



Aldrees Petroleum and Transport Services Company (ALDREES)

"A Saudi listed joint stock company"

Article of Association



## Chapter one

### Incorporation of the Company

#### Article One: Incorporation

According to the Companies Law issued by Royal Decree No. (M/6) dated 22/03/1385 AH and its amendments, Aldrees Petroleum and Transport Services Company, registered in the Commercial Register in Riyadh under No. (1010002475) dated 13/04/1382 AH, was transformed from a limited liability company into a listed joint stock company in the financial market. This law has been reviewed in accordance with the Companies Law and its regulations.

#### Article Two: Company Name

Aldrees Petroleum and Transport Services Company (ALDREES) "A Saudi listed joint stock company"

#### Article Three: Purposes of the Company

1. Wholesale and retail trade in fuels, oils, gas, auto spare parts, tires and batteries.
2. Shipping services and transportation of goods, equipment, petroleum, water and chemicals for a fee on land roads inside and outside the Kingdom.
3. Transportation of passengers for a fee on land roads, land, sea and air transport.
4. Customs clearance, deportation and shipping services of goods and merchandise, packaging, warehousing and logistics services complementing all the company's purposes inside and outside the Kingdom by land, sea and air.
5. Establishment and operation of workshops, mechanics, electricity, blacksmithing, painting, plumbing and car washes.



6. Purchase lands, constructing buildings on them, and investing them by selling or renting them for the benefit of the company.
7. Wholesale and retail food trade.
8. Establishing, managing, operating and renting hotels, restaurants and fast service centers for hot and cold drinks and snacks.
9. Cooked and uncooked catering services.
10. Management, operation and maintenance of gas stations and car polishing.
11. Investing in the purchase of commercial and residential buildings.
12. Purchase and ownership of medical centers for the company.
13. Importing devices, equipment, spare parts, automation systems of fuel pumps, tanks, and all supplies required to operate fuel stations.
14. General contracting of buildings.
15. Maintenance, cleaning, installation, restoration, demolition, gypsum works, decoration, electricity and plumbing.
16. Road works, asphaltting, lighting, extension of telephone networks, water and sanitation, carpentry, air conditioning and landscaping.
17. Wholesale and retail of electric vehicle chargers.
18. Operating electric vehicle charging stations.
19. Handling of aircraft fuel and oil.
20. Electronic training.
21. Training institutes.
22. Training centers.

The company conducts its activities in accordance with the applicable regulations after obtaining the necessary licenses from the competent authorities, if any.

#### **Article Four: Participation and ownership in companies**

The company alone may - if its capital remains more than (5,000,000) five million riyals - establish companies (with limited liability or closed joint stock), may also own shares and stakes in other existing companies, merge with them, or



establish with others joint-stock companies or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard. The company may dispose of all the shares or stakes it owns, provided that this does not include mediation in their trading.

#### **Article Five: the Company's main office**

The company's head office is located in Riyadh, Kingdom of Saudi Arabia. Branches, offices or agencies may be established for it inside or outside the Kingdom by a decision of the Board of Directors.

#### **Article Six: Company term**

The Company term is ninety-nine (99) Gregorian years, starting from the date of its registration in the commercial register. It is always permissible to extend the term of the company by a decision issued by the extraordinary general assembly at least one year prior to the expiry of its term.





## Chapter two

### Capital and shares

#### Article Seven: Capital

The company's capital has been set at (750,000.000) seven hundred and fifty million riyals divided into (75,000,000) seventy-five million shares of equal value, the nominal value of each of which is (10) ten riyals, all of which are ordinary cash shares.

#### Article Eight: the Company's purchase, sale, and pledge of its shares

The company may purchase, sell and pledge its ordinary or premium shares in accordance with the controls determined by the competent authority.

#### Article Nine: premium shares

The extraordinary general assembly of the company may, in accordance with the provisions of Islamic Sharia and in accordance with the principles established by the Market Authority, issue premium shares or decide to purchase them or convert ordinary shares into premium shares or convert premium shares into ordinary shares.

The premium shares do not give the right to vote in the general assemblies of shareholders, and these shares grant their owners the right to obtain a percentage more than the owners of ordinary shares of the company's net profits after setting aside the statutory reserve.

And if there are premium shares, it is not permissible to issue new shares that have priority over them, except with the approval of a special assembly composed - in accordance with Article (89) of the Companies Law - of the owners of premium shares who will be harmed by this issuance, and with the approval of a general assembly consisting of all the shareholders. This provision shall also



apply when amending or canceling the priority rights prescribed for premium shares.

#### **Article Ten: Selling shares of incomplete value**

In case of capital increase, the shareholder is obligated to pay the value of the share on the dates specified for that. If he fails to pay on the due date, the Board of Directors may, after notifying him through an announcement on the Tadawul website or informing him by a registered letter, sell the share on the stock market in accordance with the controls set by the Capital Market Authority.

The company collects, from the proceeds of the sale, the sums due to it and returns the remainder to the owner of the share. If the proceeds of the sale are not sufficient to meet these amounts, the company may collect the remainder from all the shareholder's funds.

However, the shareholder who fails to pay until the day of the sale may pay the value due in addition to the expenses incurred by the company in this regard.

