

The Savola Group
(A Saudi Joint Stock Company)
The Bylaws

Contents

DISCLAIMER:	3
CHAPTER ONE: INCORPORATION OF THE COMPANY	4
Article (1): Incorporation	4
Article (2): Name of the Company	4
Article (3): The Company's Objectives	4
Article (4) : Participation and Ownership in Companies	5
Article (5): The Company's Head Office	5
Article (6): Duration of the Company	5
CHAPTER TWO: CAPITAL AND SHARES	6
Article (7): The Capital	6
Article (8): Subscription in the Shares	6
Article (9): Preference Shares:	6
Article (10): Issuance of Shares	6
Article (11): Trading of the Shares	7
Article (12): The Company Purchases, sells, and pledges its Shares	7
Article (13): Capital increase	7
Article (14): Capital reduction	8
CHAPTER THREE: Debt Instruments and Negotiable Instruments	9
Article (15): Issuance of Debt Instruments and Negotiable Instruments	9
CHAPTER FOUR: Board of Directors	9
Article (16): Management of the Company	9
Article (17) : Expiry of the Board Membership	9
Article (18): The Vacancy in the Board of Directors	10
Article (19): Authorities of the Board of Directors and Forming the Committees	10
Article (20): Remunerations of the Board and its Committees Members	11
Article (21): Authorities of the Chairman, Vice Chairman, CEO, and the Board Secretary ..	11
Article (22): Meeting of the Board of Directors	14
Article (23): The Quorum of the Board Meeting	14
Article (24): Deliberations of the Board of Directors Meetings	14
CHAPTER FIVE: SHAREHOLDERS RIGHTS and ASSEMBLIES	15
Article (25): Shareholder's Rights and Assemblies Attendance	15
Article (26): Authorities of the Ordinary General Assembly	15
Article (27): Authorities of the Extraordinary General Assembly	15
Article (28): Invitation of the General Assemblies	15
Article (29): Register of Assemblies' Attendance	16
Article (30): Quorum of the Ordinary General Assembly	16
Article (31): Quorum of the Extraordinary General Assembly	16
Article (32): Voting in the General Assemblies	16
Article (33): Resolutions of the Assemblies	16
Article (34): Deliberations in the Assemblies	17
Article (35): Chairing the Assemblies and the Preparation of the Minutes	17
CHAPTER SIX: THE AUDIT COMMITTEE	18
Article (36): Committee Formation	18

Article (37): Quorum of the Committee Meeting	18
Article (38): The Committee's Authorities	18
Article (39): The Committee's Reports	18
CHAPTER SEVEN: THE AUDITOR	19
Article (40): Appointment of the Auditor	19
Article (41): Authorities of the Auditor	19
Article (42): Auditors report	19
CHAPTER EIGHT: THE COMPANY'S ACCOUNTS AND DISTRIBUTION OF PROFITS	20
Article (43): Financial Year	20
Article (44): Financial Documents	20
Article (45): Profit Distribution	20
Article (46): The maturity of profits and interim profits	21
Article (47): Distribution of Shares and Preferred Shares	21
Article (48): The Company's Losses	22
CHAPTER NINE: DISPUTES	22
Article (49): Liability Action	22
CHAPTER TEN: Dissolution and liquidation of the Company	22
Article (50): Dissolution of the Company	22
CHAPTER ELEVEN: Final Provisions	23
Article (51): Companies Laws	23
Article (52): Publishing	23

<u>DISCLAIMER:</u>	تنويه هام لأخذه في الاعتبار:
<p>This English version of Savola bylaws is a translation of the original Arabic document and has been made for the information purpose for Non-Arabic speakers.</p> <p>In case of any discrepancy or misinterpretation, the original Arabic document of the bylaws shall prevail.</p>	<p>هذه النسخة الإنجليزية من النظام الأساس لشركة صافولا تمثل ترجمة للنسخة الأصلية الصادرة باللغة العربية، والغرض منها تعريف الناطقين بغير اللغة العربية بالنظام الأساس للشركة،</p> <p>وفي حالة وجود اختلاف في الترجمة أو خطأ في تفسير النص لأي مادة من مواد النظام يُعتبر النص الأصلي الصادر باللغة العربية هو الحاكم.</p>

CHAPTER ONE: INCORPORATION OF THE COMPANY

Article (1): Incorporation

The Company has been incorporated as a Saudi joint stock company in accordance with the provisions of the Companies' law and with the provisions of these articles set forth hereunder.

Article (2): Name of the Company

The Company's Name: Savola Group Company (A Saudi Listed joint stock company)

Article (3): The Company's Objectives

The Company will perform and achieve the following Objectives:

- (a) Headquarters activities (supervise and manage other subsidiaries of the company).
- (b) To produce and sell vegetable oil and ghee, and to market, purchase and import all the supplies including machinery, specialist equipment, materials and transportation means so as to set up plants and factories necessary for the attainment of the Company's objectives and for the processing of its products and to construct warehouses for keeping, storing and exhibiting the Company's products and for other necessary facilities that the Company shall have to use in performing the activities of manufacturing, storing, selling, purchasing, importing and exporting. Furthermore, the Company may, whether alone or in participation with other companies, establishments and individuals, set up other industries that are complementary to its own.
- (c) To process and trade in all types of food products, and to purchase and import all factories, machinery, equipment, materials and transportation means necessary, as well as to construct plants and factories essential for the attainment of this objective and to set-up and purchase warehouses and cold stores for storing and exhibiting all sorts of products.
- (d) To manufacture and trade in glass, plastic, metallic and paper packing (inclusive of the lids) and other packaging materials related to the Company's objectives.
- (e) To set-up and manage agricultural and animal farms favorable to the achievement of the Company's objectives; as well as to reclamate and invest in agricultural lands.
- (f) To produce liquid and compound fertilizers, rare elements, and agricultural and industrial disinfectants.
- (g) Wholesale and retail marketing, through supermarkets, of food products, household goods, stationery and school supplies including uniforms, electrical and ornamental items, perfumes, cars accessories, equipments and paintings.
- (h) Establishing and managing central supermarkets for the Company or for other companies.

