



## Articles of Association

# Amlak International Finance Company

(Saudi Joint Stock Company)



## Part One:

### Establishment of the Company:

#### **Article One Establishment**

In accordance with the Companies' Law and its regulations, issued under royal decree no. m/3, dated, 28/01/1437H, the Finance Companies' Control Law issued under royal decree no. m/51/, dated 13/08/1433H and its implementing regulations issued by the resolution of the Governor of the Saudi Central Bank no. 2/p t, dated 14/4/1434H, other relevant laws as well as these articles of association, the shareholders has established a Saudi joint stock company which provisions are as set forth below:

#### **Article Two Company Name**

Amlak International Finance Company (Saudi joint stock company), referred to hereinafter as "the company".

#### **Article Three Company Objectives:**

The company objectives are as follows:

Practicing financing activities for corporates and individuals, in line with the provisions of the Companies' Law, the Finance Companies' Control Law and its implementing regulations, related laws and the rules and instructions issued by the relevant authorities in accordance with the licenses issued by the Saudi Central Bank to practice the following activities:

- 1- Real estate finance,
- 2- Small and medium enterprise finance,
- 3- Consumer finance.

Without prejudice to the provisions of the Companies' Law, the Finance Companies' Control Law and its implementing regulations, and the rules and instructions issued by the relevant authorities – the company may undertake all the works required to fulfill its objectives. The company shall practice all of its objectives in accordance with the Islamic shariah guidelines.

#### **Article Four Partnership and Ownership in Companies**

The company may at its own establish (limited liability or closed joint stock companies) or special purpose vehicles. It may also own shares or stocks in existing companies, or merge with them and shall have the right in partnership with third parties, to establish joint stock or limited liability companies after fulfilling the requirements of the laws and instructions

applicable in this regard. The company may also dispose of these stocks or shares, provided this shall not include brokerage in trading with such stocks or shares.

The company shall obtain the approval of the administrative competent authorities, in line with the relevant laws, and shall obtain the required licenses after securing the no objection of the Saudi Central Bank.

#### **Article Five Company Principal Place of Business**

The company principal place of business is located in the city of Riyadh and can be relocated to any other city in the Kingdom of Saudi Arabia, by a resolution of the extraordinary general assembly, after obtaining the written approval of the Saudi Central Bank.. The company may establish branches, offices, or agencies inside the Kingdom of Saudi Arabia or abroad., subject to observing the laws, regulations, rules, and instructions applicable in the Kingdom of Saudi Arabia and after obtaining the written no objection of the Saudi Central Bank.

#### **Article Six Company Term**

The company has been established for (99) Gregorian years term, which has commenced as from the date the Ministerial resolution announcing the establishment of the company has been issued. This term of the company may be extended by a resolution of the extraordinary general assembly one year at least prior to term.

### **Part Two Capital and Shares**

#### **Article Seven Company Capital**

The company's capital is (1,019,250,000) one billion and nineteen million two hundred and fifty thousand Saudi riyals, divided into (101,925,000) nominal shares of equal value of (10) Saudi Riyals, all of which are cash ordinary shares of equal value in terms of the obligations and rights of shareholders from all aspects.

#### **Article Eight Subscription to Shares**

The Shareholders subscribed to all (101,925,000) shares of the company, with a value of (1,019,250,000) Saudi riyals, paid in full.

#### **Article Nine Preferred Shares**

The company extraordinary general assembly, in line with principles stipulated by the concerned authority, may issue preferred shares, decide to buy such shares, convert ordinary shares to preferred shares, or convert preferred shares to ordinary shares, provided it shall not exceed 10% of the capital. The preferred shares shall have no voting rights in the shareholders' general assemblies. The said shares entitle their holders to receive a higher percentage of net profits than the holders of ordinary shares, after setting aside the statutory reserve.

#### **Article Ten Loans, Bonds, Debt Instruments and Financing Sukuk**

1. Subject to the provisions of the financing laws and its implementing regulations, the company may borrow money and conclude debt contracts in any form in the Saudi currency. It may exercise the same in foreign currencies subject to observing the applicable orders, instructions, and laws. Such loans may be insured, or non-insured and the company may issue order notes, debt securities and sukuk of all types and terms as a proof of such loans.
2. By a resolution of the general assembly and after obtaining the no objection of the Saudi Central Bank., the company may issue shariah compliant, tradable, and indivisible bonds of equal value against the loans provided. These bonds may be nominal or for the benefit of its holder, provided the bond shall remain nominal until its value has been paid in full.
3. In line with the financial market law and the Companies' Law, the company may issue debt instruments or tradable financing sukuk by a resolution of the ordinary general assembly. The resolution shall include the maximum number of shares that may be issued against such instruments or sukuk, whether these instruments or sukuk are issued at the same time or by a series of issuances or through a program or more to issue debt instruments or financing sukuk. The board may without a new approval of the assembly, issue new shares against these instruments or sukuk, which transfer is required by their holders as soon as the transfer request period specified for such instruments or sukuk has elapsed. The board shall take the legal procedures in relation to capital increase.
4. The company shall observe the shariah guidelines when the debt instruments have been issued and traded.

#### **Article Eleven Selling of Partially Paid Shares**

The shareholder shall pay the value of the share at the specified dates. If the shareholder fails to pay on the due date, the board after notifying the shareholder through announcement in a daily newspaper or warning him by a registered letter to his address stated in the shareholder register, may sell the share in an auction or in the stock exchange market as the case may be, in line with the controls stipulated by the competent authority. The company shall receive the amounts due to it from the sale proceeds and shall return the remaining amount to the shareholder. If the sale proceeds are insufficient to cover such amounts, the company may satisfy such amounts from the entire funds of the shareholder.

