

THIMAR Development Holding Co.

Saudi Joint Stock Company

Articles of Association

Chapter One

Establishment of the Company

Article One: Establishment of the Company:

The company should be established as per laws and regulations of companies, it is a Saudi joint stock company between the shareholders stated in below provisions.

Article Two: Name of the Company:

THIMAR Development Holding Co.

Article Three: Purpose of the Company:

The company practices and performs the following purposes:

- A) Management of its subsidiaries or participation in administration of other companies in which it contributes and to provide the required support.
- B) To invest its cash in share and other securities.
- C) To possess real estates and required assets to start its activity.
- D) To present loans, warranties and finance for its subsidiaries.
- E) To own rights of industrial property, privilege rights and other moral rights and using them and renting for its subsidiaries or others.

Article Four: Partnership and Ownership in Companies:

The company has the right to establish individual companies (limited liability or closed joint stock, provided that the capital will not be less than (5) million Saudi Riyal, it also has no right to have shares and portions in other existed companies or emerges with them, it has the right to participate with others in establishment of joint stock or limited liability companies after fulfillment requirements of applied laws and instructions. The company also has the right to manage these shares or portions without mediation in trading.

Article Five: Head Office of the Company:

The head office of the company is in Riyadh city, by a decision of unordinary assembly general, the head office can be transferred to any other city in Kingdom of Saudi Arabia after approval of Saudi Capital Market Authority, the company has the right to establish branches, offices or agencies inside or outside Kingdom of Saudi Arabia as per a decision issued by board of directors and approval of the concerned authorities.

Article Six: Duration of the Company:

Duration of the company is (30) thirty years starting from issuance of the ministry decision declaring its establishment and it can be automatically renewed for similar duration, unless the unordinary assembly general issues the contrary one year at least before the duration.

Chapter Two

The Capital and Shares

Article Seven: the Capital:

The capital of the company is determined as one hundred million Saudi riyal (SAR100.000.000) which divided into (10.000.000) ten million share that equal in value and nominal value for each one is ten Saudi Riyal (SAR10) and all of them are normal cash shares.

Article Eight: Subscription in Shares:

Establishers and shareholders subscribed in all type of shares which are (10.000.000) with a value of (SAR100.000.000) one hundred million Saudi Riyal and all paid cash money has been deposited in the name of the company at Arab National Bank- Head Office in Riyadh.

Article Nine: Excellent Shares:

Based on rules set out by the concerned authority, the unordinary assembly general has the right to issue excellent shares, or deciding to buy them or to transform normal shares into excellent ones for not more than 10% of the company's capital, or to transform the excellent shares into normal ones, the excellent shares are entitled shareholder to vote in assemblies general, while these shares give their owners to obtain more portion in the company net profits than whom have normal shares after detention of the regular reserve.

Article Ten: Issuance of Shares:

The shares should be nominal and can't be issued less than its nominal value, but they can issue higher than this value, in this last case the value difference should be added in an independent article within shareholders rights, and they can't be distributed as profits to the shareholders. The share is indivisible in a confrontation of the company, if it is owned by many persons, they have to choose one on behalf of them in using the rights related to the share, these persons will be jointly responsible for obligations resulted from ownership of the share.

Article Eleven: Trading of Shares:

It is forbidden to trade in shares subscribed by establisher before declaring the budget and account of profits and loss for full two years each one not less than 12 months starting from date of the company establishment. These instrument should be indicated with their type, date of the company establishment and duration of trading prevention.

However, during period of prevention, it is permitted to transfer shares ownership as per provisions of rights selling from one of establishers to other one or from heirs of one establishers, or in case of execution on money of the pinching or insolvent establisher, the priority of shares ownership should be for other establishers.

Provisions of this article should be applied on what subscribed by establishers upon increasing of the capital before expiry of the prevention period.

Article Twelve: Record of Shareholders:

Shares of the company should be traded as per provisions and executive regulations of Saudi Capital Market Authority.

