



**Articles of Association**  
**of Herfy Food Services Co.**

Rendered by the Ministerial Decision No. 18379 dated 01/06/1437H. as per the provisions of the Law of Companies

**Part one: The Company Transformation**

**Article (1): preamble:**

As per the provisions of the Law of Companies and these articles of association, the company has been transformed to a Saudi joint-stock company according to the following:

**Article (2): the company name:**

**Herfy Food Services Co. (Saudi joint-stock company)**

**Article (3): the company purposes:**

- 1- Restaurants establishment, operation, maintenance and operation and supply of companies and others with cooked and uncooked foodstuffs.
- 2- Production, manufacture, canning, distribution and sale of all kinds of confectionaries, bread and pastries.
- 3- Production, manufacture, canning, distribution, packing, marketing and sale of biscuits, pies, mamool, shaboura, cake of all kinds, rusk, samosa and all sorts of bakeries products and all non-alcoholic beverages



- 4- Production, manufacture, canning, distribution, packing, marketing and sale of meat, chicken and fish products
- 5- Establishment, operation, maintenance and management of types of factories
- 6- Purchasing lands and properties for building and investment by sale or rent for the company interest.
- 7- Establishment, operation, maintenance and management of hotels, restaurants, kitchens, rest houses, buffets, cafes and recreational activities.
- 8- Storage, refrigeration, holding, use, maintenance, lease and renting warehouses and food cold stores
- 9- Commercial agencies
- 10- Wholesale and retail sale trade in foodstuff, all types of confectionaries, bread and pastries
- 11- Export, re-export and importing processed food and various raw materials required for their processing, child toys, packing and wrapping materials, restaurants equipment and furniture
- 12- Importing all supplies of preparation and operation of restaurants, confectionary shops, meat factories, bakeries, cake and pastries factories, including processed and unprocessed foodstuff, packing materials, electric and industrial tools, equipment and preparations, lighting, décor supplies, marketing and advertising materials, child toys and gifts.



The company assumes its activities after obtaining the legal licenses from the competent authorities.

**Article (4): partnership and merger:**

The company may establish companies of limited liability of closes joint-stock companies. Also, the company may own shares in other existing companies or merge with them. The company has the right to participate with others in establishing joint stock or limited liability companies after satisfying the requirements of the laws and regulations in this respect. Also, the company may dispose of stock except mediation in stock trade.

**Article (5): the company head office:**

The company head office shall be located in Riyadh city. The company board shall have the right to open branches or offices inside and outside the Kingdom of Saudi Arabia.

**Article (6): the company period:**

The company has been established for 99 years period starts from the date of rendering the ministerial decision on announcing the company transformation. The company period may be extended before at least one year from its expiry date by a decision of the extraordinary general assembly.



**Part 2: capital and shares:**

**Article (7): company capital:**

The company capital shall be SAR 646,800,000 (only six hundred forty six million eight hundred thousand Saudi Riyals) divided into 64,680,000 ordinary paid shares of equal value, and the value of each share shall be SAR 10 and the shareholders subscribed to these shares and completely paid its value.

**Article (8): premium shares:**

As per the rules of Governed systems and the rules of the competent authorities, the extra-ordinary general assembly may issue premium shares, purchase shares, transfer ordinary shares to premium shares or to transfer premium shares to ordinary shares. Premium shares will not have the right to vote in shareholders general assemblies. These shares give their holders the right to obtain net profits of the company more than the holders of ordinary shares after retaining the legal reserve.

**Article (9): bonds:**

The company may by the loans it obtains issue tradable and indivisible bonds of equal value as per the Governed systems.

**Article (10): failure to pay shares value:**

The shareholder shall pay the shares value in time otherwise the board of directors may after notifying him through official gazette, Tadawol site or by an official letter sell the shares in auction or in stock market as the case may be and as per the rules decided by the competent authority.



The company shall take the amount due to it from sale and pay the balance to the shareholder. If the sale amount is not adequate to satisfy these amounts, the company may satisfy the balance from all their monies. However, the shareholder who has not paid till the day of payment may pay the amount due from him plus the expenses spent by the company in this respect, the company shall cancel the sold share as per the provisions of this article and grant the purchaser a new share holding the number of the cancelled share and the company shall indicate the sale occurrence in the shares record and state the name of the new holder.

