

**Articles of Association of Naqi Water Company  
closed joint stock company**

## Articles of Association of Naqi Water Company, a closed joint stock company

(A Closed joint stock company)

### Article 1: Conversion

It was converted by this system and provisions of the Companies Law issued by Royal Decree No. M/ dated 28/01/1437 AH corresponding to 10/11/2015 AD and its regulations (Naqi Water Company) a limited liability company registered in the Commercial Register in Unaizah Governorate with No. (1128, 18184) dated 27/06/1435 AD corresponding to 27/04/2014 from a limited liability company to a closed Saudi joint stock company according to the following:

### Article 2: Company Name

Naqi Water Company (A closed Saudi joint stock company)

### Article 3: Objectives of the Company

The company shall engage and implements the following purposes:

- 1- Manufacturing industries.
- 2- Transportation and storage.
- 3- Wholesale and retail trade and repair of motor vehicles and motorcycles.
- 4- Trade
- 5- Industry, mining and recycling (making drinks).

The company practices these activities by 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 other companies on its own (with limited liability or closed joint stock), provided that the capital is not less than five (5) million riyals. It may also own shares and stocks in other existing companies or merge with them, and 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 shares or stocks, provided that this does not include mediation in their trading. The company may also own movable and immovable assets, sell, buy and rent them.

### Article 5: the Company's headquarters

The company's headquarters is located in the city of Unaizah, Kingdom of Saudi Arabia. It may establish branches or other offices or agencies inside or outside the Kingdom by a resolution of the Board of Directors.

#### **Article 6: Period of the company**

The period of the company is ninety-nine (99) Gregorian years starting from the date of entering the commercial register by converting the company into a closed joint stock company. This period may always be extended by a resolution issued by the Extraordinary General Assembly at least one year before the expiry of its term.

#### **Article 7: Capital**

The company's capital is determined with two hundred million (200,000,000) Saudi riyals, divided into twenty seven million (27,000,000) shares of equal value, and the nominal value of each is ten (10) Saudi riyals, all of which are ordinary shares.

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

The partners have subscribed in the full capital of twenty million (20,000,000) fully paid shares and the total value of which is two hundred million (200,000,000) Saudi riyals.

The partners acknowledge with jointly liable in their own funds towards third parties that the full capital of the company has been paid before the conversion.

#### **Article 9: Selling of non-valued shares**

The shareholder shall pay the value of the share on the dates specified for this, and if he fails to pay on the due date. The Board of Directors may sell the share in the public auction or the stock market, as the case may be, by the regulations set by the competent authority, after being notified by e-mail or notified by a registered letter. The company shall collect the amounts due to it from the sale proceeds and return the remainder to the shareholder. The company may collect the remainder of all shareholder funds if the sale proceeds are not sufficient to meet these amounts. A shareholder who defaults on payment until the day of the sale may pay the value owed by him in addition to the expenses incurred by the company in this regard. The company cancels the sold share by 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 the sale took place with the name of the new owner.

#### **Article 10: Issuance of Shares**

The shares are nominal and may not be issued for less than their nominal value. It may issue shares higher than this value, and in the latter case, the difference in value shall be added in a separate item within the shareholders' equity. It may not be distributed as dividends to shareholders. The share shall be indivisible against the company. If the share is owned by more than one person, they shall choose one of them to represent them in the use of the equities attached to it. These persons shall be jointly liable for the liabilities arising from the ownership of the share.



### **Article 11: Share Certificates**

Share certificates are issued by the company. They are with serial numbers and are signed by the chairman of the company's board of directors or whomever he delegates from the members of the board and stamped with the company's seal. The share included, in particular, the number and date of the ministerial decree issued licensing the conversion of the company, the number and date of the ministerial decree announcing the conversion of the company, and the nominal value of the share; The amount paid, the company's purpose in brief, its headquarter, and its term. Shares may have coupons with serial numbers and including the share number attached to it.

