

**Articles of Association of Basic Chemical Industries Co.**  
**(Saudi Listed Joint Stock Company)**

The Article After Amendment	
<b><u>Article (1): Establishment:</u></b>	A Saudi joint stock company is established under the provisions of the Companies Law issued by Royal Decree No. (M / 132) dated 01/12/1443 AH, and its Implementing Regulations issued by the decision of His Excellency the Minister of Commerce No. (284) dated 23/06/1444 AH, and this Articles of Association, as the following:
<b><u>Article (2): Company Name:</u></b>	“Basic Chemical Industries Company” (a Saudi joint stock company).
<b><u>Article (3): Company Head Office:</u></b>	The company head office shall be located in Dammam, Kingdom of Saudi Arabia, and the Company may establish branches inside or outside the Kingdom under a resolution issued by the Board of Directors.
<b><u>Article (4): The Company's Objectives:</u></b>	<b><u>The company carries out and implements the following purposes:</u></b> <ol style="list-style-type: none"><li>1. Production of hydrochloric acid, caustic soda, chlorine gas, sodium hydrochloride, and ferric chloride.</li><li>2. Chemicals for treating concrete and cleaning agents for various purposes.</li><li>3. Hot and cold adhesives.</li><li>4. The maintenance and operation of projects and factories.</li><li>5. Manufacture of metal surface treatment materials.</li></ol> The company shall exercise its objectives according to the applicable laws and after obtaining the necessary licenses from the competent authorities, if any.

**Article (5): Participation and Ownership in Other Companies**

The company **may solely establish companies** inside or outside the Kingdom. It may also hold or own shares and stakes **in other existing commercial and industrial companies**, combine or merge with, or buy such companies; **and may participate with others to establish companies upon complying with the requirements set forth by the prevailing laws and instructions in this regard.** The company may carry out transactions on these shares or stakes, except for brokerage.

**Article (6): Company's Term**

The term of the company shall be ninety-nine (99) Gregorian calendar years commencing from the date of its registration in the commercial register, and such term may be extended according to a resolution of the extraordinary general assembly, at least one (1) year before the date of its term expiry.

**Article (7): Capital:**

The issued capital of the company shall be two hundred seventy-five million (275,000,000) divided into twenty-seven million five hundred thousand (27,500,000) **ordinary shares of equal nominal value**, which is ten (10) Saudi riyals for each share. The capital is paid in full.

**Article (8): Subscription to Shares**

The shareholders subscribed to all of the company's issued capital shares, amounting to two hundred seventy-five million (275,000,000) fully paid shares.

**Article (9): Preferred Shares**

The extraordinary general assembly of the company, according to the principles laid down by the competent authority, may issue preferred shares or decide to buy them or convert ordinary shares into preferred shares or convert preferred shares into ordinary shares according to the regulations of the Ministry of Commerce and Investment. Preferred shares do not give the right to vote in the general assemblies of shareholders.

**The Article was deleted.**

**Article (10): Trading of Shares**

Shares shall be traded according to the provisions of the Capital Market Law **and its Implementing Regulations.**

**Article (11): Issuance of Shares**

**The shares are nominal. The share is indivisible vis-à-vis the company, so if the share is owned by multiple persons, they must choose one of them to act on their behalf to use the rights related to it, and these persons shall be jointly responsible for the obligations arising from the ownership of the share.**