#### **Article Eleven: Issuance of shares**

Shares shall be nominal. They may not be issued for less than their nominal value, rather, they may be issued for a higher than this value in case of the General Assembly approval. In this latter case, the difference in value shall be added in a separate item within the shareholders' rights, and it shall not be distributed as dividends to the shareholders.

The share is indivisible for the company. If the share is owned by several shareholders, they must choose one of them to act on their behalf in using the rights related to it, and these individuals shall be jointly responsible for the obligations arising from the ownership of the share.



## **Article Twelve: Shares trading**

Shares given in exchange for in-kind shares or cash shares subscribed by the founders or shares owned by the partners in the transferred company may not be traded before the expiry of the prohibition period set by the Capital Market Authority.

However, during the prohibition period, ownership of shares may be transferred in accordance with the provisions of selling rights from one of the founders to another founder, or from the heirs of one of the founders in the event of his death to third parties, or in the event of execution on the funds of the insolvent or bankrupt founder, provided that the priority of owning those shares is given to the other founders.

The provisions of this Article shall apply to what is subscribed by the founders in the event of capital increase before the expiry of the prohibition period.

## **Article Thirteen: Shareholders Register**

The company's nominal shares are traded in accordance with the provisions of the financial market law. The transfer of ownership of the share against the company or third parties is not valid except from the date of completion of the ownership transfer procedures through the automated system of share information.

## **Article Fourteen: Capital Increase**

- 1- The Extraordinary General Assembly may decide to increase the company's capital, provided that the capital has been paid in full. It is not required that the capital is fully paid if the unpaid part of the capital belongs to shares issued in exchange for converting debt instruments or financing instruments into shares and the period specified for converting them into shares has not expired.





- 2- In all cases, the extraordinary general assembly may allocate the shares issued upon capital increase or part thereof to the employees of the company and all or some of its subsidiaries, or any of that. The shareholders may not exercise the right of priority when the company issues shares allocated to employees.
- 3- The shareholder who owns the share at the time of issuing the decision of the extraordinary general assembly approving the capital increase has priority in subscribing to new shares that are issued in return for cash shares. They shall be notified of their priority by publishing in a daily newspaper or by informing them by registered mail of the decision to increase the capital, the conditions of subscription, its duration, and its start and end dates.
- 4- The Extraordinary General Assembly has the right to stop working on the priority right of shareholders to subscribe to the capital increase in exchange for cash shares, or to give priority to non-shareholders in cases it deems appropriate for the interest of the company.
- 5- The shareholder has the right to sell or waive the priority right during the period from the time of issuance of the General Assembly's decision approving the capital increase until the last day of subscription in the new shares associated with these rights, in accordance with the controls set by the Capital Market Authority.
- 6- Subject to the provisions of Paragraph (4) above, the new shares shall be distributed among the priority rights holders who have requested subscription in proportion to what they own of priority rights out of the total priority rights resulting from the capital increase, provided that what they obtain does not exceed what they requested of the new shares. The remainder of the new shares shall be distributed to the holders of priority rights who have requested more than their share, in proportion to what they own of priority rights out of the total priority rights resulting from the capital increase, provided that what they obtain does not exceed what





they requested of the new shares. The remainder of the shares shall be offered to third parties, unless otherwise decided by the Extraordinary General Assembly or the Financial Market Regulations.

#### **Article Fifteen: Capital Reduction**

1. The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's need or if it suffers losses. In the latter case alone, it is permissible to reduce the capital to less than the limit stipulated in Article (59) of the Companies Law. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons, liabilities of the company and the impact of the reduction on these liabilities.
2. If the capital reduction is a result of its excess to the company's need, the creditors must be invited to express their objections to it within forty five days from the date set for holding the Extraordinary General Assembly meeting for taking the reduction decision provided that the invitation shall be accompanied by a statement indicating the amount of the capital before and after the reduction, the date of the meeting and the effective date of the reduction. If one of the creditors objects and submits his documents to the company on the aforementioned date, the company must pay him his debt if it is due at this time, or provide him with sufficient guarantee to pay it if it is deferred. The creditor who has notified the company of his objection to the reduction and whose debt has not been paid if it is immediate, or provided sufficient guarantee to pay it if it is deferred, may apply to the competent judicial authority before the date specified for the extraordinary general assembly to take a decision on the reduction. The competent judicial authority in this case has to order the payment of the debt, provide sufficient guarantee, or to postpone the meeting of the Extraordinary General Assembly, as the case may be.



3. The reduction shall not be invoked against the creditor who submitted his request on the date stipulated in Paragraph (1) of this Article unless he has received what has become due of his debt or has obtained sufficient guarantee to settle what is not due.
4. Equality must be taken into account among the shareholders who hold shares of the same type and category in case of capital reduction.

#### **Article Sixteen: Debt instruments and Financing sukuk**

Debt instruments and negotiable financing sukuk may be issued by a decision of the Extraordinary General Assembly, and in accordance with the financial market system. These instruments and sukuk may not be convertible into shares except by a decision of the Assembly indicating the maximum number of shares that may be issued in exchange for these instruments and sukuk.

The Board of Directors shall issue the new shares in exchange for these instruments and sukuk immediately upon the request of their holders after the expiry of the period specified for that, and without the need for a new decision by the Assembly. The Board shall take the necessary measures to amend the company's articles of association with regard to the number of issued shares and the capital.



