

## BYLAWS OF

### Arabian Contracting Services Company

#### (A Saudi Joint Stock Company)

### CHAPTER ONE: FORMATION OF THE COMPANY

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

A Saudi joint stock company is established in accordance with the Companies Law and its Regulations, and these Bylaws.

#### **Article (2): Company Name**

The Company's name is the Arabian Contracting Services Company, a joint stock company.

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

The Company's objectives are:

1. Promotion and advertising, printing advertisement materials, commercial printing, and binding.
2. Manufacture of steel, aluminum and plastic materials used in advertising.
3. Implementation of contracting and construction works.
4. Purchase of lands and properties to construct buildings for the Company's benefit.
5. Import, export, wholesale and retail of materials, advertising billboards, and printing supplies and equipment of all kinds.
6. Installation and equipment of displays.
7. Road works and maintenance, electrical works and maintenance, mechanical works and maintenance, construction works and maintenance.
8. Manufacturing and assembly of advertisements and informational billboards, including digital TV billboards.

The Company carries out its activities pursuant to the applicable regulations after obtaining the necessary licenses from the competent authorities, if any.

#### **Article (4): Participation and Ownership in Companies**

The Company may establish companies on its own (limited liability or closed joint stock companies) provided that the capital thereof is not less than five (5) million riyals. It may own interests and shares in other existing companies or merge therewith and participate with others in establishing joint stock or limited liability companies after meeting the applicable requirements under the relevant laws and instructions. The Company may also dispose of such shares or stocks, provided this does not include any brokerage.

#### **Article (5): Company Head Office**

The Company's head office is in the city of Riyadh. The Company may also, by a resolution of the Board of Directors, open branches or agency offices inside or outside Saudi Arabia.

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

The duration of the Company is ninety-nine (99) Gregorian years, commencing as at the date on which the Company is registered in the Commercial Register. The Company's term may always be extended by a



resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

## **CHAPTER TWO: CAPITAL AND SHARES**

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

The Company's share capital is five hundred million Saudi riyals (SAR 500,000,000) divided into fifty million (50,000,000) shares of equal value, with a nominal value of ten Saudi riyals (SAR 10) per share, all of which are cash and in-kind ordinary shares.

### **Article (8): Subscription to the Offer Shares**

The founders subscribed for the entire capital of fifty million (50,000,000) fully paid shares amounting to five hundred million Saudi riyals (SAR 500,000,000). The cash amounts were deposited in a licensed bank in the Kingdom of Saudi Arabia, and the founders acknowledged their joint responsibility towards others in the correct valuation of the assets presented as in-kind shares.

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

The Company's Extraordinary General Assembly may, based on rules established by the competent authorities, issue preferred shares, decide to purchase them, convert ordinary shares into preferred shares or convert preferred shares into ordinary shares. Preferred shares do not accord voting rights in General Assemblies of Shareholders. These shares entitle their holders to receive a greater percentage of Company's net profits, after setting aside the statutory reserve, than those received by holders of ordinary shares.

### **Article (10): Sale of Non-Paid-up Shares**

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay by the due date, the Board of Directors may, after notifying the Shareholder via registered mail at their address listed in the shareholders register, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority. The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on all of the Shareholder's funds for the unpaid balance. However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard. The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares and make a note to this effect in the Shares Register specifying the name of the new holder.

### **Article (11): Issuance of Shares**

The Company shall issue share certificates with serial numbers. The share certificates shall be signed by the Chairman of the Board of Directors or a delegated Board member and stamped with the Company's stamp. Specifically, the share certificate shall indicate the number and date of the Ministerial Resolution authorizing the Company's establishment, the number and date of the Ministerial Resolution announcing the Company's establishment, the value of its capital, number of distributed shares, the nominal value of the shares, the paid amount therefrom, the Company objectives in brief and the Company's head office and term. The shares may have coupons with serial numbers, and each coupon shall bear the number of the Share to which it is attached.

### **Article (12): Trading of Shares**

Shares subscribed for by the founders may only be traded after the publication of the financial statements for two (2) fiscal years, each covering a period of at least twelve (12) months from the date of the decision approving the Company's incorporation. A notation shall be made on the respective share certificates, indicating their class, the date of the Company's incorporation, and the period during which their trading shall be suspended.





