

Date:24/11/1443H corresponding to (23/06/2022G).

Outline no: 6



Shareholders' Circular

Red Sea International Company

Reducing the capital of the Red Sea International Company from sixty million (60,000,000) ordinary shares with a value of six hundred million (600,000,000) Saudi riyals to thirty million two hundred and thirty-four thousand and four hundred (30,234,400) ordinary shares with a value of three hundred and two million three hundred and forty-four thousand (302,344,000) Saudi riyals

Circular to Shareholders, presented to the Extraordinary General Assembly (“Circular”)

Date: (.../.../1443H) corresponding to (.../.../2022G).

FINANCIAL ADVISOR



Contents

THE COMPANY	4
ADVISORS	5
1- TERMS AND DEFINITIONS:	7
2- COMPANY OVERVIEW:.....	8
3- GENERAL STRUCTURE OF THE PROPOSED CAPITAL REDUCTION:	14
4- REASONS FOR THE BOARD OF DIRECTORS' RECOMMENDATION TO REDUCE THE SHARE CAPITAL:	16
5 -EVOLUTION OF THE COMPANY'S ACCUMULATED LOSSES:	17
6- THE EXPECTED FUTURE REFORM PLAN AND STEPS TAKEN TO PREVENT LOSSES:.....	19
7- IMPACT OF REDUCING THE COMPANY'S CAPITAL ON THE RIGHTS OF THE COMPANY'S SHAREHOLDERS:	20
8- IMPACT OF CAPITAL REDUCTION ON THE COMPANY'S OPERATIONS AND OBLIGATIONS:	24
9- POTENTIAL RISKS ASSOCIATED WITH REDUCING THE COMPANY'S CAPITAL:	25
10- THE EXPECTED CAPITAL REDUTION TIMEFRAME:	26
11- CAPITAL REDUCTION:.....	27
12- REQUIRED REGULATORY APPROVALS:	28
13- RELEVANT LAWS AND REGULATIONS	29
14- AUDITOR REPORT	30
15- OPINION OF THE LEGAL ADVISOR.....	31
16- IMPORTANT INFORMATION	32
17- DOCUMENTS AVAILABLE FOR INSPECTION	34
APPENDICES	35

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The advisors whose names mentioned above have provided their written consent to refer to their names and logos and to include their statements (**as applicable**) in the form and content of this circular.

1- TERMS AND DEFINITIONS:

TERM	MEANING
STOCK MARKET OR TADAWUL	Saudi Tadawul Company, a subsidiary of the Saudi Tadawul Group.
CMA	The Capital Market Authority of the Kingdom of Saudi Arabia.
COMPANY	Red Sea International Company
CIRCULAR	This Shareholders' Circular as prepared by the Company and addressed to its shareholders relating to the reduction of the Company's capital.
ELIGIBLE SHAREHOLDERS	Shareholders who own shares at the end of trading on the day of the Extraordinary General Assembly to reduce the capital and registered in the Company's shareholders register at the Depository Center at the end of the second trading day following the day of the Extraordinary General Assembly to reduce the capital on (.../.../...H) corresponding to (.../.../...G).

2- COMPANY OVERVIEW:

Red Sea International Company (hereinafter referred to as “the Company”, “the Source” or “Red Sea”) is a Saudi joint stock Company, established by virtue of Ministerial Resolution No. (Q/2532), issued on (02/09/1427H) corresponding to (25/09/2006G) and registered under Commercial Register No. (1010566349), issued in the city of Riyadh on (13/07/1440H) corresponding to (20/03/2019G).

The Company's activity is currently focused on the purchase of land and real estate for the purpose of developing them, constructing residential and commercial buildings thereon, and eventually selling or renting them. The group's activities also include the manufacturing of non-concrete housing units, general contracting, maintenance and facility construction, civil works, catering, food product services and trading. In addition, the Group is also engaged in the manufacture and sale of paints and related services.

The head office of the Company is located in the city of Riyadh, Building No. 3485 Al Thumama Road, Al Rabea District, P.O. 9371, 11413, Kingdom of Saudi Arabia.

The Company's current capital is six hundred million (600,000,000) Saudi riyals divided into sixty million (60,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share.

2-1 MAJOR DEVELOPMENTS IN THE COMPANY'S SHARE CAPITAL:

DATE	EVENT
18 Rajab 1427H (corresponding to August 12, 2006G)	The Company listed and registered thirty million (30,000,000) ordinary shares with a nominal value of ten (10) Saudi riyals per share in the Saudi Stock Exchange ("Tadawul"), where nine million (9,000,000) ordinary shares were offered for public subscription with a nominal value of ten (10) Saudi riyals per share, representing (30%) of the Company's capital
2 Ramadan 1427H (September 25, 2006G)	The Company was established as a Saudi joint stock company, pursuant to Ministerial Resolution No. (Q/2532) issued on 02/09/1427H (corresponding to 25/09/2006G)
26 Jumada al-Awwal 1433H (corresponding to April 18, 2012G)	Approval to increase the capital from three hundred million riyals (300,000,000) to four hundred million riyals (400,000,000) at a rate of 33.33%, to increase the number of shares from thirty (30) million shares to forty (40) million shares by granting one (1) free share for each Three (3) shares owned by the shareholder on the day of the assembly. In addition, this is financed by deducting one hundred million riyals (100,000,000) from the balance of the retained earnings as on (31/12/2011G). This is in addition to amending Article (06) and (07) of the Company's bylaws in line with the increase.
24 Jumada al-Thani 1435H (corresponding to April 24, 2014G)	Approval to increase the capital from four hundred million riyals (400,000,000) to six hundred million riyals (600,000,000) at a rate of 50%, bringing the number of shares from forty (40) million shares to sixty (60) million shares by granting one (1) free share for each two (2) shares owned by the shareholder on the day of

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	<p>the general assembly meeting. Furthermore, this is financed by deducting two hundred million riyals (200,000,000) from the balance of the remaining winds as on (31/12/2013G). Moreover, the increase comes to support the company's capital base and to keep pace with the objectives of the growth strategy for the year 2020G, adopted by the Company.</p>
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2-2 Members of the Board of Directors:

The Board of Directors is composed of eight (8) members who were appointed for a period of three (3) years starting on (10/05/2021G). The following table sets out the members of the Board of Directors and the individual shareholding thereof in the Company as on (18/05/2022G):

