

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ





Knowledge Economic City
A Publicly Listed Saudi Joint Stock Company
Bylaw

(Part One)
COMPANY INCORPORATION

ARTICLE (1) COMPANY INCORPORATION:

A Saudi joint stock company shall be established in accordance with the provisions of this bylaws and the provisions of the Companies Law, and its regulations based on the following provisions:

ARTICLE (2) THE NAME OF THE COMPANY:

Knowledge Economic City Company (a Publicly Listed Saudi Joint Stock Company).

Article (3) THE PURPOSE OF THE COMPANY:

- 1-Real estate development, reclaimed land and other land in the economic cities or elsewhere for mixed use or other development, including infrastructure, telecommunication networks, water and electricity, water purification plants and other works related to the development of economic cities.
- 2-Promotion, marketing and sale of real estate, buildings and plots of land for development services or to sell it to others.
- 3-Sell the rights of exploitation and use of land for development by others and sale and marketing of the right of usufruct of real estate and housing units.
- 4-Land lease and undertake the development, rental of buildings and housing units, building of facilities on land for others and development of economic cities.
- 5-To undertake the management and operation of services and the provision of telecommunications networks, internet and information centers, education and training and value-added services for visual communication networks and other support services.
- 6-To manage and operate the networks infrastructure services and management of public utilities and other aids industry knowledge and support services.
- 7-To provide the management services for the cities, hygiene, management and operation of water, electricity and telecommunications services.
- 8-To obtain, own, possess, sell, rent, mortgage, rental and management and act in any other form in all the property mentioned, whether movable or fixed assets (to the extent permitted by statute) as necessary to achieve the purposes of the company.
- 9-To buy or possess and establishment of offices, workshops, factories, equipment and any other necessary or required things for the company's business.



- 10-To manage the housing services, tourism projects, resorts, hotels and furnished apartments.
- 11-Management and establishment of knowledge and educational projects, software development, establishment and management of scientific research centers, universities, colleges, institutes and academies.
- 12-The commercial agencies in the field of business and purposes of the company, after registration in the register of commercial agents.
- 13-Organizing exhibitions, conferences and e-commerce and engineering and management consultancy.

The company shall carry out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities.

ARTICLE (4) MERGERS AND ACQUISITION WITH COMPANIES

The company may establish, on its own, limited liability or closed joint stock companies in accordance with the Companies Law. It may also own shares or stake in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions. It may also dispose these shares or stake, provided that this does not include brokerage in their trading.

ARTICLE (5) Company Head Office :

The Company's principal place of business is located in Al-Madinah Al-Munawwarah. However, the Board of Directors may establish branches, offices, or agencies for the Company within the Kingdom of Saudi Arabia or abroad

ARTICLE (6) THE TERM OF THE COMPANY

The term of the Company shall be ninety-nine Gregorian years, starting from the date of the commercial registration. The term of the Company may at any time be prolonged by virtue of a resolution adopted by the extraordinary General Assembly, at least one year prior to the termination of the term thereof.

(Part two) CAPITAL AND SHARES

ARTICLE (7) CAPITAL OF THE COMPANY:

The Company's capital shall be (SR 3.393.000.000) (Three Billion Three Hundred and Ninety-Three Million Saudi Riyal) divided into (339.300.000) (Three Hundred and Thirty-Nine Million Three Hundred Thousand) shares in cash and in kind of equal value. The nominal value for each share (10) Ten Saudi Riyal out of them (239.300.000) (Two Hundred and Thirty-Nine Million Three Hundred Thousand) shares paid for in cash and (100,000,000) (One Hundred Million) shares in return for shares in kind.



Article (8) SUBSCRIBING TO SHARES:

The founders have subscribed to shares of the Company which equal to (237,300,000) (Two Hundred and Thirty-Seven Million Three Hundred Thousand) shares, out of them (100,000,000) (One Hundred Million) shares in kind and the number of (137,300,000) (One Hundred and Seven Million Three Hundred Thousand) shares paid for in cash and they fulfill the full cash value of the shares, was deposited full value of the (1,373,000,000) (One Billion Three Hundred and Seventy-Three Million Saudi Riyal) on behalf of the company under incorporation. The remaining amount of the capital which equal to (1,020,000,000) (One Billion and Twenty Million Saudi Riyal) will be put for public subscription within thirty days from the date of publication of the ministerial resolution establishing the company, and as follows:

Sr	Shareholder	The number of shares		The value of share in SR	Value in SR
		In kind	Cash		
1	King Abdullah bin Abdulaziz Foundation for His Parents for Housing Development.	100,000,000	0	10	1000,000,000
2	Knowledge Economic City Developer Company	0	83,000,000	10	830,000,000
3	Savola Group Company	0	21,720,000	10	217,200,000
4	Project Management Development Real Estate Company	0	13,575,000	10	135,750,000
5	Taiba Investment Company	0	10,860,000	10	108,600,000
6	Rubaia International Real Estate Development Company	0	5,430,000	10	54,300,000
7	Ebla Real Estate Development Company	0	2,715,000	10	27,150,000
	Total	100,000,000	137,300,000	10	2,373,000,000

Shares in kind are two piece of land represents the contribution of King Abdullah bin Abdulaziz Foundation for His Parents for Housing Development. Under title deed No. 33/1/3 issued by notary public in Al-Madinah Al-Munawwarah dated 21/03/1428H.

