



**Bylaw**  
**Naseej International Trading Company**

**(Listed Joint Stock Company)**

## **Chapter One : Company Incorporation**

### **Article One: Incorporation**

The company was incorporated in accordance with the provisions of the Companies Law, its executive regulations and this bylaw, a Saudi joint stock company according to the following:

### **Article Two: The Company Name**

“Naseej International Trading Company” Listed Saudi Joint Stock Company.

### **Article Three: The Company's Objectives**

The company performs the following purposes:

- 1- Wholesale and retail trade in carpets, rugs, ceramics, floors, furnishings, mobilia, furniture, antiques, wooden and metal lamps shade, office furniture, kitchens, blankets, bedspreads, curtain fabrics and their accessories.
- 2- Carpet production, rugs and carpets cut under license of Ministry of Industry and Electricity No. (1566 / r) on 12/20/1420 H.
- 3- Production of bobbin-proline yarns, nylon yarns, processed polypropylene yarns, and processed nylon yarns (polyamide), according to Ministerial Decree issued by the Ministry of Commerce No. (1699 / r) on 12/27/1424 H.
- 4- Commercial services: (a) Marketing to others (b) commercial agents and distribution agents (c) import and export for others (d) brokerage in other than exchange and real estate (e) commercial undertakings.
- 5- Real estate investment: (a) Buying and selling lands, owning real estate, constructing buildings on them, and investing them for the benefit of the company. (b) Establishing and developing residential, commercial and service complexes and investing them by selling, leasing or managing them for the benefit of the company. (c) Establishing commercial and industrial exhibitions and warehouses and investing them through sale, leasing or managing them for the benefit of the company. (d) General contracting for buildings (construction, repair, demolition and restoration).
- 6- Services (transportation, freight, warehousing, customs clearance).
- 7- Production of calcium carbonate and chemicals.
- 8- Establishing, owning, maintaining, cleaning and establishing institutes, colleges and universities.
- 9- Establishing, owning and managing factories and metal drawing trade.
- 10- Establishing, owning, maintaining, cleaning and establishing health centers.
- 11- Wholesale and retail trade in building materials.
- 12- Establishing, establishing and managing the operation of standards and metrology laboratories.
- 13- Security and safety activities.

The company carries out its activities in accordance with the regulations followed in the Kingdom of Saudi Arabia and after obtaining necessary licenses from competent authorities, if any.

#### **Article Four: Participation and Ownership in Other Companies**

The Company may establish companies on its own (with limited liability or joint stock). The company may also have an interest or participate in any way with bodies or companies that carry out similar work or that may help it achieve its purpose. It may also own shares and quotas in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard. The company may also dispose of these shares or shares, provided that this does not include mediation in their trading.

#### **Article Five: The Company Head Office**

The company Head Office is located in Jeddah, and branches, offices or agencies may be established for it inside or outside the Kingdom by a decision of the Board of Directors.

#### **Article Six: Duration of the Company**

The duration of the company is indefinite, starting from the date of its registration in the Commercial Register.

### **Chapter Two : Capital and Shares**

#### **Article Seven: Capital**

The company's capital is determined in (108,973,010) SR. (One hundred eight million, nine hundred seventy-three thousand and ten Saudi Riyals) divided into (10,897,301) (Ten million, eight hundred ninety-seven thousand, three hundred one) shares of equal value, the value of each share is SR. (10) (ten Saudi riyals), all of them are cash shares.

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

Shareholders are subscribed in in the entire capital shares of (10,897,301) (Ten million, eight hundred ninety-seven thousand, three hundred one) share, with nominal value in (108,973,010) SR. (One hundred eight million, nine hundred seventy-three thousand and ten Saudi Riyals) fully paid.

#### **Article Nine: Preference Shares**

The extraordinary general assembly of the company may, in accordance with the principles and controls set by the competent authority, issue preferred shares, and these shares shall arrange for their owners the right to obtain a greater percentage of the company's net profits from the holders of ordinary shares after setting aside the company's reserves, if any.

