

**Al Hassan Ghazi Ibrahim Shaker Company**  
**Articles of Association: A Saudi Listed Joint Stock Company**

## **Article (1): Foundation**

A Saudi joint stock company shall be established in accordance with the provisions of the Companies Law and its regulations issued by the Royal Decree No. 3/m dated 28/01/1437, **and this bylaw as follows:**

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

**Al Hassan Ghazi Ibrahim Shaker Company ( A listed Joint Stocks Saudi Company)**

The company carries out and practices the following activities:

- 1- Manufactures of air conditioners of all types (windows - split ducts - central) and all complementary spare parts, establishment of factories and related workshops.
- 2- Contracting of Air conditioning, refrigeration, and all complimentary works related to these activities. Also, establishment of workshops related to them.
- 3- Import, wholesale and retail trade in tools, equipment, household, electrical and electronic appliances, air conditioners, telephones, radios, televisions, and video equipment.

- 4- Import, trade and supply of lighting devices and systems and renewable energy solutions such as solar panels and other renewable energy systems Measurement and control equipment and devices
- 5- Installing and maintaining lighting devices and systems, renewable energy solutions such as solar panels and other renewable energy systems, as well as measuring and control equipment and devices.
- 6- Maintenance and repair of electrical and electronic equipment and air conditioners
- 7- Commercial agencies for companies that engage in the same activities
- 8- Import, export and marketing services for others  
Distribution agencies after being registered in the commercial agencies register prepared for this purpose.
- 9- Selling, buying, owning, leasing, developing and building real estate and re-exploiting it for sale and leasing for the benefit of the company.
- 10- Energy services and solutions, energy measurement and verification services, and renewable energy services. Engineering design services for energy efficiency standards and project management.
- 11- Energy Efficiency, Data Audit and Building checking.

The company exercises its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

#### **Article (4) Participation and ownership in companies**

The company may establish companies on its own (with limited liability or closed joint stock) in accordance with the Companies Law.

It may also own shares and shares in other existing companies or merge with them. It has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard.

The company may also dispose of these stocks or shares, provided that this does not include mediation in their trading.

#### **Article (5): The head office of the company**

The head office of the company is located in the city of Riyadh, and it may establish branches, offices or agencies for the company inside or outside the Kingdom of Saudi Arabia by a decision of the chairman of the board of directors or the managing director.

#### **Article (6) Duration of Partnership:**

The term of the company is (50) Hijri years starting from the date of registration in the Commercial Register. This period may always be extended by a decision issued by the extraordinary general assembly at least one year before the expiry of its term.

## **Chapter Two: Capital and Shares**

### **Article (7) The Capital**

The capital of the company is set at (482,334.000) four hundred and eighty-two million three hundred and thirty-four thousand riyals divided into (48,233,400) forty-eight million two hundred and thirty-three thousand and four hundred shares of equal value, each with a nominal value of (10) riyals, all of which are ordinary shares.

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

The founders subscribed to all the shares of the company and paid their full value.

### **Article (9): Preferred stocks and bonds**

The Extraordinary General Assembly of the company may, in accordance with the principles set by the competent authority, issue preferred shares not exceeding (10%) of the capital, or decide to purchase them, convert ordinary shares into preferred shares, or convert preferred shares into ordinary ones, preferred shares do not give the right to vote in the general assemblies of shareholders, and the arrangement of these shares to their owners the right to obtain a percentage more than the ordinary share holders of the company's net profits after setting aside the statutory reserve.

### **Article (10): Selling unpaid shares**

The shareholder is obligated to pay the value of the share on the dates specified for this. If he fails to pay on the due date, the board of directors may, after being notified through the automated system of the stock market or a daily newspaper, sell the share in a public auction in accordance with the regulations set by the competent authority.

The company shall collect the amounts due to it from the sale proceeds and return the remainder to the shareholder.

Nevertheless, the shareholder who defaulted on payment until the day of the sale may pay the value due from him in addition to the expenses incurred by the company in this regard.

The company cancels the sold share in accordance with the provisions of this article, and gives the buyer a new share bearing the number of the canceled share and indicates in the shares register that a sale has occurred with the name of the new owner.

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

Shares are nominal and may not be issued for less than their nominal value, but may be issued for a higher value. In this case, the difference in value is added in a separate item within the shareholders' equity, and it may not be distributed as profits to the shareholders

The share is indivisible in the face of the company. If the share is owned by multiple persons, they must choose one of them to represent them in the use

of the rights related to it, and these persons shall be jointly liable for the obligations arising from the ownership of the share.