ARTICLE (9) THE COMPANY REPURCHASE, SALE AND PLEDGE ITS SHARES:

- a) The company may repurchase its ordinary or preferred shares and treasury shares and sell treasury shares in accordance with the controls set by the competent authorities. The company may also repurchase its shares in order to allocate them to the company's employees in accordance with the rules and regulations issued by the competent authorities.
- b) Shares may be pledged according to regulations set by the Capital Market Authority. The pledge creditor shall receive profits and use share-related rights, unless the pledge contract stipulates otherwise. The pledge creditor may not attend meetings of the shareholder general assembly nor vote therein.



ARTICLE (10) COMPANY PREFERRED SHARES:

The extraordinary general assembly of the company may, in accordance with the company's bylaws and rules set by the Competent Authority, issue preferred shares, repurchase such shares, or convert ordinary shares into preferred shares not exceeding 10% of the company's capital or convert preferred shares into ordinary shares. Preferred shares shall have no voting rights in shareholder general assemblies. Holders of preferred shares shall be entitled to a higher percentage of the company's net profit than holders of ordinary shares, after setting aside statutory reserve.

ARTICLE (11) SALE OF PARTIALLY PAID-UP SHARES:

A shareholder shall pay the value of the share on designated dates. If he fails to do so, the board of directors may, after notifying him by publication in the official newspaper, company's website, stock exchange website, or by registered mail, sell the share at a public auction or in the capital market, as the case may be, in accordance with rules set by the Competent Authority. The company shall receive the amounts due thereto from the sale proceeds and shall return any remaining amount to the shareholder. If the sale proceeds are insufficient to satisfy the due amounts, the company may satisfy such amounts from the shareholder. A shareholder in default up to the sale date may pay the due amount, in addition to any related expenses incurred by the company. The company shall cancel the share sold in accordance with the provisions of this Article and shall give the purchaser a new share carrying the number of the cancelled share. The sale shall be entered into the share register along with the name of the new holder.

ARTICLE (12) ISSUANCE OF COMPANY SHARES:

The shares of the company shall be nominal and may not be issued for less than their nominal value, but they may be issued for a higher value. In such case, the difference in value shall be added in a separate item as part of equity and may not be distributed as dividends to shareholders. The share is indivisible vis-a-vis the company. If a share is owned by multiple persons, they shall select one of them to represent them in the use of rights related thereto. Such persons shall be jointly liable for obligations arising from ownership of said share.

ARTICLE (13): SHARE TRADING:

Shares subscribed by incorporators may not be tradable except upon publication of the financial statements for two fiscal years, each is not less than twelve months, as from the date of the company's incorporation. The certificates of such shares shall be marked with an indication of their type, date of the company's incorporation and restriction period for trading. During the restriction period, ownership of shares owned by an incorporator may be transferred to another incorporator in accordance with the provisions governing the sale of rights, or from the heirs of one of the incorporators, in the event of his death, to others, or in case of enforcement against the property of an insolvent or bankrupt incorporator, without prejudice to other



incorporators' right of first refusal. The provisions of this Article shall apply to shares subscribed by incorporators in case of capital increase prior to expiration of the restriction period.

ARTICLE (14) SHARES REGISTER:

Company shares shall be traded in accordance with the provisions of the Capital Market Law.

ARTICLE (15) CAPITAL INCREASE:

- 1- The extraordinary general assembly may decide to increase the company's capital, provided that the capital was fully paid. The capital does not have to be paid in full if the unpaid portion of the capital relates to shares issued against conversion of debt instruments or sukuk into shares and the period prescribed for conversion has not yet expired.
- 2- In all cases, the extraordinary general assembly may, upon increasing capital, allocate issued shares or part thereof to the company's employees or any of its subsidiaries. Shareholders may not exercise preemptive rights when the company issues shares allocated for employees.
- 3- A shareholder shall, upon issuance of the decision of the general assembly approving capital increase, have a preemptive right to subscribe to new shares issued against cash contributions. Such shareholders shall be notified of such right by publication in a daily newspaper, company website or other mean specified by competent authority of the decision of capital increase, conditions and period of subscription as well as beginning and ending dates.
- 4- The extraordinary general assembly have the right to suspend shareholders' preemptive rights to subscribe to the capital increase against cash contributions or give such rights to non-shareholders in cases it deems beneficial for the company.
- 5- Shareholders shall be entitled to sell or assign the preemptive rights during the period from the time of issuing the decision of the general assembly approving the capital increase up to the last day of subscription in the newly issued shares associated with such rights, in accordance with rules set by the Competent Authority.
- 6- Without prejudice to paragraph number (4) above, newly issued shares shall be distributed to holders of preemptive rights requesting subscription, proportionate with preemptive rights they have against the total preemptive rights resulting from capital increase, provided that the newly issued shares they obtain do not exceed the shares they request. The remaining new shares shall be distributed to holders of preemptive rights requesting more than their share, proportionate with preemptive rights they have against the total preemptive rights resulting from capital increase, provided that the newly issued shares they obtain do not exceed the shares they request. The remaining shares shall be offered to third parties, unless otherwise stipulated in an extraordinary general assembly resolution or in the Capital Market Law.