However, the shareholder in default up to the sale date, may pay the due amount, in addition to the expenses incurred by the company. The company shall cancel the share sold in accordance with the provisions of this article and shall give the buyer a new share bearing the number of the cancelled share and shall indicate in the shares register that the sale has occurred and shall mention the name of the new shareholder.

#### **Article Twelve Issuance of Shares**

The shares are nominal shares, and they may not be issued for a value lesser than their nominal value. The shares may be issued for a higher value than their nominal value, provided the difference in value is added in a separate item within the shareholders rights and may not be distributed to shareholders as dividends. The share is indivisible against the company. If the share is owned by multiple shareholders, they shall select one of them to represent them in exercising the rights related to the share. The shareholders shall be jointly liable for the obligations arising from the share ownership.

#### **Article Thirteen Buying, Selling and Mortgaging of Shares by the Company**

1. The company may buy or sell its ordinary or preferred shares in line with the controls and measures of the competent authority after obtaining the no objection the Saudi Central Bank .The shares bought by the company shall have no voting rights in the shareholders' assemblies.
2. The company may buy its shares and allocate them to its employees as part of the employees shares scheme, in line with the controls and measures of the competent authorities.
3. The company may mortgage its shares as a warrant of a debt, in line with the measures of the competent authority

#### **Article Fourteen Trading of Shares and Shareholders Register**

Without prejudice to the provisions of paragraph three of article ten of the implementing regulations of the Finance Companies' Control Law, the company shares may be traded in line with the laws of the Saudi Capital Market Authority as well as other relevant laws.

#### **Article Fifteen Capital Increase**

1. The extraordinary general assembly may, after obtaining the written no objection of the Saudi Central Bank. and after approval of the competent authorities, decide to increase the company's capital once or several times through issuing new shares in the same nominal value of original shares or by a share premium, provided that the capital has been paid in full. The capital is not required to be fully paid if the unpaid portion of the capital relates to shares issued in exchange for the conversion of debt instruments or financing instruments into shares and the prescribed period for conversion into shares has not expired and the provisions of the Companies' Law have been observed. The resolution shall state that the capital shall be increased by one of the following methods:
  - 1.1 Issuing new shares in exchange for cash contributions.
  - 1.2 Issuing new shares in exchange for the company specified due debts, provided the issuing shall be in the value determined by the extraordinary general assembly after seeking the assistant of any expert or a certified valuator, and after a statement on the origin and amount of such debts have been prepared by the board and the auditor. The board members and the auditor shall sign the statement and shall be responsible for its validity.

- 1.3 Issuing new shares in the amount of the reserve which the extraordinary general assembly decides to merge in the capital. These shares shall be issued in the same form of the tradable shares and shall be distributed to shareholders at no charge in proportion to the original shares owned by each of them.
- 1.4 Issuing new shares in exchange for debt instruments or financing sukuk.
2. At the time the extraordinary general assembly has issued a resolution approving the capital increase, the shareholders shall be entitled to a pre-emptive right to subscribe to the new shares issued against cash contribution. Such shareholders shall be informed of their pre-emptive right by publishing a notice in a daily newspaper or on the website of the Saudi Stock Exchange Company on the resolution of capital increase as well as the conditions, duration and commencement and expiry date of subscription.
3. The new shares shall be distributed to the holders of the pre-emptive rights who requested subscription in proportion to their pre-emptive rights of the total pre-emptive rights resulting from the capital increase, provided that the shares they receive do not exceed the number of new shares requested by them. The remainder of the new shares shall be distributed to the holders of pre-emptive rights who requested more than their respective shares in proportion to their pre-emptive rights of the total pre-emptive rights resulting from the capital increase, provided that the shares they receive shall not exceed the number of new shares requested by them. The remaining shares shall be offered to third parties, unless otherwise decided by the extraordinary general assembly or stated in Stock Exchange Law.
4. The extraordinary general assembly may discontinue application of the pre-emptive right of shareholders to subscribe to the capital increase against cash contribution or may vest such right in persons other than the shareholders in the cases that it believes they are appropriate for the interest of the company.
5. The shareholder may sell or assign the pre-emptive right during the period from the date the general assembly resolution approving the capital increase is issued until the last day of subscription to the new shares related to such rights, in accordance with the controls set by the competent authority.
6. The extraordinary general assembly may, in all cases, allocate all or part of the shares issued for capital increase to employees of the company and/or all or part of its subsidiaries. Shareholders may not exercise the pre-emptive right if the company has issued shares for employees.

### **Article Sixteen Capital Decrease**

The extraordinary general assembly, based on acceptable reasons, in line with the relevant laws and controls, and after obtaining the written no objection of the Saudi Central Bank., and approval of the competent authorities, may decide to decrease the capital if it exceeds the company's need or if the company incurred losses. The decrease resolution may only be issued after reading a special report prepared by the auditor explaining the reasons for such decrease, the company's obligations, and the effect of the decrease on these obligations. The provisions of the Companies' Law shall be observed. If the capital decrease is a result of the capital being in excess of the company's need, the creditors shall be invited to submit their objections to the decrease within sixty days from the date the decrease decision is published in a daily newspaper distributed in the area where the company's head office is located. If a creditor objects to such decrease and submits to the company its documents on the specified date, the company shall pay the creditor's debt if due or shall provide him with a sufficient guarantee to satisfy his debt if it is delayed.

