

## **Article of Association of Sadr Logistics Services Co**

**(Main Market Listed Joint Stock Company -TASI)**

### **Chapter 1: Founding a Company**

#### **Article 1: Establishment**

In accordance with the provisions of the Companies Regulations issued by Royal Decree No. (M/132) of 12/01/1443 AH and its Executive Regulation issued by the Minister of Commerce No. (284) of 23/06/1444 AH, a Saudi Stock Company shall be established in accordance with the following:

#### **Article 2: Name of the company:**

Sadr Logistics Services Co (Saudi Joint Stock Company listed).

#### **Article 3: Purposes of the company:**

The company engages and performs the following purposes:

1- Manufacturing industries and their subsidiaries according to industrial licenses. 2- Construction and construction. 3- Transport, storage and refrigeration. 4- Financial, business and other services. 5- Social, group and personal services. 6- Trade. 7- Information technology. 8- Security and safety. 9- Agriculture and fishing. 10- Mines and petroleum and their subsidiaries. 11- Electricity, gas and water and its branches.

The company shall conduct its business in accordance with the established regulations and after obtaining the necessary licenses, if any, from the competent authorities.

#### **Article 4: Participation and ownership in companies**

A company may set up companies on its own (with limited liability or closed participation) provided that the company's capital is not less than what is specified in the company regulation issued by the Ministry of Commerce. The company may also own shares and shares in other existing companies or merge with them. It has the right to participate with others in the establishment of limited joint stock or limited liability companies after fulfilling the requirements of the regulations and instructions in this regard. The company may also dispose of these shares or shares. The company may, on the recommendation of the Board of Directors, enter into commercial alliances or joint ventures with other companies.

### **Article 5: Principal status of the company**

The company's main center is located in Riyadh, and branches, offices, or agents may be established inside or outside the Kingdom by a decision of the Board of Directors.

### **Article 6: Duration of the company**

The term of the company (99) is ninety-nine years from the date of its registration in the trade register as a shareholder. This period may always be extended by an extraordinary decision of the General Assembly at least one year before the expiration of its term.

## **Part 2: Capital and equity**

### **Article 7: Capital**

The issued capital of the company was determined at (175,000,000) Saudi riyals (one hundred and seventy-five million Saudi riyals) divided into (175,000,000) shares (one hundred and seventy-five million) nominal shares of equal value, the nominal value of each of which is (1) Saudi riyals, all of which are ordinary shares and the value of the paid Of which the amount is (175,000,000) Saudi riyals (one hundred and seventy-five million Saudi riyals).

### **Article 8: Stock Subscription**

The shareholders of the entire shares of Saudi Capital Expropriation (SAR 175,000,000) were fully paid.

### **Article 9: Excellent Equities**

The General Assembly of a company may, on the basis laid down by the competent authority, issue or decide to purchase excellent shares, or convert ordinary shares into excellent shares, or convert the excellent shares into regular shares. The excellent shares shall not give the shareholders the right to vote in the general assemblies of the shareholders. The ranking of such shares shall be the right to obtain a higher proportion of the net profits of the company than the regular shareholders, after sparing the regular reserve.

### **Article 10: Buying, selling and mortgaging the company's shares :**

A company may buy, sell, and mortgage its shares in accordance with the regulations determined by the competent authority.

### **Article 11: Issuance of debt instruments and financing instruments :**

1- A company may issue, in accordance with the financial market system, negotiable debt instruments or financing instruments compatible with Islamic law.

2- A company may issue debt instruments or equity-convertible financing instruments only after a decision by the extraordinary General Assembly setting the maximum number of shares that may be issued against such instruments or instruments, whether issued at the same time or through a series of issuances or through one or more programs for the issuance of debt instruments or financing instruments. Without the need for new approval by this Assembly, the Governing Council shall issue new shares for those instruments or instruments which the holders of which are required to transfer, immediately upon the expiration of the time limit for the specific conversion of the holders of such instruments or instruments, or upon the fulfillment of the conditions for their automatic conversion to shares or the expiration of the time limit for such transfer, and shall take the necessary action to amend the company's base system with respect to the number of shares and capital exported.

