

Electrical Industries Company Bylaws

Article (1): Incorporation

The Company has been incorporated as a Saudi joint stock company in accordance with the provisions of the Companies Law issued by Royal Decree No (M132) dated 01/12/1443 and its implementing regulations and the provisions of this bylaws according to the following:

Article (2): Company Name

Electrical Industries Co - Saudi joint stock company (Listed).

Article (3): Company Head Office

The company's Head Office is in Dammam, Kingdom of Saudi Arabia. The Board of Directors may by its decision establish branches, offices, or agencies inside or outside the Kingdom.

Article (4): Company's Purposes:

The company shall engage in the following purposes:

- 1- Manufacture, sale, and trade of electrical transformers (oil cooled, dry, resin of various capacities)
- 2- Manufacture, sale and trade of cables and cables supports and accessories (steel and aluminum).
- 3- Manufacturing, selling, and trading in units as follows:

Electrical panels, low-voltage panels, Low and medium voltage motor control centers, Interconnected and interconnected current with medium voltage protection, integrated transformer stations with various capacities. Voltages, powerful capacitors (Improved capacity factor), low or medium-voltage with capacities of graded capacities, drop-in fuses (medium-voltage fuses). Lightning conductor of various voltages, Load bearing partition Low voltage for outdoor use, low voltage transfer switch, Hanging Load bearing partition, control panels. Low and medium voltage electric rod ducts of various capacities, low and medium voltage electric rods of various capacities, overhead crane, winch reel, fixed head crane and toroidal linkage.

- 4- Trade in all types of electrical materials and equipment.

The company shall not practice its activities unless the required licenses for such activities are obtained, if need.

Article (5): Participation and Ownership in the Companies

The company may individually establish limited liability companies or closed joint stock. It may also own shares and stocks in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the applicable regulations and instructions.

The company may also dispose of these shares or stocks, whereas that shall not include brokerage in their trading process.

Article (6): The Company Term:

The term of the company is an indefinite period commencing from the date of its registration at the Commercial Register.

Article (7): The Company's Capital

The Company's issued capital has been set with an amount of SAR (562,500,000) Five hundred sixty-two million and five hundred thousand, divided into (56,250,000) fifty-six million and two hundred fifty thousand shares of equal value, the nominal value of each is (10) ten riyals, all of which are ordinary shares.

Article (8): Subscription in Shares

The shareholders have subscribed in all shares of the company's issued capital amounting to (56,250,000) share, fifty-six million and two hundred fifty thousand shares and they are fully paid.

Article (9): Selling of Unpaid shares.

1- The shareholder shall pay the value of shares on the fixed date for such payment. If a shareholder defaults to pay the value on the due date, the Board of Directors may, after notifying him via a registered letter or by any means of modern technology, sell the share in a public auction or in stock exchange market, and in accordance with the regulations set by the competent authority.

2-The company shall recover from the proceeds of sales, the sums due it to and shall refund the balance to the shareholder. If the proceeds of the sale do not fulfil the amounts due, the company may collect the remainder of its due sums from all the shareholder's funds.

3-Execution of the rights related to the shares whose value has not been fulfilled at the expiry of the specified date, shall be suspended until the sale of shares or the payment of what is due from them in accordance with the provisions of Paragraph (1) of this Article. The suspended rights include the right to receive dividends, and the right to attend and vote at the General Assembly meeting. However, the shareholder who defaulted on payment until the day of the sale may pay the value due, in addition to the expenses incurred by the company in this regard. The company cancels the sold share in accordance with the provisions of this article and give the purchaser a new share bearing the same number of the canceled share and make notation in the shares register that the sale took place together with all other data of the new holder.

Article (10): Issuance of Shares

1-Shares shall be nominal value one share is SAR (10) ten Riyals. Shares may not be issued at less than their nominal value, but they may issue at a higher value. In this case, the difference in value shall be added to a particular clause within the shareholders' rights and shall be utilized in accordance with the regulations set by the competent authority and it may not be distributed to shareholders as profit. The share is undividable in front of the company, if it is owned by several persons, they shall elect one of them to act on their behalf in exercising the rights pertaining to such share, but they shall be jointly liable for the obligations arising from the ownership of such share.

