

Company Bylaw
The National Shipping Company of Saudi Arabia
Chapter One

1- Incorporation of the Company

Article (1):

Under the provisions hereof, a Saudi joint stock Company, shall be established under the name of “The National Shipping Company of Saudi Arabia” to be managed according to the Commercial rules and regulations and the Saudi Companies Regulations.

Article (2)

The Company’s Head Office shall be located in the city of Riyadh with two branches in Jeddah and Dammam. The Board of Directors may establish other branches, offices or agents inside or outside the Kingdom.

Article (3): Company's Term:

Unlimited term of the company starting from the date of the incorporation resolution issued by the Minister of Commerce.

Article (4): Objectives of the Company:

Objectives for which company was incorporated are as follows:

- 1- Procurement of vessels, instruments and public transportation means including selling and using it in transportation of goods heading to KSA regularly and preserve regularity of shipping prices and secure national security requirements transportation in all conditions.
- 2- Transportation of exports out of KSA.
- 3- Transportation individuals, things, luggage, goods, live stock from and to KSA by sea.
- 4- Create skilled Saudi crews of engineers, officers and sailors for operation of vessels, development of industrial workshops and work in ship yards and other fields related to marine transportation and provide training to Saudi national in this filed.
- 5- Participate in all marine related transportation such as rescue, marine agencies, brokerages, and clearance of goods, coordination on board of vessels, transportation means, storage and other operations related for whatsoever reason to marine transportation.

- 6- Obtain any other privileges, benefits or rights of whatsoever type with different purposes for any purpose return with benefits to the company.
- 7- Provide all the operations which facilitate tourism and Hajj operations and provide convenience means to travelers, import and export required marine equipment for its own and other vessels.
- 8- Perform transactions and contracts and provide all actions which are related or have relation for whatsoever reason with its purposes as considered fit by the company and suitable for achieving of the purposes of part thereof or facilitate its performance.
- 9- Participate in incorporation of any other company or participate therein or purchase its assets and acquire its operations and business in relation with the company operations inside or outside KSA.
- 10- Acquire all what is needed of movable money to fulfill its purposes in any destination in KSA or abroad and register that same under its name in the departments, and competent official authorities and invest it directly, lease method or any other form. The company, in order to achieve its objectives and business purposes shall support nationalization of employment within operating workers on its vessels and support education activities in marine navigation field in KSA, and develop specific national register for vessels registration in KSA, establish marine navigation national association and use repair and maintenance facilities existing in KSA.

The company shall practice its line of business pursuant to the effective regulations after the necessary licenses have been received from the competent bodies, if any.

Article (5):

The Company shall be deemed a legal entity from the date of announcing the resolution of its incorporation by the Minister of Commerce. The Company's Board of Directors shall take necessary actions to register it at the Companies Department and at the Commercial Register.

2- The company's capital

Article (6)

The company capital was determined (SR 4,921,875,000) Four billion nine hundred and twenty-one million eight hundred and seventy-five thousand Saudi riyals divided into (492,187,500) Four hundred and ninety two million one hundred and eighty seven thousand and five hundred regular shares of equal value, each with a nominal value of (10) ten Saudi riyals.

Article (7)

Shareholders have subscribed to (492,187,500) Four hundred and ninety-two million, one hundred and eighty-seven thousand and five hundred shares, the value of which shall be (4,921,875,000) Four billion nine hundred twenty-one million eight hundred Seventy-five thousand Saudi riyals.

Article (8):

The company's shares are nominal shares and non-Saudi is not permitted to own them unless otherwise in case of hiring.

Article (9)

All shares shall be indivisible before the Company. If a share is jointly owned by several owners, they must elect one of them to exercise on their behalf the rights pertaining to such share but they shall be jointly liable before the Company with regard to the obligations arising from such share ownership.

Article (10)

Shares shall be circulated by entering them in the shareholders register as per the rules adopted by the Stock Market and the implementing regulations thereof. Such entry shall be marked on the involved stock certificate whereas transfer of its ownership shall be accepted by the Company and others only after the date of entry in the aforementioned register. Ownership of a stock shall entail acceptance of the Company's Bylaw and resolutions of its General Assembly.

Article (11)

Shares shall entail equal rights and obligations. Hence the Company shares are at par value, the latest owner shall enter his name in the Company's share register and he shall be the only person entitled to receive amounts due to the share either as dividends or shares in the Company's assets.

