

# Bylaws

## of “Power and Water Utility Company for Jubail and Yanbu” (MARAFIQ)

**Jubail ( Head Office)**  
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Kingdom of Saudi Arabia

**الجبيل (المركز الرئيسي)**  
مدينة الجبيل الصناعية ٣١٩٦١ ص ب ١١١٣٣  
هاتف : ١١١١ ١٣ ٣٤٠ فاكس +٩٦٦ ١٣ ٣٤١ ٦١٢٩

**ينبع** مدينة ينبع الصناعية ص ب ٣٠١٤٤  
هاتف : ٦٠٠٠ ١٤ ٣٩٦ فاكس +٩٦٦ ١٤ ٣٩٦ ٢٠٢٢  
المملكة العربية السعودية

شركة مساهمة سعودية  
رأس المال مدفوع بالكامل ٢,٥٠٠ مليون ريال  
سجل تجاري رقم (٢٠٥٥٠٠٤٩٦٨)  
Saudi Joint Stock Company  
Paid-up capital SR 2,500 million  
CR 2055004968  
marafiq.com.sa

### **Article No.: 1 – Incorporation**

The Company is incorporated according to royal decree no. M / 29, dated on 21/07/1421 (H) – 19/10/2000 (G) and its regulations, as Saudi Joint Stock Company, named as “Power and Water Utility Company for Jubail and Yanbu” Company, known as “MARAFIQ CO.” (will be referred hereinafter as the “Company”).

### **Article No.: 2 – Company Formation**

The Company has legal entity and corporate capacity, as well as independent financial liability, with full legal capacity to achieve its purposes, starting from ministerial resolution date to announce the Company incorporation.

### **Article No.: 3 – Company’s Purposes**

The Company’s main purpose is performing water supplying works, sewage disposal activities, waste treatment and management, power, gas, vapor, air conditioning supplying works, manufacturing industry and construction works. The Company may perform any required or complementary works for these purposes, including import materials and others, as the Company may perform and provide these services all over Kingdom of Saudi Arabia, with its commitment to perform these services to all customers in Jubail and Yanbu industrial cities.

### **Article No.: 4 – Partnership & Acquisition in Companies**

The Company may have interest or own shares or stocks in present entities or companies, as it has the right to incorporate companies on its own with limited liability or closed joint stock, provided that its capital not less than 5 million SAR. The Company has the right to own shares and parts at other present companies as well as embedded with it, as it has the right to participate with the others to incorporate joint stock or limited liability companies, after

fulfilling all legal requirements and regulations. The Company has the right to dispose of these parts or shares, excluding stocks brokerage trading.

#### **Article No.: 5 – Company’s Head Office**

The Company’s head office is located at Jubail Industrial City, as the Board of Directors has the right to establish its branches or offices inside or outside Kingdom of Saudi Arabia, to perform its continuous works or services.

#### **Article No.: 6 – Company’s Term**

The Company’s term is Fifty (50) Gregorian Years, starting from the Ministerial Resolution of Company incorporation announcement, as this term could be extended for the same term or terms, or for shorter terms, based on a resolution issued by its Extraordinary Shareholder’s General Assembly, which should be decided before its ending date by one year as minimum.

#### **Article No.: 7 – Company’s Capital**

The Company’s capital is 2,500,000,000.00 SAR (Two Thousand and Five Hundred Million Saudi Riyal) divided into 250,000,000.00 (Two Hundred and Fifty Million) equal shares, its nominal value for each share is Ten Saudi Riyal (10 SAR), all as ordinary and cash shares “Stocks”.

#### **Article No.: 8 – Shares**

Founders subscribe to all Company’s cash capital shares, as complete cash amount which is paid of capital is deposited by the Company name at one of licensed banks in Kingdom of Saudi Arabia.

### **Article No.: 9 – Selling of Part-Paid Shares**

In case of any Shareholder failure to pay the remaining value of share (Stock) at its due date, the Board of Directors may – after warning the Shareholder via registered mail sent to his / her registered address at register of Shareholders – sell the share (Stock) at auction or stock market – as applicable – based on determined rules by concerned authority, while the defaulted Shareholder may pay the due amount till the date of bidding or selling in addition to all paid expenses by the Company against this matter. The Company will fulfill its dues in case of selling the shares (stocks) via auction by selling amounts, as the remaining amount will be paid to the Shareholder, while in case the selling amount did not fulfill the due amount to the Company, the Company has the right to fulfill the remaining amount from all Shareholders' money and cancel this paid share (stock) then give the buyer a new share (stock) with the same cancelled share number, as this will be mentioned and authorized at the Registry of Shareholders.