- (i) Establishing and managing restaurants and bakeries.
- (j) Establishing and managing refrigeration warehouses.
- (k) To carry out export, import, commercial contracting and commercial agencies consistent with the Company's activities after registration in the Register of Commercial Agencies.
- (l) To purchase and sell real estate, land and factories required for the realization of the Company's objectives.
- (m) To carry out market research and studies related to the Company's objectives.

The Company shall have the right, as per the regulations that are already abided with and after obtaining the necessary licenses from the competent authorities, to implement and realize its objectives within and outside the Kingdom, including the free zones

Article (4) : Participation and Ownership in Companies

The Company has the right to establish companies on its own, either limited liability or joint stock companies, in accordance with the provisions and the procedures stipulated by the Companies' law. In addition, the Company shall have the right to have an interest in existing companies, or merge with or purchase same; it may participate with others in establishing joint stock and limited liability companies after fulfilling the requirement of the applicable regulations in this regards; and to sell, and purchase these shares and stocks, but not to intermediate in the trading. Furthermore, the Company shall have the right to have interest or participate in any way whatsoever with; individuals, companies or organizations engaged in activities that are similar to its own or that help it realize its objectives.

Article (5): The Company's Head Office

The Company's head office is located in the city of Jeddah. The Board of Directors has the right to establish branches, offices or agencies for the Company inside and outside the Kingdom of Saudi Arabia. The Company's Head Office may not be transferred to another city except by a resolution of the Extraordinary General Assembly upon a proposal of the Board of Directors, and the approval of the competent authorities.

Article (6): Duration of the Company

The Company's duration is Ninety-nine (99) Gregorian years that commenced as of the date of which the Company is registered in the Commercial Register. However; the duration of the Company may always be extended by a resolution to be issued by the Extraordinary General Assembly at least one year prior to its expiry date.

CHAPTER TWO: CAPITAL AND SHARES

Article (7): The Capital

The Company's capital paid-up is fixed at SR 5,339,806,840 (Saudi Riyals Five Thousand Three Hundred Thirty-Nine Million Eight Hundred Six Thousand Eight Hundred Forty) divided into 533,980,684 (Five Hundred Thirty-Three Million Nine Hundred Eighty Thousand Six Hundred Eighty-Four) shares having an equal nominal value of SR 10 (Saudi Riyals Ten) each, all of which are ordinary shares.

Article (8): Subscription in the Shares

The shareholders have subscribed in all shares of the Company's Capital amounted to 533,980,684 shares (Five Hundred Thirty-Three Million Nine Hundred Eighty Thousand Six Hundred Eighty-Four) in full and cash; all cash amounts of the capital have been deposited with the Bank.

Article (9): Preference Shares:

The Extraordinary General Assembly may, in accordance with the policies laid out by related bodies, issue preference shares, buy such shares, convert normal shares to preference shares, or convert preference shares to normal shares. Preference shares shall not give their holder voting rights in the General Assembly of shareholders. Preference shares shall entitle their holders to receive net profits more than the holders of the ordinary shares after setting aside the statutory reserve provided not to exceed an amount of 50% of the Company's share capital. Said shares shall vest their holders, in addition to the right of sharing in the net profits, which are distributed to the ordinary shares, with the following:

- The right to obtain a certain percentage of the net profits, not less than 5% of the nominal value of the share, after setting aside the statutory reserve and before any distribution of the Company's profits.
- The priority to receive the value of their shares from the capital upon the Company's liquidation, and to receive a certain percentage of the proceeds from liquidation date.

The Company may purchase these shares in accordance with the policies reached at by the General Assembly Meeting of the Shareholders. These shares shall not be included in the computation of the quorum provided for in the Company's Bylaws.

Article (10): Issuance of Shares

Shares shall be nominal and may not be issued at a value less than the par value. However, shares may be issued at a value exceeding the par value. In such instances, the difference in the value of the share shall be added in a particular clause within shareholders' rights, and shall not be distributed to the shareholders. A share is indivisible in front of the Company but when owned by several persons, they should elect one to represent them in exercising the rights pertaining to such a share. Such person shall be equally liable for the obligations arising out of their ownership of such a share.

Article (11): Trading of the Shares

Trading the Company's shares in the stock market shall be in accordance with the Capital Market Regulations.

Article (12): The Company Purchases, sells, and pledges its Shares

- a) The Company may buy, pledge or sell its Ordinary or Preference Shares in accordance with the regulations determined by the competent regulatory authorities. The shares of the Treasury purchased by the Company shall not have votes in the Shareholders' Assembly.
- b) The Company may buy-back its Shares for the purpose of allocating them to its employees within an Employees' Shares Program in accordance with the terms and conditions prescribed by the regulations in this regard.
- c) The shares may be pledged in accordance with the rules that established by the Capital Market Authority (CMA). The pledgee creditor may receive the dividends resulting from the pledged Shares and may enjoy all rights attached to them, unless the pledge agreement provides otherwise, but the pledgee creditor shall not be permitted to attend or vote at the General Assembly meetings.

