

ALHOKAIR
Fashion Retail



الحكير
أزياء التجزئة

Fawaz Abdulaziz Al-Hokair & Co.
Saudi Joint Stock Company

Shareholders Manual

Ver. 1 – September, 2012

Table of Contents

1	Rights of Shareholders.....	3
1.1.	General Rights of Shareholders	3
1.2.	Facilitation of Shareholders Exercise of Rights and Access to Information	3
1.2.1.	Getting information.....	3
1.3.	Dividends Rights of Shareholders	5
2	Responsibilities of Shareholders	5
	Appendix – Code of Conduct for Running of General Meetings of Shareholders	6

1 Rights of Shareholders

1.1. General Rights of Shareholders

Fawaz Abdulaziz Al-Hokair & Co.' (hereafter referred as the "Al-Hokair Fashion Retail" or "Company") Shareholders shall be entitled to all rights attached to the share, in particular:

- a) the right to a share of the distributable profits;
- b) the right to a share of the Company's assets upon liquidation;
- c) the right to attend the General Assembly and participate in deliberations and vote on relevant decisions in person or in absentia by proxies;
- d) the right of disposition, convey or transfer with respect to shares;
- e) the right to supervise the Board of Directors activities, and file responsibility claims against Board members;
- f) the right to obtain on a timely and regular basis, inquire, and have access to relevant and material information on the Company without prejudice to the Company's interests and in a manner that does not contradict the Capital Market Law and the Implementing Rules.
- g) the right to participate in, and to be sufficiently informed on, decisions concerning fundamental Company changes such as: 1) amendments to the Articles of Association or similar governing documents of the Company; 2) the authorisation of additional shares; and 3) extraordinary transactions, including the transfer of all or substantially all assets, that in effect result in the sale of the Company.
- h) The right to participate effectively and vote in General Assembly Meetings and to be informed of the rules, including voting procedures that govern General Assembly Meetings:
 - Shareholders will be furnished with sufficient and timely information concerning the date, location and agenda of general meetings, as well as full and timely information regarding the issues to be decided at the meeting.
 - Shareholders will have the opportunity to ask questions to the Board, including questions relating to the annual external audit, to place items on the agenda of general meetings, and to propose resolutions, subject to reasonable limitations.
- i) the right to participate in key corporate governance decisions, such as the nomination and election of Board members; and
- j) the right to allow shareholders make their views on the remuneration policy for Board members and key executives and the equity component of compensation schemes for Board members and employees that will be subject to shareholder approval.

1.2. Facilitation of Shareholders Exercise of Rights and Access to Information

Al-Hokair Fashion Retail' Articles of Association and by-laws specify the procedures and precautions that are necessary for the shareholders' exercise of all their lawful rights.

All information which enable shareholders to properly exercise their rights will be made available and such information shall be comprehensive and accurate; it must be provided and updated regularly and within the prescribed times; the Company will use the most effective means in communicating with shareholders. No discrepancy is to be exercised with respect to shareholders in relation to providing information.

1.2.1. Getting information

1.2.1.1. How can I find out about the agenda of the Annual General Meeting (hereafter "AGM" or "GM") of shareholders and read more about the proposed resolutions and other related documents? What languages is this information available in?

To learn more about the issues on the agenda of the GM you can: a) visit the Company's website – General Meeting's webpage, b) visit our office, c) visit the Tadawul website, or d) look out for our publications in the daily press.

For explanations about proposed resolutions and related documents you can visit the Company's website – General Meeting's webpage.

The information is provided in Arabic and English.

1.2.1.2. Where can I get more information about the AGM?

You can ask for more details at the Company's Shareholder Relationships Services by phone, fax and email. Shareholder Services: tel. +966 1- 4350000 ext.285, fax: +966 1-4357268, mailbox, 359, Riyadh 11411, e-mail: (.....NAME.....@alhokair.com.sa).