**Article (11): the company shares:**

The company shares shall be nominal shares and they may not be issued in less than their nominal value and they may be issued by a higher value and in this case the value difference shall be added in a separate item to the shareholders' rights. A share is indivisible. If a share is held by several persons, they must select one of them to act on behalf of them in using the share rights and those persons shall be jointly liable for the obligations resulting from the share ownership.

**Article (12): shares trade:**

Trade in the shares by which the founders subscribe may not be made until the financial statements of two consecutive financial years from the date of the company incorporation of no less than 12 months each are published. These stock Sukuk shall show their type, the date of the company incorporation and the period in which stock trade is prohibited. However, during the prohibition period stocks ownership may be transferred according to the provisions of rights sale from a founder to



another or from the heirs of a founder to others in case of the founder's death or in case of judgment implementation to the funds of an insolvent or bankrupt founder provided that priority to owning these stocks shall be to the other founders. The provisions of this article shall apply to stocks by which the founders subscribe in case of capital increase before the elapse of prohibition period.

**Article (13): shares record:**

Trade in the company stock shall be made in accordance with the provisions of Capital Market Law.

**Article (14): capital increase:**

The company extraordinary general assembly may decide to increase the company capital provided that the capital has been fully paid. Capital full payment is not required if the unpaid part of the capital relates to stocks issued against transfer of debt instruments or transferable Sukuk to stocks and the period of their transfer has not yet finished.

The company extraordinary general assembly may in all cases allocate the stocks issued at capital increase or part of them to the employees of the company, its subsidiaries, some or any of them and shareholders may not practice priority right when the company issues shares allocated to the employees.

A shareholder may at issue of extraordinary general assembly decision agree to increase the priority capital in subscription to new stocks issued against cash shares, and they will be notified of the decision of capital increase, subscription conditions, period, start and end date by priority to publish in a daily newspaper, TADAWUL site or by registered mail.



The company extraordinary general assembly shall have the right to stop priority right of shareholders to subscribe to capital increase against cash shares or giving priority to non-shareholders in the cases it deems suitable to the company interest.

A shareholder shall have the right to sell or to assign priority right during the period from the time of rendering the decision of the general assembly on approval of capital increase to the last day of subscription to the new stocks related to these rights as per the rules setup by the competent authority.

Without prejudice to paragraph (4) above, new stocks shall be distributed to priority rights holders who request subscription on pro rata of the priority rights they own from the total priority rights resulting from capital increase provided that what they obtain shall not exceed what they ordered from the new stocks and the balance of new stocks shall be distributed to priority rights holders who order more than their share on pro rata of the priority rights they hold from the total priority rights resulting from capital increase provided that what they obtain shall not exceed what they ordered from the new stocks and the balance shall be offered to others unless otherwise is decided by the general assembly or set forth in the Capital Market Law.



**Article (15): capital decrease:**

The company extraordinary general assembly may decide to decrease the company capital if it is more than the company need or if the company suffers a loss. The capital may only in the last case be decreased to less than the limit set forth in article 54 of the Law of Companies. Capital decrease decision shall not be issued until reciting a special report prepared by the accounts auditor on the reasons of capital; decrease, the company obligations and decrease effect on these obligations. If capital decrease is as a result of being more than the company need, creditors must be called upon to state their objections to that within 60 days from the date of publishing the capital decrease decision in a daily newspaper distributed in the company headquarters. If any of the creditors objects and submitted his documents to the company within the said period, the company must pay to him his debt if it is due or provide to him an adequate guarantee on the debt settlement if the debt is deferred.

**Article (16): company shares purchase and mortgage:**

The company may purchase or mortgage stocks as per the rules setup by the competent authority. Stocks purchased by the company shall have no votes in shareholders general assemblies.





### Part 3: company management

#### **Article (17): board setup:**

The company shall be managed by a board of directors consist of 9 members hired by the ordinary general assembly for a term of no more than three years. Each shareholder shall have the right to nominate himself or one or more other person(s) to board membership within the limit of the rate of his ownership in the company capital.