**Article (12): Capital Increase:**

1. The extraordinary general assembly may decide to increase the **issued or the authorized capital of the company, if any**, provided that the issued capital **has been paid** in full. It is not required that the capital be fully paid if the unpaid portion thereof is due to shares issued in exchange for converting debt instruments or financing instruments into shares and has not expired after the prescribed period for conversion.
2. The Extraordinary General Assembly in all cases may allocate the shares issued when increasing the capital or part thereof to the employees of the company and its subsidiary companies, or some or any of them. Shareholders may not exercise the right of priority when the company issues shares allocated to employees.
3. The shareholder who owns the share at the time of the decision of the extraordinary general assembly to approve the increase in the issued capital **or the decision of the Board of Directors to approve its increase within the limits of the authorized capital (if any)**, priority in subscribing to new shares issued in exchange for cash shares, **and they inform them of their priority through the disclosure mechanisms of the listed joint stock company approved by the competent authorities** of the capital increase decision, the terms of the subscription, its duration and the date of its commencement and its expiration.
4. The extraordinary general assembly has the right to suspend the priority right for shareholders to subscribe to an increase in capital in exchange for cash shares, or the priority to non-shareholders in cases that it deems beneficial for the company.
5. The shareholder has the right to sell or waive the pre-emption right **for any consideration or free of charge according to the regulations.**
6. Subject to the provisions of Paragraph (4) above, the new shares shall be distributed to the holders of priority rights who have requested to subscribe, in proportion to the priority rights they own from the total priority rights resulting from the capital increase, provided that what they obtain does not exceed the shares they requested. The rest of the new shares shall be distributed to holders of priority rights who have requested more than their share, in proportion to the priority rights they own from the total priority rights resulting from the capital increase, provided that what they obtain does not exceed what they requested of the new shares, and the remainder of the shares shall be offered to third parties, unless the extraordinary general assembly decides or the Capital Market Law stipulates otherwise.

**Article (13): Capital Reduction:**

1. The Extraordinary General Assembly may resolve to decrease the company's capital if it exceeds its needs or if the company suffers significant losses. In the latter case alone, the capital may be decreased to below the limit outlined **in** the Companies Law. The decision to decrease the capital shall not be issued except after reading **a statement, in a general assembly prepared by the Board of Directors, on the reasons necessitating the reduction and the company's obligations and the impact of the reduction on fulfilling them, provided that a report from the company's external auditor is attached in this regard.**
2. If the decrease of capital is the result of it exceeding the company's needs, the creditors must be invited to express their objections- **, if any, to the decrease during the period specified in the Companies Law from the date set for holding the Extraordinary General Assembly meeting to take the reduction decision, provided that the invitation is accompanied by a statement clarifying 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 decrease and submitted his**

documents to the company within the aforementioned period, the company must pay his debt if it is due, or provide adequate guarantee for its payment if it is deferred.

**3. Equality between shareholders holding shares of the same type and class shall be observed when decreasing the capital.**

**Article (14): Company Management:**

1. The company shall be managed by a Board of Directors composed of (9) seven members, who shall be natural persons elected by the ordinary General Assembly of shareholders by accumulative voting method for a period not exceeding (4) four years. Members of the Board of Directors may be re-elected for other terms according to the procedures of the election and nomination and based on the applicable laws and regulations determined by the competent authorities.
2. Each shareholder has the right to nominate himself, another shareholder, or others for membership of the board of directors.

**Article (15): Expiration or Termination of Board Membership:**

Membership in the Board shall end at the expiration of its term or at the expiration of the member's authority according to any law or instructions applicable in the Kingdom. The General Assembly may (based on the recommendation of the Board of Directors) terminate the membership of any member who is absent from attending (three) consecutive meetings or (five) separate meetings during the term of his membership without a legitimate excuse accepted by the board of directors.

However, the Ordinary General Assembly may dismiss all or some of the Board of Directors members. In this case, the Ordinary General Assembly shall elect a new Board or whoever replaces the dismissed member (as the case may be) under the provisions of the Companies Law.

