

الشركة السعودية لمنتجابت الألبان والأغذية

Note:

This version of the Company's Bylaw is an English translation of the original Company's Bylaw issued in the Arabic version, and in the event of any contradiction, the Arabic version shall prevail, as it is the official language in the Kingdom of Saudi Arabia.

ملاحظة:

تمثل هذه النسخة ترجمة باللغة الإنجليزية للنظام الأساس للشركة الصادر باللغة العربية، وفي حالة وجود أي تعارض بينهما، يعتمد ماذكر في الصياغة العربية؛ باعتبار أن اللغة العربية هي اللغة الرسمية في المملكة العربية السعودية.

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Bylaw for Saudia Dairy and Foodstuff Company (SADAFCO) Saudi Joint Stock Company

First Chapter: Transformation of the Company

First Article: Incorporation

Saudia Dairy and Foodstuff Company (SADAFCO), under C.R. No. 4030009917 dated 21/4/1396H is established in accordance with the provisions of the Companies Law issued by Royal Decree (M/3) dated 28/01/1437 and its regulations and this bylaw from a limited liability company to Saudi joint stock company according to following:

Article Two: Company's name:

Saudia Dairy and Foodstuff Company (SADAFCO) (Saudi Joint Stock Company)

Article Three: Purposes of the Company:

The Company carries out and implements the following businesses:

- 1- Agricultural and animal production, including the cultivation of agricultural crops, livestock breeding, milk production and its derivatives, poultry and apiaries, and the production of eggs and onions.
- 2- Maintenance, operation and management of agricultural projects, installation and maintenance of machinery, irrigation systems, greenhouses, grain silos, rental of agricultural machinery, maintenance, coordination and landscaping of gardens and parks, and agricultural pest control.
- 3- Investment in industrial fields, especially the manufacture and marketing of all foodstuffs, dairy and its derivatives, ice cream, juices, sweetened water, gaseous and mineral, plastic and cartons complementary industries.

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- 4- Wholesale and retail trade in agricultural crops, foodstuffs, electrical and electronic appliances, household utensils and ready-made clothes.
- 5- Establishing, operating and managing hotels, restaurants, kitchens, restrooms, buffets and cafes, and providing tourism services.
- 6- Storage and refrigeration, especially the ownership, use, maintenance and rental of warehouses and refrigerators for food preservation.
- 7- Agriculture, forestry and fishing.
- 8- Manufacturing industries and their branches according to industrial licenses.
- 9- Supply of electricity, gas, steam, air conditioning and its branches.
- 10- Water supply, sanitation activities, waste management and treatment.
- 11- Construction and building.
- 12- Transportation and storage activities, including land transportation of goods inside and outside the Kingdom of Saudi Arabia.
- 13- Accommodation and food services.
- 14- Information and Communication.
- 15- Financial, business and other services.
- Buying and selling land, real estate and factories necessary to achieve the Company's objectives.
- 17- Professional, scientific and technical activities.
- 18- Administrative and support services.
- 19- Education.
- 20- Arts, Entertainment and Leisure.
- 21- Collective, social and personal services.
- 22- Private civil security guards.
- 23- Commercial agencies and distribution contracts.

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The Company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any

Article Four: Participation and ownership in companies

The Company may establish companies on its own with limited liability or closed joint stock, provided that the capital is not less than (5) million riyals. It may also own shares and stocks in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard. The Company may also dispose of these shares or stocks, provided that this does not include mediation in their trading.

Article Five: The Company's Headquarters

The head office of the Company is located in the city of Jeddah, and branches, offices or agencies may be established for it inside or outside the Kingdom by a resolution of the Board of Directors.

Article Six: Duration of the Company

The term of the Company is (99) years starting from the date of its registration in the commercial registry as a joint stock company, and this period may always be extended by a resolution issued by the Extraordinary General Assembly at least one year before the expiry of its term.

