



***The Savola Group***

***(A Saudi Joint Stock Company)***

***The Articles of Association***

## Savola Group

(A Saudi Joint Stock Company)

### Articles of Association

Incorporating the articles amended pursuant to the Royal Decree No. M/23 of 28/6/1402 A.H. and according to the resolutions previously published in the official gazette and passed by the following extraordinary general meetings.

The Extraordinary General Meeting	held	on	04/11/1400 A.H	[13/09/1980]
The Extraordinary General Meeting	held	on	10/06/1402 A.H	[04/04/1982]
The Extraordinary General Meeting	held	on	28/03/1403 A.H	[12/01/1983]
The Extraordinary General Meeting	held	on	21/05/1404 A.H	[22/02/1984]
The Extraordinary General Meeting	held	on	27/03/1406 A.H	[09/12/1985]
The Extraordinary General Meeting	held	on	01/05/1408 A.H	[21/12/1987]
The Extraordinary General Meeting	held	on	14/04/1409 A.H	[23/11/1988]
The Extraordinary General Meeting	held	on	28/04/1410 A.H	[26/11/1989]
The Extraordinary General Meeting	held	on	10/05/1411 A.H	[27/11/1990]
The Extraordinary General Meeting	held	on	14/11/1411 A.H	[28/05/1991]
The Extraordinary General Meeting	held	on	26/12/1412 A.H	[27/06/1992]
The Extraordinary General Meeting	held	on	17/11/1415 A.H	[17/04/1995]
The Extraordinary General Meeting	held	on	29/11/1416 A.H	[17/04/1996]
The Extraordinary General Meeting	held	on	27/11/1418 A.H	[23/03/1998]
The Extraordinary General Meeting	held	on	11/09/1419 A.H	[29/12/1998]
The Extraordinary General Meeting	held	on	13/09/1420 A.H	[21/12/1999]
The Extraordinary General Meeting	held	on	05/05/1424 A.H	[05/07/2003]
The Extraordinary General Meeting	held	on	29/03/1425 A.H	[18/05/2004]
The Extraordinary General Meeting	held	on	09/02/1426 A.H	[19/03/2005]
The Extraordinary General Meeting	held	on	10/06/1426 A.H	[16/07/2005]
The Extraordinary General Meeting	held	on	14/10/1426 A.H	[16/11/2005]
The Extraordinary General Meeting	held	on	17/03/1427 A.H	[15/04/2006]
The Extraordinary General Meeting	held	on	18/09/1427 A.H	[11/10/2006]
The Extraordinary General Meeting	held	on	17/03/1429 A.H	[25/03/2008]

*Published in the Official Gazette*

Venerable Royal Decree

No.: M/21

Date: 29/3/1398 A.H.

[8 March 1978]

With the help of God Almighty,  
We Khalid Bin Abdul Aziz Al Saud,  
The Monarch of the Kingdom of Saudi Arabia,

After perusal of Article (52) of the Companies Regulations, promulgated under the Royal Decree No. (M/6) dated 22/3/1385 A.H., and of the Resolution of the Council of Ministers No. (353) dated 21/3/1398 A.H., decree as under

First: Licensing the incorporation of the Saudi Vegetable Oil and Ghee Company, (a Saudi Joint Stock Company) under the Companies Regulations.

Second: The Deputy Premier of the Council of Ministers and the Minister of Commerce shall put this decree of ours into effect.

Khalid Bin Abdul Aziz

Ministerial Resolution No. 1068 dated 11/2/1399 A.H. [10 Jan. 1979]  
The Minister of Commerce,

By virtue of the powers vested in him, and Pursuant to the Royal Decree No. M/21 of 29/3/1398 A.H. mandating the incorporation of the Saudi Vegetable Oil and Ghee Company, a Saudi Joint Stock Company under the Companies Regulations;

and Pursuant to the application submitted to us by the Company on 5/1/1399 A.H. [5 Dec. 1978] for issuing the resolution announcing its incorporation in accordance with the provisions of the Companies Regulations promulgated under the Royal Decree No. M/6 dated 22/3/1385 A.H. [20/7/1956];

And after perusal of the resolutions of the Constituent Assembly of the Company's Shareholders held on 4/1/1399 A.H. [4 Dec. 1978];

And also after perusal of the Companies Regulations, resolves as under:

First: Announcing the incorporation of the Saudi Vegetable Oil and Ghee Company (a Saudi Joint Stock Company).