Article (13): Capital increase

1. The Extraordinary General Assembly may decide to increase the capital, provided that the Capital has been paid in full. However, the Capital is not required to be paid in full if the unpaid portion of the Capital is attributable to shares issued in exchange for the conversion of debt instruments or financing instruments into shares and the period for conversion into shares has not yet expired.
2. The Extraordinary General Assembly shall in all cases allocate the issued shares upon the increase of the Capital or part thereof to the employees of the Company and the subsidiaries or some or any of them, provided that the issued shares do not exceed 0.25% of the Company's Capital. Shareholders may not exercise the right of priority when the Company issues shares to employees.
3. The shareholder of the share at the time of the Extraordinary General Assembly Resolution approving the increase of company's capital, shall have the priority right in the subscription of the new shares issued against cash shares. These shall be notified by publishing in a daily newspaper or by the method of disclosure mechanisms for the listed companies of the capital increase resolution, subscription terms, duration, start and end date.
4. The Extraordinary General Assembly shall be entitled to suspend the right of priority for the shareholders in the subscription of the capital increase in exchange for cash shares or to give priority to non-shareholders in the cases deemed appropriate for the Company's interest.

5. The shareholder has the right to sell or waive the right of priority during the period from the time of the General Assembly's decision to approve the increase of the Capital to the last day of subscription in the new shares associated with these rights, in accordance with the controls set by the competent authority.
6. Subject to the provisions of paragraph (4) above, the new shares shall be distributed to the priority rights holders who applied for the subscription, in proportion to their priority rights of the total priority rights resulting from the capital increase, provided that their new shares do not exceed what they requested for from the new shares; the rest of the new shares will be distributed to the priority rights holders who have requested more than their share in the proportion of their priority rights from the total priority rights resulting from the capital increase provided that their new shares do not exceed what they have requested from the new shares; the remaining shares shall be distributed to others, unless otherwise decided by the Extraordinary General Assembly or the rules of the Capital Market Authority states otherwise..

Article (14): Capital reduction

1. The Extraordinary General Assembly may reduce the company's capital if it exceeds its need or if the Company suffers losses. In the latter case alone, the capital may be reduced below the limit provided for in Article (54) of the Companies Act. The decision shall be issued only after reading the external auditor's report on the reasons for it and the obligations imposed on the Company and the effect of the reduction on these obligations. The decision shall also indicate the method of reduction.
2. If the capital reduction is due to the capital being in excess over the company's needs, the creditors must be invited to submit their objections within sixty days from the date of publication of the reduction resolution on the Tadawul website and a daily newspaper distributed in the area where the company's Head Office is located. If any creditor raises an objection and submits to the Company, within the above period, the documents substantiating his/her claim, the Company shall perform its debt if it is present or provide sufficient security to satisfy it if it is later.
3. The Capital shall be reduced in one of the following ways:
 - A- Cancellation of a number of shares equal to the amount to be reduced.
 - B- The Company purchases of a number of its shares equals the amount to be reduced, and then cancels those shares.

CHAPTER THREE: Debt Instruments and Negotiable Instruments

Article (15): Issuance of Debt Instruments and Negotiable Instruments

The Company may, in accordance with the Capital Market Law and other related regulations, issue any type of negotiable debt, whether in Saudi or other currency, inside or outside the Kingdom of Saudi Arabia, such as bonds and *Sukuk*. The Extraordinary General Assembly may by its resolution authorize the Board of Directors to issue such debt instruments, including bonds, *Sukuk*, or other debt instruments, either in one or several parts or through a series of issues under one or more programs established by the Board from time to time and at the times, amounts and conditions approved by the Board of Directors, which shall have the right to take all necessary procedures for issuance.

The Company may, by a resolution of the Extraordinary General Assembly, issue debt instruments or financing instruments convertible into shares after a resolution by the Extraordinary General Assembly setting the maximum number of shares that may be issued against such instruments or *Sukuk*, whether these instruments or *sukuk* issued at the same time or through a series of issuances or through one or more programs to issue debt instruments or financial *Sukuk*.

The Board of Directors, without the need for new approval of the General Assembly, shall issue new shares in exchange for those instruments or financial *Sukuk* that their holders are required to transfer, immediately after the end of the period of the specific transfer. The company's Board of Directors shall take the necessary steps to amend the Company's Articles of Association with regard to the number of shares issued and Capital. The Board of Directors of the company shall complete the procedures for each capital increase in the manner specified in the regulations to disclose the Extraordinary General Assembly Resolutions.

CHAPTER FOUR: Board of Directors

Article (16): Management of the Company

The Company shall be managed by a Board of Directors consisting of (11) members to be elected in the Ordinary General Meeting by using the cumulative voting method, for a period of three years. Members of the Board of Directors may be re-elected, and each shareholder shall have the right to nominate himself or another person or more for membership of the Board of Directors within the percentage of his ownership in the company's capital.