Name	Position	Capacity	Nationality	Age	Shares owned before the reduction				Membership date
					Direct		Indirect		
					No.	Ownership percentage	No.	Ownership percentage	
Amr Abdullah Al-Dabbagh	Chairman	Non-executive	Saudi	57	0	0	30,600,000	51	10/05/2021G
Sami Ahmed bin Mahfouz	Deputy Chairman	Non-executive	Saudi	69	2,334	0.00389	0	0	10/05/2021G
Khaled Mohamed Fakhri	Member	Non-executive	Saudi	54	0	0	0	0	10/05/2021G
Peter Walichnowski	Member	Independent	British	55	0	0	0	0	10/05/2021G
Osama Zakaria Jamjoom	Member	Independent	Saudi	60	0	0	0	0	10/05/2021G
Mujahid Abdul Karim Al-Qain	Member	Independent	Saudi	63	0	0	0	0	10/05/2021G
Mohamed Zaher Salah Al-Din Al-Munajjid	Member	Independent	Saudi	68	0	0	0	0	10/05/2021G

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Taher Muhammad Omar Aqeel	Member	Non-executive	Saudi	64	0	0	0	0	10/05/2021G
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2-3 SENIOR EXECUTIVES:

The following table sets out Company's Senior Executives as at as on the date of this Circular and their shareholding in the Company as on May 18, 2022G:

Name	Position	Nationality	Joining date	Shares owned before the reduction			
				Direct		Indirect	
				No.	Ownership percentage	No.	Ownership percentage
Mr. Khaled Mohamed Khalil Fakih	Managing Director and CEO	Saudi	May 03, 2021G	0	0	0	0
Mr. Ghassan Yaqoub Basna	Chief Financial Officer	Lebanese	June 15, 2021G	0	0	0	0

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2-4 Shareholder names and ownership percentages in the Company:

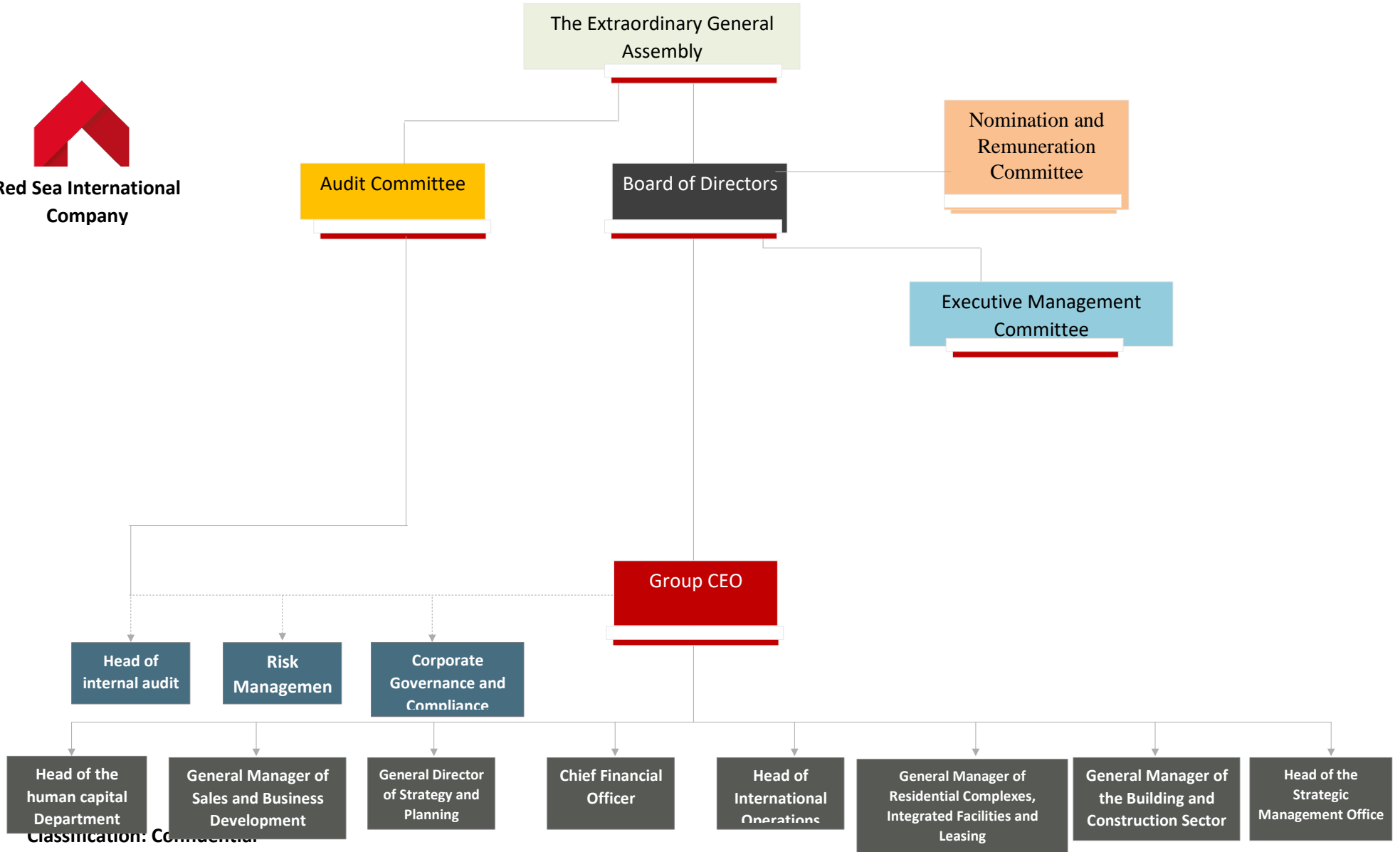
Name	Before capital reduction		After capital reduction		Ownership percentage before capital reduction	Ownership percentage after capital reduction
	Number of Shares	Value (SAR)	Number of Shares	Value (SAR)		
AL-DABBAGH GROUP HOLDING COMPANY LTD.	30,600,000	306,000,000	15,778,737	157,787,370	51%	51%
BUSINESS DEVELOPMENT GROUP	5,400,000	54,000,000	2,784,483	27,844,830	9%	9%
NATIONAL SCIENTIFIC COMPANY LIMITED	3,000,000	30,000,000	1,546,935	15,469,350	5%	5%
MARKETING AND COMMERCIAL AGENCIES COMPANY	3,000,000	30,000,000	1,546,935	15,469,350	5%	5%
THE PUBLIC	18,000,000	180,000,000	9,281,610	92,816,100	30%	30%
TOTAL	60,000,000	600,000,000	30,234,400	302,344,000	100.00%	100.00%

Source: the Company and Tadawul as on (08/11/1443H) corresponding to (07/06/2022G).

2-5 Organizational Structure of the Company

Red Sea International Company

Organizational Chart



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3- GENERAL STRUCTURE OF THE PROPOSED CAPITAL REDUCTION:

On (21/10/1443H) corresponding to (22/05/2022G), the Company announced, through the Tadawul website, the recommendation of its Board of Directors during its meeting on (21/10/1443H) corresponding to (22/05/2022G) to reduce the Company's capital from six hundred million (600,000,000) Saudi riyals to three hundred and two million three hundred and forty-four thousand (302,344,000) Saudi riyals, divided into thirty million two hundred and thirty-four thousand and four hundred (30,234,400) ordinary shares with a nominal value of ten (10) Saudi riyals per share.

