

Chapter (1) Company's Incorporation

Article (1) Company's Incorporation:

A Saudi Joint-Stock Company shall be incorporated pursuant to the Companies Regulations and its Implementing Regulations as follows:

Article (2) Company Name:

Saudi Pharmaceutical Industries & Medical Appliances Corporation (SPIMACO) Saudi Closed Joint Stock Company.

Article (3) Company Objectives:

- A) The Company is engaged in all works and activities in the field of manufacturing, producing and marketing pharmaceutical raw materials, cosmetics, veterinary drugs, medical solutions, production supplies, medical devices and accessories, basic and medium drugs petrochemical products and their derivatives and any other investments related to the said industries inside and outside Saudi Arabia and the provision of studies and researches in the company's field.
- B) The Company is subject to all applicable laws in the Kingdom of Saudi Arabia in relation to the activity it practices, and shall obtain the necessary licenses to carry out any of its activities from the competent authorities.


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نصديق على صحة الترجمة



Article (4) Participation and Merge:

The company may take all necessary actions to facilitate the achievement of its objectives and may has interest of participate in any manner with establishments, corporates or entities carry out similar business or that might be helpful to achieve its objectives or merge therewith. It also may establish Limited Liability or Closed Joint-Stock Companies provided that their capital shall not be less than (5) Million Saudi Riyals, after informing the ordinary general assembly in its first meeting. The Company also may dispose such shares or stocks provided that this shall not include mediation in its circulation.

Article (5) Head Office:

The company's registered office is located in Buraidah, Qassim city, and the company shall have the right to relocate its head office to any other city within the Kingdom of Saudi Arabia under a resolution issued by the Extraordinary general assembly. The BoDs may establish branches, offices or agencies inside or outside KSA.

Article (6) Company's Term:

The Company has been established for a period of (99) years commencing after the date of the issuance of the resolution by the Minister of Commerce declaring its incorporation. The company's term may be



extended by a resolution issued by the extraordinary general assembly at least one year before the end of its term.

Chapter (2)

Capital and Shares

Capital (7): Company's Capital:

The Company's capital is SR 1.200.000.000 (One Billion Two Hundred Million Saudi Riyals), divided into 120.000.000 shares of equal value, the value of each share is SR 10. All shares are ordinary, nominal and equal shares.

Article (8) Subscription in the Capital:

The founders subscribed in all the company's shares of 1.200.000.000 (One Million Two Hundred Thousand shares) with nominal value of SR 120.000.000 (One Hundred Twenty Million Saudi Riyals) and the shares offered for public subscription is 1.800.000 with nominal value of (SR 180.000.000) fully paid.



Article (9) Preferred Shares:

- A- The Company may issue preferred shares and transfer them into ordinary shares and vice versa pursuant to the regulating applicable laws, regulations and controls.
- B- The Company may purchase, sell or mortgage ordinary or preferred shares in bulk or in stages and may allocate all or part of them to its employees under the program of "Employees' Shares" pursuant to the regulating applicable laws, regulations and controls.

Article (10) Dispose of Shares with unpaid value:

If the Shareholder fails to pay the share value timely, the BoDs may, after sending a registered letter to the Shareholder, sell the shares in public auction. However, the Default Shareholder may open the due amount plus expenses incurred by the Company which shall deduct the due amount from the sold shares and return the surplus to the shareholder.

If the value of the sold shares were less than the due amounts, the Company may deduct its due amounts from other shareholders and cancel the sold share and give the purchaser a new share carries the number of cancelled share and mention that in shares register.



Article (11) Issuance of Shares:

All shares of the Company shall be of nominal value, and shall not be issued at less than the par value, but may be issued above the par value, and the amount in excess of the par value shall be added to a separate account within the rights of shareholders, and shall be disposed of under the Companies' Law and its implementing regulations. A share shall be indivisible as against the Company. If a share is jointly owned by several persons, such persons must nominate one of them to exercise the rights attached to such share on their behalf but such persons will be held jointly liable for the obligations resulting from the ownership of such owned share.

