

**APPROVED**  
By the decision of the General Meeting of  
Shareholders  
of the JSC «BIOKIMYO»  
of June 28, 2016

E.Uralov, Chairman of the General Meeting

**PROVISION  
ON DIVIDEND POLICY  
OF THE JOINT STOCK COMPANY «BIOKIMYO»**

## TABLE OF CONTENTS

- I. GENERAL PROVISIONS ..... **Ошибка! Закладка не определена.**
- II. ORDER OF DETERMINATION OF SIZE AND CALCULATION OF DIVIDENDS ..... **Ошибка! Закладка не определена.**
- III. ORDER AND TERMS OF DIVIDEND PAYMENT ..... **Ошибка! Закладка не определена.**
- IV. LIABILITY FOR PAYMENT OF ANNOUNCED DIVIDENDS ..... **Ошибка! Закладка не определена.**
- V. INFORMATION DISCLOSURE PROCEDURE ..... **Ошибка! Закладка не определена.**
- VI. FINAL PROVISIONS ..... **Ошибка! Закладка не определена.**

## **I. GENERAL PROVISIONS**

1. This regulation on the dividend policy of the joint-stock company BIODKIMYO (hereinafter referred to as the Regulation) was developed in accordance with the current legislation of the Republic of Uzbekistan, the charter of the joint-stock company BIODKIMYO (the "Company"), the Code of Corporate Governance approved by the protocol Meetings of the Commission on increasing the efficiency of joint-stock companies and improving the corporate governance system of December 31, 2015. No. 9 and other internal documents of the Company.

The present Regulations set out general issues that should be reflected and disclosed in the dividend policy of the Company.

2. The dividend policy of the Company is aimed at increasing the shareholders' well-being and ensuring the growth of the Company's capitalization. The purpose is to inform shareholders and other interested parties about the dividend policy of the Company.

This Regulation is intended to determine the approach of the Company's Supervisory Board to the development of recommendations on the amount of dividends on shares and the procedure for their payment.

If any issues related to the payment of dividends to the shareholders of the Company are not regulated by the provisions of the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights", other regulatory legal acts of the Republic of Uzbekistan, the Charter of the Company and these Regulations, then they should be decided on the basis of the need Ensuring the rights and interests of shareholders.

3. This dividend policy was developed for the period 2016 - 2019.

The company intends during this period to send dividends from 10 to 40% of net profit. At the same time, realizable investment projects and the current state of current assets are taken into account.

The Company considers the growth of capitalization as the main way to satisfy the shareholders' property interests in extracting income from the Company's shares. Dividend policy is to optimize the proportions between the consumed and capitalized parts of the profit received by the Company in order to increase the market value of shares.

4. The Company's dividend policy is based on the following basic principles:

The principle of transparency, which means the definition and disclosure of information on the duties and responsibilities of the parties involved in the implementation of the dividend policy, including the procedure and conditions for the decision to pay and the amount of dividends;

The principle of timeliness, implies the establishment of temporary boundaries in the implementation of dividend payments;

Principle of validity, which implies that the decision to pay and the amount of dividends may be accepted only if the Company achieves a positive financial result, taking into account development plans and its investment programs based on the real financial situation of the company;

The principle of equity implies the provision of equal rights of shareholders to receive information on the decisions to be taken on the payment, the amount and procedure for paying dividends;

The principle of consistency implies the strict execution of procedures

And the principles of dividend policy;

Principle of development, involves the continuous improvement of dividend policy in the framework of improving corporate governance procedures and revision

Its provisions in connection with the change in the Company's strategic goals;

Principle of sustainability, implies the desire of the Company to ensure a stable level of dividend payments.

5. The adoption of a resolution (announcement) on the payment of dividends on placed shares is the right of the Company. The General Meeting of Shareholders has the right to take a decision

On payment or non-payment of dividends on shares.

6. Payment of declared dividends is the responsibility of the Company.

The costs associated with the payment of dividends (including the cost of calculating and withholding taxes, transferring dividends, postal expenses) can not be assigned to a shareholder receiving dividends, upon the decision of the management bodies. The Company is liable to shareholders for failure to perform this duty

In accordance with the current legislation of the Republic of Uzbekistan.