### **Article No.: 10 – Issue of Shares (Stocks)**

Shares (Stocks) should be nominal shares, as it should not be issued with value less than its nominal value, but it may be issued by a higher value, so in the last case the value premium will be added at independent article at Shareholders' equity, as it should not be sold or distributed as dividends to Shareholders, while the share will be as indivisible share against Company, so if it is owned by several persons they should select one of them as representative to represent them for using the share's related equities, as they will be responsible jointly of resulted liabilities from share ownership.

### **Article No.: 11 – Trading Shares (Stocks)**

Shares (Stocks) will be tradable after issuing its certificates, but as an exception of this the cash shares should not be traded which founders subscribed before publishing the financial statements of two completed years each year not less than twelve months starting from the

ministerial resolution of Company incorporation announcement and licensing these securities to prove its types, Company incorporation date and the time of its trading prohibition. However, during this prohibition term, cash shares ownership transferring may be done according to equities selling regulations from founder to other founder or to a member of Board of Directors, to submit it as a warranty to management, or from one founder's heirs in case of his death to the others, or in case of execution to insolvent or bankrupted founder's money, as the priority will be the transferring the ownership of these shares to other founders.

These conditions will be applied to founders' subscription in case of capital increasing before prohibition term ending, for remaining time of this term.

#### **Article No.: 12 – Registry of Shareholders**

Company's Shares (Stocks) trading by registration at Registry of Shareholders which is prepared or contracted to be prepared by the Company, which includes Shareholders' names, nationalities, occupations, residence places, addresses, shares numbers and its paid amount, as this registration proves the shares, as any share ownership transferring will not be valid before the Company or others unless starting from the mentioned date at this registry, while in case the Company is listed at the financial / stock market, so the trading process of Company shares / stocks will be according to the financial / stock market and its executive regulations.

Shares subscription and ownership means that the Shareholder agrees and accepts the Company's articles of association as well as his / her commitment issued by Shareholders meeting based on these articles of association provisions, whether present or absent, as well as approve or disapprove these resolutions.

### **Article No.: 13 – Debt Instruments**

- 1 - The Company may – based on resolution issued by Extraordinary General Assembly – according to concerned and related rules and regulations, issue any type of tradable debt instruments, whether in Saudi Riyal or in different currency, inside or outside Kingdom of Saudi Arabia, such as deeds and bonds, as the Extraordinary General Assembly has the right to authorize the Board of Directors to issue these debt instruments, including deeds and bonds, whether for part or several parts, or by serials of issuance according to one program or more which is / are created by Board of Directors from time to time, as all of this will be at the determined times, amounts and conditions approved by Board of Directors, as the Board of Directors has the right to take all needed and necessary actions to issue these debt instruments.
- 2 - The Company may – based on resolution issued by Extraordinary General Assembly – according to concerned and related rules and regulations, issue any type of tradable debt instruments, which are transferable to shares / stocks, after issuing a resolution by Extraordinary General Assembly, to determine the maximum limit of allowable issued shares number against these bonds or instruments, whether these bonds or instruments are issued at the same time or via serials of issuance or one program or more to issue debt instruments or financial instruments. Board of Directors may issue – without need to new approval by this assembly – new shares against these bonds or instruments which its owners claim to transfer it upon determined end date of transferring demand period for these bonds or instruments owners, as the Board of Directors shall take all necessary actions to amend the Company's articles of association concerned and related to issued shares number and capital. As well, Board of Directors shall announce the procedures completion each capital increase based on applied method by law to announce the resolutions issued by Extraordinary General Assembly.

### **Article No.: 14 – Capital Increase**

- 1 - Extraordinary General Assembly may decide capital increase, provided that capital is full paid, without need to full paid capital in case the unpaid part of capital is due to issued shares against transfer the debt instrument or financial instruments to shares while its determined period to transfer it to shares did not end yet.
- 2 - Extraordinary General Assembly may - at all cases – allocate the issued shares when capital increase or part of it to the Company’s employees and its subsidiaries or some of it, or for any of this, as the Shareholders have not the right to practice the preemptive right when Company issues the allocated shares for its employees.
- 3 - Shareholder has the right – at the time of issuing resolution by General Assembly to capital increase – to subscribe at new shares which are issued against cash shares, as they will be announced by their priority (if found) by publishing at daily newspaper, or via registered mail to inform them the resolution of capital increase, subscription terms and its starting and ending date.
- 4 - Extraordinary General Assembly has the right to stop performing the preemptive right for Shareholders in capital increase subscription against cash shares or giving the priority to non-Shareholders at the cases which deems for the Company interest.
- 5 - Shareholder has the right to sell or waive his / her preemptive right during the determined period starting from resolution issuance date by General Assembly to approve capital increase till the last day of subscription for these new shares related to these rights, according to determined terms by concerned authority.