#### **Article (18): expiry of the board membership:**

The board membership expires by the expiry of its term or by the expiry of the member's right to that term in accordance to any applicable law or instructions of the Kingdom. However, the general assembly may at any time fire all or any of the board members without prejudice to the fired member right to compensation from the company if termination occurs without valid reason or in an unsuitable time. A board member may resign provided that be in a suitable time otherwise he will be liable to the company for the damages resulting from his resignation.

#### **Article (19): vacant position in the board:**

If a member position becomes vacant, the board may hire a temporary competent and experienced member to the vacant position, this hiring shall be notified to the related regulated authorities within regular period and it shall be presented to the general assembly in its nearest meeting. The new member shall complete the term of his predecessor. If the board meeting cannot be held by reason of lack of members from the minimum limit set forth in the Law of Companies or in these articles, the



remaining members have to call for meeting of the general assembly within 60 days to elect the required number of members.

**Article (20): the board powers:**

Without prejudice to the terms of reference of the general assembly, the board of directors shall have the widest authorities and powers to manage the company, to setup its policies, to define its investments, to supervise its business and funds and to run its affairs inside and outside the Kingdom to realize the company purposes in accordance with the provisions of the Companies Law.

The board shall have the right contract, to commit and to bind itself in the name of the company and on its behalf, to enter in tenders, to perform all works and disposals, to sign loans, guarantees and sponsorships agreements, to issue powers of attorney on behalf of the company, to sell, to purchase, to accept the same, to receive, to deliver, to rent, to lease, to pay, to merge and to divide land deeds, to open accounts and L/Cs, to withdraw, to deposit to banks, to issue guarantees to banks, funds and government financing institutions, to sign all documents, promissory notes, checks, all commercial papers, documents and all banking transactions. The board shall have the right to subscribe in the company name to the stocks of companies offered in the Capital Market, as well as subscribing by shares in unincorporated companies, possessing activities and companies by share or by complete purchase. The board shall have the right to purchase, to sell and to mortgage the company stocks as per the rules setup by the competent authority. The board may sell, purchase and mortgage the company real estates, movable assets and properties provided that in case of the company real estates sale,



the board minutes and decision preambles on disposal of that must include taking the following conditions into consideration:

- In the sale decision the board has to state the reasons and justifications
- Sale price shall be close to price of the similar
- Sale shall be made in cash unless in cases considered by the board under adequate guarantees

The board may conclude loans with government funds and financing institutions and commercial loans with commercial banks, finance houses and credit companies for any suitable period.

The board may provide financial support to any of the companies in which the company participates, subsidiaries and sister companies and to guarantee the credit facilities which the companies in which the company participates, subsidiaries and sister companies participate provided that the partners of these companies have to provide financial support on pro rata of their ownership rate in the company.

The board shall in the cases it deems appropriate has the right to discharge the company debits from their liabilities as it realize the company interest provided that the board minutes and decision preambles must include taking the following conditions into consideration:

- Discharge shall be made after the elapse of at least one full year from the debt occurrence date.



- Discharge shall be for a limited amount as a maximum for a debtor for each year
- Discharge from debt is the right of the board and may not be authorized to others.

The board shall within its terms of reference have the right to authorize its powers set forth above, taking a certain procedure, a certain disposal or performing a certain work(s) to one or more of its members or others.

**Article (21): the board chairman, CEO and the secretary:**

The board shall appoint from its members a chairman and a vice-chairman and it may appoint a CEO. No one of the members may hold together the positions of chairman and any other executive position in the company. The Chairman or the vice-chairman in case of his absence shall be concerned with calling board for meeting, chairing the board meetings and the shareholders general assemblies, approval of the board decisions and signing the same. The board chairman may delegate these powers and the powers granted to him by the board from time to time to others. Also, the board chairman shall have the right to represent the company with judicial authorities, arbitration boards, other entities, chambers of commerce & industry, private corporations, companies, establishments of various kinds, and he has the right to issue powers of attorney for company employees or a third party outside the company, to hire and fire agents and lawyers, the right to pleading, defending, conciliation, declaration, arbitration, acceptance and appeal of judgments on behalf of the company, as well as signing all kinds of contracts and documents including – but not limited to- memoranda of



