



Jazan Energy & Development Company

Part (1): Company incorporation

Article (1): Incorporation

The **Company** was incorporated in accordance with the provisions of the Companies Law and its Bylaws, and this Articles of Association as a Saudi joint stock **Company** according to the following:

Article (2): Company name

Jazan Energy and Development Co. "JAZADCO" (listed joint-stock **Company**)

Article (3): Company activities and objectives

The **Company** shall operate activities and business stipulated as follows:

- 1) Possessing and reclaiming agricultural lands for the purpose of using them in establishing agricultural projects and engaging in drilling wells.
- 2) Establishing agricultural projects, both plant and animal.
- 3) Breeding and fattening of sheep and calves, production of broiler and laying poultry, establishment of fish farms, and the practice of fishing.
- 4) Establishing agricultural nurseries and producing seedlings of fruit, forest trees, ornamental, aromatic and medicinal trees.
- 5) Manufacturing agricultural, animal, vegetable and fish products and their derivatives.
- 6) Obtaining commercial agencies, wholesale and retail trade in materials, machinery, agricultural and industrial supplies, and energy fields of all kinds.
- 7) Operating in the agricultural marketing for agricultural, plant, animal and fish products and their derivatives and industrial products with their derivatives.
- 8) Purchasing lands for constructions and investing such construction by selling or renting for the benefit of the **Company**.
- 9) Maintaining and developing the property.
- 10) Establishing, managing, maintaining and operating industrial projects.
- 11) Wholesale and retail trade in foodstuffs, tools, industrial tools, building materials, tools, electrical, mechanical and electronic devices.
- 12) Transportation services (all types of transport- air, sea, and railways, pipelines and support services for all transport routes).





13) Possessing, managing, operating and developing tourist centers, hotels, resorts, restaurants, rest houses, residential complexes, apartments and furnished residential units, or renting them to others for the benefit of the **Company** or leasing them from others.

14) Rental and leasing services (related to ships, aircraft and other means of transport, machinery and other equipment, rental and leasing services for household goods).

15) Investment franchise.

16) Environmental services.

17) Energy services, production and everything related to it.

18) Desalination services and everything related to it.

19) Investment in the field of mining and the sale, import and export of mining products of various kinds.

20) Operation, maintenance and management of roads, buildings, real estate and industrial projects.

21) Contracting activities including: maintenance, cleaning, operation, subsistence, security guards, and transportation of various kinds of waste; industrial, civil, medical, and foodstuff waste.

22) Importing, exporting and producing lubricating oils, greases, radiator coolant water and relevant products.

23) Investment in the field of electricity production from solar, wind or hydro energy and everything related to it.

24) Commercial agencies and marketing services for others.

25) Travel, tourism and advertising agencies

26) Trade, import and export, transportation and dry & cold storage for the benefit of the **Company** or others.

The **Company** shall practice its activities in accordance with the applicable regulations under the necessary licenses from the competent authorities, if any.

Article (4): Participation and Ownership in Companies

The **Company** may establish companies alone (with limited liability or closed shareholding) provided that the capital is not less than (5) million riyals. It may also own shares and stakes in other existing companies or merge with them and it shall be entitled to participate with other parties in the establishment of joint-stock companies or with limited liability, after fulfilling the requirements of the applicable regulations





and instructions in this regard. The **Company** may also dispose of these shares or stakes, provided that this does not include mediation in its trading.

Article (5): Company headquarters:

The **Company** headquarters shall be located in Jazan, Kingdom of Saudi Arabia, and the Board of Directors may establish branches or agencies for it inside or outside the Kingdom of Saudi Arabia by a decision of its board of directors.

Article (6): Company term:

The **Company** term shall be (99) years as of the date of issuance of the decision of His Excellency the Minister of Commerce announcing its incorporation. The **Company** term may always be extended by a decision issued by the extraordinary General Assembly at least one year before its expiry.

Part (2): Capital and Shares

Article (7): Capital

The **Company**'s capital shall be (SAR 500,000,000) five hundred million Saudi riyals divided into (50,000,000) shares (fifty million shares) of equal value, the nominal value of each is SAR (10) ten, they all are ordinary and cash shares.

Article (8): Subscription to Shares

Shareholders have subscribed in full capital shares amounting to (50,000,000 shares) fifty million shares representing 100% of the shares fully paid in the name of the **Company** with one of the banks accredited in this regard.