In accordance with the mentioned above paragraph no. (4), new shares will be distributed to the preemptive rights owners who claim this subscription, by their owned percentage of this preemptive right of total preemptive rights resulted from capital increase, provided that what awarded to them is not exceed their demands of new shares, while the remaining new shares will be distributed to the preemptive rights owners who demand more than

their shares, by their owned percentage of this preemptive right of total preemptive rights resulted from capital increase, provided that what awarded to them is not exceed their demands of new shares, as the remaining shares will be offered to the others, unless otherwise is decided by the Extraordinary General Assembly or otherwise is stipulated by financial market laws.

### **Article No.: 15 – Preferred Shares**

Extraordinary General Assembly of Company may – according to determined rules and provisions by concerned authority – issue or decide to purchase preferred shares, transfer ordinary shares to preferred shares or transfer preferred shares to ordinary shares, as these preferred shares do not give the right to vote at Shareholders' ordinary meetings, as these preferred shares give the right to its owners to have greater proportion than ordinary shares owners of Company's net profits, after setting aside the statutory reserve.

### **Article No.: 16 – Company Purchasing, Selling or Mortgage of its shares**

The Company may purchase or sell its ordinary or preferred shares at one phase or more, as it may purchase its shares to use it as treasury shares, in accordance with determined regulations by concerned authority. The Company may mortgage its shares as a security of debt, in accordance with determined regulations by concerned authority, as these purchased shares by the Company have not the right to vote at Shareholders' meetings.

### **Article No.: 17 – Capital Reduction**

Based on issued resolution by Extraordinary General Assembly, according to acceptable reasons and Board of Directors suggestion, Company's capital may be reduced in case of it exceeds its needs or in case the Company has loss, as at the last case only the capital reduction may be done less than the limit which is stipulated in article no. 54 of Company's articles of association, as this resolution should not be issued unless after reading the



auditor's report of positive reasons of this resolution, as well as about the Company liabilities and the effect of this capital reduction on these liabilities with consideration to companies law provisions.

Capital reduction as a result of exceeding Company's needs, the debtors should be called to perform their objections within sixty days of this resolution publishing date at daily newspaper distributed in the same region of the Company main office, so if one of them objects and presents to the Company related documents of Company's debt at the mentioned date, the Company shall pay its debt to him / her immediately or presents sufficient guarantee to fulfill its debt in case of deferred debts.

#### **Article No.: 18 – Board of Directors**

Company management shall be performed by Board of Directors, consists of seven (7) members, assigned by Ordinary General Assembly for three years, who are elected by cumulative voting manner.

#### **Article No.: 19 – Company' Powers**

A) With consideration to specified powers of the General Assembly, Board of Directors shall have the widest power to manage the Company and its all works to achieve its purposes inside and outside Kingdom of Saudi Arabia, including but not limited to the following:

- Represent the Company at its affairs with the others, governmental and non-governmental authorities, including but not limited to civil right authorities, police departments, chambers of commerce and industry, private entities, companies and institutions with its all types, treasuries, all governmental funds and financial institutions with its all types, names and fields and all financial organizations with its all types.
- Receive, collect, pay, confirm, demand, defend, appeal, lawsuit, clear on behalf of the Company, accept appealing against judgments, claim

judgments enforcement and collect resulted amounts of judgments enforcement.

- Dispose of Company's assets, property, real estates, as well as the right to purchase, accept it, pay price, mortgage, redeem, sell, clear, receive price, deliver evaluator, receive deeds, rent and hire for the Company, provided that the Board of Directors minute should include the disposal resolution merits of Company's assets, property, real estates with paying attention to the following terms:
  - 1 - Board of Directors should determine the reasons and justifications of this disposal resolution.
  - 2 - The price of sold asset - in case of selling - close to such price which is specified according to applied accounting standards.
  - 3 - In case of dispose by selling, the selling should be applied in case of necessity with enough guarantees.
  - 4 - This dispose should not result in stopping of some Company's activities, or insufficiency or holding other liabilities.
- Engage into bids, competitions and make transactions on behalf of Company and sign in the name and on behalf of the Company, for all contracts, agreements, deeds and documents types, including without limitation to Articles of Associations of companies established by the Company or own it completely, or participate in partnership, with all amendments to its articles of association, appendices and all partners' resolutions of these companies in front of concerned notary public, official and private authorities, including its resolutions to dissolve, withdrawal, capital increase or decrease, waive of shares and purchase shares, certify article of association and sign at companies administration at Ministry of Commerce, attest it at concerned notary public and registrars, as well as

attend the general assemblies of these companies, vote on behalf of the Company and sign partners' resolutions.