Chapter Two: Capital and Shares

Article Seven: Capital

The Company's capital is set at (325,000,000) Saudi Riyals (Three hundred twenty-five Million Riyals), divided into (32,500,000) nominal shares of equal value, the value of each of which is (10) Saudi Riyals, all of which are ordinary shares.

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Article Eight: Subscription to Shares

Shareholders have subscribed to all of the Company's shares amounting to (32,500,000) shares with a value of (325,000,000) Riyals, fully paid upon conversion.

Article Nine: Preferred Shares

The Extraordinary General Assembly of the Company may, according to the principles set by the competent authority, issue preferred shares or decide to purchase them or convert ordinary shares into preferred shares or convert preferred shares into ordinary ones. Preferred shares do not give the right to vote in the General Assembly of shareholders. But they give their holders obtaining a percentage greater than the ordinary shareholders of the Company's net profits after setting aside the statutory reserve

Article Ten: Sale of shares that do not have an outstanding value

The shareholder is obligated to pay the value of the share on the dates specified for this. If he fails to pay on the due date, the board of directors may, after notifying him by publishing in a daily newspaper, or notifying him by a registered letter, sell the share in the auction or the stock market, as the case may be, and in accordance with the regulations set by the competent authority. The Company shall collect the amounts due to it from the sale proceeds and return the remainder to the shareholder, and if the proceeds of the sale are not sufficient to meet these amounts, the Company may collect the remainder of from shareholder's money. Nevertheless, the defaulting shareholder may pay the value due from him in addition to the expenses incurred by the Company in this regard. The Company cancels the sold share in accordance with the provisions of this article and gives the buyer a new share bearing the number of the cancelled share and indicates in the shares register that the sale took place with the name of the new owner.

Article Eleven: Issuance of Shares

The shares are nominal and may not be issued for less than their nominal value. Rather, they may be issued at a higher value. In this last case, the difference in value is added in a separate item within the

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shareholders' equity and may not be distributed as dividends to the shareholders. The share is indivisible in the face of the Company. If the share is owned by multiple persons, they must choose one of them to represent them in the use of the rights related to it. These persons are jointly responsible for the obligations arising from the ownership of the shares.

Article Twelve: Trading in Shares

Shares subscribed by shareholders may not be traded until after the financial statements have been published for three fiscal years, each of which is not less than twelve months from the date of the Company's transformation. The bonds of these shares are marked with an indication of their type, the date of the Company's transformation, and the period during which trading is prohibited. However, during the prohibition period, the ownership of shares may be transferred in accordance with the provisions of the sale of rights from one of the shareholders to another shareholder or from the heirs of one of the shareholders in the event of his death to a third party or the case of execution the money of the insolvent or bankrupt founder, provided that the priority of owning those shares shall be given to other shareholders.

The provisions of this Bylaw shall apply to what the shareholders subscribe to in the event of an increase in the capital before the expiry of the prohibition period.

Article Thirteen: Shareholders Register

The Company's shares are traded in accordance with the provisions of the Capital Market Law.

Article Fourteen: Capital Increase

1- The Extraordinary General Assembly may decide to increase the Company's capital, provided that the capital has been paid in full. It is not required that the capital has been paid in full if the unpaid part of the capital belongs to shares issued in exchange for converting debt instruments or financing instruments into shares and the period specified for converting them into shares has not yet expired.

