



## **Bylaw**

# **Sinad Holding Co.**

**A Saudi joint stock company listed on the Saudi  
Stock Exchange**

**Approval by the Twelfth Extraordinary General Assembly (EGA)  
06/06/1443 H corresponding to 09/01/2022 G**

## **PART I** **Incorporation of the Company**

### **Article (1): Incorporation:**

The Company was incorporated as a Saudi Joint Stock Company, pursuant to the provisions of Companies Law, Regulations and this Bylaw as follows:

### **Article (2): The Company's name:**

Sinad Holding company – (Joint Stock Company – Listed).

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

**This Company was incorporated for the following purposes:**

1. Managing its subsidiaries or participating in the management of other companies in which it contributes and providing the necessary support for them.
2. Investing its money in stocks and other securities.
3. Owning real estate and movables necessary to carry out its activity.
4. Providing loans, guarantees and financing to its affiliated companies.
5. Owning industrial property rights such as patents, trademarks, industrial rights, franchises, and other moral rights, exploiting them, and leasing them to its subsidiaries or others.
6. Any other legitimate purpose consistent with the nature of this company.

### **Article (4): Participation and Holding Shares in Companies:**

The Company may incorporate its own limited liability or closed joint stock companies in accordance with the Companies Law. The Company may also hold shares and interests in other existing companies or merge therewith, or participate with third parties to incorporate joint stock or limited liability companies, provided that the same shall be after complying with requirements of the laws and the instructions followed in that regard. In addition, the Company may dispose of the said shares and interests, provided that the same may not include brokerage in trading thereof.

### **Article (5): The Company's Head Office:**

The head office of the company is located in Riyadh, and It may establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia by a decision from the Board of Directors.

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

The duration of the Company shall be ninety-nine (99) Gregorian years commencing from the date on which the Extraordinary General Assembly (EGA) approves the amendment. The Company's duration may always be

extended under a resolution adopted by the EGA shareholders at least one year prior to the expiration of the term of the Company.

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## **PART II** **Capital and Shares**

### **Article (7): Capital:**

The capital of the Company is SAR 1,263,888,890 (one billion two hundred sixty-three million eight hundred eighty-eight thousand eight hundred ninety Saudi riyals) divided into 126,388,889 (one hundred twenty-six million three hundred eighty-eight thousand eight hundred eighty-nine) shares of equal nominal value of ten (10) Saudi Riyals, all of which are ordinary shares.

### **Article (8): Subscription for the Shares:**

The shareholders subscribed to all of the Company's Shares amounting to 126,388,889 (one hundred twenty-six million three hundred eighty-eight thousand eight hundred eighty-nine) fully paid shares.

### **Article (9): Preferred Shares:**

The extraordinary General Assembly of the Company, in accordance with principles laid down by the competent authority, may issue preferred Shares, and put it up for sale, or convert ordinary shares to preferred shares, or convert preferred shares to ordinary shares without exceeding 10% of the capital. Preferred shares do not carry voting rights in shareholders' general assemblies. Such shares provide their holders with the right to receive more percentage of Company's net profits, after setting aside the statutory reserve, than those received by common shares.

### **Article (10): Debt instruments and finance instruments:**

1. The Company may issue negotiable debt instruments and finance instruments under a resolution made by the EGA wherein the maximum number of shares, which may be issued in return for such instruments, are determined whether they were issued in the same time, in a series of issuances, or in one or more programs designated for issuing debts or financing instruments. The Board of directors may issue, without having to obtain new approval from the assembly, new shares in return for such instruments whose holders demand that they be converted immediately after the termination of conversion request period for such instruments holders. The Board shall take the statutory measures regarding the capital increase.

2. The Company shall observe the Sharia principles related to the debts when issuing and trading debt instruments.

#### Article (11): Sale of Unpaid Shares:

A shareholder shall pay the value of the share on the dates set for such payment. Where a shareholder fails to pay at the due time, the Board of Directors may, after serving a notice to be published in a daily newspaper notification or a registered mail, sell shares in a public auction or on the Stock Exchange, as the case may be, in accordance with controls set by the competent authority.

The Company shall settle the amounts due to it on the Shares from the sale proceeds and return the remainder to the shareholder. If the proceeds of the sale fall short of the amounts, the Company may settle the remainder from all the funds of the shareholder. However, the defaulter may, up to the date set for the auction, pay the due value in addition to the expenses incurred by the Company in this regard. Pursuant to the provisions of this Article, the Company may cancel the sold Share and give the buyer a new Share bearing the number of the cancelled Share and an entry to this effect shall be made in the Register of the Shares together with specifying the name of new holder.