Article (9): Preference Shares

The Extraordinary General Assembly of the **Company**, in accordance with the principles established by the competent authority, may issue Preference Shares or decide to purchase them or transfer ordinary shares into Preference Shares or vice versa. Preference Shares do not give the right to vote in the general assemblies of shareholders. These shares arrange for their shareholders the right to obtain a percentage of more than the shareholders of ordinary shares from the net profits of the **Company** after setting aside the statutory reserve.

Article (10): Selling shares of unpaid value

The shareholder shall be obligated to pay the share value on the dates specified thereof, and if the latter fails to pay by the due date, the Board of Directors may after notifying it, by publishing in a daily newspaper or through the financial market website or informing it by a registered letter at its address, to sell the share in the public auction or the stock market in accordance with the circumstances and controls set forth by the competent authority. However, the shareholder, who fails to pay until





the day of sale, may pay the value owed by it in addition to the expenses that the **Company** has spent in this regard. The **Company** shall collect from the proceeds of the sale the amounts owed to it and return the remaining amounts to the shareholder. If the proceeds of the sale are not sufficient to collect these amounts, the **Company** may collect the remaining amounts from all the shareholder's amounts. The **Company** shall cancel the sold share in accordance with the provisions of the Companies Law, and give the buyer a new share with the number of the canceled share which shall be indicated in the share register.

Article (11): Issuance of Shares

Shares shall be nominal and may not be issued at a value less than their nominal value. Rather, they may be issued at a higher value, and in this last case the difference in value shall be added in a separate item within the shareholders' equity. The aforementioned may not be distributed as dividends to shareholders and the share is not indivisible against the **Company**. Therefore, if the share is owned by multiple persons, they shall choose one of them to act on their behalf to use the equity related thereto, and these persons shall be jointly responsible for the obligations arising from the ownership of the share.

Article (12): Trading Shares

The **Company's** shares shall be traded in accordance with the provisions of the Capital Market Law and its regulations and the market regulations and rules.

Article (13): Shareholders Register

The **Company's** shares shall be traded in accordance with the provisions of the Capital Market Law.

Article (14): Capital Increase

1) The Extraordinary General Assembly may decide to increase the **Company** capital, provided that the capital has been paid in full, and it is not required that the capital be paid in full if the unpaid part of the capital is due to shares issued in exchange for the transfer of debt instruments or financing instruments into shares, while the period specified for transferring them into shares has not yet expired.

2) The Extraordinary General Assembly in all cases may allocate the shares issued when increasing the capital or part of it to the employees of the **Company** and its subsidiaries or some thereof, or any of that. Shareholders may not exercise the right of priority when the **Company** issues the shares allocated to employees.

3) The shareholder, at the issuing date of the Extraordinary General Assembly decision to approve the increase of priority capital in the subscription to the new shares issued in exchange for cash shares, and they shall be informed by their priority by publishing in a daily newspaper or by registered mail of the decision to increase





the capital, the subscription conditions, the term and the date of commencement and expiry.

4) The Extraordinary General Assembly shall be entitled to suspend the priority right of shareholders to subscribe in increasing the capital in exchange for cash shares or to give priority to non-shareholders in cases it deems appropriate to the interest of the **Company**.

5) The shareholder shall be entitled to sell or waive the priority right within the period of issuing the decision of the extraordinary general assembly regarding the approval of increasing the capital to the last day in order to subscribe for new shares related to these rights, in accordance with the controls established by the competent authority.

6) According to the provisions of the aforementioned Paragraph (4), the new shares shall be distributed among the holders of priority rights who have requested to subscribe, in proportion with the initial rights they own from the total priority rights resulting from the capital increase, provided that what they obtain shall not exceed the shares they requested. The remaining new shares shall be distributed among the holders of priority rights resulting from the increase in the capital, provided that what they obtain does not exceed the shares they requested, and the remaining shares shall be offered to third parties, unless the Extraordinary General Assembly decides or the Capital Market Law stipulates otherwise.

Article (15): Capital Reduction

The Extraordinary General Assembly may decide to reduce the **Company's** capital if it exceeds the **Company's** need or have suffered losses. In the latter case alone, the capital may be reduced below the limit stipulated in Article (54) of the Companies Law. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons therefore, the obligations of the **Company**, and the reduction impact in these obligations.