**Article (16): Expiration of the term of the Board of Directors, retirement of its members, or vacancy of membership**

1. The Board shall, before the expiration of its term, convene the Ordinary General Assembly to elect a Board of Directors for a new term. If the election cannot be held and the term of the current Board expires, its members shall continue to perform their duties until the election of a new Board, provided that the period of continuity of the Board Members whose term is expired does not exceed the period specified by the Implementing Regulations of the Companies Law.
2. If the Chairman and members of the Board of Directors retire, they must convene the Ordinary General Assembly to elect a new Board of Directors. The retirement shall not take effect until the new Board is elected, provided that the term of the retiring Board does not exceed the period specified by the Implementing Regulations of the Companies Law.
3. A member of the Board of Directors may retire from membership of the Board pursuant to a written notification addressed to the Chairman of the Board. If the Chairman of the Board retires, the notification must be directed to the remaining members of the Board and the Secretary of the Board. Retirement shall be effective in both cases from the date specified in the notification, provided that this is done at an appropriate time, otherwise he shall be liable to the Company for the damages resulting from the resignation.
4. If the position of a member of the Board of Directors results in the death or retirement of any of its members and this vacancy does not result in a violation of the conditions necessary for the validity of the Board's meeting due to the number of its members being less than the minimum, the Board may appoint (temporarily) someone who has experience and competence in the vacant position, provided that he notifies the Commercial Register, as well as the Capital Market Authority if the company is listed on the financial market, within fifteen days from the date of appointment, and that the appointment be presented to the Ordinary General Assembly at its first meeting, and the appointed member shall complete the term of his predecessor.

**5.If the necessary conditions are not met for the Board of Directors to convene due to the number of its members being less than the minimum stipulated in the Companies Law or this Articles of Association, the remaining members must call the Ordinary General Assembly to convene within (sixty) days to elect the necessary number of members.**

**Article (17): Board Authorities:**

Subject to the competencies established for the General Assembly, the Board of Directors shall have the broadest Authorities in managing the company **in a manner that achieves its purposes** inside and outside the Kingdom. It has, for example, but not limited to:

1. Receive, pay, acknowledge, and receive the proceeds obtained from the execution of judgments.
2. Entering into tenders and signing, on behalf of the company, on all types of contracts, agreements, documents, and documents, including without limitation Memorandums of Associations of the companies in which the company participates, with all amendments to Memorandums of Association of companies in which the company is a partner and decisions of amendment, and to sign decisions that amend those Agreements, Articles of Association and instruments before the notary public and official authorities.
3. Signing loan agreements, assigning priority in paying the company's debts, issuing a guarantee for others' obligations, granting all guarantees and compensation, and issuing the legal powers of attorney on behalf of the company.
4. Sale, purchase, ownership transfer, and acceptance thereof, receipt, delivery, rental and leasing.
5. Opening, managing, operating, and closing bank accounts, opening letters of credit, receiving, paying, withdrawing, and depositing with banks, issuing bank guarantees, signing all papers, documents, cheques, and all banking transactions.
6. Approval of the company's business plan and approval of its annual operating and strategic plans and budgets.
7. Selling, buying, or mortgaging the properties and assets of the company, provided that the minutes of the board of directors and the reasons for its decision to dispose of the properties of the company shall include the following conditions:
  - a. The Board shall specify in the sale decision the reasons and justifications for it.
  - b. The sale should be close to the standard price.
  - c. The sale should be made immediately except in cases of necessity and with sufficient guarantees.
  - d. Such action shall not result in the cessation of some of the Company's activities or the assumption of other obligations.
8. Discharge the company's debtors from their obligations, provided that the minutes of the Board of Directors and the rationale for its decision imply observance of the following conditions:
  - a. The release shall be at least one full year after the debt arose.
  - b. The release shall be for a specified maximum amount per year for one debtor.
  - c. Discharge is a right of the board of directors that may not be delegated.

9. The Board of Directors may conclude loan contracts with funds and government financing institutions, regardless of their duration, and commercial loans even if their terms exceed the end of the company's term, subject to the following conditions for concluding the contracts of loans whose terms exceed three years:
- a. The value of the loan contract that the board may conclude during the company's financial year does not exceed 50% of the company's capital.
  - b. The Board of Directors shall determine in its decision the aspects of the use of the loan and how to repay it
  - c. To take into account in the terms of the loan and the guarantees provided to him not to harm the company and the general guarantees of creditors.
10. The Board of Directors may provide financial support to any of the companies in which the company participates, as well as subsidiary or sister companies, and to guarantee credit facilities obtained by any of the companies in which the company participates, as well as subsidiary or sister companies.
11. The Board of Directors may delegate or authorize on its behalf, within the limits of its competencies, one or more of its members or third parties to take a specific action or conduct or perform a specific action or actions. The Board of Directors may cancel the delegation or power of attorney in part or in whole.