### **Article 12: Trading of Shares**

Shares subscribed by the founders may not be traded until after the financial statements have been published for two fiscal years, each of which is not less than twelve months from the date of the company's incorporation. The deeds of these shares shall be marked with an indication of their type, date of incorporation of the company, and the period during which trading is prohibited. The ownership of shares shall be transferred during the prohibition period by the provisions of the sale of equities from one of the shareholders to another shareholder or from the heirs of one of the shareholders in the event of his death to a third party or if execution on the funds of the insolvent or bankrupt shareholder. The priority of owning those shares shall be for other shareholders. The provisions of this Article shall apply to what the shareholders subscribe to in the event of an increase in the capital before the expiry of the prohibition period.

### **Article 13: Register of Shareholders**

The company's shares are traded by entering the shareholders' register prepared or contracted by the company. It includes the names of the shareholders, their nationalities, and places of residence, professions, share numbers and the amount paid. It indicates the shares in the register. The transfer of the nominal share ownership against the company or others shall not be considered valid except from the date of entry in the mentioned register.

### **Article 14: Increase of Capital**

1-The Extraordinary General Assembly decides to increase the company's capital, provided that the capital has been paid in full. The capital is not required to have 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 set for converting them into shares has not expired.

2- In all cases, the Extraordinary General Assembly allocates the shares issued upon the capital increase or part thereof to the 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 the shares allocated to employees.



3- At the time of the extraordinary general assembly's resolution approving the capital increase, the shareholder who owns the share subscribes to a priority in the new shares issued in exchange for cash shares. These persons shall be informed of their priority by publishing in a daily newspaper or by notifying them by registered mail of the resolution to increase the capital, the terms of subscription, its duration and the date of its start and end.

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 resolution 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 the 4. Paragraph above, the new shares shall be distributed to the priority rights holders who have requested subscription, in proportion to their priority rights out of the total priority rights resulting from the capital increase. Provided that what they receive does not exceed what they have requested from the new shares, and the remainder of the new shares is distributed to the priority rights holders who have requested more than their share, 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 have requested of the new shares. The remainder of the shares shall be offered to third parties, unless the extraordinary general assembly decides or the financial market system stipulates otherwise.

7- The new shares issued due to the capital increase may be in cash or in kind. The Board of Directors shall take the procedures stipulated in the Companies Law to verify the correctness of the assessment of these shares, if there are in-kind shares.

#### **Article 15: Reduction of Capital**

The Extraordinary General Assembly may decide to reduce the capital if it exceeds the needs of the company or if it suffers losses. The capital may be reduced below the limit stipulated in Article (54) of the Companies Law in the last case. The reduction resolution shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the liabilities of the company, and the effect of the reduction on these liabilities. If the capital reduction is a result of its excess over the company's need. The creditors were invited to express their objections to it within sixty (60) days from the date of publishing the reduction resolution in a daily newspaper distributed in the area where the company's headquarters is located. If one of them objects and submits his documents to the company on the aforementioned date. The company shall pay him his debt if it is current or provide him with a sufficient guarantee to pay it, if it is due.



### **Article 16: Deeds and Instrument**

The company may - by a resolution of the extraordinary general assembly - by the relevant laws and regulations, issue any type of negotiable debt instruments, whether in the Saudi currency or otherwise, inside or outside the Kingdom of Saudi Arabia, such as deeds and instruments, by the provisions of Islamic Law. The Extraordinary General Assembly may authorize the Board of Directors to issue these debt instruments, including deeds and instruments, whether in part or several parts, or through a series of issues under one or more programs established by the Board of Directors from time to time, all at the times, amounts and conditions approved by the Board of Directors. It has the right to take all necessary measures to issue them. The company may also - by a resolution of the extraordinary general assembly - issue debt instruments or financing instruments convertible into shares. After a resolution is issued by the Extraordinary General Assembly specifying the maximum number of shares that may be issued in exchange for those instruments, whether those instruments 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 shall issue new shares in exchange for those instruments that their holders request to convert them without the need for a new approval from this assembly, immediately after the end of the conversion request period specified for the holders of those instruments, in accordance with the provisions of Islamic law. 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. The board of directors shall declare the completion of the procedures for each capital increase in the manner specified in the system for the month of the extraordinary general assembly resolutions.