If the capital reduction is a result of an increase in the **Company's** need, creditors shall be called upon to formulate their objections thereto within sixty days as of the date of publishing the reduction decision in a daily newspaper distributed in the region in which the **Company's** headquarters is located. If one of the creditors objects thereto and submits the documents to the **Company** on the said date, the **Company** shall pay the debt if it is due or provide sufficient guarantees to pay if it was deferred.

The capital reduction shall take place as stipulated in Articles (146, 147 and 148) of the Companies Law.

Article (16): The Company's Purchase and Pledging of shares:

1) The **Company** may purchase or pledge its shares in accordance with the regulations of the Capital Market Authority, and the shares purchased by the **Company** shall not have votes in the shareholders' assemblies.





2) Shares may be pledged in accordance with the controls established by the competent authority (the Financial Market Authority), and the mortgagee shall receive the profits and use the rights related to the share, unless agreed otherwise in the mortgage contract, but the mortgagee may not attend the General Assembly meetings and vote thereof.

3) If the purpose of purchasing shares is to allocate them to the **Company's** employees within the employee share program, in addition to the other controls related to purchasing the shares, the conditions set forth in paragraphs (3) and (4) of Article (24) of the regulatory controls and procedures issued by the Capital Market Authority pursuant to the Companies Law for Listed Joint Stock Companies shall be fulfilled.

Part (3): Board of Directors

Article (17): Company Management:

The **Company** shall be managed by a board consisting of (7) seven members appointed by the Ordinary General Assembly for three years. Each shareholder shall be entitled to nominate itself, one or more other persons for membership in the Board of Directors within the limits of the ownership in the capital. Voting for the selection of the members is through cumulative voting by distributing the voting power of the shareholder to the chosen candidates or granting in full to one candidate, which increases the chances of minority shareholders to obtain their representation in the Board of Directors.

Article (18): Membership Termination of Board of Directors

The membership of the Board of Directors terminates with the end of its term or the expiry of the director's validity in accordance with any Articles of Association or instructions applicable in the Kingdom. However, the General Assembly may dismiss all or some of the directors at any time without prejudice to the right of the dismissed director against the **Company** to claim compensation; if the dismissal occurs for an unacceptable reason or an inappropriate time. Moreover, the director may resign, provided that to be at an appropriate time, otherwise it shall be responsible against the **Company** for the damages resulting from the resignation.

Article (19): Vacant Position in the Board of Directors:

If the position of one of the members becomes vacant, the board shall be entitled to appoint a temporary director in the vacant position in accordance with the arrangement to obtain votes in the assembly that elected the Board of Directors, provided that the temporary director is among those who have experience and efficiency. and the Ministry shall be informed thereof as well as the Capital Market Authority within five working days as of the date of appointment. The appointment shall be submitted to the Ordinary General Assembly at its first meeting, and the new director completes the predecessor's term. If the necessary conditions for the meeting





of the Board of Directors are not fulfilled because of a below-minimum number of members as stipulated in the Companies Law or this Articles of Association, the remaining members shall invite the Ordinary General Assembly to be held within sixty days to elect the necessary number of members of Board of Directors.

Article (20): The Powers of Board of Directors

According to the authorities assigned for the General Assembly, the Board of Directors shall have the broadest powers and authorities to manage the **Company's** business in order to achieve the objectives. The Board of Directors shall be entitled to supervise and handle its affairs, and to draw up general policies and general rules for the work and the financial and administrative programs to facilitate its affairs. In order to perform its duties, the Board of Directors shall have all the powers needed to perform all the actions that shall be carried out by the **Company** under this Articles of Association, and the Board of Directors shall have the authority of, for example but not limited to: opening, managing and operating bank accounts of all kinds, closing, updating, and contracting loans and guarantees, whatever their amounts and for any period, including loans exceeding three years, signing of promissory note, guarantees, and pledges of all kinds, and buying, selling and pledging real estate and movables of the **Company** and its factories, subsidiaries and companies in which the **Company** owns shares thereof. Moreover, pledging and selling shares, guaranteeing loans to subsidiaries and companies in which the **Company** owns shares thereof. The Board of Directors shall be entitled to release the mortgage on real estate, movables, the **Company's** factories and any other properties. Additionally, appointing and dismissing managers in its subsidiaries and companies in which the **Company** owns shares, and shall be entitled to enter into auctions and tenders of all kinds, to receive the **Company's** funds, deposit in banks, open letters of credit, sign and change documents and cheques. The Board of Directors shall be entitled to sign all commercial papers, establish joint-stock companies (with limited liability or closed shareholding), own shares in other existing companies, or merge with them, and offer companies affiliated with the public shareholding in accordance with the controls established by the competent authorities.

