

**Bylaws**  
**Almunajem Foods Company**  
**(a Saudi closed joint-stock company)**

**Chapter I: Company Conversion**

**Article (1) Conversion:**

In accordance with these Bylaws and the provisions of the Companies Law promulgated by Royal Decree M/3 dated 28/01/14374H, Almunajem Foods Company registered in the Commercial Register of Riyadh under No. 1010231822 dated 07/04/1428H shall be converted from a limited liability company to a Saudi closed joint-stock company pursuant to the following:

**Article (2) Company Name:**

The Company's name shall be "Almunajem Foods Company", a Saudi closed joint-stock company.

**Article (3) Objectives of the Company:**

The Company carries out and implements the following:

| No. | Section   | Class   |
|-----|---|---|
| 1   | Wholesale and retail trade, motor vehicle and motorcycle repair | Wholesale of food and beverages   |
|     |   | Retail sale of food in specialized stores                                   |
|     |   | Retail sale in non-specialized stores with food and beverages predominating |
|     |   | Retail sale via mail order houses or via Internet                           |
|     |   | Wholesale on a fee or contract basis  |
|     |   | Other retail sale of new goods in specialized stores                        |
|     |   | Wholesale of agricultural raw materials and live animals                    |
| 2   | Manufacturing   | Meat keeping and processing   |
|     |   | Processing and keeping fish, crustaceans and Mollusca                       |
|     |   | Processing and keeping fruits and vegetables                                |



|   |                                     |                               |
|---|-------------------------------------|-------------------------------|
| 3 | Accommodation and Food Services     | Other food service activities |
| 4 | Transportation and storage          | Storage                       |
|   |                                     | Freight transport by road     |
| 5 | Administrative and Support Services | General cleaning of buildings |

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

#### **Article (4) Participation and Interest in Companies:**

The Company may participate in other companies as well as establish companies on its own (limited liability or closed joint stock), provided that the capital thereof is not less than five million Saudi Riyals (SAR 5,000,000). In addition, the Company may own interests and shares in other existing companies or merge therewith and participate with others in establishing joint stock or limited liability companies, after fulfilling all the requirements under the relevant laws and regulations. The Company may also dispose of such shares or stocks, provided that this does not include any brokerage.

#### **Article (5) Head Office of the Company:**

The Company's head office shall be in the city of Riyadh, Kingdom of Saudi Arabia. By virtue of a Board resolution, the Company may establish branches, offices or agencies within or outside Saudi Arabia.

#### **Article (6) Duration of the Company:**

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Company is registered as a joint stock company at the commercial register. The Company's duration may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

### **Chapter II: Capital and Shares**

#### **Article (7) Capital of the Company:**

The capital of the Company shall be six hundred million Saudi Riyals (SAR 600,000,000), divided into sixty million (60,000,000) nominal shares valued at ten (10) Saudi Riyals per share. All shall be ordinary shares.

#### **Article (8) Share Subscription:**

The Shareholders have subscribed to the full number of shares amounting to sixty million (60,000,000) shares of equal value with a total value of six hundred million Saudi Riyals (SAR 600,000,000).

The Shareholders declare that they shall be jointly liable vis-à-vis third parties to the extent of their respective personal patrimony, and confirm that they have paid up one hundred and fifty Saudi Riyals (SAR 150,000,000) pre-conversion. As for the capital increase of four hundred and fifty Saudi Riyals (SAR 450,000,000), it has been fully paid up through the following:





1. The transfer of one hundred seven million five hundred and eighty-six thousand one hundred and one Saudi Riyals (SAR 107,586,101) from the Shareholder's account to the account of the proposed capital increase;
2. The transfer of seventy five million Saudi Riyals (SAR 75,000,000) from the statutory reserve account to the account of the proposed capital increase; and
3. The transfer of two hundred sixty-seven million four hundred thirteen thousand eight hundred and ninety-nine (SAR 267,413,899) from the retained earnings account to the account of the proposed capital increase.