Article (17) : Expiry of the Board Membership

The office term of the Board of Directors shall expire by the end of the defined period, or by expiry of the membership in accordance with any law or regulation worked under in the Kingdom, or because of death or resignation or conviction of a crime against honor and honesty; nonetheless, the Ordinary General Assembly may, at all times dismiss, all or any of the members of the Board of Directors, but without prejudice to the dismissed member's right to compensation if such dismissal has taken place in an untimely manner or is without cause. Further, a member of the Board of Directors may resign office, provided that such resignation be in proper time, failing which, such

member shall be liable to pay compensation to the Company for any damage arising from such resignation. Upon the recommendation of the board of directors, the general assembly may terminate the membership of board member who fails to attend three consecutive board meetings without a valid reason.

Article (18): The Vacancy in the Board of Directors

If during the membership period, any position becomes vacant, then the Board of Directors shall temporarily appoint a member to fill that position provided that such member be from among persons who are experienced and qualified as the Board deems fit without using the arrangement of votes casted in the General Assembly elected the Board members described in clause 70 of the Companies' Law; provided that the concerned authorities be informed accordingly within five business days from the date of such appointment and that such appointment be brought before the Ordinary General Assembly in its foremost meeting; and the member newly appointed shall complete the terms of his predecessor.

If the number of members of the Board of Directors falls below the minimum quorum for its valid meeting as stated in the Companies' Law or in this Bylaws, the rest of the Board members must call for the Ordinary General Assembly within (60) days to elect the number of members required.

Article (19): Authorities of the Board of Directors and Forming the Committees

- 1) **Authorities of the Board of Directors:** Subject to the authority given to the General Assembly, the Board of Directors shall have broader authorities in managing the Company and exercise all acts and perform all deeds falling within the Company's objectives provided for in its Articles of Association. It may, for instance, set-up industries complementary to the Company's industries or may participate with other establishments and/or individuals in setting up such industries; and may participate in any way whatsoever with individuals or companies practicing activities similar to those of the Company, or encouraging the realization of the company's objectives; or may purchase part or all of its stocks or shares, The Board of Directors has the right to conclude loans, no matter how long, and to sell or mortgage the Company's real estates or stores as it deems to achieve the interest of the Company. The Board of Directors may relieve the company's debtors from their dues if any absolute judgment or decision is passed or made to that effect by a competent authority, or if two years elapsed as of the date the debtors had failed to honor settlement, and the Board of Directors have deemed pursuing claim of such obligations is of no avail. The Board may as well, within the limits of its authority, authorize one or more of its members or third parties to undertake certain work or acts within the rules set by the relevant regulations.
- 2) **Forming the Committees:** The Board of Directors may form by its decision, the right number of committees in accordance with the relevant law's requirements and needs of the company. In addition, the Board shall have the authorities to specify the committees' scope of works or charters, procedures of its works, appointment and dismissal of its members and their remuneration, mechanism of overseeing its works within the Governance Regulations decided by the Board in order to allow the Board to conclude its responsibilities efficiently.

Article (20): Remunerations of the Board and its Committees Members

1) Remunerations of the Board of Directors:

The remuneration of the Board members may consist of a specified sum, or an attendance fee, or expense fees, or other benefits in kind, or a certain percentage of the Company's net profits; the remuneration may be a combination of two or more of those benefits. The remuneration received by a board member must not be greater than the limit set in the Companies' law and its implementing rules.

The Remunerations of the Board members may vary in light of a policy set by Compensation and Nomination Committee as approved by the General Assembly. The Board of Directors' Report to the General Assembly shall include a comprehensive statement of all the amounts received by the Board members during the fiscal year including remunerations, allowances, expenses, and other benefits, as well as all the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services. Such report shall also include a statement of the number of the Board meetings and the number of meetings attended by each member beginning from the date of the last meeting of the General Assembly.

Board members shall not vote on the agenda item relating to the remuneration of Board members at the General Assembly meeting.

Where the remuneration represents a certain percentage of the Company's profits, the provisions of article (76) item No. (2) must be taking into consideration as well as article (45) of this Bylaws. In no event may the total amount of any remuneration and cash or in kind benefits received by a board member be greater than SAR (500.000) Five Hundred Thousand Saudi Riyals annually.

Taking into consideration that the remuneration of independent Board members shall not be a percentage of the company's profits that are realized by the Company, nor shall it be based directly or indirectly on the company's profitability.

2) Remunerations of the Board's committees:

The Board shall determine the remuneration of its committees, attending fees, and other benefits based on a policy approved by the Board based on recommendation of the Compensation and Nomination Committee.

The committee's remunerations shall be paid based on a policy approved by the Board except of the Audit Committee remuneration, which shall be determined by the General Assembly based on the Board's recommendation.

Article (21): Authorities of the Chairman, Vice Chairman, Chief Executive Officer, and the Board Secretary:

The Board of Directors shall appoint, from amongst its members, a Chairman and a Vice Chairman, and it may appoint a Managing Director. A member of the Board of Directors

may not jointly hold the office of the Chairman and any other executive office in the Company.

The Chairman of the Board of Directors is the person responsible for the optimal management of the Board's works and improve its performance and develop its works. The Chairman is also responsible for taking the necessary measures to ensure that the Board carries out its responsibilities and functions in the light of this Bylaws and other relevant Laws, and to ensure that the members of the Board are aware of their role and responsibilities and committed to the powers of the Board of Directors, taking into consideration those powers that have been determined for the Company's executive management.