### **Article 12: Sale of liquidated shares**

1- The shareholder shall pay the remainder of the value of the stock on the dates specified. If it fails to meet the deadline, the Governing Council may, after being informed by modern technology means or by a registered letter or by any means of modern technology, sell the share in the auction or financial market, as the case may be, provided that other shareholders have priority in the purchase of the shares of the outstanding shareholder.

2- The company shall collect from the proceeds of the sale the amounts due to it and return the remainder to the shareholder. If the proceeds from the sale are not sufficient to meet these amounts, the company may meet the remainder of all the shareholder's funds.

3- The rights relating to shares that are defaulted on the expiration of the due date shall be suspended until they are sold or paid in accordance with paragraph 1 of this article, including the right to receive a share of the net profits to be distributed and the right to attend and vote on the decisions of associations. However, the shareholder who is not paid until the day of sale may pay the amount due to him in addition to the expenses incurred by the company in this respect, in which case the shareholder shall have the right to apply for the dividends to be distributed.

4- The company shall cancel the certificate of the stock sold in accordance with the provisions of this article, and shall give the buyer a new certificate of the share with the same number, indicating in the register of shareholders that the sale took place and including the necessary data for the new owner.

### **Article 13: Issuance of shares**

A company's shares are nominal and may not be issued less than their nominal value, but may be issued higher than that value, in which case the value difference shall be placed separately within the rights of the shareholders, and the regulations shall determine its use. A share is indivisible vis-à-vis a company. If the share is owned by multiple persons, they must choose one to represent them in the use of the rights to which it relates. Such persons are jointly liable for obligations arising from the ownership of the share.

#### **Article 14: Stock trading**

The company's shares trade in accordance with the provisions of the Financial Market Regulation and its implementing regulations

#### **Article 15: Increase in capital**

The extraordinary General Assembly may decide to increase the capital of the exporting company, provided that the source capital has been paid in full. Capital is not required to have been paid in full if the unpaid portion of the capital is owed to shares issued for the conversion of debt instruments or financing instruments into equity and has not yet expired.

#### **Article 16: Reduction of capital**

1- The Extraordinary General Assembly may decide to reduce the capital if the company's need is increased or the company suffers losses. In the latter case alone, capital may be reduced below the limit of article (fifty-ninth) of the corporate system. The decision to reduce shall be made only after a statement has been read out in a General Assembly by the Governing Council on the reasons for the reduction, the liabilities of the company and the effect of the reduction on their fulfillment, to be accompanied by a report of the company's auditor.

2- If the reduction of capital is the result of an increase in the need of the company, creditors shall be invited to raise their objections, if any, to the reduction at least (forty-five) days before the date specified for the extraordinary meeting of the General Assembly to take a decision on the reduction, accompanied by a statement explaining the amount of capital before and after the reduction, the date of the meeting and the effective date of the reduction, if any of the creditors objected to the reduction and provided the company with its documents on that date, the company shall pay him his debt if it is current or provide him with sufficient security to meet it if it is later.

3- Equity shareholders of the same type and category should be considered when reducing capital.

### **Chapter 3: Governing Council**

### **Article 17: Management of the company**

The company is managed by a board of directors (five members) elected by the General Assembly of shareholders for a term of no more than four years.

### **Article 18: Termination or termination of the membership of the Council**

The membership of the Council shall expire upon expiry of its term or upon expiration of its term in accordance with any regulation or instructions in force in the Kingdom. The General Assembly may terminate (on the recommendation of the Governing Council) the membership of any member who is absent from (three) consecutive meetings or (five) sporadic meetings during his term of membership without legitimate excuse accepted by the Governing Council.

However, the ordinary General Assembly may remove all or some of the members of the board of directors, in which case the ordinary General Assembly shall elect a new board of directors or a replacement of the dismissed member (as the case may be) in accordance with the provisions of the corporate system.

### **Article 19: Expiry of the term of the Governing Council, retirement of its members or vacancy of membership:**

1- Before the end of its session, the Governing Council shall convene the regular General Assembly to elect a Governing Council for a new session. If the election cannot be held and the current session of the Board has expired, its members shall continue to perform their functions until a new session is elected by a Board of Directors, provided that the term of office of the outgoing members of the Board shall not exceed the period fixed by the Executive Regulation of the Companies System.