- Board of Directors has the right to contract loans with governmental funds and financial institutions, whatever its terms, as well as loans terms do not exceed the Company term, with paying attention to the next terms when contracting loans:

1 - Board of Directors should determine at its resolution using loan aspects and how to repay.

2 - Loan terms and its presented guarantees should be considered the harmless of Company, its Shareholders and general guarantees to debtors.

- Board of Directors has the right to reconcile, accept it, waive, contract, commit and bind to Company name and on behalf of it and Board of Directors has the right to perform all businesses and actions which achieve the Company purposes.
- Sign loans agreements, waive the priority to repay Company's debts, issue others liabilities guarantees, award all guarantees and remedies and issue legal power of attorney on behalf of the Company.

B) Board of Directors has the right to – at the cases determined by experts – release the Company's debtors from all liabilities according to achieve its interest based on applied accounting standards in case of bad debts, as the Company' resolution should include its merits with paying attention to the following:

- 1 – Releasing after one year of debt date as minimum.
- 2 – Releasing should be for determined amount as maximum for one year for one debtor.
- 3 – Releasing is a right for Board of Directors without authorization.

- Open, manage, operate and close banks accounts, open letters of credit, collect, pay, withdraw and deposit amounts at banks, issue banks guarantees and sign all documents, instruments, cheques and banking transactions.
- Assign and dismiss managers, employees and labors, recruit manpower from outside Kingdom of Saudi Arabia, and contract with them, determine their duties and salaries.
- Confirm Company's work plan and approve its operational plans and annual budgets.

C) Board of Directors has the right to authorize for utilizing the Company's cash money.

- Board of Directors has the right to authorize on behalf of it or to authorize based on its powers limits one member or more or others to take specific action or procedure or to perform certain business or businesses.

### **Article No.: 20 – Chairman's, Vice Chairman's and Secretary's Powers**

With consideration to companies' law, Board of Directors shall assign one of its members a Chairman, determine his / her powers, as well as assign Vice Chairman who is a substitute the Chairman when absent, as the Chairman has the powers to call board members to meet, as he will chair the meetings and general assemblies. Chairman represents the Company in front of courts, arbitration authorities and others, as according to written resolution, has the power to authorize part of his / her powers to others from board members, CEO, or others to perform certain work or works, as well as the Board of Directors shall assign executive manager of the Company as non-member of Board of Directors, that the assignment resolution should include his / her duties and financial rights, as the board – based on Company's CEO's suggestion – has the right to assign deputy CEO or more, as their assignment resolution should include their duties and financial rights.

Board of Directors shall assign secretary, as well as determine his / her duties and financial rewards, as the secretary will be responsible for all administrative works of Board of Directors, meetings and its committees.

#### **Article No.: 21 – Executive Manager (CEO)**

Executive Manager (CEO) will be responsible for execution all Company' resolutions, manage today's businesses, head all employees under control and supervision of Board of Directors, as well as perform all his / her powers awarded to him / her according to Company' resolutions and Company's article of association and regulations.

#### **Article No.: 22 – Board of Directors Members' Remuneration**

Remunerations and allowances of Board of Directors Members will be based on companies' law and determined regulations by concerned authority, whether it is specific amount, meeting attendance allowance, expenses allowance, benefits in kind or percentage of profits, as it could be merge two or more benefits, but not exceed what stipulated in companies' law and its regulations, as it could be vary and according to issued policy by Nomination and Remuneration Committee. Company' report represented to General Assembly should include a full statement for all awarded remunerations to board members during the fiscal year, such as rewards, remunerations, expenses allowances and other benefits, as it should include a statement of awarded benefits to board members as employees or managers, or received by them against technical, managerial, consultancy works, as well as include a statement of board meetings number, and meeting number attended by each member starting from last general assembly date.

### **Article No.: 23 – Company' Meetings**

Board of Directors shall meet when necessary, but it should not be less than two meetings per year, based on call from chairman to other members before fifteen days of meeting date as minimum, as chairman shall call to meet when required by two members.