The Chairman of the Board of Directors shall have the power to call for a meeting of the Board of Directors and to chair the meetings, to certify the resolutions passed by the Board of Directors as well as the extracts taken therefrom, to prepare the meeting's Agenda, taking into consideration the subjects proposed by the Board members or the CEO, and to lead the Board Meetings and urge the members to participate effectively to achieve the planned goals of the company. The Chairman shall have the power to chair the General meeting, and delegate his authorities to the Vice Chairman and others also, the Chairman and the Vice Chairman shall have the right to empower others to attend the General meetings of the companies that the company owns share and vote on their agendas on behalf of the company.

The Board of Directors may appoint a CEO amongst its members or from outside the Board; the CEO shall implement the policy laid down by the Board of Directors or by the General Meetings of the Shareholders, adopt the resolutions necessary for the Company's interest, for the management of its business and the realization of its objectives, as well as other powers and authorities specified by the Board of Directors or by the Company's Bylaws. Also, the Managing Director (if appointed) or the CEO shall have the right to empower others to attend the General meetings of the Companies that it owns shares in, and to vote on their agendas on behalf of the Company.

Taking into account the responsibilities and powers of the Board of Directors and based on the Board's resolutions and the General Assembly's resolution, the Chairman, shall have the power to represent the company before third parties, judicial bodies Public Notaries, all courts including all its levels, judicial committees, arbitration committees, ministries, emirates, police departments, civil rights department, the Bureau of Investigation and Public Prosecution, Grievance Board, Department of Zakat and Income Tax, Saudi Arabian General Investment Authority, all official public and private departments, institutions and bodies, chambers of commerce and industry, banks, all governmental funds and financing institutions, and all private companies. The Chairman shall also have the right to authorize any of the Board members, or the CEO, or any of the Company's employees in all or part of the aforesaid powers, and gives the authority to empower others to person(s) to whom a Power of Attorney was given by the Chairman; also the Chairman has the right to cancel any authorization or power of attorney.

The MD (if appointed) or the CEO shall have the right to sign on behalf of the company all contracts, agreement, documents, and papers including but not limited to land deeds before public notaries, investment contracts, loan contracts, gurantees and indemnities, lands sale and purchase contracts, lands merge and acceptance contracts, as well as paying and receiving their prices after the approval of the Board of Directors. In addition, they have the right to sign rental and lease contracts, agency and franchise contracts, hedging contracts, and other contracts, agreements, documents, deals, and commitments. They may enter into bids on behalf of the Company, incorporate companies, participate in any other companies of whatever type, sign their articles of association and all amendments thereto, even if it contains an increase or decrease in the capital, change of its activities, or any other amendments. Moreover, they may sell, giveaway and purchase shares and stocks, register the agencies and trademarks, , open, close, and manage bank and investment accounts, issue cheques, credits, withdrawals, deposits, issue all guarantees, mortgages, promissory notes, and any other commercial instrument. Furthermore, they may do all acts and actions, and anything that will help induce the Company's affairs and satisfies its objectives; and all of what the Board of Directors bestows upon them. They, also, may defend and prosecute on behalf of the Company, attend hearings, hear testimonials and witnesses, respond to them, admit, and deny them; reconcile, remission of debts, accept, and appeal decisions; and review their performance. They, may as well, appoint experts, attorneys, and arbitrators inside and outside the Kingdom of Saudi Arabia and dismiss them, empower others in any of the stated above. They also shall have the right to represent the Company in its relationship with others including the Ministries, the Emirates, the Police Departments, the General Authority of Zakat and Tax, the General Authority for Investment, all the official and private departments and institutions, the chambers of commerce, banks, and all government funds and private companies of all types. They may delegate of those they deem appropriate under a formal mandate to carry out any of the aforesaid powers.

The remuneration of the Chief Executive Officer shall be determined by the Board of Directors, in accordance with recommendation from the remuneration and nomination committee.

The Board of Directors shall appoint from amongst its members or from others, a secretary who shall be responsible for pursuing the board's works, the board affairs and its subcommittees, drawing up the minutes of the meetings of the Board of Directors and for recording the resolutions in the Company's registers, and shall countersign it jointly with the

Chairman of the Board and follow up on their executions. The Secretary remuneration shall be determined in accordance with the resolution of the Board of Directors.

The office term of the Chairman, Vice chairman, MD (if appointed) or the Secretary shall not exceed the term of their respective membership in the Board. However, they may be re-appointed.

Article (22): Meeting of the Board of Directors

The Board of Directors shall meet at the invitation made by the Chairman of the Board or his representative. The invitation shall be in writing and may be sent to the members by mail, fax, or through modern technical means, such as e-mail or electronic portals or others before a reasonable time from the date of the meeting. The Chairman or his representative shall call the Board for a meeting whenever requested by two members of the Board. It shall be taken into consideration that the number of Board meetings shall be sufficient as required by the Company's needs and in light of the rules provided for in the relevant regulations.

The Board may pass resolutions by circulation to all members individual in the urgent matters, unless any member calls a meeting of the Board in writing for deliberation. The resolutions shall be brought before the Board of Directors at its first subsequent meeting for approval.

Article (23): The Quorum of the Board Meeting

A meeting of the Board of Directors shall not be valid unless attended by at least one-half of the Board members; provided that the number of members present should not be less than three members. A Director may delegate another board member to attend on his behalf. In addition, the meetings may be attended through the modern technical means, and the member attended through such means, will be construed as if he is physically attending. A member may give proxy to another member of the Board to attend the meetings of the Board of Directors; provided that such acting to be according to the following controls:

- a. No more than one proxy shall be given to any Director at a meeting.
- b. Proxy shall be in writing.
- c. Delegate should not vote on resolutions prohibited by the law.