However, during the lock-up period, shares may, in accordance with the legal provisions for the sale of rights, be transferred from one Shareholder to another, from the heirs of a deceased Shareholder to a third party, or if the funds of an insolvent or bankrupt founder are seized, provided that the other Shareholders are given priority to own such shares.

The provisions of this Article shall also apply to shares that are subscribed for by the founders in case of an increase of capital prior to the end of the Lock-up Period.

#### Article (13): Shareholders Register

The Company's shares shall be traded by an entry in the shareholders register maintained or outsourced by the Company, which shall contain the Shareholders' names, nationalities, places of residence, occupations, the number of the shares and the amounts paid up on such shares. An annotation shall be made on the share indicating said entry. As far as the Company or third parties are concerned, the transfer of nominal shares shall only be effective from the date of the entry in said register.

#### Article (14): Capital Increase

1. The Extraordinary General Assembly may resolve to increase the Company's capital, provided the capital has been paid up in full. The Capital does not need to be paid in full where the unpaid portion thereof corresponds to shares issued in exchange for converting debts or financing instruments into shares and the term prescribed for their conversion has not yet ended.
2. In all cases, the Extraordinary General Assembly may allocate all or some of the shares issued by the capital increase to all or some of the employees of the Company and its subsidiaries. Shareholders may not exercise pre-emptive rights when the Company issues shares designated for employees.
3. Shareholders who own shares when the Extraordinary General Assembly issues a resolution to increase the capital have priority of subscription for new shares issued for cash shares. Such priority shall be published in a daily newspaper or shareholders shall be notified by registered mail of the capital increase resolution and subscription conditions, duration, and date of commencement and termination.
4. The Extraordinary General Assembly may suspend the pre-emptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said pre-emptive rights in non-shareholders when it deems that doing so is in the Company's best interest.
5. Shareholders may sell or assign their pre-emptive rights in the period from the date the General Assembly resolution approving the capital increase until the last day of subscription for the new shares associated with those rights, in accordance with the measures established by the competent authority.
6. Without prejudice to the provisions of paragraph 4 above, new shares shall be allotted to the holders of pre-emptive rights who have expressed interest in subscribing thereto, in proportion to their total pre-emptive rights resulting from the capital increase, provided that their allotment does not exceed the number of new shares they requested. Remaining new shares shall be allotted to the pre-emptive right holders who have requested more than their proportionate stake, in proportion to their pre-emptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they requested. Any remaining shares shall be offered to third parties unless the Extraordinary General Assembly decides or the Capital Market Law provides otherwise.

#### Article (15): Capital Decrease

The Extraordinary General Assembly may resolve to reduce the capital if it is in excess of the Company's needs or if the Company sustains losses. In the latter case only, the capital may be reduced below the limit prescribed under Article 54 of the Companies Law. Such a resolution shall be issued only after reading a special report prepared by the auditor on the reasons for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.





If the capital reduction is due to the capital being in excess of the Company's needs, the Company's creditors must be invited to express their objection to such reduction within sixty days from the date of publication of the resolution relating to the reduction in a daily newspaper distributed in the region where the Company head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

### **CHAPTER THREE: BOARD OF DIRECTORS**

#### **Article (16): Management of the Company**

The Company shall be managed by a Board of Directors consisting of six members elected by the Ordinary General Assembly for a period not exceeding three years. As an exception, the Company's first Board of Directors was appointed for a term of five years.

#### **Article (17): Termination of Board Membership**

Board membership shall expire at the end of its term, or the end of the Board member's term in accordance with any laws or regulations applicable in the Kingdom of Saudi Arabia. However, the Ordinary General Assembly may, at any time, dismiss one or all Directors, without prejudice to the terminated member's right to seek compensation from the Company if the dismissal was not properly justified or occurred at an inappropriate time. The Board member may also tender their resignation, provided that such resignation occurs at an appropriate time, otherwise, said member shall be held liable for any damage affecting the Company as a result of their resignation.