### **Article 17: Company Management**

The Company shall be managed by a Board of Directors consisting of six (6) members elected by the Ordinary General Assembly of Shareholders for a period not exceeding three (3) years. The appointment of the first board of directors for a period of five (5) years, excluding that, shall be as follows:

| No | Name                                       | Nationality | Title Job                              |
|----|--|-------------|--|
| 1  | Mr. Amin Abdullah Ali Al-Mallah            | Saudi       | Chairman of Board of Directors         |
| 2  | Mr. Saleh Shabab Ateeq Altargami Al Salami | Saudi       | Vice of Chairman of Board of Directors |
| 3  | Mr. Youssef Mohammed Nasser Al-Qafari      | Saudi       | Member of the Board of Directors       |
| 4  | Mr. Abdullah Abdurrahman Mohammed Al-Raidi | Saudi       | Member of the Board of Directors       |
| 5  | Mr. Mustafa Hasballah Hassan Al Hofi       | Egyptian    | Member of the Board of Directors       |
| 6  | Mr. Zaid Nihad Rateb Al-Nazer              | Jordanian   | Member of the Board of Directors       |



### **Article 18: Termination of Board membership**

The membership of the Board shall be terminated upon the expiry of its term, resignation, death, or the expiry of the member's term by any system or instructions in force in the Kingdom. The Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. The company shall be liable for the damages resulting from the retiring.

### **Article 19: Vacant Position on the Board**

If the position of one of the members of the board of directors becomes vacant, the board may appoint a replacement for this member in the board without considering the order of votes in the assembly that elected the board, provided that he is among those who have experience and competence. The Ministry shall be notified of this within five working days from the date of appointment, and the appointment is presented to the Ordinary Assembly in its first meeting, and the new member completes his predecessor's term. 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 rest of the members must invite the Ordinary General Assembly to convene within 60 days to elect the necessary number of members.

### **Article 20: Powers of the Board of Directors**

The Board of Directors shall have the widest powers and authorities in managing the company and disposing of its affairs in a manner that achieves its purposes, taking into account the powers established for the General Assembly. For example, it is not limited to:

- 1- It the right to set internal regulations and policies for the company.
- 2- It has the right to approve the company's vision, strategies and work plans, and to approve its plans, operational budgets, annual capital budget, and others.
- 3- It has the right to enter into, sign and implement all contracts and agreements, including but not limited to contracts of purchase, sale, lease, rental, authorization, concession, hedging contracts, and other documents, contracts, transactions and deals on behalf of the company, and to enter into tenders, bids, competition, accept award and reject it on its behalf.
- 4- It has the right to deal in the name of the company with all banks operating in the Kingdom or abroad, to open, manage, operate and close bank accounts, withdraw and deposit, issue deeds and checks, prepare them, and sign all commercial papers and documents. It has the right to obtain loans and other credit facilities compatible with Islamic law for any period, including loans with a period exceeding three (3) years, from government funds and institutions, commercial banks, financial houses or companies and individuals, including the company's shareholders. It has the right to issue guarantees and guarantees in favor of any party



whatsoever, and to conclude all actions transferring ownership, including mortgages, in all the company's funds and assets, including shares, deeds, real estate, lands and buildings, when he deems this to be in the interest of the company. It has the right to employ the company's funds and invest them in any way and to create, open, manage and close the company's investment accounts and portfolios that are compatible with Islamic law in banks and investment companies inside and outside the Kingdom of Saudi Arabia, buy and sell goods, building materials, land, real estate and the like, and establish investment fund companies Inside and outside the Kingdom of Saudi Arabia Saudi Arabia. It has the right to authorize all of this, issue deeds and other commercial papers, carry out all transactions, conclude all agreements and banking deals, sell, buy or mortgage the company's real estate and assets, and release the company's debtors from their liabilities and indebtedness.