ARTICLE (16) CAPITAL REDUCTION:

The extraordinary general assembly may decide to decrease the capital if it is in excess of the need of the company or if the company incurs losses. In the latter case only, the capital may be decreased below the limit set forth in Article 54 of the Law. The decision to decrease the capital shall not be issued until after reading the auditor's report regarding the grounds for such decrease, the company's liabilities and effect of decrease on such liabilities.

If the capital decrease is due to its being in excess of the company's need, the creditors shall be called to submit their objections thereto within 60 days from the date of publishing the decision of capital decrease in a daily newspaper distributed in the area where the company's head office is located. If a creditor objects and presents his documents to the company within said period, the company shall pay the debt owed to him if it is due or provide sufficient guarantee if the debt is not yet due.

ARTICLE (17) BOND INSTRUMENTS & SUKUM ISSUANCE:

The Company, in accordance with the applicable regulations, shall issue any type of bond instruments or sukuk.

(Part Three) Company Management

Article (18) The Board of Directors:

The management of the Company shall be undertaken by a Board of Directors composed of eleven members (11) appointed by the ordinary General Assembly for a period not more than three years (3).

As an exception to the above rule, the term of the first Board of Directors shall be five years starting from the date of the Ministerial Resolution incorporating of the company from the following Directors in the board:

1	HRH Prince Khalid bin Abdullah bin Abdulziz Al Saud	Member
2	HE. MR. Ibrahim Abdul Rahman Al Tasan	Member
3	HE. Dr. Yousuf Ahmad Alothaimen	Member
4	HE. Eng. Abdulaziz Abdulrahman Al Husayin	Member
5	Dr. Sami Mohsen Baroum	Member
6	Dr. Majed Abdullah Al Qasabi	Member
7	Eng. Adel Abdulmohsen Almandil	Member
8	Mr. Saleh Mohammad Binladen	Member
9	Mr. Adel Mohammad Alzaid	Member
10	Eng. Tahir Mohammad Bawazir	Member
11	Dr. Abdullah Mohammad Ali Telmesani	Member



ARTICLE (19) EXPIRY OF BOARD OF DIRECTORS MEMBERSHIP:

Membership of a director in the board expires upon the expiry of his appointed term or by the expiration of his membership in accordance with any applicable law in the Kingdom of Saudi Arabia. The general assembly may, at any time, remove all or some of the members, without prejudice to the right of the removed member to claim compensation from the company if the removal is made without acceptable justification or at an inappropriate time. A board member may resign, provided that such resignation is made at an appropriate time. Otherwise, he shall be liable towards the company for damages caused by such resignation.

ARTICLE (20): VACANT SEAT IN THE BOARD OF DIRECTORS:

If the position of a board member becomes vacant, the board of directors may appoint a member to temporarily fill the vacancy, provided that such member is a competent person. Such appointment shall be reported to the Ministry of Commerce and Investment and the Capital Market Authority - CMA within five working days from the date of appointment. The appointment shall be referred to the ordinary general assembly in its first meeting. The new member shall complete the term of his predecessor.

If the board of directors fails to convene due to not satisfying the minimum number of members as prescribed in the Law or this bylaw, the existing members shall call for an ordinary general assembly meeting within 60 days in order to elect the required number of members.

ARTICLE (21) AUTHORITY OF THE BOARD OF DIRECTORS:

a-Taking into account the competences prescribed for the General Assembly, the Board of Directors shall have the broadest powers in managing the company in order to achieve its objectives and handle its affairs inside and outside the Kingdom of Saudi Arabia. It may also, within the limits of its competence, delegate one or more of its members or third parties to carry out certain work or businesses. The board of directors may, for example, but not be limited to, represent the company in its relations with third parties, government and private agencies, notaries, labor offices, civil affairs departments, police departments, chambers of commerce and industry, private bodies and companies, and receive company dues.