1.2.2. Participation in the AGM

1.2.2.1. What is the procedure for submitting questions to the Company's Management before and during the AGM?

Besides the entitlement of shareholders under the Companies Act, during the course of the Meeting any shareholder attending can ask to take the floor, as above, and air their views or ask questions on the agenda. Alternatively, those shareholders attending may send or submit a letter to the Chairman of the Meeting. Address: Fawaz Al-Hokair & Co. ("SJSC"), Shareholder Relations Services, Al-Hokair Building, Shemasy Sqaire. Riyadh, mailbox 359 Riyadh 11411, e-mail: (.....NAME.....@alhokair.com.sa).

1.2.3. Voting

1.2.3.1. Who can I authorize to represent the voting rights attaching to the NBG shares I own?

Under the Company's Articles of Association, shareholders may authorize another shareholder, regardless the members of the Board of Directors and Management, to represent their voting rights.

1.2.3.2. What is the deadline for submitting instructions authorizing of shareholders?

Provided the instructions authorizing the shareholders are sent no later than 3 days before the AGM, to be delivered to the Shareholder Relations Services, Al-Hokair Building, Shemasy Sqaire. Riyadh, mailbox 359 Riyadh 11411, e-mail: (.....NAME.....@alhokair.com.sa)

1.2.3.3. Can I vote before the AGM is held?

No. Under Saudi law, only votes by Shareholders or their proxies actually present at the GM are valid.

1.2.3.4. How is voting carried out in the AGM?

Voting is carried out by acclamation ("yea" or "no"), the shareholder is entitled to request that his/her position/opinion on each item on the agenda be recorded in the Minutes, by declaring such (or submitting in writing) to the GM's secretaries.

1.2.3.5. Can I vote differently for each share I hold?

Yes. If you so wish, you can divide the shares and their votes on the ballot paper into for, against ("yes" vote), ("no" vote) or abstain ("abstention"). The votes on the ballot paper will then be added to the final tally.

1.2.3.6. How do I vote in person at the AGM?

In the case of a (secret) ballot (i.e. using a ballot paper), once you have registered as present at the Meeting you will be given a) a ballot paper on which only the number shares owned or represented by you appears, b) a blank ballot paper.

1.2.3.7. How can I find out about the result of the voting?

The results of voting at the GM are announced forthwith by the GM chairman, and then at Tadawul website, and in a Press Release. A detailed breakdown of the voting on each item on the agenda is contained in the Minutes of the GM.

1.3. Dividends Rights of Shareholders

The Board of Directors will lay down a clear policy regarding dividends, in a manner that may realize the interests of shareholders and those of the Company; shareholders are to be informed of that policy during the GM and reference thereto is to be made in the report of the Board of Directors.

The General Assembly will approve the dividends and the date of distribution. These dividends, whether they be in cash or bonus shares shall be given, as of right, to the shareholders who are listed in the records kept at the Securities Depository Centre as they appear at the end of trading session on the day on which the GM is convened.

2 Responsibilities of Shareholders

- a) Shareholders are to ensure that the stewardship of the directors is effective.
- b) Shareholders should ensure they are informed on the Company, take an interest in the composition of, and performance by the Board and its Committees, and should not involve themselves directly in the affairs of the Company.
- c) Shareholders should not seek access to price-sensitive Company information not generally available.

Appendix – Code of Conduct for Running of General Meetings of Shareholders

A Code of Conduct for the running of general meetings of shareholders has been adopted to improve the efficiency thereof and to increase the value of a meeting for shareholders, directors and management.