The capital is being reduced by approximately (49.61%) through the cancellation of twenty-nine million seven hundred and sixty-five thousand six hundred (29,765,600) ordinary shares of the Company's issued shares (with a nominal value of ten (10) Saudi riyals per share), i.e. the cancellation of One (1) share for every (2,016) of the Company's issued shares. The accumulated losses of the Company as on March 31, 2022G, amounting to two hundred and ninety-seven million six hundred and fifty-six thousand (297,656,000) Saudi riyals, will thus be offset.

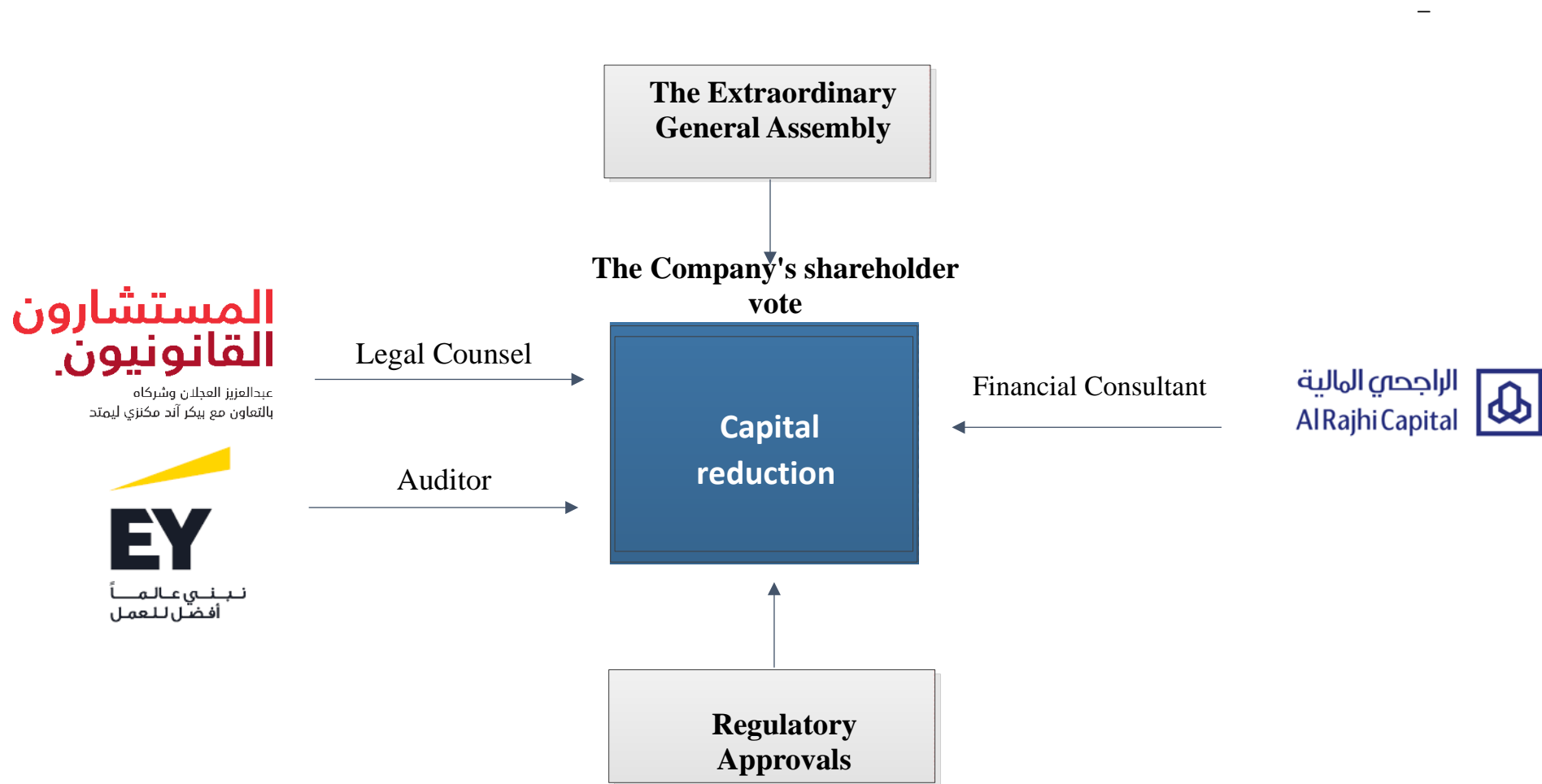
Fractional shares resulting from the capital reduction will be collected in one portfolio to be sold on the Saudi Stock Exchange (**Tadawul**) at the prevailing price at the time. In addition, with the proceeds thereof distributed to beneficiaries, each according to their ownership in such fractional shares within thirty (30) days from the day of the Extraordinary General Assembly in which the shareholders approved the capital reduction.

The Company has undertaken a set of procedures to complete the capital reduction, as follows:

- On 21/10/1443H corresponding to (22/05/2022G), the Company announced, through the Tadawul website, the recommendation of its Board of Directors to reduce the Company's capital from six hundred million (600,000,000) Saudi riyals to three hundred and two million three hundred and forty-four thousand (302,344,000) Saudi riyals through canceling twenty-nine million seven hundred and sixty-five thousand six hundred (29,765,600) ordinary shares of the Company's issued shares, with a nominal value of ten (10) Saudi riyals per share.
- On 13/09/1443H corresponding to (14/04/2022G), the Company appointed Al Rajhi Capital as a financial advisor for the capital reduction process.
- On 08/10/1443H corresponding to (09/05/2022G), the Company appointed the office of Abdul-Aziz Al-Ajlan & Partners Lawyers and Legal Consultants as a legal advisor for the capital reduction process.
- On 17/10/1443H corresponding to (18/05/2022G), the Company appointed Ernst & Young Professional Services Company as a Auditor to prepare the report on the capital reduction process.
- On (28/10/1443H) corresponding to (29/05/2022G), the Company prepared and submitted a file for the approval of the capital reduction application to the CMA.
- On (17/10/1443H) corresponding to (16/06/2022G), the Company obtained the approval of the Capital Market Authority ("CMA") to reduce the Company's capital from six hundred million (600,000,000) Saudi riyals to three hundred and two million three hundred and forty-four thousand (302,344,000) Saudi riyals by canceling twenty-nine million seven hundred and sixty-five thousand six hundred (29,765,600) ordinary shares of the Company's issued shares, and this approval has been announced on the CMA's website and the Saudi Stock Exchange website (Trading) on ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G),
- The Company called for the extraordinary general assembly of the Company's shareholders to vote on the capital reduction process and announced it on the Tadawul website on ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G), Moreover, this Circular will also be included in the announcement.