5- It has the right to approve the internal, financial, administrative, rich and supervisory bylaws, including the policies and regulations for the company's employees, appoint directors of departments and senior jobs, determine their specializations, terminate their services, pay their dues, request work visas, exit, return and final exit for the company's employees and sponsored persons, and transfer and waive their guarantees. It has the right to manage their affairs in accordance with the regulations in force in the Kingdom, and to appoint those responsible for managing the company with expertise and competence, as the Board deems fit, and to determine their duties and rewards.

6. Delegating those responsible for managing the company to have the authority to sign on behalf of the company within the limits of the rules set by the board of directors.

7. Forming the committees and entrusting them with the powers that the Council deems appropriate, and coordinating between these committees, with the aim of quickly deciding on the matters presented to them.

8. Approving the establishment of subsidiaries, branches, offices and agencies for the company inside and outside the Kingdom, and contributing to any of the companies. He also has the right to represent the company in signing contracts for the establishment of companies in which it participates, and buying shares and shares.

9. Emptying, accepting, determining and receiving the price, and signing before the notary public in all parts of the Kingdom and abroad any instruments for sale or purchase, and they may also obtain permits for release and planning of lands, follow-up and review of municipalities, request cadastral declarations, and sign and extract all papers, documents, documents and contracts related to that. They also have the right to appoint experts and arbitrators, to appoint lawyers, to pay their fees and to dismiss them, as well as the right to delegate or delegate third parties to carry out certain work or actions on behalf of the company, and they have the right to rescind and cancel agencies and dismiss agents.



10. The Council may, within the limits of its competence, delegate one or more of its members or a third party to carry out certain work or businesses. He has the right to participate in other companies and dispose of their assets, properties and real estate, and he has the right to purchase, accept and pay the price, mortgage, release the mortgage, sell, empty, receive the price and deliver the price.

The Board may delegate all or some of these powers to one or other parties as it deems appropriate.

#### **Article Twenty-One: Board Members Remuneration**

The remuneration of a member of the Board of Directors and all the benefits he receives, if any, shall be as estimated by the Ordinary General Assembly, in accordance with the official decisions and instructions issued in this regard, and within the limits stipulated in the Companies Law and its regulations, and the report of the Board of Directors to the Ordinary General Assembly must include It shall include a comprehensive statement of all that the members of the board of directors received during the fiscal year in terms of remuneration, expense allowance and other benefits, and shall also include a statement of what the board members received in their capacity as workers or administrators, or what they received in return for technical, administrative or consulting work, and also includes a statement The number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

#### **Article Twenty-Two: Powers of the President, Deputy and Secretary**

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

The Board of Directors may appoint a CEO of the company from among its members or others by virtue of an independent contract. In the appointment decision, the Board determines the terms of reference, responsibilities, and remuneration of the CEO, and he has the right to dismiss him, and one member may combine the positions of the Managing Director and Chief Executive Officer.

The Chairman of the Board of Directors is responsible for the following:

1. Representing the company before third parties and before all courts of all levels and types, the Notary Public, the Board of Grievances, official bodies and departments, judicial and administrative committees of all kinds and degrees, labor offices, labor bodies, legal and zakat committees, settlement of banking disputes, committees, primary and higher bodies and other committees and government bodies, and the Department of Zakat and Income The Ministry of Investment, the police, the Public Prosecution, the Court of Enforcement, the Emirates and ministries, and before all other committees, individuals, companies or bodies, whether inside or outside the Kingdom, submitting applications in the name of the company, signing them, notifying them, delivering and receiving them from any party, and having the right to plead, defend,



litigating, attend sessions on behalf of the company, and establish Hearing all cases and claims, conciliation, waiver, acknowledgment, denial, answering, wounding, supplying witnesses, statements and consent, taking all legal measures to implement judgments issued in the interest of the company, appointing and dismissing lawyers, claiming the company's rights with third parties, and receiving them under certified checks in the name of the company. Signing the arbitration documents, appointing experts, receiving and delivering commercial records, licenses and amendments, judgments instruments, documents, clearances and commercial papers, requesting execution of judgments and decisions, alleging forgery, filing terminations and grievances, collecting the company's rights, giving clearances in this regard, fulfilling its obligations and paying its debts, and receiving and paying the price. He may appoint agents and lawyers for the company, issue and terminate agencies, and delegate one or more of its members or third parties to carry out certain work or works, and he has the right to delegate third parties.