Article Thirteen: Increasing of the Capital:

- 1- The unordinary assembly general has the right to decide about increasing of the company capital, provided that the capital should be completely paid. It is not required that capital should be completely paid if the unpaid part of the capital related to shares that issued against transfer of debit tools or financial instruments to shares and the decided duration of transferring to shares is not expired.
- 2- In all cases, the unordinary assembly general should specify the issued shares upon increasing of the capital or part of them to the company's employees and its subsidiaries or some of them. The shareholders have no the right to practice the priority right when the company issues shares of employees.
- 3- Upon decision issuance of unordinary assembly general regarding acceptance on increasing of the capital, the shareholder owners has the priority in subscription of new shares that issued against cash portions, they should be informed about their priority – if any- by publication in a daily newspaper or to notify them by registered post regarding decision of increasing of the capital, conditions of subscription, duration, date of starting and ending.
- 4- The unordinary assembly general has the right to suspense priority right of shareholder in subscription regarding increasing of the capital against cash portions or to give the priority to non-shareholders in some cases that it thinks suitable for the company interest.
- 5- The shareholder has the right to sell the priority right or waiving within period from decision issuance of the assembly general regarding acceptance on increasing of the capital up to last day of the subscription in new shares which associated with these rights, as per controls applied by Saudi Capital Market Authority.
- 6- Taking into account what above-mentioned in the article (4), the new shares should be distributed to the owners of the priority rights whom apply for subscription, as per their priority rights resulted from increasing of the capital, provided that what they have obtained should not be more than they apply from the new shares, the rest of new shares should be distributed to the owners of priority rights whom apply more than their portion, as per their priority rights resulted from increasing of the capital, provided that what they have obtained should not be more than they apply from the new shares, the remainder of shares should be offered to others, unless the unordinary assembly general or laws of capital market and controls applied by Saudi Capital Market Authority decide the contrary.

Article Fourteen: Decreasing of the Capital:

The unordinary assembly general has the right to decrease the capital of the company if it is more than the company's need or if there is loss, it can decrease the capital in this only last case to less than what set out in article (54) of the companies laws, this decision can't be issued before a special reports prepared by auditors explaining its reasons and obligations of the company and influence of decreasing on these obligations.

If decreasing was a result of increasing of capital without the company's need, creditors should be invited to show their objection within (60) days from date of decreasing decision in a daily newspaper which distributed in the region of the company head office, if one of creditors objected and submitted his documents to the company at the determined time, the company has to pay him his credit, or to present guarantee that fulfills the credit.

Chapter Three

The Company Administration

Article Fifteen: the Company Administration:

The company managed by board of directors consists of (7) members elected by the ordinary assembly general of shareholder for a period not more than three years. The formation of the board should reflex suitable representation of independent members. In all cases, independent board members should not be less than two or one third of the board members, whichever is more.

Article Sixteen: Expiry of the Board Membership:

The board membership expires upon end of appointment duration, resignation, or death, if he didn't attend four consecutive meetings without acceptable excuse, or his legal personality has been removed, or the board of directors proves that the member has breached his duties in the way that damaged the company's interest, all these must associate with consent of the ordinary assembly general, or termination of his membership as per any regulations or valid instructions in Kingdom of Saudi Arabia. However, the ordinary assembly general has the right at any time to dismiss all board of directors members or some of them, without to violate right of the dismissed person to claim of compensation towards the company, if the dismissing wad done for unacceptable reason or at unfit time, a member of directors board can resign, but it must be at fit time, otherwise he will be responsible for resulted damages towards the company.

Article Seventeen: the Empty Position in the Board:

If there is an empty position, the board of directors should appoint a member with experience and competence, the Ministry and Saudi Capital Market Authority should be informed within five working days from date of appointment, also this appointment must be displayed in the first meeting of the assembly general, the new member complete the period of the previous one, if the required conditions to hold the board of directors are available due to decrease of minimum number of members set out in companies law or this articles of association, the rest of members must invite for an ordinary assembly general within 60 days to elect the required number of members.

Article Eighteen: Authorities of the Board:

Frst: the board of directors appoints among its members, the chairman and his vice and has the right to appoint a managing director and the chairman is not allowed to combined between his positon as chairman of director boards and any other exectutive capacity in the company, and the chairman of directors board has authority to invite for a

meeting and presidency of the board meetings and those of ordinary and extraordinary assembly general for shareholders, and he has the required powers to manage and conducting the company's affairs and purposes.