- In the event the shareholders agree to the capital reduction process in the extraordinary general assembly, trading of the Company's shares will be suspended for a period of two working days starting from the date of ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G), to ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G). Furthermore, the shares will then be traded at the adjusted price on ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G),

STRUCTURE OF THE PARTIES INVOLVED IN THE CAPITAL REDUCTION PROCESS:



4- REASONS FOR REDUCTION OF THE SHARE CAPITAL AND DISCUSSION OF MANAGEMENT ANALYSIS:

The main reasons for the reduction of the share capital are as follows:

- Offset accumulated losses as on March 31, 2022G, amounting to two hundred and ninety-seven million six hundred and fifty-six thousand (297,656,000) Saudi riyals, by canceling (29,765,600) ordinary shares with a decrease of (49.61%) of the Company's current capital. As the percentage of accumulated losses in the Company's capital amounted to (49.61%), based on the Company's condensed interim consolidated financial statements (unaudited) for the period ending on March 31, 2022G. One (01) share will be canceled for every (2.016) shares of the Company issued to amortize (49.61%) of the Company's current capital.
- Improving the financial ratios and a good presentation of the Company's financial statements, which contributes to improving the financial position and enhancing the financial solvency and its negotiating position vis-à-vis third parties, which include financial institutions, shareholders and the parties with whom the Company deals.
- Restructuring the capital to offset accumulated losses and support its future plans.
- The Company's business was disrupted as a result of COVID-19 and the cancellation of many projects in the past two years, which led to an increase in accumulated losses.

5 -EVOLUTION OF THE COMPANY'S ACCUMULATED LOSSES:

The following table summarizes the evolution of accumulated losses in chronological order since 2018G:

Fiscal year	Capital (SR)	Accumulated losses (SR)	Loss ratio of capital	The main causes of accumulated losses
2018	600,000,000	12,129,000	2.02%	* As a result of depreciation in investment properties and a decline in the level of occupancy.
2019	600,000,000	115,741,000	19.29%	* As a result of amortization, the decline in the level of occupancy and the increase in administrative expenses.
2020	600,000,000	146,217,000	24.37%	* Additional costs for projects as a result of COVID-19, amortization, declining occupancy levels, and projects with pricing below the assumed price.
2021	600,000,000	278,834,000	46.47%	* Additional costs for projects as a result of COVID-19, amortization, declining occupancy levels, and projects with pricing below the assumed price.
The first quarter of 2022G	600,000,000	297,656,000	49.61%	* The delay in awarding some projects, which led to losses in the first quarter, despite the fact that the percentage of the gross profit margin for new projects increased, which led to a reduction in losses compared to the first quarter of last year.

Source: The Company

The Company obtained CMA approval to reduce the Company's capital from six hundred million (600,000,000) Saudi riyals to three hundred and two million three hundred and forty-four thousand (302,344,000) Saudi riyals on [\(17/11/1443H\)](#) corresponding to [\(16/06/2022G\)](#).

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The Company called for a meeting of the extraordinary general assembly of the Company's shareholders and announced it on the Tadawul website on (.../.../...H) corresponding to (.../.../...G). A copy of this Circular was also included in the announcement. If the Extraordinary General Assembly approves the article reducing the Company's share capital, the percentage of accumulated losses will decrease from (49.61%) to (0%) of the capital once reduction is concluded.

6- THE EXPECTED FUTURE REFORM PLAN AND STEPS TAKEN TO PREVENT LOSSES:

In its resolution dated (18/10/1443H) corresponding to (19/05/2022G), the Company's Board of Directors recommended to reduce the Company's capital from six hundred million (600,000,000) Saudi riyals to three hundred and two million three hundred and forty-four thousand (302,344,000) Saudi riyals. The Board of Directors believes that this decision is in the interest of the Company and its shareholders. In order to enhance the Company's financial solvency, support the strategic expansion of its activities and improve the operational and financial performance, the Company's Board of Directors decided to task the executive management with studying ways to restructure the capital, including reducing the capital and then raising the capital in proportion to the Company's financial position.

Towards that end, the Company intends to:

- Improve the Company's financial performance.
- Increase the Company's market share.
- Invest in expansion projects after the capital raising process.

In order to reduce its losses, the Company started taking the necessary remedial measures including, but not limited to:

- Strengthening corporate governance and imposing new regulations to reduce Company expenses
- Moving the head office to Riyadh and consolidating the entire Group's shared services at its headquarters
- Improving the Company's efficiency by reducing operating expenses to a minimum
- Working on developing revenue streams by focusing on Vision 2030 projects
- Improving contract pricing to ensure the Company's profitability from projects
- Reducing unused inventory

7- IMPACT OF REDUCING THE COMPANY'S CAPITAL ON THE RIGHTS OF THE COMPANY'S SHAREHOLDERS:

The Company intends to reduce its capital from six hundred million (600,000,000) Saudi riyals to three hundred and two million three hundred and forty-four thousand (302,344,000) Saudi riyals, a decrease of (49.61%), thus reducing the number of Company shares from sixty million (60,000,000) ordinary shares to thirty million Two hundred and thirty-four thousand and four hundred (30,234,400) ordinary shares; which means that the reduction ratio will be (1) share for every (2.016) of the Company's issued shares, based on the Company's condensed interim consolidated financial statements (unaudited) for the period ended (31/03/2022G).

The reduction of the Company's capital is mainly to offset most of the Company's accumulated losses amounting to two hundred and ninety-seven million six hundred and fifty-six thousand (297,656,000) Saudi riyals as on March 31, 2022G and a limited confirmation report on reducing the Company's capital as issued by the Company's Auditor, by the amount of the canceled shares, amounting to (29,765,600) Company ordinary share. Accumulated losses will thus represent 0% of the Company's capital after the reduction is completed.

Fractional shares (if any) resulting from the capital reduction will be collected in one portfolio to be sold on the Saudi Stock Exchange (Tadawul) at the prevailing price at the time, with the proceeds thereof distributed to the beneficiaries, each according to their ownership in such fractional shares within thirty (30) days from the day of the Extraordinary General Assembly in which the shareholders approved the capital reduction.