### **Article (12): Stock Trading**

The shares subscribed by the founders may not be traded except after publishing the lists for two fiscal years, each of which is not less than twelve months from the date of the company's transformation. and the period during which it is prohibited from trading. Nevertheless, during the prohibition period, the ownership of cash shares may be transferred in accordance with the provisions of the sale of rights from one of the founders to another founder or from the heirs of one of the founders in the event of his death to a third party. Or in the event of execution on the funds of the insolvent or bankrupt founder, provided that the priority of owning those shares is given to other founders

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

### **Article (13): Shareholders Register - Purchase and Mortgage of Shares**

1. The company's shares are traded in accordance with the provisions of the financial market system. Subscribing to or owning shares indicates the shareholder's acceptance of the company's articles of association and his commitment to the decisions issued by the shareholders' assemblies in accordance with the provisions of this bylaw and the

companies' system, whether he is present or absent, and whether he agrees with or disagrees with these decisions.

2. The company may purchase or mortgage its shares in accordance with the regulations set by the competent authority, and the shares purchased by the company shall not have votes in the shareholders' assemblies.
3. The company may purchase its shares for use as treasury shares, as well as for the purpose of allocating them to its employees within the employee shares program in accordance with the controls set by the competent authority.
4. Shares may be mortgaged in accordance with the regulations of the competent authority, and the mortgagee creditor may receive profits and use rights related to the share, unless otherwise agreed upon in the mortgage contract. However, the mortgagee creditor may not attend or vote at the meetings of the general assembly of shareholders

#### **Article (14): Capital increase.**

1. The Extraordinary General Assembly may decide to increase the capital of the company, provided that the capital has been paid in full.  
it is not required that the capital has been paid in full if the unpaid part of the capital belongs to shares issued in exchange for converting debt



instruments or financing instruments into shares and the period prescribed for their conversion into shares has not expired.

2. The extraordinary general assembly, in all cases, may allocate the shares issued upon the capital increase, or part thereof, to employees of the company and its subsidiaries or some of them, or any of that. Shareholders may not exercise the right of priority when the company issues shares allocated to employees.
3. The shareholder who owns the share at the time of the issuance of the extraordinary general assembly's decision approving the capital increase has priority in subscribing to the new shares issued in exchange for cash shares.
4. The Extraordinary General Assembly has the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares, or to give priority to non-shareholders in the cases it deems appropriate for the interest of the company.
5. The shareholder has the right to sell or relinquish the priority right during the period from the time of the issuance of the General Assembly's decision approving the capital increase until the last day of subscribing to the new shares associated with these rights, in accordance with the regulations set by the competent authority.

6. Taking into account what was mentioned in paragraph (4) above, the new shares shall be distributed to the priority rights holders who requested subscription, in proportion to the priority rights they own out of the total priority rights resulting from the capital increase, provided that what they receive does not exceed what they requested from the new shares. The remainder of the new shares shall be distributed to the priority rights holders who have requested more than their share, in proportion to their pre-emptive rights out of the total pre-emptive rights resulting from the capital increase, provided that what they receive does not exceed what they have requested of the new shares, and the remaining shares are offered to third parties. Unless the Extraordinary General Assembly decides or the Capital Market Law provides otherwise.

### **Article (15): Capital Reduction**

The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's needs or if it suffers losses. In the latter case alone, the capital may be reduced below the limit stipulated in Article (fifty-fourth) of the Companies Law. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the obligations of the company, and the effect of the reduction in these obligations. If the reduction of the capital is a result of it being greater than

the company's need, the creditors must be invited to express their objections to it within sixty days from the date of publishing the reduction decision in a daily newspaper distributed in the region in which the company's head office is located. If one of the creditors objects and submits his documents to the company on the aforementioned date, the company must pay him his debt if it is due, or provide him with a sufficient guarantee to pay it if it is deferred.

#### **Article (16): Debt instruments and financial instruments**

1. The company may issue - in accordance with the financial market system - negotiable financial instruments or instruments.
2. The company may not issue debt instruments or financing instruments that are convertible into shares, except after the issuance of a decision by the extraordinary general assembly specifying the maximum number of shares that may be issued in exchange for these instruments or bonds. Whether these instruments or bonds are issued at the same time, or through a series of issues, or through one or more programs to issue debt instruments or financing instruments. The board of directors issues - without the need for a new approval from this assembly, new shares in exchange for those - the instruments or bonds that their holders request to be transferred, immediately after the end of the transfer request period specified for the holders of those instruments or bonds. The Board shall take what is necessary to amend the

company's articles of association with regard to the number of issued shares and the capital.