The Board of Directors may also, within the limits of its powers, delegate one or more of its members or third parties to perform certain work or actions for a period that the Board deems appropriate, in accordance with powers of attorney's instruments or authorization. The Board of Directors shall be entitled to exercise all these powers inside and outside the Kingdom of Saudi Arabia.

The Board of Directors also appoints among one of its members or any third party an Executive Committee consisting of (3) at least three members, and the committee follows up and implements all the requirements of the Board of Directors within the limits of its powers stipulated in this Articles of Association, and the Executive Committee holds its meetings by inviting its chairman. According to a proposal from the Board of Directors, the **Company's** general assembly issues the rules for selecting





the Nomination and Remuneration Committee, the term of their membership, and the method of work of the committee.

Article (21): Remuneration for Board Members

The remuneration of a director consists of 3,000 riyals (three thousand Saudi riyals) for each session it attends himself, as well as the percentage stipulated in Article (5/47) hereof, and in all cases, the total remuneration and benefits a director receives shall not exceed Financial or in-kind an amount of 500,000 riyals (five hundred thousand riyals) annually according to the controls set by the Capital Market Authority and within the limits of the provisions of the Companies Law and its regulations.

The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all the salaries, share-in profits, attendance allowances, expenses, and other benefits obtained by directors during the financial year. The aforementioned report also includes a statement of what Board members received as employees, administrators or what they have received in return for technical, administrative, or advisory work. It shall also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting.

Article (22): Powers of the President, Vice President, Managing Director and Secretary:

The board of directors appoints one of its members a chairman, a vice president and a managing director. It is not permissible to combine the position of the chairman of the board of directors with any executive position in the **Company**. The **Company** is with government departments, companies, individuals, banks, courts, notaries and all judicial departments of all kinds, degrees, arbitration bodies, chambers of commerce and industry, settlement committees, and issuance of the necessary legal agencies on behalf of the **Company** for pleading, defense, litigation, acknowledgment, denial, conciliation, appointment of employees, lawyers, consultants and representatives, and determining their salaries, bonuses and dismissal. It shall be entitled to donate from the **Company's** funds, participate in charitable societies, charities and preside over the general assemblies of shareholders, and it represents the **Company** in front of all government agencies, companies, institutions, courts, bodies, committees, judicial and quasi-judicial bodies and notaries, and it shall be entitled to sign on behalf of the **Company** in front of these bodies for all business falling within the scope of the **Company's** activities of whatever nature, and it shall be entitled to authorize others in writing from the **Company's** employees or others in some of the foregoing.

The Managing Director shall be also responsible for implementing the regulations, policies and decisions that the Board sets from time to time, and the remuneration that





each of them receives is in addition to the remuneration determined for the directors according to what is proposed by the Board of Directors and approved by the Shareholders' Assembly, and the Board of Directors appoints the Secretary of the Board one of its members or others. It defines its functions and remuneration, and the term of the Chairman, Managing Director, and Secretary of the Board of Directors does not exceed the period of membership of each of them in the Board, and they may be re-elected and the Board at any time may dismiss any of them without prejudice to the right of the dismissed person to compensation; if the dismissal occurs for an unlawful reason or at an inopportune time.

Article (23): Board Meetings

The board meets at least four meetings a year at the invitation of its chairman, and the invitation shall be sent in writing by mail, telegraph, fax, or modern technical methods, at least a week before the proposed date of the meeting, provided that it mentions in detail the topic and the agenda that will be considered in the meeting. The chairman of the board may call two members of the meeting whenever requested to do so.

Article (24): Quorum for Board Meeting

A board meeting is not valid unless attended by at least (4) four members, including the chairman of the board of directors or a representative, and in the event that a board member delegates another member to attend board meetings, the delegation shall be in accordance with the following controls:

1. A board member may not be represented by more than one member in attending the same meeting.
2. The delegation shall be fixed in writing.
3. The representative may not vote on the decisions on which the Articles of Association prohibits the delegate from voting on it. Board decisions are issued by the majority of the members present or represented in it, and if the votes are equal, the side in which the session chairperson stands will prevail.