The capital is decreased by one of the following methods:

- a. Cancelling a number of shares equivalent to the required amount of decrease.
- b. A number of shares equivalent to the required amount of decrease shall be bought and then cancelled by the company.

If the capital decrease is made by cancelling a number of shares, shareholders shall be dealt with on equal basis, and they shall submit to the company in the specified date, the shares that it decides to cancel, otherwise they would be considered as cancelled.

If the capital decrease is made by buying a number of company shares that will be cancelled, the shareholders shall be invited to offer their shares for sale. The invitation shall be by informing the shareholders via the Saudi Stock Exchange (Tadawul) website or a daily newspaper distributed in the area where the head office of the company is located, of the company's desire to buy the shares. If the number of shares offered for sale is more than the number of shares that will be bought by the company, the sale requests shall be reduced in proportion to this increase.

### **Part Three**

#### **Board of Directors**

##### **Article Seventeen Company Management**

The company shall be managed of a board of directors composed of nine members elected by the shareholders' ordinary general assembly for three Gregorian years for each sessions, using the cumulative voting method. Independent members shall be presented properly in the composition of the board. At all times, the number of independent members shall not be less than two members or one third of the board members, whichever is more, after fulfilling the adequacy requirements decided by the Saudi Central Bank. and obtaining a letter therefrom that includes its no objection. The members whose membership has expired may be re-elected, subject to observing the provisions of the Companies' Law, provisions of the Corporate Governance regulations as well as the rules applicable in this respect.

##### **Article Eighteen Expiry of Board Membership**

The membership of the board shall expire upon expiry of the board term or if a member becomes unfit for membership, in accordance with any law, regulations, rule or instructions applicable in the Kingdom of Saudi Arabia. The membership may also expire by resignation, death or if the board has become aware that the member has violated his duties in a manner harmful to the interest of the company, subject to the approval of the ordinary general assembly. The membership of the board may also expire if the member has not attended three consecutive meetings during the fiscal year without an excuse acceptable to the board, or if the member has been declared bankrupt, insolvent, or submitted a request of settlement with his creditors, ceased to pay his debts, suffered a mental illness or has proven to commit an act that affect honesty and ethics, or convicted with forgery. However, the ordinary general assembly may at any time dismiss the members in full or in part, without prejudice to the right of the dismissed member to claim compensation from the company, if dismissal was made for an unacceptable reason or at improper time. A member may resign, provided that such resignation is made at a proper time, otherwise, that member shall be responsible before the company for any resulting damage.

##### **Article Nineteen Vacant Position of the Board**

After fulfilling the adequacy requirements set forth by the Saudi Central Bank. and obtaining a letter including its no objection, if the position of a board member becomes vacant, the board may appoint a member to fill temporarily the vacant position, provided that such member shall meet the conditions of experience and efficiency. The Capital Market Authority and the Ministry of Commerce shall be notified accordingly within five working days from the date of appointment. The appointment shall be referred to the ordinary general assembly in its first meeting and the new member



shall only complete the term of his predecessor. If the board fails to convene due to not satisfying the minimum number of members, the existing members shall call the ordinary general assembly to convene within sixty days to elect the required number of members.

### **Article Twenty Authorities of the Board**

Subject to the provisions of the financing laws and its implementing regulations and without prejudice to the powers of the general assembly, the board of directors shall have the extended powers to manage the company in order to achieve its objectives. The board shall have the right to develop the company policies, determine its investments, oversee its business and manage its affairs inside the Kingdom and abroad. The powers of the board also include but are not limited to representing the company in its relations with third parties, governmental and private institutions and entities and companies and organizations of all types. The board shall in addition have the right to sign on all types of contracts and documents, including but not limited to articles of association and main laws of companies in which the company is a partner, including its annexes and amendments, amendment resolutions, partners' resolutions, including, capital increase and decrease, selling and buying shares and stocks, waiver, participating in governmental and private bids, signing agreements and sukuk before the notary public and official authorities, issuing powers of attorney on behalf of the company, selling, buying, vacating and accepting vacating, paying price, receiving price, acknowledging receipt of price, bargaining, grant, waiver, mortgaging, redeeming and accepting mortgage for lands, real estates, stocks, shares, company assets including movable assets and installations; merging and amending sukuk, dividing, sorting; receiving, updating, and entering of sukuk in the comprehensive system,

obtaining in lieu of lost sukuk, waiver of shortage of area, receipt and hand-over, leasing, renting, signing, renewing; cancelling and revoking lease contracts, receipt and payment, selling and buying stocks and shares in companies in which the company has interest; buying stocks and shares in other companies, attending shareholders assemblies and general assemblies, voting on its resolutions, and rendering objections and reservations, and taking the necessary procedures with respect to the companies in which the company is investing or partnering, including amendment, merger, liquidation, buying, selling, waiver, appointment and dismissal of managers and determining their wages and remunerations. The board shall also have the right to open accounts, credits, withdrawal and depositing at banks, authorizing third parties, approving electronic withdrawal and depositing at banks and authorizing third parties to undertake the same, issuing banking guarantees, signing on all papers, documents, cheques, loan agreements, guarantees and warrants and all banking transactions, including order notes, opening and closing investment portfolios, transferring between investment portfolios and buying and selling shares and securities. The board shall also have the right to appoint and dismiss employees and

laborers, request visas, recruit laborers from abroad, contract with them, determine their wages and remunerations, obtain residency cards, transfer of sponsorships, and release sponsorship. The board shall have the right to borrow funds from financial local and international institutions and banks with or without guarantees to provide the financing needs of the company businesses, issue debt instruments, financial derivatives and securitization (selling of receivables); sign on agreements related to selling credit portfolios and their assets, rights and benefits as well as rights emanating from financing contracts concluded with customers; write and sign order notes to the buyer in the amount of sale and transfer and endorse guarantees and order notes submitted by the customers with whom financing contracts are concluded and which rights were sold, subject to observing the laws and instructions applicable in the Kingdom of Saudi Arabia. The board may sign commercial papers and warrants and may set provisions to face potential credit or operational losses and use them at its own discretion and in line with the instructions of the Saudi Central Bank. issued in this regard.