3. Subject to what is stated in Article (122) with the Companies Law, the company may convert debt instruments or financial instruments into

shares in accordance with the Capital Market Law. In all cases, these instruments and instruments may not be converted into shares in the following two cases:

A- If the conditions for issuing debt instruments and financial instruments do not include the possibility of converting these instruments and instruments into shares by raising the company's capital.

B- If the holder of the debt instrument or the financing instrument does not agree to this transfer.

4 - The decisions of the shareholders' assemblies shall apply to the owners of debt instruments and financial instruments. Nevertheless, the aforementioned associations may amend the rights assigned to them, except with the approval of them in a special assembly of their own, held in accordance with the provisions of Article (89) of the Companies Law.

## **Chapter 3: Board of Director**

### **Article (17): Management of the Company**

company management

The company is managed by a board of directors consisting of (7) members elected by the ordinary general assembly of shareholders for a period not exceeding three (3) Gregorian years, and they may be re-appointed for

several sessions. As an exception to this, the first board of directors was appointed for a period of five years by the company's transformational assembly, and the term of membership of the company's first board of directors began from the date of the ministerial decision announcing the transformation. Each shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors, within the limits of his ownership percentage in the capital.

### **Article (18): Board membership expiration**

The membership of the board ends with the expiration of its term or the expiry of the member's validity for it in accordance with any system or instructions in force in the Kingdom. However, the ordinary general assembly may at any time dismiss all or some of the members of the board of directors, without prejudice to the dismissed member's right towards the company to claim compensation if the dismissal occurred for a reason other than acceptable or at the wrong time, a member of the board of directors may retire, provided

that it is at an appropriate time, otherwise he will be responsible before the company for the damages that result from his retirement.

#### **Article (19) :Vacant position in the council**

If the position of a member of the board of directors becomes vacant, the board may appoint a temporary member in the vacant position according to the order of obtaining votes in the assembly that elected the board, provided

that he is one of those who have experience and competence, and the Ministry of Commerce and Investment must be informed of this .The same applies to the Capital Market Authority within five working days from the date of the appointment, and the appointment is presented to the Ordinary General Assembly in its first meeting, and the new member completes the term of his predecessor. If the necessary conditions for the meeting of the Board of Directors are not met due to the fact that the number of its members is less than the minimum stipulated in the Companies Law or this bylaw, the remaining members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

#### **Article 20: Powers of the Council**

Taking into account the functions prescribed for the General Assembly, the Board of Directors shall have the widest powers and authorities in managing the company and managing its affairs inside and outside the Kingdom.

He has the right to establish companies on their own, participate in the establishment of other companies and dispose of their assets, properties and real estate, and he has the right to buy, sell, transfer their ownerships, accept, receive, deliver, rent, lease, collect, pay the price, mortgage and release the mortgage. The Board of Directors also has the right to conciliate, waive, contract, abide and be bound in the name of the company and on its behalf, and the Board of Directors has the right to carry out all acts and actions that would achieve the company's purposes. He also has the right to open accounts with banks, issue checks and credits, withdraw and deposit, issue bank guarantees and sign all papers, documents, checks and all banking transactions. He may, for example, but not be limited to; represent the company in its relationship with others, labor offices, workers, civil rights, police departments, other government agencies, chambers of commerce and industry, bodies and private bodies, companies and institutions of all kinds, and entering into tenders, receiving and paying. The Board has the right to sign all types of contracts, documents and documents, including without limitation contracts for the establishment of companies in which the company participates with all its amendments, appendices, amendment decisions and signing agreements before the official authorities, as well as loan agreements, regardless of their duration, guarantees, and mortgages with banks, public lending funds, and local and international financing agencies.

The Board has the right to issue and sign bank guarantees and to guarantee the subsidiaries of the company or participate in it in a way that achieves the interest and objectives of the company. The Board has the right to conclude and sign banking facilities, Islamic Murabaha agreements, tawarruq, treasury agreements, deal in their products, conduct all treasury operations, create, sign and endorse securities and trade. Issuing legal agencies on behalf of the company, appointing employees and representatives, determining their salaries, bonuses, and dismissing them. Dismissal of directors - merging of instruments - fragmentation and sorting - receipt of bonds - updating of

instrument and entering them into the comprehensive system. Extracting a set of instruments in lieu of lost, and its data as follows:

Extracting a set of damaged bonds and their data as follows:-

Waiver of space shortage - converting agricultural and agricultural lands into residential lands - amending the owner's name and civil registry number Al-Hafizah - amending boundaries, lengths, area, plot numbers, plans, deeds, dates and names of neighborhoods - leasing - signing lease contracts - Renewing rental contracts - receiving rent - canceling and rescinding rental contracts - selling and transferring ownership of real estate- reviewing notaries to inquire about real estate – attestation of copies of real estate document- receiving and delivering - reviewing all relevant authorities and completing all necessary procedures and signing what is required. Pleading and defending before the tax committees. The council also prepares an administrative charter regulating the company's work mechanism and its



relationship with others, setting regulations, approving the company's internal, financial and administrative systems, policies and procedures, approving the initial and annual financial statements, and forming specialized work committees, determining its authorities, specialties and their selection mechanism.

The board has the right to lend to the company's subsidiaries in proportion to its participation in them. He may contract loans, and the board must observe

the following conditions for contracting loans whose terms exceed three (3) years:

- 1- The board of directors shall specify in its decision the aspects of using the loan and how to repay it.
- 2- To take into account in the terms of the loan and the guarantees provided so as not to harm the company, its shareholders, and the general guarantees of the creditors.

The board may also sell or mortgage the company's real estate and assets, including the company's store, provided that the minutes of the board of directors and the rationale for its decision to dispose of the company's real estate include the following conditions:

- 1- The board should specify in its decision the reasons for selling the real estate.
- 2- That the sale price should be close to the price of same real estate.

3- The sale shall be present except in cases of necessity and with sufficient guarantees.

4- That this act does not result in the suspension of the company's activities or burdening it with other obligations.

The board may also release a debtor to a company from their obligations, provided that the minutes of the board of directors and the rationale for its decision include observance of the following conditions:

1- The discharge shall be after the lapse of one full year from the origination of the debt, as a minimum.

2- The release shall be for a specific amount, as a maximum, that does not exceed 1% of the company's capital for each year for one debtor.

3- The discharge is a right of the board of directors that may not be delegated.

The Council may also, within the limits of its authorities, delegate or authorize one or more of its members or third parties to carry out a specific work or certain works inside and outside the Kingdom, and they have the right to cancel the legitimate agencies and cancel the delegation or proxy in part or in whole. The Board of Directors must determine the powers and authorities it delegates in accordance with the previous paragraph, the decision-making procedures and the authorization period. He must also specify the issues that

he retains the authority to decide on, and the board of directors must avoid issuing general or indefinite mandates.

### **Article (21): Remuneration for board members**

The remuneration of the members of the Board of Directors, including the Chairman, for the services they perform, consists of a lump sum amount of (200,000) Saudi Riyals, for each member, in addition to an allowance for attending the Board meetings. In addition to an attendance allowance of

3,000 riyals for each meeting of the Board of Directors for each member of the Board of Directors, and a lump sum of 50,000 riyals for each member of the meetings of the committees emanating from the Board, in addition to an attendance allowance of (1,500) riyals for each session of the Board. This is in accordance with the regulations, decisions and instructions in force in the Kingdom of Saudi Arabia and issued by the competent authorities, especially the Companies' law and regulations. The report of the Board of Directors to the Ordinary General Assembly includes a comprehensive statement of all the Board members received during the fiscal year in terms of bonuses, share in profits, attendance allowance, expenses and other benefits. The aforementioned report also includes a statement of what the board members received in their capacity as employees or administrators, or what they received in return for technical, administrative or advisory work previously approved by the company's general assembly.

## **Article (22): Powers of the President, Deputy and Secretary**

The Board of Directors appoints from among its members a Chairman and a Vice-Chairman, and it may appoint a Managing Director. It is not permissible to combine the position of the Chairman of the Board of Directors with any other executive position in the company.

The Board of Directors may also appoint a Managing Director from among its members, or a Chief Executive Officer from among its members or others.

The Board of Directors determines, in its appointment decision, the powers, authorities, tasks and duties of the CEO, the duration of his assumption of this position and his remuneration, and one member may combine the position of the Managing Director and the CEO.

The Chairman of the Board is responsible for representing the company before Sharia courts, judicial bodies, the Board of Grievances, higher and primary labor bodies, commercial and financial securities committees, dispute settlement committees of all kinds, and all other judicial committees, and all other judicial committees of all kinds, arbitration bodies and notaries public have the right to plead, defend, quarrel, claim, release, conciliation, waiver, acknowledgment, denial, intercession, bail, and file lawsuits, hear and respond to cases, requesting the oath and rejecting it, bringing

witnesses, establishing evidence, pleading, denying handwritings, signatures, seals, and challenging them, request and appoint lawyers, experts and arbitrators, respond to them, and follow up on all cases brought by or against the company before Sharia courts, judicial bodies, the Board of Grievances, labor and workers offices, higher and primary labor bodies, labor disputes committee, banking committees, and commercial paper securities, and all other judicial bodies and committees, arbitration and conciliation bodies, acceptance and denial of judgments from the company, requesting execution of judgments and objecting to them, and collecting what happens from execution.

