



## THE ARTICLES OF ASSOCIATION OF ARAB SEA INFORMATION SYSTEMS (An Included Joint-Stock Company)

### The First Section I: The Articles of Association of the Company

#### The First Article: Incorporation

A Saudi joint stock company shall be established in accordance with the provisions & Articles of the Companies Act and its bylaws, according to the following:

#### The Second Article: The Name of the Company:

ARAB SEA INFORMATION SYSTEMS (An Included Joint-Stock Company)

#### The Third Article: The Objectives of the Company:

The company shall perform the following purposes:

1. Wholesale & retail trade in computers, machinery, office equipment, equipment and medical devices, maintenance and operation of computers, machines, office devices, equipment and medical devices, microfilming devices, electronic devices and the spare parts of these electronic devices, tools and advertising devices and their maintenance, repairing motor vehicles and motorcycles, selling the computers and Computer terminals and software and telecom equipment in retail in specialty stores, and in software retail.
2. Extending and maintaining the computer networks.
3. The Electronic Works.
4. The Marketing services for third parties.
5. The Commercial agencies.
6. The Software.
7. Producing, importing and distributing the computer programs - and the company carries out its activities according to the followed regulations and after obtaining licenses from the competent authorities - if any -
8. Educating and training, establishing the training centers, besides the remote training, electronic training and issuance of certificates to trainees after passing the courses for accounting, administrative and financial programs.
9. Manufacturing industries and the business of copying registered media and reproduction the ready-made computer programs (the software)

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|   | Date:                       | (20/01/1442 AH)  |   |
| The Commercial registry no.:<br>(1010169116)                | Corresponding to:           | (09/08/2020 AD)  | (The original doc. is duly signed and<br>sealed by the Ministry of Commerce and<br>Investment - Corporate Governance<br>Department) |
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10. Information and communication, computer programming activities, the special software design and programming, consultancy expertise and related computer programming activities, provision of computer consulting and related activities, the systems analysis activities, maintaining the software and website page design, other information technology and computer services activities, computer consulting expertise activities and management of computing facilities.
11. The Financial activities, the insurance activities, the payments and financial settlements systems and related services, as well as the digital payments.

#### **The Forth Article: Participating and ownership in companies**

The company which shall be established as individuals' companies (with limited liability or closed shareholding, provided that the capital isn't less than (5) million SAR, and it may also own shares and stakes in other existing companies or merge with them and it has the right to participate with others in establishing joint-stock or limited liability companies. And after fulfilling the requirements of the regulations and instructions followed in this regard, and the company shall dispose these shares provided that this doesn't include brokerage in its transactions.

#### **The Fifth Article: The head office of the company**

The head office of the company is located in Al-Riyadh, and branches, offices or agencies may be established for it inside or outside the Kingdom by a decision of the company's board of directors.

#### **The Sixth Article: The term of the company**

The term of the company is (99) Gregorian years starting from the date of the decision of the Minister of Commerce and Industry announcing its conversion. The term of the company shall always be prolonged by a decision issued by the extraordinary general assembly at least one year before the end of its term.

### **The Second Section II: The Capital & Shares**

#### **The Seventh Article: The Capital**

The capital of the company has been set at one hundred million SAR (100,000,000 - SAR), divided into ten million (10,000,000) ordinary shares of equal value, the nominal value of each share of which is (10) ten SAR, all of which are ordinary shares in kind.

#### **The Eighth Article: The subscriptions of shares**

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The founders and shareholders have subscribed in full capital shares amounting to (10,000,000) ten million shares and fully paid their value of (100,000,000) SAR (one hundred million SAR).

**The Ninth Article: The Preferred shares:**

The extraordinary general assembly of the company, according to the principles laid down by the competent authority, may issue preferred shares or decide to buy them or convert ordinary shares into preference shares not exceeding ten percent of the company's capital, or convert preferred shares into ordinary shares. Preferred shares aren't issued. The right to vote in the general assemblies of the shareholders. These shares between and for their owners the right to obtain a greater percentage of the owners of ordinary shares than the net profits of the company after setting aside the statutory reserve.

