable terms, or if they are not renewed at all, or if there is no insurance or insufficient insurance for the different activities of the SIIG's business, this would have a material adverse effect after Completion of the Acquisition Transaction on SIIG's business, operations, financial position, cash flows and future prospects.

1.4 Risks related to Zakat and Taxation

1.4.1 Taxation risks related to the Acquisition Transaction

SIIG shareholders and Petrochem Shareholders may have zakat and tax obligations in or outside the KSA as result of the acquisition or disposal of interests in SIIG and Petrochem or other matters, subject to any available exemptions or reliefs. Requirements may include disclosure of the Acquisition Transaction to the relevant tax and zakat authorities inside or outside the Kingdom or pay any tax or Zakat obligations that may arise in connection with the Acquisition Transaction.

KSA Zakat and tax rules do not contain provisions providing roll-over relief or deferment of taxation for acquisitions. While we understand that the ZATCA has, in certain circumstances, previously accepted that acquisitions could be effected on a Zakat/tax neutral basis, there is no guarantee that it will take this position for the Acquisition Transaction.

It is expected that the Acquisition Transaction will be completed in accordance with 'the business continuity principle' for VAT purposes as per the definition set out in the VAT implementing regulations. Accordingly, although the transfer of liability and asset in accordance with 'the business continuity principle' is considered outside the scope of VAT, there is no clarity whether such transfer in the context of the Acquisition Transaction would also be considered outside the VAT scope.

As Zakat and tax laws are dynamic and change from time to time, SIIG shareholders, after the completion of Acquisition Transaction, may be exposed to higher Zakat and taxation which could arise due to the introduction of new Zakat and tax laws, any change to existing Zakat tax laws and regulations, a result of the disclosed or undisclosed practice of, or interpretation by, ZATCA or the relevant authorities in the relevant taxing jurisdiction outside KSA, or case law determined by the relevant courts.

If shareholders are in any doubt as to their own tax position, they should consult a financial or tax advisor licensed by the relevant authorities.

1.4.2 Risks related to amendment to tax laws and regulations inside and outside the KSA

SIIG's Subsidiaries must make Zakat payments at the approximate rate of 2.5% based on Zakat base. SIIG's Subsidiaries must submit an annual Zakat declaration to the Zakat, Tax and Customs Authority within 120 days from the end of each fiscal year.

In addition, the KSA imposed value-added tax on products sold and consumed in the KSA and the Gulf Cooperation Council countries on 14/04/1439 H (corresponding to 01/01/2018G), and on 17/10/1441 H (corresponding to 9/6/2020G) a decision was issued by the board of the Zakat, Tax and Customs Authority to increase the value-added tax rate to 15% of the selling price, as of 10/11/1441 AH (corresponding to 7/1/2020G). SIIG's Subsidiaries must pay the value-added tax, which in turn will affect the current supply, distribution, marketing, and services agreements for SIIG's companies, as this will lead to an increase in their prices, which will have a material adverse impact on SIIG's business after the Completion of the Acquisition Transaction, the results of its operations, its financial position, or its future prospects.

Since tax laws and regulations change from time to time, SIIG may be exposed to an increase in taxes imposed on it, after Completion of the Acquisition Transaction, which may arise due to the enactment of new tax laws and regulations and changes to the existing tax laws and regulations, which will adversely and materially affect SIIG's business, after the Completion of the Acquisition Transaction, the results of its operations and its financial position in general.

1.4.3 Risks related to withholding tax

The tax laws in the KSA require the payment of withholding tax, which is a tax imposed on a non-resident who does not have a permanent establishment in the KSA when he gains income from a source in the KSA, and the resident is responsible for paying the amount of withholding tax to the ZATCA for the amounts subject to tax in the KSA for non-residents.

In the event that, after Completion of the Acquisition Transaction, SIIG or its Subsidiaries, which are required to deduct the tax from non-residents that do not have a permanent establishment in the KSA while generating revenue from the KSA, fail to pay the amounts of withholding tax to ZATCA pursuant to tax laws in force in the KSA, the ZATCA will have the right to claim withholding tax from SIIG or its companies residing in the KSA (as applicable), and may be penalized for withholding taxes that are not paid on the due date.

1.4.4 Risks related to Zakat and tax positions

SIIG submitted its zakat and income tax returns to ZATCA up to 2020, and ZATCA has made several additional assessments on SIIG with an additional commitment on SIIG in the amount of forty-two million one hundred thirty-eight thousand five hundred ten Saudi Riyals (SAR 42,138,510) for the years from 2007 to 2014. SIIG submitted its objection to those assessments to the General Secretariat of the Zakat, Tax and Customs Committees, and the objection is still under consideration up to the date of this Offer Document.

Petrochem also submitted its zakat and income tax returns to ZATCA up to 2020. ZATCA has made several additional assessments with additional obligations on Petrochem, totaling three hundred forty-two million three hundred thousand Saudi Riyals (SAR 342,300,000), which had been reduced to one hundred ninety three million five hundred thousand Saudi Riyals (SAR 193,500,000) as of the date of this Offer Document. The details of these additional assessments and obligations and their current status is as follows:

- ZATCA made assessments for the years from 2014 to 2016 with an additional commitment on Petrochem in the amount of (SAR 204.2) million Saudi Riyals. Petrochem submitted its objection to the same to the General Secretariat of the Zakat, Tax and Customs Committees. The Tax Violations and Disputes Committee issued its decision to partially accept the objection so that the additional obligation on Petrochem for the years from 2014 to 2016 was reduced to (SAR 92.5) million Saudi Riyals. Thereafter, Petrochem and ZATCA submitted their appeals against the aforementioned decision to the Tax Violations and Disputes Appeal Committee, and the appeal is still under consideration up to the date of this Offer Document.
- ZATCA made assessments for the years from 2017 to 2018 with an additional obligation on Petrochem in the amount of (SAR 128.9) million Saudi Riyals. Petrochem submitted its objection to those assessments to the General Secretariat of the Zakat, Tax and Customs Committees, which issued its decision partially accepting the objections, bringing the amount down to (SAR 91.8) million Saudi Riyals. Petrochem plans to object to the above-mentioned decision to the General Secretariat of the Zakat, Tax and Customs Committee within the set objection period.

- ZATCA made assessments for the years from 2019 to 2020 with an additional obligation on Petrochem in the amount of (SAR 9.2) million Saudi Riyals. Petrochem submitted its objection to those assessments to the General Secretariat of the Zakat, Tax and Customs Committee, and the objection is still under consideration as of the date of this Offer Document.

If the objection of either SIIG or Petrochem is rejected by the authority competent to consider Zakat disputes, this may have an adverse impact on SIIG's business after the Completion of the Acquisition Transaction, its financial position, and the results of its operations.

1.5 Risks relating to the COVID-19 pandemic

The COVID-19 pandemic may have material adverse impacts on business, financial position, results of operations, and prospects of SIIG and its Subsidiaries.

COVID-19 was first reported in December 2019G and has subsequently spread throughout the world to countries and jurisdictions in which SIIG and its Subsidiaries operate. The COVID-19 pandemic has had and continue to have adverse repercussions across regional and global economies and financial markets which adversely affect the jurisdictions in which SIIG and its Subsidiaries operate, including KSA. Governments, and businesses and the public are taking unprecedented actions to contain the spread of COVID-19 and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and other regulatory changes. While the scope, duration and full effects of COVID-19 are rapidly evolving and not fully known, the pandemic and related efforts to contain it have disrupted global economic activity, adversely affected the functioning of financial markets, impacted interest rates, increased economic and market uncertainty, and disrupted trade and supply chains. If these effects continue for a prolonged period or result in sustained economic stress or recession, many of the risk factors identified in this Offer Document could be exacerbated and such effects could have a material adverse impact on SIIG in a number of ways. In addition, mutated strains of COVID-19 have been discovered with greater susceptibility to spread and infection, including strains that were discovered in the United Kingdom, India and South Africa. Given that these strains are newly discovered, it is not possible to predict how different their impact will be from the first strain of the COVID-19, but it has limited easing the restrictions imposed to limit the outbreak of COVID-19 in some countries, which may delay the stages of recovery of the global economy, adversely impacting SIIG after the Completion of the Acquisition Transaction.

1.5.1 Economic and financial risks

The operations, financial conditions, and results of SIIG may be affected by a variety of external factors, including disruptions in the capital markets, changes in interest rates that may increase costs of SIIG and its Subsidiaries due to economic conditions and the various response of governmental and non-governmental authorities in relation to a limited number of the operations of SIIG and its Subsidiaries. During the year 2020G, the COVID-19 pandemic has led to disruption and volatility in the global capital markets, which increases the cost of capital. Although markets began to recover, a prolonged period of volatile and unstable market conditions may increase the funding costs of SIIG. Furthermore, the volatility in global capital markets since March 2020 has also resulted in increased volatile currency exchange rate risks, which may also adversely affect SIIG's business after the Completion of the Acquisition Transaction.

1.5.2 Strategic risks

As a result of the business shutdown and facilities closures, the global economy has significantly slowed down, resulting in reduced customer demand across the markets where the companies operate in or is contemplating to operate in. In particular, reduced demand may impact the development and success of the business of SIIG's Subsidiaries and whether they can implement their strategies. The reduced customer demand may not swiftly increase to pre-COVID-19 level or at all, due to the potential prolonged global economic crisis or recession. An economic downturn may alter the priorities of governments to subsidize and/or incentivize participation in the SIIG's Subsidiaries' markets in which they operate Completion of the Acquisition Transaction, which could have an adverse impact on their financial condition, results of operations, and cash flows.

1.6 Risks related to SIIG's operations

1.6.1 Risks related to SIIG's main operations

SIIG and its Subsidiaries work on managing factory operations, risk management and performance monitoring in order to develop the equities of its shareholders and enhance the competitive capabilities of SIIG and its Subsidiaries in various markets. The risks that affect SIIG and its Subsidiaries, after the Completion of the Acquisition Transaction, in their main industries include, but not limited to, the following:

- 1.6.1.1 Risks related to supplying raw materials (Feedstock) and their prices on which SIIG's Subsidiaries depend for production. The Subsidiaries mainly supply Feedstock from the Saudi Arabian Oil Company (Saudi Aramco) at prices similar to those prices of petrochemical companies in Saudi Arabia, and any change in the Feedstock price will affect the company's profitability.**
- 1.6.1.2 Risks related to the operational performance level, which contain many technologies and equipment that may be exposed to malfunctions and disruptions from time to time, as the operational units of the subsidiaries are exposed to some unscheduled disruptions that may affect the performance of the company.**
- 1.6.1.3 Risks related to the inability to increase production at the maximum capacity level.**
- 1.6.1.4 The activity of the Subsidiaries includes the manufacture and marketing of petrochemical products, including hazardous or flammable products, similar to any activities that involve dealing with hazardous materials.**
- 1.6.1.5 Interest rate risk, which has two effects on SIIG's business, as the interest continued declining negatively affects bank deposits, Islamic Murabaha, and the existing hedging operations to which the subsidiaries are associated, as the increase in interest rates increases the cost of existing loans in Subsidiaries.**
- 1.6.1.6 Human resources risks relevant to the instability of Saudi competencies in the development and continuity of the company's performance.**
- 1.6.1.7 Environmental risks relevant to petrochemical industries, such as pollution and the consequent fines and costs.**
- 1.6.1.8 Risks related to dumping in the markets where the products of Subsidiaries are sold.**
- 1.6.1.9 Risks related to obsolete and slow-moving spare parts.**
- 1.6.1.10 Risks related to Petrochem's dependence on Gulf Polymers Distribution Company FZCO to sell the majority of its products.**

1.6.2 Operations limited revenue

SIIG is a holding company that has no operations, source of income or assets of its own other than 1) its shares in its subsidiaries, which are the following companies: Petrochem, Saudi Chevron Phillips Company, Jubail Chevron Phillips Company, and Aromatics Distribution Company FZE, and 2) its investments in securities. Therefore, SIIG's cash flows and ability to pay the debts that it may incur after the Completion of the Acquisition Transaction, as well as its ability to pay dividends to its shareholders, depend on dividends or other transfers from its Subsidiaries.

1.6.3 Risks relating to Client Concentration and reliance on Chevron Phillips Petrochemical Co. Ltd.

The SIIG's Subsidiaries have entered into several agreements with Chevron Phillips Petrochemical Company Ltd., either directly or through companies wholly owned by Chevron Phillips Petrochemical Company Ltd. These agreements include (1) a partnership agreement, (2) sales and marketing agreements, and (3) a trade name and licensing agreement. The revenues concentration percentage relating to Chevron Phillips Petrochemical Company Ltd. is 36% of SIIG's gross revenues. Accordingly, any negative changes in the terms and conditions of those agreements, or the adoption by Chevron Phillips Petrochemical Co., Ltd. or the Arab Chevron Phillips Petrochemical Company, of any decision to terminate any of such agreements may adversely impact SIIG's operations after the Completion of the Acquisition Transaction, its results and its financial position.

1.6.4 Administrative control in Saudi Chevron Phillips Company, Jubail Chevron Phillips Company and Aromatics Distribution Company FZE

There are several joint ventures between SIIG and the Arabian Chevron Phillips Petrochemical Company (owned by Chevron Phillips Petrochemical Company Ltd.) with equal equity ratios, which are Saudi Chevron Phillips Company, the Jubail Chevron Phillips Company and the Aromatics Distribution Company FZE, please see Section (11.3) ("SIIG Projects") of this Offer Document).

While SIIG exercises a certain level of control over these companies proportionate to its ownership percentage, it does not exercise absolute control. Therefore, SIIG relies on the cooperation of Arab Chevron Phillips Petrochemical Company in making decisions related to these companies. In addition, the day-to-day operations and development of the facilities of these companies is the responsibility of their respective management. Accordingly, SIIG's ability, after the Completion of the Acquisition Transaction, to influence these operations on a daily basis is limited and SIIG may not be able, after the Completion of the Acquisition Transaction, to prevent any actions that it may believe do not fully serve the interest of the shareholders in the Saudi Chevron Phillips Company, Jubail Chevron Phillips Company, or Aromatics Distribution Company FZE, or SIIG's interest. Accordingly, any actions are taken that do not fully serve the interest of the shareholders or SIIG's interest would, after the Completion of the Acquisition Transaction, adversely impact SIIG's business, the results of its operations and its financial position.