**The foregoing is based on the certificate of the auditor (Ernst & Young & Co. - Chartered Public Accountants) issued on 16/04/1442H (corresponding to 01/12/2020G).**

**Article (9) The Company's Purchase, Sale and Mortgage of its Shares:**

The Company may buy, sell and mortgage its shares, according to the rules specified by the competent authority.

**Article (10) Sale of Non-Paid up Shares:**

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board of Directors may, after notifying the Shareholder via email or registered mail, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority. The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance. However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard. The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares, and make a note to this effect in the Shares Register specifying the name of new holder. The Shareholder shall pay the value of the share on the dates set for such payment. Should the Shareholder fail to pay at the due time, the Board of Directors may, after notification of the Shareholder via registered mail, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority.

**Article (11) Issuance of Shares:**

The Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to Shareholder rights and may not be distributed as a Shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

**Article (12) Share Trading:**

Shares subscribed for by the Shareholders may only be traded after publishing the financial statements for two fiscal years, each covering a period of at least 12 months from the date of the Company's conversion. A notation shall be made on the respective share certificates, indicating their class, the date of conversion of the Company, and the period during which their trading shall be suspended.



During the lock-up period, shares may, in accordance with the legal provisions for sale of rights, be transferred from one Shareholder to another, from the heirs of a deceased Shareholder to a third party, or in case of seizure of the funds of an insolvent or bankrupt Founder, provided that the other Shareholders are given priority to own such shares.

The provisions of this Article shall be applicable to Shareholder subscriptions in case of capital increase before the expiry of the lock-up period.

#### **Article (13) Shareholders' Register:**

Company shares shall be traded by virtue of an entry made to the Shareholders' Register maintained or outsourced by the Company, which shall include the Shareholders' names, nationalities, residence addresses, and occupations; the numbers of the shares; and the amounts paid up on such shares. An annotation shall be made on the share indicating said entry. In as far as the Company or third parties are concerned, the transfer of shares shall only be effective from the date of the entry thereof in said register.

#### **Article (14) Capital Increase:**

1. The Extraordinary General Assembly may adopt a resolution to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.
2. In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all, some or none of its affiliates. Shareholders may not exercise preemptive rights upon the Company's issuance of shares allotted to employees.
3. Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have preemptive rights to subscribe for the new shares issued in exchange for cash shares. Shareholders shall be notified of their preemptive rights by publication in a daily newspaper or by registered mail stating the adoption of the resolution to increase capital, the terms of the offering, its duration, start and end dates.
4. The Extraordinary General Assembly may revoke the preemptive rights of Shareholders to subscribe for the capital increase in exchange for cash shares, or vest said preemptive rights in non-Shareholders when it deems that doing so is in the Company's best interest.
5. Shareholders may sell or assign their preemptive rights in the period that extends from the date upon which the General Assembly resolution is adopted to increase the capital until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.
6. Without prejudice to the provisions of Paragraph 4 hereof, new shares shall be allotted to the holders of preemptive rights who have expressed interest to subscribe thereto, in proportion to their preemptive rights resulting from the capital increase, provided that their allotment does not exceed the number of new shares they have applied for. Remaining new shares shall be allotted to preemptive right holders who have asked for more than their proportionate stake, in proportion to their preemptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be





offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

#### **Article (15) Capital Decrease:**

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below the limit prescribed under Article 54 of the Companies Law. A capital decrease resolution shall be issued only after reading the auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.

If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

### **Chapter III: Company Management**

#### **Article (16) Management of the Company:**

The Company shall be managed by a Board of Directors composed of six (6) members appointed by the Ordinary General Assembly for a term not exceeding three (3) years. As an exception, the Conversion General Assembly may appoint the first board of directors for a period of five (5) years.

#### **Article (17) Membership Termination:**

The Board membership shall expire by the expiration of its term, or the expiration of the Board member's term therein in accordance with any law or instructions applicable in the Kingdom. Notwithstanding the foregoing, the Ordinary General Assembly may, at any time, dismiss one or all of the Directors, without prejudice to the terminated member's right to seek compensation from the Company, if dismissal was not properly justified or occurred at an inappropriate time. The Board member may also tender their resignation, provided that such resignation occurs at an appropriate time; otherwise, said member shall be held liable for any damage affecting the Company as a result of said resignation.