Article (12) Trade of Shares

The shares are tradable. However, notwithstanding other limits set out herein, it is not allowed to trade in cash shares subscribed by founders before the publication of the financial statements and statement of profits and losses for two full fiscal years, each of which is not less than 12 months, starting from the declaration date for the company's incorporation. The shares certificates shall mention shares type, date of company's incorporation, and the period during which the trade is prohibited. Nonetheless, the title of the cash shares may be transferred during the ban period pursuant to the provisions of selling the rights from one founder to another or a board member to be submitted as a guarantee to the





Management or from one of the heirs of one of the founders in case of its death.

Article (13) Shareholders Register

A- Shares are traded pursuant to the laws of the capital market promulgated by the Royal Decree No. (M/30), dated 02/06/1424H. the Company shall not recognize the transfer of the share's title to Third Parties unless after such transaction is recorded in the Financial Markets Deposit Center Registers under the provisions of the said Law. Subscription in shares and acquisition shall make the Shareholder obligated to abide by the Company's bylaws and committed to the resolutions issued by the Shareholders Assemblies hereunder regardless of its presence, attendance, approval or rejection.

B- The relevant shares or deeds are issued by a register with vouchers and are given serial numbers signed by the Board Members and sealed by the Company. The share shall mention the number and date of the Ministerial Resolution allowing the company's incorporation and number and date of the Ministerial Resolution declaring the company's incorporation, capital, number of distributed shares, company's objectives, head office and duration. Shares may have coupons with serial numbers on the number of the share attached to them.



Article (14) Capital Increase:

1. The Extraordinary General Assembly may resolve to increase the Company's capital one or more times, provided that the original capital is fully paid up. The resolution shall specify the method of capital increase. Priority in the subscription in the new cash shares shall be given to the shareholders who shall be notified of such priority through publication in a daily newspaper or registered mail about the capital increase, subscription terms, period, date of start and end.
2. Such shares shall be distributed to the original shareholders who are willing to subscribe in proportion to their original shares, provided that they shall be given only the requested new shares, and the surplus shall be distributed to the original shareholders who requested to subscribe in more than their original owned shares, provided that they shall be given only the requested new shares, and the surplus shares shall be offered for public subscription.

Article (15) Capital Reduction:

A-The Extraordinary General Assembly may decrease the company's capital if it exceeds its need or if it incurs large losses. The decision shall not be issued until after reading the report of the auditor about the reasons and obligations of the Company and the reduction impact on these obligations. The decision shall indicate the reduction method, and if the reduction is caused by an increase of capital over

the Company's need, the creditors shall then be called to present their objections within sixty days of issuing date of reduction decision in a daily newspaper, distributed in the country where the Company's head office is located. If any of the creditors has objections and submits to the Company his documents on the mentioned date, the Company must then pay his debt at sight or provide a sufficient guarantee if not yet due.

B- Deeds and Sukuk: The Extraordinary General Assembly may issue, pursuant to the Capital Market Authority, under the loans, indivisible, tradable equal nominal deeds and sukul inside and outside Saudi Arabia. However, new deeds and sukuks may not be issued unless if the subscribers paid the full value of old deeds and sukuk, provided that the value of the new deeds and sukul plus the outstanding amount of old deeds and sukul does not exceed the company's paid-up value. Deeds and sukuk can be transferred into shares subject to the Law of the Capital Market to increase the Company's Capital.



Chapter (3)

Board of Directors

Article (16) Company's Management

The Company shall be managed by a board of directors composed of (9) members appointed by the general assembly for (3) Three years. The rewards and powers of the members shall be as stipulated hereunder.

Article (17) Termination of the Membership

- A) By the end of its term.
- B) By the resignation or death of a member.
- C) If the member fails to attend three consecutive meetings without valid grounds.
- D) If its no longer carries the legal personality.
- E) If it is declared bankrupt.
- F) If the member becomes ineligible or incompetent for membership pursuant to any applicable law in Saudi Arabia.



Article (18) Vacancy:

In case of vacancy of any place in the board member, the board may appoint temporary member according to the priority list to obtain votes in the assembly elected the board, provided that they shall have the experience and qualifications and the Ministry shall be notified within Five days after appointment and such appointment shall be submitted to the General Assembly in its First meeting and the new member shall complete the period of his predecessor. If the conditions required for the board of directors were incomplete due to decreasing his members than the limit stipulated in the company's regulations or this law, the remaining member shall invite the General Assembly to meet within (60) Sixty days of electing the required number of members.