1.6.5 Dependence on the Saudi Arabian Oil Company (Saudi Aramco) as a major supplier of raw materials

Except for the agreement for the supply of thermal cracking fuels (Pyrolysis gasoline) whereby Saudi Chevron Phillips obtains thermal cracking fuels (Pyrolysis gasoline) from Al Jubail Petrochemical Company (KEMYA), Saudi Chevron Phillips and Jubail Chevron Phillips obtain all their raw material requirements from the Saudi Arabian Oil Company (Saudi Aramco). The raw material requirements concentration percentage from Saudi Aramco is approximately 94%. Under the raw material supply agreements currently in force, Saudi Arabian Oil Company (Saudi Aramco) is not obligated to supply the agreed raw material or provide an alternative and is not responsible for any loss due to its failure to deliver the material in accordance with the agreement. Accordingly, if Saudi Chevron Phillips and Jubail Chevron Phillips lose the Saudi Arabian Oil Company (Saudi Aramco) as a supplier of raw materials, or if the Saudi Arabian Oil Company (Saudi Aramco) is unable or unwilling to supply Saudi Chevron Phillips and Jubail Chevron Phillips with raw materials in the required quantities or refuses to supply the same in any quantities, as a result of shortages in produced quantities or operational problems in any of their production facilities, these two companies may experience temporary interruptions in supplies that may force them to close their facilities. In addition, Saudi Chevron Phillips and Jubail Chevron Phillips could experience material delays in their search for suitable alternative raw materials on commercially viable terms. If any one of these risks materializes, SIIG's business, results of operations and financial condition would be materially adversely affected after Completion of the Acquisition Transaction.

1.6.6 Production technology licenses

Most of the technology currently being used by Saudi Chevron Phillips and Jubail Chevron Phillips Company is a technology used under license from Chevron Phillips Petrochemical Co., Ltd. by virtue of an agreement with Arab Chevron Phillips Petrochemical Company. Al-Jubail Saudi Chevron Phillips Company, Al-Jubail Chevron Phillips Saudi Company, and the Saudi Polymer Company use a number of technologies owned by Chevron Phillips Petrochemical Company Ltd., whose use has been licensed to the companies referred to by Saudi Chevron Phillips, in addition to the technology used by the Saudi Chevron Phillips Company licensed by ABB Lummus Global Inc ("ABB") and the Saudi Basic Industries Corporation (SABIC). Based on the foregoing, if the patents of Chevron Phillips Petrochemical Ltd. become invalid or its trade secrets become known to its competitors, this may impair SIIG's ability to compete after the Completion of the Acquisition Transaction.

In addition, the competitors of SIIG's Subsidiaries or any other parties may obtain patents that may limit the ability of SIIG's Subsidiaries to legally produce or sell their products in a competitive manner, which may result in a significant decrease in revenues and profit margins and loss of market share if the benefits achieved through the use of current technologies are no longer available to the Subsidiaries. If these risks materialize, SIIG's business, results of operations and financial condition may be materially adversely affected after Completion of the Acquisition Transaction.

1.7 Market and Industry Risks

1.7.1 Risks related to competition

SIIG and its Subsidiaries operate in an industrial sector with a high degree of competition, as some of the competitors of SIIG and its Subsidiaries are able to manufacture products at lower cost and enjoy higher operational flexibility compared to SIIG's Subsidiaries, which enables them to better adapt to the conditions and variables of the petrochemical industry and the changes in the prices of raw materials and fuel as well as the changes in economic conditions in general. In addition, the lower prices of competitors' products may force SIIG's Subsidiaries, after the Completion of the Acquisition Transaction, to reduce the prices of their products, which would adversely affect the profit margins of SIIG after Completion.

It should be noted that some competitors of SIIG and its Subsidiaries have larger financial resources, which enables them to make large capital investments in their companies, including spending on research and development. If any of their current or future competitors develops proprietary technology that enables them to produce goods at a much lower cost, the technology of SIIG and its Subsidiaries will be considered economically unviable.

The ability of SIIG to maintain or raise the current level of profitability will depend on the ability of its Subsidiaries to balance the prices and profit margins of products or mitigate their decline by improving the efficiency and volume of production and switching to chemical products with higher profit margins as well as improving the level of existing products through innovation and research and development. In the event that SIIG's Subsidiaries are unable to do so, this may affect their market shares, which will have a material adverse impact on the financial position of SIIG after the Completion of the Acquisition Transaction.

SIIG's Subsidiaries get a large portion of their revenues from selling their products. Due to the nature of these products, competition in the petrochemical products markets depends mainly on the price of the products and to a lesser extent on their quality, speed of delivery, and customer service provided in this regard. As a result, SIIG's Subsidiaries may be unable to maintain their market share. The prices of the products of SIIG's Subsidiaries are related to an economic cycle of the petrochemical sector and are mainly driven by supply and demand for raw materials and general economic conditions, compared to previous years. As for other products, they may be subject to these same factors, but the effect of these factors usually remains the greatest on commodity products.

1.7.2 Risks related to import and export

The change of existing legal or regulatory requirements in countries or regional trading blocs (such as the Gulf Cooperation Council Customs Union) where SIIG and its Subsidiaries operate or the imposition of new requirements in relation to import and export including anti-dumping duties and customs tariffs, will affect the competitive position of the products manufactured by SIIG's Subsidiaries may prevent the sale of these products in some related countries, which may have an adverse effect on the business of SIIG after the Completion of the Acquisition Transaction.

1.7.3 Risks related to change in products supply and demand

The markets of many of the products of SIIG's Subsidiaries witnessed successive periods, some of which had a contraction of supply, which caused an increase in prices and profit margins, followed by periods that witnessed a recovery in production capacity, which resulted in an oversupply and a decrease in prices and profit margins. Accordingly, the future growth of demand for the products of SIIG's Subsidiaries may not be sufficient to mitigate the impact of a surplus in production capacity, especially since these conditions may last for a longer period or may be exacerbated more as a result of expected or unexpected additions in production capacity or due to any other events. As a result, the production levels of SIIG's Subsidiaries, product sales, and profit margins may be affected significantly, which in turn leads to a decrease in their financial performance levels in general, which will affect the financial position of SIIG after the Completion of the Acquisition.

1.7.4 Risks related to the price of crude oil and its derivatives

The price of most products of SIIG's Subsidiaries is related to the price of Feedstock. Accordingly, the international prices of oil and its derivatives greatly affect the prices of other petrochemical products, which makes their prices highly volatile and fluctuate as a result of many variables in the global oil markets. Since it may be difficult to control the factors that affect the prices of oil and its derivatives, any decline in crude oil prices could have a Material Adverse Event on the results of SIIG's Subsidiaries and their financial position and liquidity after the Completion of the Acquisition, including their ability to finance planned capital expenditures, which may have an adverse effect on SIIG's business and financial results.

1.7.5 Risks related to KSA economy and the global economy

SIIG and its Subsidiaries have a significant proportion of their operations and interests in the KSA. Accordingly, their businesses operations and financial results will continue to be generally affected by the financial, political and economic conditions prevailing from time to time in the KSA or in the Middle East in general.

These markets are subject to risks similar to other developed and developing markets, including significant legal, economic and political risks. Although the KSA aims to diversify its economy, lift the government subsidies and reduce its dependence on oil, the oil and gas industry continues to dominate the KSA's economy. Declines in international prices of hydrocarbon products would adversely affect the KSA's economy, which in turn will have an adverse effect on the business of SIIG, its financial position, and the results of their operations after the Completion of the Acquisition Transaction.

1.7.6 Risks related to SIIG's inventory

During the ordinary course of business, SIIG's Subsidiaries purchase and stores raw materials for purposes of manufacturing products and spare parts. Such inventory is subject to recurring risks, which include but are not limited to, fires, damage, prescription of the raw material or in case the stored materials are no longer useable.

As such, in case any unplanned accidents occur or in case SIIG's Subsidiaries are unable to maintain the good condition of the stored materials, the occurrence of any partial or full damage will have an adverse effect on the business of SIIG, its financial position, and the results of its operations after the Completion of the Acquisition Transaction.

1.7.7 Risks related to fragmentation obligations

Pursuant to the International Financial Reporting Standards (IFRS) as approved by the Saudi Organization for Chartered and Professional Accountants (SOCPA), companies that own factories must provision in relation to fragmentation obligations, which is made up of an annual provisioning of fragmentation and removal of machinery. As of the date of this Offer Document, SIIG and its Subsidiaries have not provisioned due to their inability to evaluate the obligation at this current time.

In case these obligations are evaluated, a risk could arise in the composition of the provisioning pursuant to the IFRS which will have an adverse effect on the business of SIIG, its financial position, and the results of its operations after the Completion of the Acquisition Transaction.

1.7.8 Risks related to the fluctuation of the prices of raw materials and their products

There is no guarantee that the prices of raw materials and their products will remain on their current levels. The prices of raw materials and their products may be affected by several factors that cannot be controlled by either SIIG or any of its subsidiaries, which may include but are not limited to changes in the economy of the Kingdom, supply and demand, economic politics adopted by governments, global and international economic conditions, international treaties in which the Kingdom is a part of or may become a part of in the future. Furthermore, there is no guarantee that the prices of raw materials will not change and that they will not affect the profitability of SIIG after the Completion of the Acquisition Transaction as a result of its full ownership of Petrochem.

In case any of the above materializes, it will have an adverse effect on the business of SIIG, its financial position, and the results of its operations after the Completion of the Acquisition Transaction.

1.7.9 Risks related to supply chains

The operations of SIIG's Subsidiaries are connected through the supply chains of their raw materials and products. As such, these Subsidiaries are subject to the risks that may occur on the supply chains including a decrease in the quality of the raw materials and their products, the partial or total interruption in the supply chains.

In case any of the above materializes, it will have an adverse effect on the business of SIIG, its financial position, and the results of its operations after the Completion of the Acquisition Transaction.

2. OVERVIEW OF THE ACQUISITION TRANSACTION

On 3/2/1442H (corresponding to 20/9/2020G), SIIG and Petrochem announced the start of the initial discussions for the economic feasibility of merging the businesses of the two companies. On 3/9/1442H (corresponding to 15/4/2021G), the two companies announced that the initial economic feasibility study is completed, based on which SIIG and Petrochem decided to commence reciprocal due diligence and negotiate the terms and conditions of merging the businesses of two companies and the sharing of information between them in this regard.

On 20/2/1442H (corresponding to 27/9/2021G), SIIG announced that it had signed a non-binding Memorandum of Understanding with Petrochem in relation to the share exchange ratio and the implementation structure of the Acquisition Transaction (the "**Memorandum of Understanding**" or "MoU").

On 21/3/1443H (corresponding to 27/10/2021G), SIIG announced the entry into the Implementation Agreement and its firm intention to proceed with the Acquisition Transaction and making an offer to Petrochem's Selling Shareholders in this respect. The Implementation Agreement included all the provisions and steps necessary to implement and complete the Acquisition Transaction between both companies in accordance with the provisions of Article (26) of the Merger and Acquisition Regulations. For more information on the provisions of the Implementation Agreement, please refer to section (2.3.1) ("**Implementation Agreement**") of this Offer Document.

Pursuant to the Implementation Agreement, SIIG will acquire the Offer Shares, which will result in an increase in the SIIG's ownership in Petrochem from (50%) to (100%), in consideration for the issue of the Consideration Shares by SIIG to Petrochem's Selling Shareholders by increasing its share capital in accordance with the provisions of Article (57) of the Rules on the Offer of Securities and Continuing Obligations and based on the final exchange ratio, whereby Petrochem's Selling Shareholders obtain (1.27) SIIG shares in consideration for every Petrochem share held. The total number of Consideration Shares will be three hundred four million eight hundred thousand (304,800,000) fully paid shares with a nominal value of ten Saudi Riyals (SAR 10) per share. The total nominal value of the Consideration Shares is three billion forty-eight million Saudi Riyals (SAR 3,048,000,000). These shares will be issued by way of increasing the fully paid-up capital of SIIG at a rate of (67.733%), from four billion five hundred million Saudi Riyals (SAR 4,500,000,000) to seven billion five hundred forty-eight million Saudi Riyals (SAR 7,548,000,000) and increasing the number of issued shares of SIIG from four hundred fifty million (450,000,000) shares to seven hundred fifty-four million eight hundred thousand (754,800,000) fully paid shares. Upon completion of the Acquisition Transaction, the current SIIG Shareholders will own (59.62%) of SIIG's share capital and the Petrochem's Selling Shareholders will own (40.38%) of SIIG's share capital.

The total value of the Acquisition Transaction is determined on the basis of the value of the Consideration Shares. The total nominal value of the Consideration Shares is three billion forty-eight million Saudi Riyals (SAR 3,048,000,000). The total market value of the Consideration Shares as determined on the basis of the Exchange Ratio and the closing price of SAR 41.1 per SIIG share on 20/03/1443H (corresponding to 26/10/2021G) (which is the last trading day prior to the Implementation Agreement) is twelve billion five hundred twenty-seven million two hundred and eighty thousand Saudi Riyals (SAR 12,527,280,000). The total value of the Consideration Shares (as will be recorded on the financial accounts of SIIG) will be determined at a later stage on the basis of the closing price of SIIG shares on the last trading day prior to the Effective Date of the Acquisition Transaction.

In the event that the calculation of the number of shares owed to any Petrochem's Selling Shareholder based on the Exchange Ratio results in fractional shares, the resulting figure will be rounded down to the lowest whole number. For example, if a Petrochem's Selling Shareholder holds (50) Petrochem shares, he will be allocated 63 Consideration Shares, not (63.5) Consideration Shares. The fractional shares will be aggregated and sold in Tadawul at the then market price on behalf of the entitled Petrochem's Selling Shareholders. Subsequently, the proceeds resulting from the sale of the fractional shares will be distributed to such Petrochem's Selling Shareholders proportionate to their respective fractional entitlements within a period not exceeding thirty (30) days from Completion. The costs related to the sale of fractional shares will be deducted from the total proceeds of such sale.

It should be noted that no involuntary staff redundancies are expected as a result of the Acquisition Transaction.