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- 2- The Extraordinary Assembly may, in all cases, allocate the issued shares upon the capital increase or part thereof to the employees of the Company and its subsidiaries or some of them or any of that. Shareholders may not exercise the right of priority when the Company issues shares allocated to employees.
- 3- The shareholder who owns the share at the time of the issuance of the Extraordinary General Assembly's resolution approving the capital increase has priority in subscribing to the new shares issued in exchange for cash shares. These persons shall be informed of their priority by publishing in a daily newspaper or by notifying them by registered mail of the resolution to increase the capital, the terms of subscription, its duration, and the date of its beginning and end.
- 4- The Extraordinary General Assembly has the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares, or to give priority to non-shareholders in the cases it deems appropriate for the interest of the Company.
- 5- The shareholder has the right to sell or assign the priority right during the period from the time of the issuance of the General Assembly's resolution approving the capital increase until the last day of subscription in the new shares associated with these rights in accordance with the regulations set by the competent authority.
- 6- Taking into account what was stated in paragraph (4) above, the new shares shall be distributed to the priority rights holders who requested to subscribe in proportion to the priority rights they own out of the total priority rights resulting from the capital increase, provided that what they receive does not exceed what they requested from the new shares, and the remainder shall be distributed to priority rights holders who requested more than their share in proportion to the priority rights they own out of the total priority rights resulting from the capital increase, provided that what they receive does not exceed what

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they have requested of the new shares, and the remaining shares are offered to others unless otherwise stipulated by the Extraordinary General Assembly or the Capital Market Authority.

Article Fifteen: Decreasing Capital:

The Extraordinary General Assembly has the right to decide to reduce the capital if it exceeds the Company's needs or if the Company suffers losses. Only in the latter case may the capital be reduced below the limit stipulated in Article (54) of the Companies Law. The reduction resolution shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the obligations of the Company, and the effect of the reduction on these obligations. If the capital reduction is the result of an increase in the Company's need,

It is obligatory to invite the creditors to express their objections to it within sixty days from the date of publishing the decreasing resolution in a daily newspaper distributed in the area where the Company's head office is located.

If one of the creditors objects and submits his documents to the Company on the aforementioned date, the Company must pay him his debt if it is immediate or provide him with a sufficient guarantee to pay it if it is deferred.

Article Sixteen: The Company's purchase of its shares

The Company may buy its ordinary or preferred shares or mortgage them, and the Company may purchase its shares to allocate them to the Company's employees within the employee stock program in accordance with the controls set by the competent authority. The shares purchased by the Company shall not have votes in the shareholders' assemblies.

Article Seventeen: Sale of treasury shares

The Company may sell treasury shares in one stage or several stages in accordance with the controls and procedures set by the competent authority.

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Article Eighteen: Shares Mortgage

The Company may pledge its shares as security for a debt, in accordance with the controls and procedures set by the competent authority.

Article Nineteen: Issuance of Debt Instruments or Financial Instruments:

The Company may issue – in accordance with the Capital Market Authority law – debt instruments or financing instruments.

The Company may issue, in accordance with the Capital Market Authority law, debt instruments or financing instruments that are convertible into shares after the issuance of a resolution from the Extraordinary General Assembly specifying the maximum number of shares that may be issued in exchange for these instruments, whether these instruments and are issued at the same time, or through a series of issues, or through one or more programs to issue debt instruments or financing instruments, and the Board of Directors issues without the need for a new approval from this Assembly new shares only in exchange for those instruments or instruments whose holders request their conversion. Immediately after the end of the transfer period specified for the holders of such instruments, the Board shall take what is necessary to amend this Bylaw with regard to the number of issued shares and the capital.

The board of directors must announce the completion of the procedures for each capital increase in the manner specified in the law for the publication of Extraordinary General Assembly resolutions.

The Company may convert the debt instruments or financial instruments to shares according to Capital Market Authority law, in all cases it is not allowed to convert these instruments in the following two cases:

A) If the conditions for issuing debt instruments and financial instruments do not include the possibility of converting these instruments into shares by raising the Company's capital.

b) If the holder of a debt instrument or financial instrument does not agree to this transfer.

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Chapter Three: Board of Directors

Article Twenty: Company Management:

The management of the Company is assumed by a board of directors consisting of (nine) members elected by the Extraordinary General Assembly for a period not exceeding (three) years.