Article (19) Board Powers and Authorities:

1. Subject to the powers of the General Assembly, the Board shall has the broadest powers and authorities to run the Company, develop its general policies, determine its investments, supervise its business, funds and manages its affairs. It is also empowered to do all acts that achieve the company's purposes inside and outside Saudi Arabia, including but not limited to:
 - 1.1 Representing the Company before all banks, financial institutions, funds and all financial, banking, financing, credit bodies and capital markets, including but not limited to SAMA,



Saudi Industrial Development Fund, Capital Market Authority, TADAWUL, and shall also determine or limit all actions and procedures taken by them, including:

- 1- To approve and sign all letters, agreements and contracts, of all types or forms, whether related to opening, closing, freezing, suspending, updating or activating bank accounts for the company (of all types) or actions related to requesting all facilities and loans, regardless of their value and term (including loans with maturity period exceeding 3 years) or their schedule, settlement, cancelation, assignment, etc, or what is related to guarantees, mortgage, mortgage release, renewal or cancelation, or what is related to the investment, financial, credit and treasury funds and dealing with the treasury products, signing contracts with IDF, receiving and assigning loans, requesting the exemption from loans, requesting that there are no material obligations and loan repayment.
- 2- To manage the banking accounts, withdraw, deposit, collect, transfer, e-banking transactions, signing, approving signatures and issue proxies.
- 3- To request, approve, conclude, withdraw, deposit, issue, connect, cancel, terminate, accept, assign, renew, collect and sign all term deposits or any other deposits with special nature as well as all commercial deeds, guarantees, bills, LoCs and deeds, of all types.



- 4- To grant and guarantee loans and financial facilities for the affiliated companies, or companies in which it has an interest, directly or indirectly, and allowing these companies to use and utilize all or part of the loans and financial facilities given to the Company.
- 5- To provide the financial and/or technical and/or administrative support to any of the related or affiliated companies, direct or indirect.
- 1.2 To invest the Company's funds in shares, bonds and real estates.
- 1.3 To open and manage investment portfolios with shares for the benefit of the Company and offering them in the local and international capital markets, and sell, purchase, hold, mortgage, loan and mortgage release on behalf of the Company.
- 1.4 To create, prepare, sign and accept all commercial papers required for the company's business including checks, bills and promissory notes and to collect the returned checks.
- 1.5 To contract, abide by, conclude, sign, document, register and terminate all contracts and agreements, including contracts related to the providers of consultancy and professional services, commercial and distribution agencies, concession, usufruct, procurement, supply, sale, purchase and lease contracts, and installment for the company's movable and immovable properties, including lands, real estates, factories, buildings, equipment, machines, assets, shares, stocks, etc.



- 1.6 Enter into private and public bids and tenders, purchase and submit tender and bid documents, accept awarding, signing, rejecting and cancelling its contracts.
- 1.7 Manage the Company's movable properties such as shares, stocks, cars, equipment, devices, furniture, etc, and immovable such as real estate, lands, buildings and factories owned by the Company, etc, and adopt the provision of social responsibility and donations.
- 1.8 Regarding (lands and/or real estates and/or factories, and/or buildings, and/or equipment, and/or machines, and/or vehicles, and/or the company's assets (in whole or in part) and/or shares, and/or stocks, and/or trademarks, and/or intellectual property rights and other movables and immovable, and to sell, transfer the ownership, collect remuneration, purchase, accept ownership transfer, pay the price, trade, accept donation, assignment, mortgage, mortgage release, deeds merge, split, sort, update sukuk and add them to the comprehensive system, collect sukuks, issue in lieu of sukuks, issue replacement sukuks, assign the shortgage space, amend the name of the owner, ID and Hafiza Numbers, amend borders, lengths, spaces, plot numbers, sukuks, deeds, dates, name of districts, lease, sign and renew lease contracts, collect the lease value, cancel and terminate the lease contracts.