## Chapter Three

### Board of Directors

#### Article Seventeen: Formation of the Board of Directors

The company is managed by a board of directors consisting of (7) eight members elected by the Ordinary General Assembly for a period not exceeding (4) four years.

#### Article Eighteen: Termination of the Board membership

Membership of the Board ends with the expiry of its term or with the expiry of the member's validity in accordance with any law or instructions in force in the Kingdom. However, the Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. A member of the Board of Directors may retire at an appropriate time, otherwise he will be liable to the company for the damages resulting from his retirement.

#### Article Nineteen: Vacant positions in the Board

If the position of one of the members of the Board of Directors becomes vacant, the Board may appoint a temporary member of experience and competence in this vacant position. The Commercial Registry and the Capital Market Authority must be notified of this within fifteen working days from the date of appointment, and the appointment shall be submitted to the Ordinary General Assembly at its first meeting. Besides, the new member shall complete the term of his predecessor.

If the required conditions of the meeting of the Board of Directors are not met due to a decrease in the number of its members below the minimum stipulated in Article (69) Paragraph (5) of the Companies Law or Article (23) of this Law, the





rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

#### **Article Twenty: Powers of the Board**

- 1- Subject to the terms of reference of the General Assembly, the Board of Directors shall have the widest powers in managing the company and its affairs, assets, properties and real estate in a way that achieves its purposes. In addition, he is entitled to buy and accepting it, pay the price and mortgage and releasing it, sale, evacuation, collection of price, and hand over the price as stipulated in the Companies Law, provided that the minutes of the Board of Directors and the reasons for its decision to deal with the company's assets, property and real estate include the following conditions:
  - A- The Board specifies in the minutes or the decision the reasons and justifications of the sale.
  - B- The price in the sale is close to the price of the same.
  - C- The sale must be in presence, except in cases of necessity and with sufficient guarantees.
  - D- The disposal does not result in the cessation of some of the company's activities, or imposing other obligations on it.
- 2- The Board of Directors may make loans with government financing funds and institutions, regardless of their duration, and commercial loans whose terms do not exceed the end of the company's term, taking into consideration the following conditions of making loans whose terms exceed three years:
  - A- The Board of Directors determines in its decision the aspects of using the loan and the method of repayment.
  - B- The Board of Directors takes into consideration, in the conditions of the loan and the guarantees submitted to it, that the company,





its shareholders, and the general guarantees of the creditors are not harmed.

- 3- The Board of Directors shall have the right to reconcile, assign and contract, commit in the name of the company, and on its behalf. The Board of Directors may perform all deeds and actions that achieve the objectives of the company.
- 4- The Board of Directors of the company shall have the right, in the cases it deems appropriate, to discharge the debtors of the company from their obligations according to what is in its interest, provided that the minutes of the board of directors and the reasons for its decision take into consideration the following conditions:
  - A- The discharge takes place after a full year has elapsed from the beginning of the debt as a minimum.
  - B- The Board determine a specific amount (maximum) that it does not exceed to discharge any debtor in one year.
  - C- Discharge is a right of the Board that cannot be delegated.

The Board may, within the limits of its competence, authorize one or more of its members or a third party to undertake a specific work or actions.

#### **Article Twenty-One: Board Members Remuneration**

The remuneration of the Board of Directors consists of an allowance of attending meetings, in-kind benefits, or a certain percentage of the net profits, or a combination of two or more of these benefits in accordance with the policies of the Board of Directors and its remuneration emanating from the regulation of principles and policies of the company governance approved by the Ordinary General Assembly and within the limits stipulated in the Companies Law and its regulations.

The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all that the members of the Board of



Directors received during the fiscal year in terms of remuneration, expenses and other benefits. The report shall also include a statement of what the members of the Board have received in their capacity as workers or administrators, or what they have received in exchange for technical, administrative or consulting work. Furthermore, it includes a statement of the number of Board sessions, and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

#### **Article Twenty-Two: Powers of the Chairman, Vice President, Managing Director and Secretary**

The Board of Directors shall appoint a Chairman and Vice-Chairman from among its members, and it may appoint a Managing Director. It is not permissible to combine the position of Chairman of the Board of Directors with any other executive position in the company. The chairman has the powers to invite the board to convene and act as a chairman of the board meeting and shareholders' general assemblies. In addition, the Chairman of the Board is also responsible for the following matters:

- A- Representation of the company in its relations with third parties, government agencies, clients, banks, and courts of all kinds.
- With regard to (the judiciary), in disputes of all kinds, arbitration bodies, labor offices, government agencies, notaries, courts, Committee of Settlement of Securities Disputes - Settlement Committee, dispute settlement committees of all kinds, arbitration bodies, labor offices, workers and labor committees of all higher and primary degrees, and before all government agencies, notaries. He has the right to claim all of the company's rights with third parties. With regard to claims and courts, claiming, pleading and defending - hearing lawsuits and responding to them - acknowledgment- denial - reconciliation - waiver - oath request - rejecting it and abstaining from it - bringing witnesses and evidence and challenging them - answering and invalidating and