Second: This resolution, the Memorandum and the Articles of Association of the Company shall be published in the Official Gazette at the Company's expense.

Minister of Commerce  
Sulaiman Al Sleim

In The Name of God, The Merciful, The Compassionate

**Savola Group**

(A Saudi Joint Stock Company)

**Articles of Association**

**CHAPTER ONE**

**INCORPORATION OF THE COMPANY**

**Article (1):**

The company has been incorporated by and between the shareholders as a Saudi joint stock company in accordance with the provisions of the company's regulations and with the provisions of these articles set forth hereunder.

**Article (2):**

The Company's Name: Savola Group Company (A Saudi joint stock company)

**Article (3):**

1/3 the Company's Objectives:

- (a) To produce and sell vegetable oil and ghee, and to market, purchase and import all the supplies including machinery, specialist equipment, materials and transportation means so as to set up plants and factories necessary for the attainment of the company's objectives and for the processing of its products and (to construct) warehouses for keeping, storing and exhibiting the Company's products and for other necessary facilities that the Company shall have to use in performing the activities of manufacturing, storing, selling, purchasing, importing and exporting. Furthermore, the Company may, whether alone or in participation with other companies, establishments and individuals, set up other industries that are complementary to its own.
- (b) To process and trade in all types of food products, and to purchase and/or import all factories, machinery, equipment, materials and transportation means necessary, as well as to construct plants and factories essential for the attainment of this objective and to set-up and/or purchase warehouses and cold stores for storing and exhibiting all sorts of products.
- (c) To manufacture and trade in glass, plastic, metallic and paper packing (inclusive of the lids) and other packaging materials related to the Company's objectives.

- (d) To set-up and manage agricultural and animal farms favorable to the achievement of the Company's objectives.
  - (e) To produce liquid and compound fertilizers, trace elements, and agricultural and industrial disinfectants.
  - (f) Wholesale and retail marketing, through supermarkets, of food products, domestic goods, stationery and school supplies including uniforms, electrical & ornamental items, perfumes, cars accessories, equipments & paintings.
  - (g) Establishing and managing central supermarkets and their administration for the Company or for other companies.
  - (h) Establishing and managing restaurants and bakeries.
  - (i) Establishing and managing coldstores.
  - (ii) To carry out export, import, commercial contracting and commercial agencies consistent with the Company's activities after registration in the Register of Commercial Agencies.
  - (iii) To purchase real estate, land and factories required for the realization of the Company's objectives.
  - (iv) To carry out market research and related studies related to the Company's objectives.
- 3/2 The Company shall have the right to have an interest in, or to participate in any way whatsoever with; individuals, companies or organizations engaged in activities that are similar to its own or that help it realize its objectives or may merge with or purchase same. The Company shall have the right, after obtaining the necessary licenses from the competent authorities, to implement and realize its objectives within and outside the Kingdom, including the free zones inside and outside the Kingdom.

**Article (4) :**

Head Office: The Company's head office is located in the city of Jeddah. The Board of Directors has the right to establish branches, offices or agencies for the Company inside and outside the Kingdom of Saudi Arabia.

**Article (5):**

The life of the Company: Fifty Hijra years commencing as of the date of which the Minister of Commerce issues the Resolution, licensing the incorporation of the Company. However, the life of the Company may always be extended by a resolution to be issued by the extraordinary general meeting at least two years prior to its expiry date.

**Article (6) :**

The Company's capital is S.R. 5,000,000,000 (five thousand million) divided into 500,000,000 (five hundred million) shares having an equal nominal value of S.R. 10 (ten Saudi Riyals) each, all of which are ordinary cash shares.

**CHAPTER TWO  
CAPITAL AND SHARES  
(Upon Incorporation)**

**Article (7):**

The incorporators have subscribed for and equally divided amongst themselves 240,000 (two hundred and forty thousand) shares, the total nominal value of which is S.R. 24,000,000 (twenty four million Saudi Riyals), and each incorporator has been agreed 9600 shares of a nominal value totaling S.R. 960,000( nine hundred and sixty thousand Saudi Riyals). Incorporators have paid out of the total nominal value of shares a sum of S.R. 6,000,000 (six million Saudi Riyals) which has been deposited with Riyadh Bank, Riyadh and Riyadh Bank, Jeddah in the name of the Saudi Vegetable Oil and Ghee Company (a Joint Stock Company under incorporation). However, such sum (S.R. 6,000,000) represents 25% of the incorporators' subscription value, and the remaining 25% of the incorporators' subscription shall be paid immediately upon issuance of the Royal Decree licensing incorporation of the Company.

