



**The bylaws of Arab Sea Information Systems Company**

**(Listed joint stock company)**

**Chapter (1): Company Incorporation**

**Article (1): Company Incorporation**

In accordance with Companies Law and its Regulations as well as these Articles of Associations, it is hereby established a Saudi Joint Stock Company, referred to hereinafter as “Company”, as follows:

**Article (2): Company Name**

Arab Sea Information Systems (a Saudi Listed Joint Stock Company)

**Article (3): Company Objectives**

The Company carries out the following business:

1. Wholesale and retail trade in computers, machines, office equipment, medical equipment and devices, maintenance and operation of computers, machines, office appliances, equipment, medical devices, microfilms, electronic and electrical devices and their spare parts, tools and advertising and maintenance of devices. Repair of motor vehicles and motorcycles, retail sale of computers, computer peripherals, software and communications equipment in specialized stores, retail sale of software.
2. Installation and maintenance of computer networks.
3. Works of electronics.
4. Third party marketing services.
5. Commercial agencies.
6. Software.
7. Production, import and distribution of computer programs.





The Company may carry out its activities in accordance with the applicable regulations after obtaining the necessary licenses from the competent authorities, if any.

8 Education and training, establishment of training centers, distance training, electronic training and issuance of certificates to the trainees after passing the courses of the accounting, administrative and financial programs.

9 Manufacturing industries, reproduction of recorded media and reproduction of off-the-shelf software

10 Information and communications: Computer programming activities, design and programming of special software, consulting expertise and related activities, computer programming, computer consultancy and related activities, systems analysis, software maintenance and web page design, other computer and information technology services activities, computer consultancy activities and management of computer facilities.

11 Financial and insurance activities, payment systems and financial settlements and related services, digital payments.

#### Article (4) - Participation and Ownership in Companies

The Company may establish, by itself, other limited liability or joint stock companies. It may also own stocks and shares in other existing companies or merge with them. The Company may participate with others to establish joint stock or limited liability companies after fulfilling the requirements of the laws and instructions followed in this regard. It may also dispose of these stocks or shares, provided that this does not include acting as a broker in trading such stocks or shares.

#### Article (5) - Head Office of the Company

The Company's head office shall be in Riyadh. The Board of Directors may establish branches, offices or agencies for the Company inside or outside the Kingdom by a resolution of the Company's board of directors.





Article (6): Company Term

The Company was established for un fixed-term starting from the date of its registration in the commercial register

**Chapter (2): Capital and Shares**

Article (7): Capital

The issued capital of the Company is (100,000,000) one hundred million Saudi riyals, divided into (100,000,000) one hundred million shares of equal value. The nominal value of each share is (1) one Saudi riyals, paid in full.

Article (8) Subscription to Shares

The Shareholders have subscribed to the entire issued share capital amounting to (100,000,000) one hundred million fully paid shares.

Article (9): Issuance of preferred shares, redeemable shares, purchase and transfer

Article (9): The Company's Extraordinary General Assembly may, in accordance with the principles laid down by the competent authority, issue preference shares or redeemable shares or decide to purchase them after the approval of the Extraordinary Assembly, and obtaining the approval of the shareholders affected by this issuance in their own assembly or transfer of ordinary shares to preferred ones. The regulation added to the previous conditions in the conversion, that the Company's capital has been fully fulfilled, and compliance with the laws and regulations in this regard, unless the Articles of Association specify certain conditions that the conversion takes place when they are achieved, not exceeding ten percent of the capital. These shares give their holders the right to obtain a percentage greater than the holders of ordinary shares of the net profits of the Company after setting aside the statutory reserve.

Article (10): Selling Non-Fully Paid Shares

1- A shareholder shall pay the share value at the times set therefor. If the shareholder fails to pay on the due date, the Board of Directors may sell such shares in a public auction





or a security market, as the case may be, in accordance with the directives of the Competent Authority, after having warned the shareholder by means of a registered letter. Other shareholders shall have preemptive right to purchase the shares of the defaulting shareholder in accordance with the applicable regulations and directives set by the competent authority.