The Board also has the right to sign all types of contracts and documents, including without limitation, the articles of associations of the companies in which the company participates and their amendments, the increase and decrease of capital, amendment decisions to purchases, sell and dissolve stocks and shares, sign agreements and sukuk before notaries and official bodies, as well as loan and guarantee agreements and waiver of preemptive rights in repaying the company's debts, issuing legal proxies on behalf of the company, selling, buying and disposing of the company's real estate, assets and property, provided that the minutes of the board of directors meetings include the reasons for its decision (the reasons for the sale and justifications, that the sale is close to the price of the same, and that the sale is



immediate except in cases set by the board and with sufficient guarantees and that the sale does not result in the suspension of some of the company's activities and negatively conflict with other obligations). The board has the right to transfer deeds to and from the company, rent, lease, pay and collect, open accounts and guarantee letters and credit lines, withdraw and deposit to company bank accounts, issue bank guarantees and sign all papers, documents, cheques and all banking transactions. It also has the right to appoint and terminate employees and workers, request visas, recruit new manpower from outside the Kingdom, get into contracts with them, determine their salaries, issue residence permits, transfer and sponsorships, and the board may, within the limits of its competence, entrust one or more of its members or third parties to carry out some of its work.

b- The board of directors may enter into loan agreements with government financing funds and institutions, regardless of their agreement duration, and may sign other commercial loans, regardless of their duration.

c- The Board of Directors shall, in the cases it deems, have the right to discharge the company's debtors from their obligations in accordance that serves company's interest, provided that the Board of Directors' minutes of meetings indicates the rationale for such decision taken into consideration following conditions:

- 1) The release must be at least one full year after the debt establishment.
- 2) The release shall be for a specified maximum amount per year for one debtor.
- 3) Discharge is a right of the board that may not be delegated.

d- The Board of Directors shall also have the right to carry out all acts and actions that would achieve the objectives of the company, including but not limited to:

A- Approve the strategic directions and main objectives of the company and supervising their implementation, including:

- 1- Setting, reviewing and directing the company's overall strategy, main objectives, business plans and risk management policy.
- 2- Determining the optimal capital structure for the company, its strategy and financial objectives, and approving annual budgets.
- 3- Supervising main capital expenditures of the company and acquiring and disposing of assets for the benefit of the company.
- 4- Review the performance objectives and monitor the implementation and overall performance of the company.
- 5- Periodic review and approval of the organizational and functional structures of the company.

b- Setting systems and controls for internal control and supervising them, including:

- 1- Ensuring the implementation of policies for regulating conflict of interest and addressing potential conflict situations for members of the Board of Directors, executive management, shareholders and employees, including misuse of the company's assets and facilities and conflicts resulting from transactions by related parties.
- 2- Ensuring the integrity of the financial and accounting systems, including those related to the preparation of financial reports.
- 3- Ensuring the application of appropriate control systems to manage risks, by



defining the risks that the company may face and presenting them with transparency.

4- Annual review of the effectiveness of the company's internal control procedures.

c- Ensuring the implementation of the policies that regulate the relationship with stakeholders in order to protect them and their rights, with this policy covers - in particular - the following:

1- Mechanisms for compensating stakeholders for violating their preserved rights by regulations and contracts.

2- Mechanisms for settling complaints or disputes that may arise between the company and stakeholders.

3- Appropriate mechanisms for establishing good relations with customers and suppliers and maintaining the confidentiality of information related to them.

4- The rules of code of conduct for the directors and employees of the company to comply with professional and ethical standards and to regulate the relationship between them and stakeholders, provided that the Board of Directors establish mechanisms to monitor the implementation of these rules and adherence to them.

5- The company's contribution social responsibility.

e- Ensuring the implementation of policies and procedures that ensure the company's adherence to laws and regulations and its commitment to disclosing material information to shareholders, creditors and other stakeholders.

f- Enabling the company's employees to share and communicate information indicating the existence of illegal or ethical practices in the company's work that may negatively affect the interests and reputation of the company.

g- The Board of Directors may form committees to assist it in fulfilling its obligations and carrying out its duties in managing and supervising the operations of the company, each according to its competence and duration. Other committees are also formed in accordance with the regulations and executive regulations of the Capital Market Authority and decided by the competent authorities.

h: The board may also form an executive committee to help it performing the tasks assigned to it in order to ensure the smooth running of the company's operations and to help it set the main strategic objectives of the company and its investment strategy. The committee shall have the competencies and powers of the board of directors in performing and approving the activities assigned to it by the board.

i. Establishing endowments, participating in what may exist, determining the endowment's investments and spending, appointing and terminating their trustee members, and determining their powers.

ARTICLE (22) THE REMUNERATION OF MEMBERS OF BOARD OF DIRECTORS:

a) Board Members Remuneration

1-The board members remuneration may take the form of a fixed amount, a certain amount per meeting attended, in-kind benefits, a percentage of the net profit, or a combination thereof. In all cases, the total amount of remuneration received by a member, whether financial or otherwise, shall not exceed the amount prescribed by



the Competent Authority. The board report submitted to the ordinary general assembly shall include a detailed statement of all amounts received by board members during the fiscal year, including remuneration, expenses and other benefits. The report shall also include amounts received by board members in their capacity as employees or executives, or in consideration of technical, administrative or consultative services. It shall also include a statement of the number of board meetings and number of meetings attended by each member from the date of the last general assembly meeting.