2. Inviting the Board to meet, presiding over the Board of Directors' meetings and the meetings of the General Assembly of Shareholders, and ratifying and signing the Board's decisions.
3. Attending on behalf of the company at the meetings of the general assembly in the companies in which the company contributes or in which it has shares, voting and signing the decisions issued therein. He is also entitled to rent, receive the rent, open subscriptions to the chambers of commerce, and establish phones of all shapes and types with the Saudi Telecom Company and telecom companies Others, and agreement with foreign companies to obtain agencies from them for the company, register them with the competent authorities, register trademarks, and object to the registration.
4. In addition, the Chairman of the Board shall enjoy other powers assigned to him by the Board of Directors in writing, and the Vice Chairman of the Board of Directors shall replace the Chairman of the Board in his absence.

The general assembly of shareholders determines the special remuneration to be obtained by the chairman of the board and the managing director, in addition to the remuneration determined for the members of the board in accordance with Article (21) of these bylaws.

The board of directors appoints a secretary to be chosen by it from among its members or from others, who is responsible for organizing the meetings and works of the board, preparing written minutes, keeping its records, preparing correspondence from official and non-official bodies, and submitting special invitations to attend the board at the request of the board. The remuneration of the secretary is determined by a decision of the board of directors, and the term of the chairman, his deputy, the managing director and the secretary who is a member of the board of directors does not exceed the term of their membership in the board. The dismissal occurred for an unlawful reason or at an inappropriate time.



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3. Attending on behalf of the company at the meetings of the general assembly in the companies in which the company contributes or in which it has shares, voting and signing the decisions issued therein. He is also entitled to rent, receive the rent, open subscriptions to the chambers of commerce, and establish phones of all shapes and types with the Saudi Telecom Company and telecom companies Others, and agreement with foreign companies to obtain agencies from them for the company, register them with the competent authorities, register trademarks, and object to the registration.
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### Article Twenty-Three: Board Meetings

The Board of Directors meets twice a year at the invitation of its chairman. The invitation is in writing and may be delivered by hand or sent by post, fax or e-mail, one week prior to the date set for the meeting, unless the members of the Board agree otherwise. The Chairman of the Board shall call the Board to a meeting whenever requested to do so by at least two (2) members.

### Article Twenty-Four: Quorum of Board Meetings

The meeting of the Board shall not be valid unless attended by (3) at least three members in person. A member of the Board of Directors may delegate other members to attend the Board's meetings on his behalf in accordance with the following rules:

- A member of the Board of Directors may not represent more than one member in attending the same meeting.
- The proxy must be fixed in writing and for a specific meeting.
- The representative may not vote on decisions that the system prohibits the representative from voting on.

Board decisions are issued by the majority of votes of the members present or represented in it, and in the event of equal votes, the side with which the chairperson voted shall prevail. In urgent matters, the Board of Directors may issue decisions by passing them by presenting them to all separate members unless one of the members requests in writing the meeting of the Board to deliberate thereon. Board decisions are issued by passing with the approval of the majority of the members of the Board and are presented to the Board of Directors in its first following meeting.

### Article Twenty-Five: The Council's Deliberations

The deliberations and decisions of the Board of Directors shall be recorded in minutes signed by the Chairman of the Board, the members of the Board of Directors present and the Secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.