The Board of Directors may issue decisions on urgent matters by passing them on to the members, and the decision in this case is not enforceable except with the unanimous consent of the members (whether the decision is issued in a document or several independent documents), unless one of the members requests "writing" of the board meeting for deliberation. These decisions are presented to the Board at its first subsequent meeting.

The meeting of the Board may be held by means of modern technology through real-time visual and audio transmission that enables the directors to participate effectively and in a manner that enables them to listen, follow up on presentations, give opinions,





discuss and vote on decisions in accordance with the controls set by the competent authority.

Article (25): Board deliberations:

The deliberations and decisions of the Board of Directors shall be confirmed in the minutes signed by the Chairman of the Board, the members of the present Board of Directors and the Secretary.

Article (26): Conflict of Interest:

Subject to the provisions of the Companies Law and the relevant regulations:

1. A board member shall not have any direct or indirect interest in the business and contracts that are made for the account of the **Company** except with prior authorization from the Ordinary General Assembly in accordance with the controls set out by the competent authority. A board member shall inform the board of its direct or indirect interest in the business and contracts that are made for the **Company's** account and this notification shall be recorded in the minutes of the meeting. This member may not participate in voting on the decision to be issued in this regard by the Board of Directors and shareholders' assemblies. The chairman of the board of directors informs the ordinary general assembly when it is convened about the business and contracts in which one of the board members has a direct or indirect interest in it, and the notification is accompanied by a special report from the **Company's** external auditor.

2. If a board member fails to disclose its interest referred to in paragraph (1) of this article, the **Company** or anyone with an interest may claim before the competent judicial authority to nullify the contract or oblige the member to pay any profit or benefit achieved for him from that.

3. A board member shall not participate in any business that would compete with the **Company**, or to compete with the **Company** in one of the branches of the activity that it is practicing. Otherwise, the **Company** may claim from the competent judicial authority for appropriate compensation, unless it has obtained a previous license from the Ordinary General Assembly, which shall be renewed every year - permitted to do so, and in accordance with the controls set out by the competent authority.

4. The **Company** shall not be permitted to extend a loan of any kind to any of its board members or its shareholders, and to guarantee any loan that any of them enters into with others.





5. Every contract made in contravention of the provisions of this article shall be deemed null, and the **Company** shall be entitled to claim the violator before the competent judicial authority for compensation for any damage that may befall it.

6. Responsibility for damages resulting from the works and contracts referred to in Paragraph (1) of this Article rests on the member with an interest in the work or contract, as well as on the directors, if those works or contracts are carried out in contravention of the provisions of that paragraph or if it is proven that they are not fair, or involves a conflict of interest and harms shareholders.

7. The board members who oppose the decision shall be exempted from responsibility when they explicitly prove their objection in the minutes of meeting. Absence from attending the meeting at which the decision is issued shall not be considered a reason for exemption from responsibility; unless it is proven that the absent member did not know about the decision or was unable to object to it after being aware of it. .

Article (27): Board Members' Preservation of Company Secrets:

The board members may not disclose, other than the general assembly meetings, the **Company's** secrets they have encountered. They may not exploit what they know about the arbitration of their membership to achieve an interest for themselves, one of their relatives, or others, otherwise they shall be dismissed and demanded for compensation.

Part (4): Shareholders' Assemblies

Article (28): Attending Assemblies:

A properly formed general assembly represents all shareholders, and it convenes in the city in which the **Company's** headquarter is located.

Each shareholder shall be entitled to attend the general assembly of shareholders, and it may delegate to him another person who is not a director or **Company** employees to attend the general assembly.

It is also permissible to hold meetings of the shareholders' assembly and the shareholder's participation in its deliberations and voting on its decisions by means of modern technology, according to the cases set out by the competent authority.

Article (29): Competences of the Ordinary General Assembly:

With the exception of matters pertaining 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** financial year. Other ordinary assemblies may be called whenever the need arises.



**Article (30): Competences of the Extraordinary General Assembly:**

The extraordinary general assembly shall have the authority to amend the **Company's** articles of association with the exception of matters that are prohibited for it to amend by law. It may issue decisions on matters originally within the jurisdiction of the Ordinary General Assembly, under the same terms and conditions as prescribed for the Ordinary General Assembly.

Article (31): Invitation to 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%) five percent of the capital at least requests this, and the auditor may invite the meeting to convene. If the board does not invite the assembly to convene within thirty (30) days from the date of the auditor's request.