#### **Article (18) Membership Vacancy:**

If the position of a member of the Board of Directors becomes vacant, the Board of Directors may appoint a temporary member to fill the vacancy, based on the number of votes received at the Assembly meeting that elected the Board, to be selected from among experienced and competent candidates. Such appointment shall be notified to the Ministry within five (5) working days from the date of appointment, and shall be laid before the first meeting of the Ordinary General Assembly. The new member shall complete the term of their predecessor. If the number of Board members falls below the minimum number prescribed in the Companies Law or in these Bylaws, the remaining Board members shall call the Ordinary General Assembly to convene within sixty (60) days to appoint the required number of members.



## Article (19) Powers of the Board of Directors:

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers and authority to manage the Company for the purpose of achieving its objectives. Said powers shall include but are not limited to the following:

1. Represent and act on behalf of the Company before private or public third parties – with the exception of judicial bodies and authorities – and follow up with ministries, government agencies and financial institutions; appoint and dismiss representatives, lawyers and arbitrators before all courts inside and outside the Kingdom of Saudi Arabia, including without limitation the Ministry of Labor, labor and worker offices, the Ministry of Interior, Municipal Affairs, the General Directorate of Passports, the General Directorate of Civil Defense, customs committees, police and traffic departments, Civil Defense, the civil rights department at the Ministry of Interior, labor and recruitment offices, Chambers of Commerce and Industry, the Ministry of Commerce, the Ministry of Investment, the Ministry of Health, notaries, the General Organization for Social Insurance, municipalities, customs, and secretariats in all governorates, the Ministry of Finance, the Zakat, Tax and Customs Authority, the Zakat and Tax Committees, the Saudi Food & Drug Authority, the Capital Market Authority, all the other ministries, committees and governmental authorities, all companies and institutions, the Saudi Industrial Development Fund, commercial banks, financial and investment firms, lenders, and all government financing funds and institutions irrespective of name and competence in the Kingdom of Saudi Arabia and abroad.
2. Approve, conclude and sign all contracts and agreements including, without limitation, lease, purchase, sale and transfer of ownership contracts, tenders and other documents and transactions on behalf of the Company that fall within the Company's ordinary course of business, and authorize any member of the Board, the CEO or third parties to sign in that regard before the notary; and within the Company's ordinary course of business, the Board has the power to sign contracts for the sale and purchase of lands and real estate required to achieve the Company objectives; transfer ownership and sign in that regard before a notary; pay and receive the price, provide exemptions, subdivide and split, receive ownership documents and deeds, subdivide and sort deeds and register them in the notary public's respective system as well as apply for replacements, clarification or correction for lost documents.
3. Manage and oversee the Company's financial affairs, including opening, operating and closing bank and investment accounts inside and outside the Kingdom of Saudi Arabia; invest in securities, buy and sell stocks and bonds in the Saudi Market and the foreign markets and invest in the investment funds; issue orders related to the Company's bank accounts such depositing, withdrawing or other orders required therefor; obtain and utilize all types of loans from commercial banks, government industrial funds and other lenders; sign as guarantor in the name of the Company; issue guarantees and promissory notes; request the signing of credit facilities and the issuance of guarantees and credits on behalf of the Company; sign and cash checks; sign pledges in the name of the Company to guarantee third parties; enter into Islamic Murabaha agreements and investment contracts of all kinds; assign rights and benefits; conclude Treasury agreements and purchase Treasury products; request and sign electronic banking and other transactions agreements; request electronic banking and other services, as well as associated pin codes; carry out all banking operations inside and outside the Kingdom of Saudi Arabia; collect transfers, checks and invoices; receive and deliver payments to any person or entity; sign bank guarantees and request the issuance or cancellation thereof; borrow funds from third parties, including banks, banking institutions, government funds





and financing institutions; provide guarantees and pledges; deal with and endorse all types of bonds; deal with, accept and issue all types of guarantees; execute and redeem mortgages.