### **Article No.: 24 – Quorum of Company' Meetings**

Quorum of Company' Meetings will not correct unless attended by half members in person or by proxy as minimum, provided that attendant number should not less than three members in person, including chairman or his / her deputy.

- A) Any member of Board of Directors has the right to authorize another member to represent him / her to attend Company' meetings, vote on behalf of him / her, as this deputizing should be according to next terms:
- 1 – Board of Directors Member has not the right to authorize more than one member to attend the same meeting.
  - 2 – This deputizing should be proved by written document.
  - 3 – Proxy has not the right to vote on resolutions which is prohibited the principal member to vote by law.
- B) Board of Directors Meetings could be held via phone or any other electronic mean, which allow to all attendant members hear and speak with all other members, unless informed by otherwise. Chairman has the right to consider the member who participate at the meeting via phone or any other electronic mean as attendant at the meeting completely.
- C) Company' resolutions should be issued by majority of attendant members in person or by proxy, while in case of equal votes, the side of chairman will prevail.

### **Article No.: 25 –Company’ Deliberations**

Company’ Deliberations and resolutions should be proved at minutes signed by chairman, attendant members and secretary. Board of Directors shall not issue its resolutions by represent it to members separately, except for emergency cases, so in this case all members’ approval on these resolutions should be in written, as these resolutions should be submitted to first next meeting of Board of Directors to approve it and register it at Board of Directors minute, as it should be maintained at special registry signed by chairman and secretary.

### **Article No.: 26 –Board of Directors Membership Expiration**

- 1) Board of Directors Membership will expire by board expiration time or membership expiration time, based on any applied law or regulation in Kingdom of Saudi Arabia. However, ordinary general assembly may dismiss all Board of Directors members – at any time – or part of them, if Company’s articles of association stipulated otherwise, without prejudice the right of this member to claim the Company to pay compensation if this dismiss was happened for unacceptable reason or unsuitable time. Board of Directors member has the right to resign provided that it happened in suitable time, or he will be responsible before the Company of any loss or damages resulted from this action.
- 2) In case of vacant position at Board of Directors members, the Board of Directors has the right to assign temporary member at this vacant position, provided that he / she should be qualified and has the required skills, as the concerned authority should be informed by this within five working days from assignment date, as well as this assignment should be placed to the first meeting of ordinary general assembly, as the member will complete the term of his / her predecessor.
- 3) In case of the required terms of Board of Directors meeting are not fulfilled due to there is not the minimum limit of members specified by articles of association, the

other members shall call to ordinary general assembly meeting within sixty days to elect the required number of members.

### **Article No.: 27 – Shareholders' Assembly**

Constitutional Assembly, Ordinary or Extraordinary General Assembly with dully information represents all Shareholders, as its meetings will be held at the same city of Company head office, as any subscriber who has any shares number has the right to attend the Constituent Assembly in person or by proxy of other subscribers, as well as any Shareholder has the right to attend General Assemblies of Shareholders, as Shareholder has the right to authorize another person other than members of Board of Directors or employees to attend the general assemblies.

### **Article No.: 28 – Constitutional Assembly Powers**

- 1) Verify of subscription of each share of Company and fulfill its minimum limit of capital and due percentage of share value based on articles of association terms and conditions.
- 2) Deliberate in Evaluation In-Kind Shares Report.
- 3) Confirm the final text of articles of association of Company, provided that there are no any major amendments to articles of association placed to it, unless approved by all represented subscribers.
- 4) Assign the first Company' members for five years as maximum, as well as the first auditor, if they are was not assigned at Company's articles of association or its basic regulation.
- 5) Deliberate in Founders Report about businesses and expenses of Company establishment and approve it.



Constitutional Assembly meeting should be held with attendance of a number of subscribers which represents at least half capital of Company, as each subscriber has one vote for each share he / she owned or represent its owner at its meetings.

### **Article No.: 29 –Ordinary General Assembly Powers**

Except the powers of extraordinary general assembly, the ordinary general assembly powers are concerned to all related issues to Company. Ordinary General Assembly meeting should be held for one time at least within next six months of fiscal year end, as it may be call for other Ordinary General Assembly meetings if needed.

### **Article No.: 30 –Extraordinary General Assembly Powers**

Extraordinary General Assembly has the power to amend the Company's articles of association except the prohibited provisions to amend by law which are explained in companies' law, as well as has the power to issue resolutions for issues related in principal to ordinary general assembly powers, according to the same terms and conditions which are decided by ordinary general assembly.