#### Article (12): Issue of Shares:

The shares are of nominal value and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added as a separate item within the shareholders' equity and shall not be distributed as profits among the Shareholders. In the event that a share is held by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from holding the share.

#### Article (13): Shareholders' Register and Shares Trading:

The Company's shares shall be traded under the provisions of the Capital Market Law.

#### Article (14): Purchase, Sale and Pledge of shares by the Company:

1. The Company may purchase or pledge its ordinary or preferred shares in accordance with controls and measures set by the competent authority. Shares held by the company shall not have any votes in shareholders assemblies.

2. The Company may purchase its shares and allocate them to the Company's employees as part of the employee share program in accordance with the controls and procedures set by the competent authority.
3. The Company may sell treasury shares in one or several stages in accordance with the controls and procedures set by the competent authority.
4. The Company may also pledge its shares as a security for a debt in accordance with the controls and procedures set by the competent authority.

#### Article (15): Capital Increase:

1. The EGA may resolve to increase the Company's capital, provided the capital has been paid up in full. The capital may not be paid in full where the unpaid part thereof belongs to shares issued in return for converting debts or financing instruments into shares while the term prescribed for its conversion has not ended yet.
2. In all cases, the EGA may, when the capital is increased, allocate the issued shares or any or part of the same to the employees of the Company or its affiliates. Shareholders may not exercise preemptive right when the Company issues shares designated for employees.
3. The shareholder may have, upon the resolution adopted by the EGA to increase the capital, priority of subscription for new shares issued for cash shares. Such priority shall be published in a daily newspaper or they shall be notified through Tadawul website of capital increase resolution and subscription conditions, duration and date of commencement and termination.
4. The EGA is entitled to suspend the preemptive right for the shareholders in the subscription to the capital increase for cash shares, or to give preemptive right to non-shareholders in the cases the Assembly deems appropriate and in the best interest of the Company.
5. A shareholder may sell or assign the priority right during the period from the date of issuance of the resolution of the general assembly approving the capital increase to the last day of subscription to the new stocks related to such rights according to the regulations set by the competent authority.
6. Subject to the provisions of paragraph (4) above, the new shares shall be allocated to preemptive rights holders who requested subscription to such shares. Allocation of new shares shall be made on a pro rata basis to their respective preemptive rights of the total preemptive rights resulting from the capital increase, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining of the new shares shall be distributed to preemptive rights

holders who have applied for more than their share of their preemptive rights. Allocation shall be on a pro rata basis to their respective preemptive rights of the total preemptive rights resulting from the capital increase, provided that the shares they receive shall not exceed the number of new shares they have applied for. Unless otherwise decided by the EGA or otherwise provided for by the Capital Market Law, the remaining shares shall be offered to third parties.

#### Article (16): Decrease of Capital:

The EGA may decide to reduce the Company capital if it is in excess of the company needs or if the Company incurs losses. In the latter case only, the capital may be decreased to less than the limit set in the article (54) of the Companies Law. The decrease resolution shall not be issued unless after reading the special report issued by the auditor on the reasons so requiring and the liabilities incurred by the company as a result of such decrease. The resolution shall provide for the manner in which the reduction shall be made. If the reason for capital decrease is due to the capital being in excess of the Company's needs; the Company's creditors shall be invited to express their objection to such reduction within sixty days from the date of publication of the resolution relating to the reduction 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 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 falls due on a later date.

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### **PART III** **Board of Directors**

#### Article (17): Management of the Company:

The Company shall be managed by a Board of Directors composed of nine (9) directors to be elected by the Shareholders' Ordinary General Assembly for a term of no more than three years for each session. The directors may be re-elected.

#### Article (18): Expiry of Board Membership:

Board membership shall be terminated upon the expiry of the Board's term or validity therefore in accordance with any law or instructions applicable in the Kingdom. However, the Ordinary General Assembly may, at any time, remove all or any of the directors without prejudice to the right of a removed director to hold the Company liable if the removal is made without acceptable justification or at an improper time. A director may resign,

provided that such resignation is made at a proper time; otherwise, he/she shall be responsible to the company for damages.

#### Article (19): Board Vacancy:

1. If the office of a director becomes vacant, the board may appoint a temporary director. The Ministry of Commerce and Investment and the Capital Market Authority shall be informed within five business days from the appointment date, provided that such appointment shall be laid before the first General Assembly meeting. The new director shall complete the unexpired term of his predecessor.
2. If the necessary requirements for the meeting of the Board of Directors are not met due to because the number of directors falls below the minimum prescribed in the Companies Law or this Bylaw, the rest of the directors shall call to convene the Ordinary General Assembly within sixty days to elect the necessary number of directors.