Second: taking into account the specialization decided for the assembly general, the chairman of directors board has wide powers in the company management inside and outside the Kingdom of Saudi Arabia, included but not limited:

- 1- To represent the company in its relation with others and government and private authorities, offices of labor and laborers, civil rights, police departments, chambers of commerce, different types of private corporations and establishments inside and outside Kingdom of Saudi Arabia.
- 2- To enter into tenders and bids award, included but not limited, documents of selling and renting, leasing, representation, declarations, mortgage and dealing procedures on behalf of the company
- 3- Reimbursement, payment, declaration, claim, defense, pleading, conciliation, renunciation, oath request, pre-emption, acceptance and refusal of judgments, request of judgments execution and opposition.
- 4- Investment of the company's funds in any cash, financial or investment products.
- 5- The right to establish companies and participating with others in establishing of other companies inside or outside the Kingdom of Saudi Arabia, or to withdraw from these companies and to sign on decisions of its liquidation and selling their shares in these companies, or to buy new shares in them or other existed ones, or to increase or decrease its capital, whether the company contributes in this increasing or not.
- 6- Acceptance and signature on all types of contracts and documents, included but not limited; contracts of the companies establishing in which the company participates with all amendments, appendix, amendments decisions and all partners decisions in those companies, included the decisions related to increasing or decreasing of the capital and renunciation and purchase of portions, authentication and signature of contracts at Ministry of Commerce and Ministry of Investment and confirmation of these contracts at the concerned notary public, conducting of required amendments and changes, extraction and renewal and receiving and cancellation of commercial registers, certificates, investments licenses, granting of loans and warranties for subsidiaries inside and outside the Kingdom of Saudi Arabia.
- 7- To buy assets; such as cars, equipments, devices, furniture and requirements for usage of the company or subsidiaries, to buy lands and real estate and to sign on buying or selling and to complete all the legal procedures before the official authorities and notaries with a right to authorize others in this regard.
- 8- Acquisition of companies and to establish and to contribute in new ones, concession of the company's owned portions and entering into investments projects, purchase establishments and transferring them into the company's branches, receiving of profits and representation of the company in assemblies of partners and shareholders and constitutional assemblies and voting on behalf of the company on decisions of assemblies of partners and shareholders and constitutional assemblies and nomination of the company's representatives and to sign on all decisions of partners and shareholders, to conduct whatever amendments

on establishing contracts of these companies, signature on all decisions of partners and meeting minutes related to appointment of the companies directors or their dismissing and to perform all acts and required procedures to extract and receive registers and licenses for these companies, it also has the right to prepare and delivery tenders, presentation of warranties and signature of contract in the name and on behalf of the company before all the concerned government authorities and corporations of private sector and other, and to perform all required procedures related to any new law, or amendments to law or existed regulations or instruction issued by the concerned authorities.

- 9- Acceptance and signature on all agreements and instruments before notaries and the official authorities, loans agreements, warranties and issuance of legal power of attorney on behalf of the company, selling and purchasing, concession, receiving of price, receiving and delivery, leasing and renting, payment and extraction of arguments and request of instruments amendments and duration.
- 10- To enter into all banking operations inside and outside Kingdom of Saudi Arabia, included but not limited; opening and operating of banking accounts, included deposit, withdrawal, closing, balances withdrawal and liquidation., issuance, payment and deduction of cheques and bonds and all all commercial papers, request of banking guarrantees and opening of documentary credits on behalf of the company, to enter into agreements of all types of financial derivatives; such as international exchanges and all relevant options regarding the company's activities and contracts inside and outside the Kingdom of Saudi Arabia.
- 11- Appointment and dismissing of lawyers, consultants, accounts auditors, employees and workers, request of recruitments and visas of manpower from abroad, contracting with them and determination of their salaries, issuance of resident identities, sponsorship transferring and waiving.
- 12- Approval of internal, financial, administrative and technical laws and regulations of the company additional to its policies and procedures related to employees, and to authorize executive directors to sign on behalf of the company as regulations and controls set out by the board and to approve the company business plans and to operate and accept its annual budget.
- 13- To arrange and conduct loans with funds and organizations of government finance, commercial banks, financial institutions, finance companies, establishments of export finance and any other credit bodies inside or outside the Kingdom of Saudi Arabia, whatever its value or duration, included credit loans and facilitations that exceed three years, included negotiation, acceptance and signature of all relevant agreements and documents.
- 14- To present all aspects of financial support for companies in which the company is a partner or a shareholder, "without restriction", to present loans for these companies and to waive of claim priority in favor of any other creditors, and warranty of all financial and contractual obligations and loans and credits of those companies.