The board may release the company debtors from their obligations at the discretion of the board, including but not limited to the unfeasibility to claim such obligations, or if the cost of claim is higher than the collection of the obligations as well as other cases as may be in the interest of the company.

The board may delegate any of its powers to its chairman and /or any board member or to any committee formed from board members or to any of its employees. The board shall have the right to authorize any person with a power or specific powers for a specific period deemed suitable by the board. The board may prepare an administrative charter that regulates work mechanism of the company and its relationship with third parties, and may develop the regulations, form specialized work committees, determine its powers, competencies, and mechanism of its selection.

The board may develop the rules and laws that are not in contradiction with the provisions of this law or any related laws in order to include all matters that require existing provisions to carry out the provisions of this law and the company articles of association. Without prejudice to the comprehensiveness of the foregoing powers, these rules and laws may in particular state as follows:

1. Carrying out and managing election under this law, including the final decision on the suspicions and disputes related to the validity of election.
2. Appointment of board committees and determining their powers and tasks.
3. Opening branches and agencies and managing their works
4. Authorizing any officer, person, institutions or company with the powers and authorizations and disposal rights of the boards, in accordance with the provisions of these articles of association.
5. Such disposal shall not result in the discontinuity of some of the company activities or adding other obligations to it.

### **Article Twenty-One Remunerations of Board Members**

Remunerations of the board and its committees and committees' sessions attendance allowance shall be within the limits stated in the Companies' Law and the instructions issued by the competent authorities in this regard. The company shall pay to the board chairman and members, the actual reasonable expenses incurred by them to attend board or committees' meetings, including travel, residence, and accommodation expenses. The board's report that will be submitted to the ordinary general assembly shall include a statement of all benefits received by the board members during the fiscal year, including remunerations, expenses allowances and other benefits. The report must also include a statement of the amounts received by the board members in their capacity as officers or administrators or any other amounts received by them in consideration of technical or administrative activities or consultations. The report shall as well include a statement of the number of board meetings and the number of meetings attended by each member since the date of the last meeting of the general assembly.

### **Article Twenty-Two Authorities of the Chairman, Deputy Chairman, Managing Director and the Secretary**

After obtaining the prior written no objection of the Saudi Central Bank. and after the approval of competent authorities, the board shall appoint, from amongst its members, a chairman and may appoint a deputy chairman and a managing director. The chairman shall not hold any other executive position in the company. The deputy chairman shall replace the chairman in his absence.

Subject to the provisions of the financing laws and its implementing regulations, the board chairman shall represent the company in its relations with third parties, governmental and private authorities, legal courts, commercial courts, labor courts, all courts of competent jurisdiction, the administrative courts (Board of Grievances), medical legal courts, financial, banking, financing and insurance dispute settlement committees, the offices and committees for the resolution of securities, and financial and commercial papers disputes, customs committees, commercial fraud committees, committees for the settlement of tax violations and disputes and all other judicial committees, Anti-Corruption and Oversight Commission, Public Prosecution, arbitration commissions and committees, arbitrators, civil affairs, police posts, other governmental authorities, chambers of commerce and industry, private commissions and authorities, companies, and institutions of different types; shall have the right to claim, litigate, plead, defend, hear and respond to claims, acknowledge, deny, reconcile, waive, discharge, request oath, challenge oath, abstain from oath, bring witnesses and evidences, appeal, respond, endorsement and impeachment, challenge forgery, deny calligraphy, stamps and signatures, request banning of travel, lift banning of travel, request seizure and implementation, follow up with the seizure and implementation departments, request arbitration, appoint experts and arbitrators, challenge experts and arbitrators reports, deny and replace them, request application of shariah hearing law,

request implementation of verdicts, accept, deny and object verdicts, request appeal and petition for reconsideration, annotation of verdict deeds, request rehabilitation, request first refusal, attend sessions in all lawsuits at all courts, receive amounts in cheques in the name of the company and receive deeds of verdicts, request judge recusal, and request inclusion and intervention.

The board chairman, managing director, jointly or individually, shall represent the company in its relations with third parties, governmental and private authorities, companies and organizations of all types; shall have the right to sell, buy, vacate and accept vacating, pay and receive price, acknowledge receipt of price and grant, accept grant, bargain, waiver, mortgage, redeem mortgage, accept mortgage for all company properties, including stocks, shares, real estates, lands, properties and company assets including company movable assets, installations, and assets of affiliates or companies in which the company is an investor or partner, merge and amend sukuk, divide, sort, receive and update sukuk in the comprehensive system, obtain in lieu of lost sukuk and items, convert agricultural lands to residential, commercial and industrial lands, amend borders, lengths and areas, land plot numbers, layouts, sukuk and their dates, names of districts, lease and rent, sign and renew lease contracts, receive rental amount, receive and hand-over, follow up with all related parties and finalize all required procedures and sign as required.