#### **Article (18): Board Vacancies**

If a Board position becomes vacant, the Board may appoint a temporary director, provided they have the experience and qualifications. Ministry of Commerce must be informed of such (in addition to the Capital Market Authority if the Company is listed in Saudi Stock Exchange (Tadawul)) within five business days from the appointment date, and the appointment shall be announced at the first Ordinary General Assembly. The new director shall complete the rest of his predecessor's term. If the conditions for holding a Board of Directors meeting are not satisfied because the number of directors falls below the minimum prescribed in the Regulations or in the Company's Bylaws, the remaining directors must call for a meeting of the Ordinary General Assembly within sixty (60) days to elect the required number of directors.

#### **Article (19) Powers of the Board of Directors**

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the Company inside and outside the Kingdom and to dispose of its assets, properties and real estate. It also has the right to purchase, accept and pay the price, mortgage, redeem mortgages, sell, discharge, receive payment, and deliver what was paid for, provided that the Board minutes register the details of the resolution taken to dispose of the Company's assets, properties and real estate subject to the following conditions:

- In its resolution, the Board shall justify such action.
- The sale shall be roughly comparable to the equivalent price.
- The payment of the price for such transaction shall not be deferred except in certain cases and with sufficient guarantees.
- This disposal shall not result in suspending some of the Company's activities or burdening it with other obligations. The Board of Directors may enter into loan contracts with government funds and financing institutions and commercial loan contracts with commercial banks, banks, financial firms and credit companies for any period, including loans whose terms exceed three years, subject to the following conditions for loans whose term exceeds three years:





The value of loans that the Board may enter into during the Company's fiscal year shall not exceed 5% of the Company's capital.

- In its resolution, the Board of Directors shall specify the way the loan shall be spent and paid off.
- The Board of Directors has to make sure the loan's conditions and guarantees do not incur harm on the Company, its Shareholders, and the general guarantees to creditors.

The Board has the right to reconcile, waive, contract and engage in business in the Company's name and on its behalf and the Board may conduct all acts and activities to realize the Company's objectives.

The Board of Directors may, within the scope of its authorities, delegate or authorize one or more of its members or a third party to conduct a specific task or carry out certain activities and may cancel such delegation or authorization in whole or in part.

- The Board of Directors shall also have the right to discharge the Company's debtors from their obligations to further its interests, provided the Board minutes contain the details of the resolution, observing the following conditions:
  - The discharge occurs at least one full year from the establishment of the debt.
  - The discharge shall be for a maximum specified amount for each year for each debtor.
  - Discharge is a Board right and shall not be delegated to any person.

Subject to the powers reserved for the General Assembly, the Board of Directors shall have the broadest powers in managing the Company, supervising its business and funds, directing its activities, and developing its policies and operating principles to ensure the achievement of its objectives. The Board of Directors is empowered, by way of example and without limitation, to:

1. the Chairman of the Board of Directors shall represent the Company before all judicial and arbitral authorities and others. The Chairman of the Board of Directors shall have the right by a written decision, within the scope of his powers, to delegate some of his powers to any of the other directors or a third party to undertake a specific act or transactions;
2. the Vice Chairman of the Board of Directors shall fill in for the Chairman of the Board of Directors in his absence;
3. the approval of bidding and governmental auctions of all kinds and costs;
4. the selling, buying and transfer of the ownership of lands and buildings, and all kinds of real estate and other properties, including the Company's real estates, assets and headquarter, the leasing, renting, mortgaging and mortgage payment of the Company's real estates, assets and headquarter, negotiation, approval of all contracts, instruments and documents related to the Company's real estates, assets and headquarter and its execution before the notary and other relevant authorities, the delivery of the cost, receiving of costs, payment and waiver;
5. to open, manage, operate and close bank accounts, obtain loans and other credit facilities for any period, including periods that exceed three (3) years, from governmental financial funds, commercial banks, financial institutions, any company or credit institutions, and the negotiation, approval of all contracts and agreements related to the company, the issuing of letters of guarantee for third parties, to execute order notes and other trending negotiation instruments and the entry into all types of banking transactions and agreements;
6. the approval of the establishment of affiliates, branches, offices, agencies, subscriptions,, participations in any company, and signing the articles of association and its amendments and annexes;