### Article Twenty-six: Attending the 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 assembly 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 Twenty-seven: Transformational Assembly**

Shareholders invite all subscribers to hold a transformational assembly within forty-five days from the date of the Ministry's decision licensing the transformation of the company. If this quorum is not available, the meeting shall be held one hour after the end of the period specified for the first meeting, provided that the invitation for the first meeting includes that. In all cases, the second meeting shall be valid regardless of the number of subscribers represented therein.

### **Article Twenty-eight: Functions of the Transformational Association**

The Transformational Association is concerned with matters mentioned in Article (63) of the Companies Law.

### **Article Twenty-ninth: Functions of the Ordinary General Assembly**

With the exception of matters that are specialized in the Extraordinary General Assembly, the Ordinary General Assembly is responsible for all matters related to the company, and it convenes at least once a year during the six months following the end of the company's financial year, and other ordinary assemblies may be called Whenever the need arises.

### **Article Thirty: Functions of the Extraordinary General Assembly**

The Extraordinary General Assembly is competent to amend the company's articles of association, except for the provisions that are prohibited from amending by law. It may issue resolutions on matters within the competence of the Ordinary General Assembly, under the same terms and conditions prescribed for the Ordinary Assembly.

### **Article 31: Invitation to associations**

The general or special assembly of shareholders shall be convened at the invitation of the board of directors. The board of directors shall invite the ordinary general assembly to convene if requested by the auditor, the audit committee, or a number of shareholders representing at least five percent (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 area in which the company's head office is located, at least twenty-one days before the date fixed for the meeting. The invitation and the agenda to the Ministry of Commerce within the period specified for publication.

### Article 32: Record of attendance at assemblies

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

### Article 33: Quorum of the Ordinary General Assembly Meeting

The meeting of the Ordinary General Assembly shall not be valid unless attended by shareholders representing at least one quarter of the capital. about the possibility of holding this 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 date of the first unconvened meeting, and this invitation shall be published in the manner stipulated in Article (31) of this system, and in all cases, the second meeting shall be valid whatever it may be. The number of shares represented therein.

### Article 34: Quorum of the Extraordinary General Assembly Meeting

The meeting of the Extraordinary General Assembly shall not be valid unless shareholders representing at least half of the capital are present. If this quorum is not present in the first meeting, the second meeting shall 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 of the announcement possibility of holding this 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 in the same conditions stipulated in Article (31) of this Bylaw.

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

If the necessary quorum is not available at the second meeting, an invitation is sent to a third meeting to be held in the same conditions stipulated in Article (31) of this bylaw, and the third meeting will be valid regardless of the number of shares represented therein, after approval of the competent authority.

### Article 35: Voting in Assemblies

Each subscriber has a vote for every share he represents in the transformational assembly, and every shareholder has a vote for each share in the general assemblies, and the cumulative vote must be used to elect the board of directors.



### Article 36: Decisions of the Assemblies

Resolutions in the transformational assembly are issued by an absolute majority of the shares represented therein, and the decisions 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 the decision is related to an increase or decrease in the capital, an 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. The decision is not valid unless it is issued by a majority of three Quarters of the shares represented at the meeting.

### Article 37: Discussion in Assemblies

Each shareholder has the right to discuss the topics listed on the assembly's agenda and to direct questions in this regard to the members of the Board of Directors and the auditor. The board of directors or the auditor answers the shareholders' questions to the extent that the interest of the company is not harmed. 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: Presiding over associations and preparing minutes

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 that in the absence of the chairman and his deputy. The president appoints a secretary for the meeting and a vote-collector. Minutes of the meeting of the assembly shall be drawn up 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 approving or disapproving of them, and an adequate 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.

### Article 39: Formation of the Committee

A decision of the Ordinary General Assembly shall form an audit committee consisting of three members who are not members of the executive board of directors, whether they are shareholders or others. The resolution shall specify the tasks of the committee, its work controls and the remuneration of its members.



#### **Article 40: Committee meeting quorum**

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

#### **Article 41: The Committee's Duties**

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. for serious damage or loss.