- 2- The Company shall recover what is due to it from the sale proceeds and refund the balance to the shareholder. If the sale proceeds are insufficient to cover the Company's dues, then the Company may recover the entire amount due from the shareholders' wealth.
- 3- The rights related to the defaulted shares beyond their due dates, shall be suspended until they are sold or their dues are paid in accordance with the provisions of Paragraph (1) of this Article. This includes the right to obtain a share of the net profits to be distributed and the right to attend the assemblies and vote on their resolutions. However, the defaulting shareholder, who fails to pay until the day of selling, may still, in such a situation, pay the value due plus the expenses incurred by the Company in such regard. In this case, the shareholder has the right to request obtaining the profits to be distributed.
- 4- the Company shall cancel the share sold in accordance with the provisions of this Article, and shall give the purchaser a new share bearing the same number of the cancelled share, a notation of which shall be made in the Shareholders Register stating the new owner's name.

#### Article (11): Dividing and Merging of Shares

The shares shall be nominal. The Company may also divide its shares into shares of a lower value or merge them so that they represent a higher nominal value, in accordance with the following rules:

- 1- Notifying the Authority regarding the proposal to divide or merge shares, prior to requesting the approval of the Extraordinary Assembly.
- 2- Obtaining the approval of the Extraordinary Assembly.
- 3- Coordinating with the Capital Market to make the necessary arrangements to implement the General Assembly's Resolution to divide or merge the Company's shares.





Article (12): Shares Negotiation and Shareholders Register

The Company shares shall be negotiable in accordance with the Capital Market Law and its Implementing Regulations

Article (13): Increase of Capital

- 1- By a resolution of the Company's board of directors, the issued capital may be increased within the limits of the authorized capital (if any), provided that the issued capital has been paid in full.
- 2- The Extraordinary General Assembly may decide to increase the Company's issued or licensed capital provided that the original capital has been paid in full. It shall not be required that the capital be fully paid up in case the unpaid portion of the capital is related to shares issued against converting debt instruments or debenture bonds into shares and are not expired yet following the period specified for converting same to shares.
- 3- The Extraordinary General Assembly may in all cases allocate shares issued upon increasing capital or a portion thereof for the Company employees and subsidiaries or some of them, or any of such cases. Shareholders shall not have preemptive rights to subscribe for said shares issued for the Company employees.
- 4- Upon the issuance of the resolution of the Extraordinary General Assembly of raising capital, shareholders shall have preemptive rights to subscribe for the new cash shares. The shareholders shall be notified of the preemptive rights vested therein by communication channels adopted by the competent authority addressing the capital increase resolution and the conditions and duration of subscription and the dates of commencement and expiration of same.
- 5- The Extraordinary General Assembly may stop application of the pre-emptive right vested in shareholders to subscribe to the capital increase against cash shares or may vest such right in persons other than the shareholders in cases it believes this is appropriate for the Company's interest.
- 6- A shareholder may sell or assign the pre-emptive right, in accordance with the controls set by the competent authority.
- 7- Subject to Paragraph (6) above, the new shares shall be allotted to the shareholders with preemptive rights who have expressed their desire to subscribe thereto, in proportion to the preemptive rights owned by them of the total preemptive rights resulting from the increase of capital provided that the number of shares allotted thereto shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to





the shareholders with preemptive rights who have asked for more than their proportionate share, in proportion to their preemptive rights of the total preemptive rights resulting from the increase of capital, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for third parties unless otherwise specified by the Extraordinary General Assembly or the Capital Market Law.

#### Article (14): Decrease of Capital

The Extraordinary General Assembly may reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses In which case only capital may be lowered beyond the limit specified in Article (59) of the Companies Law. In addition, such resolution may only be issued after the Extraordinary General Assembly examines the Auditor's Report explaining the reasons for the reduction, the Company's obligations and the effect of the reduction on these obligations. This statement shall include the auditor's report.

If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto (if any) within 45 (forty-five) days from the date specified for the Extraordinary General Assembly meeting to take the reduction decision. The invitation shall include a statement showing the amount of the capital before and after the reduction, the date of the meeting and the effective date of the reduction. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

#### Article (15): Company's Buy-Back, Sale, Mortgage and Pledge of its Shares

1. The Company may buy, sell or mortgage its shares in accordance with the applicable regulations and controls set by the competent authority. The shares purchased by the Company shall not have votes in the Shareholders' Assemblies.

2- The Company may buy its shares for the purpose of allocating them to the Company's employees within the employee shares program in accordance with the applicable regulations and controls set by the competent authority.





**Chapter (3): Board of Directors**

**Article (16): Company Management**

The Company shall be managed by a Board of Directors composed of (8) members elected by the Ordinary General Assembly of shareholders for a period not exceeding four (4) years as follows.