amendment- allegation of forgery - denial of lines, seals and signatures  
- request for travel ban and cancelling it - reviewing seizure and  
enforcement departments - seizure and execution request- arbitration  
request - appointment of experts and arbitrators – appealing the  
reports of experts and arbitration, objecting to and replacing them –  
requesting the implementation of Article 230 of the law of legal  
pleadings - request for the implementation of judgments - acceptance  
and negation of judgments - objection to judgments and requesting  
appeal and cassation – requesting reconsideration - commenting on the  
judgments instruments - a request for rehabilitation, a request for pre-  
emption - completing what is required to attend sessions in all cases in  
all courts - receipt of amounts - in cash - or by check in the name of the  
company - at all courts and judicial bodies - Receipt of judgment  
instruments - Request to step down the judge - Request for inclusion  
and overlap - Request for referral of the case at the administrative  
courts (Board of Grievances), the Sharia courts, the Sharia medical  
committees, labor committees, committees of settling financial  
disputes and committees of settling bank disputes, committees of  
settling securities disputes, committees of settling commercial  
disputes, customs committees and commercial fraud committees,  
committees of settling insurance disputes and violations, Control and  
Investigation Authority, Investigation and Public Prosecution Authority,  
Supreme Judicial Board, Supreme Court, Committee of reviewing  
violations of Law on the Practice of Health Professions, Committee for  
Reviewing Violations of the Provisions of the Health Institutions Law.  
Besides, he has the right to claim the rights of the company at third  
parties, whether governmental or private entities, institutions,  
companies, banks or individuals and negotiating with them and  
receiving money, whether cash, checks, credits or guarantees.





- With regard to ( government ministries ) - review the Ministry of Justice
  - review the Ministry of Interior - review the Ministry of Foreign Affairs,
  - review the Ministry of Defense, review the Ministry of National Guard,
  - review the Ministry of Commerce and Industry, review the Ministry of Commerce, review the Ministry of Finance, review the Ministry of Agriculture, review the Ministry of Labor and Social Development, the Royal Court, review the Ministry of Municipal Affairs - Ministry of Energy and all government ministries affiliated to the Presidency of the Board of Ministers and its branches and the departments and divisions that follow them, and the rest of the state's governmental agencies, emirate, police departments, security agencies, traffic, civil defense, secretariats, sub-municipalities, passports, recruitment offices, telecommunications companies, electricity and water companies, all judicial, executive and administrative agencies, other government agencies, and chambers of commerce and industry and private bodies, companies and institutions of all kinds, with all the services that the company needs provided by public and private agencies, companies and institutions, their cancellation, receipt and delivery.
- B- Conclusion and signing of all contracts and agreements, including without limitation contracts of purchase, sale, lease, rental, agencies, concession and other documents, transactions and deals, and entering into tenders on its behalf.
- C- Signing, on behalf of the company, the contracts of incorporation of companies, amendments, appendices, decisions of the partners in the companies in which the company participates inside and outside the Kingdom, increasing its capital, payment of fees, receiving registration certificates, following up the procedures of merging, transferring and liquidating it before all the competent authorities, buying shares and stocks, selling and assigning them, whether in whole or in part, and signing all required decisions and documents, opening branches for it,





- participating in its establishment, participating in existing companies of all kinds, signing agreements, mergers, acquisitions and instruments before the notary public and official authorities, as well as institutions of all kinds. Moreover, he has the right to request issuing main and secondary commercial records and signing any additional changes such as deleting, adding, amending, selecting, receiving the originals of commercial records, adding trademarks. He also has the right to assign commercial or subsidiary records and assign trade names and trademarks, sign at all chambers of commerce and industry in the Kingdom of Saudi Arabia and abroad.
- D- Conclusion of sale and purchase contracts and lease contracts and acting on behalf of the company, to purchase lands, real estate and other property of assets and movable and immovable funds necessary to achieve the objectives of the company and selling those movables, eviction, marginalizing, mortgage and releasing mortgage of any of the company's property before the courts and notaries, accept the sale, determine the price, acknowledge its receipt, receipt, delivery and merger Deeds, division, sorting, receipt of deeds and arguments, updating them and inserting them into the comprehensive system, waiver of space shortage, deletion, addition, modification of borders, lengths, area, plot numbers, plans, deeds and their dates, names of neighborhoods, issuance of deeds of ownership of all kinds, receipt of deeds, requesting amendment of deeds with their borders and area, deletion, addition, division, sorting, extraction of replacement for lost and damaged and sign on behalf of the company in all that is required.
- E- Reviewing all local and international banks in the Kingdom of Saudi Arabia and abroad, opening bank accounts in the name of the company, managing and closing them, withdrawing and depositing in cash or by checks, transferring to and from them, issuing and receiving ATM cards, receiving and passwords, issuing account statements and books Checks, receiving and issuing them, issuing and receiving certified checks in the name of the



- company, receiving and disbursing remittances, participating in safe deposit boxes and renewing them, activating and settling accounts, cashing checks in the name of the company and objecting to them, receiving returned checks, updating data, opening credits and credit accounts, liquidating guarantees in favor of the company, issuing guarantees, bonds, checks, promissory notes and all commercial papers and sign loans and facilities obtained by the company or companies in which it participates and all other banking business. Besides, he has the right to establish and manage the company's investment accounts for stocks, bonds, instruments, securities, currencies and minerals in the local and international market. In addition, he has the authority to represent the company in all financial and banking transactions at the local and international levels.
- F- Appointing managers and employees, contracting with them, dismissing them from service, requesting visas, and recruiting employees and workers from abroad, issuance of residencies, work permits, transfer and assignment of sponsorships, and all visas (visit and work).
- G- He exercises all these powers and authorities inside and outside the Kingdom of Saudi Arabia. Within the limits of his competences and powers, he has the right to authorize or delegate others in some or all of what was mentioned by virtue of a written authorization or power of attorney and he has the right to dismiss and issue legal agencies, appoint and dismiss agents and lawyers and may cancel the authorization or power of attorney in whole or in part. The agent has the right to delegate others with all or some of what he has been entrusted with.