The reduction of the Company's capital will not affect the market value of the Company's shareholder portfolios, as shown in the hypothetical table below:

Item (estimated)	Before the capital reduction	After the capital reduction
Shares owned before the reduction	1,000 shares	1,000 shares
Share price before reduction* (Closing price 06/16/2022G)	SAR 16.70	SAR 16.70
Canceled shares	Not applicable	497 shares
Reduction ratio	Not applicable	%49.70
Shares owned after reduction	Not applicable	503 shares
Share price after reduction(estimated)	Not applicable	33.14 SAR
Market value of shares before reduction (estimated)	16,700 SAR	16,700 SAR
Market value of shares after reduction (estimated)	Not applicable	16,669 SAR
Equity compensation (estimated)	Not applicable	30.58

Note: The expected share price after capital reduction has been rounded up from (33.1411) to (33.14) Saudi riyals

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IMPACT OF REDUCING THE COMPANY’S CAPITAL ON THE RIGHTS OF THE COMPANY’S SHAREHOLDERS, continued

It should be noted that in the event a shareholder owns one (1) of the Company’s shares in their portfolio, such share will be canceled and the shareholder will be compensated for that share. The table below sets out the impact on shareholders who own one share, two shares, three shares, four shares, five shares, six shares, seven shares, eight shares, nine shares, or ten shares:

item (estimated)	Unit	Value	Value	Value	Value	Value	Value	Value	Value	Value	Value
Shares owned prior to the reduction	Share	01	02	03	04	05	06	07	08	09	10
Share price before the reduction (17/11/1443H) (corresponding to (06/16/2022G) (presumptive)	SAR	16.70	16.70	16.70	16.70	16.70	16.70	16.70	16.70	16.70	16.70
Canceled shares	Share	1	1	2	2	3	3	4	4	5	5
Shares owned after reduction	Share	0	1	1	2	2	3	3	4	4	5
Share price after reduction(estimated) *	SAR	33.14	33.14	33.14	33.14	33.14	33.14	33.14	33.14	33.14	33.14
Market value of shares before reduction (estimated)	SAR	16.70	33.40	50.10	66.80	83.50	100.20	116.90	133.60	150.30	167.00
Market value of shares after reduction (estimated)	SAR	0	33.14	33.14	66.28	66.28	99.42	99.42	132.56	132.56	165.70
Compensation amount as a result of fractional shares	SAR	16.70	0.26	16.96	0.52	17.22	0.78	17.48	1.04	17.74	1.30

Note: The expected share price after the capital reduction has been rounded from (33.1411) to (33.14) Saudi riyals

IMPACT OF REDUCING THE COMPANY'S CAPITAL ON THE RIGHTS OF THE COMPANY'S SHAREHOLDERS, continued

The Company's closing price per share on [●]H (corresponding [●]G), on the day of the Extraordinary General Assembly, is Saudi riyals, expected to increase to ([●]) Saudi riyals after the capital reduction, an increase of about ([●]%) from the closing price of the Company's share on the day of the Extraordinary General Assembly meeting. The expected share price shall be ([●]) on the opening of the market on Wednesday (.../.../...H) corresponding to (.../.../...G), where trading of the Company's shares will be suspended for a period of two working days if the shareholders approve the capital reduction in the Extraordinary General Assembly.

CHANGE IN SHARE PRICE AFTER CAPITAL REDUCTION*	VALUE
The closing share price as at (17/11/1443H) corresponding to (16/06/2022G) on the day of the Extraordinary General Assembly (presumptive)	16.70 SAR
Expected share price of the Company after capital reduction**	33.14 Saudi riyals
Capital reduction value	297,656,000 SAR
Number of shares canceled	29,765,600 shares
Number of shares outstanding and issued before capital reduction	60,000,000 shares
Market value of shares before capital reduction (estimated)	1,002,000,000 SAR
Number of shares outstanding and issued after capital reduction	30,234,400 shares
The Company's share price after capital reduction	33.14 SAR
Market value of shares after capital reduction (estimated)	1,002,000,000 SAR

* The values set out in this table are for demonstrative purpose to clarify the share price adjustment mechanism to shareholders. However, the update will take place at the closing day of the share price that is on the day of the Extraordinary General Assembly meeting.

* **Note:** The expected post-reduction share price has been rounded from (33.1411) to (33.14) SAR.

IMPACT OF REDUCING THE COMPANY'S CAPITAL ON THE RIGHTS OF THE COMPANY'S SHAREHOLDERS, continued

The following table sets out how the share price is calculated after the capital reduction.

ITEM	VALUE
(a) Share price before the capital reduction on 17/11/1443H (corresponding to 06/16/2022G)	16.70 SAR
(b) Number of shares before the reduction	60,000,000 shares
(c) The market value of the Company's shares before the reduction = (a) * (b)	1,002,000,000 SAR
(d) Number of shares after the reduction	30,234,400 shares
Share price after reduction ** = (c) ÷ (d)	33.14 Saudi riyals

* The values set out in this table are for demonstrative purpose to clarify the share price adjustment mechanism to shareholders. However, the update will take place at the closing day of the share price that is on the day of the Extraordinary General Assembly meeting.

* **Note:** The expected post-reduction share price has been rounded from (33.1411) to (33.14) SAR.

8- IMPACT OF CAPITAL REDUCTION ON THE COMPANY'S OPERATIONS AND OBLIGATIONS:

The capital reduction has no effect on the Company's operations, obligations and shareholder equity, as reducing the share capital by canceling twenty-nine million seven hundred and sixty-five thousand six hundred (29,765,600) of the Company's ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) per share is just an entry in the Company's books to write off most of the accumulated losses by transferring two hundred and ninety-seven million Six hundred and fifty-six thousand (297,656,000) Saudi riyals from the share capital account to the accumulated losses account, according to the Auditor report.

Details of the impact of the capital reduction on shareholders' shares and accumulated losses, based on the Company's condensed interim consolidated financial statements (unaudited) as on March 31, 2022G.

Shareholders' equity	Before the reduction (in thousands of Saudi riyals)	After the reduction (in thousands of Saudi riyals)	Net impact (in thousands of Saudi riyals)
Capital	600,000	302,344	297,656
Foreign currency translation reserve	11,779	11,779	-
Accumulated losses	297,656	-	297,656
Attributable equity of the shareholders in the parent company	290,656	290,565	
Non-controlled interests	23,108	23,108	
Total	267,457	267,457	-

Source: The attached Auditor's report, and the condensed interim consolidated financial statements (unaudited) as on March 31, 2022G.