- 1.9 To Discharge the Company's debtors from their obligations and/or debts and/or amounts due to the Company, and/or movable and/or immovable properties.
- 1.10 The Board of Directors may decide to compose a suitable number of committees and/or teams according to the company's needs, and shall have all powers to specify their specialties, term, tasks, authorities, procedures, terms of their work, appoint and dismiss their members, and determine their rewards and method of following the works of such committees.
- 1.11 The Board of Directors may appoint a CEO, specify its powers, tasks, salaries, privileges, other appointment terms and conditions, provided that the CEO shall, if appointed, implement the policy prepared by the Chairman, supervise the company's directors, run the company's daily affairs, in addition to any other specialties and powers authorized by the Board of directors in writing from time to time.
- 1.12 The Board of Directors may submit loans and guarantees, of any kind, granted by the Company to its employees in accordance with Incentive Program.
2. The Board of Directors may authorize one or more members or Third Party, within the limits of its specialties and powers, to carry out all or part of the authorities inside and outside the Kingdom of Saudi Arabia and to authorize Third Parties.





Article (20) Remuneration of the Board Members

The reward of the Board Members for the works related to the Board shall include certain amount, attendance allowance, expenses allowance, kind benefits or percentage of the profits, and may collect two or more benefits as determined by the BoDs or its committees within the limits set out in the Companies Regulations and its Implementing Regulations.

Members shall be entitled to an allowance for the technical, administrative or consultation works assigned to it. The report submitted by the BoDs to the ordinary general assembly shall include a comprehensive statement of rewards, expenses allowance and other benefits given to the Member during the fiscal years and what is received by the Members as being employees or administrators, and what they received for the technical, administrative or consultation works. The report shall also specify the number of the meetings attended by each member from the date of the last general ordinary assembly. The members may not vote on their rewards in the general ordinary assembly.

Article (21) Powers of the Chairman, Deputy Chairman, Managing Director and Secretary:

1. The Board of Directors shall appoint a Chairman and Chairman Deputy among its members and may appoint a Managing Director. The Chairman may not hold any other executive role in the Company.



2. Powers and authorities of the Chairman:

In addition to the powers authorized by the Board of Directors to the Chairman, from time to time, the Chairman shall have the following powers and authorities inside and outside the Kingdom of Saudi Arabia:

A) Regarding Courts, Legal and Security Bodies:

- To claim, file lawsuits, plead, defend, hear and answer cases, declare, deny, request, reject and refuse oaths, bring witnesses, data, challenge, answer, support, challenging forgery, denying fonts, stamps, signing, requesting and lifting travel ban, requesting confiscation, implementation, arbitration, appointing experts, arbitrators, challenging experts and arbitrators' reports, and their recusal and replacement, requesting the case referral, accepting, rejecting and challenging decisions, appeal and reconsideration motion, requesting recusal, pre-emption right, receiving judgment deeds, requesting the judge recusal, insertion and intervention, submitting complaints, requesting inspection and the implementation of article (230) of the Law of Shari'e Proceedings, implementing and claiming judgments, collecting rights and amounts, requesting the judgment challenge before the Supreme Courts, finalize the necessary measures to attend the sessions for all lawsuits before all types and grades of courts, including Shari'e Courts (General), District Courts, Criminal Courts, Commercial, Labor and Implementation





Courts, detention and implementation circuits, administrative courts, appeal courts, of all types, higher courts, Higher Judicial Council, Ministry of Justice, Board of Grievances, and before all judicial and administrative committees and bodies with legal jurisdiction, including the committee on the settlement of securities, committee on the settlement of commercial paper disputes, custom, Zakat, Labor, Banking, Forensic, Media, and Commercial Fraud committees, and all entities and investigation bodies (control and inspection committee and public prosecution), and to settle, assign. Regarding the (Security Bodies), to review the principality, Division for the Implementation of Human Rights, to follow up with police stations, to receive, handover, follow up with all related entities, finalize all necessary procedures and sign whenever necessary.

B) Regarding the Company's Relationship with Third Parties:

- Representing the Company before Third Parties and all entities (Governmental and Non-Governmental) of all titles and competencies including Ministries, Governmental and Administrative Agencies and Divisions, Departments, Sections, Institutions, Companies, and other related departments, branches and sections, and to follow up with all related entities, finalize all necessary procedures, sign whenever necessary, receive and hand over, including but not limited to:



Regarding (Commercial Registers): To follow up with the Commercial

Registration Department, issue, renew, and transfer Commercial Registers, book tradename, register, publish and assign the trademark and commercial agencies, register with the Chamber of Commerce, Renew CoC membership, sign before the Chamber of Commerce, Renew the subscription with the Chamber of Commerce, sign all documents at the Chamber of Commerce, Management of Registers, adopting signatures with the Chamber of Commerce, cancelling the signature with the Chamber of Commerce, supervising and amending registers, adding activity, open branch CR, cancel CRs, issue certificate of origin, requesting custom exemption, register in E-services at the Chamber of Commerce, activating services, receiving the password, follow up with GOSI, GAZT and Civil Defense.