#### Article (20): Functions, powers and authorities of the Board of Directors:

Subject to the powers conferred on the General Assemblies, the Board shall be vested with the widest powers to manage the Company to achieve its purposes. In order to achieve this purpose, the Board may formulate its policies, determine its investments, supervise its business and funds, and manage its business inside and outside the Kingdom. The Board of Directors may also represent the Company in its relations with third parties, government agencies, all entities and private bodies, companies and institutions of all kinds; make acknowledgment, and denial; plead; litigate; make reconciliation; accept and appeal judgments; make assignment and discharge; apply for and submit travel ban request; request attachment, execution, and arbitration; appointment of experts, consultants and arbitrators; challenge reports of experts and arbitrators and replace them; accept, challenge, and request execution of judgment; request appeal; petition reconsideration; take emergency action concerning the judgment instruments; make a request for discharge; request preemption; request dismissal of judge; challenge and request execution of judgments; and collect funds from such execution. The Board may also sign all contracts, documents, and deeds, including without limitation, Articles of Association and bylaws of companies in which the Company holds shares along with all amendments, annexes, amendment resolutions, partners' resolution, including those intended to increase and reduce the share capital; purchase and sell interests and shares; make assignment; enter into government and private tenders; issue legal powers of attorney on behalf of the Company; sell, purchase, transfer ownership, and accept the same; pay the price, pledge,



redeem pledge, accept the same for lands, properties, shares, interests, the Company's assets, including the Company's movables and facilities; merge instruments; divide, sort and receive, and update instruments and placing them in the comprehensive system; assign shortage in area; receive; deliver; rent; lease; sign, renew, cancel, and terminate rental contracts; receive, pay, sell, and purchase shares and interests in companies wherein the Company has shareholding; purchase shares and interests in other companies; attend shareholder assembly meetings and general assembly meetings; vote on its resolutions; express objections and reservations; take all actions required for the companies in which the Company invests or has a shareholding, i.e. Amendment, merging, liquidation, purchase, sale, assignment, appointment and removal of managers and employers and determining their remuneration. The Board may also open accounts and letters of credits; withdraw and deposit with banks and authorize third parties to do so; approve withdrawals and electronic deposits with banks and authorize third parties to do so; issues bank guarantees and signs all papers, documents, checks, loan agreements, guarantees, warranties and all banking transactions, including promissory notes; open and close investment portfolios and transfer between Investment portfolios; purchase and sell shares and securities. In addition, the Board may appoint and dismiss employees and workers; request visas; recruit laborers from outside the Kingdom, contract with them, determine their wages and rewards; obtain extracting residency permits; transfer and assign sponsorships. Furthermore, the Board may conclude contracts on loans, regardless of their type, from the State funding funds, institutions and bodies, regardless of the value of loans and their duration. Their terms shall not exceed the end of the Company's term. Moreover, the Board may conclude contracts on loans of any kind with banks, commercial banks, financing houses and bodies as well as credit companies of whatever type, and regardless of the value and term of the loans. Their terms shall not exceed the end of the Company's term. As for the above cases, the Board may provide guarantees regardless of their type.

The Board of Directors may, at its discretion, release the Company's debtors from their obligations, including the futility of claiming these obligations or if the cost of the claim is higher than the collection of the obligation and other cases as required by the interest of the company.

The Board of Directors may provide financial support to any of subsidiaries or affiliate companies, as well as the companies in which the Company has a shareholding in the value and manner deemed appropriate by the Board. In addition, the Board of Directors may provide guarantees for loans and credit facilities of various types obtained by any of the subsidiaries, affiliates, or



companies in which the Company has a shareholding based on their ownership ratio.

As part of limits of its competencies, powers and authorities, the Board may time and again authorize or delegate one or more of its directors or a third party to carry out a specific act, action, or procedure and may cancel this authorization or power of attorney.

#### Article (21): Remuneration of the Board Members:

1. The remuneration of the Board shall be a certain amount, an allowance for the attendance of sessions, expense allowance, in-kind benefits or certain percentage of the net profits. Two or more of these benefits may be combined within the limits prescribed by the Companies Law and its Regulations.
2. The Board's report to the ordinary general assembly shall include a comprehensive statement of all the amounts received by the directors during the financial years in the way of emoluments, expenses allowance, and other benefits, The report shall also cover all amounts received by the members in their capacity as employees or executives of the company, or in consideration of technical, administrative or advisory services. It shall also cover the number of the board meetings and the number of meetings attended by every member from the date of the last general assembly meeting.