**The Tenth Article: Selling shares of unpaid value**

The shareholder is obligated to pay the value of the share on the dates specified for this and if he fails to pay the due date, the board of directors may after notifying him on his means of communication or his address recorded in the shareholders register or informing him by a registered letter selling the share in the public auction or the stock market, as the case may be, in accordance with the controls that determined by the competent authority. The company shall collect from the proceeds of the sale the sums owed to it and return the rest to the owner of the share. If the proceeds of the sale aren't sufficient to meet these sums, the company may collect the remainder of all the shareholder's funds.

Nevertheless, a shareholder who fails to pay until the day of the sale may pay the value owed on him in addition to the expenses that the company has spent in this regard.

The company shall cancel selling the shares in accordance with the provisions of this Article, and gives the buyer a new share bearing the number of the canceled share, and it indicates in the share register that the sale has occurred with an indication of the name of the new owner.

**The Eleventh Article: Issuing the Shares**

The Shares shall be nominal and won't be issued at less than their nominal value. but they may be issued at a higher value, and in this last case, the difference in value shall be added in a separate Article within the equities of the shareholders.

It shall not be permitted to distribute it as dividends to shareholders and the share is indivisible vis-à-vis the company. If the share is owned by multiple persons, they must choose one of them to act on behalf in using the rights related to it, and these persons shall be jointly responsible for the obligations which are related from the ownership of the share.

**The Twelfth Article: The Subscription of the Shares**

The Shares shall be subscribed by the founders mayn't be subscribed except after publishing the financial statements for two fiscal years, each of which isn't less than twelve months from the date of incorporation of the company. An indication of the bonds of these shares indicates their type, the date of incorporation of the company and the period during which it is prohibited to trade them.

Nevertheless, during the prohibition period, the ownership of shares may be transferred according to the provisions of the sale of 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 others or in the case 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.

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The provisions of this Article shall apply to what the founders subscribe to in the event of an increase in the capital prior to the expiry of the prohibition period.

#### The Thirteen Article: The Register of Shareholders

The shares of the company are subscribed in accordance with the provisions of the Capital Market Law.

#### The Fourteenth Article: Increasing the Capital

1. The extraordinary general assembly may decide to increase the capital of the company, provided that the capital has been paid in full and it isn't a requirement that the capital be paid in full if the unpaid part of the capital belongs to shares issued in exchange for transferring debt instruments or financing instruments to Shares and the period specified for converting them into shares hasn't yet expired.
2. The extraordinary general assembly in all cases may allocate the shares issued when increasing the capital or part thereof to the employees of the company and its subsidiary companies or some of them, or any of that. Shareholders mayn't exercise the right of priority when the company issues share allocated to employees.
3. The shareholder who owns the share at the time of the decision of the extraordinary general assembly to approve the increase in the capital, priority in subscribing to new shares issued in exchange for cash shares, and they inform them of their priority by publishing in a daily newspaper or by informing them by registered mail of the capital increase decision, the terms of the subscription, its duration and the date of its commencement. And its expiration.
4. The extraordinary general assembly has the right to suspend the priority right for shareholders to subscribe to an increase in capital in exchange for cash shares, or to give priority to non-shareholders in cases it deems appropriate in the interest of the company.
5. The shareholder has the right to sell or waive the pre-emption right during the period from the time the General Assembly's decision to approve the increase in the money's opinion is issued to the last day for subscribing for new shares related to these rights, in accordance with the controls laid down by the competent authority.
6. Subject to the provisions of Paragraph (4) above, the new shares shall be distributed to the holders of priority rights who have requested to subscribe in proportion to the priority rights they own from the total priority rights resulting from the capital increase, provided that what they obtain doesn't exceed what they requested of the new shares, and the rest shall be distributed. Of the new shares on priority rights holders who requested more than their share in proportion to the priority rights they own from the total priority rights resulting from the capital increase, provided that what they obtain doesn't exceed what they requested of the new shares, and the remainder of the shares shall be offered to others unless the General Assembly decides. Extraordinary or the financial market system stipulates otherwise.