Each one of them shall have the right to sign all types of contracts and documents, including but not limited to incorporation laws and articles of association of companies in which the company is a partner or a shareholder as well as partners resolutions and amendment annexes at the notary public, including selling and buying shares and stocks, waiver, capital increase or decrease, appointing and dismissing managers and employees of the company or companies in which the company is a partner, determining their wages and remunerations, amending management item, and entry and exit of partners, partnering into existing companies and establishing new companies, buying and selling stocks and shares, paying and receiving price, subscribing to new joint stock and closed companies, selling shares and stocks and receiving value and profits, waiver by selling of stocks and shares in the companies in which the company is a shareholder or a partner; shall have the right to transfer shares, stocks, sukuk and documents, amend company objectives, amend articles of association or amendment annexes, transfer companies to closed or public joint stock companies, publish articles of association, amendment annexes and their summaries and main by-laws in line with the laws, register companies, agencies and trademarks, waiver of trademarks, attend ordinary and extraordinary general assemblies, partners assemblies of affiliates and companies in which the company owns shares or stocks, vote on resolutions, make objections and reservations, open files for company, open and close branches for the company, liquidate companies, obtain and renew commercial registrations, subscribe to chambers of commerce and industry and renew subscriptions and approve relevant signatures, follow-up with the Quality Assurance Department and the Standards, Metrology and Quality Organization, obtain and renew company licenses, convert company branches into companies,

represent the company in the General Investment Authority, sign its necessary documents, represent the company in the Capital Market Authority and sign its necessary documents, enter into bids, receive forms, and sign all company contracts with third parties.

The chairman or the managing director may sign loan agreements, guarantees and warrants, sign promissory notes, order notes and cheques, open accounts in banks in the name of the company, close accounts, authorize third parties, open credits, withdraw and deposit in banks, issue bank guarantees, sign all papers, documents, cheques and all banking transactions, including opening and closing investment portfolios, transferring of shares between portfolios, opening electronic accounts and acting upon them by withdrawal and deposit, authorizing third parties, selling and buying stocks, appointing and dismissing employees, requesting visas, recruiting labor force from outside the Kingdom, contracting with them and determining their wages and remunerations, obtaining residency cards, transferring sponsorship and releasing sponsorship; each one them may appoint agents, lawyers and advisors on behalf of the company, issue legal powers of attorney on behalf of the company, and authorize or delegate to a director or more, company employee or a third party again and again to undertake (a) specific work(s) and cancel the power of attorney or authorization.

In addition, the managing director shall have the authority to undertake all the management works required to implement the resolutions of the board, and shareholders' general assembly and shall have other powers determined or assigned to him by the board.

The board, at its own discretion and by a resolution of the board shall determine the remuneration that will be received by the board chairman and the managing director as well as the remuneration set for the board members, under these articles of association.

The board shall appoint a board secretary, from amongst its members or others. The secretary shall write the boards' minutes of meetings and document and keep the resolutions issued in these meetings and shall exercise other powers delegated to him by the board, board chairman or the managing director. The secretary's remuneration shall also be determined by the board.

The term of chairman, the managing director and secretary if a board member shall not exceed the term of office of each of them in the board. They may be re-elected, and the board may, at any time,

dismiss all or some of them without prejudice to the dismissed person's right to claim compensation if dismissal was made for an illegal reason or at an improper time.

### **Article Twenty-Three Board Meetings**

The board shall meet four times at least during a fiscal year, by invitation of the board chairman. The invitation shall be in writing or sent by mail, fax or email to the addresses registered in the company. The board chairman shall call the board to meet upon request by two board members. The meeting shall be held in the company headquarter and may be held outside it.

The meeting shall be chaired by the board chairman and may be chaired by the deputy chairman in the absence of the chairman. If both the chairman and deputy chairman are absent, the meeting shall be chaired by the member selected for that purpose by the attending members.

### **Article Twenty-Four Board Meeting Quorum**

The board meeting shall be valid only if attended at least by five members. A board member may delegate another member to attend and vote in the board meetings. If a board member delegates another member to attend board meetings, such delegation shall be in accordance with the following guidelines:

- a. The board member may not delegate more than a member to attend the same meeting.
- b. The delegation shall be documented in writing.
- c. The proxy may not vote on the resolutions the voting thereon is prohibited by law.

### **Article Twenty-Five Board Resolutions**

The board resolutions shall be adopted at least by the majority of votes of the members attending the meeting or represented in it. In event of equal votes, the chairman of the meeting shall have a casting vote. The board may adopt resolutions by circulation unless a member has requested in writing a meeting to discuss such resolutions. In this case, the resolutions shall be submitted to the board in its first following meeting. Meetings may be held through the joint telephone, video or any other advanced means of technology that allow members to participate in the meeting and hear each other clearly. Any member who is unable to attend the meeting for an acceptable reason, may participate in the meeting in the same manner, subject to the approval of the meeting chairman and attending members. The meeting attendance shall be in the manner set forth in this paragraph in terms of quorum and voting.

Any member who has a direct or indirect personal interest in any matter or suggestion submitted to the board or other committees shall notify the board or its committee of the nature of his interest in that matter. The notification shall be documented in the minutes of meeting. Without excluding him from the number required for the validity of the meeting – the member shall abstain from participating in the deliberations and voting in the board, other committees, or the general

assembly in relation to the matter or suggestion. The board chairman shall inform the ordinary general assembly, once convened, of the works and contracts in which a board member has direct or indirect interest.