association of the companies in which the company participates with all their amendments and appendices, the right to sign agreements and instruments and the right of conveyance before notary public and official authorities, to sign loans agreements with government financing funds, banks and finance houses, guarantees, sponsorships and mortgages, mortgage release, collecting the company debts, settlement of the company liabilities, lands deeds merger and division, enter in tenders, opening accounts and L/Cs, deposit with banks, rendering bonds, checks and all commercial papers. The board chairman may by a written decision authorize some of its powers to other board members or to others to perform a certain work(s), and the board chairman shall have the right to issue decisions on appointing legal representative for the company in order to represent the company before others, before all general courts, board of grievances, administrative courts, judicial commissions of various types and classes, all government bodies, ministries, departments, executive bodies and branches thereof concerning all kinds of cases.

The Managing has the power which The Board determined by a pursuant from the Board of Directors.

The board shall appoint a secretary from the board members or from others to record the board meeting minutes and the general assemblies meetings and to practice all the other terms of reference assigned to him by the board. The board shall decide the remuneration of the secretary.

The term of each of the board chairman, CEO and secretary (if he is a board member) shall not exceed the period of the membership term of each of them in the board, and they may be re-elected. The board may at anytime fire them or fire anyone of them without prejudice to their



rights to indemnity if termination occurs without valid reason or in an unsuitable time. The board may appoint a CEO for the company from the board members or from others. The positions of the CEO and the general manager may be held together by one person. The board shall decide the authorities, powers, tasks, remuneration and term of the CEO in his appointment decision.

The board chairman shall by a written decision issued by him charge the company legal affairs manager or Third party from outside company to legally represent the company before judicial authorities, arbitration boards, all ministries, all authorities with all their departments. The legal affairs manager and the Third party from outside company has the right to authorize others in all or part of his powers

**Article (22): the board meetings:**

The board shall hold at least 4 meetings per year by convocation of its chairman. Convocation for meeting shall be made in writing and shall be delivered by hand or sent by mail, by fax or by e-mail as per the rules of the competent body. Convocation for meeting shall include the date and venue of the meeting before a suitable period from the date fixed for the holding the meeting. The board chairman must call the board for meeting upon request of two board members.

**Article (23): the board meetings quorum and decisions:**

The board meeting quorum shall not be legal unless at least 5 members personally attend. If a board member authorizes another member to attend the board meeting for him, this authorization shall be according to the following rules:



- A board member may not attend on behalf of more than one member in the same meeting
- Attending on behalf of another member shall be made in writing for a definite meeting.

A board member attending on behalf of another member may not vote on decisions from which the law prohibits the principal member to vote on.

The board members meeting shall be issued by the majority of the members attending the meeting personally or representing others. If votes are equal, the board chairman or the meeting chairman shall have a casting vote. The board meeting may be held by one of the current means of communication to make all the members communicate with each other during the meeting provided that copies of the issued decisions in the meeting shall be sent to the board members to sign them. The board may render decisions by circulation by presenting them to majority of members severally in necessary cases. All the board members approval of the decisions shall be made in writing and all these decisions shall be presented to the board in its first following meeting to ratify these decisions and record them in the minutes of the meeting of the Board of Directors.

**Article (24): the board committees:**

- The board has the right to setup all assistant committees except the audit committee, to grant them the powers it deems suitable and to coordinate between these committees for fast settlement of matters submitted to them.



- The audit committee shall be setup by a decision of the ordinary general assembly from persons other than the executive board members either from shareholders or others provided that the audit committee members shall not be less than three and not more than five members. The setup decision shall state the committee tasks, its work rules and its members remunerations. The audit committee shall audit the company works and it has the right to review the company records and documents and to order any clarification or statement from the board members or from the executive management. The audit committee may request the board to call for the general assembly meeting if the board hampers its work or if the company suffers severe damages or losses.