#### The Fifteenth Article: Reducing the value of the Capital

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The extraordinary general assembly may decide to reduce the capital if it exceeds the needs of the company or if some losses had been happened to the company. In the latter case alone, it is permissible to reduce the capital to below the limit stipulated in (The Fifty forth Article) of The Companies Act, and the reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the obligations of the company, and the impact of the reduction in these liabilities.

If the capital reduction is a result of an increase in the company's need, creditors must be called upon to express their objections to it within sixty days from the date on which the reduction decision is published in a daily newspaper distributed in the region in which the company's head office is located. The company must pay him his debt if it is due, or provide him with sufficient security to fulfill it if it is deferred.

### The Third Section III: The Board of Directors

#### **The Sixteenth Article: The Management of the Company**

The management of the company shall be managed by a Board of Directors consisted of (8) members elected by the Ordinary General Assembly of shareholders for a period not exceeding three [3] years as follows:

#### **The Seventeenth Article: Termination of the Membership of the Board of directors**

The membership of the board ends with the expiration of its term or expiration of the member's validity according to any system or instructions in force in the Kingdom. Nevertheless, the Ordinary General Assembly may at all 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 demand compensation if the dismissal occurred for an unacceptable reason. Or at an inconvenient time, and a member of the board of directors may retire, provided that it is appropriate, otherwise he shall be responsible before the company for the damages resulting from his retirement.

#### **The Eighteenth Article: The vacant position in the Board of directors**

If there's a vacant position for any of the members of the board of directors, the board may employee a temporary member in the vacant position according to the order in obtaining votes in the assembly that elected the board, provided that he is among those who have experience and sufficiency and must inform the Ministry and the Capital Market Authority within five days. He acts from the date of appointment, and the appointment is presented to the Ordinary General Assembly at its first meeting, and the new member completes the term of his predecessor, if the necessary conditions for the meeting of the Board of Directors aren't met due to the lack of the number of its members below the minimum stipulated in the Companies Act.

Or this system, the rest of the members must invite for the ordinary general assembly to convene within sixty days to elect the necessary number of members.

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### The Nineteenth Article: Powers of the board of directors

Taking into consideration the specializations established for the General Assembly, the Board of Directors shall have all powers in managing the company and disposing of its affairs inside and outside the Kingdom of Saudi Arabia in order to achieve its objectives and powers that enable it to manage the company and dispose of its assets, properties and real estate inside and outside the Kingdom and it has, for example, not limiting the representation of the company in its relationship with others And government and private agencies, police departments, the Chamber of Commerce, private entities, companies and institutions of all kinds, entering into tenders and auctions, awarding bids, arresting, paying and receiving rights with others, as the board of directors may open branches for the company

And the right to sign all types of contracts, documents, including signing with the companies' management at the Ministry of Commerce and Investment and the notary, making amendments, changing, adding, deleting, extracting and renewing the commercial registry, their receipt and cancellation, changing the company names, and the sale and purchase of real estate, lands, shares, shares in companies and other properties, whether movable or immovable. Disposing of the assets of the company and property and mortgage of fixed and movable assets to guarantee the loans of the company, - for example - not limited to -:

1. Determining the general policy of the company in line with its objectives, achieve its objectives, and conduct all actions and transactions within the limits of the objectives of the company.
2. Signing all contracts in the name of the company and concluding conciliation, settlements, clearances, waivers, receipts, delivery, receive, payment, and all legal and regulatory procedures necessary for this.
3. The board of directors of the company, and in the cases, it assesses, shall have the right to absolve the debtors of the company from their liabilities in accordance with what is in its interest, provided that it includes the minutes of the board of directors and the reasons for its decision and the following conditions are observed:
  - a) That the waivers shall be at least one year after the debt arose.
  - b) That the waivers are for a specified amount, as a maximum, for each year, for one debtor.
  - c) The waivers are a right of the board of directors that can't be delegated.
4. The chairman of the board of directors represents the company before the courts, arbitration tribunals and third parties, and the chairman of the board may, by a written decision, delegate some of his powers to other members of the board or from third parties to carry out specific work or business.