#### **Article Ten: Selling Shares of Unpaid Value**

1- A shareholder shall pay the remaining value of the share on the designated dates. In case of nonpayment, the Board of Directors may, after notifying the shareholder by recorded mail or through any of the modern technology means, sell the share at a public auction or in the capital market, as the case may be, in accordance with the guidelines set by the competent authority. The other shareholders shall have a preemptive right to purchase such shares.

2- The Company shall receive the amounts due thereto from the sale proceeds and shall return any remaining amount to the shareholder. If the sale proceeds are not sufficient to satisfy the amounts due, the Company may satisfy the remaining amounts from any property of the shareholder.

3- Rights associated with the shares whose value is not paid by the due date shall be suspended until such shares are sold or the due amount is paid in accordance with the provisions of paragraph (1) of this Article; and such rights include the right to receive dividends and attend shareholder

assemblies and vote on their resolutions. However, the non-paying shareholder may, up to the date of sale, pay the due amount, in addition to any related expenses incurred by the Company in this regard; in such case, the shareholder shall have the right to demand payment of dividends. 4-The Company shall cancel the certificate of the share sold in accordance with the provisions of this Article and shall provide the buyer with a new certificate bearing the same serial number. The sale shall be recorded in the shareholders register along with the particulars of the new holder.

#### **Article Eleven: The Issuance of Shares**

Shares shall be nominal and may not be issued less than their nominal value, but may be issued higher than this value, in which case the difference in value shall be placed in a separate item within the shareholders' equity, provided that it is used in accordance with the controls set by the competent authority, and may not be distributed as dividends to shareholders. The share is indivisible against the company. If the share is owned by multiple persons, they must choose one of them to represent them in the use of the rights related to it. These persons shall be jointly responsible for the obligations arising from the ownership of the share. Shares of the same type or class shall be of equal nominal value. Shares may also be divided into shares of lesser nominal value or merged to represent shares of higher nominal value.

#### **Article Twelve: Circulation of Shares**

The shares of the Company shall be traded in accordance with the provisions of the Capital Market Law and its Implementing Regulations.

#### **Article Thirteen : Issuance of Debt Instruments and Sukuk**

1-The Company may, by a Board of Directors resolution, issue debt instruments, Sukuk, or any other debt instruments, whether in Saudi Riyals or any other currency, within or outside the Kingdom of Saudi Arabia, through one or more series pursuant to a programme or more established by the Board from time to time, at all times pursuant to the conditions and the amounts approved by the Board and the Board shall have the right to take any action needed to issue such instruments.

2-The Company may, by a resolution of the extraordinary general assembly, issue debt instruments or Sukuk convertible to shares, after the issuance of an extraordinary general assembly resolution specifying the maximum number of shares which can be issued against such instruments/Sukuk, whether such instruments/Sukuk were issued at once or through a series or a programme or more to issue debt instruments or Sukuk. The Board of Directors may, without the need for a new extraordinary general assembly resolution, issue new shares against the instruments/Sukuk which holders request its conversion, at the end of the conversion term specified for such holders. The Board of Directors shall take all necessary actions to amend the Company's bylaws reflecting the issued shares and capital, and must record each increase with the commercial registry.

#### **Article Fourteen: Purchase and Mortgage of Shares**

- 1- The Company may buy, sell or mortgage their shares with the approval of the Extraordinary General Assembly, in accordance with the relevant regulations and controls issued by the competent authorities. The shares purchased by the Company shall not be held in shareholders' assemblies.
- 2- The Company may repurchase its shares either to be used for capital reduction or as treasury shares in accordance with the relevant regulations and controls issued by the competent authorities.