2- If the Chairman and members of the Board of Directors retire, they shall convene the ordinary General Assembly to elect a new Board of Directors. Retirement shall not apply until the election of the new Board, provided that the term of office of the Board of Directors shall not exceed the period fixed by the Executive Regulation of the Company System.

3- A member of the Governing Council may be removed from the membership of the Council by written notification to the President of the Council. If the President of the Council retires, the notification shall be directed to the other members of the Council and to the Secretary of the Council. In both cases, the suspension shall take effect from the date specified in the notification.

4- If the position of a member of the Board of Directors is vacant or retires and the vacancy does not result in a breach of the conditions necessary for the validity of the Board's meeting owing to a shortage

of members below the minimum number of members, the Board may appoint (temporarily) a person with experience and competence to the vacant post, to be informed of the Trade Register, as well as of the Financial Market Authority within (fifteen) days from the date of appointment, to be submitted to the regular General Assembly at its first meeting, and to complete the term of its predecessor. The seat shall remain vacant until the end of the session or the General Assembly is invited to appoint a member to the vacant seat.

5- If the conditions for the validity of the Governing Council are not met owing to the fact that the Governing Council is less than the minimum number of members provided for in the corporate or corporate system, the remaining members shall convene the ordinary General Assembly within (sixty) days to elect the necessary number of members.

### **Article 20: Powers of the Council**

Having regard to the prerogatives prescribed by the General Assembly, the Governing Council shall have the widest powers and powers in the management of the company, the supervision of its operations and its finances and the conduct of its affairs and the formulation of the general policy for the purpose for which it has been set up. They may delegate some or all of their powers to other members of the Council or to third parties to undertake specific work or work after the approval of the Board of Directors in all or some of the above-mentioned matters, both inside and outside the Kingdom. The Governing Council may increase, abolish or restrict some of the said powers of the Chairman, the Vice-President of the Board or the Managing Director mentioned in the Statute. The Governing Council may perform these functions, but not limited to:

1- To establish an internal regulation on the work of the Council and the Company and to regulate the meetings, decisions and all matters relating to the functioning of the Council, as well as a regulation regulating the work of the General Assembly, both regular and extraordinary, provided that the General Assembly approves the regulation on the work of the General Assembly.

2- Conclude all contracts and agreements, for example, sales and purchase contracts, leases and leases; purchase, on behalf of the company, land, real estate, other movable and immovable property necessary for the purposes of the company; pay the price; sell, unload and accept, marginalize, pledge, unencumber any of the company's property before the courts; notaries; accept sale, set the price; acknowledge its seizure; receive and deliver; integrate instruments, retail and sorting; receive, update and enter instruments in the comprehensive system; waive the shortage of space, deletion and addition; modify the limits, length, area, cut numbers, plans, instruments, and dates of life; and bring out the application of all the property, franchises, agency contracts, franchises, and other documents, transactions, and transactions on behalf of the company; and enter into tenders .

3- To sign all types of contracts, documents and documents, including, without limitation, company founding contracts, amendments, supplements and decisions of partners in companies in which the company is involved, within and outside the Kingdom, to increase and reduce its capital, to modify and dismiss managers, to modify the management clause, to enter and exit partners in existing companies, to buy shares and shares, to pay the price, to sell shares and shares, to receive value and dividends, to

waive shares and shares of capital, whether wholly or in part, to accept the waiver of shares, shares and shares and capital. They have the right to attend their constituent, transformative, general and extraordinary assemblies, or to delegate whatever they deem appropriate to attend, to discuss and vote in the company's name, to pay for registration, to obtain registration certificates, to extract trade records, renew, add, amend, amend, amend, amend and change their procedures and register before the legal entities and register them, and change their respective legal entities and register their names The patent generation; the opening of files for the company; the participation of the Chamber of Commerce and its renewal; the signing of all decisions and documents required to open branches of the company; the signing of contracts that turn the company's branches into independent companies with a separate legal entity; the companies with limited liability or closed shareholding companies; the signing of all required documents for that purpose; the announcement in official newspapers; meeting with all government agencies; and the signing of all the necessary documents.