Pleading, defending, filing the lawsuits and canceling them before the judicial authorities and courts and before all parties to resolve disputes and before clients and banks and authorizing the lawyers and consultants and legal agents, issuing legal powers of attorney for lawyers, and they have the right to authorize others to do so.

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5. Employing and dismissing managers and employees, determining their salaries and remuneration, and determining their powers and authorities.
6. Agreeing to participate in existing companies or to participate in the transformation of new companies of all kinds, and to sign their Articles of incorporation and the appendices to amend them, in front of the notary and all governmental and private agencies with authority.
7. Opening and closing accounts in the name of the company, cashing and signing checks, opening credits, issuing guarantees and letters of credit, borrowing and pledging with banks, public borrowing funds, and local and international financing agencies, taking into account the following conditions: Contract loans with a maturity of more than three years:
  - a) The value of the loan that the Board may contract during the financial year of the company shouldn't exceed (50%) of the capital of the company.
  - b) That the board of directors specify in its decision the uses of the loan and the method of repayment.
  - c) To take into account the conditions of the loan and the guarantees provided to him not to harm the company and its shareholders and the general guarantees for creditors.
8. Disposing of the assets of the company, property and real estate, including buying, accepting and paying the price, foreclosure, releasing the foreclosure, selling, emptying, collecting the price, adding and sorting the properties and bonds, provided that with regard to the sale of the real estate of the company, the minutes of the board of directors and the reasons for its decision to dispose must be included, subject to the following conditions:
  - a) That the board specify the reasons and justifications for it in the sale decision.
  - b) That the sale is close to the price of the same.
  - c) That the sale be present except in cases determined by the Board and with adequate guarantees.
  - d) This behavior won't result in that suspension of some of the activities of the company or impose other obligations.
9. Employing executive committees and executive directors and determining their powers, authorities, salaries and remuneration, as well as how to dismiss them.
10. In general, the daily management of the company and the determination of everything that doesn't conflict with the legal powers.
11. The Board of Directors may, within the limits of its competence, authorize one or more of its members or from a third party to carry out specific work or activities.

**The Twentieth Article: The Remuneration of the Board of Directors members:**

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The remuneration of the Board of Directors is made within the limits of what is stipulated in the Companies Act and its Bylaws, and it is as follows:

1. The remuneration may be a specified amount, attendance allowance for meetings, benefits, or a certain percentage of net profits, and it is permissible to combine two or more of these benefits.
2. If the remuneration is a specific percentage of the profits of the company, this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the general assembly.
3. In implementation of the provisions of the statute and the Articles of The Companies Act of the company and after distributing a profit to the shareholders of not less than (5%) of the payment of the capital of the company, provided that the entitlement of this bonus is proportional to the number of sessions attended by the member, and every estimate that violates this is null.
4. In all cases, the total remuneration and benefits and entitlements that a member of the Board of Directors receive it shall not exceed an amount of five hundred thousand SAR annually, according to the controls set by the competent authority.

#### **The Twenty-first Article: The Powers of the Chairman, the Deputy, the Managing Director, and the Secretary**

The board of directors shall employee from among its members a chairman and a Deputy, and he may employee a delegate member. It is not permissible to combine the position of the chairman of the board of directors with any executive position in the company.

The Chairman of the Board is responsible for representing the company before the judiciary, all legal courts, quasi-judicial committees, and committees for resolving disputes of all kinds, arbitration entities, pleadings, defense, admission, denial, reconciliation, acquittal, assignment, arrest, payment, accepting judgments and objecting to them on behalf of the company, and representing the company before all various notaries of justice, government agencies and bodies. And private companies and institutions, and the chairman has the right to employee employees and workers, dismiss them, contract with them and determine their salaries, and he has the right to employee agents and lawyers for the company, and he has the right to issue legal powers of attorney with all the powers mentioned above for lawyers, and they are entitled to delegate others.

The Chairman of the Board of Directors represents the company in its relations with others and before the judiciary, and either of them has the right to sign contracts for the transfer of the companies in which it participates and other contracts and instruments before the notary and the official authorities.