2- Shares may be divided into shares with lower value or merge them to represent shares with higher nominal value according to the controls set by the competent authority.

Article (11): Preferred Shares

The Extraordinary General Assembly of the company may, in accordance with the regulations of the competent authority, issue preferred shares or decide to purchase them, convert ordinary shares into preferred ones, or vice versa. Preferred shares shall entitle their holders to receive a higher percentage of the net profit than the holders of ordinary shares after setting aside the company's reserve - if any.

2- Preferred shares shall not give to their holders the right to vote at the General Assemblies, except in the cases which have been approved by the competent authority.

Article (12) Bonds and Instruments:

The company may, in accordance with the provisions of the Capital Market Law, issue debt instruments or financing Sukuk.

Article (13): Trading of Shares

Trading the Company's shares in the stock market shall be in accordance with the provisions of the Saudi Capital market and its implementing regulations.

Article (14): The Company purchase of its shares:

The company may purchase, sale or mortgage its shares in accordance with the guidelines set by the competent authority and the purchased shares by the company shall not have the right to vote at the Shareholders' Assemblies.

Article (15): Capital Increase

1) The Extraordinary General Assembly may decide to increase the issued or authorized Capital of the company, provided that the issued capital has been paid in full unless the unpaid portion of the capital relates to shares issued against the conversion of debt instruments or finance bonds into shares and the period prescribed for such conversion has not yet elapsed.

2) The Extraordinary General Assembly may in all cases allocate issued shares upon capital increase or part thereof for the employees of the company or any of its subsidiaries. The shareholders may not exercise their preemptive rights on issued shares allocated to the employees.

3) A shareholder who owns the share at the date of issuance the Extraordinary General Assembly resolution approving increase of the Company's issued capital or the board of director's resolution regarding increasing the issued capital within the limits of its authorized capital (if any), shall have preemptive rights to subscribe in the new shares issued against cash shares, and he will be notified of his preemptive rights through registered mail or via any means of modern technology about capital increase resolution, subscription terms, duration, start and end date

4) The Extraordinary General Assembly may suspend the preemptive rights of the shareholders to subscribe to capital increase against cash shares or may grant such rights to non-shareholders in cases as it deems appropriate for the benefit of the Company.

5) The shareholder may sell or assign his preemptive rights with or without payment, in accordance with the controls set by the competent authority.

6) Subject to the provisions of paragraph (4) above, new shares shall be distributed to preemptive rights holders, who demanded subscription, in proportion to their preemptive rights against the total preemptive rights resulting from capital increase, provided the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be distributed to preemptive rights holders who requested more than their share in proportion to what they have from the preemptive rights against the total preemptive rights resulting from capital increase, provided that the number of shares allotted to them do not exceed the number of the new shares they have applied for. Any remaining shares shall be offered to others, unless otherwise decided by the Extraordinary General Assembly or Saudi Capital Market Law states otherwise.

Article (16): Capital reduction

The Extraordinary General Assembly may decide to decrease the capital of the company if it exceeds its needs or if the company incurred losses. In the latter case only, the capital may be decreased to less than the minimum set out in Article (59) of the Companies Law. The resolution to reduce the capital shall only be issued after reading a statement prepared by the board at the General Assembly about the reasons of such decrease, the company's obligations, and the impact of the decrease on such obligations, and attach to this statement a report from the auditor.

If the capital decrease is due to the capital being in excess of the company needs, the creditors must be invited to submit their objection to such reduction within forty-five days prior to the date set for the Extraordinary General Assembly meeting to decide on the reduction , provided the invitation is accompanied by a statement showing the amount of capital before and after the reduction, the date of the meeting and effective date of reduction .Should any creditors raise an objection and submit his documents to the company within the period set above , then the company must pay the debt of the creditor if due, or provide the creditor with an adequate guarantee of payment if the debt is payable at a future date.

Article (17): Board of Directors

The company is managed by a Board of Directors composed of eight members provided that they are natural persons elected by the Ordinary General Assembly for a period not exceeding four years and they may be always re-elected for additional terms, in accordance with the rules and regulations of the competent authorities.