**Article (17): Board Membership Expiration**

1-- Membership of a Board member expires by virtue of a resolution of the Ordinary General Assembly to dismiss him, or upon the expiration of his term, or the expiration of the member's validity in accordance with any law or instructions in force in the Kingdom.

2-However, the Ordinary General Assembly may dismiss all or some of the Board Directors. In such case, the General Assembly must elect a new board of directors or someone to replace the dismissed member (as the case may be) in accordance with the provisions of the Companies Law and its Implementing Regulations. The General Assembly may (based on a recommendation from the Board of Directors) terminate the membership of any member who is absent from attending three (3) consecutive or five (5) separate meetings during its membership period without a groundless reason accepted by the Board of Directors.

**Article (18) Board Term Expiration, Members' Resignation, or Membership Vacancy**

1. The Board of Directors shall, before the end of its office term, call the Ordinary General Assembly to convene to elect a Board of Directors for a new term. If election cannot be held and the term of the current board office term has expired, board members shall continue to perform their duties until the election of a board of directors for a new office term, provided that the term of the members of the board whose term has ended shall not exceed (90) days from the date of the end of the term of the board, and the board of directors must take the necessary measures to elect a new board of directors before the expiry period specified in this paragraph.

2. If the chairman and members of the Board of Directors resign, they must call the Ordinary General Assembly to convene to elect a new Board of Directors. Resignation does not apply until the election of the new Board, provided that the office term of the Board does not exceed (120) days from the date of such resignation. The Board of Directors shall take the necessary measures to elect a new board of directors before the expiration of the office term specified in this paragraph.





3- A member of the Board of Directors may resign from the membership of the Board by virtue of a written notification addressed to the Chairman of the Board. If the Chairman of the Board resigns, the notification must be directed to the remaining members of the Board and its Secretary. Resignation is effective - in both cases - from the date specified in the notification.

4- If the office of a Board Director becomes vacant due to member's death or resignation, and this vacancy does not result in a breach of the conditions necessary for the validity of the Board meeting due to the decrease in the number of its members below the minimum, the Board may appoint another member in the vacant position temporarily provided that such appointment shall be as per the order of votes obtained in the meeting of the General Assembly during which the Board was appointed. Such new member must be qualified and experienced. Additionally, a notice of such appointment shall be sent to the Competent Authority within a period of fifteen (15) business days as of the date of appointment, provided also that such appointment is put forward before the first meeting of the Ordinary General Assembly for endorsement. The term of office of the new member designated to fill a vacancy shall only extend to the term of office of his predecessor. If the necessary conditions for the validity of the meeting of the Board of Directors are not met because the number of its members is less than the minimum stipulated in the Companies Law or in this Articles of Association, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

#### Article (19): Powers of the Board of Directors

In accordance to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the business of the Company, supervise its affairs inside and outside the Kingdom of Saudi Arabia to achieve its objectives and the powers that enable it to manage the Company and dispose of its assets, properties and real estate inside and outside the Kingdom. The Board may, for example, but not be limited to, represent the Company in its relationship with third parties, government and private agencies, police departments, the Chamber of Commerce, private bodies, companies and institutions of all types, enter into tenders and auctions, award bids, receive, pay and receipt of rights with third parties. The Board may open branches for the Company, sign contracts, documents and deeds, including signing with the Companies Department at the Ministry of Commerce, the Ministry of Investment, the Notary Public, make amendments, changes, additions, deletions, extract, renew, receive and write off commercial registers, change the names of companies, sell and buy real estate, lands, shares and stocks in companies, as well as movable or immovable properties,







dispose of the assets and property of the Company, mortgage immovable and movable assets to guarantee the Company's loans. The Board is also entitled for example but not limited to:

- 1) Setting the Company's general policy in accordance with its objectives and purposes, and conducting all actions and transactions within the limits of the Company's objectives.
- 2) Signing all contracts in the name of the Company, concluding reconciliation, settlements, clearances and releases, submission, delivery, receipt, payment, and all legal and regulatory procedures necessary thereof.
- 3) Board of Directors may discharge the Company's debtors of their debt obligations towards the Company as deemed appropriate for serving its objectives, provided that it includes the minutes of the Board of Directors and the reasons for such resolution, and observing the following conditions:
  - a. The discharge shall be after the pass of a full year since the date of the debt, as a minimum.
  - b. The discharge shall be for a specific amount as a maximum per year for one debtor.
  - c. Discharge is a right of the Board that cannot be delegated.
- 4) The Board Chairman represents the Company before the judiciary, arbitral tribunals, and third parties. He may authorize and delegate one or more of Board members or a third party to undertake a specific function or functions

Pleading, defending, filing and dismissing lawsuits before judicial authorities, courts, all dispute resolution bodies, clients and banks, appointing lawyers, legal advisors and agents, and issuing legal powers of attorney for lawyers who have the right to authorize others for such functions.