The deliberations and resolutions of the board shall be drawn in minutes of meeting signed by the meeting chairman, attending members and the secretary. These minutes shall be recorded in a special register signed by the board chairman and secretary.

#### **Part Four**

#### **Shareholders' Assemblies**

##### **Article Twenty-Six Attending of Assemblies**

The formed properly general assembly shall represent all shareholders and its issued resolutions shall be within the limits of its jurisdiction, in line with these articles of association, and shall be binding to all shareholders. General assemblies may be held in the city where the head office of the company is located and may be held in any other place determined by the board. Each shareholder shall have the right to attend the shareholders' general assemblies and may delegate another person from other than board members or company employees to attend the general assembly. In addition, the shareholders' general assemblies may be held, and the shareholder may participate in its deliberations and vote on its resolutions through advanced means of technology, in accordance with the controls set by the competent authority. The Ministry of Commerce and the Saudi Central Bank. may mandate a representative or more to attend the general assemblies as observers.

##### **Article Twenty-Seven The Constituent Assembly**

The constituent assembly shall be responsible for the issues stated in article (sixty-three) of the Companies' Law, subject to the financing laws and its implementing regulations as well as the relevant laws and instructions.

##### **Article Twenty-Eight Powers of the Extraordinary General Assembly**

The extraordinary general assembly shall have jurisdiction over amendment of the company articles of association except the matters that are impermissible to be amended by law. In all cases, the written approval of the Saudi Central Bank. shall be obtained prior to any amendment to the articles of association. The extraordinary general assembly may also pass resolutions on matters that are originally part of the jurisdiction of the ordinary general assembly, under the same conditions and situations applicable to the ordinary general assembly.

### **Article Twenty-Nine Powers of the Ordinary General Assembly**

Except for the matters entrusted to the extraordinary general assembly, the ordinary general assembly shall have jurisdiction over all matters related to the company. The assembly shall convene at least once a year within the six months following the end of the fiscal year of the company. Additional ordinary general assemblies may be called to convene whenever required.

### **Article Thirty Calling Assemblies to Convene**

The shareholders' general or private assemblies shall convene by invitation from the board of directors. The board shall invite the ordinary general assembly to convene if requested by the auditor, the Audit Committee or a number of shareholders representing (5%) of capital at least. The auditor may invite the assembly to convene if the board has not invited the assembly to convene within thirty days from the date of the request by the auditor.

The invitation to convene the general assembly shall be published on the Saudi Stock Exchange Company website (Tadawul) and in a daily newspaper distributed in the area where the company headquarter is located twenty-one days at least prior to the date specified to convene the assembly. In addition, the company may address the invitation on the specified date to all shareholders via the advance means of technology and shall include agenda of the meeting. A copy of the invitation and agenda shall be sent to the Ministry of Commerce, the Capital Market Authority and the Saudi Central Bank. within the period specified for publication.

### **Article Thirty- One Assemblies Attendance Record**

The shareholders who wish to attend the general or private assembly shall register their names in the company headquarter prior to the date specified for the assembly meeting. The shareholders' general or private assembly meetings may be held, and the shareholder may take part in its deliberations and vote on its resolutions via the advanced means of technology, in line with the guidelines set by the competent authority.

### **Article Thirty-Two Quorum of the Ordinary General Assembly Meeting**

The meeting of the ordinary general assembly shall be valid only if attended by shareholders representing half of the capital at least. If the first meeting falls short of quorum, an invitation shall be addressed to hold a second meeting within thirty days following the previous meeting. The invitation shall be published in the manner stated in article thirty of these articles of association. However, the second meeting may be held one hour after expiry of the period specified to hold the first meeting, provided the invitation to hold the first meeting includes the announcement of the possibility to hold such meeting. In all cases, the second meeting shall be valid irrespective of the number of shares represented in the meeting.



### **Article Thirty-Three Quorum of the Extraordinary General Assembly Meeting**

The meeting of the extraordinary general assembly shall be valid only if attended by shareholders representing at least half of the capital. If the first meeting falls short of quorum, an invitation shall be addressed to hold a second meeting in the same situations stated in the previous article. However, the second meeting may be held one hour after expiry of the period specified to hold the first meeting, provided the invitation to hold the first meeting includes the announcement of the possibility to hold such meeting. The second meeting shall be valid if attended by shareholders representing quarter of the capital at least. If the second meeting falls short of quorum, an invitation shall be extended for a third meeting that shall be held in the same situations stated in the previous article. The third meeting shall be valid irrespective of the number of shares represented in the meeting, after approval of the competent authority.

The board of directors shall publish the resolutions of the extraordinary general assembly in line with the provisions of article sixty-five of the Companies' Law, if such resolutions have included the amendment of the company articles of association.

### **Article Thirty-Four Voting in Assemblies**

The votes in the ordinary and extraordinary general assemblies are calculated on the basis of one vote per share.

Cumulative voting shall be applied in the election of the board members. The voting right for each share shall not be used more than once. Members of the board may not vote on the assembly resolutions related to absolving their liability against the management of the company or which are related to their direct or indirect interest.

### **Article Thirty-Five Assemblies' Resolutions**

The resolutions of the constituent assembly and the ordinary assembly shall be passed by absolute majority of shares represented therein. The resolutions of the extraordinary general assembly shall be passed by absolute majority of shares represented in the meeting, unless the resolution is related to capital increase or decrease, extending the company term, dissolving the company prior to the term specified in its articles of association, or merging the company with another company. In these cases, the resolution shall be valid only if passed by a majority of three quarters of the shares represented in the meeting. The resolution shall be enforceable only after obtaining the approval of the Saudi Central Bank. thereon.