Article (18): Expiry of Board Membership

Board membership shall expire upon the end of its term or expiry of the member in accordance with any applicable laws or regulations prevailing in the Kingdom. However, the General Assembly may upon recommendation from the board terminate the membership of any member who has been absent from attending three consecutive meetings or five non - consecutive meetings during the term of his membership without a valid excuse accepted by the board. The General Assembly may dismiss all or some of the board members, and in this case the General Assembly may elect a new board member or some to replace the dismissed member as the case may be in accordance with the provisions of the Companies Law.

Article (19): Expiry of Term, Resignation & Board vacancy

1-The board of directors shall call for an Ordinary General Assembly to convene prior to the expiration of its term to elect board members for a new term. If the election cannot be conducted and the term of the current board has expired, the board members shall continue to perform their duties until a new board of directors is elected for a new term, provided that the continuation period of the members of the board whose term has expired shall not exceed (90) days from the end date of the board's term.

2- If the chairman and members of the board resign, they shall call for General Assembly meeting to elect a new board. The resignation shall not take effect until a new board is elected, provided that continuation period of the resigned board shall not exceed (120) days from the date of such resignation.

3- A member of board of directors may resign from the board pursuant to a written notice to be submitted to the chairman of the board. In the event that the Chairman of the board resigns, the notice of resignation shall be submitted to the remaining members as well as the secretary of the board. In both cases, the resignation shall be effective from the date specified in the notice.

4- If the position of any member of the Board becomes vacant due to death , or resignation, and such vacancy does not result in a breach of the conditions necessary for the validity of the board's convention due to the number of its members being less than the minimum quorum, the Board may appoint on a temporary basis a member in the vacant position , provided that such member has the expertise and competence required. The Commercial Register as well as the Capital Market Authority shall be notified of such appointment within (15) days following the date of appointment, and such appointment shall also be presented to the Ordinary General Assembly at its earliest meeting. The appointed member shall complete the term of office of his predecessor.

5- If the necessary conditions for the validity of the board meetings are not satisfied due to the number of board members is less than the minimum quorum stipulated in the companies' law or this Bylaws, the remaining members shall call for General Assembly meeting within (60) days to elect the required number of board members.

Article (20): Powers of the Board of Directors

Subject to the powers prescribed for the General Assembly, the board of directors shall have the widest powers in managing the company, drawing up its policies, supervising its business and managing its affairs inside and outside the Kingdom. This shall include with limitation to the following:

1-Purchase, sell lands and properties, invest, mortgage and redemption and vacate on behalf of the company, lease and rent and issue power of attorney on behalf of the Company.

The board may obtain the General Assembly approval for the sale of a company's assets the value of which exceeds 50% of the value of its total assets, whether the sale is made through one transaction or more. In such case the transaction which leads to the sales of more than 50% of the value of its assets shall require the General Assembly's approval. Said percentage shall be calculated from the date the first transaction is concluded within the previous (12) months.

2- Establish companies, participate with other companies, enter into existing companies, own stocks and shares in companies, open branches for the company, agencies inside and outside the kingdom and appoint managers. The board may sign the Article of Association of the companies in which the company participates, and all amendments thereto and liquidating the companies.

3- Open, manage and operate bank accounts, and investment portfolios in the name of the Company whether in Saudi Riyals or in foreign currency.

4- The board may conclude loans agreements with government funds and funding institutions, banks, and financial institutions, and may sign all contracts and banking, commercial, financial and investment transactions, including credit facilities and loans, opening letter of credits, issuing, and signing bank guarantees, warranties, promissory note on behalf of the company.

5-Participate in tenders and auctions which are necessary for the company's business and reviewing the offers submitted and awarding them.

6-Right of conciliation, waiver, and contract in the name of the company and on its behalf.

7- The board of Directors may in the cases deemed appropriate - discharge the company debtors from their obligations in the manner that serves the company's interest.

The board of directors may delegate some of its powers to the chairman or any member of the board or third parties.

Article (21): Remuneration of the Board of Directors

1-The remuneration of the board members may consist of a certain sum of money, meeting attendance allowances, in-kind benefits, a net profit quota, or it may be combination of two or more of such benefits according to the Remuneration policy approved by the General Assembly.