Since there are no Substantial Shareholders in SIIG, the following table shows details of ownership in SIIG of each of SIIG's board of directors, its Senior Executives and the public, in addition to GOSI's direct and indirect ownership, prior to and following the Completion of the Acquisition Transaction as of 07/08/1443H (corresponding to 10/03/2022G):²

Shareholder	Pre- Completion		Post- Completion	
	No. of Shares	Shareholding %	No. of Shares	Shareholding %
SIIG Directors*	100,708	0.02%	100,708	0.01%
SIIG Senior Executives**	1,000	0.0002%	1,000	0.0001%
GOSI***	22,275,000	4.95% ³	140,260,834	18.58%
The Public	449,898,292	99.97%	614,437,458	81.4%
Total	450,000,000	100%	754,800,000	100%

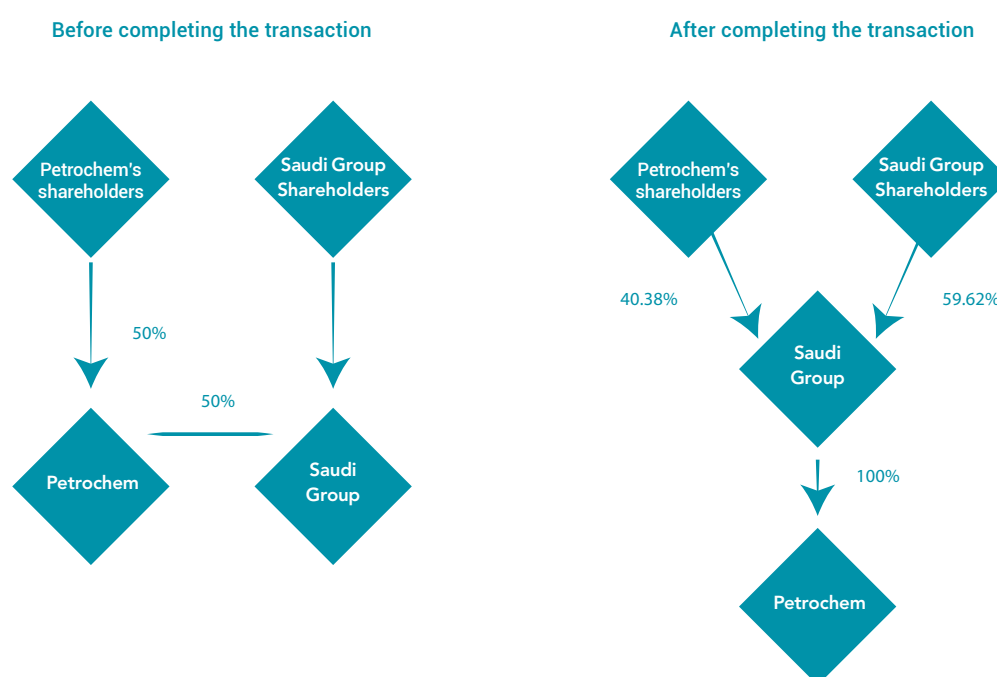
* Pursuant to the shares owned by SIIG directors in SIIG only, which include the shares they own directly and the shares in which they have an indirect interest.

** Pursuant to the shares owned directly by SIIG senior executives in SIIG only.

*** GOSI has indirect ownership in SIIG, as described below:

1. Pre- Completion of the Acquisition: GOSI indirectly owns, through its subsidiaries, (62,926,190) shares in SIIG, which accounts for (13.98%) of SIIG's capital.
2. Post- Completion of the Acquisition: GOSI will indirectly own, through its subsidiaries, (135,451,790) shares, which will account to (20.23%) of SIIG's capital.

The below diagram is a simplified description of the structure of the Acquisition Transaction:



- 2 Note: GOSI transferred part of its direct ownership in SIIG to some of its subsidiaries. The percentage of direct ownership of GOSI in SIIG fell from (13.14%) to (4.95%) as of 13/01/2022G according to the data published on Tadawul. Noting that GOSI's total direct and in direct ownership in SIIG Pre-Completion of the Acquisition Transaction is (18.93%) of SIIG's share capital. Furthermore, GOSI's total direct and in direct ownership in SIIG Post-Completion of the Acquisition Transaction will be (38.91%) of SIIG's share capital. Noting that GOSI will not own any shares in Petrochem Post-Completion, due to Petrochem becoming a delisted joint stock company wholly owned by SIIG.

- 3 Note: GOSI's direct ownership in SIIG Pre-Completion of the Acquisition Transaction has been included for the purpose of disclosure and for the reason that it will become a Substantial Shareholder in SIIG Post-Completion of the Acquisition Transaction. GOSI's direct ownership has also been included within the public ownership total which represents (99.97%) of SIIG's share capital Pre-Completion of the Acquisition Transaction, due to its current direct ownership being below (5%).

2.1 The Valuation of Petrochem

It was agreed between SIIG and Petrochem on the exchange ratio that determines the number of shares that Petrochem's Selling Shareholders will obtain in SIIG as a result of the Acquisition Transaction, after negotiation and discussion between both companies over several months.

The following table summarizes the results of the agreed valuation:

Agreed Exchange Ratio	1.27 shares in SIIG for each share in Petrochem.
Total Number of the Consideration Shares	Three hundred four million eight hundred thousand (304,800,000) fully paid shares.
Total Nominal Value of the Consideration Shares	Three billion forty-eight million Saudi Riyals (SAR 3,048,000,000) based on a SAR 10 nominal share value.
The total market value of the Consideration Shares (at the end of the last trading day prior to the conclusion of the Implementation Agreement dated 20/3/1443H (corresponding to 26/10/2021G))	Twelve billion five hundred twenty-seven million two hundred eighty thousand Saudi Riyals (SAR 12,527,280,000).
Total market value of the Petrochem's shares that are subject of the Transaction (at the end of the last trading day prior to the conclusion of the Implementation Agreement dated 20/3/1443H (corresponding to 26/10/2021G))	Twelve billion two hundred forty million Saudi Riyals (SAR 12,240,000,000).
The percentage of the difference in market value of the Consideration Shares and the total market value of Petrochem's shares that are subject of the Transaction (at the end of the last trading day prior to the conclusion of the Implementation Agreement dated 20/3/1443H (corresponding to 26/10/2021G))	2.35%
SIIG's share price (at the end of the last trading day prior to the conclusion of the Implementation Agreement dated 20/3/1443H (corresponding to 26/10/2021G))	SAR 41.1
Petrochem's share price (at the end of the last trading day prior to the conclusion of the Implementation Agreement dated 20/3/1443H (corresponding to 26/10/2021G))	SAR 51.0
The implicit valuation of Petrochem's share (at the end of the last trading day prior to the conclusion of the Implementation Agreement dated 20/3/1443H (corresponding to 26/10/2021G))	SAR 52.2

2.2 Rationale of the Acquisition Transaction

Overview

The petrochemicals industry, globally and in Saudi Arabia, has witnessed significant development over the past few years on the back of shifts in macroeconomic fundamental, evolution of commodity prices, shift of investments in regional production capacity, and reform of public policies, among other factors.

The latest trends in the sector impose challenges on industry players that could hamper performance and limit growth potential. These challenges include, but not limited to, the following:

- Shale oil expansion in the United States was accompanied with an increase in the production of natural gas and decrease in its price, where Henry Hub benchmark dropped from \$4.4 per MMBtu in 2010 to \$1.9 per MMBtu in 2020, which resulted in an increase of competitive tension among polymer producers globally⁴.
- Reduction of polymer imports into North East Asia—one of the largest destinations of polymers producers in Saudi Arabia—due to improvement in self-sufficiency, where ethylene production capacity in the region increased by 4.9% compounded annual growth rate between 2015 – 2020, while, during the same period, ethylene production capacity in the Middle East increased by only 1.8% compounded annual growth rate⁵.

4 Note: based on British Petroleum's Statistical Review of World Energy 2020

5 Note: based on the market study prepared by IHS Markit

- Recent volatility of oil prices was accompanied with shrinkage of naphtha-ethane spread due to the precautionary measures undertaken to contain the spread of COVID19, where since the beginning of 2020, Brent benchmark reached a low of \$9.1 per barrel and a high of \$78.3 per barrel⁶.
- Potential reduction of the Feedstock prices' competitive advantage and its availability in the Kingdom and the Middle East due to tighter supply of gas, which may reduce allocation of natural gas and result into higher investments in naphtha crackers. Natural gas total proved reserves in the Middle East declined from 77.8 trillion cubic meters in 2010 to 75.8 trillion cubic meters in 2020⁷.
- Limited demand, to date, on polymer products from local industrial producers and manufacturer in Saudi Arabia who use these products in their operations, where the sales in Saudi Arabia by petrochemical listed entities in Saudi Arabia were at 16.9% of total sales as of 2020⁸.

In an effort to overcome these challenges, the board of directors of each of SIIG and Petrochem discussed the potential impact of the Transaction, and determined based on these discussions that the Transaction will allow both SIIG and Petrochem to be better positioned to overcome the current challenges and developments of the petrochemicals sector, as the Transaction will create a leading integrated petrochemical company with robust business model and an expanded products portfolio. SIIG post-completion will be better positioned to streamline operational activities through an effective organizational structure and better arrangements for infrastructure and utilities which will reduce the fluctuations effect of the petrochemical sector.

Further, SIIG post-completion will be able to enhance the operational activities, crystallize growth potential, economize on financing and access to capital, improve equity trading and coverage exposure by equity research analysts, rationalize corporate governance arrangements and decision-making process, and, as a result safeguard and grow shareholders value. Set forth below are the key themes of benefits from the Transaction:

Benefits

The Transaction will create a number of benefits for SIIG post-completion which will benefit the current shareholders of SIIG and Petrochem's Selling Shareholders upon becoming shareholders in SIIG post-completion. These benefits are as follows:

Increased operational and financial scale. SIIG post-completion will become one of the largest petrochemical companies in Saudi Arabia, in addition to becoming among the largest in the MENA region, with pro-forma market capitalization of 30.4 billion Saudi Riyals as of 30 September 2021 and pro-forma combined total production capacity of 6.3 million ton per year as of 31 December 2020. From an operational standpoint, SIIG post-completion will have a robust and expanded products portfolio with an adequate level of resilience, not to mention an enhanced corporate profile that can support in various business arrangements between its subsidiaries and counterparts, which can potentially help increase operating rates.

Growth and development opportunities. SIIG post-completion will be better positioned to achieve growth in its current assets and through new investments; and capture business development opportunities through its enlarged market capitalization, share capital base and improved integration. This includes improvement of utilization and efficiency, expansion of capacity in operations and infrastructure; improvement of current partnership to anchor future growth; forge new strategic alliances and partnerships locally and globally, such as Shareek Program; scout for future M&A opportunities, in Saudi Arabia or internationally, with value creation potential; and venture into new industries with higher value-add products to diversify the business.

Diversification and risk reduction. SIIG post-completion will be in a better position when it comes to hedging against naphtha-ethane spread, which is tied with oil price movement, to reduce its impact on earnings, as the shareholders of SIIG post-completion will have enhanced exposure to production lines that utilizes naphtha, ethane and propane. The diversification of the Feedstock slate will enable SIIG post-completion to manage market and oil volatility.

6 Note: based on United States's Energy Information Agency

7 Note: based on British Petroleum's Statistical Review of World Energy 2020

8 Note: based on the weighted average split of sales in Saudi Arabia by SIIG, Petrochem, Tasnee, Advanced, Sipchem, SABIC AN, YANSAB, Saudi Kayan.

Better capital market exposure and access to a larger investor base. SIIG post-completion, as a result of the Transaction, will have a larger market capitalization, larger free float and shareholders base, as well as increased average daily trading volumes, values and trades in absolute terms, which when coupled with the other benefits from the Transaction, will result into an improved trading patterns, such as market depth, share price volatility, as well as liquidity levels. The enlarged capitalization and investors base, in turn, will provide SIIG post-completion a higher likelihood of inclusion in global and emerging market indices based on the criteria of the relevant entities, which will increase global exposure, induce capital flow, invite further coverage by equity analysts.

Simplification of ownership structure and opportunity for asset optimization. SIIG post-completion will have a simplified ownership structure, which will support in the reduction or rationalization of the common overhead costs. In addition, the unification of control over the subsidiaries of SIIG post-completion will introduce agility in the decision making process in relation to operations, strategies, investments, among other general corporate areas.

Achieving combined fully phased in cost synergies for both companies. The Acquisition Transaction is expected to result in fully phased in cost synergies for SIIG after Completion around approximately in an annual basis.

2.3 Agreements related to the Acquisition Transaction

2.3.1 Implementation Agreement

On 21/03/1443H (27/10/2021G), SIIG and Petrochem entered into an Implementation Agreement whereby they agreed to the terms and conditions of the Acquisition Transaction and obligations of both companies in relation to the implementation of the Acquisition Transaction. The Implementation Agreement contains warranties given by each company to the other on a reciprocal basis as well as restrictions on the conduct of business.

The Acquisition Transaction is subject to the approvals of SIIG's and Petrochem's shareholders. Furthermore, according to Article (3)(n) of the Merger and Acquisition Regulations, a shareholder that holds shares in both SIIG and Petrochem can only vote on the Acquisition Resolutions in the EGM of one of the companies. For further details about voting in the EGM, see Section (2.4) ("EGM Procedures Required to Effect the Acquisition Transaction") of this Offer Document.

2.3.1.1 Implementation Agreement Terms and Conditions

The Implementation Agreement includes a number of terms and conditions that must be met to complete the Acquisition Transaction. The two companies have committed to seeking to fulfill the terms and conditions as soon as possible and to coordinate with each other in this regard. The two companies have also agreed that none of these terms and conditions may be amended or assigned without a written consent from both companies. Here is a summary of those terms and conditions:

- 1- Obtaining all the CMA required approvals in relation to the Acquisition Transaction.
- 2- Obtaining the approval of the Saudi Tadawul Company to list the Consideration Shares in the Saudi Exchange (Tadawul) and any other approvals that the Tadawul may request in connection with the Acquisition Transaction.
- 3- Approval of the required majority of SIIG shareholders on the Acquisition Resolutions.
- 4- Approval of the required majority of Petrochem's shareholders on the Acquisition Resolutions.
- 5- No material adverse event exists or continues.
- 6- No breach of a number of warranties provided by both SIIG and Petrochem under the Implementation Agreement (unless such breach is capable of remedy where the breach has been remedied to the reasonable satisfaction of the non-breaching party); these warranties are as follows:
 - a- that both parties have requisite power and authority to enter into, and perform the obligations under, the Implementation Agreement;
 - b- that obligations under the Implementation Agreement are binding on both parties;

- c- that the execution and delivery of, and the performance by it of its obligations under the Implementation Agreement will not result in a material breach of any provision of its constitutional documents;
 - d- that the execution of the Implementation Agreement and all arising obligations thereof will not result in a material breach to any material agreement or give a right to a third party to terminate or fundamentally modify any material agreement to which either of the two companies is a party except as disclosed to the other party. Pursuant to the Implementation Agreement, a material agreement shall mean (i) any contract that has a value of USD 10 million or more; and (ii) any other contract or arrangement which is material for non-financial reasons, so that the termination of which is likely to have a Material Adverse Event on SIIG and its Subsidiaries or Petrochem and its Subsidiaries (as the case may be).
 - e- that all information provided by each party to the other party in connection with the Acquisition Transaction (including information provided during the stage of professional due diligence) is correct and complete in all material aspects and is not materially misleading as on its date.
 - f- No material information has been withheld by the other party in the context of the Acquisition Transaction.
- 7- No decision or judgement from any governmental authority in the KSA to prevent the Acquisition Transaction pursuant to the provisions of the Implementation Agreement.