**The Board of Directors is required to obtain the approval of the General Assembly when selling assets whose value exceeds fifty percent (50%) of the value of its total assets, whether the sale was made through one or several transactions. In this case, the transaction exceeding (fifty percent) of the value of the assets is the transaction that requires the approval of the General Assembly. This percentage shall be calculated as of the date of the first transaction that took place during the previous (twelve) (12) months.**

**Article (18): Remuneration of Board Members:**

1. The Board of Directors' salary will include a certain sum, a meeting attendance allowance, and in-kind benefits. Board members' remuneration may consist of both cash and in-kind privileges.
2. The Board of Directors members' remuneration shall vary under the company's policy and as approved by the general assembly.
3. The Board of Directors' report to the Ordinary General Assembly at its annual meeting must include a comprehensive statement of all that each member of the Board of Directors received or was entitled to receive during the fiscal year in terms of bonuses, allowance for attending sessions, allowance for expenses, and other benefits. It should also include a statement of what board members received as workers or administrators or what they received in exchange for technical or administrative work or consultancy., and it should also include a statement of the number of board sessions and the number of sessions attended by each member.
4. The Board of Directors shall determine remuneration for committee membership, attendance allowances, and other entitlements according to a policy adopted by the Board of Directors based on the Remuneration and Nomination Committee's recommendations. These salaries and entitlements shall be disbursed according to policy approved by the Board.

**Article (19): Authorities of the Chairman, the Vice Chairman, the Managing Director, and the Secretary**

**The Board of Directors shall appoint a Chairman and a Vice-Chairman from among its members during its first meeting. Among its members, a Managing Director may be appointed. No executive position within the company may be paired with the chairman of the board of directors' position.**

**The Board of Directors shall appoint a Chief Executive Officer (CEO) from among its members or others.**

**The Chairman of the Board is responsible for:**

1- Signing all types of contracts and documents, including listing articles of association of the companies in which the company participates, with all their amendments and appendices, signing agreements, instruments, and ownership transfer before the notary public and official authorities and loan agreements with funds and government financing institutions, banks, financial institutions, financial houses, guarantees, warranties and mortgages, and their release and collection the company's rights and payment of its obligations.

2- Selling, buying, ownership transferring, accepting, receiving, delivering, renting, leasing, receiving payments, paying and entering into tenders.

3- Opening accounts, credits, withdrawals, and deposits with banks, issuance of bonds, cheques, and all commercial papers.

4- Appointing employees, contracting with them, determining their salaries, removing them from service, applying for visas, recruiting employees and workers from abroad, extracting residencies and work permits, transferring guarantees, and waiving them. The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee and a decision issued by it, determines the special remuneration that the Chairman and Managing Director will receive if he is appointed, and the Board of Directors determines the functions of the Managing Director. The board shall appoint a Secretary for the board of directors and specify the authorities and responsibilities of the Secretary under a resolution. In addition to the aforementioned authorities, the Chairman of the board has other Authorities determined by the board of directors, and he is required to carry out the board of directors' instructions.

5- He has the right to sell, buy, transfer the ownership and accept it in relation to apartments, lands and properties, receive the price, rent, receive the rent, sign contracts for the company, import and export what he deems in the interest, enter into government tenders, auctions, purchases, government contracting, companies and public and individual institutions, conclude contracts related to them, sign all documents related to them, implement and supervise them, and creating and establishing companies and referring to the Ministry of Trade and Industry to complete their establishment procedures, extracting commercial records, licenses, adding and deleting, issuing lost replacements, amending, deleting and canceling them, signing companies memorandums of association and documenting their memorandums of association with a notary, as well as the amendment appendices in this company or other companies, whatever by assignment or sale and buy shares, whether in whole or in part, or increasing and reducing the company's capital, requesting its liquidation and delisting, entering into other companies, entering and exiting a partner or any amendment addendum, approve and vote in the constituent assemblies or the partners assembly and the board of directors, discuss budgets, discharge the responsibility and trade in all commercial and domestic and foreign stocks, bonds, real estate, property, equipment, engines, agricultural, commercial, and residential lands, etc., pre-emption, exchange, assignment, receipt, delivery, receive the price of sale, demand, claim, litigation, hearing claims, responding thereto, establishing evidence, payment, accepting judgment, objecting thereto, and assigning it in any case filed by the company or against it before any court and at any entity, and has the right to take, hear, and reject an oath, finalize all the legal and administrative procedures related to the company, extracting substitute for damaged instrument, receiving and collecting sums from third parties, whether in cash or cheques, and from the competent authorities, opening accounts in the name of the company, withdrawing and depositing, closing accounts, cashing cheques, requesting loans and financing from all banks operating in the Kingdom and receiving them. He has the right to withdraw, deposit, close accounts, receive them, spend them, and deposit them in our account. He also has the right to represent us before Zakat, Tax and Customs Authority, and the Chamber of Commerce for participation, renewal, and cancellation, referring to embassies and consulates operating in the Kingdom and the Kingdom's embassies and consulates abroad and referring to all ministries and government entities and their various branches and departments in the Kingdom of Saudi Arabia. He has the authority to delegate all of the above.