- 3- The company may repurchase its shares for the purpose of allocating them to the company's employees within the employee stock program, in accordance with the relevant regulations and controls issued by the competent authorities.
- 4- The company may sell treasury shares in one or several stages in accordance with the relevant controls issued by the competent authorities.
- 5- The company may pledge their shares as security for a debt in accordance with the controls set by the competent authorities.
- 6- Without prejudice to other relevant laws and regulations, whoever has the right to own the shares of the company or to hold them for the benefit of another party may mortgage them in accordance with the controls set by the competent authorities, and the mortgagee creditor shall have the right to receive the profits and use the rights related to the share, unless otherwise agreed in the mortgage contract, but the mortgagee creditor may not attend or vote in the meetings of the general assembly of shareholders.

#### **Article Fifteen : Increasing the Company's Capital**

- 1- The Extraordinary General Assembly may decide to increase the issued or authorized capital of the Company (if any), provided that the issued capital has been paid in full. The capital is not required to be paid in full, if the unpaid portion thereof 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 yet.
- 2- The Extraordinary General Assembly may, in all cases, allocate the shares issued upon the capital increase, or part thereof, to employees of the company and its subsidiaries or some of them, or any of that. Shareholders may not exercise the right of priority when the company issues the shares allocated to employees.
- 3- The shareholder owning the share at the time of the issuance of the decision of the Extraordinary General Assembly to approve the increase of the issued capital or the decision of the Board of Directors to approve its increase within the limits of the authorized capital shall have priority in subscribing to the new shares issued in exchange for cash shares, and their priority shall be notified through the disclosure mechanisms of the listed joint stock companies approved by the competent authorities, of the decision to increase the capital, the terms of the subscription, its duration, and the date of its start and end.
- 4- The Extraordinary General Assembly has the right to suspend the priority right of shareholders to subscribe to the capital increase in exchange for cash shares or to grant the priority right to non-shareholders in cases it deems to achieve the interest of the company.
- 5- The shareholder has the right to sell the right of priority or assignment as determined by the regulations set by the competent authority.
- 6- Taking into account the provisions of Paragraph (4) above, the new shares shall be distributed among the holders of priority rights who requested subscription in proportion to what they own of priority rights out of the total priority rights resulting from the capital increase, provided that what they get does not exceed what they requested of the new shares, and the remainder of the shares shall be distributed New priority rights holders who have requested more than their share in proportion to what they own of priority rights out of the total priority rights resulting from the capital increase, provided that what they get does not exceed what they requested of new shares and the remaining shares are offered to third parties, unless the General Assembly decides Extraordinary or the financial market system stipulates otherwise.

### **Article Sixteen: Reduction of Capital**

- 1- The extraordinary general assembly may decide to reduce the capital if it exceeds the needs of the company or if the company suffers losses. In the latter case alone, the capital may be reduced below the limit stipulated in the Companies Law, and the decision to reduce shall be issued only after reading a statement in the General Assembly prepared by the Board of Directors on the reasons for the reduction, the obligations of the company and the impact of the reduction in its fulfillment. A report from the auditor of the company shall be attached to this statement.
- 2- If the reduction is the result of an increase in capital from the need of the company, creditors must be invited to express their objections to the reduction, if any, within the period specified in the Companies Law from the date specified for holding the Extraordinary General Assembly meeting to take the decision of the reduction, provided that the invitation is accompanied by a statement explaining the amount of capital before and after the reduction, the date of holding the meeting and the date of the reduction. If any of the creditors objects and submits his documents to the company on the aforementioned date, the company must pay his debt if it is current or provide sufficient security to meet it if it is a term, the equality between shareholders holding shares of the same type and category must be taken into account when reducing capital.
- 3- The capital shall be reduced in one of the following ways:
  - A- Cancellation of a number of shares equal to the amount required to be reduced.
  - B- Reducing the nominal value of the share by canceling part of it equivalent to the loss suffered by the company.
  - C- Reducing the nominal value of the share by returning part of it to the shareholder or by discharging it from all or some of the unpaid amount of the value of the share
  - D- The purchase by the company of a number of its shares equal to the amount required to be reduced, and then cancelled.