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7. the approval of the Company's business plan and its operational plans and the capital annual budget;
8. to appoint the Company's chief executive officer and executives, and to observe their performance and replace them if necessary, and to supervise the delegation between them;
9. determine the authorities delegated, the decision-making procedures and the period of delegation of the chief executive officer of the Company and the executive management;
10. appoint a secretary of the Board;
11. hire Saudi and non-Saudi consultants and experts and specify their financial rewards;
12. implement internal regulations and amending it, when necessary, including the Company's corporate governance law, internal controls and any other administrative and technical regulations and internal procedures;
13. forming an appropriate number of committees based on the Company's needs, implementing regulations in relation to its work streams, specify the committees' scope of work, duration and delegated authorities;
14. ensure that a specific mechanism is implemented in relation to the nomination and election of board members;
15. to manage and supervise potential conflicts of interest between members of the Company's management, its board members and shareholders, including any mishandling of the Company's assets and any violations in relation to related party transactions; and
16. to authorize or grant power of attorney to any board member or members or any third party to undertake any act or transaction and to revoke such authorization or power of attorney in whole or in part.

#### **Article (20): Remuneration of Board Members**

The remuneration of the Board of Directors shall be specified and include a meeting attendance allowance, benefits in kind, or a certain percentage of net profits. It is permissible to combine two or more of these benefits. If the remuneration is a percentage of the profits, it shall be from the percentage specified in Article (5-46) of the Bylaws, and entitlement to remuneration shall be in accordance with the provisions of the Companies Law or any other regulations, resolutions or instructions complementary thereto. In all cases, the Nominations and Remuneration Committee submits the recommendation to the Board of Directors with the amount of the aforementioned remuneration. The Chairman and members of the Board of Directors shall be paid an attendance allowance of three thousand (3,000) riyals for each meeting they attend, and provided a travel allowance equivalent to the value of a business class ticket on Saudi Airlines and an accommodation allowance of two thousand (2,000) riyals for each day of the meeting for members for whom the meeting is outside their place of residence. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expense allowances and other benefits that Board members received during the fiscal year, and shall also include a statement of payments received by Board members as workers or directors or what they received in return for technical or administrative work or consultations. The report shall also include a statement of the number of Board sessions and the number of Board sessions attended by each member from the date of the last meeting of the General Assembly.

#### **Article (21): Powers of the Chairman, Deputy Chairman, Managing Director and Secretary**

The Board of Directors shall appoint from among its members a Chairman and a Deputy Chairman as well as a Managing Director. A member may not occupy both the office of Chairman and any executive position in the Company.

The Chairman shall be competent to represent the Company before the courts, arbitration tribunals and third parties and may, by a written resolution, delegate some of his powers to other members of the Board or other



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parties to carry out specific work or actions, including, but not limited to, memorandums of incorporation of companies in which the Company has shares and all amendments and annexes thereto. The Chairman shall be entitled to sign agreements, instruments and conveyances before public notaries and official authorities, and loan agreements with government financing funds and institutions, banks and financial firms. The Chairman's powers include signing guarantees, securities, selling, buying, conveying, accepting receipt and delivery, renting, leasing, receiving and paying money, releasing debtors of the Company from their obligations in accordance with the rules set in this regard, opening accounts and credits, withdrawing and depositing with banks, issuing bank guarantees, signing all papers, documents and checks, making all banking transactions, developing rules and procedures governing the Company's business and its relations with third parties, setting regulations, forming specialized work committees and determining their powers, terms of reference and selection mechanism.

The Managing Director shall also have the aforementioned powers and other powers determined by the Board of Directors. The Managing Director must implement the instructions given thereto by the Board of Directors.

In addition to the remuneration set for members of the Board of Directors, the Chairman will receive remuneration of one hundred thousand (100,000) riyals and the Managing Director will receive remuneration of one hundred thousand (100,000) riyals, in addition to the salary, allowances, monetary and in-kind benefits set for the Company's Managing Director, in accordance with the Company's internal regulations and within the limits stipulated in the Companies Law and regulations thereof.

The Board shall appoint a Secretary to be selected from among the Board members or third parties and shall determine the remuneration thereof. The Secretary's duties shall include recording minutes of Board meeting proceedings and resolutions and filing them in a special register for such purpose, as well as maintaining and keeping such register.