However, out of the remaining balance of the share capital, totaling S.R. 16,000,000(sixteen million Saudi Riyals)representing 160,000 shares, a number of 120,000 shares valued at S.R. 12,000,000(twelve million Saudi Riyals) shall be offered for public subscription within thirty days as of the date of publishing the Royal Decree licensing the incorporation of the Company. Only 50% of the value of each share shall be paid upon subscription , and the subscription proceeds shall be deposited with Riyadh bank in Riyadh, and in branches of Jeddah in the name of the Company under incorporation. The remaining value of the shares subscribed for shall be paid at the times specified by the Board of Directors. The remaining shares totaling 40,000 and valued at S.R. 4,000,000 (four million Saudi Riyals) shall be subscribed for by the Public Investment Fund in accordance with the provisions of the Council of Ministers' Resolution No. 508 of 2/4/1394 A.H.

## LIST OF THE FOUNDERS' NAMES

SN	Name	No of Shares	Shares' value SR	Paid out of them SR
1.	HRH Prince Khalid Bin Turki Bin AbdulAziz	9600	960000	240000
2.	Hamza Mohamed Bogari	9600	960000	240000
3.	HRH Prince Abdullah Bin Turki AL Turki	9600	960000	240000
4.	Fahad AbdykrRahman Al-Qosaibi	9600	960000	240000
5.	Mohamed Saleh Ba Harith	9600	960000	240000
6.	Abdullah & Saeed Mohamed Oba id Bin Zagar	9600	960000	240000
7.	Ahmed Mohamed Ba Aboud	9600	960000	240000
8.	Ahmed Mohamed Al-Qosaibi	9600	960000	240000
9.	Salim Mohamed AbdulJawad Est.	9600	960000	240000
10.	Sali Hamzah Sairafi Est	9600	960000	240000
11.	AbdulAziz Mohamed Al-Hussaini	9600	960000	240000
12.	Omar Qassim El-Esai	9600	960000	240000
13.	AbdulAziz & Saad Al-Moajal Co	9600	960000	240000
14.	Arab Trade & Development Co	9600	960000	240000
15.	Abdullah Al-Abd Al-Aziz Al-Bassam	9600	960000	240000
16.	Al-Jazeera AL-Arabiah for Trade and Contracting	9600	960000	240000
17.	AbdullGadir & AbdulAziz Al-Fadl Co.	9600	960000	240000
18.	Al-Mulim for Trade Est.	9600	960000	240000
19.	Al-Qanaa for Trade Est.	9600	960000	240000
20.	General Authority for Social Security	9600	960000	240000
21.	Saudi Economic & Development Co	9600	960000	240000
22.	Abdullah Saeed Buqshan & Brothers	9600	960000	240000
23.	Al-Mihaidib & Al-Nafi for Trade & Contracting Co.	9600	960000	240000
24.	AbdulGadir Mohamed Faqih Stores	9600	960000	240000
25.	Salih AbdulAziz Al-Rajhi	9600	960000	240000

**Article (8) :**

If a shareholder fails to pay the value of a share at the time specified, the Board of Directors may, after notifying the shareholder by a registered letter, sell those shares in a public auction, and the Company shall recover from the sale proceeds the amounts payable to it and refund the balance to the shareholder. If the sale proceeds do not meet these amounts, the Company may recover the balance from all the shareholder's funds. The Company shall then cancel the share sold and give the purchaser a new share bearing the number of the cancelled share and enter this transaction in the Register of Shares. However, the shareholder who fails to pay the value of the share at the times specified may therefore, within a period not exceeding the date fixed for auction, pay the value payable by him, plus the expenses incurred by the Company as a result of taking such measures, and (in such case) the shareholder in question shall retain his original certificate of share (s).

**Article (9) :**

Shares shall be nominal and may not be issued at a value less than the par value. However, shares may be issued at a value exceeding the par value. In such instances, the difference in the value of the share shall be added to the statutory reserve even if the latter has reached its maximum limit. A share is indivisible vis -a-vis the Company but when owned by several people, they should elect one to represent them in exercising the rights pertaining to such a share. Such people shall be equally liable for the obligations arising out of their ownership of such a share.