## **Chapter Three: The Board of Directors**

### **Article Seventeen : Management of the Company**

- 1- The company shall be managed by a board of directors consisting of (6) members elected by the ordinary general assembly of shareholders for a period of four years, through the use of cumulative voting. The members of the board of directors may be re-elected for other sessions in accordance with the procedures and controls set by the competent authority.
- 2- Each shareholder has the right to nominate himself or another person or more than one of the shareholders or others for membership of the Board of Directors, and it is required in all cases that the members of the Board of Directors be persons of natural capacity.

### **Article Eighteen: Termination of the membership of the Board or the retirement or dismissal of its members**

- 1- The membership of the Board shall expire at the end of its term or at the end of the member's term in accordance with any law or instructions in force in the Kingdom, or due to death, or his resignation. The General Assembly may, upon the recommendation of the Board of Directors, terminate the membership of any member 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. The Ordinary General Assembly may dismiss all or some of the members of the Board of Directors and the Ordinary General Assembly in this case

- shall elect a new Board of Directors or a replacement for the isolated member, as the case may be, in accordance with the provisions of the Companies Law.
- 2- The Board of Directors shall, before the end of its session, invite the Ordinary General Assembly to convene to elect a Board of Directors for a new session. If the election cannot be held and the term of the current Board session has expired, its members shall continue to perform their duties until the election of a Board of Directors for a new session, provided that the term of office of the members of the Board of Directors expiring shall not exceed the period specified by the Implementing Regulations of the Companies Law.
  - 3- A member of the Board of Directors may resign from the membership of the Board by written notification addressed to the Chairman of the Board. If the Chairman of the Board resigns, the notification shall be addressed to the other members of the Board and the Secretary of the Board. In both cases, the retirement shall be effective from the date specified in the notification.
  - 4- If the Chairman and members of the Board of Directors retire, they shall invite the Ordinary General Assembly to convene to elect a new Board of Directors. The retirement shall not take effect until the election of the new Board, provided that the duration of the retiring Board shall not exceed the period specified by the regulations and executive regulations of the Companies Law.

#### **Article Nineteen : Vacancy in the Board**

If the position of a member of the Board of Directors becomes vacant for his death or retirement and this vacancy does not result in a violation of the conditions necessary for the validity of the meeting of the Board due to the lack of the number of its members below the minimum stipulated in the statute or the company's articles of association, the Board may appoint a temporary member in the vacant position, who has experience and sufficiency, provided that he informs the competent authorities within (fifteen) days from the date of appointment, and that the appointment is presented to the Ordinary General Assembly at its first meeting, and the appointed member completes the term of his predecessor.

If the conditions necessary for the validity of the meeting of the Board of Directors are not met due to the lack of the number of its members below the minimum stipulated in the Law or in the Company's Articles of Association, the rest of the members shall invite the Ordinary General Assembly to convene within (sixty) days to elect the necessary number of members

#### **Article Twenty : Powers of the Board of Directors**

Subject to the terms of reference prescribed for the General Assembly, the Board of Directors shall have the broadest powers in the management of the company in order to achieve its objectives, adopt its strategic directions and main objectives, supervise its implementation, formulate the company's policies, determine its investments, supervise its business and funds, conduct its affairs inside and outside the Kingdom, and establish internal control systems and mechanisms and general supervision thereof. The Board shall be considered an agent for the company and the shareholders in implementing this. The Board of Directors may, for example, do the following:

- 1- Disposing of the assets of the company, its property and real estate in a manner that achieves the interest of the company and its purposes. He has the right to buy, accept, pay the price, mortgage, release the mortgage, sale, emptying, receiving the prices and handing over the appraiser, provided that the minutes of the Board of Directors include in the merits of its decision to dispose of the assets, property and real estate of the company the following conditions:

- A- The Board shall specify in the sale decision the reasons and justifications for it.
  - B- The sale should be similar to the price of the parable.
  - C- The sale must be present except in cases of necessity and with sufficient guarantees.
  - D- Such conduct shall not result in the cessation of some of the Company's activities or the assumption of other obligations by the Company.
- 2- The Board of Directors may also contract loans and financing with government and commercial funds and financing institutions and benefit from all Islamic banking services conducted by Islamic banks and money houses, which shall not exceed 50% at the end of the company's term, taking into account the following conditions for financing contracts whose term exceeds three years:
- A- The Board of Directors shall determine in its decision the aspects of the use of the financing and the manner of its repayment.
  - B- To take into account in the terms of financing and guarantees provided to him the interest of the company.
- 3- The Board of Directors shall also have the right to conciliate, assign, contract, abide and bind in the name of the company and on its behalf in approving contracts and tenders, establishing companies in which the company participates with all its amendments and annexes, and carrying out all acts and actions that would achieve the purposes of the company.
- 4- The Board of Directors of the Company shall, in the cases it determines, have the right to discharge the debtors of the Company from their obligations in accordance with what is in its interest in accordance with the following conditions:
- A- The discharge shall be at least one year after the debt has arisen.
  - B- Discharge is a right of the Board which may not be delegated.
  - The Board may also, within the limits of its competence, authorize one or more of its members or third parties to engage in certain work or activities.
  - The Board of Directors must obtain the approval of the General Assembly when selling assets of the company whose value exceeds (fifty percent) of the value of its total assets, whether the sale is made through one transaction or several transactions. In this case, the transaction that leads to exceeding (fifty percent) of the value of the assets is the transaction that is required approval by the General Assembly and this percentage is calculated from the date of the first transaction that took place within the previous (twelve) months and the competent authority may exclude some acts and actions from this condition.
- 5- The Board of Directors may, by a decision, form an appropriate number of committees in accordance with the requirements of the Law and the needs of the Company. It shall have all the powers to determine the scope of its competences, tasks and work provisions, appoint its members, dismiss them and determine their remuneration in accordance with the relevant laws and the work regulations of each committee.
- 6- The Board of Directors has the right to issue a decision appointing legal representatives of the company in accordance with the regulations, in order to represent the company before others and before all general courts, the Board of Grievances, administrative courts, judicial committees of all kinds and degrees, and all authorities, ministries, government and executive departments and departments affiliated with them with regard to all types of cases, and with the same powers granted to the Managing Director below in this regard.

### **Article Twenty-One: Remuneration of the Board of Directors**

The remuneration of the members of the Board of Directors shall be from a certain amount or an attendance allowance for sessions, an allowance for expenses or benefits in kind, or a certain percentage of net profits. Two or more of these benefits may be combined, and they may be of varying amount, in accordance with the remuneration policy approved by the Board of Directors based on the recommendation of the Remuneration and Nominations Committee approved by the General Assembly of Shareholders. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all the remuneration, attendance allowance and other benefits received by the members of the Board of Directors during the fiscal year, as well as a statement of what the members of the Board of Directors have received as workers, administrators or what they have received in exchange for technical or administrative works or consultancies previously approved by the General Assembly of the Company. It shall also include a statement of the number of meetings of the Board of Directors and the number of meetings attended by each member.

The Board of Directors shall determine the remuneration of committee members, attendance allowances and other entitlements in accordance with the remuneration policy approved by the Board of Directors upon the recommendation of the Remuneration and Nomination Committee approved by the General Assembly of Shareholders.

### **Article Twenty-Two: Appointment of the Chairman of the Board, the Vice Chairman, the Managing Director or the Chief Executive Officer and the Secretary and their powers**

At its first meeting, the Board of Directors shall appoint from among its members a Chairman and a Vice-Chairman. It may appoint a Managing Director or an Executive Chairman. The position of Chairman of the Board of Directors may not be combined with any executive position in the Company.