The invitation to convene the general assembly and the agenda shall be published in a daily newspaper distributed in the area in which the **Company's** headquarters is located at least (twenty-one) days before the date set for the meeting. However, it is permissible to address the invitation on the aforementioned time to all shareholders by registered letters. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce, and a copy shall be also sent to the Capital Market Authority if the **Company** is listed in the financial market, during the period specified for publication.

Article (32): Record of Attendance of Assemblies:

Shareholders who wish to attend the general or private assembly shall register their names in the **Company's** headquarter prior to the time specified for the assembly, indicating the number of shares in their possession in origin or by proxy, and the number of votes assigned to it, and everyone with an interest has access to this disclosure.

Article (33): Quorum for the Ordinary General Assembly Meeting

Holding the Ordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least a quarter of the capital, and if this quorum is not available at the first meeting, an invitation shall be issued for a second meeting to be held within the thirty days following the previous meeting. However, the second meeting may take place at least an hour later. From 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, and in all cases the second meeting shall be valid regardless of the number of shares represented

in it.



Article (34): Quorum for the Extraordinary General Assembly Meeting:

The meeting of the extraordinary general assembly shall not be valid unless attended by shareholders representing at least half of the capital. If this quorum is not available at the first meeting, a second meeting shall be held in the same conditions stipulated in the previous article. However, the second meeting may take place at least an hour later. From the end of the period specified for the first meeting to be held, provided that the invitation to hold the first meeting includes evidence of the announcement of the possibility of holding this meeting, and in all cases the second meeting will be valid if attended by a number of shareholders representing at least a quarter of the capital.

If the necessary quorum is not available in the second meeting, an invitation is called for a third meeting to be held according to the same conditions stipulated in the previous article, and the third meeting will be valid regardless of the number of shares represented in it after the approval of the competent authority.

Article (35): Voting in Assemblies:

Every shareholder has a vote for every share it represents in the shareholders' assemblies. The votes in the ordinary and extraordinary general assemblies are calculated on the basis of one vote for each share it represents. However, board members may not participate in voting on the Assembly's decisions that relate to absolving them of their liability for the term of their management or that pertain to a direct interest or indirectly to them. The cumulative vote shall be used in the election of the Board of Directors, so that the right to vote for the share may not be used more than once.

Article (36): Resolutions of the Assemblies

Decisions in the Ordinary General Assembly shall be issued by the absolute majority of the shares represented in the meeting, and the decisions of the Extraordinary General Assembly shall be also issued by the two-thirds majority of the shares represented in the meeting unless the decision is related to an increase or decrease in the capital or extending the term of the **Company** or dissolving the **Company** before the expiry of the period specified in its articles of association or by merging the **Company** with another **Company**, the decision will not be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

Article (37): Discussion in Assemblies

Every shareholder shall be entitled to discuss issues on the assembly's agenda and direct questions about them to the directors and the auditor. The board of directors or the auditor answers the shareholders' questions to the extent that they do not compromise the interest of the **Company**. And if the shareholder deems that the answer to its question is not convincing, it shall refer to the association, and its decision in this regard shall be deemed enforceable.



**Article (38): Presidency of Assemblies and Preparing Minutes:**

The meeting of the general assemblies of the shareholders shall be chaired by the chairman or its representative in case of its absence, or whoever is delegated by the board of directors among its members, in case of absence of the chairman or its representative. Those who are in their possession by authenticity or by proxy, the number of votes determined for them, the decisions taken, the number of votes that they agreed to or disagreed with, and a comprehensive summary of the discussions that took place in the meeting and the records are regularly written after each meeting in a special register signed by the association president, secretary, and vote collector.

Part (5): Audit Committee**Article (39): Formation of the Committee**

By a decision of the Ordinary General Assembly, a review committee shall be formed from members other than those of the executive board of directors, whether from the shareholders or from others, provided that the number of its members shall not be less than (3) three and shall not exceed (5) five members, and that the duties of the committee, its work controls, and the remuneration of its members are specified in the decision.

Article (40): Quorum for the Committee meeting:

For the Audit 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, and when the votes are equal, the side with which the chairperson voted shall prevail.

Article (41): The Committee's Functions:

The Audit Committee shall be responsible for monitoring the **Company's** business, and for this purpose it shall be entitled to review its records and documents and request any clarification or statement from the directors or the executive management, and it may request the board of directors to invite the **Company's** general assembly to convene if the board of directors impedes its work or the **Company** is exposed for major damages or losses.