4. Appoint and dismiss Company representatives and employees, determine the wages and benefits thereof, as well as other terms and conditions of employment; request work, exit and return, and final exit visas for the Company's employees and sponsored parties; transfer and assign the sponsorships thereof, submit absconding notices, modify professions, and appoint department directors.
5. Take all necessary measures to ensure that the Company is managed as efficiently and profitably as possible.
6. Enter into partnerships, establish subsidiaries, invest and participate in companies, sign the articles of association, amendments and appendices thereof; sell and mortgage all or part of the shares, stocks, property rights and interests in any of the subsidiaries; establish and open Company branches inside or outside the Kingdom of Saudi Arabia, appoint the directors thereof, sign the issuance of all the documents required therefor, and sign all Shareholder resolutions and amendments related to the conversion of companies in which the Company participates from limited liability to joint stock companies; approve the merger of the Company with another company; sign Shareholder resolutions and amendments for the purchase, sale, conveyance and assignment of shares or stocks in other companies; represent the Company in attending, signing, voting and accepting positions and tasks in the ordinary and constituent general assemblies of public or closed shareholding companies in which the Company participates; buy, sell, convey and assign shares therein, sign liquidation decisions, contracts, and instruments for the sale, purchase and conveyance of lands and buildings, as well as all other contracts and agreements.
7. Purchase or acquire shares or stakes in other companies inside or outside the Kingdom of Saudi Arabia; amend and sign decisions relating to amending the articles of association of companies in which the Company participates, as well as any amendments and appendices thereof; sign Shareholder decisions to amend items of the articles of association including decisions to amend the legal form of the companies in which the company participates, from limited liability to joint stock and amending their capital and names; attend meetings of the board of directors and Shareholder assemblies of the companies in which the Company participates to vote on resolutions, and appoint the managers of said companies.
8. Appoint Company representatives and lawyers, grant them the necessary powers to defend, plead and claim Company rights.

Within the limits of its powers, the Board of Directors may authorize any of its member(s) or third parties to carry out a specific task or tasks, and to partially or wholly revoke said authorization.

#### **Article (20) Remuneration of Board Members:**

The remuneration of the members of the Board of Directors, if any, shall be determined by the Ordinary General Assembly, and such remuneration may correspond to a specific amount or an attendance and travel allowance and may both be combined, in accordance with the official decisions and instructions issued in this regard and within the limits of the Companies Law and its Regulations. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expenses and other benefits received by Board members during the Fiscal Year. It shall as well contain a statement of payments made to members in their capacity as employees or executives, or in consideration





for technical, administrative or consultancy assignments. The report shall also include the number of meetings held, and the number of meetings attended by each member from the date of the last Ordinary Assembly meeting.

**Article (21) Powers of the Chairman, Vice Chairman, Managing Directors and Secretary:**

The Board of Directors shall appoint a Chairman and a Vice Chairman from among its members; it may appoint also a Managing Director. A single member may not concurrently hold the post of Chairman and any other executive position in the Company. The Board of Directors shall determine the powers and authorities of the Managing Director, if appointed.