2-The Board of Directors report submitted to the General Assembly during its annual meeting shall include a comprehensive statement of all remunerations, meetings attendance allowances, expenses allowance and other benefits which the board members have received or entitled to during the fiscal year. It shall also include a description of payments made to members of the board in their capacity as employees or administrative personnel, or in return for technical, administrative, or advisory services performed by them. The report shall also include details of the number of board meetings as well as the number of meetings attended by each member.

Article (22): Chairman of the Board of Directors, Vice Chairman / Managing Director, and Chief Executive Officer.

The Board of Directors shall, at its first meeting appoint from among its members a chairman and a Vice chairman and may also appoint a managing director from among its members. It is not permissible to combine between the position of the chairman of the board with any other executive position at the company. The Vice Chairman shall replace the chairman when the latter is absent.

1-The Chairman of the board / Vice chairman shall have the powers to call the Board to convene and chair the Board's meetings and the shareholders' general assembly meetings.

2-The Chairman of the Board represents the company in its relationship with third parties, in front of the judiciary, Notary republic and all government authorities: the General Investment Authority, the Capital Market Authority, courts, dispute settlement committees of various kinds, judicial authorities, arbitration authorities, development funds, governmental and private financing funds, chambers of commerce and industry, banks, companies, and institutions of various kinds. The Chairman of the Board is also authorized to sign on all types of contracts, agreements, documents including but limited to sign on behalf of the company on the Articles of Association of the companies in which the company participates with all the amendments, signing the contracts, agreements, Sukuk, emptying, in front of Notary public and issue power of attorney on behalf of the company.

He has the right to delegate any of the board members or company employee or others within the limits of his competence in relation to undertaking certain work or business.

3- The board of directors may appoint from among its members or from outside chief executive officer, and the board determines by a resolution the tasks and remuneration of the CEO.

4- The Board may appoint a secretary from among its members or from third parties and shall issue a resolution determining his competence and remunerations.

5- The term of membership of the chairman, vice-chairman and the managing director shall not exceed the term of their membership in the board. They may be re-elected, and the Board may at any time remove all or any one of them.

Article (23): Board Meetings

The Board of directors shall convene at least four times a year at a call from its chairman. The invitation should be in writing. Chairman of the Board shall call for a meeting whenever requested by a member of the board to discuss one or more topics. The board shall determine the venue of its meeting, and the may be held through means of modern technology.

Article (24): Quorum of Meetings and Resolutions

The meetings of the Board of Directors shall be valid if attended by at least half of its members.

A member of the board may delegate another member to the attend the meeting on his behalf, the delegation shall be in accordance with the following controls:

1-The member of the board shall not represent more than one member in attending the same meeting.

2- Proxy shall be in writing and for a specific meeting.

3-The delegate should not vote on resolutions prohibited by law.

Board resolution shall be adopted by majority vote of the members present or represented at the meeting. When the votes are equal, the chairman of the meeting shall have a casting vote.

4- Board resolutions shall enter into force from the date of its issuance, unless a certain date is clearly stated, or when certain conditions are met.

5- The board of directors may adopt resolutions on urgent matters through presenting the same to members by circulation unless a member of the board requests in writing that the board hold a meeting to deliberate on them. Such resolutions shall be presented to the board at its first subsequent meeting and to be recorded in the minutes of such meeting.

Article (25): Board Deliberations

1-The deliberations and resolutions of the Board meetings shall be recorded in minutes to be prepared by the board secretary and co-signed by the Chairman of the meeting, the present board members, and board secretary. Such Minutes shall be recorded in a special register and co-signed by the chairman of the Board and the secretary.

2- The company may use means of modern technology for signing, recording the deliberations and resolutions, and minutes of meetings.

Article (26): Attending General Assembly Meetings

1-Each shareholder shall have the right to attend the general assembly meetings. He may delegate any other person other than a member of the board to attend the general assembly on his behalf.

2-The General Assembly meetings may be held, and the shareholders may participate in their deliberations and voting on their resolutions by using modern technology means.

Article (27): Calling for General Assembly meeting.

1-General and special Assemblies meetings shall be held at the call the Board of Directors. The board of directors shall call the Ordinary General Assembly within (30) days from the date of Auditor's request, or by a number of shareholders representing at least (%10) of the voting shares. The Auditor may call the General Assembly meeting, if the Board did not call for it within (30) days from the date of the Auditor's request.

2-The request referred to in Paragraph (1) of this article shall indicate the items on which the shareholders are requested to vote on.