**6. The Chairman shall have the authority to invite the Board to convene and chair the meeting of the Board and the general assemblies of shareholders, represent the company in its relations with others, before the judiciary, government entities, the notary public, the courts, the**

Committee for Resolution of Securities Disputes, dispute resolution committees of all kinds, arbitration tribunals and civil rights committees, police departments, chambers of commerce and industry, private bodies, companies and institutions of all kinds, issue legal powers of attorney, appoint and dismiss attorneys and lawyers, plead, defend, litigate, conciliate, acknowledge, arbitrate, accept judgments, and object thereto on behalf of the company.

The board of directors shall appoint a secretary from among the members of the board or from others who is entrusted with recording the proceedings of the board meetings and preparing for those meetings. The Secretary's remuneration shall be determined according to the decision issued for appointing him.

The Chairman of the Board of Directors may delegate (by written decision) some of his powers to other members of the Board or to third parties to undertake specific work or tasks.

The Vice Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence in cases where the Board of Directors has a Vice Chairman.

The term of office of the Board Chairman, Vice Chairman, Managing Director, and the Secretary, who is a member of the Board, shall not exceed their respective terms of office as members of the Board. The Board of Directors may dismiss the Chairman of the Board, Vice Chairman, Managing Director, and the Secretary, or any of them from their positions, and this does not result in dismissing them from their membership in the Board of Directors.

**Article (20): Board Meetings:**

1.The Company's Board of Directors shall convene at least (4) four times a year upon the invitation of its Chairman. The invitation shall be in writing.

The Chairman of the Board shall call the Board to convene whenever requested in writing by any Board member to discuss any matter or more.

**2.The Board of Directors shall determine the location of its meetings, and they may be held using modern technological means.**

**Article (21): Board Meeting and its Resolutions:**

1.The meeting of the Board of Directors shall not be valid unless it is attended by at least half of the members, provided that the number of attendees is not less than (5) members in person **or by proxy**. A Board member may appoint any of the other members in writing as a proxy, **provided that the proxy member does not have more than one proxy. The delegation shall be in writing.**

**2.The resolutions of the Board shall be issued by a majority of the votes of the members present (in their personal capacity or by proxy) at least, and in case of a tie, the Chairman shall have the casting vote.**

**3.The Board of Directors' resolution is effective from the date of its issuance unless it stipulates that it will take effect at another time or when certain conditions are met.**



**Article (22): Deliberations of the Board:**

- 1.The deliberations and resolutions of the Board of Directors shall be recorded in minutes prepared by the Secretary and signed by the Chairman of the meeting, the Directors present, and the Secretary.**
- 2.The minutes are recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.**
- 3.It is permissible to use modern technological means to sign, document deliberations and decisions, and record minutes.**

**Article (23): Issuing Resolutions on Urgent Matters**

**The Board may issue resolutions on urgent matters by circulation unless a member requests in writing that the Board convenes for deliberation. Such resolutions shall be made by a majority vote of its members and shall be presented to the Board at the next meeting to be recorded in the minutes of that meeting.**