### **Article No.: 31 –Calling of Assemblies**

Shareholders' General Assemblies are called to be held by Company' call, in accordance with stipulated conditions in articles of association of the Board of Directors. Company shall call to ordinary general assembly to be held if requested by auditor or Shareholders who represent 5 % of capital as minimum. Auditor may call the assembly to be held if the Board of Directors did not call the assembly to be held within thirty days of request date by auditor, as the call to general assembly should be published at daily newspaper, which is distributed at the main office of Company before its date according to specified legal term by companies' law. However, this call could be sent at the mentioned time to all Shareholders via registered

mails, as within the specified term for publishing a copy of call and agenda should be sent to the concerned authority.

Assemblies could be held via phone or any other electronic mean, which allow to all attendant Shareholders hear and speak with all other Shareholders, unless informed by otherwise. Chairman has the right to consider the Shareholder who participates at assemblies via phone or any other electronic mean as attendant.

### **Article No.: 32 – Attendance Assemblies Registry**

Shareholders who desire to attend the general assembly should register their names at Company's head office before the specified time to held the assembly, as at the assembly a registry should be registered includes attendant Shareholders' names, representatives, proxies, addresses, their owned shares in principal or by proxy and its allocated votes to these shares, as any interested party has the right to examine this registry.

### **Article No.: 33 – Quorum of Ordinary General Assembly Meeting**

Quorum of ordinary general assembly meeting will not be considered valid unless attended by Shareholders in person or by proxy who represent at least 50 % of capital. In case this quorum was not available at the first meeting, so a call for second meeting will be placed within next thirty days of previous meeting call date. However, the second meeting may be held after one hour of determined time of first meeting, as the first meeting call should be include the availability to hold this meeting, while at all cases the second meeting will be considered valid, regardless the represented shares at this meeting.

### **Article No.: 34 – Quorum of Extraordinary General Assembly Meeting**

Quorum of Extraordinary general assembly meeting will not be considered valid unless attended by Shareholders in person or by proxy who represent at least 50 % of capital. In case this quorum was not available at the first meeting, so a call for second meeting will be

placed according to the same mentioned conditions at article no. 31 of these articles of association. However, the second meeting may be held after one hour of determined time of first meeting, provided that the first meeting call should include the availability to hold this meeting,, while at all cases the second meeting will be considered valid if attended by Shareholders who represent 25 % of capital at least, while if the quorum of the second meeting was not available, a call for third meeting will be placed according to the same mentioned conditions at article no. 31 of these articles of association, as the third meeting will be considered as valid, regardless the represented shares at this meeting, after concerned authority approval.

#### **Article No.: 35 – Voting at Assemblies**

Each subscriber has a vote for each share represents him / her at the Constitutional Assembly, as votes are calculated at ordinary and extraordinary general assemblies based on vote for share basis. Board of Directors members have not the right to vote on assembly resolutions related to their dismissing of administration responsibilities.

#### **Article No.: 36 –Assemblies Resolutions**

Resolutions of Ordinary General Assembly are issued by absolute majority of represented shares at this meeting, while Resolutions of Extraordinary General Assembly are issued by majority of two-thirds of represented shares at this meeting, unless this resolution is related to capital increasing or reduction, extend Company term or dissolve it before its determined term at its articles of association or emerge it with other Company, so the resolution will not be considered as valid unless it is issued by majority of three-fourths of represented shares at this meeting.

### **Article No.: 37 –Announcing Assemblies Resolutions**

Board of Directors shall announce the resolutions of extraordinary general assembly at the concerned authority location if these resolutions include articles of association amendment.

### **Article No.: 38 –Debating in Assemblies**

Each Shareholder has the right to debate the listed subjects in general assembly agenda, and place his / her questions to Company' members or auditor, as Board of Directors and auditor shall answer Shareholders' questions to the extent that may not cause damage or harm to Company's interests, while in case that the Shareholder thinks that the answer of his / her question is not convincing, he has the right to appeal to the general assembly, as its resolution will prevail for this matter.

### **Article No.: 39 –Assemblies Presidency and Minutes Preparation**

Chairman of Board of Directors or his authorized representative will head the general assembly, while in case of his / her absence and there is no authorized representative for him / her, so attendant members select one of them to head this assembly, as the assembly chairman shall assign secretary and one canvasser or more. General assembly meeting will be registered at its minute, includes attendant Shareholders' names, or their authorized representatives, number of their owned shared in person or by proxy, its eligible votes, taken resolutions, number of agreed or disagreed votes and the detailed summary of debates at this meeting. These minutes should be edited regularly after each meeting at special registry which should be signed by assembly chairman, secretary and canvasser.