Article Twenty-One: Board Membership Expiration:

The membership of the Board shall terminate upon the expiry of its term or upon the expiry of the member's eligibility for it in accordance with any regulations or instructions in force in the Kingdom. However, the Ordinary General Assembly may at any time dismiss all or some of the Board members, without prejudice to the right of the dismissed member towards the Company to claim compensation if the dismissal occurred for an unacceptable reason. Or at an inappropriate time, and a member of the board of directors may retire, provided that this is at an appropriate time, otherwise he will be responsible before the Company for the damages resulting from the retirement.

Article Twenty-Two: Vacant position in the Board

If the position of a member of the board of directors becomes vacant, the board may appoint a temporary member in the vacant position, provided that he is among those who have sufficient experience and competence. The Ministry and the Capital Market Authority must be informed of this within (five) working days from the date of appointment, and the appointment shall be presented to the Ordinary General Assembly in its first meeting, the new member shall complete the term of his predecessor. If the necessary conditions for the convening of the board of directors are not met due to the number of its members being less than the minimum stipulated in the Companies Law or this Bylaw, the rest of the members shall invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

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Article Twenty-Three: Board Powers

Taking into account the powers established for the General Assembly, the board of directors shall have the widest powers in managing the Company to achieve its purposes. Concerning the sale of the Company's real estate, the minutes of the board of directors and the reasons for its resolution to act must include the following conditions:

- 1- The board should specify in the sale resolution the reasons and justifications for it.
- 2- The sale should be close to the same price of similar sold items.
- 3- That the sale be present, except in cases determined by the Board and with sufficient guarantees.

The Board of Directors may contract loans with any party, such as government financing funds and institutions, and commercial loans with commercial banks, financial houses, credit companies, and others, regardless of their duration and for any limits determined by the Board of Directors.

The Board of Directors shall also have the right of compromise, assignment, contract, commitment and association in the name of and on behalf of the Company. The Board of Directors may carry out all acts and actions that would achieve the objectives of the Company. The Board of Directors may delegate on its behalf, within the limits of its powers, one or more of its members or third parties to take an action or a particular act.

The Board of Directors shall, in the cases it determines, have the right to discharge the Company's debtors from their obligations in accordance with what is in its interest, provided that the minutes of the Board of Directors and the rationale for its resolution include observance of the following conditions:

- 1-The release must be at least one full year after the debt was created
- 2- The release shall be for a specified amount as a maximum per year for one debtor.
- 3-Release is a right of the board, and it is not permissible to delegate it.

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The board may also, within the limits of its competence, delegate one or more of its members or a third party to carry out certain work or works.

Article Twenty-Four: Remuneration of Board Members

The remuneration of the Board of Directors consists of the percentage stipulated in Paragraph (5) of Article 25 of this Bylaw and within the limits stipulated in the Companies Law and its Bylaws, in an amount not exceeding five hundred thousand Saudi Riyals. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all The members of the board of directors obtained it during the fiscal year in terms of bonuses, expenses allowance and other benefits, It should also include a statement of what the members of the Council received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy, and it should also include a statement of the number of board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

Article Twenty-Five: Powers of the Chairman, Vice-Chairman, Managing Director and the Board Secretary

The Board of Directors appoints from among its members a Chairman and a Vice-Chairman, and he may appoint a Managing Director. It is not permitted to hold the position of the Chairman of the Board of Directors and any executive position in the Company. The Vice Chairman of the Board of Directors replaces the Chairman of the Board of Directors in his absence.

The Chairman of the Board is responsible for representing the Company in its relations with others, before the judiciary, government agencies, notaries, courts, committees for settling disputes of all kinds, arbitration bodies, chambers of commerce, private bodies, companies and institutions of all kinds, and signing all kinds of contracts, documents, including but not limited to contracts of incorporation of companies in which the Company participates. With all its amendments and appendices, signing agreements, instruments and transfer of ownership before notaries public, official

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bodies and loan agreements, guarantees, mortgages, their release, issuing legal agencies on behalf of the Company, pleading, defending, conciliation, acknowledgment and arbitration on behalf of the Company. The Board determines the remuneration to be obtained by the Chairman of the Board of Directors and the Managing Director, in addition to the remuneration prescribed for members of the Board of Directors.