**Article (24): Shareholders' General Assembly Meeting:**

- 1.The General Assembly meeting of shareholders shall be chaired by the Chairman of the Board of Directors or his deputy in his absence, or whomever the Board of Directors delegates from among its members in their absence. If this is not possible, the General Assembly shall be chaired by whomever the shareholders delegate from among the Board members or others by vote.**
- 2.Every shareholder has the right to attend the General Assembly meeting, and he has the right to delegate someone other than a member of the Board of Directors on his behalf.**
- 3.The General Assembly meeting may be held and the shareholder may participate in deliberations and voting on decisions using modern technology.**

**Article (25): Powers of the Ordinary General Assembly**

**Except for matters within the competencies of the Extraordinary General Assembly, the Ordinary General Assembly has jurisdiction over all matters related to the company, and is held at least once a year during the six months following the end of the company's fiscal year. Other ordinary general assemblies may be called whenever the need arises.**

**Article (26): Powers of the Extraordinary General Assembly**

**The Extraordinary General Assembly is concerned with amending the company's articles of association except for matters that are prohibited from amending by law. It may issue resolutions on matters originally within the competencies of the ordinary general assembly, under the terms and conditions prescribed for the ordinary general assembly.**

**Article (27): Assemblies Invitation:**

1. General and special meetings shall be held at the invitation of the Board of Directors. The Board of Directors shall invite the Ordinary General Assembly to convene within (thirty) days from the date of the request of the auditor or one or more shareholders representing the request of **(ten percent) of the shares of the company with voting rights** at least. The Auditor may invite the Ordinary General Assembly to convene if the Board does not direct the invitation within (thirty) days from the date of the auditor's request.

**2. The request referred to in Paragraph (1) of this Article must state the issues on which shareholders are required to vote.**

**3. The invitation to convene the assembly shall be sent at least (twenty-one) days before the specified date under the provisions of the Law, taking into account the following:**

- **Informing shareholders through registered letters to their addresses listed in the shareholders' register, or announcing the invitation through modern technological means.**
- **Send a copy of the invitation and the agenda to the Commercial Registry, as well as a copy to the Capital Market Authority if the company is listed on the financial market on the date of announcing the invitation.**

**4. The invitation to the association meeting must include at least the following:**

- **Statement of the holder of the right to attend the Assembly Meeting and his right to delegate to whoever he chooses other than the board members, and a statement of the shareholder right to discuss the topics on the agenda of the Assembly and address queries and how to exercise the voting right.**
- **The place, date, and time of the meeting.**
- **The type of assembly, whether it is a public or private assembly.**
- **The meeting agenda, including the items on which shareholders are required to vote.**

**The Article was deleted.**

**Article (28): Quorum for the Ordinary General Assembly Meeting**

The Ordinary General Assembly Meeting may be valid only when attended by shareholders representing at least (1/4) **of the company's shares with voting rights. If such quorum is not attained at the first meeting, the invitation of the second meeting shall be directed** after one hour from the time the first meeting was supposed to convene, as long as the first meeting invitation notice includes such provision that indicates the possibility of holding **the second meeting.**

In all cases, the second meeting shall be deemed valid regardless of the number of shares that **have voting rights** represented therein.

**Article (29): Quorum for the Extraordinary General Assembly Meeting**

The extraordinary general **meeting** shall not be valid unless attended by shareholders representing at least half of **the company shares with voting rights. If this quorum is not available at the first meeting, a second meeting shall be called to be held in the same conditions stipulated in the previous article herein.** In all cases, the second meeting shall be valid if attended by **shareholders representing at least one-quarter of the company shares with voting rights.** If the necessary quorum is not available at the second meeting, a third meeting shall be called to be held in the same conditions stipulated in the previous article herein. The third meeting shall be valid regardless of the number of shares with **voting rights** represented therein.