15- To present all types of guarantees and warranties and commitments, included but not limited: mortgage and waiving of the company assets for loans, obligations and credits of the company or the companies in which it is a partner or a shareholder. For that, the directors board has to restrict payment of profits and to be compliant to keep the shares property owned by the company in other companies in which the company is a partner or shareholder for whatever duration as per finance requirements.

Third: the board of directors has the right of discharge for the company's debtors as per the company's interest, the minutes of meeting should and events of decision should consider the following conditions:

- a) The discharge should after one year as minimum from date of credit.
- b) The discharge should be for a limited amount of money for each year for one debtor.
- c) The discharge is a right of directors board and authorization is forbidden.

Fourth: regarding selling the company's assets, the minutes of meeting should include events of behaving decision should consider the following conditions:

- a) The board of directors should determine in decision of selling, reasons and justifications.
- b) The selling should be asymptotic to the case price.
- c) The selling should be existed, except in cases estimated by the board with enough guarantees.

Fifth: the board of directors has the right to entrust some of its powers granted by applied laws in Kingdom of Saudi Arabia or this regulations to the board chairman or the managing director-if any-, or the company executive director or any other member of the directors board or to any committee constituted of the board members, or to any entitled employees or working in the company.

The board of directors also can authorize with limited power or more for suitable duration, however the board of directors could not donate any of the company's moneys without consent of ordinary assembly general and must be in limitations determined by applied regulations in Kingdom of Saudi Arabia. Anyhow, the board of directors has the right to cancel or modify all or any of powers granted to any authority, person or committee.

Sixth: reward of the directors board consists of financial amounts and attendance allowance and transport allowance as per determined the directors board and recommendation of rewards committee in accordance with companies laws or any other regulations, decisions, instruction issued by the concerned authorities.

Report of directors board to the ordinary assembly general should include a comprehensive statement of rewards, salaries, profits portions, attendance's allowances and expenses gained by directors board members during the fiscal year, this mentioned report must also contain what has been received by the board members against technical, administrative or consultation business, also statement regarding number of the board meetings attended by each member from last date of the assembly general meeting.

Seventh: chairman of the directors board represents the company before judiciary, legal courts, judicial corporations, Board of Grievances, higher and primary committees, committees of commercial papers, all other

judicial committees and arbitration corporations, as per a written decision the chairman can entrust some of his powers to other members of the board or others in order to perform limited business, the vice chairman will replace him in administration of meetings upon his absence.

Eighth: without violation of any regulations or decisions issued the concerned authorities, at his discretion the directors board determine the special rewards related to the chairman of directors board, the vice-chairman and the managing director –if any-, taking into account what stated in two articles of (A1) and (37) from this regulations.

Ninth: the directors board appoints secret secretary for the board whether from its members or others with its own specializations and rewards.

Tenth: membership duration of the board chairman, his vice, the managing director and secret secretary should not be more than their membership in the directors board, they can be reselected, the directors board can dismiss them at any time without violation their right in compensation, if the dismissing was for illegal reason or at unsuitable time.