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The Chairman is also responsible for the managing director to implement the company's policies that are determined by the board of directors and to oversee the company's operations and he is the executive official of the company.

The board of directors' employees a secretary from among its members or from others, and it is concerned with writing the facts and decisions of the board of directors in minutes and recording them in a special register prepared for this purpose.

#### **The Twenty-Second Article: The Meetings of the Board of directors**

The Board of directors meets twice a year at least at the invitation of its chairman, and the invitation is accompanied by the agenda. The Chairman of the Board of directors shall invite for the meeting whenever two of the members so request him.

**The Twenty-Third Article: A Board Meeting Quorum** A Board meeting is not valid unless at least half of the members attend it, provided that the number of attendees is not less than (3) members, and a member of the Board of Directors may delegate other members to attend the Board's meetings according to the following controls:

- A member of the board of directors may not represent more than one member in attending the same meeting
- That the delegation be fixed in writing
- The deputy may not vote on the decisions that the system prohibits the delegate from voting on.

The decisions of the Board of directors are issued by the majority of opinions of the attending members or their representatives, and in the event of equal votes, the side in which the chairman of the Board of directors or his representative shall prevail.

#### **The Twenty-Fourth Article: The deliberations of the Board of directors**

The deliberations and decisions of the Board of Directors are confirmed in minutes signed by the Chairman of the Board and the attendees of the members of the Board of Directors and the Secretary. These minutes are recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.

#### **The Forth Section IV: The Associations of the Shareholders**

##### **The Twenty-Fifth Article: The Attending Assemblies**

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Each subscriber, whatever the number of subscriber's shares, has the right to attend the constitutional assembly, and every shareholder has the right to attend the general assemblies of the shareholders, and he has the right to delegate on him another person who is not members of the board of directors or company employees to attend the general assembly.

#### The Twenty-Sixth Article: The constitutional Assembly

The founders invite all subscribers to hold a constitutional assembly within forty-five days from the date of the ministry's decision to authorize the establishment of the company. The meeting is valid, and the attendance of a number of subscribers representing at least half of the capital is required. If this quorum isn't available, one of the two options must be chosen

1. An invitation was issued to a second meeting to be held at least fifteen days after the invitation was extended
2. The second meeting will be held one hour after the end of the period specified for the first meeting, provided that the invitation for the first meeting includes this.

In all cases, the second meeting shall be valid regardless of the number of subscribers represented.

#### The Twenty-Seventh Article: The Competences of the constitutional Assembly

1. Verification of the subscription of all the shares of the company and the fulfillment of the minimum capital and the amount due from the value of the shares in accordance with the provisions of the system.
2. Discussing the report of evaluating the in-kind shares.
3. Approval of the final texts of the Companies Act of the company, provided that substantial amendments are not made to the system presented to it except with the approval of all subscribers represented therein.
4. The members of the first board of directors shall be employed for a period not exceeding five years and the first auditor if they have not been employed in the company's articles of incorporation or its articles of association.
5. Discussing the founders' report on the business and expenses required for the establishment and approval of the company.

The Ministry, as well as the Authority in the joint-stock company with a public subscription, may send a delegate (or more) as an observer to attend the constitutional Assembly of the company, to ensure that the provisions of the system are implemented.

#### The Twenty-Eighth Article: Competences of the Ordinary General Assembly

Other than the matters which are related to the extraordinary general assembly, the ordinary general assembly is concerned with all matters related to the company, and it convenes at least once a year during the six months following the end of the company's fiscal year, and other ordinary general assemblies may be called whenever the need arises.

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**The Twenty-Ninth Article: The specializations of the extraordinary general assembly:**

The extraordinary general assembly has the competence to amend the articles of association of the company with the exception of matters that are forbidden to amend by law, and it may issue decisions on matters originally within the jurisdiction of the Ordinary General Assembly under the same terms and conditions established for the Ordinary General Assembly.

**The Thirtieth Article: The Invitation for Assemblies**

The general or private assemblies of the shareholders shall convene at the invitation of the Board of Directors, and the Board of Directors shall call the ordinary general assembly to convene if the auditor, the audit committee, or a number of shareholders representing (5%) of the capital so requests, and the auditor may invite the assembly to convene if he doesn't the board shall invite the assembly for thirty days from the date of the auditor's request.