The board of directors appoints a secretary to be chosen by it from among its members or from others, who is responsible for recording the minutes of the board of directors' meetings, writing down the resolutions issued by these meetings and keeping them, in addition to exercising the other powers assigned to him by the board of directors, the board fix his remuneration.

The term of Chairman, Vice-Chairman, Managing Director and Secretary does not exceed term of their membership in the Board, and they may be re-elected, and the Board at any time may dismiss them or any of them without prejudice to the right of the dismissed person to be compensated if the dismissal occurred for an unlawful reason or at an inappropriate time.

Article Twenty-Six: Board Meetings:

The Board of Directors meets at least twice a year at the invitation of its Chairman. The invitation is in writing and may be delivered by hand or sent by mail or fax. The Chairman of the Board must invite the Board to a meeting whenever requested by two of the members.

Article Twenty-Seven: Quorum of the Board Meeting

The meeting of the Board is not valid unless it is attended by at least half of the members, provided that the number of attendees is not less than 3 members by themselves.

A member of the Board of Directors may delegate other members to attend meetings of the Board on his behalf in accordance with the following rules:

- a) A member of the Board of Directors may not represent more than one member in attending the same meeting.
- b) That the delegation be fixed in writing and in connection with a specific meeting.

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c) The representative may not vote on resolutions that the law prohibits the representative from voting on

The resolutions of the board are issued by a majority of the opinions of the members present or represented therein (and in the event of equal opinions, the side with which the chairperson voted shall prevail). With the exception of this, the following resolutions require the approval of no less than (60%) of the members of the Council present or represented at the meeting:

- A- Borrowing in excess of (30%) of the Company's capital during any one fiscal year.
- b- Approve capital expenditures of more than (20%) of the Company's capital during any one financial year.
- C- Establishing new factories or practicing new industrial activities.
- D- Selling the Company's real estate

The Board of Directors may issue resolutions by circulation and presenting them to all the members separately, unless one of the members requests in writing the meeting of the Board for deliberation, and these resolutions are presented to the Board of Directors at its first meeting.

Article Twenty-Eighth: Board Deliberations

The deliberations and resolutions of the Board of Directors shall be recorded in minutes signed by the Chairman of the Board, the members of the Board of Directors present and the Secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.

Chapter Four: Shareholders' Assemblies

Article Twenty-Ninth: Attendance of Assemblies:

Every subscriber, regardless of the number of his shares, has the right to attend the Constituent Assembly.

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Article Thirty: The Constituent Assembly:

Shareholders invite all subscribers to hold a Transformational Assembly within (forty-five) days from the date of the ministry's resolution to license the transformation of the Company. The invitation to the first meeting shall include that.

In all cases, the second meeting shall be valid regardless of the number of subscribers represented in it.

Article Thirty-One: Functions of the Constituent Assembly:

The Transformational Assembly specializes in the following matters:

- 1- Verify that all the capital has been subscribed and that the payment has been made in accordance with the provisions of the Companies Law with the minimum amount of capital and the amount due from the value of the shares.
- 2- Laying out the final texts of the Company's Bylaw, but it is not allowed to make fundamental amendments to the Bylaw before it, except with the approval of all the shareholders represented therein.
- 3- Appointment of the first auditor of the Company
- 4- Deliberation in the shareholders' report on the business and expenditures required for entry.

For the validity of its convening, the presence of a number of subscribers representing at least half of the capital is required, and each shareholder in its meetings has a vote for each share he subscribes to or represents.

Article Thirty-Two: Functions of the Ordinary General Assembly:

With the exception of the matters of the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters related to the Company and is held at least once a year during the six months following the end of the Company's financial year. Other ordinary assemblies may be called whenever the need arises.