The Vice President, Managing Director (Chief Executive Officer), jointly or severally, are responsible for the following matters:



A- Representation of the company in its relations with third parties, government agencies, clients, banks, and courts of all kinds.

- With regard to (the judiciary), in disputes of all kinds, arbitration bodies, labor offices, government agencies, notaries, courts, Committee of Settlement of Securities Disputes - Settlement Committee, dispute settlement committees of all kinds, arbitration bodies, labor offices, workers and labor committees of all higher and primary degrees, and before all government agencies, notaries. He has the right to claim all of the company's rights with third parties. With regard to claims and courts, claiming, pleading and defending - hearing lawsuits and responding to them - acknowledgment-denial - reconciliation - waiver - oath request - rejecting it and abstaining from it - bringing witnesses and evidence and challenging them - answering and invalidating and amendment- allegation of forgery - denial of lines, seals and signatures - request for travel ban and cancelling it - reviewing seizure and enforcement departments - seizure and execution request - arbitration request - appointment of experts and arbitrators - appealing the reports of experts and arbitration, objecting to and replacing them - requesting the implementation of Article 230 of the law of legal pleadings - request for the implementation of judgments - acceptance and negation of judgments - objection to judgments and requesting appeal and cassation - requesting reconsideration - commenting on the judgments instruments - a request for rehabilitation, a request for pre-emption - completing what is required to attend sessions in all cases in all courts - receipt of amounts - in cash - or by check in the name of the company - at all courts and judicial bodies - Receipt of judgment instruments - Request to step down the judge - Request for inclusion and overlap - Request for referral of the case at the administrative courts (Board of Grievances), the Sharia courts, the





Sharia medical committees, labor committees, committees of settling financial disputes and committees of settling bank disputes, committees of settling securities disputes, committees of settling commercial disputes, customs committees and commercial fraud committees, committees of settling insurance disputes and violations, Control and Investigation Authority, Investigation and Public Prosecution Authority, Supreme Judicial Board, Supreme Court, Committee of reviewing violations of Law on the Practice of Health Professions, Committee for Reviewing Violations of the Provisions of the Health Institutions Law. Besides, he has the right to claim the rights of the company at third parties, whether governmental or private entities, institutions, companies, banks or individuals and negotiating with them and receiving money, whether cash, checks, credits or guarantees.

- With regard to ( government ministries ) - review the Ministry of Justice - review the Ministry of Interior - review the Ministry of Foreign Affairs, review the Ministry of Defense, review the Ministry of National Guard, review the Ministry of Commerce and Industry, review the Ministry of Commerce, review the Ministry of Finance, review the Ministry of Agriculture, review the Ministry of Labor and Social Development, the Royal Court, review the Ministry of Municipal Affairs - Ministry of Energy and all government ministries affiliated to the Presidency of the Board of Ministers and its branches and the departments and divisions that follow them, and the rest of the state's governmental agencies, emirate, police departments, security agencies, traffic, civil defense, secretariats, sub-municipalities, passports, recruitment offices, telecommunications companies, electricity and water companies, all judicial, executive and administrative agencies, other government agencies, and chambers of commerce and industry and





private bodies, companies and institutions of all kinds, with all the services that the company needs provided by public and private agencies, companies and institutions, their cancellation, receipt and delivery.

- B- Conclusion and signing of all contracts and agreements, including without limitation contracts of purchase, sale, lease, rental, agencies, concession and other documents, transactions and deals, and entering into tenders on its behalf.
- C- Signing, on behalf of the company, the contracts of incorporation of companies, amendments, appendices, decisions of the partners in the companies in which the company participates inside and outside the Kingdom, increasing its capital, payment of fees, receiving registration certificates, following up the procedures of merging, transferring and liquidating it before all the competent authorities, buying shares and stocks, selling and assigning them, whether in whole or in part, and signing all required decisions and documents, opening branches for it, participating in its establishment, participating in existing companies of all kinds, signing agreements, mergers, acquisitions and instruments before the notary public and official authorities, as well as institutions of all kinds. Moreover, he has the right to request issuing main and secondary commercial records and signing any additional changes such as deleting, adding, amending, selecting, receiving the originals of commercial records, adding trademarks. He also has the right to assign commercial or subsidiary records and assign trade names and trademarks, sign at all chambers of commerce and industry in the Kingdom of Saudi Arabia and abroad.
- D- Conclusion of sale and purchase contracts and lease contracts and acting on behalf of the company, to purchase lands, real estate and other property of assets and movable and immovable funds necessary to achieve the objectives of the company and selling those movables, eviction, marginalizing, mortgage and releasing mortgage of any of the company's



property before the courts and notaries, accept the sale, determine the price, acknowledge its receipt, receipt, delivery and merger Deeds, division, sorting, receipt of deeds and arguments, updating them and inserting them into the comprehensive system, waiver of space shortage, deletion, addition, modification of borders, lengths, area, plot numbers, plans, deeds and their dates, names of neighborhoods, issuance of deeds of ownership of all kinds, receipt of deeds, requesting amendment of deeds with their borders and area, deletion, addition, division, sorting, extraction of replacement for lost and damaged and sign on behalf of the company in all that is required.