4-Opening accounts for all banks and local and international banks in Saudi Arabia and abroad, opening accounts in the name of the company, adopting signature, withdrawing from accounts and depositing them in cash or checks, transferring from them, extracting and receiving ATM cards, receiving and entering secret credit cards, receiving credit cards, obtaining an account statement, extracting, receiving and editing checks, issuing checks certified in the name of the company, receiving and disbursing remittances, participating in and renewing trusts, importing trusts, soliciting bank loans in the name of the company, accepting its terms and conditions, provisions and prices, signing contracts, forms and repayment schedules, receiving and disbursing loans, providing guarantees, paying guarantees, paying them, paying guarantees, paying them, paying off the checks and paying them in the name of the company, and applying for the accounts, and covering the outstanding transactions It has the right to open investment accounts in the name of the company to all banks, legitimate financing companies, financial institutions, any companies or credit agencies, real estate and industrial funds in the name of the company, and to receive and deliver the amounts paid to the company, as well as to issue guarantees and bonds in favor of others, issue credit accounts, bonds and all commercial securities, sign all types of contracts, documents, agreements, instruments and documents of facilities after the approval of the board of directors for these loans and agreements. It has the right to open investment accounts in the name of the company to all banks, legitimate finance companies, financial institutions, any companies or credit bodies, real estate and industrial funds in the name of the company, and to receive and deliver the amounts paid to the company, and issue guarantees and mortgages at banks, public funds, finance funds, financial institutions and other financial institutions, along with the government funds and other financial institutions No matter the length of their terms, the contracts of Islamic profitability, HAWALA contracts, agreements related to treasury products, and the contract of loans with banks and commercial financial institutions whose terms do not exceed the end of the company's term. They also conclude all contracts with the Industrial Development Fund, offer sponsors and solidarity with them, sign before a notary in regards to industrial mortgages, and receive the loan, waive it, and request exemption from it, asking for the absence of any financial obligations and repayment of the loan. They have the right to invest and operate the funds in local and international financial markets. They have the management, operation and closure of bank accounts, and access to loans and other credit facilities for any period, including loans that exceed three years, from funds and institutions .

5- Review the Ministry of Justice, the Ministry of the Interior, the Ministry of Defense, the Ministry of Energy, Industry and Mineral Resources, the Ministry of Trade and Investment, the Department of

Trademarks and Commercial Agencies, the Administration of Quality and Precious Metals, the Administration of Quality and Minerals, the Administration of Quality, the Administration of Quality, the Administration of Standards and Industry, the Administration of Trademarks, the Administration of Trademarks and Commercial Agencies, the Administration of Quality and Precious Metals, the Administration of Quality, the Administration of Trades, the Administration of Quality and Precious Metals, the Administration of Trade, the Ministry of Finance, the Ministry of Ministry of Labor, the Ministry of Ministry of Industry, the Ministry of Health, the Health of Health, the Department of Health of Health and private Hospitals and government and its branches and their Health, and their branches

6- Appointing, firing, and dismissing employees and workers, requesting visas and recruitment, contracting them, determining their salaries and remuneration, extracting residence, exit, return, and final visas, transferring and waiving guarantees, and has the right to appoint others in all or some of its powers.

7- Approve the establishment of subsidiaries and the opening and closing of company branches, offices and trusts, and participate in and contribute to any of the existing companies.

8- Approval of the company's work plan and approval of its operational plans and its capital budget. They have the right to delegate some of their powers to other members of the board or others to undertake specific work or work. They have the right to appoint others in whole or in part, as mentioned, inside the Kingdom and abroad. The agent has the right to appoint others. The Board of Directors shall appoint a secretary from among its members or others, and its competency and remuneration shall be determined by virtue of a decision from the Board of Directors. The term of office of the President of the Council, the Vice-President, the Delegate, the Secretary, and the member of the Board of Directors shall not exceed the term of their respective members of the Board. They may always be re-elected. The Board may at any time remove them or any of them without prejudice to the right to compensation of an isolated person if the isolation is carried out for an unlawful reason or at an inappropriate time.