The Chairman and Vice-President of the Board, jointly or individually, are also responsible for representing the company in its relations with others, labor offices, passport department, civil rights, police departments, traffic, municipalities, emirates, governorates, the Ministry of Interior and Foreign Affairs, embassies, consulates, customs and all other government agencies, Chambers of Commerce and Industry, the Authority, private bodies, banks, companies and institutions of all kinds inside and outside the Kingdom, and signing all kinds of contracts, documents, including, but not limited to, signing contracts for the establishment of companies in which the company participates, with all decisions to amend them, whether the amendment is an increase or decrease in the capital or modification of purposes or exit or entry of a partner, or amend any clause of the articles of incorporation or liquidation

of companies or write off commercial records or amend them inside and outside the Kingdom and sign the purchase or sale of shares or shares in other companies and dispose of their assets, property and real estate. All what have been mentioned above applied to all companies that the company owned, participated in, or contributed to it, and sign the application for subscription in the name of the company in joint stock companies, receive the surplus after allotment, receive profits, attend its general assembly, or delegate whoever he sees to attend and vote in the name of the company, Buying land and real estate, selling them, transferring their ownerships, and accepting it, receiving, handing over, renting, leasing, arresting, paying the price, mortgaging, dismantling the mortgage, sorting, extracting proofs of firmness, signing of entering into tenders, detaining, paying, acknowledging, conciliation, assignment, contracting, commitment and association in the name and on behalf of the company, signing all kinds of agreements, instruments and voiding before notaries public and official and private bodies within and outside the Kingdom. Signing and releasing guarantees agreement, and mortgage agreements, registering trademarks and commercial agencies. Each of them has the right to appoint and dismiss managers, employees, technicians and workers, open branches of the company, appoint its managers, and issue legal agencies on behalf of the company. The Chairman and Vice-President, collectively and individually, shall have the right to sign the opening and closing of bank accounts of all

kinds with all local and foreign banks, issuing checks, credits, withdrawals and deposits, contracting loans and banking facilities, signing all their documents, and signing all kinds of contracts, documents, agreements, checks, securities, documents, checks and all transactions, opening investment accounts in the name of the company with all banks, Islamic finance companies, real estate, industrial and agricultural funds in the company's name, receiving and delivering the amounts paid to the company, signing contracts of loan agreements, guarantees, mortgage and dismantling them with banks, banks, public lending funds and local and international financing bodies, signing correspondence, contracts and obligations on behalf of the company, concluding agreements related to loans necessary

for the company, mortgaging the company's assets, and providing other guarantees to fulfill the company's obligations arising from such loans after the approval of the members of the Board of Directors, inside and outside the Kingdom, the right to buy and sell shares for the benefit of the company, open and manage investment portfolios in the name of the company, or cancel, liquidate and close it. He has the right to transfer from investment accounts to current accounts and vice versa, and receive the value of the sale of shares and their profits, and he has the right to complete and sign all documents required to obtain credit facilities from commercial banks, including completing and signing credit facility agreements and commercial

papers, and assigning dues to project contracts related to the facilities that the company obtains from banks.

Each of them, within the limits of his competencies, has the right to issue legal agencies on behalf of the company, and each of them, within the limits of his competencies, may delegate or delegate one or more members of the board of directors or others to carry out certain work or businesses inside and outside the Kingdom, and they have the right to cancel the legitimate agencies and to cancel the delegation Or the power of attorney partially or completely.

The Chairman of the Board shall have the exclusive power to invite the Board to a meeting and chair the meetings of the Board and the General Assembly of Shareholders, and the Vice Chairman of the Board shall act on his behalf in the event of his absence.

The board of directors may set a remuneration for the chairman and vice-chairman of the board in return for the administrative, technical and various work each of them performs, in addition to the remuneration determined for them as members of the board of directors in accordance with Article nineteen of this system.

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The board of directors appoints a secretary to be chosen by them from among their members or from others, and he is responsible for the secretarial work of the board, and the board of directors determines his remuneration and term.