**Article (10) :**

Shares are negotiable. However, in addition to the other restrictions set forth herein, cash shares subscribed for by the incorporators may not be negotiated before the release of the balance sheet and profit and loss account with respect to two complete fiscal years, provided that the duration of each of these two fiscal years shall not be less than twelve months, as of the date of the Company's incorporation. The certificates of such shares shall indicate their type, the date of the company's incorporation, and the period during which those shares shall not be transferred. However, during the period of unnegotiability, the title to the cash shares may be transferred in accordance with the provisions of the sale of rights from one incorporator to another incorporator, or to a Director to present them (with such shares) as security for management liability, or (may be transferred) from one of the heirs of an incorporator, in case of an incorporator's death, to a third party.

**Article (11) :**

Transfer of nominal shares shall be registered in the Shareholders' Register prepared by the Company containing the Shareholder's names, their nationalities, places of residence, occupations, the number of shares held by each, the serial number and the amount paid out of the value thereof. Such registration shall be indicated on each respective share. No transfer of nominal shares shall be valid against the Company or

third parties except as of the date of registering such transfer in the Register. Subscribing for, or holding the shares, shall be deemed an express acceptance by the Shareholder of the Company's Articles of Association and an undertaking by him to abide by the resolutions passed by the General Meetings of Shareholders pursuant to the provisions of these Articles, whether he is present at such meetings, or not, and whether or not he has agreed with such resolutions.

**Article (12):**

The company shall issue certificates of shares which shall be serially numbered, signed by the Chairman of Board of Directors or by a director designated by him, and stamped with the corporate seal. Each share (or certificate) shall show the number and date of the Royal Decree licensing the incorporation of the Company, the number and date of the Ministerial Resolution announcing the company's incorporation, the amount of capital and the number of shares representing such capital, the nominal value of each share and the amount paid out of the same, the life of the company and its objective in brief, and the location of its head office. Shares may also have coupons serially numbered containing the number of shares attached thereto.

**Article (13):**

The capital may be increased by a resolution to be passed by an Extraordinary General Meeting, provided that the original capital has been paid up in full, and resolution shall also specify the manner in which the capital shall be increased. The Shareholders shall have the preemptive right to subscribe for the new cash shares, and shall be advised of these rights by publishing in a local newspaper concerning the increase of share capital and the terms of subscription. Each Shareholder shall express in writing his wish to exercise his preemptive right within fifteen days from the date of the above mentioned publication. Shares shall be allotted to the original Shareholders, who requested to subscribe for such (new) shares, in proportion to the number of the original shares they own; provided that the number of the new shares shall not exceed the number of shares he has requested (or subscribed for). However, the balance of the new shares shall be allotted in proportion to the number of shares owned by the shareholders who requested a number of shares exceeding the number due then; provided that the number of such new shares allotted to each shareholder shall not exceed the total number requested by him. The remainder of such shares shall thereafter be offered for public subscription.

**Article (14):**

The Company's capital may be decreased by a resolution to be passed by an Extraordinary General Meeting if such capital proves to be in excess of the Company's need or if the Company sustains any losses. The resolution shall be passed only after the narration (at the General Meeting) of the auditor's report about the reasons for passing the resolution, the obligations of the Company and the effect of such a decrease on these obligations. Such resolutions shall state the manner whereby such decreases need to be altered. However, should such decrease be attributed to an

excess in the company's capital over its needs, the (Company's) creditors shall be invited to express their objections to such decrease within sixty days from publishing the decrease resolution in a newspaper distributed in the city wherein the company's head office is located. However, if any of the creditors object to such a decrease and provides the Company with its/his respective documents during the said period, the Company shall then pay his/its debt, if due, or shall give an adequate security should such a debt be falling due in the future.

## **CHAPTER THREE PREFERENCE BONDS AND SHARES**

### **Article (15):**

#### **1. Bonds:**

Subject to a resolution to be passed by the Extraordinary General Meeting, for the purpose of concluding loans the company may issue indivisible, negotiable nominal bonds of equal value. However, new bonds may not be issued unless the full value of the old bonds has been paid by the subscribers, provided that the value of the new bonds plus the outstanding value of the old bonds payable by the Company shall not be in excess of the Company's paid-up capital.