Article (42): Committee Reports:

The Audit Committee shall review the **Company's** financial statements in addition to the reports and notes provided by the auditor, and express its opinions about them, if any, and it shall also prepare a report on its opinion regarding the adequacy of the **Company's** internal control Articles of Association and what it has done of other activities that fall within the scope of its competence. The board of directors shall deposit sufficient copies of this report in the **Company's** headquarter at least (twenty-





one) days before the date of the general assembly meeting, to provide every shareholder it desires with a copy of it. The report is read during the assembly.

Part (6): Auditor

Article (43): Appointment of the Auditor:

The **Company** shall have one (or more) auditors among those licensed to work in the Kingdom, where it shall be appointed by the Ordinary General Assembly annually and determine its remuneration and the term of its work. The Assembly may also at any time re-appoint or change it in accordance with the provisions of Companies Law or any complementary regulations, bylaws, decisions or other instructions thereof.

The work of the auditor shall not be combined with the membership of the board of directors, or perform technical and administrative work in the **Company** or for its benefit or as a matter of advice. The auditor shall not be a shareholder of one of the founders of the **Company**, a director, a worker with him, or a relative of the fourth degree to enter the purpose, and every act in contravention of that shall be void with its obligation to return what it received.

Article (44): Auditor's powers

The auditor shall be entitled to inspect the **Company's** roadsters, records and other documents at all times, and it shall be entitled to request the data and clarifications that it deems necessary to obtain in order to verify the **Company's** assets, obligations, and other things that fall within the scope of its work, and the chairman of the board of directors shall enable him to perform its duty. If the auditor encounters difficulty in this regard, it shall document the same in a report submitted to the Board of Directors. If the board does not facilitate the work of the auditor, it shall request the board of directors to call the ordinary general assembly to consider the matter. The auditor shall submit to the annual general assembly a report including the **Company's** position on enabling him to obtain the data and clarifications it requested and the violations it has uncovered of the provisions of the Companies Law or the provisions hereof and the extent of its opinion on the fairness of the **Company's** financial statements.

Part (7): Company Accounts & Profit Distribution

Article (45): Financial Year

The **Company's** financial year begins on the first of January and ends on December 31 of each year, provided that the first financial year begins from the date of the ministerial decision announcing the establishment of the **Company** and ends on December 31 of the following year.

Article (46): Financial documents





1. At the end of every financial year for the **Company**, the board of directors shall prepare the **Company's** financial statements and a report on its activities and financial position for the past financial year. This report includes the proposed method for distributing profits. The board shall place these documents at the disposal of the auditor at least forty-five days before the date fixed for the meeting of the assembly.
2. The Chairman of the Board of Directors, the Chief Executive Officer and the Financial Director shall sign the documents referred to in Paragraph 1 of this Article, and copies of them shall be deposited in the headquarters of the **Company** at the disposal of the shareholders at least (twenty-one) days before the date set for the meeting of the General Assembly.
3. The Chairman of the Board of Directors shall provide the shareholders with the **Company's** financial statements, the report of the board of directors, and the auditor's report, unless it is published in a daily newspaper distributed in the **Company's** headquarters. It shall also send a copy of these documents to the Ministry and the Financial Market Authority at least fifteen days before the meeting of the General Assembly.

Article (47): Distribution of Profits:

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

1. (10%) ten percent of the net profits is set aside to form a statutory reserve, and the Ordinary General Assembly may stop this avoidance when the said reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside (5%) of the net profits to form a consensual reserve.
3. The Ordinary General Assembly may decide to create other reserves, to the extent that it 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 amounts from the net profits to establish social institutions for the **Company's** employees or to assist those existing from these institutions.
4. A percentage of (5%) from the **Company's** paid-up capital shall be distributed among the shareholders.
5. Subject to the provisions stipulated in Article (Twenty-one) herein, and Article 76 of the Companies Law, (10%) of the remainder shall be hereby allocated to the Board of Directors' remuneration, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member. The remaining may then be distributed among the shareholders as an additional share of profits.

Article (48): Entitlement to Profits:





The shareholder shall be entitled to its share in the profits in accordance with the decision of the General Assembly issued in this regard, and the decision specifies the date of entitlement and the date of distribution, and the eligibility of the profits is for the shareholders registered in the shareholders' records at the end of the date specified for maturity.