**Article 30: Voting in Assemblies:**

Each shareholder shall have one vote per share in the general assembly meetings. Accumulative voting method shall be applied when electing Board members, in a way that the right to vote for a share may not be used more than once. Members of the Board of Directors may not participate in voting on general assembly resolutions on their relief from liability for **the period of their management, voting on the item of remuneration of the Board members, and voting on the resolutions of the Assembly that relate to business and contracts in which they have a direct or indirect interest or that involve a conflict of interest.**

**Article (31): Assemblies Resolutions**

Resolutions of the Ordinary General Assembly shall be issued under the **approval** of the **majority of the voting rights** represented at the meeting. Resolutions of the Extraordinary General Assembly shall also be issued under the **approval** of (two-thirds) of the **voting rights** represented at the meeting unless the resolution is related to the capital increase, reduction, company dissolution, merger with another company, **or division into two or more companies**. In this case, it shall not be valid unless it is issued under the **approval** of (three-fourths) of the **voting rights** represented at the meeting.

**Article (32): Assembly Meetings Discussions**

Every shareholder has the right to discuss the topics included in the General Assembly's agenda and direct questions regarding them to the members of the Board of Directors and the auditor. The Board of Directors or the auditor answers shareholders' questions to the extent that does not expose the company's interest to harm. If a **shareholder** considers that the answer to his question **is insufficient**, he may appeal to the General **Assembly**, whose resolution in this regard shall be final in this regard.

**Article (33): Preparing Assemblies Minutes**

The Chairman shall appoint a secretary for meetings and vote counters. At the assembly meeting, minutes shall be drawn up that include the number of shareholders present, in person or **by proxy**, the number of shares in their possession, in person or **by proxy**, the number of votes assigned to them, the resolutions taken, the number of votes that approved or opposed such resolutions, and a comprehensive summary of the discussions that took place at the meeting. Minutes are recorded regularly following each meeting in a special register signed by the assembly's chairman, secretary, and vote collectors.

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**Article (34): Appointment, Dismissal and Resignation of Auditor:**

1. The Company shall have one (or more) auditors from among those licensed to practice in the Kingdom, appointed by the General Assembly, which shall determine their remuneration, term of office, and **scope** of work, and they may be reappointed. **However, it is required that the total period of their appointment shall not exceed the specified period under the provisions prescribed by law.**
2. **The General Assembly may dismiss the auditor and the chairman of the board of directors shall notify the Competent Authority of the dismissal decision and the grounds therefor within a period not exceeding five days from the decision date.**
3. **The auditor may resign under a written notice submitted to the company. His assignment shall terminate from the date of submitting the resignation notice or at a later date as specified therein, without prejudice to the company's right to compensation for any damage it incurs, if justified. The resigning auditor shall, upon submission of the notice, provide the company and the Competent Authority with the reasons for his resignation. The company's board shall call the general assembly to be held, as the case may be, to review said reasons, appoint another auditor, and determine his remuneration and scope of work.**

**Article (35): Auditor's Authorities:**

The auditor shall have the right, at any time, to inspect the company's **documents, accounting records, and supporting documents, and** may request the data and clarifications deemed necessary **to verify** the company's **assets**, liabilities, and other matters within the scope of his work. The board of directors shall **enable him to** perform his duty. If the auditor encounters difficulty in this regard, this must be documented in a report given to the board of directors. If **the Board of Directors** does not facilitate the auditor's work, the auditor shall request **them to convene the Ordinary General Assembly to** consider the matter. **The auditor may send that invitation if the board does not invite the assembly to convene within thirty days from the date of the auditor's request.**

**Article (36): Fiscal Year**

**The fiscal year of the company starts from the first of January and ends at the end of December of each calendar year, provided that the first fiscal year starts from the date of its registration in the Commercial Register until the end of December of the coming year.**

**Article (37): Financial Documents:**

1. At the end of each fiscal year of the company, the Board of Directors must prepare the company's financial statements, a report on its activity, and financial position for the past fiscal year. Such a report shall include the method it proposes to pay dividends. The Board shall make such documents available to the auditors at least 45 days before the date set for the Annual Ordinary General Assembly.
2. The company's Chairman of the Board of Directors, its representatives, its CEO, and its financial director, if any, must sign the documents referred to in Paragraph (1) of this Article, and **publish them on the Capital Market Authority (Tadawul) website**. Copies thereof shall be deposited at the company's head office at the disposal of the shareholders.
3. The Chairman of the Board of Directors shall provide the shareholders with the company's financial statements and the Board of Directors report, **after signing them**, and the auditor report, **unless published in any of modern technology means**, at least **twenty-one** days before the date set for the annual ordinary general assembly meeting. **He shall also file these documents as determined by the Implementing Regulations of the Companies Law.**