#### **2. Preference Shares:**

- a. The Company may, following the approval of the Minister of Commerce and in accordance with the policies laid out by him, issue preference shares which do not have voting rights, for an amount not exceeding 50% of the Company's share capital. Said shares shall vest its holders, in addition to the right of sharing in the net profits, which are distributed to the ordinary shares, with the following :

- The right to obtain a certain percentage of the net profits, not less than 5% of the nominal value of the share, after setting aside the statutory reserve and before any distribution of the Company's profits is made.
  - The priority to recover the value of their shares from the capital upon liquidation of the Company, and to receive a certain percentage of the proceeds from liquidation.
  - The Company may purchase these shares in accordance with policies reached at by the General Meeting of the Shareholders. These shares shall not be included in the computation of the quorum provided for in Articles(32) and (33) of the Company's Articles of Association.
- the

b. In case no dividends are distributed for any given fiscal year, the distribution of dividends for the succeeding years may not take place except after the payment of the percentage referred to in paragraph (a) for the holders of the non-voting shares for that year. If the Company fails to pay this percentage for a period of three successive years, a special assembly of the holders of these shares, summoned in accordance with the provisions of Article (86) of the Companies Regulations, shall decide that they shall either attend the General meetings of the Company and participate in voting, or they appoint representatives to act on their behalf in the Board of Directors in proportion to the value of their shares in the share capital until such a time arrives when the Company is able to pay the full priority dividends allocated for the holders of these shares.

## **CHAPTER FOUR THE MANAGEMENT OF THE COMPANY**

### **Article (16):**

The Company shall be managed by a Board of Directors consisting of only eleven members to be appointed in the General Meeting, for a period of three years.

### **Article (17):**

Every member of the Board of Directors shall be a Shareholder having a number of the Company's shares, the value of which shall not be less than S.R. 10,000 (ten thousand Saudi Riyals). Every member of the Board shall deposit, within thirty days from his appointment, such shares into a bank designated for this purpose by the Minister of Commerce. Said shares shall be deemed security against the (management) liability of the members of the Board and shall remain unnegotiable until the lapse of the period specified for acceptance of the liability – for which action has been provided in Article (77) of the Companies Regulations, or until said action has been decided. However, if any member of the Board fails to present the security shares at the time specified, his membership in the Board shall be void.

**Article (18) :**

The term of the Board of Directors shall expire by the end of the period prearranged. However, if during that period, any position becomes vacant, then the Board of Directors shall temporarily appoint a member to fill that position; provided that such matters shall first be brought for approval before the General Meeting in its foremost meeting; and the member newly appointed shall complete the terms of his predecessor.

If the number of members of the Board falls to less than four, the Ordinary General Meeting shall be called immediately to elect the number of members required. At all times the General Assembly may dismiss all, or any of the members of the Board of Directors.

**Article (19):**

Subject to the authority given to the General Meeting, the Board of Directors shall have the rights to manage the Company and exercise all acts and perform all deeds falling within the Company's objectives provided for in its Articles of Association. It may, for instance, set-up industries complementary to the Company's or may participate with other establishments and/or individuals in setting up such industries; and may participate in any way whatsoever with individuals or companies practicing activities similar to those of the Company, or encouraging the realization of the Company's objectives; or may purchase part or all of its stocks or shares, and shall have the right, within the limits of its powers, to authorize one or more of its members or of third parties to carry out a particular business or businesses. The Board of Directors has the right to conclude loans, and to sell or mortgage the Company's real estates or stores (and shops) as it deems to achieve the interest of the Company. The Board of Directors may acquit the Company's debtors from their dues if any absolute judgment or decision is passed or made to that effect by a competent authority, or if two years elapsed as of the date the debtors had failed to honor settlement, and the Board of Directors have deemed pursuing claim of such obligations is of no avail.

**Article (20):**

The remuneration of the members of the Board of Directors shall be 7.5% of the net profits after having deducted the expenses, depreciations and reserves determined by the General Meeting in accordance with the provisions of the Companies Regulations. The Board of Directors' report to the General Meeting shall contain a comprehensive statement of all salaries, dividends, fees for attending meetings, expenses and other benefits paid to the members of the Board of Directors during the year. The report should also include a statement indicating any amount received by the Board members in their capacities as staff or officers, or in consideration of technical, administrative or consultative services offered by them.