The Chairman of the Board shall call for and chair Board meetings, as well as have the authority to represent the Company in its relations with others, before the judiciary, government agencies, notaries, courts, dispute resolution committees of all kinds and arbitration boards inside or outside the Kingdom of Saudi Arabia, including but not limited to labor committees, the Office for Resolution of Commercial Paper Disputes, the Banking Dispute Settlement Committee and all Saudi Arabian Monetary Agency committees, Customs, all other government committees or agencies, civil rights, police departments, chambers of commerce and industry, bodies, companies and institutions of all kinds; issue powers of attorney, appoint and dismiss representatives and lawyers; follow up, claim, plead, defend, litigate, hear and respond thereto; present witnesses and evidence and challenge the same; issue notifications; acknowledge, deny, assign, receive payment, settle, accept settlements, waive, reply, impeach, amend, receive, surrender; claim forgery, reject documents, seals and signatures; request, reject and refuse oath taking; request the implementation of Article 230 of the Law of Proceedings before Sharia Courts; request and lift travel bans; request foreclosure and enforcement; request arbitration; appoint experts and arbitrators; accept and challenge the reports of experts and arbitrators, dismiss and replace such experts and arbitrators; request the cassation and enforcement of judgments; accept and reject judgments; object to and appeal judgments; seek reconsideration; request restitution, receive judgment instruments; request pre-emption; request the recusal of judges; request interposition and intervention; take all actions necessary to attend hearings before all government ministries, departments, agencies and institutions, as well as associated departments and divisions irrespective of degree or competence, including but not limited to emirates, civil rights, police, traffic, Civil Defense, secretariats, municipalities, labor offices, Post, General Directorate of Passports, recruitment, the Ministry of Commerce, the Ministry of Investment, and the Zakat, Tax and Customs Authority, the General Organization for Social Insurance, the courts of appeal, notaries and committees of all types, degrees and names, the Board of Grievances and all other departments, institutions, companies and individuals; sign all types of contracts, documents and papers; sign loan agreements with government funds and financing institutions, banks, banking institutions and financial firms; provide subsidiaries with guarantees, pledges and mortgages and redeem the same; claim Company's rights and pay the liabilities thereof; participate in other companies and sign the articles of association and amendments thereto before the notary public; represent the Company in purchases and the approval thereof; pay the price, mortgage, and redeem mortgages; sales and conveyances; collect and pay; amalgamate and subdivide properties and deeds; conclude all contracts and transactions within the Company's objectives; purchase and lease real estate necessary for the Company's activities; sell and liquidate all of the Company's assets, including but not limited to real estate, equipment, funds, and stocks, as well as collect dues thereto from third parties and pay liabilities therefrom; acknowledge debts and release Company debtors from liability in order to advance Company interests, with the approval thereof deemed binding on the Company; conclude settlements, issue, sign and collect the cost of commercial papers; conduct all banking transactions, including opening, closing and operating bank and investment accounts; carry out withdrawals, deposits and transfers, including in joint accounts whether with other companies or individuals; request credit





facilities of all kinds, request and conclude loans in any amount for any duration, from commercial banks and government funds; sign guarantees and promissory notes; request the issuance of guarantees and credits on behalf of the Company; buy and sell shares; sign pledges in the name of the Company to guarantee third parties; enter into Islamic Murabaha agreements and investment contracts of all kinds; assign rights and benefits; conclude Treasury agreements and purchase Treasury products; sign and cash checks; request and sign electronic banking and other transactions agreements; request electronic banking and other services as well as associated pin codes; appoint and dismiss lawyers, representatives and arbitrators in relation to the aforementioned; appoint, contract with, and dismiss employees, determine the salaries thereof; request visas, recruit employees and workers from abroad; obtain residence and work permits; transfer and assign sponsorships as per regulations. Within the limits of his powers, the Chairman may delegate or assign others with certain powers, or to undertake a specific task or action, or carry out a specific act or actions, and may revoke said authorization or power of attorney in part or in full.

The Board of Directors may appoint a Managing Director for the Company and specify the powers, competences and duties thereof in the appointment decision.

The Board of Directors shall appoint a Board Secretary from among its members or others; and shall determine the duties, remuneration, and appointment term thereof. The Board Secretary shall be responsible for recording Board meeting minutes, documenting the decisions adopted thereat, record them in a special register that the Secretary shall maintain and update. The Secretary shall also carry out any tasks assigned thereto by the Board.

The term of the Chairman, Vice Chairman, Managing Director and Secretary, if a Board member, shall not exceed the respective term of office thereof on the Board; and they may be re-elected. The Board may, at any time, dismiss any or all of them without prejudice to the dismissed party's right to compensation if dismissal were unlawful or occurred at an inappropriate time.