**Article (25): the board members remunerations:**

The board members remunerations may be a certain amount, meetings attendance allowance, benefits in kind or a certain percentage of the net profits or two or more of these benefits together as per the provisions of the Law of Companies and its Regulations. The board report to the ordinary general assembly has to include a comprehensive statement for all remunerations, expenses allowances and other benefits that the board members obtained during the financial year as well as what the board members received as workers or administrative or what they received against technical, admirative or consultative works, in addition to a statement of the number of the board sessions and the sessions attended by each member from the date of the last general assembly meeting. If the board members remuneration is a percentage, it must not exceed of 10% of the net profits after deducting the reserves decided by the assembly in implementation of the Law provisions. provided that the





entitlement of this remuneration shall be suitable to the number the sessions attended by each member. The total remunerations, in kind or financial benefits obtained by the board member may not in all cases by the competent authority. Special additional remuneration may be granted to each of the board chairman and the Managing Director, in addition to the remuneration decided to the board members as decided by the board.



**Part 4: shareholders assemblies**

**Article (26): attending assemblies meetings:**

A legally setup general assembly shall represent all shareholders and shall be held in the city where the company head office locates. Each subscriber whatever be the number of its stocks shall have the right to attend the general assembly transformation meeting personally or on behalf of another subscriber. Each shareholder shall have the right to attend the shareholders general assemblies and he shall have the right to authorize a person other than the board members or the company employees to attend the general assembly.

**Article (27): the ordinary general assembly:**

Except the matters with which the ordinary general assembly is concerned, the ordinary general assembly is concerned with all matters related to the company and it shall hold a meeting at least once per year during the six months following to the end of the company financial year. Other ordinary general assemblies may be called for meeting as needed.

**Article (28): the extraordinary general assembly:**

The extraordinary general assembly is concerned with amendment of the company articles of association except the provisions it is prohibited to amend as per the law, and the extraordinary general assembly has the right to issue decisions on matters within the terms of reference of the ordinary general assembly in the same conditions and situations decided for the last assembly.



**Article (29): general assemblies call for meeting :**

The shareholders general assembly or private assemblies shall hold meetings upon convocation of the board in accordance with the Law of Companies and its regulations. The board has to call the ordinary general assembly for meeting if required by the account auditor, the audit committee or any number of shareholders representing at least 5% of the company capital. The account auditor may call the ordinary general assembly for meeting if the board has not called the ordinary general assembly for meeting within 30 days from the date of the accounts auditor's request. The call for holding the ordinary general assembly meeting shall be announced in a daily newspaper to be distributed in the company headquarters and TADAWUL site before at least 21 days from the date fixed for the meeting. A copy of the call for meeting and the meeting agenda shall be sent to the Ministry and to the Capital Market Authority within the period fixed for announcement. The meetings of the shareholders general assemblies shall be chaired by the board chairman or the vice-chairman during the absence of the chairman or shall be chaired by any member the board selects in the absence of the chairman and the vice-chairman.

**Article (30): attendance proof:**

At holding a meeting of the general assembly, a statement of the attendant shareholders and representatives, their residence addresses, the stock they possess personally or by proxy and the number of the votes allocated for them shall be prepared. Each interest part shall have the right to review this statement.



**Article (31): quorum of the ordinary general assembly:**

The meeting of the ordinary general assembly shall not be deemed correct unless it is attended by shareholders representing at least the quarter of the company capital. If the legal quorum for holding this meeting is not available, a call shall be addressed for another meeting to be held within the 30 days following to the previous meeting as per the method set forth of article 29 of these articles of association. Despite that the company may hold the second meeting after one hour from the elapse of the period fixed for holding the first meeting provided that the convocation for holding the first meeting includes a statement on the possibility to hold this meeting. The second meeting shall in all cases be deemed correct whatever be the number of the stocks represented therein.

**Article (32): quorum of the extraordinary general assembly:**

The meeting of the extraordinary general assembly shall not be deemed correct unless it is attended by shareholders representing half of the company capital. If the legal quorum for holding this meeting is not available, a call shall be addressed for another meeting to be held within the 30 days following to the previous meeting as per the method set forth of article 29 of these articles of association. Despite that the company may hold the second meeting after one hour from the elapse of the period fixed for holding the first meeting provided that the convocation for holding the first meeting includes a statement on the possibility to hold this meeting. The second meeting shall in all cases be deemed correct if attended by shareholders representing at least one fourth of the capital. If quorum for holding the second meeting is not available, a call shall be addressed for a third meeting to be held as per the method set forth of



article 29 of these articles of association and the third meeting shall be deemed correct whatever be the number of the stocks represented therein after the approval of the competent authority.