2.3.1.2 Conduct of Business Requirements

The Implementation Agreement included an obligation on the two Companies to refrain from taking particular actions in breach of specific restrictions stipulated in the Implementation Agreement in relation to the method of conducting their business during the period between the date of entering into the Implementation Agreement until the Effective Date of the Implementation or the date on which the Implementation Agreement is terminated in accordance with its terms (whichever occurs earlier) without obtaining the consent of the other party, noting that the other party cannot withhold its consent without a reasonable cause.

In the event that one of the two Companies violates any of these restrictions and this violation results in the occurrence of a Material Adverse Event (pursuant to the agreed definition in the Implementation Agreement), the other party will then have the right to terminate the Implementation Agreement pursuant to a notice to be submitted to the violating party. For further details about the provisions for terminating the Implementation Agreement, see Section (2.3.1.4) "**Termination of the Implementation Agreement**" of this Offer Document.

The restrictions related to the conduct of business stipulated in the Implementation Agreement require that none of the two Companies and members of their group act, or agree to act, in a way that would violate any of these restrictions, unless this is legally required. The following is a summary of the conduct of business requirements:

- 1- limiting the business that the two Companies and members of their group carry out to their ordinary course of business that is substantially consistent with their previous practices, provided that the relevant regulations are not violated in all cases;
- 2- refrain from making any material amendments or alterations to the general nature or scope of the business of the company or any member of their group or conducting any new material activities;
- 3- in relation to the two Companies (without members of their group), not to declare, make, set aside or pay any dividend or other distributions (whether in cash or in the form of share grants or any other form) for any period;
- 4- refrain from acquiring or disposing of any tangible assets or entering into or amending an agreement or assuming any related obligation if such action would result in incurring compensation, expenses or obligations exceeding an amount of two hundred fifty million (250,000,000) US dollars (or its equivalent); and
- 5- not to amend share capital, articles of association or by-laws.

2.3.1.3 Structure of SIIG Board of Directors after Completion of Acquisition Transaction

Subject to procurement of relevant regulatory and shareholder approvals, both companies have agreed pursuant to the Implementation Agreement to take the necessary steps for implementing the following changes in respect of the composition of SIIG's board of directors after the Completion of the Acquisition Transaction:

- 1- To appoint two (2) individuals (whom shall be nominated by Petrochem board within thirty (30) days prior to the Effective Date of the Acquisition Transaction) to fill in the two vacant board seats following the Acquisition Transaction.
- 2- SIIG will provide two vacant seats for the two members who are nominated by Petrochem Board of Directors through the increase the SIIG's board size from nine (9) members to ten (10) members and the resignation one member of SIIG's board of directors on the date of the Completion.

As a result of the above changes, it is expected that, following the Completion, the composition of the board of SIIG will be as follows:

- the GOSI, one of the current shareholders of SIIG and a Substantial Shareholder in Petrochem, will have a number of representatives in the board of SIIG as of the Completion (at present, the GOSI has two representatives in SIIG board);
- two (2) directors will be nominated by Petrochem's board as members of the SIIG's board following the Completion; and
- the remaining directors will be from the then current board of SIIG.

These changes will only take effect following the Completion. Until then, the current boards and executive management teams of both Companies will continue to lead their respective Companies independently.

2.3.1.4 Termination of the Implementation Agreement

The Implementation Agreement shall expire with immediate effect and thus all the rights and obligations of the two Companies under the Implementation Agreement (with the exception of some rights and obligations that remain binding even after termination of the Implementation Agreement, which includes confidentiality, dispute resolution and provisions relating to notices) will be terminated in any of the following cases:

- 1- Either party provides a notice of termination of the Implementation Agreement to the other party following breach by the other party of the Implementation Agreement where such breach constitutes a Material Adverse Event including the following:
 - a- to breach the obligations under clause (5) of the Implementation Agreement which relates to the preparation and submission of the required documentation to the CMA to approve the publication of the Offer Document and SIIG capital increase application, as well as the provision of all required information to enable the other party to prepare such documents.
 - b- to breach any restrictions on the conduct of business set out in Section (2.3.1.2) ("**Conduct of Business Requirements**") (of this Offer Document without the written approval of the other party.
 - c- to breach any of the warranties (as detailed in section (2-3-1-1) ("Implementation Agreement Terms and Conditions").which stipulate that all information provided to the other party in connection with the Acquisition Transaction including information that was provided during the course of the due diligence process and during the preparation of the documents related to the Acquisition Transaction including this Offer Document, was as at the date as to which it speaks true and accurate (in all material respects); and warranties that neither party has knowingly withheld from the other party any information that is material in the context of the Acquisition Transaction,
 - d- to breach warranties relating to the correctness and completeness of any information (in all material aspects) to be submitted after conclusion of the Implementation Agreement to the Other Party including any information to be submitted for the purpose of preparing the documentation of the Acquisition Transaction including this Offer Document.

- 2- Failing to enforce the Acquisition Resolutions prior to or on the long stop date being 26/10/2022G (unless both Companies agree in writing on another date).
- 3- Failing to satisfy any of Implementation Agreement conditions or waive any conditions thereof prior to or on the long stop date being 26/10/2022G (unless both Companies agree in writing on another date).
- 4- SIIG and Petrochem agree to terminate the agreement in writing.

2.3.2 Other Related Agreements

Except for the Implementation Agreement, there are no other material documents or agreements between the two Companies related to the Acquisition Transaction.

2.4 Procedures Required to Effect the Acquisition Transaction

Subject to satisfying all of the conditions set out in the Implementation Agreement and clarified above, there are certain procedures required to be completed for the purpose of effecting the Acquisition Transaction, which are as follows:

2.4.1 Government Approvals

A number of regulatory approvals must be obtained for the purposes of the implementation of the Acquisition Transaction as follows:

- a- CMA approval of the SIIG capital increase application and publication of the Offer Document.
- b- Tadawul approval for listing of the Consideration Shares on Tadawul.
- c- MOC approval for the proposed amendments to SIIG bylaws (as set out in Annex (1) of this Offer Document).
- d- CMA approval to publish the invitation for the SIIG EGM and Petrochem EGM in relation to the Acquisition Transaction. The EGM date will be announced on the Tadawul website.

Except for CMA approval of inviting the SIIG EGM and Petrochem EGM in relation to the Acquisition Transaction, all government approvals mentioned above have been obtained

SIIG and Petrochem obtained a GAC letter dated 14/11/1442 H, indicating that reporting the Acquisition Transaction to the GAC is not required as the Acquisition Transaction shall not produce an economic concentration that requires a GAC non-objection.

2.4.2 EGM Approval

The Acquisition Transaction is also conditional upon obtaining approvals at EGMs of SIIG and Petrochem as follows:

- 1- Approval of the required majority (at least 75% of the shares represented in the meeting) of SIIG shareholders on the Acquisition Resolutions.
- 2- Approval of the required majority (at least 75% of the shares represented in the meeting of Petrochem's shareholders on the Acquisition Resolutions.

SIIG and Petrochem will submit an application to the CMA to obtain its approval to convene the SIIG EGM and Petrochem EGM shortly after the publication of this Offer Document. Following the CMA approval, SIIG and Petrochem will publish the invitation for the respective EGMs, which shall be convened within a maximum period of twenty-eight (28) business days from the date of publishing this Offer Document (or any other date as approved by the CMA).

All shareholders who appear in the shareholders register of SIIG and Petrochem (as applicable) by the end of trading on the same day of the relevant EGM will be eligible to attend and vote (whether in person, by proxy or via remote/electronic voting). Furthermore, according to Article (3)(n) of the Merger and Acquisition Regulations, a shareholder that holds shares in both SIIG and Petrochem can only vote on the Acquisition Resolutions in the EGM of one of the companies.

Whilst all shareholders have the right to attend and vote on the resolutions proposed at the SIIG EGM related to the Acquisition Transaction (unless they are restricted due to a conflict of interest or any other restriction imposed by the relevant Saudi laws and regulations), shareholders residing outside of the Kingdom of Saudi Arabia are hereby made aware that this Offer Document was not filed or registered with any regulatory authority outside the KSA. Therefore, if a shareholder is based in a jurisdiction where voting on the Acquisition Transaction based on this Offer Document requires any steps to be taken by SIIG to lawfully enable such shareholder to vote on the Acquisition Transaction then that shareholder should not vote on the resolutions to be proposed at the SIIG EGM. If such shareholder has nevertheless voted on the Acquisition Resolutions, then SIIG reserves the right, after agreeing with Petrochem, not to proceed with the Acquisition Transaction unless the relevant resolutions are approved by the requisite majorities without counting the vote of that shareholder.

For the avoidance of doubt, if the Acquisition Transaction is approved by the requisite number, which is at least three-fourths of the shares present, of Petrochem's shareholders at Petrochem EGM related to the Acquisition Transaction and all other conditions of the Acquisition Transaction are met, all Petrochem shareholders (including those who voted to reject the Acquisition Transaction or did not vote of the Acquisition Resolutions) will not hold any of Petrochem's shares because Petrochem's shares will be delisted and Petrochem will be fully owned by SIIG. They will receive, in return, Consideration Shares in SIIG according to the terms and conditions of the Implementation Agreement upon the Completion.

2.4.3 Completion of the Acquisition Transaction

Following the approval of the Acquisition Resolutions by the shareholders of both companies, the Resolutions shall be effective and the ownership of all the shares, subject to the Offer, shall be transferred to SIIG. Petrochem's shares shall be delisted and Petrochem will be fully owned by SIIG which will, as a result, issue Consideration Shares to Petrochem's Selling Shareholders listed in the Petrochem's shareholder register by the end of second trading period following the effectiveness of the Acquisition Transaction.

2.5 Related Parties and Conflicted Directors

The Acquisition Transaction involves Related Parties, as GOSI is a shareholder in SIIG and a Substantial Shareholder in Petrochem, and it has representation on the boards of both SIIG and Petrochem. SIIG is also considered a Related Party due to its 50% ownership in Petrochem and its interest as the Offeror in the Acquisition Transaction which is above its ordinary interest as a shareholder.

The CMA has issued a waiver for GOSI (as a Related Party) from the requirements of Article 3(o) and Article 48 of the Merger and Acquisition Regulations, thereby allowing GOSI to vote on the Acquisition Resolutions in the General Assembly of one of the companies, subject to the voting restrictions applicable to the shareholder who owns shares in both companies, in which case the shareholder will be permitted to vote in the General Assembly of one of the companies, and the voting restrictions applicable to their representatives in the meeting of the board or any committee. SIIG (as a Related Party) will not be able to vote on the Acquisition Resolutions in the General Assembly of Petrochem.

A waiver was also obtained from the CMA from the requirements of (2)(b)(10) from the Instructions for Companies' Announcements in relation to the announcement made in the event where the agenda includes an item for changing the company's capital. As such, SIIG's Extraordinary General Assembly's invite announcement will not set out a clarification that the votes of Related Parties will not be included when voting on the Acquisition Resolutions in the Extraordinary General Assembly.

A number of SIIG's directors have an interest in the Acquisition Transaction, as Mr. Khalil I. Alwatban and Mr. Thamer A. Alhumud (in their capacity as the representatives of GOSI in SIIG Board) have declared their interest to SIIG Board and did not vote on SIIG Board resolution to approve entry into the Implementation Agreement.

A number of Petrochem's directors have an interest in the Acquisition Transaction, as His Excellency Mr. Hamad S. AlSayari (due his direct ownership in SIIG), Mr. Suliman M. Al-Mandeel (due his direct and indirect ownership in SIIG), Mr. Abdulrahman S. Alismail (in his capacity as a senior executive in SIIG and due his direct ownership in SIIG) and Dr. Rasheed R. Bin Owain (due to his indirect ownership in SIIG), and Mr. Khalid M. Alaraifi and Mr. Eyad A. Alhusain (in their capacity as representatives of GOSI in Petrochem Board) have declared their interest to Petrochem Board and did not vote on Petrochem Board resolution to approve entry into the Implementation Agreement.

Pursuant to Article 3 (n) of the Merger and Acquisition Regulations, a shareholder that holds shares in both Petrochem and SIIG can only vote on the Acquisition Resolutions in the EGM of one of the companies.

The following table sets out the names and shareholdings of the Related Parties and conflicted directors in relation to the Acquisition Transaction as of 7/8/1443H (corresponding to 10/3/2022G):

Name	Nature of the conflict	Direct Ownership in SIIG		Direct Ownership in Petrochem	
		No. of Shares	Sharehold- ing %	No. of Shares	Sharehold- ing %
Substantial Shareholders in one or both Companies					
GOSI	A Shareholder in SIIG and a Substantial Shareholder and Petrochem and has representatives on the board of both Companies	22,275,000	4.95% ⁹	92,902,232	19.35%
Saudi Industrial Investment Group (SIIG)	Substantial Shareholder in Petrochem and has interest above its ordinary interest as a shareholder in its capacity as the Offeror in the Acquisition Transaction .	N/A		240,000,000	50%
SIIG's Conflicted Directors					
Mr. Khalil I. Alwatban	a representative of GOSI on the board of SIIG	N/A		N/A	
Mr. Thamer A. Alhumud	a representative of GOSI on the board of SIIG	17,500	0.004%	N/A	
Petrochem's Conflicted Directors					
His Excellency Mr. Hamad S. AlSayari	has direct ownership in SIIG	200,000	0.0044%	100,000	0.002%
Mr. Suliman M. Al-Mandeel	has direct and indirect ownership in SIIG	300,000	0.007%	1000	0.00002%
Mr. Abdulrahman S. Alismail	Senior Executive and has direct ownership in SIIG	1000	0.0002%	1000	0.0002%
Dr. Rasheed R. Bin Owain	has an indirect ownership in SIIG	N/A	N/A	4,000,000	0.83%
Mr. Khalid M. Alaraifi	a representative of GOSI on the board of Petrochem	N/A		N/A	
Mr. Eyad A. Alhusain	a representative of GOSI on the board of Petrochem				

9 Note: GOSI's direct ownership in SIIG Pre-Completion of the Acquisition Transaction has been included for the purpose of disclosure and for the reason that it will become a Substantial Shareholder in SIIG Post-Completion of the Acquisition Transaction. GOSI's direct ownership has also been included within the public ownership total which represents (99.97%) of SIIG's share capital Pre-Completion of the Acquisition Transaction, due to its current direct ownership being below (5%).