7. Dividends are not accrued and are not paid on shares:

Not posted;

Acquired and / or redeemed by the Company;

In other cases provided for by the legislation of the Republic of Uzbekistan.

o. In the cases provided for by the first part of Article 54 of the Law "On Joint Stock Companies and Protection of Shareholder Rights", a company shall not be entitled to pay and make decisions on payment of dividends on shares.

## **II. ORDER OF DETERMINATION OF SIZE AND CALCULATION OF DIVIDENDS**

9. The Company has the right to take decisions (announce) on payment of dividends on shares, except for the cases mentioned in clause 8, following the results of the first quarter, six months, nine months of the financial year and (or) based on the results of the financial year.

The decision on payment (declaration) of dividends based on the results of the first quarter, six months and nine months of the financial year may be taken within three months after the end of the relevant period.

Dividends are paid out of the net profit of the company remaining at the disposal of company, and (or) retained profits of past years.

10. The General Meeting of Shareholders of the Company decides on the payment (declaration) of dividends on shares of each category. The Supervisory Board of the Company submits recommendations to the General Meeting of Shareholders on the amount of dividends on shares and the procedure for their payment. The amount of dividends can not be more than recommended by the Supervisory Board.

11. The decision of the general meeting of shareholders on payment (declaration) of dividends shall specify:

Category (type) of shares for which dividends are paid (declared);

The dividend per share of a certain type;

Term, procedure and frequency of dividend payment.

At the same time, the Company does not have the right to decide on the accrual (payment) of dividends in cases stipulated by law, as well as the impossibility of full payment of dividends on common shares within the terms established by law.

12. The amount of dividends recommended for the shareholders' meeting is determined by the Supervisory Board, based on the following factors:

The amount of net profit according to the financial statements, the reliability of which is confirmed by an audit report;

Financial and economic plans of the Company for subsequent periods;

Structure of the Company's circulating assets at the end of the relevant period;

The Company's debt load at the end of the relevant period.

13. In determining the recommended dividend, the Supervisory Board should take into account the Company's financial and business plans for subsequent periods, the current and prospective state of the Company's current assets and liabilities. Payment of

dividends recommended by the Supervisory Board to the General Meeting of Shareholders of the Company should not lead to attraction by the Company of additional debt financing or other costs not provided for by the approved financial and economic plan for subsequent periods.

### **III. ORDER AND TERMS OF DIVIDEND PAYMENT**

14. The Company pays dividends in cash or other legal means of payment or securities of the company. Declared dividends are paid in the national currency of the Republic of Uzbekistan or at the written request of the non-resident shareholder of the Republic of Uzbekistan, the company is obliged to convert to the freely convertible currency the dividends accrued to it, with the transfer of funds to a bank account submitted by a non-resident shareholder.

15. The deadline for the payment of dividends is established by a resolution of the general meeting of shareholders of the Company, but can not exceed 60 days from the date of the decision on payment of dividends by the general meeting of shareholders.

16. In case the owners of securities of the Company were unable to receive the accrued dividends within the terms established by the general meeting of shareholders, the Company continues to pay such (unclaimed) dividends. The period for the payment of unclaimed dividends can not exceed three years from the expiration date of the Company's performance of the obligation to pay declared dividends.

17. In case of non-payment (non-receipt) of dividends due to the company's fault in the terms established by the general meeting of shareholders, unpaid (not received) dividends accrue interest based on the refinancing rate established by the Central Bank of the Republic of Uzbekistan. The amount of interest accrued on unpaid (not received) dividends should not exceed 50 percent of the amount of unpaid (not received) dividends.

18. The structural subdivision of the Company, which includes, among its functions, the organization and conduct of work with shareholders, together with the accounting department of the Company, prepares, coordinates and conducts all arrangements for effecting payment of dividends by the Company provided for by this Regulation.

19. Any shareholder has the right to apply to the Company with a request for information on the procedure for calculating dividends on shares, the procedure for charging and the taxation of the amount of dividends, on the terms of payment.

20. The right to receive a dividend on shares has the right of a person registered in the register of shareholders of the company formed to hold a general meeting of shareholders, at which a decision was made to pay dividends to shareholders.

21. In case if shares are in common ownership, the dividend shall be distributed among the shareholders in proportion to their share, in accordance with the established procedure.