The invitation to convene the general assembly is published in a daily newspaper that is distributed at the company's headquarters at least (21) twenty-one days before the date set for the meeting. Nevertheless, it is permissible to address the invitation on the aforementioned date to all shareholders by registered letters, and a copy of the invitation and agenda is sent to the ministry and to The Capital Market Authority, during the period specified for publication.

**The Thirty-First Article: The Minute of The Attendance of the Assemblies**

Shareholders who wanted to attend the general or private assembly register their names in the company's head office prior to the time specified for the meeting.

**The Thirty-Second Article: The Quorum of the Ordinary General the Assembly Meeting:**

For holding of the Ordinary General Assembly shall not be valid unless attended by shareholders representing at least a quarter of the capital as a minimum and it doesn't exceed half as a maximum, and if the required quorum isn't available to hold this meeting, one of the two options must be chosen:

1. The second meeting shall be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence of the announcement of the possibility of holding this meeting.
2. The invitation has been issued for a second meeting. The meeting will take place within the thirty days following the previous meeting. This invitation will be published in the manner stipulated in (the Thirtieth Article) of this bylaw.

In all cases, the second meeting shall be valid regardless of the number of shares represented in it.

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### The Thirty-Third Article: The Quorum for the Extraordinary General Assembly Meeting

The meeting of the extraordinary general assembly isn't valid unless attended by shareholders representing half of the capital, and it may also be higher, provided that the percentage doesn't exceed the percentage and doesn't exceed two thirds. If this quorum isn't available at the first meeting, one of the two options must be chosen:

1. The second meeting shall be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence of the announcement of the possibility of holding this meeting.
2. The invitation has been issued for a second meeting to be held in the same conditions stipulated in Article (30) of this bylaw.

In all cases, the second meeting will be valid if it is attended by a number of shareholders representing at least a quarter of the capital.

And if the necessary quorum isn't available in the second meeting, an invitation is sent to a third meeting to be held according to the same conditions stipulated in (Thirtieth Article) of this system, and the third meeting will be valid regardless of the number of shares represented in it after the approval of the competent authority.

### The Thirty-Fourth Article: Voting in the Assemblies:

Each subscriber has voted for every share he represents in the Constitutional Assembly, and every shareholder has a vote for every share in the General Assemblies, and the cumulative vote must be used in the election of the Board of Directors.

### The Thirty-Fifth Article: Resolutions of the Assemblies

Decisions in the Constitutional Assembly are issued by the absolute majority of the shares represented in it, the decisions of the Ordinary General Assembly are issued by the absolute majority of the shares represented in the meeting, and the decisions of the Extraordinary General Assembly are issued by a two-thirds majority of the shares represented in the meeting unless it is a decision related to increasing or reducing the capital or prolonging the term of the company or dissolving it Before the expiry of the period specified in its Articles of Association or its merger with another company, it won't be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

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### **The Thirty-Sixth Article: The Discussion in Assemblies**

Every shareholder has the right to discuss issues on the assembly's agenda and direct questions about them to the members of the board of directors and the auditor. The board of directors or the auditor shall answer the shareholders' questions to the extent that the interest of the company isn't compromised. And if the shareholder deems that the response to his question isn't convincing, he applies to the association and its decision in this regard is effective. (Thirty-Seventh Article) Presiding over the societies and preparing the minutes the meeting of the general assemblies of the shareholders shall be presided over by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members for that in the absence of the chairman and his deputy. Their possession by authenticity or agency, the number of votes decided for them, the decisions taken, the number of votes approved or against, and a full summary of the discussions that took place in the meeting, and the minutes are recorded in an orderly manner after each meeting in a special minute signed by the association chairman, secretary, and the collector of the votes.

### **The Fifth Section V: The Auditing Committee**

#### **The Thirty-Eighth Article: The Formation of the Auditing Committee**

The auditing committee is formed by a decision of the Ordinary General Assembly, consisting of three members who are not members of the executive board of directors, whether from the shareholders or others. The decision shall specify the duties of the committee, its work controls, and the remuneration of its members.