- E- Reviewing all local and international banks in the Kingdom of Saudi Arabia and abroad, opening bank accounts in the name of the company, managing and closing them, withdrawing and depositing in cash or by checks, transferring to and from them, issuing and receiving ATM cards, receiving and passwords, issuing account statements and books Checks, receiving and issuing them, issuing and receiving certified checks in the name of the company, receiving and disbursing remittances, participating in safe deposit boxes and renewing them, activating and settling accounts, cashing checks in the name of the company and objecting to them, receiving returned checks, updating data, opening credits and credit accounts, liquidating guarantees in favor of the company, issuing guarantees, bonds, checks, promissory notes and all commercial papers and sign loans and facilities obtained by the company or companies in which it participates and all other banking business. Besides, he has the right to establish and manage the company's investment accounts for stocks, bonds, instruments, securities, currencies and minerals in the local and international market. In addition, he has the authority to represent the company in all financial and banking transactions at the local and international levels.



- F- Appointing managers and employees, contracting with them, dismissing them from service, requesting visas, and recruiting employees and workers from abroad, issuance of residencies, work permits, transfer and assignment of sponsorships, and all visas (visit and work).
- G- He exercises all these powers and authorities inside and outside the Kingdom of Saudi Arabia. Within the limits of his competences and powers, he has the right to authorize or delegate others in some or all of what was mentioned by virtue of a written authorization or power of attorney and he has the right to dismiss and issue legal agencies, appoint and dismiss agents and lawyers and may cancel the authorization or power of attorney in whole or in part. The agent has the right to delegate others with all or some of what he has been entrusted with.
- H- Approving the company's work plan and approving its operational plans and capital budget.
- They have the right to exercise these powers and authorities inside and outside the Kingdom of Saudi Arabia. Within the limits of their competences and powers, they have the right to authorize or delegate others in some or all of what was mentioned by virtue of a written authorization or power of attorney, and they have the right to dismiss them, issue legal powers of attorney, appoint agents and lawyers and dismiss them. Moreover, they have the right to cancel the authorization or power of attorney partially or completely. The agent has the right to delegate others with all or some of what they were entrusted with.
  - The Managing Director shall be the chief executive officer, and shall, within the limits stipulated in Article (22) of this Articles of Association, manage the company's daily affairs.
  - The Board of Directors shall appoint a secretary to be chosen from among its members or others. He shall be responsible for editing the facts and decisions of the Board of Directors in minutes and recording them in a special register prepared for this purpose. His remuneration shall be





determined by a decision of the Board. The term of the board chairman, his deputy, the managing director and the secretary of the board of directors shall not exceed the term of membership of each of them in the board. They may be re-elected and the Board may at any time dismiss any of them without prejudice to the right of the dismissed member to compensation if the dismissal occurred for an illegitimate reason or at an inappropriate time, taking into account the provisions of the company's articles of association. The company's articles of association points out the competences of the chairman of the board and the managing director and the special remuneration received by each of them, in addition to the remuneration prescribed for the members of the board within the limits of what is stipulated in the companies' law and its regulations.

#### **Article Twenty-Three: Board Meetings**

The Board of Directors meets at least four (4) times a year upon the invitation of its Chairman. The Chairman of the Board must call for a meeting whenever requested to do so in writing by any member of the Board to discuss any subject or more.

The board determines the place of holding its meetings. These meetings may be held via modern means of technology.

#### **Article Twenty-Four: Quorum of Board meetings**

The meeting of the Board shall not be valid unless attended by at least half of the members (in person or by power of attorney).

A member of the Board of Directors may authorize any of the members to attend the meetings of the Board and vote, provided that the deputy member shall not have more than one authorization.





The decisions of the Board shall be issued by at least the majority of the votes of the members present (in person or by power of attorney). In case of equality of votes, the side with which the chairman of the meeting voted will prevail.

The decision of the Board of Directors is valid from the date of its issuance. In urgent matters, the Board can vote on decisions by passing them on to members separately unless one of them requests the meeting to be written for deliberation. The decisions are submitted to the Board at the first meeting.

#### **Article Twenty-Five: Board Deliberations**

The deliberations and decisions of the Board of Directors are recorded in minutes prepared by the secretary and signed by the chairman of the session, the attending members of the board, and the secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board and the Secretary.

Modern technical means may be used to sign, record deliberations and decisions, and recording the minutes.



## Chapter four

### Shareholders' assemblies

#### Article Twenty-Six: Attending Assemblies

Each shareholder, regardless of the number of his shares, has the right to attend all general assemblies of shareholders, and he may delegate another person on his behalf who is not a member of the Board of Directors to do so.

The meetings of the general assemblies of shareholders may be held, and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, according to the controls set by the Capital Market Authority.