The term of the chairman, his deputy, the secretary, and a member of the board of directors shall not exceed the term of each of them in the board, and they may be re-elected, and the board may at any time dismiss them or any of them without prejudice to the right of those dismissed for compensation if the dismissal occurred for an unlawful reason or at an inappropriate time .

### **Article 23: Board meetings**

The Board meets at least twice a year at the invitation of its Chairman, and the invitation must be in writing, and it may be delivered by hand or sent by post, fax or e-mail, three days prior to the date set for the meeting, unless the members of the Board agree otherwise.

The chairman of the council must call the council to a meeting whenever requested by two of the members.

### **Article (24): Board meeting quorum**

The meeting of the Board shall not be valid unless attended by representatives of at least (4) four members, provided that the number of those present shall not be less than (3) three members.

In the event that a member of the Board of Directors delegates another member to attend the meetings of the Board, the delegation must be in accordance with the following controls:

- A- A member of the Board of Directors may not represent more than one member in attending the same meeting.
- B- That the delegation be established in writing and in connection with a specific meeting.
- C- The representative may not vote on the decisions that the system brings the representative to vote on.

The decisions of the Board are issued by the majority of the opinions of the members present, and if the votes are equal, the side of the session's chairman shall prevail. The Board may issue its decisions by way of a presentation to all the members separately unless one of the members requests in writing the meeting of the Board for deliberation and these decisions are presented to the Board of Directors at or a subsequent meeting.

**Article (25): Council deliberations.**

The board's deliberations and decisions are recorded in minutes signed by the chairman of the board, the present members of the board of directors, and the secretary. These minutes are recorded in a special record signed by the board chairman and the secretary. Attendees sign it.

## **Article (26) Committees**

The Board of Directors may form committees, authorize and delegate whatever powers the Board deems appropriate, and coordinate between these committees, with the aim of quickly deciding on matters submitted to it.

## **Chapter (4): Shareholders' assemblies.**

### **Article 27: Attending Assemblies**

Each subscriber, regardless of the number of his shares, has the right to attend the transformational assembly, and each shareholder has the right to attend the general assemblies of shareholders, and for this he may delegate another person other than the members of the board of directors or the company's employees to attend the general assembly.

### **Article (28) Shareholders' equity:**

The shareholder shall have all rights related to the share, in particular the right to obtain a share of the profits to be distributed, the right to obtain a share of the company's assets upon liquidation, the right to attend shareholders' assemblies, participate in its deliberations, vote on its decisions, review the minutes of the company's general assembly, the right to dispose of shares, and the right to Monitoring the work of the Board of Directors and the right to inquire and request information in a manner that

does not harm the interests of the company and does not conflict with the financial market system and its implementing regulations.

**Article (29) Functions of the Ordinary General Assembly.**

With the exception of the matters of the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters relating 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 general assemblies may be called whenever the need arises.

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

The Extraordinary General Assembly is responsible for amending the company's articles of association, with the exception of matters that are prohibited from amending by law. It may issue resolutions on matters originally within the competences of the ordinary general assembly, under the same terms and conditions prescribed for the ordinary general assembly.

**Article (31): Assembly invitation:**

General or special assemblies of shareholders are held at the invitation of the board of directors, in accordance with the companies' system and regulations, and the board of directors must invite the ordinary general assembly to convene if requested by the auditor, audit committee, or the number of shareholders representing at least 5% of the capital, the auditor

may invite the assembly to convene if the board does not invite the assembly within thirty days from the date of the auditor's request.

The invitation to convene the general assembly shall be published in a daily newspaper distributed in the company's head office at least twenty one days before the date fixed for the meeting. Nevertheless, it may be sufficient to send the invitation on the aforementioned date to all shareholders by registered letters. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce and Investment, as well as the Capital Market Authority, within the period specified for publication.

#### **Article (32): Register of attendance**

Shareholders who wish to attend the general or special assembly register their names at the company's head office before the time specified for the assembly.

#### **Article (33): Quorum of the Ordinary General Assembly Meeting**

The meeting of the Ordinary General Assembly is not valid unless attended by shareholders representing at least a quarter of the capital. On the possibility of holding a second meeting. If the invitation does not include a reference to the second meeting, the invitation shall be sent to a second meeting to be held within the thirty days following the previous meeting, and this invitation shall be published in the manner stipulated in Article (31) of this

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

**Article (34): Quorum of the Extraordinary General Assembly Meeting:**

The meeting of the extraordinary general assembly is not valid unless attended by shareholders representing half of the capital. If this quorum is not available in the first meeting, the second meeting will be held an hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting includes an announcement about the possibility of holding the meeting Second. If the invitation does not include a reference to the second meeting, the invitation shall be sent to a second meeting to be held in the same conditions stipulated in Article (31) of this bylaw. The third meeting shall be valid regardless of the number of shares represented therein, after the approval of the competent authority

**Article (35): Voting in associations**

Each shareholder has a vote for every share he represents in the general assemblies, and the cumulative vote must be used to elect the board of directors. Nor may the members of the Board of Directors participate in voting on the decisions of the Assembly that are related to their discharge of liability for the management of the company or that relate to a direct or indirect interest to them.