3. SHAREHOLDINGS AND DEALINGS

- 1- SIIG holds a shareholding of 50% in Petrochem. SIIG did not deal in the shares of Petrochem during the 12-month period preceding the offering period up until the latest date preceding the publication of this Offer Document.

The table below sets out the details of the shareholding of SIIG board of directors members and the size of any controlling shareholding they have in SIIG and Petrochem as of 7/8/1443H (corresponding to 10/3/2022G):

Name	Nationality	Age	Position	Status	Representation	Date of Appointment	Ownership in SIIG				Ownership in Petrochem			
							Direct	Indirect Interest*	Total	Percentage	Direct	Indirect Interest*	Total	Percentage
Mr. Khalil I. Alwatban	Saudi	62	Chairman of Board of Directors	Non-Executive	GOSI	1/7/2021G	N/A	N/A	-	-	N/A	N/A	-	-
Mr. Nabil A. Almubarak	Saudi	54	Vice Chairman of Board of Directors	Non-Executive	-	1/7/2021G	5,000	N/A	5,000	0.001%	N/A	N/A	-	-
Mr. Sulaiman A. Algwaiz	Saudi	66	Member of the Board of Directors	Independent	-	1/7/2021G	N/A	N/A	-	-	N/A	N/A	-	-
Mr. Abdulrahman S. Alrajhi	Saudi	59	Member of the Board of Directors	Non-Executive	-	1/7/2021G	38,193	N/A	38,193	0.01%	N/A	N/A	-	-
Mr. Adel A. Alquraishi	Saudi	55	Member of the Board of Directors	Non-Executive	-	1/7/2021G	40,000	N/A	40,000	0.01%	N/A	N/A	-	-
Mr. Farraj M. Abothenain	Saudi	67	Member of the Board of Directors	Independent	-	1/7/2021G	N/A	N/A	-	-	N/A	N/A	-	-
Mr. Saad S. Alrwaite	Saudi	62	Member of the Board of Directors	Independent	-	1/7/2021G	N/A	N/A	-	-	N/A	N/A	-	-
Mr. Thamer A. Alhumud	Saudi	39	Member of the Board of Directors	Non-Executive	GOSI	1/7/2021G	17,500	N/A	17,500	0.004%	N/A	N/A	-	-
Mr. Fahad A. Almaekel	Saudi	42	Member of the Board of Directors	Independent	-	1/7/2021G	15	N/A	15	0.000003%	N/A	N/A	-	-

Source: SIIG and Petrochem

* Indirect interest includes any shares through:

- relatives of the relevant director.
- any company controlled by the relevant director.

- 2- Except as shown in the table below, none of the SIIG directors have dealt in any of their shares in SIIG or Petrochem (as set out in the above table) during the 12-month period preceding the Offer Period up until the latest date prior to publication of this Offer Document.

Name of the Director	The Company's Traded Shares	Date of Trading	Type of Trading	Quantity	Price (SAR)
Mr. Fahad A. Almaekel	SIIG	22/06/2021G	Sell	5.00 Shares	32.5

- 3- There is no shareholding in SIIG or Petrochem which is owned or controlled by persons Acting in Concert with SIIG. Further, no person Acting in Concert with SIIG has dealt in SIIG shares or Petrochem shares during the 12-month period preceding the Offer Period up until the latest date prior to publication of this Offer Document.

4. SPECIAL ARRANGEMENTS OR CONDITIONS

There is no agreement, arrangement or understanding (including any arrangement for compensation) between SIIG (or any person Acting in Concert with it) and any members of Petrochem board, its current shareholders or any person who was a Petrochem shareholder or a member of its board during the twelve (12) months prior to the publication date of this Offer Document.

5. CASH SUFFICIENCY AND BANK GUARANTEE

The entire Offer value shall be paid by way of issuing the Consideration Shares to Petrochem's Selling Shareholders. Therefore, the Offer value shall not be paid either fully or partially by way of cash payment. For further information on the Acquisition Transaction, see Section (2.1) ("The Valuation of Petrochem") of this Offer Document.

6. THE ULTIMATE OWNERS OF PETROCHEM SHARES AND THE CONTROLLING SHAREHOLDERS IN SIIG

SIIG does not currently have any Substantial Shareholders,¹⁰ and the current Substantial Shareholders of Petrochem are SIIG (owning 50%) and GOSI (owning 19.35%).

On Completion, the Substantial Shareholder of SIIG will be GOSI (owning 24.3%).

With the exception of the Substantial Shareholders of Petrochem, there is no person or persons in SIIG who own or control 30% or more of Petrochem's share capital, or are able to direct the decisions and manage Petrochem. It should be noted that, with the exception of the Consideration Shares that will be issued to the Petrochem's Selling Shareholders pursuant to the Acquisition Transaction, the Acquisition Transaction will not entail the transfer of any securities acquired under the Offer to any other person.

¹⁰ Note: GOSI transferred part of its direct ownership in SIIG to some of its subsidiaries. The percentage of direct ownership of GOSI in SIIG fell from (13.14%) to (4.95%) as of 13/01/2022G according to the data published on Tadawul. Noting that GOSI's total direct and in direct ownership in SIIG Pre-Completion of the Acquisition Transaction is (18.93%) of SIIG's share capital. Furthermore, GOSI's total direct and in direct ownership in SIIG Post-Completion of the Acquisition Transaction will be (38.91%) of SIIG's share capital. Noting that GOSI will not own any shares in Petrochem Post-Completion, due to Petrochem becoming a delisted joint stock company wholly owned by SIIG.

7. FINANCIAL INFORMATION

7.1 Closing Price of SIIG Shares

The following table sets out the closing price of SIIG shares on: 1) the first day of each month of the six-months preceding immediately the publication date of this Offer Document; 2) the last day preceding the commencement of the Offer Period; and 3) the last available day prior to the publication of this Offer Document.

Date	Closing Price
01/09/2021G	36
03/10/2021G	39.25
01/11/2021G	36.3
01/12/2021G	30.65
02/01/2022G	31.1
01/02/2022G	33.75
01/03/2022	34.85
The last day prior to beginning of the offer period	
26/10/2021G	41.1
Last day preceding the publication date of this Offer Document	
17/3/2022	37.50

Source: Tadawul.

7.2 Closing Price of Petrochem Shares

The following table sets out the closing price of Petrochem shares on: 1) the first day of each month of the six-months preceding immediately the publication date of this Offer Document; 2) the last day preceding the commencement of the Offer Period; and 3) the last available day prior to the publication of this Offer Document.

Date	Closing Price
01/09/2021G	46.7
03/10/2021G	49.0
01/11/2021G	45.05
01/12/2021G	38.7
01/01/2022G	42.3
01/02/2022G	43.30
01/03/2022	47.90
The last day prior to beginning of the offer period	
26/10/2021G	51
Last day preceding the publication date of this Offer Document	
17/3/2022	48.60

Source: Tadawul.

7.3 Dividends and Distribution Policy

The table below sets out details of SIIG's dividend per share for the financial years ending on, 31 December 2018G, 31 December 2019G, and 31 December 2020G (to note, cash dividends have been distributed to SIIG and Petrochem shareholders in the first half of the financial year ending on 31 December 2021G):

	2018G			2019G			2020G			2021G
	First Half	Second Half	Total Annual	First Half	Second Half	Total Annual	First Half	Second Half	Total Annual	First Half
Amount of distributed dividends for each fiscal year (in SAR) after deducting Zakat	0,5	0,75	1,25	0,75	0,75	1,5	0,5	0,5	1,0	0,5
Percentage of increase in distributions (%)			50%			20%			-50%	
Entitlement Date	30/06/2018G	31/12/2018G		30/06/2019G	31/12/2019G		30/06/2021G	31/12/2020G		30/06/2021G
Share Price on the entitlement date	29,1	21,7		24,4	23,4		19,6	26,3		34%
Percentage of dividends distributed (%) (the distributed dividends per share/ price share on entitlement date after deducting Zakat)	1.7%	3.5%	5.2%	3.1%	3.2%	6.3%	2.6%	1.9%	4.5%	1.5%

SIIG expects to continue in applying its current dividends policy after the Completion of the Acquisition, where it distributes dividends semi-annually in accordance with its financial position, cash flows and future investment and expansion plans. The holders of the Consideration Shares will have the right to receive dividends distributed following the Effective Date. All shares carry an equal nominal value of (10) ten fully paid Saudi Riyals for each share. They are all ordinary and equal shares of the rights and obligations in all respects. The issuance of Consideration Shares will increase the fully paid-up capital of SIIG at a rate of (67.733%), from four billion five hundred million (4,500,000,000) Saudi Riyals to seven billion five hundred forty-eight million (7,548,000,000) Saudi Riyals and increasing the number of issued shares of SIIG from four hundred fifty million (450,000,000) shares to seven hundred fifty-four million eight hundred thousand (754,800,000) fully paid shares. Upon completion of the Acquisition Transaction, the current SIIG Shareholders will own (59.62%) of the SIIG capital and the Petrochem's Selling Shareholders will own (40.38%) of the SIIG capital.

SIIG's Current Dividend Policy

SIIG's net annual profits shall be distributed after deducting all general expenses and other costs including zakat as follows:

- 1- There shall be set aside ten percent (10%) of the net profits in order to form a statutory reserve. However, the ordinary general assembly may discontinue such setting aside, if the total reserve so set aside reaches 30% of the paid capital.
- 2- The ordinary general assembly may set aside, a percentage, as it deems appropriate, from the net profit to form an additional reserve based on the Board of Directors proposal, and allocate it for specific purpose(s).
- 3- The ordinary general assembly may also decide to form other reserves, to the extent that achieves the interest of the Company or ensures the distribution of fixed profits as much as possible to the Shareholders.
- 4- After that, dividends shall be distributed to shareholders at a rate of no less than five percent (5%) of the paid-up capital.

The Company may also distribute interim dividends to its Shareholders on a semi-annual or quarterly basis, by a decision of the Board of Directors, if the Company's financial position allows the same and it has liquidity in accordance with the controls and procedures set by the competent authority, and after obtaining an authorization from the General Assembly.

The Company generated net profits during the previous years as follows:

	2013	2014	2015	2016	2017	2018	2019	2020
Net Income	SAR 714 million	SAR 933 million	SAR 727 million	SAR 499 million	SAR 1,004 million	SAR 865 million	SAR 606 million	SAR 92 million

As it is known, the petrochemical industry is volatile due to the change in the prices of raw materials costs as well as the prices of international products, so that it is difficult to predict the Company's profits for the coming years, which requires reviewing the dividend policy periodically, bearing in mind that the Company aims for the continuity and growth of annual distributions to shareholders, whenever having the ability to do so.

8. FINANCING THE ACQUISITION TRANSACTION

The full value for the Acquisition Transaction will be paid for through the issuance of the Consideration Shares to Petrochem's Selling Shareholders. Therefore, there will be no debt or any other financing obtained to complete the Acquisition Transaction.

9. THE RESULT OF TERMINATING THE OFFER TO ACQUISITION TRANSACTION

The Offer made to Petrochem's Selling Shareholders for the purpose of the Acquisition Transaction will terminate in case one of the following situations occurs:

- a- The termination of the Implementation Agreement pursuant to its terms prior to convening the Petrochem EGM. In such case, Petrochem's Selling Shareholders will no longer have the right to accept the Offer. SIIG and its shareholders will therefore not be bound by any prior acceptance by Petrochem Shareholders of the Offer. For more information on the termination of the Implementation Agreement, see Section (2.3.1.4) ("**Termination of the Implementation Agreement**") of this Offer Document.
- b- The disapproval of the Acquisition Resolutions by the EGM of SIIG, Petrochem, or both.

10. ZAKAT AND TAXATION

SIIG submitted its zakat and income tax returns to ZATCA up to 2020G, and ZATCA has made several additional assessments on SIIG with an additional commitment on SIIG in the amount of forty-two million one hundred and thirty-eight thousand five hundred and ten Saudi Riyals (SAR 42,138,510) for the years from 2007G to 2014G. SIIG has submitted its objection to those assessments to the General Secretariat of the Zakat, Tax and Customs Committees, and the objection is still under consideration up to the date of this Offer Document.

With respect to Petrochem, it also submitted its zakat and income tax returns to ZATCA up to 2020. ZATCA has made several additional assessments on Petrochem with additional obligations on Petrochem, totaling three hundred forty-two million three hundred thousand Saudi Riyals (SAR 342,300,000), which had been reduced to one hundred ninety three million five hundred thousand Saudi Riyals (SAR 193,500,000) as of the date of this Offer Document. The details of these additional assessments and obligations and their current status is as follows:

- ZATCA made assessments for the years from 2014 to 2016 with an additional commitment on Petrochem in the amount of (SAR 204.2) million Saudi Riyals. Petrochem submitted its objection to the same to the General Secretariat of the Zakat, Tax and Customs Committees. The Tax Violations and Disputes Committee issued its decision to partially accept the objection so that the additional obligation on Petrochem for the years from 2014 to 2016 was reduced to (SAR 92.5) million Saudi Riyals. Thereafter, Petrochem and ZATCA submitted their appeals against the aforementioned decision to the Tax Violations and Disputes Appeal Committee, and the appeal is still under consideration up to the date of this Offer Document.

- ZATCA made assessments for the years from 2017 to 2018 with an additional obligation on Petrochem in the amount of (SAR 128.9) million Saudi Riyals. Petrochem submitted its objection to those assessments to the General Secretariat of the Zakat, Tax and Customs Committees, which issued its decision partially accepting the objections, bringing the amount down to (SAR 91.8) million Saudi Riyals. Petrochem plans to object to the above-mentioned decision to the General Secretariat of the Zakat, Tax and Customs Committee within the set objection period.
- ZATCA made assessments for the years from 2019 to 2020 with an additional obligation on Petrochem in the amount of (SAR 9.2) million Saudi Riyals. Petrochem submitted its objection to those assessments to the General Secretariat of the Zakat, Tax and Customs Committee, and the objection is still under consideration as of the date of this Offer Document.