#### Article Twenty-Seven: Competences of the Constituent Assembly of the transformation of the company

The constituent assembly of the transformation of the company is responsible for the following matters:

- 1- Verification of subscription with all capital.
- 2- Approving the final texts of the company's bylaws.
- 3- Approval of transformation expenses.

For the validity of the assembly's meeting, a number of shareholders representing at least half of the capital must attend. Each shareholder in its meetings has a vote for each share by which he subscribed or that he represents.

#### Article Twenty-Eight: Competences of the Ordinary General Assembly

With the exception of matters related to the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters related to the company. It convenes at least once a year during the six months following the end of the



company's fiscal year. Other ordinary assemblies may be called whenever the need arises.

#### **Article Twenty-Nine: Competences of the Extraordinary General Assembly**

The Extraordinary General Assembly is concerned with amending the company's law, with the exception of the provisions that it is prohibited from amending by law. It may issue decisions on matters within the competence of the Ordinary General Assembly, with the same terms and conditions prescribed for the Ordinary General Assembly.

#### **Article Thirty: Invitation of Assemblies**

Shareholders' general or private assemblies are convened at the invitation of the Board of Directors.

The Board of Directors shall invite the Ordinary General Assembly to convene within (30) days from the date of the request of the auditor or one or more shareholders representing (10%) of the shares of the company that have voting rights at least, provided that the request indicates the items that the shareholders are required to vote on.

The invitation to convene the General Assembly shall be prior to the date specified for it in accordance with the Companies Law and the controls determined by regulations.

#### **Article Thirty-One: Quorum of the Ordinary General Assembly Meeting**

The meeting of the Ordinary General Assembly shall not be valid unless it is attended by shareholders representing at least a quarter of the shares of the company that have voting rights. If this quorum is not met at the meeting, an invitation is made for holding a second meeting within the thirty days following the previous meeting, and the invitation is announced in the manner stipulated in Article (30) of this bylaw. However, the second meeting may be held an hour after the end of the period specified for the first meeting, if the invitation to the





first meeting includes evidence that the second meeting can be held on the same day. In all cases, the second meeting is considered valid regardless of the number of shares that have voting rights represented in it.

#### **Article Thirty-Two: Quorum of the Extraordinary General Assembly Meeting**

The meeting of the Extraordinary General Assembly shall not be valid unless attended by shareholders representing at least half of the shares of the company that have voting rights. If this quorum is not met in the first meeting, the invitation is made for holding a second meeting within the thirty days following the previous meeting. The invitation is announced in the manner stipulated in article (30) of this law. However, the second meeting may be held an hour after the end of the period specified for the first meeting, if the invitation to the first meeting includes evidence that the second meeting can be held on the same day. In all cases, the second meeting is considered valid if attended by a number of shareholders representing at least a quarter of the shares of the company that have voting rights. If this quorum is not met in the second meeting, an invitation is made for holding a third meeting in the same conditions stipulated in this article and the third meeting is considered valid whatever the number of shares that have voting rights represented in it.

#### **Article Thirty-Three: Voting in Assemblies**

Each shareholder has a vote for each share he represents in the Constituent Assembly for the transformation of the company, in the Ordinary General Assembly and in the Extraordinary General Assembly. The cumulative voting must be used in electing the Board of Directors.

#### **Article Thirty-Four: Association Decisions**

The decisions of the Constituent Assembly for the transformation of the company, and the Ordinary General Assembly, are issued with the approval of the majority of the voting rights represented in the meeting. The decisions of the Extraordinary General Assembly are issued with the approval of two-thirds of the



voting rights represented in the meeting, unless it is a decision related to increasing or decreasing the capital, extending the term of the company, or dissolving it prior to the expiry of the period specified in its articles of association, its merger with another company, or its division into two or more companies, is not valid unless it is issued with the approval of three-quarters of the voting rights represented at the meeting.

#### **Article Thirty-Five: Discussion in the Assemblies**

Each shareholder has the right to discuss the topics on the agenda of the assemblies and to direct questions about them to the members of the Board of Directors and the auditor. The Board of Directors or the auditor shall respond to the questions of the shareholders to the extent that the interest of the company is not harmed. If the shareholder considers that the reply to his question is not sufficient, he shall appeal to the General Assembly, and its decision in this regard shall be enforceable.

#### **Article Thirty-Six: Presidency of assemblies and preparation of minutes**

The meeting of the General Assembly shall be headed by the Chairman of the Board of Directors or his deputy in case of his absence or whomever the Board of Directors delegates from among its members in case they are absent. In the event that this is not possible, the General Assembly is headed by whoever is delegated by the shareholders from among the members of the Board or others by voting. The Chairman of the Assembly nominates its secretary and collector of votes.

Minutes of the assembly meeting shall be written including the number of present or represented shareholders, the number of shares held by them in person or by power of attorney, the number of established votes, the decisions taken, the number of votes for or against them, and an adequate summary of the discussions that took place in the meeting. The minutes are recorded regularly after each meeting in a special register signed by the president of the General Assembly, its secretary and the collector of votes.