#### Article (22): Competencies and powers of the Board Chairman, Deputy Chairman, Managing Director and the Secretary:

The Board of Directors appoints a Chairman, Deputy Chairman, and Managing Director from among its member. No member can be a chairman and be appointed to any other executive position in the Company. The Deputy Chairman shall replace the Chairman in case of the latter's absence.

The Chairman of the Board shall be authorized to represent the Company before public and private courts, judicial bodies, the Board of Grievances, labor offices, bodies and committees, all other committees and judicial bodies, and arbitration bodies and committees. In addition, the Chairman of the Board is entitled to make claim; file lawsuit; plead; make defense; hear and respond to the lawsuit; make acknowledgment and denial; make reconciliation, assignment, and discharge; request, deny or refrain from administration of oath; bring witnesses; submit information; make appeal; reply; impugn, and discredit; claim forgery; denial of handwritings, seals, and signatures; apply for and submit travel ban request; request attachment, and execution; request arbitration; appoint experts, and arbitrators; challenge reports of experts and arbitrators and replace them; request application of

Law of Procedure; accept, deny, object, or request execution of judgments; request appeal; petition reconsideration; make a request for discharge; request preemption; attend hearing sessions in all lawsuits before all courts; receive amounts of cheques on behalf of the Company; receive judgments instruments; request dismissal of a judge; make request for impleader and intervention before all Sharia and administrative courts (the Board of Grievances), forensic medical committees, labor bodies, and before financial and banking disputes committees, offices and bodies for adjudicating securities, commercial and banking disputes, customs committees, commercial fraud committees and all other judicial committees, the Control and Investigation Board and the Bureau of Investigations and Public Prosecution.

With the exception of the power of representation before judicial authorities and arbitration bodies, the Chairman and the Managing Director shall collectively or individually represent the Company in its relations with third parties, governmental and private agencies, companies and institutions of all kinds. In addition, they are entitled to sell, purchase, transfer ownership, and accept the same; pay the price; accept the gift and ownership transfer; pledge, redeem pledge for all of the Company's possessions, i.e. shares, interests, properties, lands, and possessions as well as the Company's assets including the Company's movables and facilities; merge instruments; divide, sort and receive, and update instruments and placing them in the comprehensive system; convert agricultural land to residential and industrial land; amend boundaries, lengths, area, part numbers, layouts, instruments, dates, and neighborhood names; rent; lease; sign, renew, cancel, and terminate rental contracts; receive fare; receive; deliver; approach all related entities; terminate all necessary actions; and sign the required documentation.

Besides, each one of them is entitled to sign all types of contracts, documents, and deeds, including without limitation, Articles of Association and bylaws of companies in which the Company holds shares or interests along with all partners' resolutions, and amendment annexes before the notary public, including those intended to sell interests and shares; increase and reduce the share capital; appoint and remove managers and employers and determine their remuneration; amend the management clause and the entry and exit of partners; enter into existing companies; incorporate new companies; purchase and sell interests and shares; pay and receive price; subscribe to new (closed and joint stock) companies; sell interests, and shares; receive the price and profits; assign by selling interests and shares in companies in which the Company holds shares; transfer shares, interests and bonds; amend objects of the Company; amend articles of Articles of

Association or amendment annexes; convert companies into a closed or public joint stock company; publish the articles of association, amendment annexes, summaries and articles of association based on laws; register companies, agencies, trademarks; assign trademarks; attend ordinary and extraordinary general assemblies, partner assembly meetings for subsidiaries and companies in which the Company holds shares or interests; vote on resolutions; express objections and reservations; open files for the Company; open and close branches of the Company; liquidate companies; obtain and renew commercial records; subscribe to and renew subscription of chambers of commerce and industry; approve signatures contained therein; approach the Saudi Standards, Metrology and Quality Organization (SASO); obtain and renew licenses for the Company, transform the Company's branches into companies; represent the Company before the Saudi Arabian General Investment Authority (SAGIA) approach it; sign the necessary documents; represent the Company before the Capital Market Authority (CMA), sign the necessary documents; enter into tenders; receive forms; and sign all contracts of the Company with third parties.