**Article (21):**

The Board of Directors shall appoint, from amongst its members, a Chairman and possibly a Managing Director. A member of the Board of Directors may simultaneously hold the position of the Chairman and that of the Managing Director.

The Chairman of the Board of Directors shall have the power to call for a meeting of the Board of Directors and to preside over them, to certify the resolutions passed by the Board of Directors as well as the extracts taken there from, to lead the General Meetings also, and can delegate authority to the others.

The Managing Director shall have the power to call for a meeting of the Board of Directors when the Chairman is absent, as well as to implement the policy laid down by the Board of Directors or by the General Meetings of the Shareholders, adopt the resolutions necessary for the Company's interest, for the management of its business and the realization of its objectives. The Chairman or the Managing Director shall have the power to represent the Company before judicial bodies and third parties, and either one of them shall have the power to execute the contracts of incorporation of the companies in which the Company shall participate as well as other contracts, deeds and assignments before the notary public and before the official authorities. The remuneration obtained by both of them, in addition to the remuneration allocated to the Directors, shall be fixed according to the decision of the Board of Directors. The Board of Directors shall appoint from amongst its members or from others, a secretary who shall be responsible for drawing up the minutes of the meetings of the Board of Directors and for recording the resolutions in the Company's registers, and shall countersign it jointly with the Chairman of the Board. The remuneration obtained by the Secretary shall be fixed in accordance with the verdict of the Board of Directors.

The policies of the office of the Chairman, Managing Director or the Secretary (also a member of the Board) shall not exceed those prescribed to each one of them in the Board. The Chairman's policies may only be renewed once.

**Article (22):**

The Board of Directors shall meet upon a call made by the Chairman of the Board or his (duly) designate by addressing letter to each member of the Board within sufficient time before the date of the meeting. The Chairman or his designate shall call the Board for a meeting whenever requested by two members of the Board.

**Article (23):**

A meeting of the Board of Directors shall not be valid unless attended by at least one - half of the Board members; provided that the number of members present should add up to at least six. A Director may give proxy to another member of the Board to attend the meetings of the Board of Directors; provided the following:

- a. That no more than two proxies shall be given to any Director at a meeting.
- b. Proxy shall be in writing.
- c. Proxee should not vote on resolutions prohibited by the law.

Resolutions of the Board shall be passed by the majority votes of the Directors present in person or by proxy. In case of a tie, the Chairman shall have a casting vote. The Board may issue resolutions by passing them to the Directors separately unless a director calls, in writing, for a meeting for deliberation. Such resolutions shall be presented to the Board of Directors in the next meeting for their approval.

**Article (24):**

Deliberations and resolutions of the Board of Directors shall be drawn up in minutes, recorded in special registers, and signed by the Chairman and the Secretary.

## **CHAPTER FIVE SHAREHOLDERS ASSEMBLIES**

**Article (25):**

The duly constituted General Meeting shall represent all Shareholders and may only be held in the Company's head office.

**Article (26):**

Each subscriber shall have the right, irrespective of the number of shares he owns, to attend the Constituent Assembly whether in person or as a proxy for other subscribers. Every Shareholder (no matter what he owns) has a right to attend the General Assembly Meeting, and to authorize another shareholder, and, to attend on his behalf, the General Assembly Meeting. (Not a member of the board of Directors)

**Article (27):**

**The Constituent Assembly shall have the power:**

1. To ascertain that the share capital has been fully subscribed for, and to ensure payment of the minimum share capital and of the portion of the share's value pursuant to the provisions of the Companies Regulations.
2. To outline the final clauses of the Company's Articles of Association; provided that no substantial amendment to the Articles of Association brought about before it shall be affected, without the approval of all subscribers represented at its meeting.
3. To deliberate the incorporators' report in terms of tasks performed and expenses incurred in the course of incorporations.
4. To appoint the Company's first auditor.

Meeting of the Constituent Assembly shall only be valid if attended by a number of subscribers representing at least one-half of the share capital. However, each subscriber attending the meetings of the Constituent Assembly shall have one vote for every share he subscribed for, or which was represented by him.

**Article (28):**

Except for the matters entrusted to the Extraordinary General Meeting, the ordinary General Meeting shall be in charge of all other matters related to the Company and shall hold its annual meeting at least once a year within six months following the end of the Company's fiscal year. Other Ordinary General Meetings may be called for whenever there is a need felt.