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Article Thirty-Three: Functions of the Extraordinary General Assembly:

The Extraordinary General Assembly is competent to amend the Company's articles of association with the exception of matters that are prohibited from amending them by law, and it may issue resolutions on matters originally within the competences of the Ordinary General Assembly, under the same terms and conditions prescribed for the Ordinary General Assembly.

Article Thirty-Four: Call of Assemblies

The general or special assemblies of the shareholders are convened at the invitation of the board of directors, and the board of directors must call the Ordinary General Assembly to convene if the auditor, the audit committee, or a number of shareholders representing at least (5%) of the capital so requested. The auditor may invite the Assembly to convene if the board does not invite the Assembly within thirty days from the date of the auditor's request.

The invitation to convene the General Assembly shall be published in a daily newspaper distributed at the Company's head office at least twenty-one days before the date fixed for the meeting. However, it may be sufficient to send the invitation on the aforementioned date to all shareholders by registered letters. A copy of the invitation and the agenda shall be sent to the Ministry and to the Capital Market Authority, within the period specified for publication.

Article Thirty-Five: Record of attendance at assemblies

Shareholders who wish to attend the General Assembly register their names at the Company's head office or at any place specified by the board of directors before the time set for the Assembly.

Article Thirty-Six: Quorum of the Ordinary General Assembly Meeting

The meeting of the Ordinary General Assembly is not valid unless it is attended by shareholders representing at least one quarter of the capital, If the necessary quorum is not available to hold this meeting, the second meeting shall be held an hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes an announcement about the possibility of holding this meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented in it.

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Article Thirty-Seven: Quorum of the Extraordinary General Assembly Meeting

The meeting of the Extraordinary General Assembly is not valid unless attended by shareholders representing half of the capital. If this quorum is not available in the first meeting, the second meeting will be held an hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting includes an announcement about the possibility of holding this the meeting, in all cases the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the capital, if the necessary quorum is not present in the second meeting, an invitation is sent to a third meeting to be held in the same conditions stipulated in Article (34) of this bylaw, and the third meeting will be valid regardless of the number of shares represented therein, after approval of the competent authority.

Article Thirty-Eight: Voting in Assemblies:

Each subscriber has a vote for each share he represents in the Transformational Assembly, and each shareholder has a vote for each share in the general assemblies, and the cumulative vote must be used to elect the board of directors. It is permissible to hold meetings of general and private assemblies of shareholders and the shareholder to participate in their deliberations and vote on their resolutions by means of modern technology according to the controls set by the competent authority.

Article Thirty-Nine: Assemblies Resolutions:

Resolutions in the Transformational Assembly are issued by an absolute majority of the shares represented in it, and the resolutions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting, and the resolutions of the Extraordinary General Assembly are issued by a two-thirds majority of the shares represented in the meeting, unless it is a resolution related to increasing or decreasing the capital or extending the term of the Company or Its dissolution before the expiry of the period specified in its Bylaw or its merger with another company shall not be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

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Article Forty: Deliberations in Assemblies:

Each shareholder has the right to discuss the topics listed on the Assembly's agenda and to direct questions in this regard to the members of the board of directors and the auditor. The board of directors or the auditor shall answer the shareholders' questions to the extent that the Company's interest is not jeopardized. If the shareholder thinks that the answer to his question is not convincing, he will appeal to the Assembly, and its resolution in this regard will be enforceable.

Article Forty-One: Presiding Assemblies and Preparation of Minutes:

The meetings of the general assemblies of shareholders are chaired by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board from among its members for that in the absence of the chairman and his deputy.

Minutes of the meeting of the Assembly shall be drawn up containing the number of shareholders present or represented, the number of shares they hold by themselves or by proxy, the number of votes decided to them, the resolutions taken, the number of votes approving or disapproving of them, and an adequate summary of the discussions that took place in the meeting. Minutes are recorded on a regular basis after each meeting in a special register signed by the Asembly chairman, secretary and vote collector.