- 5) Appointing and dismissing managers and employees, determining their salaries and bonuses, and defining their powers and authorities.
- 6) To approve subscription to existing companies or participating in the transformation of new companies of all kinds, and signing their articles of association and appendices to amend them before the notary public and all relevant governmental and private agencies.





- 7) Opening and closing accounts in the name of the Company, cashing and signing checks, opening credits, issuing guarantees and letters of credit, borrowing and mortgaging with banks, public credit funds, and local and international financing agencies, taking into account the following conditions for loans whose terms exceed three (3) years:
- The value of the loan that the board may conclude during the Company's fiscal year should not exceed 50% of the Company's capital.
  - The Board of Directors shall specify in its resolution the aspects of using the loan and the method of its repayment.
  - The terms of the loan and the guarantees provided therein shall observe that no harm will be caused to the Company and its shareholders, as well as the general guarantees of the creditors.
- 8) Disposal of the Company's assets, property and real estate including buying, accepting, paying the price, mortgaging, discharging the mortgage, selling, transferring, receiving the price, joining and sorting the property and deeds. With regard to the sale of the Company's real estate, the minutes of the board of directors and the reasons for its resolution to dispose must be included therein, taking into account the following conditions:
- The Board shall specify the reasons and justifications for the sale decision.
  - The sale should be close to the price of similar properties.
  - That the sale be at the time of signing, except in cases estimated by the Board and with sufficient guarantees.
  - Such disposal shall not result in the cessation of some of the Company's activities or burden it with other obligations.
- 9) Appointing executive committees and directors, defining their powers, authorities, salaries and bonuses, as well as how to remove them.
- 10) In general, carrying out the daily management of the Company and reporting on everything that does not conflict with the legal powers.
- 11) The Board may, within the limits of its competence, authorize one or more of its members or a third party to undertake a specific function or functions.





Article (20): Remuneration of Board and Committee Members

The remuneration of the Board of Directors shall be within the limits stipulated in the Companies Law and its bylaws, as follows:

1. The remuneration may be a specific amount, attendance allowance for sessions, in-kind benefits, or a certain percentage of the net profits. Two or more of these advantages may be combined.
2. The Board of Directors determines committee membership remunerations, attendance allowances and other entitlements based on a policy approved by the Board of Directors and the recommendation of the Remuneration & Nominations Committee and approved by the General Assembly of Shareholders. Such remunerations shall be disbursed according to the policy approved by the Board.
3. The report submitted by the Board of Directors to the General Assembly shall contain a comprehensive statement of all payments made or to be made to the members of the Board during the fiscal year; rewards, sessions allowance, expenses and other benefits. Such report shall as well contain a statement of payments made for the Board members for being officers or managers or in consideration for technical, administrative or consultancy assignments carried out by them alongside a statement of number of Board meetings or the sessions each Director attended.

Article (21) Powers of the Chairman, Vice Chairman, Managing Director and Secretary

The Board of Directors shall appoint a Chairman and a Vice-Chairman from among its members The Board may appoint a Managing Director. The person holding the Chairman position may not hold any other executive position in the Company. The chairman represents the Company before the judiciary, all Sharia courts, quasi-judicial committees, commissions for settlements of disputes of all degrees and any and all other arbitration boards, labor offices; pleading, defending, admission, denial, conciliation, release, forfeiture, waiver, arrest, payment, acceptance of judgments and objection to them on behalf of the Company. He may also represent the Company before all various notaries, governmental and private agencies and bodies, companies and institutions of all types. He is also entitled to appoint employees and workers, dismiss them, contract with them, determine their salaries, appoint agents and lawyers for the Company, and issue legal powers of attorney with all the powers mentioned above for lawyers. Moreover, they have the right to delegate others.





The Chairman represents the Company in its relations with third parties and before judiciary. Either of them has the right to sign companies conversion contracts in which the Company participates and other contracts, deeds and assignments before the notary public and the official authorities.