### **Article (36) Assemblies decisions**

Resolutions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting. The decisions of the extraordinary general assembly are also issued by a two-thirds majority of the shares represented in the meeting, unless it is a decision related to the increase or decrease of the capital, the extension of the company's term, or its dissolution before the expiry of the period specified in its articles of association or its merger with another company, and the decision is not valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

### **Article (37): Discussion in associations**

Each shareholder has the right to discuss the topics listed on the assembly's agenda and to direct questions about them to the members of the board of directors and the auditor. The board of directors or the auditor shall answer the shareholders' questions to the extent that the company's interest is not jeopardized.

If the shareholder finds that the answer to his question is not convincing, he will appeal to the assembly, and its decision in this regard is effective.

**Article (38): Chairing the Assemblies and preparing minutes of meetings.**

The meetings of the general assemblies of shareholders are chaired by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members for this in the absence of the chairman and his deputy. The president appoints a secretary for the meeting and a vote-collector.

Minutes of meeting for the assembly shall be recorded containing the number of shareholders present or represented, the number of shares they hold in person or by proxy, the number of votes assigned to them, the decisions taken, the number of votes that approved or disagreed with them, and a complete summary of the discussions that took place in the meeting. Minutes are recorded on a regular basis after each meeting in a special register signed by the association's president, secretary and vote collector.

**Chapter (5): Auditing Committee**

**Article 39: Formation of the Committee**

The Ordinary General Assembly shall form an audit committee consisting of at least (3) members who are not members of the executive board of directors or who are not members of the board, whether from shareholders or others. The resolution specifies the committee's tasks, its work regulations, and the rewards of its members.



#### **Article (40) Committee meeting quorum**

For a meeting of the Audit Committee to be valid, the presence of the majority of its members is required, and its decisions are issued by a majority vote of those present.

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

The Audit Committee is responsible for monitoring the company's business, and for this purpose it has the right to review its records and documents and to request any clarification or statement from the members of the Board of Directors, or the executive management, and it may ask the board of directors to invite the company's general assembly to convene if the board of directors obstructs its work or the company suffers serious damage or losses.

#### **Article (42): Committee Report:**

The Audit Committee shall consider the company's financial statements, reports and notes submitted by the auditor, and express its views on them, if any. It shall also prepare a report on its opinion regarding the duration of the adequacy of the company's internal control system and the other work it has undertaken that fall within the scope of its competence. The board of directors shall deposit sufficient copies of this report at the company's head office at least twenty-one days before the date of the general assembly meeting to provide each shareholder who wishes with a copy of it. The report is read during the assembly meeting.

## **Chapter (6): Auditor**

Article 43: Appointment of the auditor.

The company must have an auditor (or more) from among the auditors licensed to work in the Kingdom, to be appointed annually by the Ordinary General Assembly, and to determine his remuneration and the duration of his work. or for an illegal reason.

### **Article (44): Powers of the auditor**

The auditor at all times has the right to review the company's books, records and other documents, and he may request data and clarifications that he deems necessary to obtain, and he also has the right to verify the company's assets and obligations. The auditor must submit to the annual general assembly a report that includes the company's position on enabling him to obtain the data and clarifications he requested, and what he has detected of violations of the provisions of the Companies Law or the provisions of this Law, and his opinion on the extent to which the company's accounts conform to reality.

The auditor at any time has the right to review the company's books, records and other documents, and he also has the right to request data and clarifications that he deems necessary to obtain, in order to verify the company's assets and obligations and other things that fall within the scope of his work. The Chairman of the Board of Directors shall enable him to perform his duty, and if the auditor encounters difficulty in this regard, he shall

prove this in a report submitted to the Board of Directors. If the board does not facilitate the work of the auditor, it must request the board of directors to invite the ordinary general assembly to consider the matter.

If the assembly decides to ratify the report of the board of directors and the financial statements without listening to the auditor's report, its decision is null and void.