Article Nineteen: Rewards of directors Board Members:

- 1- Reward of directors board members consists of a certain amount of money or attendance allowance for meetings or certain advantages or a percentage of net profits and it is allowed to combine between two or more of these advantages.
- 2- If the reward is a certain percentage of the company profits, so it can't exceed 10% of the net profits, after deduction of reserves determined by the assembly general and profit distribution to shareholders with not less than 5% of the company paid capital.
- 3- Anyhow, total amount of rewards and advantages gained by the member should not be more than (SAR500.000) per year as per controls set out by Ministry of Commerce.
- 4- Rewards of members can be varying, that reflex experiences of the member, specializations and his assigned duties and his independence and number of attended meetings and any other consideration at the discretion of the directors board.
- 5- Report of directors board to the ordinary assembly general should include a comprehensive statement of what gained by directors board members during the fiscal year such as rewards, allowances and expenses and other advantages, this mentioned report must also contain what has been received by the board members against technical, administrative or consultation business, also statement regarding number of the board meetings attended by each member from last date of the assembly general meeting.
- 6- Reward of independent members of the directors board should be from profits achieved by the company or are not directly or indirectly based on the company profitability as per set out by the concerned authority.

Article Twenty: Powers of the Chairman, Vice-Chairman, Managing Director and Secretary General:

Among its members, the board of directors should appoint a chairman and vice-chairman, and it is possible to appoint a managing director, it is forbidden to combine between chairman of board of directors and any other

executive position in the company, and the chairman has the right to sign on behalf of the company and to execute the board's decisions. The chairman is responsible for representation the company before different types and levels of courts, judicial authorities, additional to arbitration commissions and others in any lawsuit filed by or against the company, and has the right to give some of his powers to others of directors board members in performance of work or limited businesses, vice-chairman of directors board will replace the chairman of directors board during his absence, the board of directors also determines powers and specializations of chairman of directors board and the managing director, and their rewards additional to other ones decided for members of the board as per set out in article (20). The board of directors should appoint a secretary general who selected from members or other, and his job duties should be determined, the ordinary assembly general is responsible for decision of rewards as per suggestion by the board of directors and duration of the chairman, the vice-chairman, managing director and secretary general should not more than membership duration of each of them, and they can be elected for the board at any time and can be dismissed with their right of compensation if dismissing was for illegal reasons or at unfit time.

Article Twenty One: Meeting of the Board:

The board should hold meeting at least four times per year as per an invitation from the chairman, the invitation should be in written or sent by fax or e-mail associated with business schedule before not less than (5) days from date of the meeting, unless the situation require an emergency meeting, the invitation can be sent attached with business schedule and required documents and information within less than (5) days before date of the meeting. The chairman must invite for a meeting, of two members asked for that.

Article Twenty Two: Quorum of the Meeting:

Meeting of the board won't be valid without personal attendance of (4) members or by representation, provided that personal attendance should be (3) and an independent member must be among them.

Decisions of the board should be issued as per majority of attended or represented members, if the votes are equal, the opinion that supported by the chairman should be accepted.

The member of directors board sends his representative to attend the board meetings as per the following controls:

- 1) The member of directors board has no the right to represent more than one member in one meeting.
- 2) The representation should be confirmed in written.
- 3) The representative has no right to vote in decisions that the member is unauthorized to do that.

The board has to issue its decisions by voting, unless one member requests a meeting for discussion, in this case, these decisions should be displayed in a first directors board meeting, and each member has personal, direct or indirect interest in any affair, suggestion to the board or the executive committee, he has to inform the board about nature of his interest in this matter, in preparation to present on ordinary assembly general, and he must refrain to participate in discussion – without to exclude him from the required number for the meeting validity-.

Article Twenty Three: Discussion of the Board:

Discussions and decisions of the directors board should be confirmed in minutes of meeting signed by attended chairman and members of directors board and secretary general, these minutes of meeting must be written in a special record signed by the chairman and the secretary general.

Chapter Four

Assemblies of Shareholders

Article Twenty Four: Attendance of Assemblies:

The valid formation of an assembly general represents all shareholders, and it will be held in a city in which the company head office is located.

Each subscriber – whatever his number of shares- has the right to attend the constitutional assembly, and each shareholder has the right to attend assemblies general of shareholders, and he can authorize his representative out of members of directors board or employees of the company.

Meetings of assembly general for shareholders, beside participation of shareholder in discussion and voting on decisions can be held by modern technology means, as per controls of Saudi Capital Market Authority.