Article (12)

The shareholder shall not be entitled to recover his share in the Company's capital as long as the Company exists and he shall only be obliged to pay the share value at the time of issuance. In any event, his heirs or debtors shall have no right to put their seals on its books, deeds, or funds or ask for their division or sale nor interfere in any way with the Company's management or prevent it from achieving its objectives. When exercising their rights, they shall trust the Company's inventory, its final statements of accounts and resolutions of the General Assembly.

Article (13)

The capital may not be increased before the initial shares that have been paid in full and new shares may not be issued at values below their par-value; however, if issued at a higher value, the variance shall definitely be added to the statutory reserve. The increment decision shall be issued by the shareholders' Extraordinary General Assembly based on a recommendation made by the Board of Directors. Such decision shall specify the amount of increment, issuing price of shares and the extent of the old shareholder's preference to subscribe in such increment.

The Company's capital may be reduced by a resolution of the Extra-Ordinary General Assembly based on a recommendation made by the Board of Directors which shall specify the extent and method of such reduction.

Article (14)

The company can hold loans or issue bonds or issue debt (SUKUK) or any other securities in Saudi Riyals or any other currencies for an unspecified period in one or several parts through a series of versions under one or more programs set by the company from time to time. In case of issuance of bonds or SUKUK, the amounts, terms & conditions at such time are approved by the Board of Directors, provided that the total loans and others unpaid debt instruments are not more than three times the rights of the shareholders in the Company referred to in the latest financial statements that have already been audited. The Board has full power to sign all related agreements and take all necessary actions, also has the right to delegate partial or complete power granted to them to any other person or persons who can future delegate to any other third party.

Chapter Two

Company Management

Board of Directors

Article (15)

The company shall be managed by a board of directors consisting of ten members. The general meeting shall nominate the ten members of the board of directors by cumulative voting in accordance with the corporate governance regulations issued by the Capital Market Authority and any amendments made thereto from time to time. The board of directors shall appoint, from among its members, a chairman and deputy chairman and the term of membership of the board shall be three years and members may be re-nominated. The deputy chairman shall act on behalf of the chairman in his absence and the board of directors shall appoint a secretary from among its members, or otherwise, and shall identify his competencies and remuneration; however, the term of the chairman of the board of directors, the managing director, the secretary and the member of the board of directors shall not exceed the term of membership of each of them in the board and they may be re-appointed or re-nominated. Membership of the board member shall expire by expiry of the term of his membership or by his death or, if the board considers that he is no able to undertake his tasks in accordance with any act or instructions applicable in the Kingdom. If the position of one of the board members was vacated, the board of directors may appoint temporarily another member; provided that such member shall have experience and competency and that the Ministry must be informed with the same as well as the Capital Market Authority within five working days as of the date of appointment and provided further that such appointed shall be presented to the ordinary general meeting in its first meeting. The new member shall continue the term of his precedent. If number of the board members was less than the quorum required for the validity of its meetings, the ordinary general meeting must be convened within sixty days to nominate the required number of the members. Further, the board of directors shall compose the suitable number of committees as per need and circumstances of the company and the board shall identify the tasks of each committee composed by it, its term, the powers granted to it during such term and the method of supervision to be practiced by the board thereon. The committee shall inform the board of directors with the results concluded by it and the resolutions taken by it in a transparent manner. The board of directors shall follow-up committees composed by it periodically to ensure that such committees undertake the tasks entrusted to them.

Article (16)

The board of directors, subject to defined authorities for the general assembly, will have the widest authorities to manage the company and discharge its affairs within and outside KSA including but not limited to:

- 1- Represent the company in its relation with third parties and government and private sectors.
- 2- Enter in tenders, sign on behalf of the company in all types of contracts, agreements, documents and instruments including without limitation to article of association of companies in which the company is partner therein and modifications resolutions, sign on the resolutions to modify agreements, articles of associations and deeds before official entities and notary public.
- 3- Sign loan agreements and assign all priority of payment of company debts, provide securities and bonds and grant all guarantees and remunerations and issue proxies on behalf of the company.
- 4- Sell, purchase, release, accept, receive, rend and lease.
- 5- Open, manage, run and close bank accounts, open letter of credits, collect, pay, withdraw and deposit in banks, issue bank guarantees and sign all documents and instruments, checks, and all bank transaction.
- 6- Recruit and dismiss employees and labors, recruit workers from abroad and conclude agreements with them to identify their duties and salaries.
- 7- Delegate - within its discipline - one or more of its members or third party to precede his affairs.
- 8- Acknowledge company's business plan and approve its operational plans and annual budgets.
- 9- Sell or mortgage the company real estates and assets provided always that the board of minutes recitals of the resolution to dispose the company's real estate shall consider the following provisions:
 - a. The board will identify in the resolution promulgated to sell the reasons and justifications.
 - b. Selling prices will be as close as possible to optimal price.
 - c. Sale process will be prompt and against sufficient securities.
 - d. This disposal will not lead to suspension of specific activities of the company or further liabilities.