Regarding (Labor Office): To issue and cancel visas, receive Visas

Remuneration, transfer of sponsorship, profession amendment, updating the labors details, clearing and dismissing labors, reporting fugitive labors, cancel fugitive reports, issue and renew work permits, finalize the labor procedures before GOSI, follow up with the computer department in the workforce to drop and add workers, add and drop Saudis, receive Saudization certificates, open, renew and cancel main



and branch files, issue prints, follow up with the national recruitment firms and recruitment from outside Saudi Arabia.

Regarding (PAssports): To issue and renew Iqamas, replacement or in lieu

Of copies, issue exit re-entry visas, final visa, transfer of sponsorship, transfer of information and updating data, settlement and waiving labors, amending professions, reporting fugitive labor, cancel fugitive reports, cancel exit re-entry and final visas, issue travel visas, in lieu of or replacement copies, issue visitor visa extension, finalize the procedures of the deceased labors, issue print for labors, drop labors, follow up with the deportation and foreigners department, department of ports affairs, issue repeat certificates, issue Hijj permits, register in e-service and receive the password.

Regarding (Amanat and Municipalities): To open shops, issue, renew cancel and transfer licenses, issue building and rehabilitation permits, issue fencing license, issue demolition license, follow up with the general department for urban planning, issue building completion certificates and planning lands.

Regarding (Cars): To import cars and heavy equipment, follow up with



customs department, issue vehicle plates, and follow up with the Ministry of Transportation to issue Vehicles Operation Cards.

Regarding (Customs Department): To Clear goods, inspection, examination,

Payment of fees, collect clearances and custom cards, amend or issue replacement custom cards.

C) Regarding Companies:

1. To incorporate companies, participate or withdraw from existing companies, participation, acquisition or merge therewith, amendment, signing their articles of association and all amendment annexes and resolutions, partners' resolutions, regardless of the type of these companies and the content of such amendments, including the amendment of management article, capital increase or reduction, purchasing or selling shares and stocks, in whole or in part, accepting the assignment, transfer shares, stocks and bonds, amending the company's objectives, transforming the companies and other amendments, cancel articles of association and amendment annexes, signing and publishing articles of association and amendment annexes before the Notary Public, appointing and dismissing directors, payment of price, collect the value and profits, requesting, accepting and negotiation to offer shares and stocks owned by the company for public or private





subscription, incorporating or liquidating companies, deleting their commercial registers, follow up with the General Investment Authority and Capital Market Authority and sign whenever necessary.

2. To represent the Company or appoint representatives to manage and affiliated company or participate or merge therewith, directly or indirectly, and attend BoDs meetings, Directors Meetings, Constitutional Assemblies and public assemblies (Ordinary and Extraordinary), voting on behalf of the Company, signing meetings resolutions and minutes, whether related to the Board of Directors, constitutional assemblies or general assemblies and the bylaws and amendment resolutions.
3. The Chairman or the Managing Director may, severally or collectively, appoint or authorize any member, the CEO or Third Parties, within the limits of their powers and authorities, with all or part of their powers. The authorized member, CEO or Third Party may also authorize Third Parties. They also may cancel or terminate the proxy and to issue POA, and/or proxies from the competent authorities including Notary Public and other notarization bodies.
4. The BoDs may, under a separate resolution, reward the Chairman and/or its Deputy in addition to the reward assigned for the Board Members as stipulated in article (20) hereof.





5. The BoDs shall appoint a secretary for the Board from among its members or otherwise for recording the minutes of the meeting and documenting the resolutions adopted in such meetings after signing it by the Chairman and Members, and follow the implementation of resolutions in addition to any other tasks assigned by the Board from time to time in addition to its tasks set out in article (37) of the Company's Corporate Regulation. Its fees shall be set by the Board.
6. The membership of the chairman, his deputy, managing director and secretary shall not be more than their membership in the board and may be re-elected and the board may dismiss them or any of them without prejudice to his right of indemnification if this dismissal was for inappropriate reason or time.