## Chapter Five

### Auditor

#### Article Thirty-Seven: Appointment of the Auditor

The company shall have one auditor (or more) from among the auditors licensed to work in the Kingdom. He shall be appointed by the Ordinary General Assembly and his remuneration and term of office shall be determined. The company may reappoint him provided that the total period of his appointment does not exceed seven consecutive or separate years, and whoever has fulfilled this period may be re-appointed after three years from the date of its expiry date. The Assembly may, at any time, dismiss the auditor without prejudice to his right to compensation if the change occurred at an inappropriate time or for an illegitimate reason.

#### Article Thirty-Eight: Powers of the Auditor

The auditor - at any time - has the right to review the company's books, records and other documents and he may also request data and clarifications that he deems necessary to obtain in order to verify the company's assets and liabilities and other things that are within the scope of his work.

The chairman of the board of directors shall enable him to perform his duty. If the auditor encounters difficulty in this regard, he shall prove that in a report submitted to the board of directors. If the Board does not facilitate the work of the auditor, he must request the Board of Directors to invite the Ordinary General Assembly to consider the matter.

The auditor shall submit to the Annual Ordinary General Assembly a report containing the position of the company's administration to enable him to obtain the data and clarifications he requested, any violations of the provisions of this





bylaw or the companies' bylaw and his opinion on the fairness of the company's financial statements.

The auditor reads his report in the General Assembly.

## Chapter Six

### Company accounts

#### Article Thirty-Nine: Fiscal Year

The company's fiscal year starts on January 1 and ends on December 31 of each calendar year, provided that the first fiscal year after the transformation starts from the date of the ministerial decision announcing the company's transformation and ends on December 31 of the following year.

#### Article Forty: Financial Statements

- 1- At the end of each fiscal year of the company, the Board of Directors shall prepare the company's financial statements and a report on its activities and its financial position for the past fiscal year. This report shall include the proposed method of distributing the net profits. The Board shall place these documents at the disposal of the auditor at least forty-five (45) days prior to the date set for the General Assembly.
- 2- The documents referred to in paragraph (1) of this Article must be signed by the chairman of the board of directors of the company, its chief executive officer and financial manager, copies of which shall be deposited at the company's head office at the disposal of the shareholders.
- 3- The chairman of the board of directors shall provide the shareholders with the company's financial statements, the report of the board of directors after signing them, and the auditor's report unless they are published in any modern technology.

#### Article Forty-One: Distribution of Profits



The net profits are distributed as follows:

- 1- (10%) of the net profits shall be set aside annually to form the company's statutory reserve.
- 2- The Ordinary General Assembly may decide to stop this reserve when the statutory reserve reaches (20%) of the company's paid capital.
- 3- The Ordinary General Assembly may, according to a proposal by the Board of Directors, decide to allocate a certain percentage of the net profits to form other reserves.
- 4- The Ordinary General Assembly may decide to deduct sums from the net profits to establish social institutions for the company's workers or assisting the existing ones.
- 5- From the remainder, a first payment equal to (5%) of the company's paid-up capital will be distributed to the shareholders.

#### **Article Forty-Two: Entitlement of profits**

The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision indicates the date of entitlement and the date of distribution. The eligibility of profits shall be for the shareholders registered in the shareholder registers at the end of the day specified for the entitlement. The Assembly may decide to distribute profits on an annual, semi-annual or quarterly basis and it may authorize the Board of Directors to do so.

#### **Article Forty-Three: Company's losses**

If the company's losses amounted to half of the paid-up capital, the Board of Directors must disclose the recommendations it reached regarding those losses within (60) days from the date of its knowledge of this percentage of losses. It shall also invite the Extraordinary General Assembly to meet within (180) days from the date of its knowledge of the losses rate to consider the continuation of



the company while taking any of the necessary measures to address or resolve these losses.





## Chapter Seven

### Disputes

#### Article Forty-Four: Liability claim

- 1- The company may file a liability claim against the members of the Board of Directors due to errors that result in damages to all shareholders. The Ordinary General Assembly decides to file this lawsuit and appoint someone to act on behalf of the company in carrying out the lawsuit. If a judgment declaring the company bankrupt is issued, filing the aforementioned lawsuit shall be the competence of the bankruptcy representative. If the company is dissolved, the liquidator shall undertake the lawsuit after obtaining the approval of the Ordinary General Assembly.
- 2- A partner, shareholder, or more representing (5%) of the company's capital, unless the company's Memorandum of Association or Articles of Association stipulates a lower percentage, may file a liability claim for the company in the event that the company fails to file it, taking into consideration that the main objective of filing the claim is to achieve the interests of the company, the lawsuit is based on a valid basis, and that the plaintiff is in good faith, a partner or shareholder in the company at the time of filing the claim.
- 3- In order to file the claim referred to in Paragraph (2) of this Article, it is required to notify the members of its board of directors - as the case may be - of the intention to file the claim at least (14) days prior to the date of filing it.

## Chapter Eight



## Company Termination and Liquidation

### Article Forty-Five: Termination of the company

The company shall expire for any of the reasons for expiry stipulated in the Companies Law.

### Article Forty-Six: Company Liquidation

The liquidation shall be in accordance with the provisions stipulated in the Companies Law.



## Chapter Nine

### Final Provisions

#### Article Forty-Seven: Adherence to the system

The Companies Law and its bylaws shall be applied in all that is not provided for in this Law.

#### Article Forty-Eight: Publication

This law shall be deposited and published in accordance with the provisions of the Companies Law and its bylaws.