In addition, ZATCA issued additional obligations on Saudi Chevron Phillips Company, one of the subsidiaries of SIIG, with a value of three hundred nineteen million, five hundred thousand (319.5 million) Saudi Riyals for the years from 2003G to 2004G, 2005G to 2007G, 2008G to 2012G, and 2013G to 2016G. The Saudi Chevron Phillips Company objected to such obligations, but the objection is still under consideration until the date of this Offer Document.

In addition, ZATCA issued additional obligations on Jubail Chevron Phillips Company, one of the subsidiaries of SIIG, with a value of eighty-three million, eight hundred thousand (83.8 million) Saudi Riyals for the years from 2011 to 2013 and 2015. Jubail Chevron Phillips Company objected to such obligations, but the objection is still under consideration until the date of this Offer Document.

11. DESCRIPTION OF SIIG

11.1 Overview:

SIIG is one of the unique companies in the field of improving, and developing the industrial base in the Kingdom, especially, the petrochemical industries, given the opportunity to the private sector to participate in other industries using the petrochemical industries.

SIIG was established pursuant to the Ministry of Commerce's Resolution No. 291 issued on 29/06/1416H (corresponding to 23/11/1995G), and it is a joint stock company holding commercial registration number 1010139946 dated 10/08/1416H (corresponding to 01/01/1996G) issued in Riyadh, and has a share capital of SAR 4,500,000,000 (Four billion and five hundred million Saudi Riyals) consisting of 450,000,000 (four hundred and fifty million) ordinary shares with a nominal value of SAR 10 (ten Saudi Riyals) per share, all of which are fully paid and listed on Tadawul.

SIIG currently owns 50% of the shares of Petrochem, Saudi Chevron Phillips Company, Jubail Chevron Phillips Company, and Aromatics Distribution Company FZE. SIIG's shares were listed on Tadawul in February 2004G.

11.2 SIIG Business Strategy:

SIIG aims to reinforce its current plant to produce hydro carbonic and aromatic products through extending investment in the field of petrochemical industries. This will enable SIIG to achieve diversification in its economic activities through the development of derivative products and increase the employment of Saudi labor, in addition to promoting private and public sector investments in the petrochemical industries. In addition, SIIG and its strategic partner (Chevron Phillips Petrochemical Co., Ltd.) have a common goal of developing the Saudi Polymers Company, which is directly owned by Petrochem, to rationalize resources, increase their efficiency, and achieve integration between it, Saudi Chevron Phillips Company and Jubail Chevron Phillips Company.

SIIG believes that the global petrochemical market provides excellent opportunities for the products of its subsidiaries, as the global consumption of gasoline and polyolefins continues to grow, supported by the strong growth in demand in Asia (especially in China), which may raise the demand for producers in the Middle East region at the expense of the shares of Europe and USA due to a number of competitive advantages. These market variables, coupled with the availability of raw materials at competitive prices in the Kingdom of Saudi Arabia, create attractive business opportunities for the subsidiaries and consequently for SIIG.

SIIG intends to take advantage of its strong competitive advantages in addition to the technical and marketing strengths of Chevron Phillips in order to address attractive business opportunities, through:

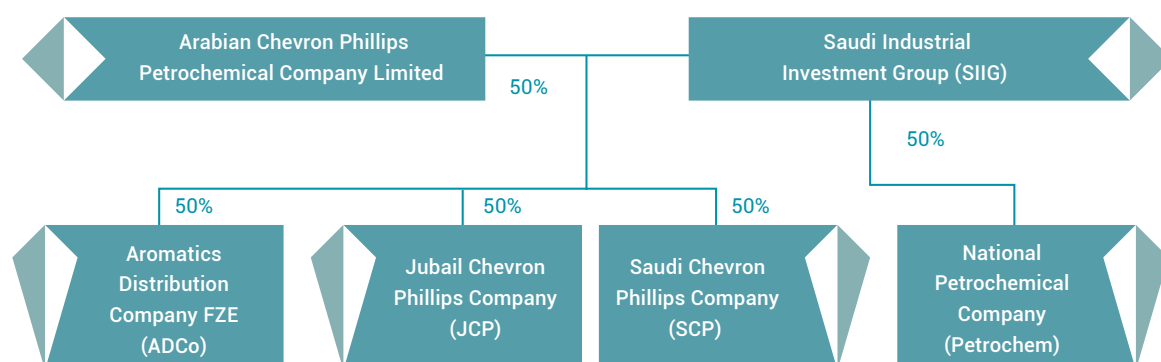
- Keeping pace with growth opportunities in the global petrochemical market through the implementation of new projects and current expansion works.
- Providing superior quality products to its customers.
- Developing production capacity to ensure future market share based on timely assessment of market mechanisms.

SIIG also seeks to manage the operational risks of its subsidiaries as much as possible through:

- Encouraging the subsidiaries to implement the comprehensive reliability program for all their units, in addition to providing the necessary insurance on their assets.
- Encouraging the subsidiaries to continuously train employees in all areas of safety and environmental protection and to apply the highest internationally recognized safety standards.
- Developing appropriate programs that help to stabilize employees, reduce their job exit rate and urging its subsidiaries to do so.
- Encouraging the subsidiaries to abide by the principles of sustainability by using materials that are least harmful to the environment and used globally, and to dispose of waste in the correct ways that do not harm the environment and society, through specialists in this field.
- Working in cooperation with the Saudi Committee for Petrochemical Manufacturers, which is a private body that defends the interests of the petrochemical sector, and coordinates between companies and government agencies to represent the Saudi side in dumping cases filed abroad against Saudi petrochemical companies.

11.3 SIIG Projects

The chart below shows the percentage of ownership of SIIG in its jointly managed and affiliated projects by the end of 2020G, as well as the percentages of substantial shareholders in SIIG:



At the end of 2020G, SIIG's business is limited to investing in the following companies, which are:

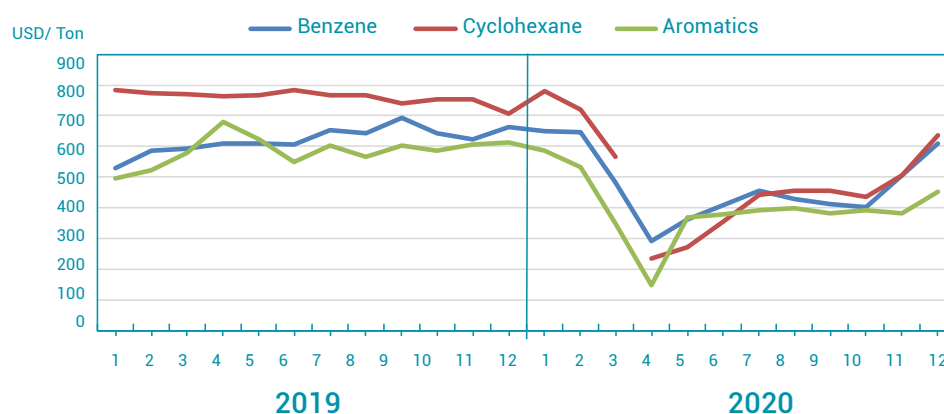
Name of Company	Capital*	Shareholding %	Main Activity	Country of Incorporation and Operation
Saudi Chevron Phillips Company (SCP) - subsidiary	244	50%	Manufacturing petrochemical products	Kingdom of Saudi Arabia
Jubail Chevron Phillips Company (JCP) - subsidiary	484	50%		
Aromatics Distribution Company FZE (ADCo) - subsidiary	0.102	50%	Marketing petrochemical products	Free Zone - UAE
Petrochem - Subsidiary	4,800	50%	Investing in petrochemical companies	Kingdom of Saudi Arabia
Million SAR*				

11.3.1 Saudi Chevron Phillips Company (SCP)

It is a limited liability company, located at the city of Jubail, Kingdom of Saudi Arabia, with Commercial Registration No. 2055003839 dated 8 July 1996G, and its capital is two hundred forty-three million, seven hundred and fifty thousand (243,750,000) Saudi Riyals, equally owned by SIIG and Arabian Chevron Phillips Petrochemical Company (ACP) with 50% for each. The project is located at Jubail Industrial City and its production began in 2000G, and it produces benzene, cyclohexane, and aromatics.

The SCP's total sales amounted to SAR 2,703 million in 2020G, compared to SAR 4,051 million in 2019G, and Saudi Chevron Phillips, before calculating tax and zakat, achieved profits of SAR 33 million for 2020G, compared to SAR 293 million for 2019G.

The following chart shows a comparison of the prices of Saudi Chevron Philips products from the beginning of 2019G until the end of 2020G:



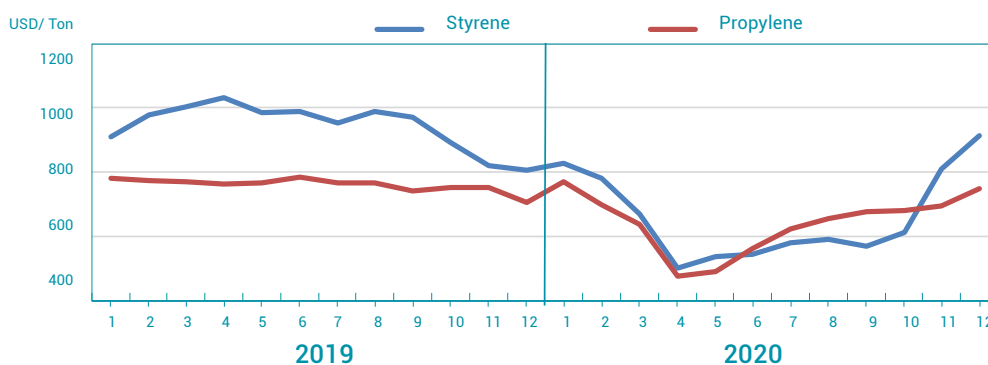
Note: On 09/01/2020G, Saudi Chevron Phillips Company (SCP) completed the regulatory procedures to reduce the capital, due to the lack of need for it, because the company has sufficient financial reserves, and the ability to borrow when needed, as the capital of SCP was reduced from (655) million Saudi Riyals to two hundred and forty-three million, seven hundred and fifty thousand (243,750,000) Saudi Riyals, and this reduction will be returned to the partners according to the company's cash availability in the coming years, as SIIG's share of such reduction is 206 million Saudi Riyals.

11.3.2 Jubail Chevron Phillips Company (JCP)

It is a limited liability company, located at the city of Jubail, Kingdom of Saudi Arabia, with Commercial Registration No. 2055005901 dated 23 July 1996G, and its capital is two hundred forty-three million, seven hundred and fifty thousand (483,750,000) Saudi Riyals, equally owned by SIIG and ACP with 50% for each. The project is located at Jubail Industrial City and its production began in 2000G, and it produces benzene, cyclohexane, and aromatics.

The SCP's total sales were SAR 3,877 million in 2020G, compared to SAR 5,504 million in 2019G. The company, before calculating tax and zakat, sustained losses amounting to SAR 128 million for 2020G, compared to its profits of SAR 286 million for 2019G.

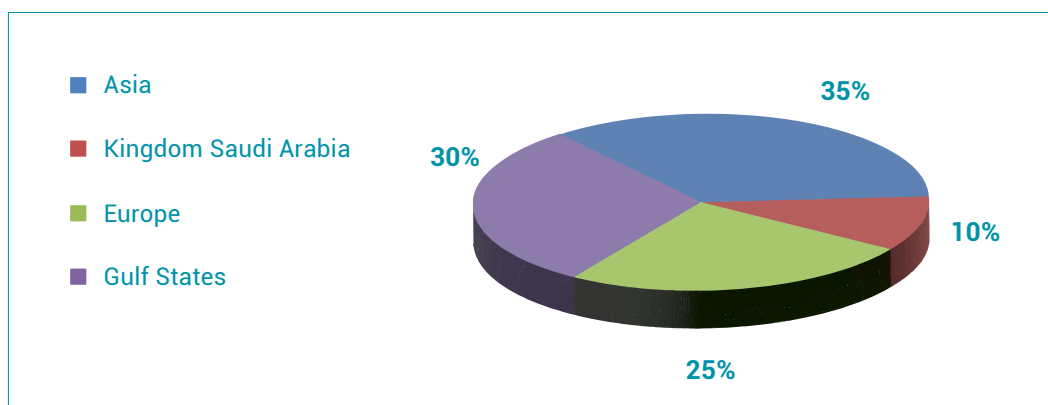
The following chart shows a comparison of the prices of JCP's products from the beginning of 2019G until the end of 2020G:



11.3.3 Aromatics Distribution Company FZE (ADCO)

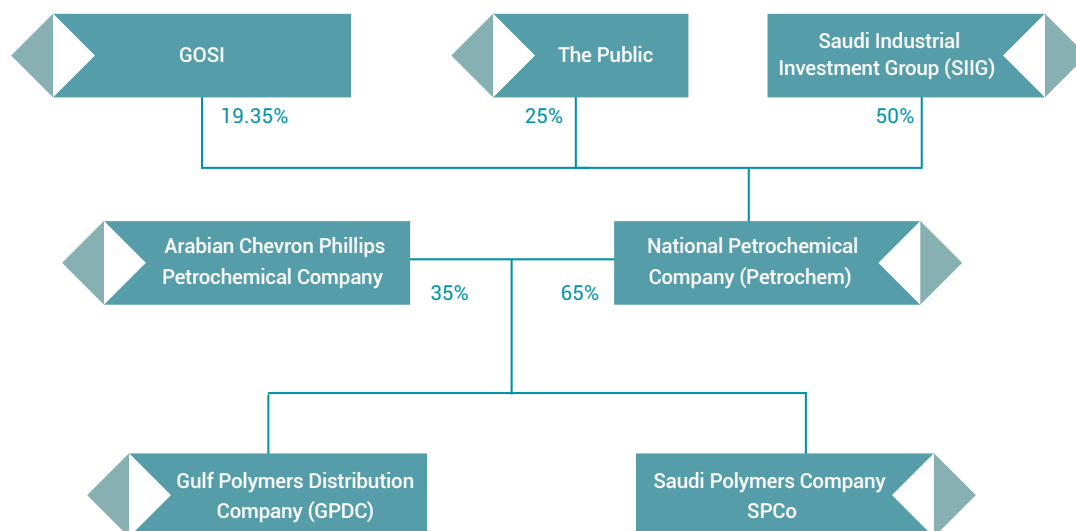
It is a limited liability company, located at Dubai Airport Free Zone in the United Arab Emirates, and it was established in 2020G, with a capital of AED 100,000, equally owned by SIIG and ACP, with 50% for each, and the company markets the products Produced by SCP and JCP outside the KSA, in cooperation with Chevron Phillips Chemical International (CPCIS), based on the sale agreement concluded between ADCO and CPCIS. ADCO activity is limited to providing marketing support through marketing and sales services for all the company's products outside the KSA. ADCO's total sales were SAR 1,798 million in 2020G, and the company achieved profits of SAR 109 million for 2020G.