Article Twenty Five: Specializations of Ordinary Assembly General:

Except the matters related to the unordinary assembly general, the ordinary assembly general performs all the affairs related to the company and it has an annual meeting after the six month following the fiscal year of the company, it is possible to invite for other ordinary assemblies general if necessary, the ordinary assembly general is also responsible for constitution of auditing committee and determination its fees.

Article Twenty Six: Specializations of the Unordinary Assembly General:

The unordinary assembly general is responsible for amendment of the company articles of association, except the provisions that the law prevent to be amended. It has the right to issue decisions related affairs of the ordinary assembly general, with the same conditions and situations decided for the ordinary assembly general.

Article Twenty Seven: Invitation of Assemblies:

Meetings of general and special assemblies for shareholders are held as per an invitation from the board of directors, which has to invite the ordinary assembly general to hold upon request of auditor or auditing committee or a number of shareholders that represents (5%) of the company's capital. The auditor can invite the assembly general for meeting, if the board of directors didn't invite for that within (30) days from date of auditor request.

Invitation of the meeting should be announced in a newspaper that distributed in a region in which the company head office is located before at least (21) days from the meeting, the invitation includes business schedule, however, it is possible to invite all shareholders with a registered letters and a copy of invitation and business schedule should be sent to the General Department of Companies at Ministry of Commerce and Investment and Saudi Capital Market Authority during the limited period of announcement.

Article Twenty Eight: Attendance Record of Assemblies:

Shareholders whom desire to attend general or special assembly register their names at the company head office or at the site in which the assembly takes place before the determined time of the assembly.

Article Twenty Nine: Quorum of Ordinary Assembly General:

The meeting of ordinary assembly general will be valid, if it is attended by shareholders whom represent at least (25%) of the company's capital, if this quorum is not available in the first meeting, a second meeting should be held within (ONE) hour after the first one and invitation of the first meeting should be announced with evidence, in all cases the second meeting will be valid whatever the number of the represented subscribers.

Article Thirty: Quorum of Meeting for Unordinary Assembly General:

Meeting of unordinary assembly general is not valid without attending of shareholders whom represent at least (half) of the company's capital. If this quorum is not available in the first meeting, invitation of a second meeting will be held after (ONE) hour and invitation of the first meeting should be announced regarding possibility of holding the meeting, anyhow, the second meeting will be valid if number of shareholders represent at least a quarter of the company's capital.

If the quorum is not available in the second meeting, invitation of a third meeting will be faced as per set out in the article (28) of this articles of association. The third meeting will be valid whatever number of shares, after consent of the concerned authority.

Article Thirty One: Voting in Assemblies:

Votes in constitutional assembly and ordinary and unordinary assemblies general are calculated based on a vote for each share. Accumulative voting should be applied in election of directors board, that means voting right can't be used than one time for the share. Members of directors board are not authorized to participate in voting on decisions of the assembly related to discharge of responsibility from the company administration or those related to their direct or indirect interest.

Article Thirty Two: Decisions of Assemblies:

Decisions in constitutional assembly are issued by absolute majority and decisions of ordinary assembly general are issued by absolute majority, however, if these decisions are suspended as per evaluation of special

characteristics, it is required consent of subscribers majority which represents (two thirds) of the above mentioned shares after exclusion beneficiaries of special characteristics.

Decisions of unordinary assembly general are also issued by majority of (two thirds) of shares represented in the meeting, unless the decision is related to increasing or decreasing of the company's capital or extension of the company's duration or dissolving it before expiry of the determined period or combination with another company. The decision will not be valid without majority of (three quarters) of shares represented in the meeting.

Article Thirty Three: Discussion in Assemblies:

Each shareholder has a right to discuss subjects listed in business schedule, and asking questions to members of directors board and accounts inspectors, each provision in the company articles of association that prohibits shareholder from this right, considered null. Board of directors or accounts inspector should answer questions of shareholders in the level that not to harm the company's interest, if the shareholder thinks that the answer of his question is not persuaded, he has to refer to the assembly, and its decision will be bound in this regard.