The respective remuneration thereof shall be in addition to the remuneration determined for Board members as approved by the Ordinary General Assembly within the limits stipulated under the Companies Law or any other regulations, decisions or instructions complementary thereto.

#### **Article (22) Meetings of the Board of Directors:**

The Board of Directors shall meet twice a year at least, upon an invitation from the Chairman, which shall be made in writing and accompanied by the agenda. The Chairman shall call to the meeting whenever two members request so. The invitation shall be delivered by hand or sent by facsimile, e-mail or registered mail, one week at least before the specified date of meeting. All members shall sign the minutes of each meeting.

#### **Article (23) Meeting Quorum and Resolutions:**

A Board meeting shall be quorate if attended in person by three (3) members at least. Any member of the Board may authorize another member of the Board to attend the board meeting on his behalf, in accordance with the following controls:

1. A member of the Board of Directors may not act on behalf of more than one Board member during the same meeting;
2. A proxy shall be made in writing; and
3. A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting.



Board meetings may be held by telephone or any other electronic method allowing all of the attending members to hear all other attendees.

The Board resolutions shall be adopted by a majority vote of voting members present or represented thereat, with the Chairman casting the deciding vote in case of a tie.

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

**Article (24) Board Deliberations:**

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, attending members and the Secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the Secretary.

**Article (25) Conflict of Interest:**

Board members shall not have any direct or indirect interest in any business and contracts made for the account of the Company except with the consent of the Ordinary General Assembly, in accordance with the controls specified therefor by the competent authority. Board members shall inform the Board of any direct or indirect interest in any business and contracts made for the account of the Company; which notification shall be recorded in the meeting minutes, with the relevant members barred from participating in voting on decisions adopted in that regard by the Board of Directors and the Shareholders' assemblies. Upon it being convened, the Chairman of the Board of Directors shall notify the Ordinary General Assembly about the business and contracts in which a Board member has a direct or indirect interest, with said notice accompanied by a special report prepared by the Company's external auditor.

**Chapter IV: Shareholders Assemblies**

**Article (26) Assembly Attendance:**

Subscribers, regardless of the number of shares held thereby, shall have the right to attend the Conversion Assembly, and each Shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Board members or Company employees, to attend the General Assembly on their behalf.

**Article (27) Conversion Assembly:**

The Shareholders shall call subscribers to convene a Conversion Assembly within (45) forty-five days from the date of the Ministry's decision to approve the conversion. The meeting shall be quorate if attended by a number of subscribers representing at least half of the capital. If such quorum is not reached, then a second meeting shall be held no less than 15 days from the invitation thereto. In all cases, the second meeting shall be quorate regardless of the number of subscribers represented thereat.

**Article (28) Responsibilities of the Conversion Assembly:**

The Conversion General Assembly shall be competent to deal with the matters set out under Article 63 of the Companies Law.

**Article (29) Responsibilities of the Ordinary General Assembly:**





Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all Company matters. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened, whenever needed.

**Article (30) Responsibilities of the Extraordinary General Assembly:**

The Extraordinary General Assembly shall have the power to amend the Bylaws, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, under the same rules and conditions applicable thereto.

**Article (31) Convening Assemblies:**

General or Special Shareholder Assemblies shall be convened by the Board of Directors. The Board of Directors shall convene a General Assembly if requested to do so by the auditor, the Audit Committee, or a number of Shareholders representing at least five percent (5%) of the Company's capital. The auditor may call for an assembly to be convened when the Board does not call for such a meeting within thirty (30) days of the auditor's request to do so. The summons shall be published in a daily newspaper circulated in the area where the Company's head office is located at least twenty-one (21) days prior to the date set for such meeting. However, notice may be given to all Shareholders via registered letters within the timeframe set above; with a copy of the notice and the agenda sent to the Ministry within the period set for publication.

**Article (32) Assembly Record of Attendance:**

Shareholders who wish to attend Ordinary or Special General Assembly meetings shall register their names at the Company's head office before the time specified for the Assembly.