10- Clear company debtors against their obligations if it is in the company's best interests provided always that the board of directors minutes of meeting and resolution recitals shall include the reasons that constitute the grounds of this resolution and the clearance should fulfill the following provisions:

- a. Clearance will be after one complete year from debit due date minimum.
- b. Clearance will be made for specific amounts maximum for each year for each debtor.

The authority stipulated herein related to clearance of company debtor is a sole right for board members and shall not be delegated to any.

11- Enter into loans and credit facilities with government funds and finance institutions whatsoever its duration and may enter into commercial loans even if its duration exceeded three years but its due date will not be beyond company expiry (if any) subject to the following provisions to conclude loans beyond three years:

- a. The board of directors will identify in its resolution the aspects of loan application and method of payment.
- b. The loan provisions and rendered bonds shall not jeopardize the company and debtors' general liabilities.

12- The board of directors, within its authorities, shall have the right to delegate one or more of its members or company general manager or one or more of company's employees or third party to precede specific work(s).

The board will meet four times per annum minimum upon call from the president or his delegate. Meetings will be held in the head office or outside, if required. Board of director member will have the right to delegate in writing when needed one of his peers in the board. In this case, this member will have two votes and such delegation is not permitted for more than two members. The board shall elect managing director or general manager of the company from within his members and may appoint a manager or more and authorized representative and entrust them to sign for the company.

Article (17)

The meeting of Board shall be invalid unless it is attended by (50%) of the members at least provided that the number of attendees shall not be less than five. Resolutions of the Board of Directors shall be passed by the majority of the attended members, and if votes are equal, the Chairman or his representative shall have the casting vote. If one of the members fails to attend three consecutive meetings without justifiable excuse, it is permissible to be considered him as resigned as per a resolution adopted by the Board of Directors. The deliberations and resolutions of the board shall be recorded in minutes. These minutes shall be recorded in a special register, signed by the Chairman of the board and by the Secretary and any member with differing opinion may record his opinion in these minutes.

The Board of Directors may, when necessary, issue decisions by passing them independently to a number of directors, unless one of the directors has requested a meeting to be held for discussing such decisions. The decisions shall be presented to the Board of Directors at its first meeting for discussion thereof.

Article (18)

The chairman of the board of directors shall represent the company in its relationships with other parties and before judiciary, all courts, judicial committees, notary publics, the Board of Grievances, labor offices, higher and preliminary committees for the settlement of labor disputes, negotiable papers committees, the committee for the settlement of securities disputes, the committee for the settlement of banking disputes, the committee for the settlement of insurance disputes and violations, all other judiciary committees, arbitration authorities, civil rights, police departments, chambers of commerce and industry, private authorities, companies and establishments of all types, financial houses, all governmental financing funds and institutions of all types and competencies and financial institutions of all types. He shall be entitled to receive, pay, acknowledge, claim, defend, raise, dispute and discharge on behalf of the company and accept judgments or appeal against it; to request implementation of judgments and receive the result of the judgement implementation. Further, he shall represent the company before all official and non-official entities; to open accounts with banks; to withdraw, deposit, invest, close and settle accounts; to open documentary credits and to sign before the notary public and the official entities as well as all matters related to the administration of the affairs of the company, the achievement of its purposes and all matters entrusted to him by the board. By resolution of the board, he shall be entitled to sell, purchase and sign articles of association of the companies in which the company participates and all resolutions related to the amendment of such articles of associations and other contracts, obligations, deeds and transfers of title,

without prejudice to the provision of article (16) of the Bylaw of the company. Further, he shall be entitled to delegate any or all such powers to any of the members of the board of directors, or otherwise.