The term of the Chairman, Deputy Chairman, Managing Director and Secretary of the Board of Directors shall not exceed the term of their membership on the Board. They may be re-elected, and the Board may at any time dismiss all or any of them without prejudice to the dismissed party's right to compensation if the dismissal occurred for an unlawful reason or at an inappropriate time.

#### **Article (22): Board Meetings**

The Board of Directors shall meet at least twice a year, upon an invitation from the Chairman, which shall be made in writing and delivered by hand or sent by facsimile, email or registered mail at least two weeks prior to the specified meeting date, unless the Board of Directors agrees otherwise. The Chairman shall call the Board to convene a meeting whenever requested by two members.

#### **Article (23): Quorum of Board Meetings**

A Board meeting shall be quorate only if attended by at least three (3) members. Any member of the Board may authorize another member of the Board to represent them at the board meeting, in accordance with the following controls:

1. A member of the Board of Directors may not represent more than one Board member during the same meeting.
2. A proxy shall be made in writing.
3. A Board member acting by proxy may not vote on resolutions on which the principal is prohibited from voting.

Board resolutions shall be adopted by a majority vote of the members present or represented therein. In case of tie, the Chairman shall have the casting vote.

#### **Article (24): Board Deliberations**





Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, attending members and the Secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the Secretary.

#### **CHAPTER FOUR: SHAREHOLDERS ASSEMBLIES**

##### **Article (25): Assembly Attendance**

Each subscriber, regardless of the number of shares held, shall have the right to attend the Conversion Assembly, and each shareholder shall have the right to attend General Assembly meetings. Shareholders may also authorize a third party, other than Board members or Company employees, to attend the General Assembly on their behalf.

##### **Article (26): Constituent General Assembly**

The founders shall invite all subscribers to hold a constituent assembly within forty-five (45) days from the date of the Ministry's resolution authorizing the establishment of the Company. The assembly shall be valid only if attended by a number of subscribers representing at least one-half of the Company's capital. If such quorum is lacking at the first meeting, a second meeting shall be called to be held at least fifteen (15) days from the invitation date.

This meeting shall be valid regardless of the number of subscribers represented therein.

##### **Article (27): Responsibilities of the Constituent General Assembly**

The Constituent Assembly shall be competent to deal with the matters set out under Article 63 of the Companies Law.

##### **Article (28): Responsibilities of the Ordinary General Assembly**

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first six (6) months following the end of the Company's fiscal year. Other Ordinary General Assembly meetings may be called when necessary.

##### **Article (29): Responsibilities of the Extraordinary General Assembly**

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

##### **Article (30): Convening Assemblies**

General or Special Shareholder Assemblies shall be convened by the Board of Directors. The Board of Directors shall convene a General Assembly if requested to do so by the auditor, the Audit Committee or a number of shareholders representing at least five percent (5%) of the Company's capital. The auditor may call for an assembly to be convened when the Board fails to call for such a meeting within thirty (30) days of the auditor's request to do so.

The invitation shall be published in a daily newspaper circulated in the area where the Company's head office is located, at least twenty-one (21) days prior to the date set for such meeting. However, it is sufficient to send the invitation to all shareholders via registered letter within the timeframe set above. A copy of the notice and the agenda shall be sent to the Ministry of Commerce and Industry, within the period set for publication.

##### **Article (31): Assembly Record of Attendance**

Shareholders who wish to attend ordinary or special General Assembly meetings shall register their names at the Company's head office before the time specified for the Assembly.





#### **Article (32): Quorum of Ordinary General Assembly**

Ordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least one-half of the Company's share capital. If this quorum is not met, a second meeting may be held one hour after the end of the period specified for the first meeting, provided the invitation to the first meeting indicates the possibility of holding a second one. If the first invitation does not include the possibility of holding a second meeting, an invitation shall be issued to a second meeting to be held within the thirty (30) days following the previous meeting, and this invitation shall be published in the manner stipulated in Article (30) of the Bylaws.

#### **Article (33): Quorum of Extraordinary General Assembly**

Extraordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least one-half of the Company's share capital. If this quorum is not met, a second meeting may be held one hour after the end of the period specified for the first meeting, provided the invitation to the first meeting indicated the possibility of holding a second one. If the first invitation does not include the possibility of holding the second meeting, an invitation shall be issued to a second meeting in the manner stipulated in Article (30) of the Bylaws.