#### **Article No.: 40 – Auditing Committee**

- 1) Auditing Committee shall be formed by a resolution from general assembly, which consists of non-executive members of Board of Directors, whether Shareholders or others, as its members should not be less than three and not more than five members, as the resolution should set out its missions, rules and members' remunerations.
- 2) Auditing Committee meeting should be attended by majority of its members to be valid, as its resolution should be issued by majority of attendant votes, while in case of equal votes, the side which chairman committee votes to it will prevail.
- 3) Auditing Committee has the powers and responsible for supervising and controlling all Company businesses, so it has the powers and authority to examine all records and documents, as well as ask for any explanation or statement from any member of Board of Directors or executive management. Auditing Committee has the powers and authority to ask the Board of Directors to call for holding Company general assembly meeting if the Board of Directors obstructed its works, or if the Company suffered from major loss or damages.
- 4) Auditing Committee shall review financial statements of the Company as well as submitted reports and notes by the auditor, explaining its opinion about it if found. As well, Auditing Committee shall prepare a report includes its opinion about sufficiency of internal auditing system in the Company, as well its other works which at its works scope, while Board of Directors shall maintain enough copies of this report at the head office of the Company before the general assembly holding date, according to legal terms determined by companies' law, so any interested Shareholder can have his / her own copy and the report must be read during assembly meeting.

Auditing Committee member may participate at its meetings via modern technical means, which enable him / her to speak and participate effectively with other members of Auditing Committee, as this member will be considered attend in person via this mean.

### **Article No.: 41 –Auditor Assignment**

Company should have an auditor or more of licensed auditors to work inside Kingdom of Saudi Arabia, who assigned by ordinary general assembly and determine his / her / their remuneration/s and working term(s). General Assembly has the right to reassign or replace the auditor(s) at any time without prejudice auditor's right to be compensated if this replacement occurred at unsuitable time or for illegal reason.

### **Article No.: 42–Terms of Auditor Assignment**

It is prohibited to combine with auditor work and participating in Company incorporation or Board of Directors membership, or performing technical or administrative work at the Company or for its interests, even as consultancy work. In addition, the auditor should not be a partner with any Company founders or member of its Board of Directors, or employee for him, or one of relatives to fourth grade, as any work violates these conditions will be invalid, with commitment to repay any received amount to Ministry of Finance.

### **Article No.: 43 –Auditor's Powers**

Auditor has the right – at any time – to examine the Company records and books, as well as other documents, in addition to ask for statements and notes which are required to have it to verify the Company's assets and liabilities as well as other information inside his / her scope of work. Chairman of Board of Directors shall enable him / her to perform his / her duty, while in case the auditor faces any difficulties about this matter, he / she should prove this at a report submitted to Board of Directors, so if the Board of Directors does not facilitate auditor's work, so the auditor shall ask the Board of Directors to call the ordinary general assembly to be held to review this matter.

#### **Article No.: 44 –Auditor’s Report**

Auditor should place a report to annual ordinary general assembly includes the Company situation about how enabling him / her to have the requested information and notes, as well as any discovered violations to these articles of association and companies’ law regulations in addition to auditor’s opinion about matching the Company accounts to facts.

#### **Article No.: 45 –Fiscal Year**

Fiscal year starts from 1<sup>st</sup> day of January of each Gregorian year and ends at last of December of the same year. The first fiscal year of the Company will be from the date of Ministerial Resolution date to announce the Company incorporation till the end of December of next year.

#### **Article No.: 46 –Financial Documents**

Board of Directors shall prepare Company’s financial statements at the end of each fiscal year of the Company, as well as a report of its activity and financial position as at the ended fiscal year. This report should include the suggested method to distribute the profits. Board of Directors shall make these documents available to and at the auditor’s disposal, before the due time of holding the general assembly by forty five days at least.

The mentioned above documents at the previous paragraph should be signed by Company chairman, CEO and CFO. Copies of these documents should be maintained at the head office of Company under Shareholders’ disposal before the due time of holding the general assembly according to the specified legal periods by companies’ law.

Chairman of Board of Directors shall provide the Shareholders with Company’s financial statements, Company’ report and auditor’s report, unless it did not published at newspaper distributed at the head office of the Company, as well as submits a copy of these documents to the concerned authority, before fifteen days at least of general assembly date.