Article (22) Board Meetings:

1. The Board shall convene whenever called by the Chairman or Chairman Deputy in case of its absence. The invitation may be served to the members by registered mail, fax, or other modern technology means. Meetings shall be held in the company's head office or any other place as may be determined by the Chairman or its Deputy. The Board may invite anyone deems necessary to the meeting to present required information or expertise without their right to vote. The Chairman or its Deputy may call for the meeting



at the request of Two members, provided that the number of meetings shall be sufficient as per the company's needs and subject to the regulations of the applicable laws.

2. The Board of Directors may adopt resolutions by passing them to all members in the urgent matters, unless one of them requests, in writing, another meeting for deliberation. The adopted resolutions shall be offered in the following meeting for approval.

Article (23) Quorum of the Meeting:

1. The board meeting will not be valid unless attended by at least five members personally. A Board Member may participate in the meetings through the modern technology means. The member participated through this means shall be present personally and may authorize other members to attend the meetings subject to the following controls:
 - A) The board may not represent more than one member in the same meeting.
 - B) The proxy shall be in writing and for one meeting.
 - C) The board of director representing the absent director may not vote on resolutions which the absent member is prohibited to vote on.
2. Board resolutions shall be issued by the majority of members attending in person or by proxy. In the event of votes tie, the Chairman shall have the casting vote.



Article (24) – Recording of Minutes of the Board of Directors:

The board discussions and decisions are established in minutes signed by the board chairman, deputy, attending members and the secretary. These minutes shall be recorded in a special register signed by the board chairman, his Deputy and the secretary.

Chapter Four

Shareholders' Assemblies

Article (25) Attending Assemblies

The validly held General Assembly shall represent all shareholders. The Board of Directors may set the place of the Assembly in the invitation. Its also allowed to hold general ordinary and extraordinary assemblies and engage the shareholder in their deliberations and vote on their resolutions through the modern technology means as per the regulations set by the competent authority. Each Subscriber, irrespective of its shares, may attend the constitutional, ordinary or extraordinary assemblies in person or on behalf of other subscriber. They also may authorize any person not a member in the Board of Directors or the company's employees to attend the ordinary or extraordinary assemblies subject to the controls set by the competent authority.



Article (26) Powers of the Constitutional Assembly:

- A- Inspecting the subscription of the full capital and its payment in accordance with the Companies Regulations with the minimum limit of the capital and due share value.
- B- Set the final texts of the company's bylaws without the right to make essential amendments to the laws submitted to it without the approval of all represented subscribers.
- C- Deliberation in the founders report on the works and costs required for the incorporation.

The Constitutional Assembly shall not be valid if not attended by subscribers representing at least half of the capital. Each subscriber shall have only one vote for each share owned by it or by proxy.

Article (27) Powers of the Ordinary General Assembly:

Except for matters authorized to the Extraordinary General Assembly, the Ordinary General Assembly shall deal with Company-related issues and shall be convened at least once a year during the six months that follow the end of the Company's fiscal year. Other Ordinary General Meetings may also be called, whenever necessary.



Article (28) – Powers of the Extraordinary General Assembly:

The Extraordinary General Assembly shall be entitled to amend the Company bylaws, except the excluded provisions. In addition, it may issue resolutions for internal issues under the regular General Assembly specialization in the same conditions determined for the latter meeting.

Article (29) – Invitation to Meetings

A- Shareholders' Assemblies are convened whenever called by the BoDs. The BoDs shall convene the Ordinary General Meeting at the request of the auditor or a number of the shareholders representing at least 5% of the capital. The auditor may call the General Assembly to be convened if the board fails to invite the members within Thirty days after the request of the auditor.

B- This invitation shall be published in a daily gazette distributed in the Company's head office at least 21 days before the date of the Assembly including the agenda of the meeting. A copy of the invitation and agenda shall be sent to the Ministry of Commerce and Investment and Capital Market Authority during the determined publishing period.