3- The call for the general assembly shall be sent at least (21) days prior to the scheduled meeting date. The call for the meeting may be published through means of modern technology.

4- A Copy of the of the invitation and the agenda shall be sent to Commercial Register and Capital Market Authority on the date of announcing the call.

Article (28): Quorum of the Ordinary General Assembly

1-Ordinary General Assembly meeting shall be valid only if attended by shareholders representing at least (25%) of the Company's voting shares.

2-If the required quorum is not reached at the first meeting, an invitation shall be sent for a second meeting to be held under the same conditions stipulated in Article (91) of the Companies Law, within (30) days following the scheduled date of the preceding meeting. However, the second meeting may be held within one hour after the end of the scheduled time of the first meeting, provided that the invitation for the first meeting includes an indication of the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of voting shares represented thereof.

Article (29): Quorum of the Extraordinary General Assembly

1-The Extraordinary General Assembly meeting shall be valid only if attended by shareholders representing at least (50%) of the Company's voting shares.

2-If the required quorum is not reached at the first meeting, an invitation shall be sent for a second meeting to be held under the same conditions stipulated in Article (91) of the Companies Law. However, the second meeting may be held within one hour after the end of the scheduled time of the first meeting, provided that the invitation for the first meeting includes an indication of the possibility of holding such meeting. In all cases, the second meeting shall be valid if attended by shareholders representing at least (25%) of the Company's voting shares.

3-If the required quorum for the second meeting is not reached, an invitation shall be sent for a third to be held in the conditions stipulated in Article (91) of the Companies Law, and the third meeting shall be valid regardless of the number of voting shares represented thereof.

Article (30): Calculation of Votes/Right to Vote

1-Each shareholder shall have one vote for each share in the General Assemblies. Cumulative voting shall be used when electing the Board of Directors at the Ordinary General Assembly, in which, it is not allowed to use the voting right of one share more than once.

2-Members of the board may not vote on the general assembly resolutions relating to the business and the contracts, in which they have direct or indirect interest, or which evolve conflict of interest.

Article (31): General Assembly's Resolutions

1-Resolutions of the Ordinary General Assembly shall be issued with approval of the majority of voting rights represented at the meeting.

2- Resolutions of the Extraordinary General Assembly shall be issued with the approval of (two-thirds) of the voting shares represented at the meeting, unless the resolution is related increasing or decreasing the capital, dissolving of the company , the Company's merger with another company, or the Company's split-up into two more companies, then such resolution shall be valid only if issued with the approval of (three- fourths) of the voting rights represented at that meeting.

Article (32): Deliberation at the Assemblies

Each shareholder has the right to discuss the topics listed in the agenda of the General Assembly, and address questions to the Board and the auditor in respect thereof. The board of directors or the auditor should answer shareholders' questions to the extent that would not jeopardize the company's interest. If the shareholder feels the answer to his question is not sufficient, he may appeal to the general Assembly, whose resolution shall be enforceable.

Article (33): Chairing the Assemblies and Preparing Minutes

The General Assembly meeting shall be chaired by the chairman of the board, or the Vice Chairman in the chairman's absence, or by any member delegated by the board of directors from among its members to chair the meeting, in case of absence of both the chairman and the vice chairman. If none of the above is possible, the shareholders shall vote to designate a board member or any other person to chair the general assembly. Minutes of the general Assembly meeting shall be prepared including the number of shareholders attending in person or represented, number of shares held by each of them whether in person or by proxy, the number of votes allotted thereto, the resolutions adopted, the number of votes approving or disapproving such resolutions, and comprehensive summary of the deliberations conducted during the meeting. Minutes are recorded regularly after each meeting in a special register and to be signed by the Chairman, the secretary and vote counters.

Article (34): The External Auditor

1-The company shall have one auditor or more, from among those licensed to practice in the Kingdom of Saudi Arabia. The General Assembly shall appoint the auditor, determine its fees, term, and scope of work. The Auditor may be reappointed, provided that the period of his appointment does not exceed the maximum statutory period.

2- The Auditor may be removed pursuant to a resolution adopted by the General Assembly. The Chairman of the board shall notify the competent authority of the removal decision and the reasons therefor, within a period not exceeding five days from the resolution date.