9- The company's board of directors shall have the right to discharge the debtors of the company from their obligations in accordance with their interests, provided that the debt does not exceed five hundred thousand riyals per debtor. The minutes of the board of directors and the reasons for its decision shall contain the following conditions:

A- The acquittal must be at least one year after the formation of the debt.

(b) The discharge shall be for a maximum amount specified per year for a single debtor.

(c) Exoneration is a right of the Council that may not be delegated or delegated.

Within the limits of its competences, the Council may also assign or delegate one or more of its members or third parties to undertake specific work or work that turns the company's branches into



independent companies with a separate legal entity. As for limited-liability companies or closed-ended joint stock companies, sign all required documents therefor, advertise in official newspapers, meet all government agencies, and sign all the necessary documents.

#### **Article 21: Remuneration of members of the Council**

- 1- The remuneration of the members of the Governing Council may be a certain amount, meeting attendance allowance, benefits in kind or a certain percentage of net profits. Two or more of the above may be combined. The amount of remuneration shall be determined by the regular General Assembly subject to the relevant regulations and controls.
- 2- The report of the Governing Council to the regular General Assembly at its annual meeting shall contain a comprehensive statement of all emoluments, meeting allowance, expense allowance and other benefits received or accrued by each member of the Governing Council during the financial year. It should also include a statement of the number of meetings of the Council and the number of meetings attended by each member.

#### **Article 22: Powers of the President, Vice-President, Delegate and Secretary**

At its first meeting, the Board of Directors shall appoint a President of the Board from among its members. It may appoint a delegate member from among its members. At its first meeting, the Board of Directors shall appoint a Vice-President. The Board of Directors shall appoint an executive chairman from among its members or from others. The President of the Board shall:

A- The power to invite the council to meet and chair the meetings of the council and general societies of shareholders.

(b) Represent the company in its relationship with third parties, governmental and private bodies, all governmental departments and authorities, the Sharia Courts, judicial bodies, administrative courts (ombudsman's office), the Sharia Medical Committees, labor and labor offices and labor committees (primary and higher) (financial dispute resolution committees, banking dispute settlement committees, commercial dispute settlement committees, trade dispute resolution committees, customs committees, commercial fraud committees, investigation and prosecution committees, the Investigation and Investigation Authority, all judicial and quasi-judicial committees, arbitration and civil rights bodies, the Administrative Police, Traffic and Civil Defense Departments, passports, deportation, ministries, municipalities, airports, embassies, ports, ports, chambers of commerce and industry, private companies and companies, companies and institutions of all types, and enter into the tenders, and submit claims, submit claims, appeal, appeal, plea, appeal and appeal The application of Article 230 of the System of Legal Pleadings, the requirement to execute judgments, accept and deny judgments, accept judgments, challenge judgments, appeal judgments, appeal judgments, appeal judgments, appeal

for review, request for restitution, request for recourse, request for intercession, request for reconsideration, request for intercession, mention of the need to attend hearings in all cases brought by and against the company, request the application of a check on behalf of the company, receive sums in the name of the company, receive the submissions of experts and arbitrators, return them and their replacement, request the application of Article 230 of the System of Sharia Pleadings, the acceptance of judgments, the verdicts, rejection and rejection of verdicts, and rejection of rulings, and dismissals, and all other cases, and rulings, and appeals The agent shall have the right to appoint another person.

Appointment of a Secretary of the Governing Council on the proposal of the President of the Governing Council and the approval of the members of the Governing Council.

(d) To form committees and authorize them with such powers as the Council deems appropriate and to coordinate between these committees with a view to speedily taking decisions on matters submitted to it.

(c) Review the Ministry of Justice, the Ministry of the Interior, the Ministry of Defense, the Ministry of Energy, Industry and Mineral Resources, the Ministry of Trade and Investment, the Department of Trademarks and Trade Agencies, the Department of Quality and Precious Metals, the Department of Quality Management, the Department of Quality Standards and Telecommunications Companies, the Administration of Quality and Precious Metals, the Department of Free Trades, the Extraction of Certificate of Origin and Request for Customs Exemption, the Ministry of Labor, the Ministry of Health, the Department of Health Affairs, private and government hospitals and their branches, and their subordinate departments and divisions.