Code for the running of general meetings of shareholders:

1. Where audio-visual systems are used, the Chairman may determine that resolutions appearing in the notice of meeting will not be read to the meeting and will instead appear on a screen. The Chairman may alternatively determine that resolutions appearing in the notice of meeting be put by reference to that notice. Additional copies of the resolutions will be available at the meeting.
2. In the absence of special permission, the Chairman will require that any recording or broadcasting device (including tape recorders, still cameras and video cameras), and any article which may be dangerous, offensive or liable to cause disruption, be deposited outside the meeting at the security check-point or cloakroom.
3. After each matter or resolution has been put to the meeting, the Chairman will follow the procedure set out below:
 - a) The Chairman may ask for a show of hands to indicate the number of shareholders who may wish to speak. Where there are a large number of potential speakers, this will allow the Chairman to try and allocate time appropriately to all speakers, balancing the need to allow each speaker a reasonable opportunity to be heard, and the need to afford as many shareholders as possible the opportunity to speak. The Chairman may impose a reasonable time limit on each speaker but will not penalise a speaker for exceeding the suggested time frame, unless the Chairman reasonably believes that comments have become repetitive, are time-wasting or irrelevant to the matter or resolution at hand. This process is intended to ensure that shareholders are considerate of each other's right to participate in the meeting. It is not intended to restrict the right to speak of shareholders who may not have participated in the initial show of hands.
 - b) The Chairman will take questions from the microphones on a rotational basis until all questions are exhausted. All speakers will be asked to restrict themselves to no more than 2 questions or comments at any one appearance at the microphone. In rotating through the microphones, the Chairman will give priority to a person who wishes to address the meeting for the first time, over a person who has already spoken on the same motion. A speaker wishing to speak more than once on a motion may line up for another turn. He or she may not remain at the microphone and continue on the next rotation unless no other shareholder is waiting for the microphone.
 - c) The Chairman will take only questions and comments directly related to the matter or resolution at hand. However, any genuine questions which arise as a natural result of discussion during the meeting, but which do not specifically relate to the matter or resolution at hand, may be taken at the discretion of the Chairman.
 - d) The Chairman will discourage and, if necessary, curtail irrelevant questions and comments. Shouting, swearing, insulting or aggressive behaviour will result in the speaker being asked to resume his or her seat. Where a speaker refuses to respond to the Chairman's request, the Chairman will warn the speaker that he or she has the power to ask the speaker to leave the meeting. If the speaker still refuses to respond, the Chairman will request that the power to the microphone be shut off and warn the speaker that he or she will be asked to leave the meeting if he or she does not resume a seat. If the speaker still persists, the Chairman will, with the consent of the meeting, ask the security guards to escort that person from the meeting where the Chairman judges it necessary to maintain good order and the functioning of the meeting. Although the Chairman has the power to order removal from the meeting, it is generally to be regarded as a power of last resort.

- e) The Chairman will exercise the power to adjourn the meeting:
- If he or she decides it is necessary to maintain orderly conduct of the meeting;
 - To give all persons a reasonable opportunity of speaking and voting at the meeting; or
 - To ensure that the business of the meeting is properly disposed of.
- The meeting will be adjourned to a place and time reasonably consistent with the original meeting.
- f) The Chairman will endeavour to answer all questions relevantly and frankly. If a question requires a very lengthy answer which the Chairman judges not to be of general interest to the meeting, the Chairman may offer to meet the shareholder outside the meeting or refer the shareholder to a Company information booth operated in the meeting foyer for the purpose of providing a full answer, as appropriate.
- i) The Chairman will indicate ahead of debate whether a resolution will be submitted to a show of hands or put to a poll. Unless the Chairman determines there is a reason to progress directly to a poll, resolutions will be submitted in the first instance to a show of hands. The show of hands will be followed by a poll, where this is required or appropriate.
- j) Following the conclusion of a debate on a resolution and before the resolution is put to the meeting, the Chairman will disclose the way in which proxy votes have been cast on the resolution and the way in which the Chairman will cast those undirected proxies given to the Chairman.
- k) Each of the Chairman and the Managing Director of the Company will make a presentation at the AGM. The Chairmen of relevant Board committees, (such as Audit and Risk, and Nominations and Remuneration Committees), or their alternates, will be available to answer questions, at the Chairman's discretion.
- l) As required by the Corporations Law, if the Company's auditor or their representative is at the meeting, the Chairman of an AGM must allow a reasonable opportunity for the members as a whole at the meeting, to ask the auditor or their representative questions relevant to the conduct of the audit and the preparation and content of the auditor's report.