1-The Chairman of the Board of Directors is responsible for following up all the work of the company and its activities, issuing decisions and directives on them, adopting decisions and deciding on the topics that fall within his powers, directing the Board to perform its functions and responsibilities effectively, inviting the Board to convene and determining the topics of meetings taking into account the topics that the members propose to include, managing the meetings of the Board and encouraging all members to participate fully and effectively in what serves the interests of the company, finding constructive relations between members, following up the regularity of the meetings of the Board and initiating its work on the specified dates in accordance with the approved work plan of the Board, following up the management of the company in implementing the decisions of the Board, following up the work of the committees of the Board and ensuring the effective performance of their tasks, supervising the invitation of the General Assembly to convene and chair its meetings, and taking appropriate measures to ensure effective communication between the Board and shareholders, in addition to the powers granted to him by the Board of Directors from time to time to time, and the Chairman of the Board of the Board of Directors may delegate some of his powers to other members of the Board of direct or specific work.

2-The Chairman of the Board of Directors is competent to represent the company in its relations with others and before the judiciary and government agencies, to write justice and arbitration bodies, to review the Board of Grievances and all public and administrative courts, authorities, bodies and judicial committees of all grades and types, classifications, pleading and defending before them, to attend sessions, to submit memoranda and lists of lawsuits, to hear evidence and witnesses, to respond to them, to acknowledge, deny, reconcile, acquit, accept and discriminate judgments, to submit appeals and petitions, to review police departments and all executive bodies

and execution courts, to collect the rights of the company with others, and to request seizure and execution in all its forms. Represent the company before the Chambers of Commerce and Industry and have the right to sign the contracts of incorporation of the companies in which it participates and its annexes and amend them and sign all contracts, agreements, instruments and emptying before the Ministry of Commerce and Industry and before the Notary Public and all relevant official bodies ,amend the contracts of incorporation of subsidiaries or companies in which the company owns shares or shares and annexes of amendment, cancel the articles of incorporation and annexes of amendment, sign the articles of incorporation and annexes of amendment with the notary public, publish the articles of incorporation and annexes of amendment and their summaries and statutes in accordance with the determination of the competent authority, sign the decisions of partners, enter and exit of partners and enter into existing companies, buy shares and quotas and pay the price, sell shares and Receipt of Value, Assignment of Shares and quotas of Capital, Acceptance of Assignment of Shares, Shares and Capital, Increase, Decrease and Determination of Capital, Transfer of Shares, Shares, Bonds and Instruments, Amendment of the Purposes of Subsidiaries and Signing of Liquidation Decisions and Resolutions of Appointment of Directors or their Removal and Representatives of the Company in Shareholders' Assemblies or Associations of Partners, Receipt, Delivery, Review of All Relevant Entities, Finalization of All Necessary Procedures, Signature and Power of Attorney as Required, Review of Banks, Opening of Accounts, Withdrawal and Deposit, Issuing and signing Checks, issuing and signing promissory notes, bills, and all trading documents, Guarantees and Guarantees, Signing of Loans and Facilities Contracts The bank and the issuance of letters of guarantee and borrowing from commercial and official banks and financing funds, and the sale, purchase, emptying, acceptance and receipt of the price by a certified check or bank transfer in the name of the company, mortgaging, dismantling, issuing and amending instruments and extracting a lost allowance, appointing and dismissing agents and lawyers, authorizing and delegating them in all or some of the aforementioned and issuing legitimate agencies to them. The Chairman of the Board of Directors also has the right to lease the company's property, lease for the benefit of the company, sign leases, receive and pay rent, appoint employees, dismiss them, contract with them, terminate their services, request visas, recruit and deport workers, issue work permits, iqama and labor transfer services, transfer guarantees, apply for tenders and submit tenders. The Chairman of the Board may Delegate and delegate to others within the limits of their competence powers or to take prompt action or certain action or to do certain work or actions, and may cancel the authorization and proxy in part or in full.