2- If board members' remuneration is a percentage of the profit, it shall consider the paragraph (2) of article (76) of Company Law and article (48) of this Bylaw provided that total annual remuneration received by a board member whether financial or non-financial doesn't exceed SAR500,000 in accordance with rules prescribed by the Competent Authority. Taking into account that the remuneration of the independent board members should not be a percentage of the company profit or based directly or indirectly on the profitability of the company.

The Board of Directors determines the committees' remunerations, meeting attendance allowances and other entitlements based on a policy approved by the Board of Directors per the Nomination Remuneration Committee's recommendation. Disbursement of such remuneration should be based on the policy approved by the Board, with the exception of the Audit Committee membership remuneration which is determined by the General Assembly based on a recommendation from the Board of Directors.

ARTICLE (23) CHAIRMAN OF THE BOARD OF DIRECTORS, VICE PRESIDENT, MANAGING DIRECTOR AND SECRETARY:

The Board of Directors shall appoint from among its members a Chairman and a Vice Chairman. It may also appoint a managing director from among its members. Company bylaw does not permit to combine the position of the Chairman of the Board of Directors with any other executive position in the company. The Chairman of the Board is responsible for representing the company in its relations with others, governmental and private agencies, before courts, judicial bodies, board of grievances, notaries, labor offices, supreme and primary committees, commercial committees, the General Investment Authority, all other judicial committees, higher and primary bodies, financial securities committees, and all other judicial committees and arbitration bodies, civil directorates, police departments, chambers of commerce and industry, private sector, companies and institutions of all kinds, litigation, clearance, reconciliation, acceptance and denial of judgments, approval of arbitration, appointment of arbitrators on behalf of the company, requesting and opposing judgments, entering into tenders, collecting, settling, paying, acknowledging, claiming, clearing and acceptance and objection to judgments. He also has the right to sign all types of contracts, documents, including without limitation the articles of



association of the companies in which the company participates and their amendments, whatever they may be, increasing or decreasing its capital or modifying its activities or any other amendments, and assigning others to attend the meetings of the general assembly of companies in which the company contributes and vote on its agenda on behalf of the company, and has the right to sign agreements before notaries and official bodies, as well as sign loan agreements, guarantees and bonds, follow-up transactions, collect the company's rights, pay its dues, sell, buy, transfer, accept, receive, deliver, rent, lease, receive, pay, open, manage, operate and close bank accounts and investment, issuing checks, credits, commercial documents, withdrawals and deposits, issuing all guarantees, bills and mortgages, issuing bonds and other commercial documents, and carrying out all business and activities, and other affairs help in achieving company objectives. He is also entitled to buy stake and shares in other companies, assign them and sell them to others. He also has the right to appoint employees and workers, terminate them and determine their salaries. He may appoint agents and lawyers for the company and may delegate one of the members of the board or a third party to carry out certain work or works, in addition to other powers determined by the board of directors, and he has the right to delegate others to represent and defend the company. The board of directors appoints a secretary to the board from among its members or others, and the chairman determines the mandate and remuneration of the secretary. The membership term of the board chairman, vice chairman and the secretary-board-member shall not exceed the term of their membership in the Board which appointed them, and they may be re-elected, and the Board may terminate them or any of them at any time without prejudice to the right of those dismissed for compensation if the termination occurred in an inappropriate time or was not due to justifiable reasons. The Board of Directors shall determine by a decision thereof the remuneration to be made to the Chairman of the Board of Directors, his deputy, and the Managing Director, in addition to the remuneration prescribed for members of the Board of Directors.

The vice-chairman of the board shall represent the chairman of the board in his absence.

The managing director, if appointed, shall be responsible for the powers determined for him by the Board of Directors.

ARTICLE (24) THE BOARD OF DIRECTORS MEETINGS

The Board shall convene at least twice a year upon a call of its chairman made by mail, electronic mail or fax. The chairman shall call for a Board meeting upon the request of two members.

ARTICLE (25): THE QUORUM OF MEETINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS:

A Board meeting shall not be valid unless attended by at least (6) members, provided that the number of attending members is not less than 3 among them is the Board Chairman or another member delegated by the Chairman in case of Chairman



absence.

In the event that a member of the Board of Directors delegates another member to attend the Board meeting, the delegation must be in accordance with the following rules:

1. The member of the Board is not allowed to be authorized by more than one member to attend the same meeting.
2. The delegation should be in writing for a particular meeting.
3. The delegated board member shall not participate (in his capacity as a delegate) in voting on resolutions are not allowed by competent law for the delegating member to vote in.

The Board may issue resolutions by circulation unless a member requests in writing that the Board convenes for deliberation. Such resolutions shall be presented to the Board at the following meeting.

Board resolutions shall be passed by a majority vote of attending or represented members with minimum 5 votes in favor. In case of a tie, the meeting chairman shall have the casting vote.