#### **The Thirty-Ninth Article: The Quorum of the meeting of the committee**

For the auditing committee meeting to be valid, the attendance of the majority of its members is required, and its decisions are issued by the majority of the votes of those present.

#### **The Fortieth Article: The Specializations of The Auditing Committee**

The Auditing Committee is responsible for auditing the business of the company and for this purpose it has the right to view its minutes and documents and request any clarification or statement from the members of the Board of Directors or the executive management for inviting for the general assembly of the company to convene if the board of directors impedes its work or the company had been exposed heavy damage or losses.

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#### **The Forty-First Article: The Reports of the auditing Committee**

The auditing committee shall be considered as the financial statements of the company and the reports and notes provided by the auditor and express its views about the accounting affairs, if any. It must also prepare a report on its opinion regarding the adequacy of the company's internal control system and what it has done of other activities that fall within its jurisdiction and the board of directors must deposit A sufficient copy of this report in the company's head office at least twenty-one days before the date of the general assembly to provide all shareholders who wanting to have a copy of the report, and the report shall have been read during the assembly.

#### **The Sixth Section VI: The Auditor**

#### **The Forty-Second Article:**

Employing an auditor, the company must have one (or more) auditors from among the auditors licensed to work in the Kingdom of Saudi Arabia. The ordinary general assembly shall be responsible about employ the auditor annual and determines auditor's remuneration and the duration of his work. The association may also change it at any time without prejudice to his right to compensation if the change occurred at a time other than Appropriate or illegal cause.

#### **The Forty-Third Article: The Powers of the Auditor**

The auditor has the right at any time to view the books, minutes and other documents of the company, and he also has the right to request the data and clarifications that he deems necessary to obtain in order to verify the company's assets, obligations, and other things that fall within the scope of his work, and the chairman of the board of directors must enable him to perform his duty and if the auditor comes across Difficulty in this regard was proven in a report submitted to the board of directors. If the board doesn't facilitate the work of the auditor, he must ask the board of directors to invite the ordinary general assembly to consider the matter.

#### **The Seventh Section VII: The Accounts & the Profits Distribution of the company**

#### **The Forty-Fourth Article: The Financial year**

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The company's financial year starts from the first of January and ends at the end of December of each year, provided that the financial year begins from the date of the ministerial decision announcing the transformation of the company and ends in December of the current year.

**The Forty-Fifth Article: The Financial documents**

1. At the end of every financial year for the company, the board of directors must prepare the company's financial statements and a report on its activities and financial position for the elapsed financial year. This report includes the proposed method for distributing profits. The board puts these documents at the auditor's disposal forty-five days before the date set for the meeting of the general assembly, at least
2. The company's chairman, chief executive, and financial director must sign the documents referred to in Paragraph (1) of this Article, and copies of them shall be deposited at the company's head office at the shareholders' disposal twenty (21) days before the date set for the general assembly meeting at least twenty-one days.
3. The chairman of the board of directors shall provide the shareholders with the financial statements of the company, the report of the board of directors and the report of the auditor unless it is published in a daily newspaper distributed in the main company. He must also send a copy of these documents to the ministry and to the Capital Market Authority, fifteen before the date of the general assembly meeting. At least a day.

**The Forty-sixth Article: Distributing the Profits**

**The annual net profits of the company are distributed as follows:**

1. Shall Put a (10 %) away from the net profits of the statutory reserve as a guaranteed residual value for the company, and the Ordinary General Assembly may decide to stop this guaranteed residual value when the reserve reaches (30%) of the paid capital.
2. It is permissible, by a decision of the Ordinary General Assembly of the shareholders based on the proposal of the Board of Directors, to Put a (10%) away from the net profits to form a statutory reserve to be allocated for the benefit of the company, and this deduction shall be stopped when the said reserve reaches half of the capital.
3. The Ordinary General Assembly may decide to create other reserves to the extent that serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders. The aforementioned association may also deduct from the net profits amounts for the establishment of social institutions for the company or aid workers that are existing from these institutions.
4. The rest is then distributed to the shareholders as an additional share of the profits in a percentage of the net profit, or it is carried over to the coming years as approved by the General Assembly.