9- POTENTIAL RISKS ASSOCIATED WITH REDUCING THE COMPANY'S CAPITAL:

- There are no potential risks resulting from the capital reduction, as the capital reduction process aims to offset accumulated losses, which will lead to strengthening the financial position of the Company and maintain its continuity. In addition, the Company is working to correct its situation to prevent losses and realize profits, which will benefit the Company's shareholders. Note that the Auditor has reviewed the capital reduction process from a financial and legal aspect, and confirmed that there are no risks that could affect the Company as a result of the capital reduction.
- After reducing the share capital, the percentage of accumulated losses will be (0%) of the Company's capital, There are no guarantees that the Company will not record additional losses; and if the accumulated losses reach 20% or more of the Company's capital, then the Company will be subject to the “Procedures and Instructions Related to Listed Companies with Accumulated Losses Amounting to 20% or more of their Share Capital” as issued by the CMA. For more details, please review the “Important Information” section of this Circular.
- In the event accumulated losses amount to 50% of the Company's share capital, then the Company will be subject to Article 150 of the Companies’ Law, which stipulates that any Company official or the auditor must immediately inform the Chairman of the Board of Directors upon their knowledge of the same. The Chairman must immediately inform members of the Board, and the Board of Directors must, within 15 days of becoming aware thereof - call a meeting of the Extraordinary General Assembly within 45 days from the date of becoming aware of the losses in order to decide whether to increase or decrease the Company’s capital to the extent that the percentage of losses decreases to less than half of the paid-up share capital, or to dissolve the Company before the term specified in its Bylaws.

10- THE EXPECTED CAPITAL REDUCTION TIMEFRAME:

THE EXPECTED SCHEDULE FOR CAPITAL REDUCTION	DATE
The Company's announcement on the Tadawul website regarding its Board of Directors' recommendation to reduce the Company's share capital.	On (21/10/1443H) corresponding to (22/05/2022G).
Submission of the capital reduction application file to the CMA and Tadawul for approval.	On (28/10/1443H) corresponding to (29/05/2022G)
Receiving CMA approval of the request to the capital reduction application.	On (17/11/1443H) corresponding to (16/06/2022G)
Invitation to attend the Extraordinary General Assembly to reduce the Company's share capital and announcing the same on the Tadawul website.	On ([●]/[●]/[●]H) corresponding to [●]/[●]/[●]G)
Announcing the start of electronic voting.	On ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G)
Meeting of the Extraordinary General Assembly on the capital reduction*.	On ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G)
Extraordinary General Assembly approval of the capital reduction.	On ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G)
The Company announces the results of the Extraordinary General Assembly on the capital reduction.	On ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G)
Announcement of the deposit of sums brought about from the sale of fractional shares resulting from the Company's capital reduction in the accounts of Eligible Shareholders.	On ([●]/[●]/[●]H) corresponding to ([●]/[●]/[●]G)

* In the event that the quorum necessary to hold the first meeting is not met, the second meeting will be held one hour after the end of the period specified for the first meeting. In the event that the quorum required to hold the second meeting is not met, the third meeting will be held 21 days after the end of the period specified for the second meeting.

11- CAPITAL REDUCTION:

Capital reduction procedures are subject to the following procedures:

The Company's Board of Directors' recommendation to reduce the capital.

- Appointing a financial advisor for the capital reduction process.
- Appointing an Auditor to prepare the accounting report on the capital reduction process.
- Preparing and submitting a capital reduction request to the Capital Market Authority in accordance with the conditions of Article 58 of the Rules on Offering Securities and Continuing Obligations, related to the conditions for reducing capital.
- The approval of the Capital Market Authority on the request to reduce the Company's capital.
- Submit a notification to the Stock Exchange (**Tadawul**) in the form provided in Annex (5) of the Listing Rules.
- The approval of the extraordinary general assembly to reduce the Company's capital.

BOARD MEMBER APPROVAL:

The members of the Company's Board of Directors confirm, hereby affirm that, to their knowledge and belief, reducing the Company's capital is in the interest of the Company and the shareholders.

12- REQUIRED REGULATORY APPROVALS:

- The Company obtained CMA approval on the capital reduction on [\(17/11/1443H\)](#) corresponding to [\(16/06/2022G\)](#)
- Capital reduction is contingent on the approval of shareholders at the Extraordinary General Assembly, and the shareholders should be aware that if their approval is not obtained for this capital reduction process, the capital reduction process will stop completely.
- In the event that shareholder approval on the capital reduction is obtained during the Extraordinary General Assembly, then the Company will contact the Ministry of Commerce to obtain the approval thereof to amend the commercial register and the Company's Bylaws.
- With the exception of the preceding, there are no regulatory approvals that the Company must obtain in connection with the capital reduction.

13- RELEVANT LAWS AND REGULATIONS

- The Companies' Law, promulgated by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
- The Capital Market Law, promulgated by Royal Decree No. M/3 dated 02/06/1424H (corresponding to 31/07/2003G, as amended).
- Rules on the Offer of Securities and Continuing Obligations as issued by the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), amended by CMA Board Resolution No. 5-2022 dated 02 / 06/1443H corresponding to 05/01/2022G).
- The Listing Rules issued by Tadawul and approved under CMA Board Resolution No. 3-123-2017 dated 04/09/1439H (corresponding to 27/12/2017G), amended by Board Resolution No. 1-104-2019 dated 02/01/14410H (corresponding to 30/09/2019G), and amended by Resolution No. 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G)) as amended by Resolution No. 1-19-2022 dated 12/07/1443H corresponding to (13/02/2022G), as amended by Resolution No. 1-52-2022 dated 12/09/1443H corresponding to 13/04/2022G.
- The procedures and instructions for listed companies whose accumulated losses amount to 20% or more of their share capital, as issued by the CMA Board of Directors pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) based on The Capital Market Law and its amendments issued by Royal Decree No. M/30 dated 02/06/1424H, and amended by CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G).
- The Company's Bylaws.

14- AUDITOR REPORT

The Company tasked Messrs. Ernst & Young Professional Services to prepare a limited examination report to study the reasons for the capital reduction and the impact of said reduction on the Company's obligations in order to obtain the approval of the Capital Market Authority thereon. The Auditor's Report shall be read to shareholders during the Extraordinary General Assembly meeting, and capital reduction shall not take place without the Report being read.

A copy of the Auditor's limited examination was included in the announcement of the invitation to this Extraordinary General Assembly as published on the Tadawul website on [●]/[●]/[●]H, corresponding to [●]/[●]/[●]G.

15- OPINION OF THE LEGAL ADVISOR

The Company appointed Abdulaziz Al-Ajlan & Partners, Lawyers and Legal Advisors, to express a legal opinion on the Company's capital reduction.

The Company obtained the letter of the Legal Advisor, in which the latter confirms that the capital reduction application and supporting documents have been prepared in accordance with the laws and regulations in force in the Kingdom of Saudi Arabia, after obtaining all necessary regulatory approvals.