Chapter (7): Company accounts and dividends

Article (45): Financial Year

The company's fiscal year begins from the first of January and ends at the end of December of each year, provided that the first fiscal year begins after the transformation from the date of its registration in the Commercial Register until the end of December of the following year.

#### **Article (46): Financial Documents**

1. At the end of each financial year of the company, the board of directors must prepare the company's financial statements and a report on its activity and financial position for the past financial year. This report includes the proposed method for distributing profits. The Board shall put these documents at the disposal of the auditor at least forty-five days before the date set for convening the General Assembly.
2. The chairman of the board of directors, its chief executive officer and the financial manager must sign the documents referred to in paragraph (1) of this article, and a copy of them shall be deposited at

the company's head office at the shareholders' disposal at least ten days prior to the date set for holding the general assembly.

3. The chairman of the board of directors shall provide the shareholders with the company's financial statements, the board's report and the auditor's report, unless they are published in a daily newspaper distributed in the company's head office. He must also send a copy of these documents to the Ministry of Commerce and Investment as well as the Capital Market Authority, at least fifteen days before the date of the General Assembly.

#### **Article (47): Profit Distribution:**

The company's annual net profits are distributed as follows:

1. (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this set-up 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 avoid a certain percentage of the net profits to form a consensual reserve allocated to support the financial position of the company.
3. The Ordinary General Assembly may decide to create other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct sums from the net

profits for the establishment of social institutions for the company's employees or to assist the existing ones of these institutions.

4. After that, a percentage representing (5%) of the company's paid-in capital shall be distributed to the shareholders.
5. The company may, after fulfilling the regulations set by the competent authority, distribute interim cash dividends to shareholders

#### **Article (48): Dividend distribution of preferred shares**

1. If no dividends are distributed for any financial year, then no dividends may be distributed for the following years except after paying the percentage specified in accordance with the provisions of Article (one hundred and fourteen of the Companies Law) to the holders of preferred shares for that year.
2. If the company fails to pay the specified percentage in accordance with the provisions of Article (Hundred and Fourteenth of the Companies Law) of the profits for a period of three consecutive years, the Special Assembly of the owners of these shares - convened in accordance with the provisions of Article (eighty-nine of the Companies Law) - may decide whether to attend Meetings of the company's general assembly and participating in voting, or appointing their representatives to the board of directors in proportion to the value of their shares in the capital, until the company is able to pay all the priority profits allocated to the owners of these shares for the previous years.

#### Article (49): Profit entitlement

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

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#### Article (50) Company Losses

1. If the losses of a joint-stock company amount to half of the paid-up capital, at any time during the fiscal year, any official in the company or the auditor must immediately inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors must immediately inform the members of the Board of that losses. The Board of Directors shall, within fifteen days of becoming aware of this, invite the extraordinary general assembly to meet within forty-five days from the date of his knowledge of the losses, to decide either to increase or decrease the company's capital in accordance with the provisions of the Companies Law, to the extent that the percentage of losses drops to less than half of the capital. The paid money, or the company's dissolution before the term specified in this system.
2. The company is considered dissolved by the force of the companies' system if the general assembly did not meet within the period specified

in paragraph (1) of this article, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital in accordance with the conditions established in this article and the subscription was not completed in all Increasing the capital within ninety days from the issuance of the Assembly's decision to increase it.

## Chapter (8): Disputes

### Article 51: Liability claim

Every shareholder has the right to file a liability lawsuit for the company against the members of the board of directors if the mistake made by them causes a special damage to him. The shareholder may not file the aforementioned lawsuit unless the company's right to file it still exists. The shareholder must inform the company of his intention to file the lawsuit.

## **Chapter (9): Dissolution and liquidation of the company**

### **Article 52: Expiration of the company**

The company, upon its expiration, enters the phase of liquidation and retains the legal personality to the extent necessary for liquidation. The decision of voluntary liquidation is issued by the extraordinary general assembly. The decision of liquidation must include the appointment of the liquidator, specifying his powers and remuneration, the restrictions imposed on his

powers and the time period required for liquidation, and the period of voluntary liquidation should not exceed five years. It cannot be extended beyond that except by a judicial order, and the authority of the company's board of directors ends with its dissolution. However, these people remain in charge of the company's management, and they are considered liquidators for others until the liquidator is appointed, and the shareholders' assemblies remain in place during the liquidation period, and their role is limited to the exercise of the liquidator.

## **Chapter (10): Final rulings**

### **Article 53:**

The Companies Law and its regulations shall be applied in everything that is not provided for in this Law.

### **Article 54:**

This system shall be deposited and published in accordance with the provisions of the Companies Law and its regulations.