In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least one quarter of the Company's share capital. If the second meeting is inquorate, then a third meeting shall be called to convene under the same conditions set forth in Article (30) of the Bylaws. With the consent of the competent authority, the third meeting shall be valid irrespective of the number of shares represented thereat.

#### **Article (34): Voting at Assemblies**

Each subscriber shall have one vote for each share they represent at the Conversion Assembly and each shareholder shall have one vote for each share they represent at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

#### **Article (35): General Assembly Resolutions**

Resolutions of the Constituent Assembly shall be adopted by absolute majority vote of the shares represented thereat. Resolutions of the Extraordinary General Assembly shall be adopted by an absolute majority of the shares represented in the meeting. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two-thirds of the shares represented at the meeting. If the resolution is related to increasing or reducing the capital, prolonging the term of the Company or dissolving it before the expiry period specified in its Bylaws or its merger with another company, the resolution will not be valid unless it is issued by a majority of three-quarters of the shares represented in the meeting.

#### **Article (36): Assembly Deliberations**

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor shall answer the shareholder's questions to the extent that such is not detrimental to the Company's interests. If a shareholder deems the answer to the question unsatisfactory, then they may refer the issue to the General Assembly and the latter's decision in this regard shall be binding.

#### **Article (37): Presiding Over Assemblies and Keeping Minutes**

The General Assembly of shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, the Deputy Chairman or, in their absence, the Board designated member.

Meeting minutes shall be drafted indicating the number of attending shareholders or representatives, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.



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## **CHAPTER FIVE: AUDIT COMMITTEE**

### **Article (38): Formation of the Audit Committee**

An audit committee shall be formed pursuant to a resolution passed by the Ordinary General Assembly and shall consist of three (3) non-executive Board members, whether from among the shareholders or others. The resolution shall specify the Committee's responsibilities, the rules governing its activities and the remuneration of its members.

### **Article (39): Committee Quorum**

Audit Committee meetings shall be quorate if attended by the majority of its members. Its resolutions shall be adopted by a majority vote of attending members; ties shall be decided by the vote of the meeting chairman.

### **Article (40): Committee Responsibilities**

The Audit Committee shall be responsible for overseeing the Company's business, and, towards that end, shall have access to Company records and documents. It shall also be entitled to request that Board members or executive directors provide it with clarifications or statements and may request that the Board of Directors calls for the convening of the Company's General Assembly if the Board hinders the performance of the Committee's duties or when the Company suffers material damages or losses.

### **Article (41): Committee Reports**

The Audit Committee shall be responsible for reviewing the Company's financial statements, as well as the reports and notes submitted by the auditor, and provide an opinion thereon, if any. It shall also draft an opinion concerning the adequacy of the Company's internal oversight control systems, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report be made available at the Company's head office at least twenty-one (21) days prior to the General Assembly meeting date, for shareholders who would like a copy thereof. Said report shall be read during the General Assembly meeting.

## **CHAPTER SIX: AUDITOR**

### **Article (42): Appointment of the Auditor**

The Company shall have one or more auditors from among those licensed to operate in the Kingdom. Such auditor shall be appointed annually by the Ordinary General Assembly, which shall determine the remuneration and term thereof. The Assembly may, at any time, replace said auditor without prejudice to the latter's right to compensation if the replacement decision was unlawful or occurred at an inappropriate time.

### **Article (43): Responsibilities of the Auditor**

The Auditor shall have access to the Company's books, records and any other documents at all times. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Chairman of the Board of Directors shall enable the auditor to perform its duties; and when the auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. Failure of the Board to facilitate the work of the auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to examine the matter.

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

### **Article (44): Fiscal Year**

The Company's fiscal year shall begin on 1 January and end on 31 December of each year. The first fiscal year shall start on the date of the resolution issued announcing the establishment of the Company and end at the end of December of the following year.