The Managing Director is also responsible for implementing the Company's policies determined by the Board of Directors and general supervision of the Company's operations in his capacity as the Company's executive officer. The Board may entrust and assign to the Managing Director any power exercised by the Board in accordance with terms, conditions and restrictions that the Board deems appropriate.

The Board of Directors shall appoint a Secretary from among its members or others. Such Secretary shall be responsible for recording the facts and resolution of the Board of Directors in minutes, and write them down in a special register prepared for this purpose. Secretary remuneration is determined by a resolution of the Board. The term of office of the Chairman, Vice-Chairman, and the Secretary - if the Secretary is a Board member - shall not exceed their respective term of service as Board Directors. They may be re-elected to hold their positions.

#### Article (22): Board Meetings

The Board of Directors shall be convened at least four (4) times a year upon a call by the Chairman. Such call shall comprise the agenda. The Board Chairman shall call for a meeting if so requested by any Board member.

#### Article (23) Board Meeting Quorum

A Board meeting shall not be a valid meeting unless attended by at least half members. Present member shall not be less than 3 members. A Board member may give a proxy to another member to attend the Board meetings on his behalf according to the following directives:

- a) A Board member may not act on behalf of more than one Board member as to attending the same meeting.
- b) A proxy shall be made in writing
- c) A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting under the law

The Board resolutions shall be passed with the approval of the majority vote of the members present in person or represented by proxy. In case of a tie, the Board Chairman shall have a casting vote.





Article (24): Passing Board Resolutions

The Board of Directors may issue its resolutions in matters it deems appropriate by passing them to all members, unless one of the members requests (in writing) a meeting of the Board to deliberate thereon. These resolutions shall be issued upon adoption with the approval of the majority of the Board members, and shall be presented to the Board at its first meeting, and proof them in the minutes.

Article (25) Board Deliberations

The Board deliberations and resolutions shall be drawn in minutes prepared by the Secretary to be signed by the Board Chairman, attending Directors, and the Secretary. Such minutes shall be recorded in a special register to be signed by the Board Chairman and the Secretary. Modern technical means may be used to sign, record deliberations and resolutions, and record minutes.

**Chapter (4): Shareholders' Assemblies**

Article (26): Attending Assemblies

1- The meeting of the General Assembly of Shareholders shall be chaired by the Board Chairman or his deputy in his absence, or whomsoever delegated by the Chairman, or whomever the Board delegates from among its members or others in the absence of the Chairman or his deputy. Otherwise, the General Assembly shall be chaired by a person delegated by the shareholders from among the Board members or others by voting.

2- Each shareholder is entitled to attend the General Assembly, and he may appoint a non-member on his behalf.

General Assembly meetings may be held and a Shareholder may take part in its deliberations and vote at proposed resolutions using one of the modern technological means in accordance with the controls issued by the Competent Authority.

Article (27): Call to Assemblies

1- The Shareholders' Ordinary or Special Assemblies shall be convened by convocation from the Board of Directors. The Board of Directors shall convoke a meeting of the General Assembly if requested to do so by the Auditor within (21) day from such convocation, or a number of Shareholders representing





at least ten percent (10%) of the Company's voting capital. The Auditor may invite the General Assembly to convene if the Board does not invite it within twenty one (21) days of the date the Auditor's request.

2- The request referred to in Paragraph (1) of this Article must indicate the matters that the shareholders are required to vote on.

3- The invitation to convene the assembly shall be at least (21) twenty-one days prior to the specified date, in accordance with the applicable regulations and controls set by the competent authority.

Article (28): Record of Assemblies' Attendance.

Before the time specified for the General or Special General Assembly, Shareholders wishing to attend shall register their names in the ad hoc list maintained at the Company head office.

Article (29): Quorum of Ordinary General Assembly

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least 25 percent (25%) of the Company's voting capital, and may not exceed the half as a maximum. If such quorum cannot be attained at the first meeting:

An invitation to the second meeting shall be held in the same conditions stipulated in Article 91 of the Companies Law within twenty one (21) days following the date specified for the previous meeting. However, the second meeting may be held an hour after the end of the period specified for the first meeting. The invitation to hold the first meeting shall include evidence of the possibility of holding such meeting. In all cases, the second meeting shall be valid regardless of the number of the shares represented therein.