Article (49): Dividend Distribution of Preference Shares

1. If no profits are distributed for any financial year, the profits of the following years shall not be distributed unless the percentage specified in accordance with the provisions of Article (1400) of the Companies Law is paid to the owners of preference shares for that year.

2. If the **Company** fails to pay the specified percentage in accordance with the provisions of Article (1400) of the Companies Law from profits for a period of three consecutive years, then the special association of owners of these shares, convened in accordance with the provisions of Article (89) of the Companies Law, may decide either they attend the general assembly meetings of the **Company** and participate in the voting, or they appoint representatives in the board of directors in proportion to their shares in the capital, so that the **Company** is able to pay all the priority dividends allocated to the owners of these shares for previous years.

Article (50): Interim Profit Distribution:

The **Company** may distribute interim dividends among its shareholders semi-annually or quarterly according to the regulatory controls and procedures issued by the Capital Market Authority in implementation of the Companies Law.

Article (51): Determining the date of dividend distribution:

The Board of Directors shall implement the decision of the General Assembly regarding the distribution of profits to the registered shareholders within 15 days from the date of entitlement of these profits specified in the decision of the General Assembly, or in the decision of the Board of Directors to distribute interim dividends.

Article (52): Company losses:

1. If the **Company's** losses amount to half of the paid-up capital, at any time during the financial year, an official in the **Company** or the auditor shall immediately inform the chairman of the board of directors, and the chairman of the board of directors shall immediately inform the directors of the same. The board of directors shall within fifteen days from its knowledge of this is to invite the extraordinary general assembly to a meeting within forty-five days from the date of its knowledge of the losses to decide either to increase or decrease the **Company's** capital in accordance with the provisions of the Companies Law to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the **Company** before the specified deadline In this Articles of Association.





2. The **Company** is considered terminated by the force of the Companies Law if the General Assembly was not held within the period specified in Paragraph 1 of this Article, or if it convenes and is unable to issue a decision on the matter, or in case it decides to increase the capital in accordance with the conditions stipulated in this Article without subscribing each capital increase within ninety days as of the issuance of the association's decision to increase the same.

Part (8): Disputes

Article (53): Liability lawsuit:

1. Every shareholder shall be entitled to file a lawsuit for the liability established for the **Company** against the directors. If the mistake made by them would cause special harm to him, and the shareholder may not file the aforementioned invitation unless the **Company's** right to file it is still valid. The shareholder shall inform the **Company** of its intention to file a lawsuit.

2. The **Company** may file a liability lawsuit against the board members for errors that result in damages to all shareholders. The Ordinary General Assembly shall decide to file this Lawsuit and appoint a representative for the **Company** to initiate it. If the **Company** is declared as bankrupt, filing the aforementioned lawsuit shall be within the jurisdiction of the bankruptcy representative. If the **Company** lapses, the liquidator undertakes the case after obtaining the approval of the ordinary general assembly.

3. The **Company** may be charged with the following expenses charged by the shareholder to institute a lawsuit, regardless of its outcome, under the following conditions:

- a. If it filed the lawsuit in good faith.
- b. If it submitted to the **Company** for the reason for which it filed the lawsuit and did not obtain a response within thirty days.
- c. If the lawsuit filed in the interest of the **Company** based on the provision of Article (79) of the Articles of Association.
- d. The lawsuit is based on a valid basis.

Part (9): Company dissolution and liquidation

Article (54): Company termination

Upon the **Company** expiration, the **Company** shall enter into liquidation and maintain the legal personality to the extent necessary for liquidation. The voluntary liquidation decision is issued by the extraordinary general assembly. The liquidation decision shall include the appointment of the liquidator, specifying its powers and fees, restrictions imposed on its powers and the time required for liquidation. The





period of voluntary liquidation shall not exceed five years. It is not permissible to extend it to more than that; except by a judicial order and the authority of the **Company's** board of directors shall be deemed terminated with its dissolution. However, they remain in charge of managing the **Company** and are counted in relation to others in the judgment of liquidators until the liquidator is appointed and shareholders' assemblies remain in place during the liquidation period and their role is limited to exercising their competencies that do not conflict with the terms of reference of the liquidator.

Part (10): Final Provisions

Article (55):

The Companies Law and the Bylaws thereof shall be applied in all matters stipulated in this Articles of Association, the Financial Market Law and the Executive Regulations thereof.

Article (56):

This Articles of Association shall be submitted and published in accordance with the provisions of the Companies Law and the Regulations thereof.

Allah is the Arbiter of Success