Resolutions of the Board shall be passed by the majority votes of the Directors present or represented by proxy. In case of a tie, the side with which the Chairman of the meeting votes, shall prevail. The members of the Board of Directors shall be held jointly liable in case the wrongful act is arising from a unanimous resolution passed by them. Nonetheless, in the resolutions adopted by majority vote, dissenting members will not be liable/questionable for, if such members explicitly record their dissent in the minutes of meeting. Absence from the meeting at which such resolution is adopted shall not constitute cause for relief from liability, unless it is proven that the absent member was not aware of such resolution or was unable to object to it upon becoming aware of it.

Article (24): Deliberations of the Board of Directors Meetings

Deliberations and resolutions of the Board of Directors shall be recorded in minutes to be signed by the Chairman of the meeting, present members, and the Board Secretary. A member of the Board of Directors, must disclose to the Board any direct or indirect interest he may have in any transactions and contracts that are made for the account of the Company, and such disclosure must be recorded in the minutes of the meeting. Such member may not vote on the resolution to be issued in this respect.

CHAPTER FIVE: SHAREHOLDERS RIGHTS and ASSEMBLIES

Article (25): Shareholder's Rights and Assemblies Attendance

All rights related to the share shall be reserved to shareholders, especially, the right to get a share of the profits that are decided to be distributed, the right to get a share of the Company's assets upon liquidation, the right to attend General Assemblies, and to participate in its deliberations and vote on its resolutions, the right to transfer the shares, the right to scrutinize the Board's transactions and file an action for liability against the Board members, the right to inquiry and request of information in a manner that would not harm the Company's interest and without conflict to CMA's laws and implementing regulations.

The General Assembly of the Shareholders shall be held in the city where the company's head office is located, either at the company's headquarters or in any other place. Each shareholder, regardless of the number of his shares, has the right to attend the General Assemblies of the Shareholders and may authorize another person who is not a member of the board of directors or employees of the company to attend the meetings, and the authorized person may accept more than one of the shareholders of the Company to attend the meeting and vote on their behalf regardless of the number of shares represented at the meeting.

Article (26): Authorities of the Ordinary General Assembly

Except for the matters falling within the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly shall have the jurisdiction over all matters related to the Company, and shall hold a meeting at least once a year within six months following the end of the Company's fiscal year. Other Ordinary General meetings may be called for whenever needed.

Article (27): Authorities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Company's Bylaws, except for the matters that are not amended under the law; furthermore, the Extraordinary General Assembly shall have the power to issue resolutions pertaining to the matters that falling primary within the jurisdiction of the Ordinary General Assembly in the same conditions and terms specified for the Ordinary General Assembly.

Article (28): Invitation of the General Assemblies

The General or special meetings of the Shareholders shall be held by an invitation of the Board of Directors. The Board of Directors must call for the convention of the general meetings upon the request of the auditor, or the Audit Committee, or by a number of Shareholders representing at least 5% of the share capital. The auditor may call for a meeting of the General Assembly if the Board of Directors did not call for it within (30) days of the date of the auditor's request.

The invitation for the General Meeting shall be published, at least twenty-one days prior to the convention of the meeting, in the Saudi Capital Market website (Tadawul), the Company's website, and in a daily local newspaper which is distributed in the city where the Company's head office is situated. A copy of the invitation and of the agenda shall be sent to the concerned authorities within the timeframe defined for the publication.

The General Assemblies' meetings may be held, and the shareholders may participate in the deliberations and voting on the resolution, by using modern technical means, in accordance with the regulations set by the Capital Market Authority (CMA).

Article (29): Register of Assemblies' Attendance

Shareholders that are interested in attending the General or special Assembly shall register their names in the Company's Head Office or at any place, where the Assembly will take place in, before the time of the Assembly as specified in the invitation of the Assembly.

The Company may also register shareholders who wish to attend the Assembly and vote on the resolutions through modern technological means whenever possible.

Article (30): Quorum of the Ordinary General Assembly

The Ordinary General Assembly Meeting shall not be valid unless attended by a number of Shareholders representing at least one-quarter of the Share Capital. If such quorum is not present at the first meeting, an invitation shall be sent for a second meeting to be held after a lapse of an hour from the preceding meeting, provided however, that the invitation for the first meeting shall indicate the possibility of holding the second meeting. The second meeting shall be deemed valid regardless of the number of shares represented therein.

Article (31): Quorum of the Extraordinary General Assembly

The Extraordinary General Assembly Meeting shall not be valid unless attended by a number of Shareholders representing at least one-half of the Share Capital. If such quorum is not present at the first meeting, an invitation shall be sent for a second meeting to be held in the same manner set forth in the preceding Article hereof. The second meeting shall be deemed valid if attended by a number of Shareholders representing at least one-quarter of the Share Capital. If the quorum required for the second meeting is not present, an invitation shall be sent for a third meeting to be held in the same manner as stated in article (28) of this Bylaws and article (90) & (91) of the Companies' Law, and the meeting shall be valid regardless of the number of shares represented therein after the approval of the competent authority.

Article (32): Voting in the General Assemblies

Each shareholder shall have one vote with respect to each share in the General Assembly. However, the members of the Board of Directors may not participate in voting on the resolutions of the Assembly in connection with absolving them from the management liability for their office terms, and on the resolution of Board members' remuneration. The cumulative vote shall be used in the election of the Board of Directors.