Article (30): Quorum of Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such quorum cannot be attained at the first meeting: an invitation shall be made for a second meeting to be held under the same conditions stipulated in Article 91 of the Companies Law. However, the second meeting may be held an hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes evidence for the possibility of holding this meeting.





In all cases, the second meeting shall be deemed valid if attended by a number of Shareholders representing at least 1/4 (one-quarter) of the Company's capital. In case quorum cannot be attained at the second meeting, an invitation shall be made to a third meeting which shall be held under the same conditions applicable in Article (91) of the Companies Law. The third meeting shall be deemed valid irrespective of the number of shares represented therein.

#### Article (31): Voting Rights

1- Each shareholder shall have one vote for each share held at the the Constituent Assembly. Each shareholder shall have one vote for each share held at the the general assemblies. Cumulative voting must be used when electing the Board of Directors.

The voting right of a share may not be used more than once.

2- Board members may not vote on the assemblies resolutions related to businesses and contracts in which they have a direct or indirect interest or conflict of interests.

#### Article (32): Assemblies Resolutions

1- Resolutions of the Ordinary General Assembly shall be adopted by an absolute majority of the shares represented thereat.

2- Resolutions of the Extraordinary General Assembly shall be adopted with the approval of two-thirds of the shares represented thereat. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term of existence, dissolving the Company prior to the expiry of the period specified therefor under this "AOA" or merging the Company with another Company, then such resolution shall be valid only if adopted by a majority of 3/4 (three-quarters) of the shares represented at the meeting.

#### Article (33): Discussions at the Assembly Meetings

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the Auditor in this respect. The members of the Board or the Auditor must answer the Shareholders' questions to the extent that does not expose the Company's interest to any damage. If the Shareholder considers the answer to the question unsatisfactory, then he may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.





Article (34): Preparing the Minutes of the Assemblies

Minutes shall be written for the meeting showing the number of the Shareholders present in person or represented by proxy, the number of the shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the chairman of the Assembly, the Secretary and the canvasser. A shareholder who owns 5% of the Company's shares may add one or more topics to the assembly's agenda when preparing it.

**Chapter (5): Auditor**

Article (35): Appointment of Auditor

1- The Company shall have one auditor or more to be selected from among the auditors licensed to work in the Kingdom of Saudi Arabia. The Auditor's appointment, his compensation and term of office shall be fixed by the Ordinary General Assembly. The auditor may be reappointed, provided that the period of his appointment does not exceed the period prescribed by Law.

2- The General Assembly may dismiss the auditor, and the Board Chairman must inform the competent authority of the dismissal decision and its reasons, within a period not exceeding five (5) days from the date of issuing such decision.

3- The auditor may leave his office by virtue of a written report to the Company, and his mission ends as of the date of its submission or at a later date specified in the notice, without prejudice to the Company's right to compensation for the damage incurred thereof for reasonable reason. Upon submitting the report, the resigning auditor shall submit to the Company and the competent authority a statement of the reasons for his resignation. The Board of Directors shall convene the General Assembly to consider the reasons for resignation, appoint another auditor and determine his fees, work duration and scope.

Article (36): Auditor's Powers

The Auditor shall have access at all times to the Company's books, accounting records and any other supporting documents. He may request statements, notes, information, and clarifications as he deems necessary. He may further check the Company's assets







and liabilities, etc. of what is within his scope of work. The Board shall help the Auditor perform his duties, and should the Auditor encounter any difficulties in this regard, he shall state same in a report to be submitted to the Board of Directors. In case the Board does not facilitate the Auditor's duties, the Auditor shall be required to ask the Board to hold an Ordinary General Assembly to consider the matter. The auditor may send this invitation if the Board of Directors does not send it within 30 days from the date of the auditor's request.

### **Chapter (6): Company's Accounts and Dividends**

#### Article (37): Fiscal Year

The Company's Fiscal Year commences on January 1 and ends by December 31 of each year. The Fiscal Year commences from the date the Ministerial Resolution to convert the Company is adopted and ends by the end of December of the following year.

#### Article (38) Financial Documents

1. The Board of Directors shall prepare at the end of each fiscal year an inventory of the Company's financial statements, a report on the Company's activities and its financial position for the preceding fiscal year. The Report shall include the Board's proposals as to the distribution of the net profits. The Board of Directors shall put such documents at the Auditor's disposal at least forty-five (45) days prior to the convening of the General Assembly. The documents stated in paragraph (1) above, shall be signed by the Chairman of the Board of Directors, Chief Executive Officer, and Chief Financial Officer. Copies thereof shall be available at the Company's head office for the Shareholders' review
2. The Chairman of the Board of Directors shall provide Shareholders with the Company's financial statements, Board of Directors' report, and Auditor's report unless all such documents are published via adopted communication channels at least (21) days prior to the date set for convening the General Assembly.