3- The Auditor may resign pursuant to a written notice submitted to the company, and the resignation shall take effect from the date of its submission or at a later date as specified in the notice, without prejudice of the company's right to compensation for any damage it incurs, if justified. The resigned Auditor shall submit to the company and the competent authority - upon submission of the notice - a statement of the reasons for his resignation. The board of directors of the company shall call for General Assembly meeting to review the reasons of the resignation and appoint another auditor and determine his fees, term, and scope of work.

Article (35): Powers of the External Auditor

The Auditor shall have access at all times to the company's documents, accounting records and other supporting documents, and may request information and clarifications that he deems necessary to check the company's assets and liabilities and other matters that are within the scope of his work. The chairman of the board shall enable the auditor to perform his duties. If the auditor encounters any difficulties in this regard, he shall record the same in a report to be submitted to the board of directors. If the Board of directors does not facilitate the auditor's work, the auditor shall request the Board of Directors to call for an Ordinary General Assembly to discuss the matter. If the board fails to call for a meeting within (30) days from the date of the auditors' request, the auditor himself may call for a meeting.

Article (36): The Fiscal Year

The company's fiscal year starts from the 1st of January and ends at the end of December of each year.

Article (37): Financial Reports

1-The board of directors shall prepare the Company's financial statements at the end of each financial year, together with a report of its activities and financial position for the preceding financial year. This report shall include the proposed method for distributing dividends. The Board of Directors shall place such documents under the disposal of the auditor at least (45) days prior to the date set for the General Assembly meeting.

2- The Chairman of the Board, Chief Executive Officer and Chief Financial Officer shall sign the documents referred to in paragraph (1) of this Article, Copies of such documents shall be deposited at the company's head office under the disposal of the shareholders.

3-The Chairman of the Board shall provide the shareholders with the financial statements of the company, Board of Directors report, after signing it and the auditor's report, unless these reports are published in any means of modern technology at least (21) days prior to the date set for the annual General Assembly meeting. The Chairman of the Board shall also deposit such documents in accordance with the implementing regulations of the companies Law.

Article (38) Dividend Distribution

1-The General Assembly shall determine the percentage of net profits to be distributed to the shareholders after deducting the reserves, if any.

2- The ordinary General Assembly, when determining dividends from the net profit, shall decide to allocate reserves, to the extent that serves the company's interests, or ensures the distribution of fixed profits to the shareholders as much as possible.

Article (39): Eligibility for Dividends

1-The shareholder shall be entitled to his share of dividends as per the general Assembly resolution adopted in this regard, and the resolution shall specify eligibility date and distribution date. The eligibility for dividends shall be to the shareholders registered in the shareholders' registry at the end of day specified for maturity, and the board shall implement the general assembly's resolution regarding the distribution of dividends to the shareholders according to the relevant regulations in this regard.

2- The company may distribute interim dividends to its shareholders, semi-annual, or quarterly basis as per a delegation from the General Assembly to the board of directors to be renewed annually and pursuant to the provisions of the companies Law and its implementing regulations.

Article (40): The Company losses

If the company's losses amount to (half) of the issued capital, the Board of Directors shall , within (60) days from the date of its knowledge thereof, announces the losses and the recommendations relating thereto, and shall , within (180) from said date , call for the Extraordinary General Assembly meeting , to consider the continuation of the Company and taking the necessary measures to resolve such losses or the dissolution of the company.

Article (41): Dissolution of the company:

The company is terminated by one of the termination reasons mentioned in Article (243) of the companies Law. Upon its termination, the company enters into process of liquidation in accordance with the provisions of chapter (12) of the companies Law. If the company is terminated and its assets are not sufficient to pay its debt, or it is insolvent according to bankruptcy law, it shall submit an application to the competent judicial authority to initiate any of the liquidation procedures as per bankruptcy law.

Article (42):

1-The company is subject to the laws and regulations in force in Kingdom of Saudi Arabia.

2- Any text provided in this Bylaws that contradicts with the provisions of the companies Law, shall not be considered and the provisions of the companies' law shall prevail. However, any text not provided herein shall be subject to the companies' law and its implementing regulations.

Article (43):

This Bylaws shall be filed and published in accordance with the Companies Law and its implementing regulations.