### **Article Thirty-Six Discussion in the Assemblies**

Each shareholder shall have the right to discuss the subjects listed in the agenda of the assembly and may address questions in respect thereof to the board members and the auditor. The board members or the auditor shall answer questions of the shareholders to the extent that causes no harm to the company's interest. If a shareholder deems the answer to his question is unsatisfactory, he may raise the issue to the assembly which resolution in that regard shall be enforceable.

### **Article Thirty-Seven Chairing Assemblies and Preparing Minutes**

The shareholders' general assemblies shall be chaired by the board chairman or the deputy chairman in the absence of the chairman, or by the member delegated by the board in the absence of the chairman and deputy chairman. The assembly shall appoint a secretary for the meeting and a vote collector.

A minute of the assembly meeting shall be written, including the number of attending shareholders or representatives, the number of shares they hold in person or by proxy as well as the votes they are entitled to, the resolutions adopted and the number of votes for or against them and a sufficient summary of the deliberations that have taken place in the meeting. The minutes shall be written on a regular basis after each meeting in a special register signed by the assembly chairman, secretary, and vote collector.

## **Part Five**

### **The Audit Committee**

### **Article Thirty-Eight Formation of the Committee**

By a resolution of the ordinary general assembly, an audit committee shall be formed of non-executive board members, whether shareholders or otherwise, provided the majority of committee members are independent, after fulfilling the adequacy requirements stipulated by the Saudi Central Bank, and obtaining a letter therefrom, including its no objection thereon. The number of committee members shall be no less three members and no more than five members, in accordance with the conditions and controls determined by the Saudi Central Bank. Based on the suggestion of the board, the resolution of the general assembly shall determine the committee's functions, its work controls, remunerations of its members and their membership term.

### **Article Thirty-Nine Quorum of Committee Meeting**

The meeting of the Audit Committee shall be valid only by attendance of the majority of committee's members. The resolutions of the committee shall be passed by majority of the votes of attendees. In case of a tie, the meeting chairman shall have a casting vote.

### **Article Forty Powers of the Committee**

The Audit Committee shall oversee the company business. For that objective, the committee shall have the right to review the company records and documents and shall request any explanation or statement from board members or the executive management. The committee may also request the board to invite the company general assembly to convene if the committee's function has been hindered by the board or if the company has suffered substantial damages or losses.

### **Article Forty-One Committee Reports**

The Audit Committee shall examine the financial statements of the company, and the reports and remarks of the auditor and express opinion thereon, if any. The committee shall also prepare a report of its opinion with respect to the adequacy of the internal control system of the company as well as other works it has undertaken within the scope of its jurisdiction. The board shall keep sufficient copies of the report at the company's head office at least twenty-one days prior to the meeting of the general assembly to provide any interested shareholder with a copy of the report. The report shall be recited at the assembly meeting.

## **Part Six The Auditor**

### **Article Forty-Two Appointment of the Auditor**

Without prejudice to the provisions of article (seventy-four) of the executive regulations of the Finance Companies' Control Law, the company shall have one auditor or more selected from among the auditors licensed to work in the Kingdom of Saudi Arabia. The ordinary general assembly shall appoint the auditor on yearly basis, determine its remunerations and term of office and may re-appoint the auditor. The assembly may also, at all times, change the auditor, without prejudice to the right of the auditor to request compensation if the change was made at an improper time or for an illegitimate reason.

The auditor of the company shall neither be a founder of the company, a board member nor shall undertake a technical or administrative work for the company or in its interest, even in the form of a consultation. The auditor shall not also be a partner of a founder of the company, a board member or one of its employees or a fourth degree relative. Any work contrary thereto shall be void.

### **Article Forty-Three Powers of the Auditor**

The auditor shall have the right to review company books, records and other documents at all times and request data and explanations, it considers necessary. The auditor may examine company assets, obligations as well as any matters that fall within the scope of its work. The board chairman shall enable the auditor to perform its duties. In the event of

encountering any difficulties in this respect, the auditor shall record the same in a report to be submitted to the board. If the board has not facilitated the work of the auditor, the auditor shall request the board to invite the ordinary general assembly to convene to discuss the issue. The auditor shall present a report to the annual general assembly, including the company position on enabling it to obtain the data and clarifications it requested, as well as its opinion on the fairness of financial statements. The auditor shall cite its report in the general assembly and shall clarify any discovered violations to the provisions of the Companies' Law, the Finance Company's Control Law or its implementing regulations, the relevant laws, the provisions of these articles of association or the rules and instructions issued by the Saudi Central Bank, as well as its opinion on the extent to which the company accounts match-up with the reality.

## **Part Seven**

### **Company Accounts and Distribution of Dividends**

#### **Article Forty-Four The Fiscal Year**

The fiscal year of the company shall commence in the first day of the month of January and shall expire on last day of the month of December each fiscal year.