Article (39): Distribution of Profits

The General Assembly shall determine the percentage of the net profit to be distributed to the shareholders after deducting the reserves, if any, pursuant to the recommendation of the Board of Directors as required by the regulations in this regard and bylaw

Article (40): Creation of Reserves

1- The Ordinary General Assembly may - when determining dividends from the net profits - decide to allocate reserves, in the amount that serves the company interests or ensure distribution of stable profits as much as possible to shareholders. The said assembly may, as well, deduct from the net profits such amounts as required for social objective for the company employees

2- The Ordinary General Assembly may - upon on a recommendation by the Board of Directors - decide to use its reserves including reserves set per statutory requirements preceding the date of these articles Association approval for the benefit of the company or its shareholders.

Article (41) Entitlement to Profits

A shareholder shall be paid his dividend share subject to a resolution by the General Assembly in this regard. Such resolution shall state the date of maturity and distribution. Eligibility for dividends shall be for Shareholders registered in the Shareholders' Register at the end of the day specified for maturity. The Board of Directors must implement the resolution of the General Assembly regarding the distribution of profits to shareholders within the limited period in accordance with the Companies Law and its Implementing Regulations.

Article (42): Company Losses

If the company's losses amount to (half) of the issued capital, the Board of Directors shall, within (60) days of its knowledge thereof, announce the losses the recommendations relating thereto, and shall within (180) days from said date, call for an extraordinary general assembly meeting to consider the continuation of taking measures necessary to resolve such losses or the dissolution of the company.





### Chapter (7): Disputes

#### Article (43): Liability Action

1- The Company shall have the right to file a liability action against the members of the Board of Directors if they have breached the Companies Law or the Articles or due to their mistakes, negligence or default in performing their work, which results in damages to the Company. The General Assembly may decide to file a liability action and to appoint someone to act on behalf of the Company to proceed with such action. If the Company is in the phase of liquidation, the liquidator shall file such action. In the event that any of the liquidation procedures are initiated against the Company according to the Bankruptcy Law, the filing of this action by its representative shall be legal.

2- A shareholder or more representing five percent (5%) of the Company's capital may file a liability action for the Company in the event that the Company fails to file it. The main objective of filing such action shall be based on a sound basis, and that the plaintiff shall be of good faith and a shareholder in the Company at the time of filing this action.

3- In order to file the action referred to in Paragraph (2) hereof, Board members shall be notified of the intention to file the lawsuit at least fourteen (14) days prior to the date of filing such action.

4- The shareholder may file a personal action against Board members if the mistake they made would cause personal harm to the shareholder.

### Chapter (8): Dissolution and Liquidation of the Company

#### Article (44): Company Winding-up

The Company shall wind-up for one of the following reasons:

a- The expiration of its fixed term, if it has a fixed term, unless it is extended in accordance with the provisions of the Law.

b- The agreement of its partners or shareholders to dissolve it.

c- If there is a final court ruling dissolving or invalidating it.





The Company shall be liquidated in accordance with the provisions of Chapter Twelve (12) of the Companies Law. If the Company expires and its assets are not sufficient to pay its debts or if it is in default according to Bankruptcy Law, it shall apply to the competent judicial authority to open any of the liquidation procedures according to Bankruptcy Law. If the losses of the shareholding Company amount to (half) of the issued capital, the Board of Directors must disclose that and make recommendations thereof within sixty (60) days once it is aware of such fact, and call the Extraordinary General Assembly to convene within one hundred and eighty days (180) from being aware of such fact to consider the continuation of the Company while taking any of the necessary measures to address these losses or dissolve the Company.

#### **Chapter (9): Concluding Provisions**

Article (45): Concluding Provisions

- 1- The Company is subject to the Saudi applicable regulation.
- 2- Any article herein that contravenes the provisions of the Companies Law shall be null and void and the provisions of the Companies Law shall apply thereon. The Companies Law and its Implementing Regulation shall apply to all other matters not specifically provided for herein.

Article (46):

These Articles of Association shall be filed and published in accordance with the Companies Law and its Implementing Regulations.