Chapter Five: Audit Committee

Article Forty-Two: Formulation of the committee:

By resolution of the Ordinary General Assembly shall form an audit committee consisting of three members who are not executive members of the board of directors, whether shareholders or others. The resolution specifies the committee's tasks, its work regulations, and the rewards of its members.

Article Forty-Three: Quorum of Committee's Meeting:

For the audit committee meeting to be valid, the attendance of the majority of its members is required, and its resolutions are issued by the majority of the votes of those present. When the votes are equal, the side with which the chairperson voted shall prevail.

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Article Forty-Four: Committee Functions:

The Audit Committee is responsible for monitoring the Company's business, and for this purpose, it has the right to audit its records and documents and to request any clarification or statement from the members of the board of directors or the executive management. And it may ask the board of directors to call the Company's General Assembly to convene if the board of directors obstructs its work or the Company suffers serious damage or losses.

Article Forty-Five: Committee's Reports

The Audit Committee shall look into the Company's financial statements, reports and notes submitted by the auditor and express its views on them, if any. It shall also prepare a report on its opinion regarding the adequacy of the Company's internal control system and the other work it has undertaken that interfere with the scope of its competence. The Board of Directors shall provide sufficient copies of this report at the Company's head office at least twenty-one days before the date of the General Assembly to provide each of the shareholders who desire a copy of it, and the report is read during the Assembly.

Chapter Six: Accounts Auditor

Article Forty-Six: Appointment of Accounts Auditor

The Company must have one or more auditors from among the auditors licensed to work in the Kingdom of Saudi Arabia, to be appointed annually by the Ordinary General Assembly, and to determine his remuneration and the duration of his work. The Assembly may also at any time change it without prejudice to its right to compensation if the change occurred at an inappropriate time or for an illegal reason.

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Article Forty Seen: Powers of Account Auditor

Powers of the auditor

The auditor at any time has the right to audit the Company's books, records and other documents. He also has the right to request data and clarifications that he deems necessary to obtain in order to verify the Company's assets, obligations and other matters that fall within the scope of his work. Difficulty in this regard is proven in a report submitted to the board of directors. If the board does not facilitate the work of the auditor, it must ask the board of directors to invite the Ordinary General Assembly to look into the matter

Chapter Seven: Company's Accounts and Profit Distribution:

Article Forty-Eight: Fiscal Year

The Company's fiscal year begins on the first of April and ends at the end of March of each year, provided that the first fiscal year begins from the date of its registration in the Commercial Register as a joint stock company until March 31 of the following year.

Article Forty-Nine: Financial Documents:

- A- At the end of each fiscal year of the Company, the board of directors must prepare the Company's financial statements and a report on its activity and financial position for the past financial year. This report includes the proposed method for distributing profits and the board puts these documents at the auditor's disposal forty-five days before the date set for convening the General Assembly.
- B- The Company's board of directors, chief executive officer and financial manager must sign the documents referred to in paragraph (a) of this article, and a copy of them shall be provided at the Company's head office at the shareholders' disposal at least twenty-one days before the date set for holding the General Assembly.

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C- The chairman of the board of directors must provide the shareholders with the Company's financial statements, the board's report and the auditor's report, unless they are published in a daily newspaper distributed in the Company's head office. He must also send a copy of these documents to the ministry and the Capital Market Authority, fifteen days at least before the date of the General Assembly meeting.