22. A shareholder is required to inform the investment intermediary and / or the Central Securities Depository, which provides services for the registration of rights

on its shares, on the changes in its data. In cases where the shareholder does not provide information about changes in his data, the Central Depository and / or the investment intermediary that provides services for recording rights to its shares shall not be liable for losses incurred by the shareholder in connection with this.

23. If the shareholder incorrectly indicated his bank details or the address for transferring dividends, or did not inform the Company of the specified details, or failed to report them in time, the Company shall not be liable for the losses incurred by the shareholder in connection with this. After the return to the Company of the incorrectly listed amounts of dividends due to the fault of the shareholder for the reasons specified in this paragraph, the repeated transfer thereof to the shareholder according to the specified details is effected with the deduction of the costs for their return and re-transfer.

24. The company is a tax agent in the payment of income to shareholders on shares owned by them and makes payment of accrued dividends with the deduction of taxes established by the current legislation of the Republic of Uzbekistan for obtaining income from securities. The shareholder, to whom the standard rates of taxation should not be applied, provides supporting documents to the Company (attracted to them by the Paying Agent), established by the current legislation of the Republic of Uzbekistan.

#### **IV. LIABILITY FOR PAYMENT OF ANNOUNCED DIVIDENDS**

25. The company is obliged to pay declared dividends on shares of each type.

26. When dividends are paid, none of the shareholders has advantages over the terms of payment.

Payment by the Company of accrued dividends on common shares is carried out with observance of equal rights of shareholders to receive dividends. At the same time, the Society does not have the right to pay dividends to a major shareholder if, as a result of this, dividends are not paid to minority shareholders on time.

27. The executive body of the Company is responsible for the full and timely payment of dividends to the Company's shareholders. Control over the actions of the executive body is carried out by the supervisory board of the Company jointly with the Audit Commission of the Company.

28. In order to ensure the payment of accrued dividends, the supervisory board shall consider at its meetings the issue of the course of dividend payment. In the event of incomplete or untimely payment of dividends through the fault of the executive body of the Company, the supervisory board determines the liability measures of the guilty parties and imposes appropriate sanctions or initiates their imposition.

29. In the event that the Company does not fulfill its obligations, shareholders are entitled to demand payment of declared dividends on shares of each type in a judicial procedure.

30. The Company is liable for non-fulfillment or improper performance of the duties of the tax agent for keeping and transferring the amount of tax on dividends to the Company in accordance with the legislation of the Republic of Uzbekistan.

## **V. INFORMATION DISCLOSURE PROCEDURE**

31. This Regulation, as well as amendments and additions to it, are disclosed by the Company on a corporate website on the Internet within ten days after signing the minutes of the meeting of the company's management body, at which the corresponding decision was made.

32. When the general meeting of shareholders makes a decision on the payment of dividends, the Company shall disclose information in the form of communications on material facts within the terms established by law. At the same time, the Company sends a notice to shareholders by e-mail about dividends accrual to them.

33. Upon the Company's fulfillment of its obligations to pay dividends, the Company shall disclose the relevant information in the form of messages on material facts within the time limits established by law.

## **VI. FINAL PROVISIONS**

34. These Regulations, as well as amendments and additions thereto, are approved by the decision of the General Meeting of Shareholders.

35. Amendments and additions to this Regulation shall be made upon the proposal of the members of the Company's Supervisory Board, the Audit Commission of the Company, the Internal Audit Service of the Company, the head of the Company's executive body.

36. If some of the articles of this Regulation are in conflict with the current legislation of the Republic of Uzbekistan and / or the Charter of the Company, these articles lose force and in the part regulated by these articles issues should be guided by the norms of the current legislation of the Republic of Uzbekistan and / or the Charter of the Company until the relevant changes are made to this Regulation.



# BIG TRANSLATIONS



Название документа: **PROVISION ON DIVIDEND POLICY  
OF THE JOINT STOCK COMPANY «BIOKIMYO»**

Документ переведен с русского языка на английский язык со стороны бюро переводов ООО «BIG LETTER GROUP»  
Количество страниц: 8 стр.

Текст перевода на английском языке соответствует тексту оригинала, однако требует последующего согласования со специалистом данной технической сферы. Бюро переводов не отвечает за достоверность информации, изложенной в оригинале документа.

Генеральный директор  
Мирзаева Р.

26 июня 2017



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