Article Thirty Four: Presidency of Assemblies and Preparation of Minutes of Meetings:

Meeting of assemblies general should headed by the chairman of directors board or his vice-chairman upon his absence. The assembly meeting should be written on a minutes of meeting that includes names of attended shareholders or their representatives, number of shares in origin or authorization, number of decided vote, taken decisions and number of accepted or disagreed votes, and satisfactory conclusion of meeting discussions and minutes of meeting should be regularly written after each meeting and to be signed by chairman of the assembly, secretary general and votes collector.

Chapter Five

Subsidiary Committee from Board of Directors- Auditing Committee

Article Thirty Five: Committees of Directors Board:

Committees of directors board should be constituted as per relevant laws and regulations.

Article Thirty Six: Constitution of Auditing Committee:

Based on a decision of the ordinary assembly general, an auditing committee of (3) members from non- executive directors board, whether from shareholders or others, the decision should determine tasks of the committee, its work controls, rewards of its members.

Article Thirty Seven: Quorum of the Auditing Committee Meeting:

The meeting of auditing committee will not be valid without attendance of members majority, its decisions also should be issued by majority of attendants votes, upon equality of votes, the side of the committee chairman will be considered.

Article Thirty Eight: Specializations of the Auditing Committee:

The auditing committee is responsible for monitoring the company's business, for that it has the right to review records, documents and requesting any explanation or statement from members of directors board or the executive administration, it can invite the board of directors for assembly general of the company, if the board of directors obstructs its work, or the company suffered severe damages or losses.

Article Thirty Nine: Reports of the Auditing Committee:

The auditing committee has to review financial statements, reports and remarks presented by the accounts auditor, and to express its views – if any-, it also has to prepare a report about efficiency of internal auditing system of the company and its other works. The board of directors must deposit enough copies of this report in the company head office before (10) days from date of assembly general in order to provide each desired shareholder with a copy and the report should be read during the assembly general.

Chapter Six

Accounts Inspector

Article Forty: Appointment of Accounts Auditor:

The company should have one or more accounts auditor with a valid license to work in Kingdom of Saudi Arabia, must be annually appointed by the ordinary assembly general and his reward and duration of work should be determined, the assembly also has the right to change him at any time without breaching his right of compensation, if his change has been done at unfit time for illegal reason.

Article Forty One: Authorities of Accounts Auditor:

The accounts auditor has the right at any time to review books and records of the company and other documents and requesting data and explanations that he thinks it important to be obtained, in order to verify of the company assets and obligations. The chairman of directors board has to enable him to do his duty, if the accounts auditor faces any difficulty in this regard, he must confirm this in a report that submitted to the board of directors. If the board of directors doesn't facilitate work of the accounts auditor, he has to ask the board of directors for invitation of the ordinary assembly general to consider this matter.

Article Forty Two: Obligations of the Accounts Auditor:

The accounts auditor has to submit a report to the annual assembly general as per applied auditing standards, included position of the company regarding enabling him to obtain required data and explanations, detected violations to relevant laws, regulations and instructions, his view about justice level of the company financial statements. The accounts auditor has to read his report before the assembly general. It considered a null decision, if the assembly decided to authenticate on report of directors board and fiscal statement without listening to the report of the accounts auditor.

Chapter Seven

Accounts of the Company and Profits Distribution

Article Forty Three: the Fiscal Year:

The fiscal year of the company starts from the first day of January and ends on the thirty one day of December from each year.

Article Forty Four: the Financial Documents:

At the end of each fiscal year, the board of director has to prepare the company fiscal statements and a report about the company activity and its financial position during the last fiscal year, this report includes the proposed method of profits distribution. The board of directors puts these documents at the disposal of the accounts auditor before (45) days from date of the assembly general meeting.

Chairman of directors board, chief executive officer and the financial manager should sign on the above mentioned documents and a copies of them must be deposited at the company head office at the disposal of shareholders before at least (10) days from date of the assembly general meeting.

The chairman of directors board has to provide shareholders with the fiscal statements of the company, report of the directors board, report of the accounts auditor, if they were not published in daily newspaper distributed in location of the company head office. Also a copy of these documents should be sent to the Ministry and Saudi Capital Market Authority, before at least (15) days from date of assembly general meeting.