Moreover, each one of them is entitled to sign loan agreements, guarantees, warranties, bills of exchange, promissory notes, and cheques; open, and close accounts with banks on behalf of the Company; authorize third parties; open letters of credit, and make withdrawals and deposits with banks; issue bank guarantees; sign all papers, documents, cheques, and all banking transactions, including opening and closing investment portfolios; transferring shares between portfolios; opening electronic accounts; dealing in them by withdrawing and depositing, authorizing third parties, and purchasing and selling shares. Each one of them is entitled to hire and fire employees; request visas; recruit manpower from abroad; sign employment contracts; determine employees' salaries and remuneration; request issuance of residence authorization cards (Iqams); transfer and waive sponsorships. Each one of them may appoint agents, attorneys, and consultants for the Company; and issue legal powers of attorney on behalf of the Company. In addition, each one of them may, time and again, authorize or delegate one or more of the Board Directors or the Company's workers to perform certain work(s), and cancel this power of attorney or authorization.

Moreover, the Managing Director shall be vested with the power to perform all management activities necessary to implement the resolutions of the Board of Directors and Shareholders' General Assemblies, as well as other powers as determined or delegated by the Board of Directors.

The Board of Directors shall, at its discretion and under a resolution issued thereby, shall determine the remuneration of each of the Chairman and the Managing Director, as well as the remuneration determined for members of the Board of Directors.

The Board shall appoint a Secretary from the Board or third parties and determine his remuneration. The Secretary shall record minutes of the Board meetings, and resolutions made during such meetings. The Secretary shall keep them in a register, and shall exercise other powers assigned to him by the Board or the Managing Director. Besides, the Board shall determine his remuneration.

The term of the office of the Chairman, the Managing Director and the Secretary, if he is a member of the Board, shall not exceed their respective terms of service as members of the Board and may be reelected and also the Board may dismiss any of them at any time without prejudice to the right of the dismissed to claim compensation, if the dismissal is due to invalid reasons or is carried out in an inappropriate time.

#### Article (23): Invitation to the Board Meetings:

The board of directors shall meet, at least four times a year, at the invitation of its chairman. The invitation shall be served in writing, by post, fax, or email to addresses kept by the Company. The Chairman shall convene the Board if requested to do so by two Directors.

#### Article (24): Quorum of Board Meetings and Resolutions:

A meeting of the Board shall be valid only if at least five (5) directors are present. A director may authorize another director to attend Board meetings on his behalf in accordance with the following controls:

1. A Director may not represent more than one member at any one meeting.
2. The representation regarding a certain meeting shall be recorded.
3. A director acting by proxy may not vote on resolutions on which his principal is prohibited from voting under the law.

Resolutions of the Board shall be adopted by majority vote of the directors present or represented. In case of a tie, the Chairman would have the casting vote.

The Board may adopt its resolutions by having them circulated separately to the Board members, unless a member requests a meeting for deliberations on such a resolution. Such resolutions shall be submitted to the Board in its first meeting.

4. The Board meeting may, under a resolution issued by the Board, be held by shared phone, video or any other modern technical means allowing members to participate in the meeting and in which members can hear each

other clearly. Any member who is unable to attend the meeting due to an acceptable excuse may also participate in the meeting in the same manner with the consent of the Chairman of the meeting and the members present. Participation in the manner indicated in this paragraph shall be deemed as attendance at the meeting in terms of quorum and voting.

**Article (25): Board Deliberations and Minutes:**

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, Board members present or represented and the secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the secretary.

**Article (26): Board Committees:**

The Board of Directors may form committees, whether from members of the Board or others, depending on the needs, circumstances and conditions of the Company, to assist it in performing its duties and managing its affairs in accordance with general procedures set by the Board. The committee duties, regulations of its work and remuneration of its members shall be determined under a resolution issued thereby or as part of a special regulation for each committee approved by the Board of Directors, provided that there are committees concerned with specific tasks in accordance with the relevant laws and regulations issued by the competent authority.

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**PART IV**  
**Shareholders' Assemblies**

**Article (27): Venue of the General Assembly:**

The Shareholders' General Assembly duly convened shall represent all the Shareholders. The venue shall be determined under a resolution issued by the Board.

**Article (28): Attending the General Assembly:**

Every shareholder may attend the shareholders' general assembly meetings. For such purpose, the member may delegate any other board member of company staff to attend the general meeting.

**Article (29): Terms of reference of the Constituent Assembly:**

The Constituent Assembly shall be vested with the matters specified in Article (63) of the Companies Law.

Article (30): Terms of reference of the Ordinary General Assembly:

Except for matters falling within the jurisdiction of the extraordinary general assembly, the ordinary general assembly shall be competent to deal with all other matters related to the company and shall be convened at least once a year within six months following the end of the company's financial year. Other ordinary assembly meetings may be convened where necessary.