16- IMPORTANT INFORMATION

• With regard the “Procedures and Instructions Related to Listed Companies with Accumulated Losses Amounting to 20% or more of their Share Capital” as issued by the CMA pursuant to Resolution No. 4-48-2013 dated 15/01/1435H (corresponding to 18/11/2013G) based on the Capital Market Law and amendments thereto issued by Royal Decree No. M/30 dated 02/06/1424H, and amended by CMA Board Resolution No. 1-77-2018 dated 05/11/1439H (corresponding to 18/07/2018G); and based on the Companies’ Law promulgated by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G) and amendments thereto, in particular Article 150 thereof, companies whose accumulated losses amount to (20) % or more of their capital shall:

- Immediately and without delay, publicly disclose, through an independent announcement, that its accumulated losses are 20% or more but less than 35% of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital, the main reasons that led to these losses, and the procedures and instructions that will be applied thereto. If the disclosure required under this paragraph coincides with the announcement of the initial or annual financial results, then the Company shall be exempted from making said disclosure in a separate announcement if disclosure was included in the announcement pertaining to interim or annual financial results.
- Immediately and without delay, publicly disclose, through an independent announcement, that its accumulated losses are 35% or more but less than 50% of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital, the main reasons that led to these losses, and the procedures and instructions that will be applied thereto. If the disclosure required under this paragraph coincides with the announcement of the initial or annual financial results, then the Company shall be exempted from making said disclosure in a separate announcement if disclosure was included in the announcement pertaining to interim or annual financial results.
- Immediately and without delay, publicly disclose, through an independent announcement, that its accumulated losses were 50% or more of its capital, provided that the announcement includes the amount of accumulated losses and their percentage of the capital, the main reasons that led to these losses, and the procedures and instructions that will be applied thereto. If the disclosure required under this paragraph coincides with the announcement of the initial or annual financial results, then the Company shall be exempted from making said disclosure in a separate announcement if disclosure was included in the announcement pertaining to interim or annual financial results.

• On the Tadawul website, companies with accumulated losses are classified as follows:

- * Company accumulated losses are 20% or more but less than 35% of the capital.
- * Company accumulated losses are 35% or more but less than 50% of the capital.
- * Company accumulated losses are 50% or more of the capital

- Under Article 144 of the Companies' Law, it is permissible, by a resolution of the Extraordinary General Assembly, to reduce the Company's share capital if it incurs losses. In this case it is permissible to reduce the share capital below the limit stipulated in Article 54 of the Companies' Law, i.e., 500,000 Saudi Riyals. The resolution shall only be issued after the recital of the Auditor's report on the reasons for the reduction, the Company's obligations and the effect of the reduction on these obligations, taking into account the provisions of the Companies' Law. The Resolution shall state the method of reduction.
- Under Article 94 of the Companies' Law, a meeting of the Extraordinary General Assembly shall not be valid unless attended by shareholders representing at least half of the Company's share capital. If this quorum is not met at the first meeting, a second meeting is called. The second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the share capital. If the quorum is not met at the second meeting, a third meeting will be called. The third meeting will be valid regardless of the number of shares represented thereat with the approval of the competent authority.
- Under Article 94 of the Companies' Law, Resolutions of the Extraordinary General Assembly to reduce the Company's share capital shall be approved by a three-quarters majority of the shares represented thereat.
- In the event that the Company's shareholders agree to reduce the share capital, the reduction resolution will be enforceable upon all of the Company's shareholders registered in the Company's records with Tadawul at the end of trading on the day of the Extraordinary General Assembly. This includes shareholders not attending the Extraordinary General Assembly meeting, as well as shareholders who attended the meeting and did not vote or voted against the resolution to reduce the share capital.

17- DOCUMENTS AVAILABLE FOR INSPECTION

The Company will give shareholders access to the following documents at the Company's head office in Riyadh and the Company's website, within a period of 14 days preceding the date of the extraordinary general assembly, from the date of approval by the Capital Market Authority on [17/11/1443H](#) (corresponding to [16/06/2022G](#)) until the Extraordinary General Assembly is convened on [25/12/1443H](#) (corresponding to [24/07/2022G](#)) During official working hours from 9:00 in the morning to 5:00 in the afternoon:

- Copy of the Board of Directors recommendation to reduce the share capital.
- Copy of the Financial Advisor's appointment letter.
- Copy of the Legal Advisor's appointment letter.
- Copy of the announcement pertaining to CMA approval of the capital reduction, published on the CMA and Tadawul websites on [17/11/1443H](#), corresponding to [16/06/2022G](#)
- Copy of the shareholders' Circular submitted to the Extraordinary General Assembly.
- Copy of the Auditor's report on the capital reduction.

APPENDICES

- Copy of the Auditor's report.
- Power of attorney form to attend the Extraordinary General Assembly meeting.

رقم السجل التجاري: ٢٠٢١-٢٨٧٩٢
 مكتب: +٩٦٦ ١٢ ٤٤٠ ٤٤٠٠
 فاكس: +٩٦٦ ١٢ ٤٤٢ ٠٠٨٧
 ey.ksa@psa.ey.com
 ey.com

شركة إيست وايغ لتخدمات المهنية (مهيئة ذات مسؤولية محدودة)
 رأس المال المدفوع (٥.٥٠٠.٠٠٠ ريال سعودي - خمسة ملايين وخمسةمئة ألف ريال سعودي)
 برج أوبر - الدور الخامس عشر
 طريق الأمير تركي من عهـ المزيد - كورنيش البحر
 الرياض ٢١٦٥
 للبر ٢١٦٥٢
 المملكة العربية السعودية
 المركز الرئيسي - الرياض



٢/١

**تقرير تأكيد محدود حول التخفيض في رأس المال
 إلى المساهمين في شركة البحر الأحمر العالمية
 (شركة مساهمة سعودية)**

لقد قمنا بتنفيذ ارتباط تأكيد محدود لبيان فيما إذا كان قد لفت انتباهنا أمر يجعلنا نعتقد بأن ما تم تفصيله في فقرة الموضوع ("الموضوع") أدناه لم يتم إعداده بشكل سليم، من كافة النواحي الجوهرية، وفقاً للضوابط ذات الصلة المشار إليها أدناه.

الموضوع:

يتعلق موضوع ارتباط التأكيد المحدود بمصادقة المساهمين في اجتماع الجمعية العامة غير العادية الذي سوف يعقد بتاريخ لاحق، على مقترح تخفيض رأس مال شركة البحر الأحمر العالمية (شركة مساهمة سعودية) ("الشركة") من ٦٠٠,٠٠٠,٠٠٠ ريال سعودي إلى ٣٠٢,٣٤٤,٠٠٠ ريال سعودي المقدم من قبل مجلس إدارة الشركة بتاريخ ١٨ شوال ١٤٤٣ هـ (الموافق ٩ مايو ٢٠٢٢ م)، وفقاً لما هو مبين في "الملحق ١" وثيود اليومية المقترحة لإثبات التخفيض في رأس المال والتي سيتم إجراؤها بعد الحصول على موافقة وزارة التجارة وإتمام كافة الإجراءات النظامية طبقاً لما هو مبين في "الملحق ٢" للمرفق والمعدة من قبل إدارة الشركة.