**Article (33) Ordinary General Assembly Quorum:**

Ordinary General Assembly meetings shall be quorate when attended by Shareholders representing at least one half of the Company's capital. In the absence of a quorum, a second meeting shall be held one hour after the end of the time set for the first meeting, with the invitation to the first meeting including said stipulation. In the event of absence of such stipulation, the Shareholders shall be invited for a second meeting to be held within thirty (30) days after the preceding meeting. Such notice shall be published in the manner prescribed in Article 31 of the Bylaws.

In all cases, the second meeting shall be deemed quorate, irrespective of the number of shares represented thereat.

**Article (34) Extraordinary General Assembly Quorum:**

Extraordinary General Assembly meetings shall be quorate only if attended by Shareholders representing at least one half of the Company's capital. In the absence of a quorum at the first meeting, a second meeting shall be held one hour after the end of the time set for the first meeting, with the invitation to the first meeting including said stipulation. In the event of absence of such stipulation, the Shareholders will be invited for a second meeting to be held under the same conditions set forth in Article 31 of the Bylaws. In any case, the second meeting shall be deemed quorate if attended by a number of Shareholders representing at least the quarter of the capital.



If the second meeting is inquorate, then a third meeting shall be called to convene under the same conditions set forth in Article 31 of the Bylaws. With the consent of the competent authority, the third meeting shall be quorate irrespective of the number of shares represented thereat.

#### **Article (35) Voting at the Assemblies:**

Each subscriber shall have one vote for each share represented thereby at the Conversion Assembly; and each Shareholder shall have one vote for each share represented thereby at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

#### **Article (36) Assembly Resolutions:**

Resolutions of the Conversion Assembly shall be adopted by an absolute majority of the shares represented thereat. Ordinary General Assembly resolutions shall be adopted by an absolute majority of the shares represented at the meeting. On the other hand, Extraordinary General Assembly resolutions shall be adopted by a majority of two-thirds of the shares represented at the meeting, unless the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified thereof in these Bylaws or merging the Company with another company; in which case, such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

#### **Article (37) Assembly Deliberations:**

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor shall answer the Shareholder's questions, to the extent that is not detrimental to the Company's interests. If the Shareholder deems the answer to the question unsatisfactory, then he may refer the issue to the General Assembly and the latter's decision in this regard shall be binding.

#### **Article (38) Presiding over General Assemblies and Keeping Minutes:**

The General Assembly of Shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or, in their absence, the Board designated member.

Meeting minutes shall be drafted indicating the number of attending or represented Shareholders, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.

### **Chapter V: Audit Committee**

#### **Article (39) Formation of the Committee:**

An audit committee shall be formed by virtue of a resolution passed by the Ordinary General Assembly and shall consist of three (3) members, other than executive Board members, whether from among Shareholders or others. The resolution shall specify the Committee's responsibilities, the rules governing its activities, and the remuneration of its members. The Board of Directors may nominate the members of the Audit Committee, provided that the nomination is presented to the Ordinary General Assembly for their appointment.





#### **Article (40) Committee Quorum:**

Committee meetings shall be quorate if attended by the majority of its members. Its resolutions shall be adopted by a majority vote of attending members; ties shall be decided by the vote of the Committee Chairman.

#### **Article (41) Committee Responsibilities:**

The Audit Committee shall be responsible for overseeing the Company's business, and, towards that end, shall have access to Company records and documents. It shall also be entitled to request that Board members or executive directors provide it with clarifications or statements, as well as be entitled to request that the Board of Directors calls for the convening of the Company's General Assembly if the Board hinders the performance of the Committee's duties, or when the Company suffers material damages or losses.

#### **Article (42) Committee Reports:**

The Audit Committee shall be responsible for reviewing the Company's financial statements, as well as the reports and notes submitted by the auditor, and provide an opinion in their regard, if any. It shall also draft an opinion concerning the adequacy of the Company's internal oversight control systems, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report is made available at the Company's head office at least twenty one (21) days prior to the General Assembly meeting date, in order to provide desirous Shareholders with a copy thereof. Said report shall be read during the Assembly meeting.