Article (30) – Attendance Sheet:

A statement includes the names of the shareholders attended personally or in proxy, their residence, number of owned shares, in person or in proxy,



and number of the allocated votes shall be prepared for each assembly.
This statement can be accessed by any stakeholder.

Article (31) – Quorum of Ordinary General Assembly:

The Ordinary General Assembly shall not be legally valid unless attended by shareholders representing at least quarter of the capital. If this quorum is not met in the first meeting, an invitation to another meeting shall be send to be convened within 30 days following the previous meeting. The invitation to the meeting shall be served according to the method set forth in Article (29) above. The second meeting shall be considered legitimate regardless of the number of shares represented.

Article (32) – Quorum of Extraordinary General Assembly:

The Extraordinary General Assembly shall not be validly held unless if it is attended by shareholders representing at least half of the capital. If this quorum is not met in the first meeting, an invitation to another meeting shall be submitted under the same provisions set out in article (29) hereinabove. The second meeting may be held after one hours of the end of the first assembly and shall be validly held if attended by the shareholders representing at least quarter of the capital. If this quorum is not me in the Second meeting, an invitation to Third meeting shall be submitted under the same provisions set forth in article (29) above. The Third meeting shall



be validly held regardless of shares represented therein after the approval of the competent authorities.

Article (33) Voting in the General Assemblies:

Each subscriber shall be entitled to one vote in the constitutional assembly. Votes in ordinary and extraordinary general assemblies shall be counted on the basis of one vote for each share. Accumulated votes are counted when electing the Chairman. However, the members may not join to vote on the resolutions of the committee related to their discharge for their period or related to their interest, direct or indirect.

Article (34) Meetings Decisions:

Resolutions in the Constitutional assembly shall be issued by absolute majority of shares represented in the meeting. The resolutions in the ordinary general assembly shall be issued by the absolute majority of the shares represented in the meeting.

Resolutions of the extraordinary general assembly shall be passed with the majority of Two Thirds of the shares attended the assembly, unless such resolution is related to the capital increase, decrease or extension of the Company's Term, early dissolution, merge with other company or establishment which requires the approval of Three Quarters of the shares represented in the meeting.





Article (35) Deliberations in Meetings:

Each shareholder has the right to discuss the subjects listed on the meeting agenda and address related questions to the board of directors and the external auditor. The board of directors or the auditor shall answer the shareholders' questions in a way that does not harm the Company's interest. If the shareholder feels that the answer to his question is not convincing, he may appeal to the meeting, and its decision in this regard would be effective.

Article (36) Presiding Meetings and Preparing Minutes:

Shareholders' General Assembly shall be presided by the chairman of the board and in the event of his absence, the meeting shall be presided by his deputy. The Chairman shall appoint a secretary and votes adder.

The report of the assembly shall include the number of the shareholders attended personally or in proxy, number of shares owned personally or in proxy, number of taken votes, number of yes votes, and number of noes votes, detailed summary of the deliberations taken place during the assembly. The minutes shall be recorded regularly following each meeting in a special register signed by the chairman, secretary, and the vote's adder.



Chapter Five: Audit Committee

Article (37) Committee Formation:

The ordinary general assembly may decide to form a committee whose members are not less than Three members and not more than Five members not among the executive members, either from shareholders or otherwise, and state in the resolution the tasks of the Committee and procedures of its task and remuneration of its members as stipulated in the company's regulations regarding the rules of selecting the audit committee members and method of their work.

Chapter Six

Auditor

Article (38) The Appointment of Auditors:

The Company shall have one or more auditors licensed in the Kingdom of Saudi Arabia. The General Assembly shall appoint and determine the fees of the auditor annually. This auditor may be re-elected. As an exception, the founders have nominated Ibrahim Alsabeel and Partners Chartered Accountants to be the First Auditor and determined its fees.



Article (39) Auditor Powers and Authorities:

The auditor shall have the right at any time to access the Company's books, records and other documents. It may request details and explanations as it deems necessary, and to check the Company's assets and liabilities. The Auditor shall present a report to the general assembly annually including the company's response to the details and explanations it requested and any violations to the Companies' Regulations or this Bylaws and its opinion on to what extent the company's records reflect the actual documents.