The Board of Directors shall appoint a Secretary, who shall select him from among its members or from others.

The Chairman of the Board may, by a written decision, delegate some of his powers to other members of the Board or to third parties to undertake certain work or functions.

The Vice-Chairman of the Board of Directors shall replace the Chairman in his absence.

The term of office of the President, the Vice-President, the Deputy Minister and the Secretary of the Governing Council shall not exceed the term of their respective members of the Council. The Governing Council may exempt the President of the Council, the Vice-President, the Managing Director, the Secretary or any of them from such posts, and shall not entail their exemption from the membership of the Governing Council.

### **Article 23: Meetings of the Board**

The Board of Directors shall meet at least four times a year at the invitation of its President. The invitation shall be by any means of notification. The President of the Board shall invite the Board to

meet when requested to do so by any member of the Board in writing to discuss one or more subjects. The meeting shall be held either in person or through modern technical means.

#### **Article 24: Meeting and decisions of the Council**

1- A board meeting shall not be valid unless it is attended by at least three members on original or on behalf of the board. A board member may delegate to other members to attend board meetings in accordance with the following rules:

A- A member of the Governing Council may not represent more than one member in the same meeting.

b) The assignment is fixed in writing.

(c) The Deputy may not vote on resolutions on which the Vice-President is prohibited by law.

2- Decisions of the Governing Council shall be made by a majority vote of the members present at least on the basis of originality or on behalf of the Council. Where the votes are equal, the side with which the President of the Meeting voted shall prevail.

3- The decision of the Governing Council shall take effect from its date of issuance, unless it provides that it shall take effect at another time or when certain conditions are met.

4- The Governing Council may issue decisions on urgent matters, which shall be submitted to all members for circulation, unless a member requests, in writing, that the Council meet for deliberation. Such decisions shall be adopted by a majority of the members' votes and shall be submitted to the Council at its next meeting for confirmation in the record of that meeting.

#### **Article 25: Deliberations of the Board**

1- The deliberations and decisions of the Governing Council shall be recorded in minutes signed by the President, the members of the Governing Council and the Secretary.

2- The minutes shall be recorded in a special register signed by the chairman and secretary.

3- Modern techniques may be used to sign, document deliberations and decisions and record minutes.

#### **Chapter 4: Shareholders' Associations**

##### **Article 26: General Assembly meeting of contributors:**

- 1- The meeting of the General Assembly of Contributors shall be presided over by the President or the Vice-President of the Governing Council in his or her absence, or by the Governing Council from among its members in their absence and, failing that, by the General Assembly, by a person who is or has not been delegated by the Council by a vote of the Council.
- 2- Each contributor has the right to attend the meeting of the General Assembly and may, in so doing, be entrusted to another non-member of the Governing Council.
- 3- The meeting of the General Assembly, the contributor's participation in the deliberations and the voting on resolutions may be convened by means of modern technology.

##### **Article 27: Invitation of Associations**

- 1- The General and Private Assemblies shall be convened by the Governing Council. The Governing Council shall convene the ordinary General Assembly within (thirty) days from the date of the request by the Auditor or one or more shareholders representing (ten per cent) of the shares of the company having at least voting rights. The Auditor may convene the ordinary General Assembly if the Board does not extend the invitation within (thirty) days from the date of the request of the Auditor.
- 2- The application referred to in paragraph (1) of this article shall indicate the matters on which shareholders are required to vote.
- 3- The convening of the Assembly shall be organized at least (twenty-one) days in advance, in accordance with the provisions of the rules of procedure, taking into account the following:
  - A- Communicating to shareholders written letters at their address in the shareholders' register, or advertising the invitation through modern technology.

(b) Send an invitation and agenda image to the trade register, as well as a picture to the Financial Market Authority at the date of the invitation.

4- The invitation to the meeting of the Assembly shall include at least the following:

A- Statement of the person entitled to attend the meeting of the Assembly and the right to appoint a non-member of the Governing Council of his/her choice, statement of the right to contribute to the discussion of topics on the agenda of the Assembly and to ask questions and how to exercise the right to vote.