ARTICLE (26) MINUTES OF MEETINGS:

Board deliberations and resolutions shall be recorded in minutes signed by the chairman, attending members and secretary. Such minutes shall be entered in a special register signed by the chairman and secretary.

(Part Four)

SHAREHOLDERS ASSEMBLIES

ARTICLE (27) ATTENDING OF ASSEMBLIES

A subscriber shall have the right to attend the incorporation assembly meeting regardless of the number of his shares. Each shareholder shall have the right to attend meetings of the shareholder general assembly. Shareholder general assembly meetings, shareholder's participation therein and voting on its resolutions may be done by means of modern technology, in accordance with rules set by the Competent Authority.

A shareholder may assign another person other than a board member or a company's employee to attend the general assembly meeting. The assignee may accept more than proxy without limits to the number of shares he represents. Such proxy should be in accordance with the regulation set by competent authority .

This bylaw, and regulations set by competent authorities reserve the rights pertaining to the share for all shareholders regardless the type of the share they own of the same category to exercise all the rights controls to their shares including voting rights, the rights to receive dividends, control them and receive part of the company's assets upon liquidation.



ARTICLE (28) THE INCORPORATING GENERAL ASSEMBLY OF THE COMPANY

Incorporators shall call all subscribers to an incorporation assembly meeting, to be held within 45 days from the date of closing subscription in the shares. The meeting shall be valid only if attended by a number of subscribers representing at least one half of the company's capital. Each subscriber shall have one vote in shareholder assemblies for every share he subscribed to, or he represents.

ARTICLE (29) THE POWER OF INCORPORATION ASSEMBLY

The incorporating General Assembly shall look into the matters stipulated in Article (63) of the Company Law.

ARTICLE (30) THE POWER OF ORDINARY GENERAL ASSEMBLY

Except for matters within the powers of the extraordinary general assembly, the ordinary general assembly shall have powers over all other company matters and shall convene at least once a year within six months following the end of the company's fiscal year. The ordinary general assembly may, however, convene when necessary.

ARTICLE (31) THE EXTRAORDINARY GENERAL ASSEMBLY

The extraordinary general assembly shall have the powers to amend the company's articles of association, except the articles prohibited to amend by law. The extraordinary general assembly may, in addition to its powers, issue resolutions on matters within the powers of the ordinary general assembly with the same terms and conditions prescribed for the latter.

ARTICLE (32) CALL FOR THE GENERAL ASSEMBLY

The general or special assemblies of shareholders shall convene pursuant to a call by the board of directors. The board of directors shall call for an ordinary general assembly meeting if so, requested by the auditor, the audit committee or by a number of shareholders representing at least 5% of the capital. The auditor may call for a general assembly meeting if the Board fails to do so within 30 days from the date of the auditor's request.

The call for the general assembly meeting shall be published on Stock Exchange website, Company's website and in a daily newspaper distributed in the region where the head office of the company is located, at least 21 days prior to the date set for the meeting. A copy of the call together with the agenda shall be sent to the competent authorities, within the period specified for publication.

ARTICLE (33) GENERAL ASSEMBLY ATTENDANCE REGISTER

Shareholders desiring to attend a general assembly meeting shall register their names at the head office of the company prior to the time set for such meeting.



ARTICLE (34) QUORUM FOR ORDINARY GENERAL ASSEMBLY

The ordinary general assembly meeting shall be valid only if attended by shareholders representing at least 25% of the company's capital. If the quorum necessary for an ordinary general assembly first meeting is not obtained a second meeting may be held one hour after the end of the period set for the first meeting, if the call for the first meeting provides for the possibility of holding a second meeting, otherwise a call shall be sent for a second meeting to be held within 30 days following the first meeting. This call shall be published in the manner prescribed in Article (32) of this bylaw. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

ARTICLE (35): QUORUM FOR THE EXTRAORDINARY GENERAL ASSEMBLY

An extraordinary general assembly meeting shall be valid only if attended by shareholders representing at least 50% of the company's capital. If the quorum necessary for an extraordinary general assembly first meeting is not obtained, a second meeting to be held one hour after the end of the period set for the first meeting, provided that the call for the first meeting indicates the possibility of holding a second meeting, otherwise a call shall be sent for a second meeting to be held within 30 days following the first meeting. This call shall be published in the manner prescribed in Article (32) of this bylaw. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least 25% of the capital. If the necessary quorum is not obtained in the second meeting, a call shall be made for a third meeting to be held as prescribed in Article (32) of this bylaw. The third meeting shall be valid, regardless of the number of shares represented therein, upon the approval of the Competent Authority.

ARTICLE (36) VOTING POWER:

Each subscriber shall have a vote representing each share in the incorporating assembly. The shareholder has one vote for each share in the assembly general. Cumulative voting shall be used for electing the board of directors.