الضوابط ذات الصلة:

- المادة (١٤٤)، (١٤٦) و(١٤٧) من نظام الشركات الصادر عن وزارة التجارة (١٤٣٧هـ - ٢٠١٥).
- المادة (٥٩) من الفصل الثاني من قواعد طرح الأوراق المالية والالتزام المستمر الصادر من هيئة السوق المالية.
- المادة (١٥) من نظام الأساس للشركة.
- قرار مجلس إدارة الشركة الصادر بتاريخ ١٨ شوال ١٤٤٣ هـ (الموافق ١٩ مايو ٢٠٢٢ م) والمتعلق بتخفيض رأس المال والذي يعرض الأسباب التي دعت إلى التخفيض المقترح لرأس المال من ٦٠٠,٠٠٠,٠٠٠ ريال سعودي إلى ٣٠٢,٣٤٤,٠٠٠ ريال سعودي "الملحق ١".
- إثبات التخفيض في رأس المال طبقاً للثيود اليومية المقترحة والتي سيتم إجراؤها بعد الحصول على موافقة وزارة التجارة وإتمام كافة الإجراءات النظامية "الملحق ٢".

مسؤولية الإدارة:

إن الإدارة هي المسؤولة عن إعداد وعرض المعلومات الواردة في فقرة الموضوع أعلاه وفقاً للضوابط ذات الصلة، ومسؤولة أيضاً عن اختيار أساليب تطبيق تلك الضوابط كما إن الإدارة هي المسؤولة عن تطبيق أنظمة الرقابة الداخلية التي تراها ضرورية لإعداد وعرض المعلومات الواردة في فقرة الموضوع أعلاه وخطوها من أية تحريفات جوهرية، سواء كانت ناتجة عن عس أو خطأ، واختيار وتطبيق الضوابط الملائمة والاحتفاظ بسجلات كافية وعمل تقديرات معقولة تبعاً للظروف والأحداث ذات الصلة.

مسؤوليتنا:

إن مسؤوليتنا هي تقديم استنتاج تأكيد محدود حول الموضوع أعلاه بناء على ارتباط التأكيد الذي قمنا به وفقاً للمعيار الدولي لارتباطات التأكيد الأخرى بخلاف عمليات مراجعة أو فحص المعلومات المالية التاريخية ("المعيار الدولي لارتباطات التأكيد ٣٠٠٠"), المعتمد في المملكة العربية السعودية، والشروط والاحكام المتعلقة بهذا الارتباط التي تم الاتفاق عليها مع إدارة الشركة.

لقد صُممت إجراءاتنا للحصول على مستوى محدود من التأكيد كافي لتوفير أساس لإبداء استنتاجنا، وعليه، لم نتم بالحصول على جميع الأدلة المطلوبة لتوفير مستوى معقول من التأكيد. تعتمد الإجراءات المنفذة على حكمنا المهني بما في ذلك مخاطر وجود تحريفات جوهرية في الموضوع، سواء كانت ناتجة عن عس أو خطأ. كما أخذنا بالاعتبار فاعلية أنظمة الرقابة الداخلية عند تحديد طبيعة ومدى إجراءاتنا، ولم يكن ارتباطنا مصمماً لتقديم تأكيد حول فعالية تلك الأنظمة.

لاستقلالية ورقابة الجودة:

لقد التزمنا بالاستقلالية والمتطلبات الأخرى لقواعد سلوك وأداب المهنة المعتمدة في المملكة العربية السعودية، والتي تأسست على المبادئ الأساسية للنزاهة والموضوعية والكفاءة المهنية والعناية الواجبة والسرية والموثوق المهني.

كما نقوم بتطبيق المعيار الدولي لرقابة الجودة (١)، وبالتالي نحافظ على نظام شامل لرقابة الجودة بما في ذلك السياسات والإجراءات الموثقة بشأن الالتزام بالمتطلبات الأخلاقية والمعايير المهنية والمتطلبات النظامية والتنظيمية المعمول بها.

**تقرير تأكيد محدود حول التخفيض في رأس المال
إلى المساهمين في شركة البحر الأحمر العالمية
(شركة مساهمة سعودية) (تتمة)**

ملخص الإجراءات المنقذة:

إن الإجراءات المطبقة في ارتباط التأكيد المحدود تختلف في طبيعتها وتوقيتها وائل في مداها عن تلك المطبقة في ارتباط التأكيد المعقول. ونتيجة لذلك، فإن مستوى التأكيد الذي يتم الحصول عليه في ارتباط التأكيد المحدود أقل بكثير من التأكيد الذي قد يتم الحصول عليه لو تم إجراء ارتباط تأكيد معقول.

تضمنت إجراءاتنا التي قمنا بتنفيذها - لكنها لم تقتصر - على ما يلي:

- الحصول على نسخة من قرار مجلس إدارة الشركة الملحق ١.
- مقارنة التخفيض المقترح في رأس مال الشركة في موضوع التأكيد مع قرار مجلس إدارة الشركة الذي يتعلق بتخفيض رأس المال إلى ٣٠٢,٣٤٤,٠٠٠ ريال سعودي .
- الاطلاع على قيود قيمية المقترحة لإثبات التخفيض في رأس المال والتي سيتم إجراؤها بعد الحصول على موافقة وزارة التجارة واتمام كافة الإجراءات النظامية الملحق ٢.

نتيجة التأكيد المحدود:

بناءً على إجراءات التأكيد المحدود التي قمنا بها والأدلة التي تم الحصول عليها، لم نلفت انتباهنا أمر يجعلنا نعتقد بان ما تم تفصيله في فقرة الموضوع أعلاه لم يتم إعداده بشكل سليم، من كافة النواحي الجوهرية وفقاً للمعايير ذات الصلة.

الأمور الأخرى:

- تم ختم الملحق ١ و ٢ المرفقة من قبلنا لأغراض التعريف فقط.
- سيتم إظهار رصيد رأس المال المعدل بالتخفيض المقترح في السجلات المحاسبية للشركة بعد اعتماد مساهمي الشركة واستكمال الإجراءات النظامية مع وزارة التجارة.

القيود على استخدام التقرير:

تم إعداد تقريرنا بناءً على طلب إدارة الشركة للوفاء بمتطلبات المادة (١٤٤) من نظام الشركات وذلك لاستكمال الإجراءات النظامية المتعلقة بتخفيض رأس مال الشركة ولا يجوز استخدامه لأي غرض آخر .

عن إيرست ويونغ

مروان صالح الحفلق
محاسب قانوني
قيد سجل المحاسبين القانونيين رقم ٤٢٢



الخبر : ٢٢ شوال ١٤٤٣هـ
٢٣ مايو ٢٠٢٢م