Article Fifty: Distribution of Profits:

The net annual profits of the Company shall be distributed as follows:

- 1- (10%) of the net profits shall be set aside to form the statutory reserve of the Company, and the Ordinary General Assembly may decide to discontinue this setting aside when the said reserve reaches (30%) of the paid-up capital.
- 2- The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside (10%) of the net profits to form a consensual reserve to be allocated for a specific purpose or purposes, as decided by the Ordinary General Assembly of shareholders.
- 3- The Ordinary General Assembly may 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.
 - The aforementioned Assembly may also deduct sums from the net profits to establish social institutions for the Company's employees, or to assist the existing ones of these institutions.
- 4- From the remain profits a percentage representing (5%) of the Company's paid-in capital shall be distributed to the shareholders.
- 5- Taking into account the provisions stipulated in Article (24) of this articles and Article Seventy-six of the Companies Law, after the foregoing, 10% of the remainder is allocated to the Board of Directors' remuneration, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.

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Article Fifty-One: Profit Entitlement

The shareholder is entitled to a share in the profits in accordance with the resolution of the General Assembly issued in this regard. The resolution indicates the due date and distribution date. The Company may distribute interim profits to its shareholders on a semi-annual or quarterly basis, in accordance with the regulations set by the competent authority. The eligibility for profits shall be for the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

Article Fifty-Two: Distribution of Profits for Preferred Shares:

If no dividends are distributed for any financial year, then no dividends may be distributed for the following years until after paying the percentage specified in accordance with the provision of Article (14) of the Companies Law to owners of preferred shares for that year.

2- If the Company fails to pay the specified percentage in accordance with the provisions of Article (14) of the Companies Law for a period of three consecutive years, the Special Assembly of the owners of these shares may convene in accordance with the provisions of Article (89) of the Companies Law to decide either that they attend the Company's General Assembly meetings and participate in voting or appoint their representatives to the board of directors in proportion to the value of their shares in the capital, until the Company can pay all the priority profits allocated to the owners of these shares for the previous years.

Article Fifty-Three: Company Losses:

1- If the losses of the joint-stock company reaches amount half of the paid-up capital at any time during the year, any official in the Company or the auditor must immediately inform the Chairman of the Board of Directors and the Chairman of the Board of Directors must immediately inform the members of the Board of this, and the Board of Directors must within fifteen days Whoever becomes aware of this shall call the Extraordinary General Assembly to meet within forty-five days from the date of his knowledge of the losses to decide either to increase

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or decrease the Company's capital in accordance with the provisions of the Companies Law, to the extent that the percentage of losses drops to less than half of the paid-up capital, or to dissolve the Company before the specified deadline in companies law.

2- The Company is considered dissolved by the force of the Companies Law if the General Assembly does not meet within the period specified in Paragraph 1 of this Article, or if it meets and is unable to issue a resolution on the matter, or if it decides to increase the capital in accordance with the conditions prescribed in this Article and subscription in all increase of capital does not happen within ninety days from issuance date of the Assembly increase resolution.

Chapter Eight: Disputes

Article Fifty-Four: Liability Claim:

Each shareholder has the right to file a liability lawsuit for the Company against the members of the Board of Directors if the mistake made by them causes a special damage to him. The shareholder may not file the aforementioned lawsuit unless the Company's right to file it still exists, and the shareholder must inform the Company of his intention to file the lawsuit.

Chapter Nine: Dissolving Company and its Liquidation:

Article Fifty-Five: Company Expiration

As soon as the Company expires, the Company enters the stage of liquidation and retains the legal personality to the extent necessary for its liquidation. A voluntary liquidation resolution is issued by the Extraordinary General Assembly. The liquidation resolution must include the appointment of the liquidator, his powers, his fees, and the restrictions imposed on his powers, the time period required for liquidation, and the period of voluntary liquidation should not exceed five years and may not be extended for more than that except by a court order.

The authority of the Company's board of directors ends with its dissolution. However, they remain in charge of the Company's management and are considered to be liquidators for others until the

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liquidator is appointed. Shareholders' assemblies remain in place during the liquidation period, and their role is limited to exercising their competencies that do not conflict with the competencies of the liquidator.

Chapter Ten: Final Provisions

Article Fifty-Six:

The Companies Law and its bylaws shall apply to everything that is not provided for in these articles.

Article Fifty-Seven:

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

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