### **Chapter VI: Auditor**

#### **Article (43) Appointment of the Auditor:**

The Company shall have one or more auditors to be selected from among those licensed to work in the Kingdom of Saudi Arabia. Such auditor shall be appointed annually, with the compensation and term of office fixed by the General Assembly. The General Assembly may, at any time, replace said auditor without prejudice to the latter's right for compensation if the replacement decision were unlawful or occurred at an inappropriate time.

#### **Article (44) Responsibilities of the Auditor**

The auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Chairman of the Board of Directors shall enable the auditor to perform its duties; and when the auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. Failure of the Board to facilitate the work of the auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to examine the matter.

### **Chapter VII: Company Accounts and Distribution of Profits**

#### **Article (45) Fiscal Year:**

The Company's Fiscal Year shall commence on the 1st of January and expire on the 31st of December of each year.



#### **Article (46) Financial Documents:**

1. At the end of each Fiscal Year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended Fiscal Year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
2. The Chairman of the Board, CEO and CFO shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed at the Company's head office at the disposal of Shareholders at least twenty one (21) days prior to the date set for the General Assembly meeting.
3. The Chairman shall provide Shareholders with the Company's financial statements, Board of Directors' report and auditor's report unless they are published in a daily newspaper distributed at the Company's head office. The Chairman shall also send a copy thereof to the Ministry at least fifteen (15) days prior to the date set for the General Assembly meeting.

#### **Article (47) Distribution of Profits:**

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

1. Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals thirty percent (30%) of the Company's capital.
2. The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside a percentage of the net profits to form a contractual reserve to be allocated to (a) specific purpose(s).
3. The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interests of the Company or guarantees steady distribution of profits to Shareholders. Said Assembly may also deduct certain amounts from the net profits to set up social institutions for the Company's employees or to support any existing institutions.
4. The remaining shall be distributed by the Ordinary General Assembly to the Shareholders of the Company.
5. The Company may distribute interim dividends to its Shareholders semi-annually or quarterly, after fulfilling the controls and requirements issued by the Capital Market Authority.

#### **Article (48) Entitlement to Profits:**

Shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on Shareholder Registers at the end of the entitlement date.

#### **Article (49) Company Losses:**

1. If, at any time during the Fiscal Year, the Company's losses total half of its paid-up capital, then any Company official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors, who shall immediately inform the members of the Board, which, within fifteen (15) days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be convened within forty five (45) days of being informed of the losses, to consider whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies Law, in order to render





losses equal to less than half of the paid-up capital or dissolve the Company prior to the end of its term, as defined in the Companies Law.

2. The Company shall be deemed dissolved under the Companies Law, when its General Assembly does not convene within the period specified in Paragraph 1 of this Article; or if it does convene, but fails to reach a decision in that regard; or when it resolves to increase the capital as per the conditions set forth in this Article, but the capital increase is not subscribed to in full within ninety (90) days of the Assembly's resolution to increase the capital.

#### **Chapter VIII: Disputes**

##### **Article (50) Liability Action:**

Each Shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said Shareholder to suffer damages. Such liability action may only be filed by the Shareholder if the Company's right to file such action remains valid. The Shareholder shall notify the Company of his/her/its intention to file such action.

#### **Chapter IX: Dissolution and Liquidation of the Company**

##### **Article (51) Expiry of the Company:**

Upon its expiry, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company, with said resolution appointing a liquidator, and defining the latter's powers, fees, and restrictions imposed on said powers, as well as the timeframe to conclude liquidation, which, in cases of voluntary liquidation must not exceed five (5) years and cannot be extended except by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company and take on the capacity of liquidator until the latter is appointed. During liquidation, Shareholder assemblies shall retain such responsibilities vested in them that do not conflict with those of the liquidator.

#### **Chapter X: Final Provisions**

##### **Article (52) Companies Law:**

The Companies Law shall apply to all matters not provided for in these Bylaws.

##### **Article (53) Publication:**

These Bylaws shall be filed and published in accordance with the provisions of the Companies Law and Regulations thereof.