The General Assembly

Article (19)

The General Assembly shall consist of all the Company shareholders. All resolutions of the General Assembly, resolved within its jurisdiction and according to these Articles of Association, shall be binding to all shareholders. Any shareholder possessing ten shares shall have the right to attend the General Assembly in person or by appointing his representative by a written authorization. The shareholders may participate in the general assembly meetings and vote for the decisions issued by electronic means, as per the controls and rules issued by the competent authorities.

Article (20)

IN the meetings of the General Assembly, a record shall be taken, including names of attending shareholders or representatives, their residence addresses, the number of shares they hold either personally or by representation, and the number of votes assigned to each. Any party with interest shall have access to the said record.

Article (21)

Every shareholder shall have one vote for every share he owns or represents unless the General Assembly decides otherwise on occasions of issuing particular types of preferred shares that give their owners priority in obtaining particular dividends or priority in recovering capital shares they paid upon liquidation.

Article (22)

The ordinary general meeting is responsible for all the company-related matters and in doing so, it shall have the broadest powers and authorities. The ordinary general meeting shall be chaired by the chairman of the board of directors or his deputy and the chairman shall appoint a secretary whose appointment shall be decided by the general meeting. The general meeting shall be held once at least per annum during the six months following the end of the financial year of the company at the headquarters of the company or at

such place and time as specified in the meeting notice. The general meeting shall meet to hear report of the board of directors on the activity of the company and its financial position, report of the auditors and to ratify budget of the financial year and the profit and loss account; to identify the profit shares to be distributed among the shareholders; to appoint the auditors and identify their fees and to appoint nominated members of the board of directors and identify their remunerations, if applicable.

The ordinary general meeting may, at all times, dismiss all or some of the members of the board of directors, without prejudice to the right of the dismissed member to hold the company accountable if dismissal was for unacceptable justification or at improper time. Member of the board of directors may resign provided that his resignation shall be at a proper time; otherwise, he shall be liable before the company.

Article (23)

The board of directors shall convene the general meeting whenever it deems this proper. The board shall convene the general meeting whenever requested to do so by the auditor or number of the shareholders representing at least five percent (5%) of the capital. Copy of the meeting notice shall be sent to the General Directorate of Company at the Ministry of Commerce at the time during which the notice is published or sent to the shareholders.

Article (24)

The invitation for the a General Assembly meeting shall be announced in the official Gazette and a daily newspaper published at the place of the head office at least twenty five days prior to the convention date. The invitation shall include the agenda; however, it may be enough to invite for the General Assembly on the said date by registered mail. Copies of the invitation and the agenda shall be sent to the Companies Department, Ministry of Commerce during the publication period.

Article (25)

The General Assembly shall consist quorum if at least quarter of the capital is represented in the meeting. However, upon lack of quorum in the first session, with the General Assembly convene on a second call within the following thirty days, the second session shall be deemed valid regardless of the number of represented shares. The General Assembly may not deliberate on subjects outside the agenda. Board resolutions shall be passed by majority vote however, if votes are equal, the Chairman or his deputy shall have the casting vote.

Article (26)

Subject to the provisions of Companies Regulations, the extraordinary General Assembly shall have the power to change these Company's Bylaw and to issue resolutions within the jurisdiction of the ordinary General Assembly with the same provisions and conditions set for the latest General Assembly.

Article (27)

Meeting of the extraordinary general meeting shall not be valid unless attended by members representing half of the capital; if such quorum was not available in the first meeting, the second meeting shall be held one hour after expiry of the term identified for holding the first meeting; provided that invitation of the first meeting shall include an indication of the possibility of holding such meeting. The second meeting shall be valid if attended by number of the shareholders representing one-fourth of the capital at least. If the required quorum was not available in the second meeting, an invitation shall be sent for a third meeting to be held in the same circumstances provided for in article (twenty-five) of these articles of association. The third meeting shall be valid whatever the number of shares represented therein was, after approval of the competent authority. Resolutions of the extraordinary general meeting shall be issued by the majority of two-thirds of the shares represented in the meeting, unless the resolution was related to capital increase or decrease, prolonging the term of the company, dissolution of the company before expiry of the term identified to it in these Company's Bylaw or merger of the company with another company or establishment, in which case, the resolution shall not be valid unless issued by the majority of three-fourths of the shares represented in the meeting.

Article (28)

The extraordinary general meeting shall be responsible for amending the Bylaw of the company, except for matters prohibited to be amended by the company by the law.