The following is the geographical division of revenues of SIIG's Subsidiaries for 2020G:



11.3.4 Petrochem

It is a Saudi public joint stock company, headquartered in Riyadh, KSA, with Commercial Registration No. 1010246363 dated 16 March 2008, and its capital is SAR 4,800 million, divided into 480 million shares, with a nominal value of SAR 10 per share and SIIG owns 50% of Petrochem's shares. the Company's activity is to invest in the petrochemical industries and its total sales amounted to SAR 6,113 million for 2020G, compared to SAR 7,656 million for 2019G. The Company generated profits of SAR 230 million for 2020G, compared to profits of SAR 674 million for 2019G. The chart below shows the ownership percentage of Petrochem in its subsidiaries by the end of 2020G, as well as the percentages of substantial shareholders in Petrochem:



Petrochem's business is limited to its investment in its subsidiaries, which are:

Name of Company	Capital	Shareholding %	Main Activity	Country of Incorporation and Operation
Saudi Polymers Company (SPCo) - A Subsidiary	SAR 1,406 million	65%	Manufacturing and selling petrochemical products	Kingdom of Saudi Arabia
Gulf Polymers Distribution Company (GPDC) - A Subsidiary	AED 2 million	65%	Selling and distributing petrochemical products outside the KSA	United Arab Emirates

11.3.4.1 Saudi Polymers Company (SPCO)

It is a limited liability company, located in the city of Jubail, KSA, with Commercial Registration No. 2055008886 dated 9 December 2007G, with a capital of SAR 1,406 million, of which Petrochem owns 65%, and ACP owns 35%. The project is located at Jubail Industrial City, and its production began in 2012G. It produces materials with the following capacities:

Material	Design Capacity (1,000 tons)
Ethylene	1,220
Propylene	440
Polyethylene	1,100
Polypropylene	400
Hexane-1	100
Polystyrene	100

On 25th of June 2020, Petrochem announced on Tadawul website the resolution of the board of directors of its subsidiary company (Saudi Polymers Company) dated 25th of June 2020 to stop the polystyrene production unit and amortize its value, due to the difficulty of making profits from this unit in light of the situation in the polystyrene market globally.

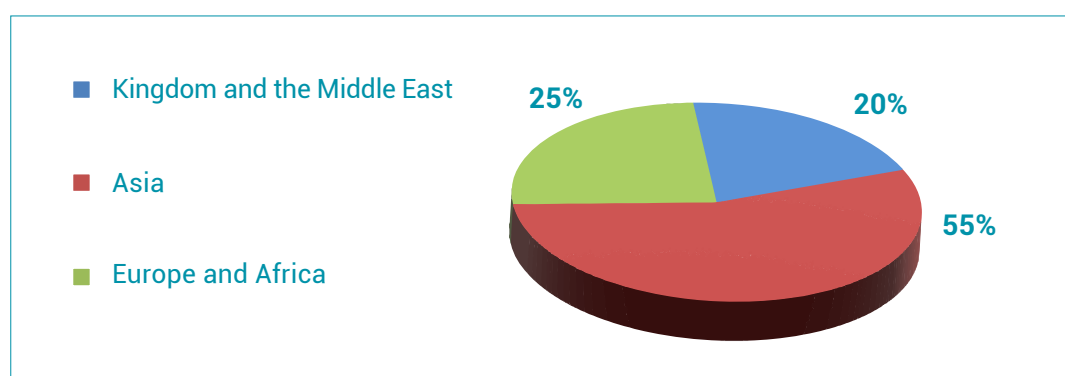
The operating rate of SPCO project reached 98% for 2020G.

It should be noted that the capital of Saudi Polymers Company was reduced on 29/4/2021G from (4,800) million Riyals to (1,406) million Riyals as a result of its increment beyond the Company's need, and Petrochem's share of this reduction is (2,206) million Saudi Riyals.

11.3.4.2 Gulf Polymers Distribution Company (GPDC)

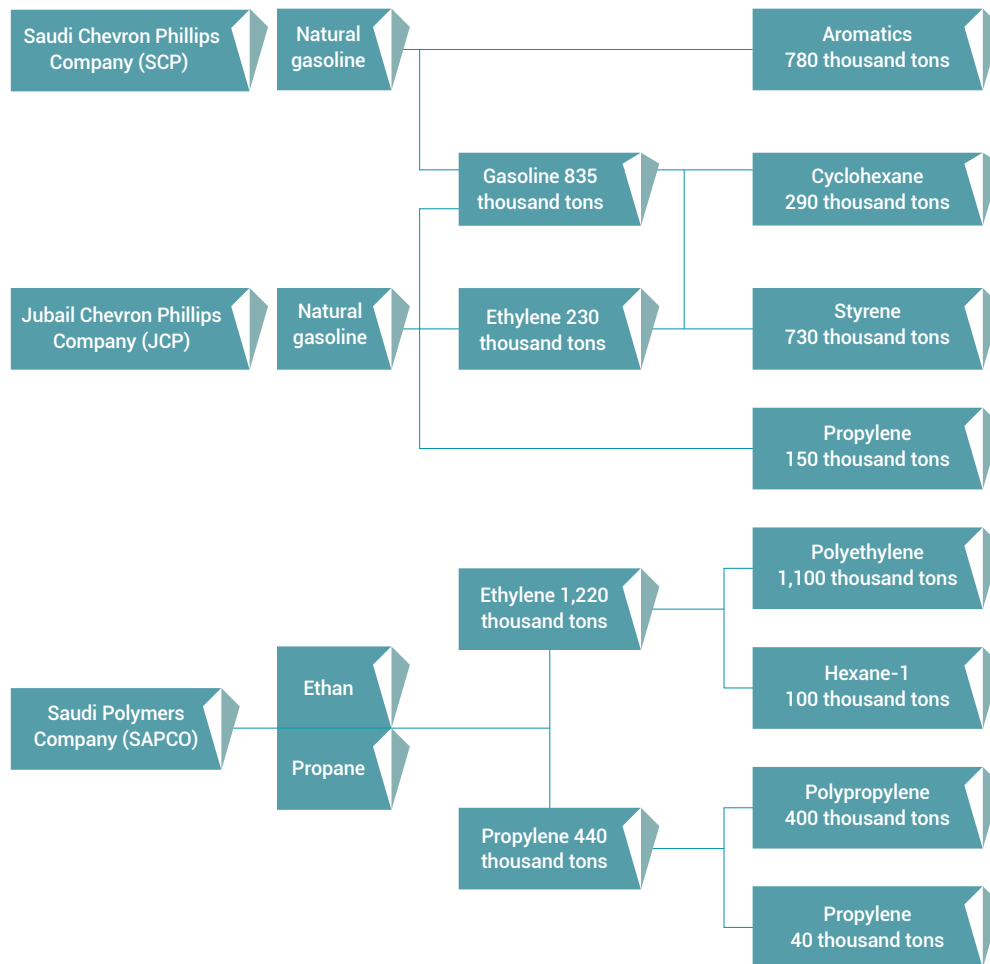
It is a limited liability company, located in Dubai Airport Free Zone at the United Arab Emirates. It was established in 2011G, with a capital of AED 2 million, of which Petrochem owns 65% and ACP owns 35%. The Company markets the products outside the Kingdom in cooperation with Chevron Phillips Chemical International Sales Inc. (CPCIS) based on the sale agreement concluded between GPDC and CPCIS. The Company's activity is limited to providing marketing support by storing, selling and distributing the Saudi Polymers Company products outside the Kingdom.

The geographical distribution of Gulf Polymers Distribution Company (GPDC) and Gulf Polymers Distribution Company (GPDC) revenues during 2020G is as follows:



11.3.5 Integration of Projects

The three projects (SCP, JCP and SPCO) are complementary to each other, as they produce different products with a total capacity of 6,400,000 tons annually, some of which are used internally to produce value-added products, with quantities available for sale Locally and internationally 3,700 thousand tons annually:



12. WAIVERS

The CMA has issued a waiver for GOSI (as a Related Party) from the requirements of Article 3(o) and Article 48 of the Merger and Acquisition Regulations, thereby allowing GOSI to vote on the Acquisition Resolutions in the General Assembly of one of the companies, subject to the voting restrictions applicable to the shareholder who owns shares in both companies, in which case the shareholder will be permitted to vote in the General Assembly of one of the companies, and the voting restrictions applicable to their representatives in the meeting of the board or any committee. SIIG (as a Related Party) will not be able to vote on the Acquisition Resolutions in the General Assembly of Petrochem.

A waiver was also obtained from the CMA from the requirements of (2)(b)(10) from the Instructions for Companies' Announcements in relation to the announcement made in the event where the agenda includes an item for changing the company's capital. As such, SIIG's Extraordinary General Assembly's invite announcement will not set out a clarification that the votes of Related Parties will not be included when voting on the Acquisition Resolutions in the Extraordinary General Assembly.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office of SIIG during normal business hours on any Business Day from the date of publication of this Offer Document up until the expiry of the Offer Period:

- 1- the bylaws of SIIG and Petrochem;
- 2- Consolidated financial statements of Petrochem for years ended on 31 December 2018G, 2019 G and 2020 G in addition to the consolidated condensed financial statements (unaudited) of Petrochem for the two periods of three and six months ended on 30 June 2021G and condensed financial statements (unaudited) of Petrochem for the two periods of three and nine months ended on 30 September 2021G
- 3- Consolidated financial statements of SIIG for years ended on 31 December 2018G, 2019 G and 2020 G in addition to the consolidated condensed financial statements (unaudited) of SIIG for the two periods of three and six months ended on 30 June 2021G and condensed financial statements (unaudited) of SIIG for the two periods of three and nine months ended on 30 September 2021G
- 4- Implementation Agreement.
- 5- Market study prepared by IHS Markit Ltd.
- 6- Advisors' consent letters to use their names and logos in this Offer Document.

ANNEX 1

SIIG BYLAWS AMENDMENTS IN CONNECTION WITH THE ACQUISITION TRANSACTION

Article (1) will be amended to be as follows:

A Saudi Joint Stock Company (the "Company") has been established in accordance with the provisions of the Companies Law, its regulations, and these Bylaws in accordance with the following:

Article (2) will be amended as follows:

Saudi Industrial Investment Group (a listed Saudi Joint Stock Company)

Article (3) will be amended to be as follows:

The Company conducts and implements the following objectives:

- 1- Manufacture of refined oil products;
- 2- Manufacture of basic chemical materials;
- 3- Manufacture of other chemical products that are unspecified in another position;
- 4- Wholesale of solid, liquid and gaseous fuels and related products;
- 5- Manufacture of plastics and synthetic rubber in primary forms;
- 6- Mining of chemical metals and mineral fertilizers;
- 7- Mining of non-ferrous metal ores;
- 8- Manufacture of batteries and accumulators;
- 9- Manufacturing;
- 10- Oil and natural gas extraction support activities; and
- 11- Construction work related to other civil engineering works.

The Company shall conduct its activities in accordance with the regulations that are in force, and after obtaining the required licenses from the competent authorities, if any.

Article (6) will be amended to be as follows:

The duration of the Company shall be ninety-nine (99) Hijri years commencing as of the date of the Company's registration in the Commercial Registrar. The Company's term may always be extended by a resolution adopted by the Extraordinary General Assembly of shareholders, at least one year prior to the expiration of the original term.

Article (7) will be amended to be as follows:

The capital of the Company shall be seven billion five hundred and eighty four million Saudi Riyals (SAR 7,548,000,000), divided into seven hundred fifty four million and eight hundred thousand (754,800,000) nominal shares of an equal value of ten (10) Saudi Riyals each, which are paid in full.

Article (8) will be amended to be as follows:

The shareholders subscribed to all the share capital representing seven billion five hundred and eighty four million Saudi Riyals (SAR 7,548,000,000), seven hundred fifty four million and eight hundred thousand (754,800,000), which are paid in full.

Article (18) will be amended to be as follows:

The Company shall be managed by a Board of Directors (the "Board" or the "Board of Directors") composed of eleven (11) members to be elected by the Shareholders' Ordinary General Assembly for a period of three (3) years.

Article (21) will be amended to be as follows:

Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with full powers to manage the Company, supervise its business and funds, conduct its business inside and outside the Kingdom, and establish the general policy to achieve its objectives, including without limitation the following:

- 1- Represent the Company before all third parties and government authorities including, the Ministry of Commerce, the Ministry of Investment, the Capital Market Authority, the Saudi Stock Exchange, the Zakat, Tax and Customs Authority, public notaries, and before the Judiciary, Sharia courts, administrative courts (Board of Grievance), all judicial and arbitration committees and agencies, Labor and Employment Offices, civil rights, police departments, chambers of commerce and chambers of industry, private bodies, as well as other companies and establishments inside and outside of the Kingdom.
- 2- Do all actions in relation to claims and courts, including without limitation, file lawsuit, plead and defend, hear the claim and challenge it, deny, request the taking of, and reject oath, present witnesses and evidences and impeach them, contest, impeach and vouch for witnesses, allege forgery, deny the stamps, style of writing and signatures, request the ban of traveling and cancel the request, follow up with the confiscation and enforcement circuits, request confiscation and enforcement, request arbitration, appoint experts and arbitrators, challenge the reports of the experts and arbitrators, remove and replace them, challenge and appeal judgments, receive judgments' deeds, conclude whatever is necessary, attend hearings in relation to all cases before all the courts, including without limitation, Shari'ah courts, administrative courts (the Board of Grievances) and all committees.
- 3- Do all actions in relation to companies in which the Company participates in, including, but not limited to, agreeing to establish, incorporate, acquire, manage, operate, terminate, liquidate, finance, guarantee, and participate in any type of company, institution, fund, or branch with others or alone inside or outside the Kingdom, and determining the tasks and budgets of branches and companies, and determining the value of shares in which the Company will participate, increase or decrease the share capital of those companies, or the company's withdrawal from the companies in which it participates, the sale, purchase, mortgage, redemption, assignment and disposal of the company's shares or shares in other companies and receive amounts, and converting the corporate structure of those companies either to a joint stock company or a limited liability company or otherwise, sign articles of association and amendments thereof before the notary public, cancel articles of association and amendments thereof, sign shareholders' resolutions in the Company's capacity as a shareholder, sign contracts for the company with third parties or resolutions in respect of companies, including contracts to buy, sell, mortgage, mortgage removal, assign or dispose of shares, meetings of the shareholders, attend and vote on behalf of the Company in the meetings of the shareholders in the companies in which the Company participates in including constituent assemblies, ordinary and extra-ordinary assemblies, take all decisions and vote on any decisions in these companies, appoint and remove managers or members of the board of directors.
- 4- Buy or sell or mortgage the Company's real property and assets, physical or otherwise, its monies, and shares in other companies, as well as other movable and immovable assets, which shall include conveying lands are buildings by deed, sale, purchase, investment, mortgage or release of mortgage, and marginalization of bonds by merging, sorting, endowing, payment of price, receipt of payment, transferring the right of attachment and signing before the notary public or any other government authority in this regard; provided however that the minutes of the meeting of the Board state the reasons for its decision the following:
 - a- the reasons and justifications of its decision;
 - b- the sale price shall be equivalent to the prices of similar property or acceptable to the Board in its absolute discretion;
 - c- the sale shall be spot sale, except in certain circumstances determined by the board and with sufficient guarantees in the Board's absolute discretion; and
 - d- such disposition shall not result in the suspension of certain Company activities or its encumbrance with other obligations.