**Article (38): Formation of Reserves and Distribution of Dividends:**

1. **The Ordinary General Assembly, when determining the shares in the net profits, may decide to form reserves, to the extent that serves the interest of the company or ensures the distribution of fixed profits, as much as possible, to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to achieve social objectives that benefit the company's employees.**
2. **The General Assembly shall determine the percentage to be distributed to the shareholders from the net profits after deducting the reserves, if any.** The company may also distribute interim dividends to its shareholders on a semiannual or quarterly basis after fulfilling the statutory requirements.

**Article (39): Profits Entitlement:**

The shareholder is entitled to his share in the profits under the resolution of the General Assembly issued in this regard, and the resolution specifies the due date and the date of distribution. The eligibility of the profits shall be for the shareholders registered in the shareholders' registers at the end of the day specified for the entitlement. The Board of Directors shall implement the resolution of the Ordinary General Assembly regarding the distribution of profits to the shareholders.

**Article (40): Distribution of Preferred Shares Dividends**

1. If profits have not been distributed for any fiscal year, it is not permissible to distribute profits for the following years except after paying the specified percentage under the provisions of the Companies Law for owners of preferred shares for that year.

2. If the company fails to pay the specified percentage **for the holders of the preferred shares of the company net profit after deducting the reserves, if any, for** three consecutive years, the special assembly of holders of these shares, convened under the provisions of the Companies Law, may decide either they attend the general assembly meetings of the company and participate in the vote until the company can pay all profits allocated for the holders of these shares for those years. **The holder of the preferred share shall have the right to vote on all Ordinary General Assembly agenda items without exception.**

**Article (41): Company Losses**

If the losses of the company reach half of the issued capital, **at any time during the fiscal year, the Board of Directors shall disclose such losses and the recommendations established on such losses within (60 days) from the date on which he knows that the losses reach that amount and convene the extraordinary general assembly within one hundred and eighty (180) days of its awareness of that loss to consider the continuity of the company, taking any procedures required to address losses, or dissolve the company.**

**Article (42): Claim of Liability**

- 1- A company may initiate a claim of liability against Board members due to the violation of the Companies Law, its articles of association, or from a wrongful act, negligence, or omission in the performance of their duties, which results in damages to the Company. The decision to initiate the claim of liability and to designate a representative on behalf of the company to pursue such action shall be made by the general assembly or shareholders. If the company is under liquidation, the liquidator shall file the claim. If any liquidation proceedings are initiated against the company under the Bankruptcy Law, the claim shall be filed by its legal representative.
- 2- A single shareholder, or more, representing 5% of the company's capital, may initiate a claim of liability on behalf of the company if such action is not initiated by the company, provided the action serves the interests of the company and is based on valid grounds, and the plaintiff is acting in good faith and is a shareholder in the company at the time of initiating the claim.
- 3- To initiate the claim referred to in paragraph (2) of this Article, the company's board members, as the case may be, shall be notified of the intent to initiate the claim at least 14 days before the initiation date.
- 4- Each shareholder may initiate a personal claim against the Board members if the wrongful act attributed thereto results in damage personally affecting him.

**Article (43): Expiration and Liquidation of the Company:**

**The Company shall expire due to any of the reasons for expiration stipulated in the Companies Law, and the liquidation shall be under the provisions of the Companies Law.**

Article (44):

1. **The company is subject to the laws in force in the Kingdom of Saudi Arabia.**
2. **Any text in this Articles of Association that contravenes the provisions of the Companies Law shall be deemed invalid and the provisions contained in the Companies Law shall be applied to it. Everything that is not contained in this Articles of Association shall be subject to the Companies Law and its Implementing Regulations.**

Article (45):

This Articles of Association shall be kept and published under the provisions of the Companies Law and **its Implementing Regulation.**