#### **Article 42: Committee Reports**

The Audit Committee shall consider the company's financial statements, reports and notes provided by the auditor, and express its views on them, if any. It shall also prepare a report on its opinion regarding the adequacy of the company's internal control system and the other work it has undertaken within its jurisdiction. 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 to provide each of the shareholders who desire a copy of it, and the report shall be read during the assembly.

#### **Article 43: Appointment of the auditor**

The company shall have one or more auditors from among the auditors authorized to work in the Kingdom, appointed by the Ordinary General Assembly annually and determining his remuneration and the duration of his work. Two years from the date of its expiry, and the association may also change it at any time without prejudice to its right to compensation if the change occurred at an inappropriate time or for an illegal reason.

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

The auditor may at any time have access to the company's books, records and other documents, and he may also request data and clarifications that he deems necessary to obtain. To verify the company's assets, liabilities, and other matters that fall within the scope of its 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.

#### **Article 45: Fiscal year**

The company's fiscal year begins on the first of January and ends at the end of December of each year, provided that the first fiscal year begins from the date of its registration in the commercial register as a joint stock company and ends at the end of December of the current year.



#### Article 46: Financial Documents

a. At the end of the fiscal year, the Board of Directors prepares the company's financial statements, and a report on its activities and financial position for the past fiscal year. This report includes the proposed method for distributing profits. The Board shall place these documents at the disposal of the auditor at least forty-five days before the date set for convening the General Assembly.

B. The company's board of directors, chief executive officer and financial director must sign the documents referred to in paragraph

(1) of this article. Copies of it shall be deposited at the company's head office at the disposal of the shareholders at least twenty-one days before the date set for convening the general assembly.

C. 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, at least fifteen days before the meeting of the General Assembly.

#### Article 47: Distribution of profits

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

1. (10%) of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may discontinue this deduction when the said reserve reaches (30%) of the paid-up capital.

2. 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 for assistance from existing such institutions.

3. The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside (5%) of the net profits to form a consensual reserve and allocate it for a specific purpose or purposes decided by the General Assembly.

4. The entire remainder of the net profits shall be distributed to the shareholders unless the Ordinary General Assembly decides otherwise.

The company may distribute interim dividends on a semi-annual or quarterly basis in accordance with the controls set by the competent authority.

#### Article 48: Entitlement to profits

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



#### Article 49: Losses of the company

1. If the losses of the 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, as soon as he becomes aware of this, shall inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors shall inform the members of the Board immediately, and the Board of Directors, within fifteen days of becoming aware of this, shall invite the Extraordinary General Assembly to meet within forty-five days from the date of his knowledge. with losses; To decide either to increase or reduce the company's capital in accordance with the provisions of the Companies Law, to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the company before the period specified in the Companies Law.

2. The company shall be considered dissolved by the force of the Companies Law if the General Assembly does not meet within the period specified in Paragraph (1) of this Article, or if it meets and is unable to issue a decision on the matter, or if it decides to increase the capital in accordance with the conditions prescribed in this Article and the subscription has not taken place. In each capital increase within ninety days from the issuance of the Assembly's decision to increase it.

#### Article 50: Liability suit

Each 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 would cause him special damage. 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.

#### Article 51: Termination of the company

As soon as the company ends, the company enters the stage of liquidation and maintains the legal personality to the extent necessary for liquidation. The decision of voluntary liquidation is issued by the extraordinary general assembly. The liquidation decision must include the appointment of the liquidator, specifying his powers, fees, restrictions imposed on his powers and the time period required for liquidation. The period of voluntary liquidation shall not exceed five years and may not be extended for more than that except by a judicial order, and the authority of the company's board of directors shall end with its dissolution. Nevertheless, they shall remain in charge of the management of the company, and they shall be considered as liquidators with respect to third parties until the liquidator is appointed. Shareholders' assemblies shall remain in place during the liquidation period, and their role is limited to exercising their competencies that do not conflict with the competencies of the liquidator.

#### Article 52

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

#### Article 53

These regulations are filed and published in accordance with the provisions of the company regulations and regulations.