### **Article No.: 47 -Profit Distribution**

Annual net profits of the Company shall be distributed after deducting all general expenses and other costs, according to the following order:

- 1) Percentage of 4 % (four Percent) of net profits shall be set aside to be the legal reserve, as the ordinary general assembly has the power to stop this appropriation once the mentioned reserve reaches 20 % (twenty percent) of capital.
- 2) Based on a suggestion of Board of Directors, general assembly has the power to set aside a percentage of net profit to create another reserve and allocate it for specific purpose or more.
- 3) First payment of the remaining amount shall be distributed to Shareholders, equals at lease (5 %) five percent of paid capital, unless the ordinary general assembly decides otherwise.
- 4) With consideration to the mentioned conditions at article no. 22 of these articles of association, ordinary general assembly may approve to award each member of Board of Directors a proportion of Company profits against their membership, but not exceed 10 % of net profits, after deducting the reserves and distribution of 5 % at least of paid capital as first payment to Shareholders, as this reward entitlement is proportional with assemblies number attended by the member, according to conditions of the concerned authority.
- 5) Company may distribute biannual and quarterly profits according to concerned laws.

Remaining amounts – after that – could be distributed to Shareholders as additional proportion of profits or forward it to the following years, according to the approved way by the general assembly.



### **Article No.: 48 -Profits Entitlement**

Subscriber is entitled to have his proportion of profits based on general assembly resolution about this matter, as the resolution should include due date and distribution date, as the profits entitlement will be for registered Shareholders at the subscribers' records at the end of due date.

### **Article No.: 49 -Legal Reserve Utilizing**

Legal reserve could be utilized to cover the loss of Company or increase its capital, while if the mentioned reserve exceeds 20 % of Company capital; the general assembly may decide to distribute the exceeding amount to subscribers at the years that the Company did not achieve net profits to distribute their determined proportions based on articles of association of Company. If the other reserve was not allocated for specific purpose, ordinary general assembly may decide to spend it for achieving the Company interests, based on suggestion of Board of Directors.

### **Article No.: 50 -Company's Losses**

- 1 - In case the Company's losses reached to half paid capital, at any time of fiscal year, any officer in charge or auditor at the Company once he / she knows this should inform the chairman of Board of Directors, who shall inform the members of Board of Directors immediately about that. Within fifteen days of informing about that matter, Board of Directors shall call for extraordinary general assembly within forty five days from his / her inform date of these losses to take the decision of capital increasing or reduction based on regulations of companies' law, to reduce the losses limits to be less than half paid capital, or dissolve the Company before its determined term at its articles of association.

- 2 - Company will be considered as dissolved by law if the extraordinary general assembly was not held within the determined period at the mentioned above paragraph (no. 1) of this article, or if it is held without the ability to issue a resolution about this concern, or in case of take a resolution to increase the capital in accordance with the stipulated conditions at this article while the subscription of each capital increasing did not complete within ninety days of assembly resolution issuance date to increase capital.

#### **Article No.: 51 – Deposit of Documents**

Within thirty days of approval date of financial statements, Company' report, auditor's report and auditing committee's report by general assembly, Board of Directors shall deposit a copy of these mentioned documents at the concerned authority.

#### **Article No.: 52 – Claim of Responsibility**

Each subscriber has the right to raise claim of responsibility which is determined for the Company to members of Board of Directors in case that their fault resulted in his / her harm, provided that the Company's right to raise it is still exist. Subscriber shall inform the Company about his / her intend to raise the claim with the right limit to ask for a compensation against his / her harm.

#### **Article No.: 53 – Company Dissolution & Liquidation**

Once Company ended or in case of its dissolution before the due time, it shall engage to liquidation process, as it will keep its legal capacity to the extent necessary for liquidation, as the optional resolution of liquidation should be issued by extraordinary general assembly, as the liquidation resolution should include the assignment of liquidator, his / her powers, fees, powers limitations and required time to liquidation, as the optional liquidation time should not exceed (5) five years as it should not be extended without judicial order. Board

of Directors powers will end by its liquidation, however they will be responsible of manage the Company and considered for the others as liquidators till assign the official liquidator, while Shareholders' assemblies will continue during liquidation term, but its role will be limited to practice its powers which are not in conflict with the liquidator's powers. Liquidator shall consider the leasing contract requirements in terms of services continuity and return the leased assets to the Royal Commission if these assets has not been titled to the Company.

#### **Article No.: 54**

Companies' law and its regulations shall be applied for any unmentioned text at these articles of association.

#### **Article No.: 55**

These articles of association shall be deposited and published according to Companies' law and its regulations.