**Article (33): votes:**

Each subscriber and shareholder have a vote in the general assemblies for each stock. Accumulative voting must be used in the elections of the board of directors.

**Article (34): decisions:**

Decisions of the general assembly shall be rendered by the majority of the stocks represented therein, however if these decisions are related to assessment of shares in kind or special benefits, approval of the majority of subscribers of cash stocks representing two thirds of the said stocks must be obtained after excluding what is subscribed by the holders of shares in kind or benefiting or holders of special benefits who will have no opinion in these decisions even if they are holders of cash stocks. Decisions of the general assembly meetings shall be rendered by majority of the stocks represented in the meeting. Decisions of the extraordinary general assembly shall be rendered by the majority of two thirds of the stocks represented in the meeting unless the decision is related to capital increase or decrease, extending the company term, dissolving the company before the elapse of its term or merging the company in another company or establishment where the decision will not be deemed correct unless it is rendered by the majority of two thirds of the stocks represented in the meeting.



**Article (35): agenda discussion:**

Each shareholder has the right to discuss the items of the general assembly meeting agenda and to address questions on the agenda items to the board members and the accounts auditor. The board members or the accounts auditor shall answer the shareholders questions in a way that does not jeopardize the company interest. If a shareholder considers an answer to his question is not satisfactory, the shareholder has the right to resort to the general assembly and its decision in this respect shall be effective.

**Article (36): procedures of the general assembly:**

The general assembly meeting shall be held by the board chairman or his authorized representative if he is absent, and the chairman shall appoint a secretary and votes collector. Minutes shall be written in the meeting including the names of attendant shareholders or represented shareholders, the number of stocks they possess personally or by proxy, the number of the votes of these stocks, decisions made, the number of votes that have agreed or disagreed with them and adequate summary of the discussions made in the meeting. Minutes shall be regularly recorded after each meeting in a social record signed by the general assembly chairman, its secretary and votes collector.



**Part 5: accounts auditor**

**Article (37): appointment of accounts auditor:**

The company shall have an account auditor(s) licensed for work in the Kingdom appointed by a decision of the shareholders assembly which decide his remuneration and work period and the account auditor may be re-appointed provided that its appointment total periods may not exceed 5 consecutive years. Any auditor who completes this period may be re-appointed after the elapse of two years from the date of its elapse. The general assembly may at any time terminate the accounts auditor without prejudice to his right to indemnity if termination occurs without valid reason or in an unsuitable time.

**Article (38): powers of accounts auditor:**

The account auditor may at any time review the company books, records and other documents and he has the right to order the data and clarifications he deems necessary to obtain to verify the company assets, obligations and other matters within the scope of his work. The board chairman must enable the account auditor to perform his task. If the account auditor encounters any difficulty in this respect, he shall state that in a report to be submitted to the board. If the board fails to facilitate the task of the account auditor, the account auditor must request the board to call for an ordinary general assembly meeting to consider the matter. The account auditor has to submit to the annual meeting of the general assembly a report prepared according to the recognized audit standards including the company situation regarding enabling him to obtain the data and the clarifications he ordered, the violations to the laws provisions or the provisions of the company articles of association



he may discover and his opinion on the fairness of the financial statements of the company. The account auditor shall recite his report in the general assembly meeting. If the general assembly decides to approve the report of the board of directors and the financial statements without hearing the account auditor's report, the decision of the general assembly shall be considered null and void.

**Part (6); the company accounts and profits distribution:**

**Article (39): the financial year:**

The company financial year starts from 31 December every Gregorian year and the company first financial year starts from the date of the decision on announcing the company incorporation and ends on 31 December of the next year.

**Article (40): the company accounts and financial reports:**

The company board shall at the end of each financial year of the company prepare the company financial statements, report on the company activity, its financial situation on the elapsed financial year. This report shall include the method suggested for profit distribution. The board shall place these documents at the disposal of the accounts auditor before at least 45 days from the date fixed for holding the general assembly.