Article Forty Five: Profits Distribution:

The net annual profits of the company are distributed as the following:

- 1- (10%) of net profits should be retained in order to a regular reserve for the company, the ordinary assembly general can decide to stop these retaining, if it reaches (30%) of the paid company's capital.
- 2- Based on proposition of the directors board, the ordinary assembly general retains not more than (20%) of net profits as agreed reserve and to be specified for certain purposes.
- 3- The rest of profits should be distributed as first payment for shareholders that represents (5%) of the paid company's capital.
- 4- Taking into account provision decided in articles of association and article (76) of the companies law, the ordinary assembly general has to specify (10%) of the rest as reward for the board of directors as per applied regulations in this regard.

Article Forty Six: Profits Accrual

The shareholder deserves his profits portion as per decision of the assembly general issued in this regard, this decision explains due date, date of distribution, eligibility of profits for shares owners registered in the shareholders records will be at the end of due date.

The concerned authority determines maximum duration on which the directors board executes decision of ordinary assembly general regarding distribution of profits to the shareholders.

Article Forty Seven: Profits Distribution for Excellent Shares:

- 1- If profits of any fiscal year were not distributed, profits of following years can't be distributed before payment of portion determined as per article (114) of the companies law.
- 2- If the company failed to pay the portion determined of profits as per article (114) of the companies law for (3) consecutive years, the special assembly of shares owners held as per provision of article (89) of the companies law, has the right to decide whether to attend meetings of assembly general of the company and participation in voting, or to appoint their representatives in board of directors in consistent with value of their shares in the company's capital, until the company enables to pay all priority profits for shares owners for the previous years.

Article Forty Eight: Losses of the Company:

- 1) if losses of the company reach half of the paid company' capital, at any time during the fiscal year, each official in the company or the accounts auditor must notify the chairman of director board, who has to immediately inform members of the directors board, within (15) days, the board of directors must invite unordinary assembly general for a meeting within (45) days from his knowledge about the losses, in order to decide whether increase or decrease the company's capital as per provisions of the companies law aiming to decrease level of losses to below (50) of the paid company's capital, or to dissolve the company before the deadline determined in this articles of association, anyhow the decision of the assembly general must be published on website of Ministry of Commerce and Investment.
- 2) The company considered expired as per the companies law, if the assembly general doesn't hold during the period determined in article (1), or it held its meeting, but it failed to issue a decision regarding this subject, or it decided to increase a capital that can reconcile situations mentioned in this article and subscription in each increasing of the capital didn't happen within (90) days after decision issuance regarding the increase.

Chapter Eight

Disputes

Article Forty Nine: Responsibility Lawsuit:

Each shareholder has the right to file responsibility lawsuit prescribed for the company to the members of director board, if their committed mistake harmed the shareholder. The shareholder can't file the above mentioned lawsuit, unless the company's right is still existed. The shareholder must notify the company about his intention to file a lawsuit.

- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐

☐

☐

Chapter Nine

Dissolution and Liquidation of the Company

Article Fifty: Expiry of the Company:

Once the company is expired, it entered the role of liquidation and keeping its legal personality for liquidation, decision of optional liquidation is issued by the unordinary assembly general after consent of Saudi Capital Market Authority, the liquidation decision should include appointment of liquidation official with determination of his powers, fees and limitation imposed on his powers and required time for liquidation which must not be more than (5) years and can't be extended more than that without judicial order and powers of the company directors board expires upon dissolution of the company, however they remain responsible for the company administration, but they considered as liquidated persons, during period of liquidation the company's systems keep their specializations which are not in contrary with the liquidation ones.

☐

☐

☐

☐

☐

☐

☐

☐

☐

☐

☐

☐



Chapter Ten

Final Provisions

Article Fifty One: Notifications:

Notifications between shareholders each other, and between them and the company should done by registered mail, fax or by hand against a receipt on their addresses stated in the company's records.

Article Fifty Two:

The companies law and its regulations, and laws of Saudi Capital Market Authority and its executive regulations should be applied to what have not stated in this articles of association.

Article Fifty Three: Publication:

This articles of association should be deposited and published as per law and regulations of companies.