Article (33): Resolutions of the Assemblies

Resolutions of the Ordinary General Meeting shall be passed by the majority of the shares represented in the meeting. The resolutions of the Extraordinary General Meeting shall be passed by the majority of votes of two-thirds (2/3) of the shares represented in the meeting unless the resolution to be passed is relating to the increase or decrease of the Capital, the extension of the Company's duration, the dissolution of the Company before the period specified in the Articles of Association, or the amalgamation of the Company with another company or establishment. In such instances, the resolution shall not be valid unless passed by the majority of three-quarters (3/4) of the shares represented in the meeting.

Article (34): Deliberations in the Assemblies

Each Shareholder shall have the right to discuss the matters listed in the agenda of the Assembly meeting, and pose question to the Members of Board of Directors. The Board of Directors or the Auditor shall answer those questions only to the extent where the Company's interest shall not be jeopardized. If according to the shareholder, the answer to his question is not satisfactory, he may appeal to the Assembly whose decision shall be binding.

Article (35): Chairing the Assemblies and the Preparation of the Minutes

The General Meeting shall be presided over by the Chairman of the Board of Directors or the Vice Chairman in the Chairman's absence, or by any such member as delegated by the Board of Directors from among its members present at the meeting, if the Chairman and the Vice Chairman absent in the Meeting. The Chairman of the General Meeting shall appoint a secretary for the meeting and votes collector. Minutes of meeting of the General Assembly shall be prepared including the number of the Shareholders present in person or represented by proxy, the number of shares held by them whether in person or by proxy, the number of votes attached to such shares, the resolutions adopted, the number of votes supporting or opposing such resolutions, and a sufficient summary of the deliberations conducted during the meeting. After each meeting, all minutes shall be regularly recorded in a special register to be signed by the Chairman of the General of the Meeting, the Secretary and the Votes Collector.

CHAPTER SIX: THE AUDIT COMMITTEE

Article (36): Committee Formation

The Audit Committee shall be formed by a resolution of the Ordinary General Assembly. It shall be formed of not less than (3) members and not more than (5) members, who are not executive Board members, and whether from among the shareholders or others, including a member who is competent in financial and accounting matters. The resolution will state the committee's objectives, scope of work, and remuneration of its members. If the position of a member of the Committee becomes vacant during the Committee's official term, the Board of Directors shall have the right to appoint a temporary member, provided that such appointment shall be submitted to the nearest General Assembly for approval and the new member shall complete the term of his predecessor.

Article (37): Quorum of the Committee Meeting

The Audit Committee meeting shall be valid if attended by the majority of its members. A Committee's member may participate in its meeting by using modern technological means, and the member who participated through this technology shall be deemed as if he/she attended in person. Resolutions of the Committee shall be issued by a majority of the votes present and, in case of a tie, the side with which the Chairman votes, shall prevail.

Article (38): The Committee's Authorities

The Audit Committee shall have the power to oversee the Company's business. In that respect, it has the right to access to the Company's records and documents, and request for any clarification or statements from the Board of Directors or the Executive Management. In addition, it may request the Board of Directors to call for a General Assembly Meeting of the Company if the Board obstructed its operations or the company suffered extreme damages or losses.

Article (39): The Committee's Reports

The Audit Committee shall review the company's financial statements, the auditor's reports and notes and give its opinion, if it has any; it shall also prepare a report including its opinion on the efficiency of the Company's internal control system, as well as any other tasks carried out by it within its authorities. The Board of Directors must file sufficient copies of the report in the Head Office of the Company at least twenty-one days before the date of the General Assembly for the shareholders who desire to obtain copies of the report. The Report shall be recited in the General Assembly meeting.

CHAPTER SEVEN: THE AUDITOR

Article (40): Appointment of the Auditor

The Company must have one auditor or more, from amongst those licensed to practice in the Kingdom. The Ordinary General Assembly shall annually appoint the auditor(s) and determine his remuneration and the term of appointment. The General Assembly may at any time replace the Auditor(s) without prejudice to its right of compensation if such replacement occurred in an inappropriate time or for an improper reason.

Article (41): Authorities of the Auditor

The auditor shall at any time have the right to access to the Company's books, records, and any other documents, and to request any statements and clarifications as he deems necessary to verify the Company's assets, liabilities, and other matters that are within the scope of his duties. The Chairman of the Board of Directors must enable the Auditor to perform his duties. If the Auditor encounters any difficulties in that regard, he shall set that in a report to be presented to the Board of Directors. If the Board fails to facilitate the auditor's tasks, the Auditor must request the Board to call for an Ordinary General Assembly to discuss the matter.

Article (42): Auditors report

The Auditor shall submit to the Annual General Assembly a report containing the position of the Company toward enabling him to obtain the information and clarifications he requested, and what he may have revealed of violations of the provisions of the Companies' Law or the provisions of this Bylaws and his opinion on the extent of conformity of the Company's accounts with the actual.

CHAPTER EIGHT: THE COMPANY'S ACCOUNTS AND DISTRIBUTION OF PROFITS

Article (43): Financial Year

The Company's fiscal year shall commence as of the 1st of January, and shall end at 31st of December of every Gregorian year.