(b) Venue, date and date of the meeting.

(c) Type of association, whether public or private.

(d) The agenda of the meeting, including items on which voting by contributors is required.

#### **Article 28: Quorum for the regular General Assembly**

The ordinary meeting of the General Assembly shall be valid only if it is attended by shareholders representing at least one quarter of the company with voting rights.

If the necessary quorum for the regular meeting of the General Assembly is not met, a second meeting shall be convened in the same conditions as provided for in Article (ninety-first) of the Corporate Law within (thirty) days following the date fixed for the previous meeting.

However, the second meeting may be held one hour after the expiration of the time limit for the first meeting, provided that the invitation to the first meeting indicates that such a meeting may be held. In any event, the second meeting would be valid regardless of the number of shares in which it had voting rights.

#### **Article 29: Extraordinary quorum of the General Assembly**

An extraordinary meeting of the General Assembly is valid only if it is attended by shareholders representing at least half of the company with voting rights.

1- If there is no quorum for convening an extraordinary meeting of the General Assembly in accordance with paragraph 1 of this article, a second meeting shall be convened under the same conditions as provided for in article 91 of the Corporate System. However, the second meeting may be held one hour after the expiration of the time limit for the first meeting, provided that the invitation to the first

meeting indicates that such a meeting may be held. In any event, the second meeting is valid if attended by a number of shareholders representing at least (one quarter) of the company with voting rights.

2- If the quorum for the second meeting is not available, an invitation is sent to a third meeting, to be held in the same conditions as provided for in article (ninety-first) of the corporate system, and the third meeting shall be valid regardless of the number of shares having voting rights represented therein.

### **Article 30: Voting in Assemblies**

1- Each contributor shall have a vote for each share in public assemblies and the cumulative vote shall be used in the election of the members of the Board of Directors so that the right to vote for the contribution may not be used more than once.

2- Members of the Governing Council may not participate in voting on Assembly resolutions concerning business and contracts in which they have a direct or indirect interest or which involve a conflict of interest.

### **Article 31: Decisions of Associations :**

1- Ordinary General Assembly resolutions are adopted by a majority of the voting rights represented at the meeting.

2- Extraordinary General Assembly resolutions shall be adopted with the approval of (two thirds) of the voting rights represented at the meeting, unless the decision is to increase or reduce the capital, to extend the term of the company or to dissolve it before the expiration of the period specified in the Statute, to merge it with another company or to divide it into two or more companies, only if the decision is made with the approval of (three quarters) voting rights represented at the meeting.

### **Article 32: Discussion in Societies**

Each contributor has the right to discuss the topics on the agenda of the General Assembly and to ask questions of the members of the Governing Council and the Auditor. The board of directors or the auditor answers shareholders' questions to the extent that the company's interest is not impaired. If a contributor considers that the answer to his question is insufficient, it shall apply to the General Assembly, and its decision in this regard shall be in force.

### **Article 33: Preparation of records**

A minutes shall be drawn up at the meeting of the Assembly containing the number of shareholders present on behalf of the Prosecution, the number of shares in their possession on behalf of the Prosecution, the number of votes assessed for them, the decisions taken, the number of votes approved or opposed to them, and a comprehensive summary of the discussions held at the meeting. The minutes shall be recorded regularly after each meeting in a special register signed by the President, the Secretary-General and the collectors.

## **Chapter 5: Auditor**

### **Article 34: Appointment, dismissal and retirement of the Auditor of the Company**

- 1- The company shall have one (or more) of the auditors licensed to serve in the Kingdom, appointed by him, and his fees, term of office and scope determined by the General Assembly. He may be reappointed provided that his appointment does not exceed the duration of his appointment in accordance with the regulated provisions.
  
- 2- The Auditor may be dismissed by a decision of the General Assembly. The President of the Governing Council shall inform the competent authority of the decision and the reasons therefor within a period not exceeding five days from the date of the decision.
  