#### **Article Forty-Five Financial Documents**

- a. Without prejudice to the provisions of the Companies' Law, Finance Companies' Control Law, and its implementing regulations, especially article (twenty-six) of the executive regulations of the Finance Companies' Control Law, the board, at the end of each fiscal year, shall prepare the company financial statements and a report on its activity and financial position in the preceding fiscal year. The report shall include the suggested dividend distribution method. The board shall make these documents available to the auditor at least forty-five days prior to the date specified for the general assembly meeting. The financial statements for the first quarter, second quarter and third quarter of the financial year shall be disclosed via the electronic systems specified for this purpose in the market as soon as they are approved and prior to publication for shareholders or third parties.
- b. The board chairman, chief executive officer and the finance officer shall sign the documents stated in the above paragraph (a) of this article. Copies of these documents shall be filed in the company head office and shall be made available to the shareholders at least twenty-one days prior to the scheduled date of the general assembly meeting.
- c. The board chairman shall provide the shareholders with the financial statements of the company, the board report as well as the auditor's report, unless they are published in a daily newspaper distributed in the area where the headquarter of the company is located. The chairman shall also send a copy of such documents to the

Ministry of Commerce, and the Capital Market Authority at least fifteen days prior to the scheduled date of the general assembly meeting.

#### **Article Forty-Six Distribution of Dividends**

Without prejudice to the provisions of article (twenty-six) of the executive regulations of the Finance Companies' Control Law, the shareholders profits shall be distributed after deducting all expenses as follows:

1. Ten (10%) percent of the net profit shall be set aside to form the statutory reserve of the company. The ordinary general assembly may decide to discontinue such set aside when the statutory reserve has reached (30%) of the paid-up capital.
2. The general assembly, based on a proposal of the board, may then distribute to shareholders from the remaining profits, a percentage of not less than (5%) of the company's paid-up capital.
3. Interim profits may be distributed to shareholders by a decision of the board. Said profits shall be deducted from the profits specified in paragraph (2) of this article, in accordance with the regulatory rules issued by the competent authorities.

#### **Article Forty-Seven Entitlement to Dividends**

The shareholder shall be entitled to its share of dividends in accordance with the resolution of the general assembly issued in this regard. The resolution shall state the date of entitlement and date of distribution. The eligibility to dividends shall be to the shareholders registered in the shareholders' registers at the end of the day specified for entitlement, in accordance with the instructions issued by the competent authorities and subject to the finance laws and its implementing regulations.

#### **Article Forty-Eight Distribution of Dividends for Preferred Shares**

1. If no dividends are distributed for any financial year, dividends may be distributed for the following years only after payment of the percentage specified in the provisions of article (one hundred and fourteen) of the Companies' Law to the holders of preferred shares for that year.
2. If the company fails to pay the specified percentage under the provision of article (one hundred and fourteen) of the Companies' Law) from the dividends for three consecutive years, the private assembly of holders of these shares, convening pursuant to article (eighty-nine) of the Companies' Law, may resolve either to attend the meetings of the company's general assembly and participate in voting, or to appoint representatives thereof at the board in proportion to the value of their shares in the capital until the company has paid all pre-emptive dividends allocated for holders of such shares for the previous years.

#### **Article Forty-Nine Company Losses**

1. Without prejudice to the provisions of article (seventy) of the executive regulations of the Finance Companies' Control Law, if the company losses have reached half of the paid-up capital at any time during the fiscal year, then any officer

of the company or the auditor as soon as becoming aware of such loss, shall notify the chairman of such losses. The chairman shall inform board members of the losses immediately. Within fifteen days of becoming aware of the losses, the board shall call for a meeting of the extraordinary general assembly within forty-five days of being aware of such losses,

to decide either to increase or decrease the company capital in accordance with the provisions of the Companies' Law, and to the extent by which the percentage of losses shall fall below half of the paid-up capital or dissolve the company prior to the term specified in its articles of association.

2. The company shall be deemed to have expired by force of the Companies' Law if the extraordinary general assembly has not convened within the period specified in paragraph (1) of this article, if the assembly has convened and was unable to take a resolution in this regard, or if it has decided to increase the capital, in line with the situations stipulated in this article, and not all capital increase was subscribed to within ninety days from the date the assembly resolution to increase the capital is passed.

## **Part Eight Disputes**

### **Article Fifty Claim of Liability**

Each shareholder shall have the right to file the liability claim against board members on behalf of the company if their wrongful act has caused a personal prejudice to the shareholder. The shareholder may file the said claim only if the right of the company to file such claim is still valid. The shareholder shall notify the company of the intention to file the claim.

## **Part Nine**

### **Dissolution and Liquidation of the Company**

### **Article Fifty-One: Expiration of the Company**

Without prejudice the provisions of article (twenty) of the executive regulations of the Finance Companies' Control Law, the company shall expire as soon as the term of the company has expired, in accordance with these articles of association or the provisions of the Companies' Law. When the company term has expired or dissolved prior to term, the extraordinary general assembly, based on a proposal of the board, may decide the method of liquidation, and shall appoint a liquidator or more,

determine their powers and fees, the restraints imposed on such power and the duration required for liquidation. The voluntary liquidation duration shall not exceed five years and can only be extended by a judicial order. The powers of the company board shall cease upon expiry of the company. However, the board members shall remain responsible for the management of the company and shall act as liquidators when dealing with third parties until a liquidator has been appointed. The shareholders' assemblies shall continue to exist during the liquidation period, and their role shall be restricted to the performance of their functions that do not contradict with those of the liquidator.

#### Part Ten Final Provisions

##### Article Fifty-Two

The Companies' Law and its regulations, the Finance Companies' Control Law and its implementing regulations, related laws as well as the rules and instructions issued by the Saudi Central Bank. shall apply on all matters that are not herein stated.

##### Article Fifty-Three

These articles of association shall be filed and published in line with the Companies' Law and its regulations.