Article (44): Financial Documents

- 1- The Board of Directors must, at the end of each financial year, prepare the financial statements of the Company, a report of its activities, and a balance sheet of the financial year that ended; the report shall contain the suggested means of distributing profits. The Board shall put these documents under the disposal of the Auditor at least (45) days before the date of the General Assembly.
- 2- The Chairman of the Board or any member appointed by the Board, the Chief Executive Officer and the Chief Financial Officer, shall sign the documents referred to in clause (1) of this article. Copies of these documents shall be filed in the Company's Head Office under full disposal of the Shareholders at least twenty-one days before the date of the General Assembly.
- 3- The Chairman of the Board shall publish the Company's financial statements, the Board of Directors' Report, and the Auditor's Report on Tadawul's website, and provide the CMA with copies of these documents at least (15) days before the date of the General Assembly.

Article (45): Profit Distribution

The Company's annual net profits shall be distributed as follows:

1. 10% of the net profits shall be set aside to form a statutory reserve. However, the Ordinary General Assembly may discontinue such procedures when the reserve totals 30% of the paid-up capital.
2. The Ordinary General Assembly may decide to allocate other reserves, in the amount that serves the Company's interests or ensures distribution of stable profits as much as possible to shareholders. The said Assembly may, as well, deduct from the net profits such amounts as required for the setting-up of or providing aid to social institutions for the company's employees.
3. Out of the remaining profits, shall be distributed to shareholders pursuant to a recommendation of the Board of Directors as required by the regulations in this regard, taking into account the provisions of Article (46) of this Bylaws.

Article (46): The maturity of profits and interim profits

The shareholder shall be entitled to his share of dividends as per the General Assembly resolution issued in this regard in the recommendation of the Board of Directors. The resolution shall specify the maturity date, and the distribution date. The entitlement of profits shall be to the shareholders who registered in the shareholders' records at the end of the maturity date.

The Company may, under this Bylaws, distribute interim dividends (quarterly or biannual) to its shareholders after fulfilling the following requirements:

- 1) The issuance of a resolution by the General Assembly renewed annually authorizing the Board to distribute interim dividends.
- 2) The Company shall maintain regular positive profitability.
- 3) The Company shall have reasonable liquidity, and is able to reasonably foresee the scale of its profits.
- 4) The Company shall have distributable profits according to the latest audited annual financial statements sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized of the profits after the date of these financial statements.
- 5) The Board must include in its annual report submitted to the General Assembly of the Company, the percentage of dividends distributed to shareholders during different periods of the financial years in addition to the percentage of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts.
- 6) Disclose and announce the resolution to distribute dividends on Tadawul website immediately upon its approval by the Board of Directors.

Article (47): Distribution of Shares and Preferred Shares

- 1) If profits were not distributed for any financial year, profits for the next year will be distributed only after paying the percentage set forth in Article (114) of the Companies' Law to holders of Preferred Shares of that year.
- 2) If the Company failed to pay out the percentage of the profits as set forth in Article (114) of the Companies' Laws for three consecutive years, the Special Assembly for the holders of the Preferred Shares duly held in accordance with the provisions of Article (89) of the Companies' Law, may decide either that such holders to attend the General Assemblies of the Company and participate in voting, or to appoint representatives in the Board of Directors in proportion to the value of their shares in the Capital until the Company is able to pay the full amount of priority profits allocated to the holders of these shares for the preceding years.

Article (48): The Company's Losses

1. If the Company's losses reached half of its paid-up capital, at any time during the financial year, any executives of the Company or the Auditor, as soon as such losses become known to them must immediately notify the Chairman of the Board of Directors. The Chairman of the Board shall immediately notify other Board members of that situation, and the Board must, during (15) days of their knowledge of the situation, call for an Extraordinary General Assembly Meeting during (45) days of their knowledge of the situation to decide either to increase the Company's share capital or reduce it in accordance with the regulations of the Companies' Law, and to the extent that will decrease the percentage of the Company's losses to be less than half of the paid-up capital; or to dissolve the Company prematurely and before its expiry as stated in the Companies' Law.
2. The Company shall be considered as dissolved by force of the Companies' Law, if the Extraordinary General Assembly did not meet during the period set forth in clause (1) of this Article, or if it held the meeting but did not pass a resolution in the matter, or if it decided to increase the Capital in such manner as set forth stated in this article and the entire Capital increase was not subscribed for during (90) days since the issuance of the General Assembly's resolution.

CHAPTER NINE: DISPUTES

Article (49): Liability Action

Each Shareholder shall have the right to institute an action for liability prescribed for the Company against the Board members if the wrongful act committed by them caused personal harm to that shareholder. The shareholder may only institute such action if the Company's right to do so is still valid and notifying the Company of his intention to institute such an action.

CHAPTER TEN: Dissolution and liquidation of the Company

Article (50): Dissolution of the Company

The Company, once dissolved, will enter into the phase of liquidation and it will retain its legal personality to such extent as required for its liquidation. The liquidation resolution shall be issued by the Extraordinary General Assembly; the resolution shall include the appointment of the liquidator, specifying his powers and fees, the restrictions imposed on his powers and the time required for liquidation. The voluntary liquidation period shall not exceed five years and may not be extended by a judicial order. The powers of the Board of Directors shall cease upon the dissolution of the Company. Nevertheless, the Board of

Directors will continue to manage the Company, and will be deemed, as regards third parties, to be the liquidators of the Company until such time when a liquidator is appointed. The Company's General Assembly shall remain active during the liquidation period and their role shall be limited to exercising such powers as not inconsistent with those of the liquidator.

CHAPTER ELEVEN: Final Provisions

Article (51): Companies Laws

The Companies' Law and its implementing rules will be applied in all matters not mentioned in this Bylaws.

Article (52): Publishing

This Bylaws shall be registered and published in accordance with the Company's laws.