ARTICLE (37) THE ASSEMBLY RESOLUTIONS

T Resolutions of the incorporation assembly shall be passed by an absolute majority of shares represented therein. Resolutions of the ordinary general assembly shall be passed by an absolute majority vote of the shares represented therein. Resolutions of an extraordinary general assembly meeting shall be passed by a two-third majority vote of shares represented therein. Resolutions pertaining to an increase or decrease of capital, extension of the term of the company, dissolution of the company prior to the expiry of the term set forth in its articles of association, or merger with another company, shall be valid if adopted by a three-quarter majority vote of shares represented at the meeting.



ARTICLE (38) DISCUSSION OF THE AGENDA IN ASSEMBLIES

Each shareholder shall have the right to discuss items listed on the agenda of the general assembly and address relevant questions to board members and the auditor. The board of directors or the auditor shall answer shareholders' questions to the extent that does not jeopardize the company interest and contradict with Capital Market law and its implementing regulations . If the shareholder deems that the response to a question is unsatisfactory, he may appeal to the general assembly whose decision shall be final.

ARTICLE (39) CHAIRING GENERAL ASSEMBLIES & MINUTES PREPARATION:

Meetings of the shareholder general assembly shall be headed by the chairman, or vice-chairman in case of absence of the chairman, or any member designated by the board in the absence of both the chairman and vice-chairman. The chairman shall appoint meeting secretary and vote counter.

Minutes shall be made for each general assembly meeting, showing the number of shareholders present or represented therein, number of shares held by each, whether personally or by proxy, number of votes allotted thereto, resolutions adopted, number of consenting and dissenting votes and a summary of meeting deliberations. Following every meeting, the minutes shall be entered in a special register signed by the chairman of the assembly, the secretary of the assembly and the vote counter.

(Part Five) **Audit Committee**

ARTICLE (40) AUDIT COMMITTEE:

An audit committee shall be formed pursuant to a decision by the ordinary general assembly from non-executive board members, whether shareholders or non-shareholders. Such committee shall comprise not less than three members and not more than five members. The general assembly decision shall stipulate committee's tasks, work procedures and remuneration of its members. If the position of a audit member becomes vacant, the board of directors may appoint a member to temporarily fill the vacancy, from non-executive board members, whether shareholders or non-shareholders. Such appointment shall be referred to the ordinary general assembly in its first meeting. The new member shall complete the term of his predecessor.

ARTICLE (41) QUORUM OF THE AUDIT COMMITTEE MEETING:

An audit committee meeting shall be valid only if attended by majority of its members, and its decisions shall be passed by a majority vote of attending members. In case of a tie, the chairman of the meeting shall have the casting vote.



ARTICLE (42) AUDIT COMMITTEE BUSINESS:

The audit committee shall monitor the company's activities and shall have access to the company's records and documents and may request clarifications or statements from board members or executive management. It may also request the board to call for a general assembly meeting if the board hinders its work or if the company suffers serious damage or loss.

ARTICLE (43) AUDIT COMMITTEE REPORTS:

The audit committee shall review the company's financial statements, and auditor's reports and notes, and shall provide its opinion thereon, if any. The committee shall also prepare a report of its opinion concerning the efficiency of internal control within the company, and about any other activities falling within its powers. The board shall deposit a sufficient number of copies of such report at the head office of the company at least 21 days prior to the general assembly meeting to be available for shareholders. Said report shall be read during the meeting of the general assembly.

(Part Six)

THE COMPANY ACCOUNTS AND DISTRIBUTION OF PROFITS

ARTICLE (44) APPOINTMENT OF EXTERNAL AUDITORS:

The company shall have one auditor (or more) licensed to operate in the Kingdom. The general assembly shall annually appoint such auditor and determine his remuneration and term. The general assembly may, at any time, replace the auditor without prejudice to his right to compensation if the replacement is unjustified or occurs at an inappropriate time.

ARTICLE (45) AUTHORITY OF EXTERNAL AUDITORS:

The auditor may access the company's books, records and other documents at any time. He may also request data and explanations that he deems necessary for verification of the company's assets and liabilities as well as other matters falling within the scope of his work. The chairman of the board shall facilitate the auditor's performance of his duties. If the auditor encounters difficulty in this regard, he shall report the same to the board of directors. If the board fails to facilitate the work of the auditor, he shall request the board to call for an ordinary general assembly meeting to consider the matter.

ARTICLE (46): THE FISCAL FINANCIAL YEAR

The fiscal financial year of the Company shall start on 1st January and end on 31st of December of every Gregorian year.

ARTICLE (47) FINANCIAL DOCUMENTS:

a. The board of directors shall, at the end of each fiscal year, prepare the company's financial statements and a report on its activities and financial position for the last



fiscal year. Said report shall include a proposal on distribution of profits. The board shall make such documents available to the auditor at least 45 days prior to the general assembly meeting.

b. Documents provided for in paragraph (a) of this Article shall be signed by the chairman of the company's board, chief executive officer and chief financial officer, and a copy thereof shall be kept at the company's head office to be available to shareholders at least 21 days prior to the general assembly meeting.

c. The chairman of the board shall provide shareholders with the company's financial statements, board's report and auditor's report, unless published in a daily newspaper distributed in the area where company's head office is located. He shall also provide a copy thereof to the Ministry and to CMA at least 15 days prior to the general assembly meeting.