Chapter Seven

Company's accounts and profits distribution

Article (40) Fiscal Year:

The Fiscal Year of the Company shall start on 01/01 and ends on 31 December of the same year, provided that First fiscal year shall commence after the issuance of the Ministerial Resolution declaring the Company's incorporation until the end of December of the following year.

Article (41) Financial Documents:

A- The Board of Directors shall make at the end of each fiscal year an inventory of the value of company's assets and liabilities, statement of the balance sheet, statement of profits and losses, report on the company's activity and balance sheet for the ended fiscal years, proposed method for distributing the net profits within three months





after the end of the annual fiscal period. The Board shall make these documents available to the auditor at least with 45 days before the date of the ordinary general assembly. The Board Chairman, CEO and Financial Director shall sign the abovementioned documents and kept at the head office of the Company to be presented to the shareholders at least 21 days before the date of the general assembly. The Chairman shall publish the Budget, profits and losses statement and detailed summary of the report of the Board of Directors, full text of the auditor's report in a newspaper circulated in the company's head office, and send a copy of these documents to the Ministry and CMA at least 15 days before the date of the General Assembly.

Article (42) Profits Distribution:

The company's net profits shall be distributed as follows:

- 1) (10%) of net profits shall be set aside to form a statutory reserve, and the regular General Assembly may stop this practice whenever the said reserve has reached 30% of the capital.
- 2) 5% of the net profits shall be set aside as a stand-by reserve. The ordinary general assembly may stop this reserve whenever the said reserve reaches 25 % of the capital.
- 3) The surplus shall be distributed to shareholders as an initial payment equal to 5% of the paid-up capital.



- 4) The holders of the preferred shares shall be entitled to their percentage of the profits as per the applicable laws and regulations.
- 5) If it is decided that the reward of the Member will be part of the profits, the surplus, but not exceeding 10% shall be allocated to them, provided that the member's total amounts shall not exceed the rewards, financial or kind benefits do not exceed SR 500.000 annually, and the surplus profits shall be distributed to the shareholders as an additional profits.
- 6) The Company shall distribute regular profits to its shareholders on half-annual or quarterly basis under the authorization of the general assembly to the Board renewed annually.

Article (43): Profits Entitlement:

The profits shall be distributed to shareholders on the place and dates determined by the Board of Directors in accordance with the regulations and laws issued in this regard.

Article (44) Company Losses:

- 1) If the company's losses reach half of the paid capital at any time during the financial year, the company's officer or auditor shall, after being notified by the chairman, notify the chairman who shall notify



the board members. The board of directors shall, within (15) Fifteen days after that notification, call the Extraordinary General Assembly within 45 days of recognizing losses and to report increasing or decreasing the company's capital pursuant to the company's regulations to the extent subject to which the losses exceed half of the paid-up capital or dissolve the company before its term as per companies' regulations.

- 2) The company shall be dissolved pursuant to the company's regulations if the General Assembly didn't meet in the specified term stated in paragraph (1) hereof or if it couldn't issue a decision in this matter or if it decided to increase the capital subject to the provisions of this article and in case of not subscribing by increasing the capital within 90 days after the increase resolution.



Chapter Eight

Disputes

Article (45) liability Claim

Each shareholder shall be entitled to file a liability claim that is granted to the company against the members of the board of directors, if an error committed by them caused damages to such shareholder, provided that right of the company to file the claim is still existing and that the shareholder has to inform the company of its intention to file the action, and its right shall be limited to claiming indemnification for the suffered damage.



Chapter Nine

Company's Dissolution and liquidation

Article (46) Dissolution and Liquidation of the Company

Upon expiry of the term of the company, or in the event of an early dissolution of the company before the expiry of its term, the extraordinary general assembly shall decide, based on the proposal of the board of directors, the method of liquidation of the company, the appointment of one or more liquidators, and determination of their authority and fees. The powers of the board of directors shall cease to be valid upon expiry of the company, however, the board shall continue to run the company until a liquidator is appointed. The company's functions shall continue to assume their competences to the extent they are not in conflict with the competences of the liquidators.



Chapter Ten

Final Provisions

Article (47):

Companies' Regulations and its implementing regulations shall be applicable to any text not stipulated herein.

Article (48) Publication:

This bylaw shall be filed and published pursuant to Companies' Regulations.