**Article (45): Financial Documents**

1. At the end of each fiscal year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended fiscal year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
2. The Chairman of the Board, CEO and CFO shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed at the Company's Head Office at the disposal of Shareholders at least twenty-one (21) days prior to the date set for the General Assembly meeting.
3. The Chairman shall provide Shareholders with the Company's financial statements, Board of Directors' report and auditor's report unless they are published in a daily newspaper distributed at the Company's head office. The Chairman shall also send a copy thereof to the Ministry at least fifteen (15) days prior to the date set for the General Assembly meeting.

**Article (46): Distribution of Profits**

The annual net profits of the Company shall be allocated as follows:

1. Ten percent (10%) of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by the Ordinary Assembly when the statutory reserve totals 30% of the Company's share capital.
2. The Ordinary General Assembly may, upon the recommendation of the Board of Directors, set aside a percentage of the net profits to form a contractual reserve to be allocated towards one or more specific purposes to be specified by the Company's Board of Directors.
3. The Ordinary General Assembly may decide to form other reserves to the extent that such achieves the interests of the Company or guarantees steady distribution of profits to shareholders. Said Assembly may also deduct certain amounts from the net profits to set up social institutions for the Company's employees or to support any existing institutions.
4. 5% of the remaining amount shall be distributed as an initial payment to the shareholders.
5. Subject to the provisions set forth in Article (20) of the Company's Bylaws and Article 76 of the Companies Law, 5% shall be set aside to remunerate the Board of Directors, provided that such remuneration is proportionate to the number of sessions attended by each director. The balance shall be distributed among the Shareholders as an additional share of the dividends.

**Article (47): Entitlement to Profits**

Shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on the Shareholder Registers at the end of the entitlement date.

**Article (48): Distribution of Profits for Preferred Shares**

1. If no profits were distributed for any fiscal year, profits may not be distributed for the following years, unless the percentage established in accordance with the provisions of Article 114 of the Companies Law has been paid to the owners of the preferred shares for such year.
2. If the Company failed to pay the determined percentage of profits in accordance with the provisions of Article 114 of the Companies Law for three (3) consecutive years, a Special Assembly of preferred shares holders shall be held in accordance with the provisions of Article 89 of the Companies Law to decide either to have the owners of the preferred shares attend meetings of the General Assembly and participate in the vote, or appoint their representatives to the Board of Directors, in proportion to the



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value of their shares in the Company's capital, until the Company is able to pay all of the profits allocated to the owners of the preferred shares for the previous years.

#### **Article (49): Company Losses**

1. If, at any time during the fiscal year, the Company's losses total half of its paid-up capital, then any Company official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors. The Chairman shall immediately inform the members of the Board, which, within fifteen (15) days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be held within forty-five (45) days from the date they were informed of the losses. The meeting shall decide whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies' Law, in order to render the losses equal to less than half of the paid-up capital, or to dissolve the Company prior to the end of the term specified in the Companies Law.
2. The Company shall be deemed dissolved under the Companies Law if its General Assembly fails to convene within the period specified in Paragraph 1 of this Article, or if it does convene but fails to reach a decision on the matter, or if it resolves to increase the capital in accordance with the conditions set forth in this Article, but the capital increase is not subscribed to in full within ninety (90) days of the Assembly's resolution to increase the capital.

### **CHAPTER EIGHT: CONFLICT**

#### **Article (50): Liability Action**

Each shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said shareholder to suffer damages. Such liability action may only be filed by the shareholder if the Company's right to file such action remains valid. The shareholder must notify the Company of their intention to file such action.

### **CHAPTER NINE: DISSOLUTION AND WINDING UP OF THE COMPANY**

#### **Article (51): Termination of the Company**

Upon its termination, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company. This resolution shall appoint a liquidator and specify the latter's powers, compensation and the restrictions on said powers, as well as the timeframe of the liquidation, which, in cases of voluntary liquidation must not exceed five (5) years, extendable only by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company and take on the capacity of liquidator until the latter is appointed. During liquidation, shareholder assemblies shall retain the responsibilities vested in them that do not conflict with those of the liquidator.

### **CHAPTER TEN: FINAL PROVISIONS**

#### **Article (52):**

The Companies Law and Implementing Regulations thereof shall apply to all matters not provided for in these Bylaws.

#### **Article (53):**

These Bylaws shall be filed and published in accordance with the Companies Law.