**Article (29):**

The Extraordinary General Meeting shall have the power to amend the Company's Articles of Association, except for the provisions it may not amend under the law; and shall also have the power to approve the increase or decrease of the capital, the extension of the Company's life, the dissolution of the Company prior to the period specified in its Articles of Association and the amalgamation of the Company with another company or establishment. Furthermore, the Extraordinary General Meeting shall have the power to issue resolutions pertaining to the matters that fall within the powers exercised by the Ordinary General Meeting under the same conditions and terms specified for the latter.

**Article (30):**

The General Meetings of the Shareholders shall be summoned at the call of the Board of Directors. The Board of Directors shall call for the convention of the General Meetings when requested to do so by the auditor, or by a number of Shareholders representing at least 5% of the share capital.

The call for convention of the General Meeting shall be published, at least twenty five days prior to the convention of the meeting, in the Official Gazette and in a daily local newspaper which is distributed in the city wherein the Company's head office is situated. Such calls shall include an agenda for the meeting. A copy of such calls and of the agenda shall be sent to the Companies' Directorate General at the Ministry of Commerce during the period specified for the publication (of the call).

**Article (31):**

Upon convention of the General Meeting of the Shareholders, a list shall be drawn up containing the names of the Shareholders present in person and by proxy, the places of their residence alongside the number of shares held by them whether in person or by proxy and the number of votes allocated to such shares. However, every person concerned shall have access to the mentioned list.

**Article (32):**

Convention of the Ordinary General Meeting shall not be valid unless attended by a number of Shareholders representing at least one-half of the share capital. If such quorum is not present at the first meeting, a call shall be made for a second meeting to be held within thirty days following the date of the preceding meeting. Such a call should be announced in the manner provided for under Article (30). The second meeting shall be deemed valid if attended by a number of Shareholders representing at least one-quarter of the share capital.

**Article (33):**

Convention of the Extraordinary General Meeting shall not be valid unless attended by a number of Shareholders representing at least one-half of the share capital. If such quorum is not present at the first meeting, a call shall be made for a second meeting to be held under the same terms set forth in the preceding Article hereof. The second meeting shall be deemed valid if attended by a number of Shareholders representing at least one-quarter of the share capital.

**Article (34):**

Each subscriber shall have vote with respect to each share he represents in the Constituent Assembly. Votes at the Ordinary and Extraordinary General Meetings shall be calculated on the basis that each ten shares, of those shares represented in the meeting, shall have only one vote. However, the members of the Board of Directors may not participate in voting on the resolutions of the Assembly in connection with acquitting them (the Directors) from the management liability of the policies specified

**Article (35):**

Resolutions of the Constituent Assembly shall be passed by the absolute majority of the shares represented therein. Resolutions of the Ordinary General Meeting shall be passed by the majority of the shares represented in the meeting. However, resolutions of the Extraordinary General Meeting shall be passed by the majority of votes of two-thirds (2/3) of the shares represented in the meeting unless the resolution (to be) passed is relative to the increase or decrease of the capital, the extension of the Company's life, the dissolution of the Company before the period specified in the Articles of Association or the amalgamation of the Company with another company or establishment. In such instances the resolution shall not be valid unless passed by the majority of three-quarters (3/4) of the shares represented in the meeting.

**Article (36):**

Each Shareholder will be given the right to discuss the matters enrolled on the agenda of the Constituent Assembly, and to raise relevant issues with the Members of Board of Directors and the auditor. However, the Board of Directors or the Auditor shall consider those issues only to the extent where the Company's interest shall not be jeopardized. If the Shareholder objectives, that the reply to his question is not satisfactory, he shall then invoke the Constituent Assembly whose decision shall be binding.

**Article (37):**

The General Meeting shall be presided over by the Chairman of the Board of Directors or his (duly) designate from among the members of the Board present at the meeting. The Chairman shall appoint a secretary for the meeting and a committee of two members for the collection and canvass of votes. There shall be a minutes of meeting drawn,, containing the names of the Shareholders present in person or by proxy, the number of shares held by them whether in person or by proxy, the number of votes specified, the resolutions adopted, the number of votes in favor of or against such resolutions, and a comprehensive gist of the deliberations conducted during the meeting. After each meeting, all minutes shall be regularly recorded in a special register to be signed by the Chairman of the General Meeting, the Secretary and the Committee in charge of the collection and canvass of votes.