ARTICLE (48) DISTRIBUTION OF PROFITS:

The company net annual profits shall be distributed as follows:

1- 10% of the net profit shall be set aside on an annual basis to create the company's statutory reserve. The ordinary general assembly may decide to discontinue setting aside such percentage when said reserve reaches 30% of paid-in capital.

2- The ordinary general assembly may, when determining dividends, decide to create other reserves to serve the company's interest or ensure distribution of fixed dividends, as much as possible, to shareholders. Said assembly may also deduct amounts from the net profit for the purpose of establishing social programs for the company's staff or to provide assistance to existing programs to serve the community or to support and motivate employees.

3- From the remainder a 1% of the company paid-up capital shall then be distributed over the shareholders as share in the profits per recommendation from the Board of Directors in accordance with the regulations considering paragraph (2) above and Article (76) of Company Law.

ARTICLE (49): INTERIM DIVIDENDS:

The company may distribute interim dividends to its shareholders on a semi- or quarterly basis in accordance with the regulations set by the competent authorities.

ARTICLE (50): PAYMENT OF DIVIDENDS:

The shareholder shall be entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision shall indicate the maturity date and the distribution date. The eligibility for profits shall be for the owners of shares registered in the shareholders' register at the end of the day specified for entitlement.



ARTICLE (51): PAYMENT OF DIVIDENDS OF PREFERRED SHARES:

- 1- If no dividends are distributed for any fiscal year, dividends for subsequent years may not be distributed except upon payment of the prescribed percentage, as stated in Article 114 of the Law, to the holders of preferred shares for said year.
- 2- If the company fails to pay the percentage stipulated in Article 114 of the Law of profits for three consecutive years, the special assembly of holders of such shares, held in accordance with the provisions of Article 89 of the Law, may decide either to attend the company's general assembly meetings and participate in the voting, or appoint representatives in the company's board of directors in proportion to their shares of the capital, until profits designated for preferred shares for previous years are fully paid by the company to the holders of such shares.

ARTICLE (52): LOSSES OF THE COMPANY:

- 1- If a joint stock company incurs losses amounting to half of the paid-in capital at any time during the fiscal year, any of the company executives or the auditor shall promptly, upon knowledge thereof, inform the chairman of the board, who shall promptly inform board members. The board of directors shall, within 15 days from the date of notification, call for an extraordinary general assembly meeting within 45 days from the date of its knowledge of the losses, to decide whether to increase or decrease the company's capital, in accordance with the provisions of the Law, to the extent where losses are decreased below half of the paid-in capital, or to dissolve the company prior to the date set forth in Article (6) of this bylaw.
- 2- The company shall be deemed terminated by the operation of law if the extraordinary general assembly fails to meet during the period set forth in paragraph 1 of this Article; if the assembly convenes but fails to issue a decision on the matter; or if it decides to increase the capital in accordance with this Article but the shares issued are not fully subscribed to within 90 days from the assembly's decision to increase the capital.

(Part Seven)
DISPUTES

ARTICLE (53) CLAIM OF LIABILITY:

Each shareholder shall have the right to file a liability suit against board members for any wrongful act that causes harm to him. The shareholder may file such suit only if the company's right to file the same is still valid. The shareholder shall notify the company of his intention to file such suit.

The company may be charged with the expenses incurred by the shareholder to file the lawsuit, whatever its outcome, under the following conditions:

- a. If he files the case with good intention.
- b. If he submitted to the company the reason for which he instituted the lawsuit and did not receive a response within 30 days.
- c. If it is in the interest of the company to file this lawsuit based on the provision of



Article (79) of the Companies Law.
d. That the lawsuit be based on valid basis.

(Part Eight) **DISSOLVING THE COMPANY**

Article (54) DISSOLVING THE COMPANY

The company enters, upon its term expiry, the phase of liquidation. It maintains its public legal personality to the extent necessary for liquidation. The decision of voluntary liquidation is issued by the extraordinary general assembly. Such decision must include the appointment of the liquidator, specifying his powers and fees, restrictions imposed on his powers, and the time required for liquidation. The period of voluntary liquidation should not exceed 5 years, nor it may be extended for more than that except by a judicial order.

The authority of the Board of Directors shall cease with the termination of the company. Notwithstanding, the Board shall continue to manage the company and remain as liquidators with respect to others until the liquidator is appointed. The shareholders' assemblies remain in place during the liquidation period with their role limited to exercising their power that does not conflict with the competences of the liquidator.

(Part Nine) **CLOSING PROVISIONS**

ARTICLE (55) COMPANY LAW:

The Companies Law and its regulations shall apply to matters not mentioned in this Law.

ARTICLE (56) PUBLISHING

These Regulations shall be filed and published in compliance with the Companies Law.