- 5- Represent the company in its relations with companies, banks, money houses and all government financing funds and financial institutions of all kinds and other lenders, opening, managing, operating and closing bank accounts of any kind, in any country and conduct all transactions on these accounts in connection with the Company's activities, including withdrawals from, deposits and transfers from, receiving and disbursing funds, claiming its rights, signing any documents or contracts related thereto, obtaining loans and other facilities of all kinds for any period or amount, and to issue guarantees for the benefit of any entity whatsoever when the Board - according to its absolute discretion - deems that this serves the interest of the Company, signing, writing and accepting checks, promissory notes and other commercial papers, and entering into financial lease arrangements, financing operations, financial derivatives operations, treasury operations, financial hedging, hedging against currency exchange rates, granting credits, and carrying out all actions necessary for the conclusion of all agreements and banking transactions, in the form and terms the Board deems appropriate at its absolute discretion. The Board shall observe the following conditions for contracting loans with terms exceeding three (3) years:
 - a- the Board's decision shall define the aspects of application of loan funds and method of repayment; and
 - b- terms and conditions of the loan agreement and related securities shall not be detrimental to the Company's and Shareholders' interests
- 6- Entering into contracts, commitments, and association in the name of and on behalf of the Company, entering into tenders, investing in shares, portfolios and bonds, and signing all types of contracts and documents, including memoranda of understanding, and carrying out all acts, including negotiation, contracting, commitment, engagement, conciliation, assignment, termination, signature, delivery, modification, replacement, and addition to any contracts and obligations with others that would achieve the Company's objectives, including, but not limited to, licensing, marketing, future purchase, purchase, sale, lease and rental contracts, agencies, concessions, insurance contracts, compensation contracts, and guarantees, all in the form, terms, and amounts that the Board deems appropriate in accordance with its absolute discretion.
- 7- The Board shall have, in cases determined at its discretion, the right to discharge the Company's debtors of their obligation, provided, however, that the minutes of the meeting of the Board and its decision shall take into consideration the following conditions:
 - a- the discharge shall take effect after the lapse of one full year from the effective start of debt as a minimum;
 - b- the discharge shall be restricted to a certain maximum amount annually per each debtor; and
 - c- the discharge is a right of the Board that cannot be delegated.
- 8- Making decisions regarding the company's financial plan and policies for setting aside the statutory reserve, as well as – and with the authorization of the Ordinary General Assembly – declaring and distributing the Company's annual, semi-annual, and quarterly profits.
- 9- Issuing any type of debt instruments that are tradable inside or outside the Kingdom in accordance with the applicable laws and regulations.
- 10- Approving the Company's internal financial, administrative, and technical bylaws, and the policies and regulations for its employees.
- 11- Appointing the Company's employees, agents, and consultants, on the terms the Board deems appropriate, dismissing them, determining their powers and duties, and promoting or transferring them, determining the necessary allowances, salaries, and bonuses, paying their salaries and compensations, requesting visas, and recruiting employees and workers from abroad, issuance of residency and work permits, transfer, termination and assignment of sponsorships.
- 12- Forming committees of all kinds (except for the audit committee), determining their powers, appointing their members from among the members of the Board or otherwise, dismissing them, and determining their compensation.
- 13- Approving the Company's business plan and its annual capital budget and operational plans.
- 14- Signing and ratifying all licenses, records, certificates, necessary authorizations, forms and documents, receiving and delivering them in the name and on behalf of the Company, register signatures and seals with the Chambers of Commerce and Chambers of Industry, and issue, renew and amend the Company's certificates and licenses.

- 15- Conduct all actions in relation to commercial registers and chambers of commerce, including without limitation, follow up with registers' department, issue and renew registers, reserve commercial names, register trademarks, register and renew the registration with the Chamber of Commerce, sign all documents before Chamber of Commerce, manage registers, amend registers, add activities, open branch registers and cancel registers.
- 16- Register trademarks and other intellectual property rights inside or outside the Kingdom
- 17- Within the limits of its powers, the Board may delegate or authorize one or more of its members or a third party to carry out certain activities, or assume a certain function or certain functions, and to cancel such authorization or delegation, partially or in full.

The Board may also authorize the audit committee to approve the unaudited quarterly financial statements, while the annual audited financial statements shall continue to be approved by the Board.

Article (23) will be amended to be as follows:

The Board of Directors shall appoint a Chairman and a Vice Chairman from among its members. A single member may not concurrently hold the post of Chairman and any other executive position at the Company, including that of Chief Executive Officer.

The Board of Directors shall appoint a Chief Executive Officer from among its members or otherwise, who shall be tasked with conducting the daily business of the company.

In addition to the powers given to the Chairman and the Chief Executive Officer mentioned in these bylaws, the Board of Directors may, by resolution, define the authorities and powers of each of the Chairman and the Chief Executive Officer.

The Board of Directors shall determine the compensation of the Chairman and Chief Executive Officer, as well as the remuneration given to Board members, within the limits set out in the Companies' Law, its Implementing Regulations, and the Company's internal procedures and regulations.

The term of office of the Chairman and Vice Chairman shall not exceed their respective terms of membership on the Board. They may be reelected for additional terms and the Board may, at any time, dismiss one or both of them without prejudice to their right to seek compensation if dismissal were not properly justified or occurred at an inappropriate time. The term of office Chief Executive Officer and Secretary - if he is a Board member, respectively - shall not exceed their respective terms of membership on the Board. They may be reelected for additional terms. The Board may, at any time, dismiss one or both of them.

The Chairman shall have the following authorities:

- 1- Inviting the Board to convene for a Board Meeting. The Chairman, if asked by two Board members, shall invite the Board to convene.
- 2- Do all that is necessary with regard to companies established or is participated in by the Company - including but not limited to - agreeing to establish, purchase, manage, operate, terminate, liquidate, finance, guarantee, and participate in any type of companies, institutions, funds or branches, with others or alone, in any percentage, whether inside or outside the Kingdom of Saudi Arabia, and determining the branches and companies' responsibilities and budget, determining the amounts and values of the shares or stocks in which the Company will participate, increasing or decreasing the capital of those companies, or withdrawing the Company from those companies participated in, buying, selling, mortgaging, removing a mortgage, redeeming, transferring, assigning, disposing, and acting for the Company in relation to those shares or stocks in those companies participated in and receiving the value, transferring the entities of these companies, whether to a joint stock company, a limited liability company, or any other form, and signing the articles of association of those companies, and any amendment or annex to them, before a notary public or any other government agencies, or cancelling them, and signing any documents, contracts, resolution or other decisions issued by the Company in its capacity as a partner or shareholder in those companies and in relation to those companies, including contracts of purchase, sale, pledge, release of pledge, assignment or disposal of shares or stocks, minutes of general assemblies, permits, requests, notices, powers of attorney, resolutions, lease contracts or any other document that may be necessary or required, appoint managers and members of the boards of directors and board of managers these companies and the Company's representatives at shareholder or partners meetings and attend and vote, on behalf of the Company, at meetings of partners, including the regular and extraordinary constituent and general assemblies, or amend the purposes of those companies.

- 3- The Chairman has the right to delegate any of his powers – within the limits of his powers and authority – to one or more members of the Board or any other person, to take any action or conduct or perform certain work or actions on his behalf as Chairman, and he may also cancel this power of attorney or delegation in whole or in part, and the Chairman may also grant the delegate or agent the right to delegate or give power of attorney to another.

The Chief Executive Officer shall have the following authorities:

- 1- The Chief Executive Officer shall represent the Company in its relationship with others and before governmental and private bodies, including with the Ministry of Commerce, Ministry of Investment, Capital Market Authority, Saudi Exchange, the Zakat, Tax, and Customs Authority, public notaries, in judicial proceedings, Sharia courts, judicial committees, administrative courts, Labor and Employment Offices, civil rights, police departments, chambers of commerce and industry, private and public authorities, companies, establishments, in different forms inside and outside the Kingdom of Saudi Arabia and all governmental and private entities.
- 2- Do all actions in relation to claims and courts, including without limitation, file lawsuit, plead and defend, hear the claim and challenge it, deny, request the taking of, abstain, and reject oaths, present witnesses and evidences and impeach them, contest, impeach and vouch for witnesses, allege forgery, deny the stamps, style of writing and signatures, request the ban of traveling and cancel the request, follow up with the confiscation and enforcement circuits, request confiscation and enforcement, request arbitration, appoint experts and arbitrators, challenge the reports of the experts and arbitrators, remove and replace them, challenge and appeal judgments, receive judgments' deeds, conclude whatever is necessary, attend hearings in relation to all cases before all the courts, including without limitation, Shari'ah courts, administrative courts (the Board of Grievances) and all committees.
- 3- Entering into contracts, commitments, and association in the name of and on behalf of the Company, entering into tenders, investing in shares, portfolios and bonds, and signing all types of contracts and documents, including memoranda of understanding, and carrying out all acts, including negotiation, contracting, commitment, engagement, conciliation, assignment, termination, signature, delivery, modification, replacement, and addition to any contracts and obligations with others that would achieve the Company's objectives, including, but not limited to, licensing, marketing, future purchase, purchase, sale, lease and rental contracts, agencies, concessions, insurance contracts, compensation contracts, and guarantees, on the condition that none of these contracts shall exceed ten million (SAR 10,000,000.00) Saudi Riyals.
- 4- Represent the Company in its relations with companies, banks, money houses and all government financing funds and financial institutions of all kinds and other lenders, opening, managing, operating and closing bank accounts of any kind, in any country and conduct all transactions on these accounts in connection with the Company's activities, including withdrawals from, deposits and transfers from, receiving and disbursing funds, and claiming its rights, use electronic services relating to these and any in country on behalf of the Company, signing, writing and accepting checks, promissory notes and other commercial papers.
- 5- After obtaining the Board's approval, obtaining loans and other facilities of all kinds for any period or amount, from funds, governmental financial institutions, commercial banks, money houses, insurance companies, and any other insurance entity, and to issue guarantees for the benefit of any entity whatsoever and entering into financial lease arrangements, financing operations, financial derivatives operations, treasury operations, financial hedging, hedging against currency exchange rates, granting credits, and carrying out all actions necessary for the conclusion of all agreements and banking transaction, and sign any document or contract relating to this.
- 6- Signing deeds and Sukuks before a notary public and official and private bodies inside and outside the Kingdom of Saudi Arabia.
- 7- Appointing the Company's employees, agents, and consultants, dismissing them, determining their powers and duties, and promoting or transferring them, determining the necessary allowances, salaries, and bonuses, paying their salaries and compensations, requesting visas, and recruiting employees and workers from abroad, issuance of residency and work permits, transfer, termination and assignment of sponsorships.

- 8- Signing and ratifying all licenses, records, certificates, necessary authorizations, forms and documents, receiving and delivering them in the name and on behalf of the Company, register signatures and seals with the Chambers of Commerce and Chambers of Industry, and issue, renew and amend the Company's certificates and licenses.
- 9- Conduct all actions in relation to commercial registers and chambers of commerce, including, but not limited to, follow up with registers' department, issue and renew registers, reserve commercial names, register trademarks, register and renew the registration with the Chamber of Commerce, sign all documents before Chamber of Commerce, manage registers, amend registers, add activities, open branch registers and cancel registers.
- 10- Register trademarks and other intellectual property rights inside or outside the Kingdom of Saudi Arabia.
- 11- Accepting and removing mortgages on real estate taken as security for the Company's rights owed to third parties, including, but not limited to, advances on wages provided to the Company's employees within the Company's housing program.
- 12- Receiving and delivering on behalf of the Company.
- 13- The Chief Executive Officer has the right to delegate any of his powers – within the limits of his powers and authority – to another, to take any action or conduct or perform certain work or actions on his behalf as Chief Executive Officer, and he may also cancel this power of attorney or delegation in whole or in part.

The Board of Directors shall appoint a Secretary from among its members or others, to record the minutes to the Board Meetings, resolution resulting for such meeting, and storing these, in addition to any other responsibility the Board of Directors assign to the Secretary. The Board of Directors shall determine the Secretary's remuneration.

Article (25) will be amended to be as follows:

A Board meeting shall be quorate only if attended by a majority of members in person or by proxy, provided that the number of attendees in principle be no less than six. Board members may delegate other Board members to represent them in meetings pursuant to the following:

- 1- a member of the Board may not act on behalf of more than one Board member during the same meeting;
- 2- a proxy shall be made in writing and delivered to the Company by hand or through email; and
- 3- a Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting on.

The Board may adopt resolutions by circulation to all Board members unless one Board member submits a request that a meeting be convened for deliberations. Such resolutions shall be adopted by an absolute majority of Board members and presented to the Board at its first subsequent meeting

P.O.Box 998333 Riyadh 11625 Kingdom of Saudi Arabia

Tel: +966 (1) 279 2522

Fax: +966 (1) 279 2523

info@siig.com.sa

www.siig.com.sa