Article (31): Terms of Reference of the Extraordinary General Assembly:

An Extraordinary General Assembly of Shareholders shall be competent to amend the provisions of the Company's Bylaw, other than those provisions whose amendment is prohibited by law. Furthermore, an Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the Ordinary General Assembly.

Article (32): Invitation for General Assemblies:

General and special shareholder assemblies shall be convened by virtue of a call made by the Board of Directors in accordance with this Bylaw. The board of directors shall call for an ordinary general assembly, if requested to do so by the auditor, by audit committee or by a number of Shareholders representing at least 5% of the Company's capital. The auditor may invite the general assembly to meet if the board fails to invite the assembly within thirty days from the date of the auditor's request.

The Invitation for the General Assembly meeting and agenda shall, at least twenty-one days prior to the date set for the meeting, be published in a daily newspaper distributed in the locality of the head office of the Company. The invitation shall include the agenda of the meeting. However, it may be sufficient to send the invitation on the set date via Tadawul website. A copy of the invitation and the meeting agenda shall be sent to the Ministry of Commerce and Investment and the Capital Market Authority within the period set for publishing.

Article (33): Record of Assembly Attendance:

Shareholders or their representatives wishing to attend a general or special assemblies shall register their names at the assembly meeting venue before the time set for the assembly meeting as determined by the Company in the assembly meeting invitation announcement.

A statement shall be prepared showing the names of the Shareholders present or represented, and their ID numbers, as well as the number of shares held



by them in person or by proxy and the number of votes to which they are entitled.

**Article (34): Quorum of the Ordinary General Assembly:**

The Ordinary General Assembly shall be valid only if attended by shareholders representing at least half of the Company's capital. If such quorum cannot be attained for the first meeting, one of the following two options shall be selected:

1. The second meeting may be held one hour after the expiry of the period set for holding the first meeting provided that the invitation to the first meeting shall refer to the possibility of holding such meeting.
2. A second meeting shall be held within thirty days after the date specified for the previous meeting. The invitation shall be published in the manner prescribed in Article (32) of the Bylaw.

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

**Article (35): Quorum of the Extraordinary General Assembly:**

The Extraordinary General Assembly shall be valid only if attended by shareholders representing at least half of the Company's capital. If such quorum cannot be attained in the first meeting, one of the following two options shall be selected:

1. The second meeting may be held one hour after the expiry of the period set for holding the first meeting provided that the invitation to the first meeting shall refer to the possibility of holding such meeting.
2. A second meeting shall be held in the manner prescribed in Article (32) of this Bylaw.

In all cases, the second meeting shall be valid regardless if attended by a number of shareholders representing the quarter of the company capital. If the necessary quorum is not present at the second meeting, an invitation shall be served for a third meeting with the same requirements provided for in the Article (32) of this Bylaw. The third meeting shall be considered as duly convened regardless of the number of shares represented therein after obtaining approval of the competent authority.

**Article (36): Voting in General Assemblies:**

1. Each shareholder shall have a vote for each share in general assembly meetings. The cumulative voting shall be used in the election of the board of directors so that the voting right of a share may not be used more than one time.
2. The directors may not vote on resolutions of the assembly which pertain to their relief from liability in respect of management of the Company.



3. The board members may not participate in the voting on resolutions pertaining to their direct or indirect interest.

**Article (37): General Assembly Resolutions:**

1. Resolutions of the Extraordinary General Assembly shall be adopted by an absolute majority of the Shares represented in the meeting.
2. Resolutions of the Extraordinary General Assembly shall be passed by the majority of two thirds of the shares represented in the meeting unless the resolution is related to the increase or decrease of capital, extension of the Company's term, its dissolution before its term set in the articles of association or its merger with another company, then the resolution shall not be valid unless with the majority of three quarters of the shares represented in the meeting.

**Article (38): Deliberations in Meetings:**

Each shareholder shall have the right to discuss the items listed in the Assembly's agenda and to direct questions to the members of the Board of Directors and the Auditor in relation to such matters. The directors or the auditor shall answer shareholders' questions to such an extent as would not jeopardize the company's interests. If the shareholder deems the answer to the question unsatisfactory, then he/she may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

**Article (39): Presiding Meetings and Minutes of Meetings:**

The shareholders' general meetings shall be headed by the board chairman, the deputy chairman in case of the latter's absence or by the member seconded by the board for presiding the assembly meeting in case of absence of the Chairman and deputy Chairman.