## **CHAPTER SIX THE AUDITOR**

### **Article (38):**

The Company shall appoint one auditor or more , from amongst those licensed to practice in the Kingdom. The General Meeting shall appoint the auditor(s) and specify his/ their remuneration. The General Meeting may reappoint the same auditor(s).

### **Article (39):**

The auditor shall have the right to inspect the Company's books and records and any other instruments, at any time. In this respect he shall have the right to request any statements and explanations he deems necessary, and shall have the right to audit (check) the Company's assets and liabilities as well.

### **Article (40):**

The auditor shall submit a report to the annual General Meeting , containing the company's attitude towards enabling him to obtain the statements and explanations, his findings of any violations (which might have been existed) of the Companies Regulations or of the provisions of these Articles of Association, and his view regarding the reconciliation of the company's accounts , to be the actual position.

## **CHAPTER SEVEN THE COMPANY'S ACCOUNTS AND DISTRIBUTION OF PROFITS**

### **Article (41):**

The Company's fiscal year shall commence as of the first of January , and shall expire at the end of December of every Gregorian year. The interm period which extends from 23/7/1990 A.D. (1/1/1411 A.H.) until 31/12/1990 A.D. (14/6/1411 A.H.) shall be deemed an independent fiscal year.

### **Article (42):**

The Board of Directors shall prepare, at the end of each fiscal year, an inventory of the Company's assets and liabilities; and draw up the Company's balance sheet, the profit and loss accounts, a report on the Company's activity and financial position for the fiscal year then ended. The report shall show the manner proposed by the Board of

Directors for the distribution of profits, at least sixty days prior to the date fixed for the convention of the General Meeting (in accordance with the provision of the Article 89 (as amended) of the Companies Regulations. Such documents shall be put at the disposal of the Auditors at least fifty-five days prior to the time specified for the convention of the General Meeting (in accordance with the Article 123 (as amended) of the Companies Regulations). The Chairman of the Board of Directors shall sign these documents which shall be kept at the Company's head office at the disposal of the Shareholders at least twenty-five days prior to the time specified for the convention of the General Meeting.

The Board of Directors shall require to be published, in a newspaper distributed in the city wherein the Company's head office is located, the balance sheet, the profit and loss account, a complete gist of the Resolution of the Board of Directors and the full text of the auditor's report, and shall send copies of these documents to the Directorate General of Companies at least twenty-five days prior to the date fixed for the convention of the General Meeting.

**Article (43):**

After deducting the general expenditures and other expenses, including the zakat (poor due) payable under the Islamic law, the Company's annual net profits shall be distributed as follows:

1. 10% of the net profits shall be set aside to form a statutory reserve. However, the ordinary General Meeting may discontinue such procedures when the reserve totals one-half of the capital.
2. Out of the remaining profits, a first payment equals to 5% of the paid-up capital shall be distributed among the Shareholders.
3. Thereafter 7.5% of the balance shall be allocated as a remuneration to the (members of) the Board of Directors.
4. The remaining balance shall be distributed among the Shareholders as an additional dividend of the profits.

**Article (44):**

Profits to be distributed amongst the Shareholders shall be paid at the place and times specified by the Board of Directors.

## **CHAPTER EIGHT DISPUTES**

### **Article (45):**

Each Shareholder shall have the right to institute, on behalf of the Company, the liability action (prescribed for the company) against directors if the wrongful act committed by them is of a nature to cause him private harm. The shareholder may only institute such action if the Company's right to do so is still valid. However, the shareholder is to notify the Company of his intention to institute such an action.

## **CHAPTER NINE DISSOLVING AND LIQUIDATING THE COMPANY**

### **Article (46):**

Upon the expiry of the Company's life set forth in Article (5) under these Articles of Association, or in case of dissolving the Company before the time specified, the Extraordinary General Meeting shall determine, according to the Board's proposal, the manner to be applied for effecting such liquidation; meaning appoint a liquidator/s, define and determine his/their power/s and fee/s. The rights of the Board of Directors shall cease upon the termination of the Company. However, the Board of Directors shall pursue management of the Company, depending upon the appointment of a liquidator. However, the Company's departments shall retain its areas of responsibilities to the extent that such responsibilities are not contradictory to that of the liquidators.

## **CHAPTER TEN GENERAL PROVISIONS**

### **Article (47):**

These Articles of Association shall be registered and published in accordance with the Companies law.