- 3- An auditor may retire his or her function under a written notification submitted to the company, which shall expire on the date of his or her submission or on a later date specified in the report, without prejudice to the company's right to compensation for damage sustained if required. The retiring auditor is obliged to submit to the company and competent authority, upon submission of the notification, a statement of the reasons for his retirement, and the Governing Council shall convene the General Assembly to consider the reasons for the retirement and to appoint another auditor and determine his fees, duration and scope.

### **Article 35: Powers of the Auditor**

The auditor may, at any time, consult the company's documentation, accounting records and supporting documents and may request any data and clarifications it deems necessary to obtain in order to verify the company's assets, liabilities and other matters falling within the scope of its work.

The Governing Council should enable it to perform its duty and, if the auditor encounters difficulty in this regard, this is demonstrated in a report to the Governing Council.

If the Governing Council does not facilitate the work of the Auditor, it shall request them to convene the General Assembly to consider the matter. The Auditor may issue such an invitation if it is not addressed by the Governing Council within (thirty) days from the date of the Auditor's request.

## **Chapter 6: Finance of the company and distribution of profits**

### **Article 36: Fiscal year**

The financial year of the company starts from the first of January and ends at the end of December each year.

### **Article 37: Financial documents**

- 1- At the end of each financial year, the Board of Directors shall prepare the Company's financial statements and a report on its activity and financial position for the past financial year. This report shall include the proposed method of distribution of profits. The Board shall make these documents available to the Auditor at least forty-five days before the date of the General Assembly.
- 2- The documents referred to in paragraph 1 of this Article shall be signed by the Chairman, the Chairman, the Chief Executive Officer and the Managing Director of the Company and copies thereof shall be placed at the center of the Company at the disposal of the shareholders.
- 3- The Chairman of the Board of Directors shall provide shareholders with the financial statements of the company, the report of the Board of Directors, once signed, and the report of the Auditor, if any, unless published in any of the modern technical means, at least twenty-one days before the date of the annual ordinary session of the General Assembly, and shall also deposit such documents in accordance with the executive regulation of the corporate system.

### **Article 38: Composition of reserves and distribution of profits**

- 1- The ordinary General Assembly may, in determining the share of the shares in the net profits, decide to establish reserves, to the extent in the interest of the company or to ensure that fixed



dividends are distributed, to the extent possible, to the shareholders. The Association may also deduct from the net profits sums for the social purposes of the employees of the company.

- 2- The General Assembly shall determine the percentage to be distributed to shareholders of net profits after deduction of reserves, if any.
- 3- The Governing Council may distribute annual dividends for each fiscal year or period for each fiscal quarter.

### **Article 39: Benefit entitlement**

The contributor shall be entitled to its share of the profits in accordance with the relevant General Assembly resolution. The resolution shall set out the due date and the date of distribution. The right to profit shall be owed to the shareholders registered in the shareholders' registers at the end of the maturity day. The Governing Council must implement the decision of the General Assembly on the distribution of profits to shareholders.

### **Article 40: Losses of the company**

If the losses of a joint-stock company amount to half of the issued capital, the Board of Directors shall disclose the same and its recommendations on such losses within sixty (60) days from the date it is aware of the amount. It shall also invite the General Assembly to meet within (180) days from the date of such information to consider the continuation of the company and to take any necessary action to address or resolve such losses.

## **Chapter 7: Termination and liquidation of the company**

### **Article 41: Termination of the Corporation**

A company shall lapse on one of the grounds for extinction set forth in Article (243rd) of the Companies Regulations and shall cease to enter into liquidation in accordance with the provisions of Part XII of the Companies Regulations. If the company has lapsed and its assets are insufficient to pay its debts or are in default in accordance with the bankruptcy regime, it shall submit to the competent judicial authority for the opening of any liquidation proceedings under the bankruptcy regime.

## **Chapter 8: Final provisions**

### **Article 42: Final provisions**

The company is subject to regulations in force in Saudi Arabia.

Any text that contravenes the provisions of the corporate system in this Statute shall not be relied upon and shall apply to it the texts in the corporate system and everything that is not provided for in this Statute in respect of which the corporate system and its implementing regulations shall be applied.

This Law shall be deposited and published in accordance with the provisions of the Companies Law and its Executive Regulation.