The company board chairman, CEO and financial manager must sign the documents referred to in paragraph (1) of this article. Copies of these documents shall be saved in the company head office or in TADAWOL site at the disposal of the shareholders before at least 21 days from the date of holding the general assembly.





The company board chairman must provide the shareholders of the company financial statements, the board report and the auditor's report unless they published in a daily newspaper distributed in the company headquarters.

The company board chairman has to send a copy of these documents to the Ministry and to Capital Market Authority before at least 15 days from the date of holding the ordinary general assembly.

**Article (41): profits distribution:**

After deduction of all general expenses and other cost, the company net annual profits shall be distributed as follows:

- 1- 10% of the net profits shall be retained to form the legal reserve. The general assembly may stop retaining this reserve whenever it reaches 30% of the company paid capital.
- 2- Percentage of then net profits may be retained to form agreed legal reserve for the purposes stated by the board in time.
- 3- The ordinary general assembly may decide to make other legal reserve in the amount which realizes the company interest or to ensure distribution of fixed profits as possible to the shareholders. The ordinary general assembly may also deduct amounts from the net profits to setup social establishments for the company employees or for assisting any existing social establishments.
- 4- After that, distribute a profit from the remaining balance to the shareholders at least (5%) of the net profits.
- 5- After satisfying the controls setup by the competent bodies, the company may distribute semi-annual and quarterly profits.



6- The company may upon recommendation of the board and approval of the general assembly not pay profits to the shareholders.

**Article (42): profits accruals:**

A shareholder shall be entitled to its share in profit as per the decision of the general assembly issued for this purpose. The decision shall show the date of entitlement and distribution. The shareholders recorded in the shareholders records shall be entitled to the profits at the end of the day of due date.

**Article (43): distribution of premium stocks profits:**

If the company has not distributed any profits for any financial year, no profits of the following years shall be distributed unless the fixed rate is paid as per the provisions of article 114 of the Law of Companies to holders of premium stocks for this year. If the company fails to pay the fixed rate as per the provisions of article 114 of the Law of Companies for three consecutive years, the special assembly of the holders of these stocks held according to article 89 of the Law of Companies may decide either they attend the company general assembly meetings and participate in voting or appointing representatives for them in the board of directors on pro rata of their stock to the capital until the company is able to pay all priority profits allocated to the holders of these stocks for the previous years.

**Article (44): the company losses:**

If the company losses reach half of its capital at any time during the financial year, any official of the company or the accounts auditor must inform the board chairman of that and the board chairman shall



immediately inform the board members of that immediately and the board shall within 15 days of being aware of that call the extraordinary general assembly for meeting within 45 days of the date of being aware of the losses to decide either to increase or to decrease the company capital as per the provisions of the Law of Companies to the limit in which losses drop to less than half of the paid up capital or to dissolve the company before its term expiry date set forth in the articles of association. The company shall be deemed expired by the Law of Companies if the general assembly fails to meet during the above-mentioned period or if it holds a meeting and it fails to render a decision on the subject or if it decides to increase the company capital as per the situations stated in this article and no subscription is made in each capital increase within 90 days from the date of rendering the general assembly decision on the capital increase.

**Part (7): disputes:**

**Article (45): liability case:**

Each shareholder has the right to raise the liability case decided to the company against the board members if their fault causes damages to him provided that the company right to raise this liability case is still existing. The shareholder must notify the company of its intention to raise the case taking into consideration the provisions of article 78 of the Law of Companies.



**Part (8): the company dissolution and liquidation:**

**Article (46): liquidation and liquidator's appointment:**

At the company expiration or pre-liquidation, the extraordinary general assembly shall upon request of the board decide the method of liquidation and it shall appoint one or more liquidators, their powers and costs shall be decided and the board authority expires by the company expiration, and however, the board shall continue the company management until a liquidator is appointed and the company terms of reference remains without contradiction to the powers of the liquidators.

**Part (9): final provisions:**

**Article (47): the Law of Companies:**

the Law of Companies shall be applied to all that is not mentioned in these articles of association

**Article (48): publishing:**

These articles of association shall be deposited and published as per the Law of Companies.

Attested by the Department of Companies Governance, Ministry of Commerce

Signature                      28/03/2022

**Official Stamp**