Chapter Three

Company Accounts

Article (29)

The Company shall have one or more auditors holding a license to practice inside the Kingdom of Saudi Arabia. The General Assembly shall appoint and set the auditor's fees. The auditor shall examine the Company accounts inside and outside the Kingdom relating to the particular year for which he has been appointed.

Article (30)

The Company's fiscal year shall start on the first of January and end by the end of December each year. Exceptionally, the first year shall include the period from registration of the Company until 31st December of the following year.

Article (31)

The board of directors shall prepare at each financial year an inventory of the value of the assets of the company and its liabilities at the said date. Further, it shall prepare budget of the company, profit and loss account, report on the activity of the company and its financial position for the previous financial year and the method proposed by it for distributing the net profits sixty days at least prior to the date of convening the annual ordinary general meeting. The board shall put such documents under disposal of the auditor forty-five days at least prior to the date identified for holding the general meeting. The chairman of the board of directors shall sign the said documents and copies of such documents shall be deposited in the

headquarters of the company under disposal of the shareholders ten days at least prior to the date identified for holding the general meeting. The chairman of the board of directors shall publish, in a newspaper distributed at the headquarters of the company, the budget, the profit and loss account, sufficient summary of the report of the board of directors and the entire text of the report of the auditor and shall send copies of such documents to the General Directorate of Companies and the Capital Market Authority ten days at least prior to the date identified for holding the general meeting.

Article (32)

1. The company may distribute interim profits semi-annually or quarterly by resolution of the board of directors based upon authorization by the ordinary general meeting which shall be renewed annually in accordance with the regulatory procedures issued by the Capital Market Authority.
2. The company shall commit to set-aside (10%) of the net profits to compose the statutory reserve. The general meeting may suspend setting-aside such percentage whenever the said reserve reaches an amount equivalent to (30%) of the capital.
3. The ordinary general meeting shall be entitled, upon proposal of the board of directors, to set-aside a specific percentage of the net profits to compose an incidental reserve to be allocated for specific purpose(s) approved by the ordinary general meeting; thereafter, the remainder shall be distributed among the shareholders as profits; provided that it shall not be less than (1%) of the capital.

Article (33)

The statutory reserve shall be disposed of according to Board's resolutions for any purpose serving the Company's best interests.

Article (34)

The directors shall be entitled to receive allowances for attending the Board meetings in addition to the lump sum remunerations warranted under the relevant regulations.

Article (35)

1. If losses of the company amounted to half of the paid-up capital, any official in the company or the auditor must, upon being aware of the same, inform the chairman of the board of directors and the chairman of the board of directors shall inform members of the board with the same. Within fifteen days as of the date of being aware of the same, the board of directors shall convene the extraordinary general meeting within forty-five days as of the date of being aware of the losses so as to decide whether to increase or decrease capital of the company, in accordance with the provisions of the Companies' Law, to a limit with which the percentage of losses shall fall below half of the paid-up capital, or to dissolve the company before the date identified for its expiration in accordance with the Companies' Law.
2. The company shall be deemed dissolved by force of the Companies' Law if the general meeting was not convened within the term identified in paragraph (1) of this article, or if it was convened but failed to issue a resolution in this regard or if it was decided to increase the capital of the company in accordance with the situations decided in this article but subscription was not made to each increase made to the capital within ninety days as of the date of issuance of the resolution of increase by general meeting.

CHAPTER Four

Dissolution and Liquidation

Article (36)

Upon dissolution, the company shall enter into liquidation and shall maintain its corporate personality as required for the liquidation. The resolution of optional dissolution shall be issued by the extraordinary general meeting. The dissolution resolution shall include the appointment of a liquidator, identification of his fees and the restrictions imposed on his powers as well as the time period necessary for the liquidation.

The term of liquidation must not exceed five years and it is not permissible to be extended for more than that except by a judicial order. The authority of the board of directors shall expire by dissolution of the company; however, members of the board shall remain responsible for management of the company and shall be considered liquidators vis-a-vis other parties until the appointment of a liquidator. The role of the board of directors shall be limited to practicing its competencies that do not contradict with the competencies of the liquidator.

CHAPTER Five

General Provisions

Article (37)

The Company organization costs shall be deducted from the Company's general expenses.

Article (38)

Provisions of the Saudi Companies Regulations shall apply to whatever has not been explicitly stated in these Articles of Association.

Company' name The National Shipping Company of Saudi Arabia (NSCSA)	Company Bylaw	Ministry of Commerce (Common Services Department)
	Date 07/07/2022 AD	Faisal Al-Balwi