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5. With taking into consideration the provisions stipulated in (The Twentieth Article) of this Law and (The Seventy-Sixth Article) of the Companies Act, that the Articles of Association define the method of remuneration for members of the Board of Directors, and the remuneration may be a specific amount or attendance allowance for sessions, in-kind benefits, or a certain percentage of the net Profits, and the specified percentage mayn't exceed (10%) of net profits, provided that the entitlement of this bonus is proportional to the number of sessions attended by the member.

#### The Forty-Seventh Article: The Entitlements to Profits

The shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard, and the decision specifies the date of maturity and the date of distribution.

#### The Forty-Eighth Article: Dividing the Distribution for Preferred Shares

1. If profits haven't been distributed for any financial year, it isn't permissible to distribute profits for the following years except after the percentage determined in accordance with the provisions of the Fourteen-hundred Article) of the Companies Act for owners of preference shares for this year.
2. If the company fails to pay the specified percentage in accordance with the provisions of the Fourteen-hundred Article of the Companies Act) out of profits for a period of three consecutive years, then the special association of owners of these shares held in accordance with the provisions of the Eighty-Ninth Article of the Companies Act may decide whether they attend the General Assembly meetings To the company and participate in voting or appointing their representatives in the board of directors in proportion to the value of their shares in the capital until the company is able to pay all the priority dividends allocated to these shares for previous years.

#### The Forty-Ninth Article: The Losses of the Company

1. If the losses of the joint-stock company had been reached to the half of the paid-up capital at any time during the fiscal year, any official in the company or the auditor must immediately inform the chairman of the board of directors, and the chairman of the board of directors must immediately inform the members of the board of this and the board of directors within Fifteen days

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from knowing the board of directors with this matter, the board of directors must invite the extraordinary general assembly to a meeting within forty-five days from the date of his knowledge of the losses to decide either to increase or decrease the company's capital in accordance with the provisions of the Companies Act, to the extent that the percentage of losses decreases to less than half of the paid-up capital or dissolution of the company Before the term specified in this system.

2. The company shall be considered terminated by the force of the Companies Act if the General Assembly doesn't meet within the period specified in Paragraph 1 of this Article, or if it convenes and is unable to issue a decision in the matter, or if it decides to increase the capital in accordance with the conditions stipulated in this Article and the subscription hasn't been completed for each Increase the capital within ninety days from the issuance of the Assembly's decision to increase.

#### The Eighth Section VIII: The Disputes

##### **The Fiftieth Article: The liability claims**

Each shareholder has the right to file a lawsuit for the liability established for the company against the members of the board of directors if the board had made mistake which would cause special harm to the shareholder. The shareholder mayn't file the aforementioned lawsuit unless the company's right to file it is still valid, and the shareholder must inform the company of his intention to file a lawsuit.

#### The Ninth Section IX: The Dissolution & Liquidation of the Company

The Fifty-First Article: The Termination of Company shall enter the company into the liquidation period as soon as it expires and maintains the legal personality to the extent necessary for liquidation. The voluntary liquidation decision is issued by the extraordinary general assembly. The liquidation decision must include the determination of the liquidator, determining the powers of liquidator, the fees of liquidator, the restrictions imposed on the powers of liquidator and the period of time required for the liquidation. Voluntary liquidation is five years and it mayn't be extended for more than that except by a court order and the authority of the company's board of directors ends with its dissolution. Nevertheless, these remain in charge of managing the company and are counted in relation to others in the judgment of liquidators until the liquidator is determined and the associations of the shareholders remain in place during the liquidation period and their role is limited to exercising their competencies. Which doesn't conflict with the terms of reference of the liquidator.

#### The Tenth Section X: The Final Articles

##### **The Fifty-second Article:**

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The Companies Act and its regulations shall be applied in all Articles unless stipulated otherwise in this bylaw.

**The Fifty-Third Article:**

This system is approved and published in accordance with the Articles of the Companies Act and its regulations.

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