The Chairman shall appoint the meeting's secretary and a vote counter and prepares a list indicating numbers of the present shareholders, their representatives, the number of shares they own, or by proxy, the number of votes allocated for them, the resolutions that have been adopted and the number of votes agreeing or disagreeing, and a summary of the discussions that took place during the meeting. Following every meeting, the minutes shall be regularly entered in a special book, which shall be signed by the chairman, the secretary, and the canvasser.

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**PART V**  
**Audit Committee**

**Article (40): Formation of the Committee:**

The Audit committee shall be formed from at least three (3) and maximum (5) five non-executive directors whether from shareholders or others under a resolution adopted by ordinary general assembly. Such resolution shall include the committee's duties, responsibilities, and remunerations of its members.

**Article (41): Committee Meeting Quorum:**

The meeting of the Audit committee shall be valid if attended by majority of its members. Resolutions shall be adopted by majority of votes of the present members. In the event of a tie, the chairman thereof shall have the casting vote.

**Article (42): Committees Competencies:**

The audit committee shall be in charge of controlling the Company's businesses. For this purpose, it may access the company records and documents and may request any explanation or statement from the board members or the executive management. The Committee may also ask the board to invite the General Assembly of the Company to convene if the board prevents it from discharging its duties or if the Company incurs gross damages or losses.

**Article (43): Committee's Reports:**

The Audit committee shall consider the company's financial statements, reports and notes submitted by the auditor with providing its opinions concerning them, if any. In addition, it shall prepare a report concerning its opinion on the adequacy and efficiency of the company's internal control system along with other businesses within its scope of work. The Board of Directors shall place sufficient reports in the Company's Head Office at least twenty-one days prior to the date set for convening the ordinary general assembly in order to provide the shareholders with a copy thereof. The report shall be read at the Assembly meeting.

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**PART VI**  
**Auditor**

**Article (44): Appointment of the Auditor:**

The Company shall have one or more auditor from the auditors licensed to work in the Kingdom to be appointed by the ordinary general assembly which shall set his remuneration and term and may reappoint him provided that the aggregate term of the auditor shall not exceed uninterrupted five years. An auditor whose term of office has expired may be reappointed after

two financial years of the Company. The assembly may also change the auditor at any time without prejudice to his right to indemnification if such change takes place at improper time or for illegal reason.

**Article (45): Powers of the Auditor:**

The auditor shall at any time have access to the Company's books, records and other documents. He shall be entitled to request such details and clarifications as he may deem it necessary to obtain, and to verify the Company's assets, liabilities and others that are within the scope of his/her work. The Chairman of the Board of Directors shall enable the auditor to perform his/her duty. If the auditor encounters any difficulty in this respect, he/she shall state that fact in a report to be submitted to the Board of Directors. If the Board fails to facilitate his/her task, the auditor shall request the Board to call for ordinary general assembly to look into the matter.

**Article (46): Annual Report of the Auditor:**

The auditor shall submit a report to the annual ordinary general assembly prepared in accordance with generally accepted auditing standards wherein he states the attitude of the company's management as to enabling him to obtain the details and clarifications requested by him, any violations of the provisions of the Companies Law or of the Company's bylaw he may have discovered, and how fair the Company's financial statements are. The auditor's report shall be read at the general meeting. If the assembly resolves to vote on the board of directors' report without hearing the auditor's report, its resolution shall be considered null and void.

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**PART VII**  
**Company's Accounts and Distribution of Profits**

**Article (47): The Company's Financial Year:**

The Company's financial year shall commence on the first of January and shall expire at the end of December of each calendar year.

**Article (48): Financial Documents:**

1. At the end of each financial year, the Company's Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended financial 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 days prior to the date set for convening the General Assembly.

2. The Company's Board Chairman, CEO and finance manager must sign the documents referred to in the paragraph (1) of the present article, and a copy of such documents shall be kept at the Company's headquarters at the shareholders' disposition at least twenty-one days prior to the date of the general assembly meeting.
3. The Board Chairman must provide the shareholders with the company financial statements, board report and the auditor's report unless they are published in a daily newspaper distributed at the company headquarters and must send a copy of such documents to the Ministry of Commerce and Investment and the Capital Market Authority (CMA) at least fifteen days prior to the date of the General Assembly meeting.

#### Article (49): Distribution of Profits:

After deducting all general expenses and other costs and after setting aside statutory reserve and other reserves, the Company's annual net profits shall be allocated as follows:

1. Ten (10%) of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the Ordinary General Assembly when the statutory reserve amounts to 30% of the paid-up capital.
2. The Ordinary General Assembly may, upon request of the Board of Directors, set aside a percentage not exceeding (10%) of the annual net profits not to exceed 10% to form an additional reserve to be allocated towards one or more specific purposes.
3. The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends – so far as possible – to the Shareholders. The said Assembly may also withhold certain amounts from the net profits for establishing social organizations for the Company's employees, or for supporting any such existing organizations.
4. Upon the proposal of the Board of Directors, the Ordinary General Assembly may distribute a percentage of no less than (5%) of the Company's paid-up capital to the shareholders.
5. Without prejudice to the provisions of Article (21) (Remuneration of the Board Members) of this Bylaw as well as Article (76) of the Companies Law, following the distribution of the foregoing, a percentage of more than (10%) of the remaining shall be allocated to the remuneration of the Board of Directors, provided that the entitlement for such remuneration shall be proportional to the number of meetings attended by the member.

The Company may also distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling regulatory requirements in this regard.

### Article (50): Entitlement to Dividends and Timing of Payment:

1. A shareholder shall be entitled to his/her dividend share in accordance with the General Assembly's resolution passed in this respect, and such resolution shall state the date of entitlement and date distribution. Shareholders who are registered in the shareholders register at the end of due day shall have the priority over profits.
2. Dividends to be distributed to shareholders shall be paid during the term determined by the competent authority from the entitlement date of such dividends set out in the General Assembly resolution or in the Board Resolution to distribute interim dividends.

### Article (51): Distribution of Preferred Shares Profit:

1. In case no dividends are distributed for any financial year, dividends shall not be distributed for the coming years until after the payment of the percentage stated above in Article (114) of the companies law to holders of preference shares for this year.
2. If the Company fails to pay this percentage out of the profits for three consecutive years in accordance with the provisions of Article (114) of the companies law, the special assembly of shareholders convening in accordance with the provisions of Article (89) of the companies law may resolve that they either attend the Company's General Assemblies and vote or delegate representatives on their behalf to the board of directors in proportion to the percentage of their shares in the capital until the company is able to pay in full all priority profits prescribed for these shareholders for the previous years.

### Article (52): Losses of the Company:

1. If the losses of a joint stock company total half of its paid-up capital at any time during the financial year, any of the company's officers or auditors must, upon knowledge of such losses, inform the Chairperson. The chairperson shall, immediately, inform the board of directors of such losses, and the board shall call for an extraordinary general assembly meeting within forty-five days as of the date wherein the chairperson has been informed. Such meeting shall be held to consider whether the company's capital is to be increased or decreased - in accordance with the provisions of the Companies Law - to cause the losses to be less than half of the paid-up capital, or whether the company is to be dissolved before the expiry of the term specified in this Bylaw or in the Companies Law.
2. A company shall, by virtue of the Companies law, be deemed dissolved if the General Assembly meeting is not held within the defined period specified in Para. (1) of this Article, if the meeting is held but fails to

reach a resolution for such issue, or if the meeting resolves to increase the company's capital in accordance with the conditions stipulated in this Article and the increase was not fully subscribed for within ninety days from such resolution.

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## **PART VIII** **Disputes**

### **Article (53): Liability Legal Action:**

Each shareholder shall have the right to file a liability claim, vested in the company, against the members of the board if they have committed a fault which has caused some particular damage to such shareholder. However, the shareholder may file such claim only if the Company's right to file such claim is still valid. The shareholder shall notify the Company of his/its intention to file such action.

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## **PART IX** **Dissolution and Liquidation of the Company**

### **Article (57): Expiry of the Company:**

Upon its expiry, the Company shall enter into liquidation while retaining its legal personality to the extent required for the wind up. The decision for voluntary liquidation shall be issued by the Extraordinary General Assembly, and must include the appointment of a liquidator and specify his/her powers, fees, restrictions thereon and the period required for the liquidation process. The period of voluntary liquidation shall not exceed five years, and may be extended only by a judicial order. The powers of the Board of Directors shall expire upon the dissolution of the company. However, they shall continue to manage the company and shall be deemed by third parties as liquidators until a liquidator has been appointed. The Shareholders General Assembly shall, during the liquidation period, continue to exercise its powers to the extent that they do not interfere with the powers of the liquidator.

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## **PART X** **Final Provisions**

Article (55):

The Companies Law and Regulations thereof shall apply to all other matters not specifically provided for in this Bylaw.

Article (56):

This Bylaw shall be presented and published in accordance with Companies Law and Regulations thereof.

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