3-The Board of Directors may appoint an Executive Chairman of the Company, whether from its members or from others, and the Board determines its authority. The CEO or the Managing Director shall be competent to implement the policy set by the Board of Directors of the Company to other competencies and other powers specified by the Board of Directors and shall implement the instructions of the Board of Directors. The Board of Directors shall determine, based on the recommendation of the Remuneration and Nominations Committee, a decision by which the remuneration of the CEO or the Managing Director shall be issued.

4-The Board of Directors shall appoint a secretary chosen by it from among its members or others. He shall be responsible for the written work of the Board, keeping its records, preparing its correspondence with the relevant authorities, recording the proceedings of the Board's meetings, preparing for such meetings, writing notices to the members about the Board's meetings, preparing letters to the concerned authorities inside and outside the Company, and other tasks and administrative work related to the work of the Secretary of the Board of Directors. His remuneration shall be determined in accordance with the decision issued to appoint him.

5-The term of the Chairman of the Board, the Deputy Chairman, the Managing Director and the Secretary shall not exceed the term of membership of each of them in the Board. They may be reappointed and the Board may at any time dismiss them or any of them.

#### **Article Twenty-Three: Meetings of the Board**

The Board of Directors shall meet at least four times a year at the invitation of its Chairman, Deputy Chairman or Secretary. The invitation to the meeting shall be attached to the agenda of the meeting by e-mail, fax, or by electronic and other means, at least sufficiently in advance of the date of the meeting. The Chairman of the Board shall invite the Board to a meeting whenever requested to do so in writing by any member of the Board to discuss any one or more topics.

The Board of Directors shall determine the venue of its meetings, which may be held using the means of modern technology.

#### **Article Twenty-Four: Board Meeting Quorum and its decisions**

The meeting of the Board shall not be valid unless attended by at least half of the members (in person or on behalf of). A member of the Board of Directors may delegate other members to attend the meetings of the Board in accordance with the following controls:

A-A member of the Board of Directors may not represent more than one member in attending the same meeting.

B-The representation must be in writing.

C-The representative may not vote on decisions that the law prohibits the representative from voting on.

The decisions of the Board shall be issued by a majority of the votes of the members of the Board present (original or proxy) and in the event of equality of views, the side with which the chairman of the meeting voted shall prevail.

The Board of Directors may also issue decisions on urgent matters to be submitted to all members by passing unless one of the members requests to write a meeting of the Board for deliberation. Such decisions shall be issued by a majority vote of its members. Such decisions shall be submitted to the Board at its first subsequent meeting for confirmation in the minutes of the meeting.

The decision of the Board of Directors shall take effect from the date of its issuance, unless it stipulates that it shall take effect at another time or when certain conditions are met.

#### **Article twenty-five: Deliberations of the Board**

The deliberations and decisions of the board shall be recorded in minutes prepared by the secretary signed by the chairman of the meeting, the members of the board of directors present and the secretary. These minutes shall be recorded in a special register signed by the chairman of the board of directors and the secretary. It is also permissible to use modern technical means to sign, prove deliberations and decisions, and record minutes.

### **Chapter Four (Shareholders' Assemblies)**

#### **Article Twenty-Six : Attendance of the General Assemblies**

Every shareholder, regardless of the number of his shares, has the right to attend the general assemblies of shareholders, and he may delegate on his behalf a person other than the members of the board of directors in the presence of the general assembly by virtue of a written power of attorney in accordance with the controls specified by the competent authorities.

#### **Article Twenty-seven: Terms of Reference of the Ordinary General Assembly**

With the exception of matters pertaining to the extraordinary general assembly, the ordinary general assembly shall be concerned with all matters related to the company, and it will be

complicated at least once a year during the six months following the end of the company's fiscal year, and other ordinary general assemblies may be invited whenever the need arises.

**Article Twenty-Eight: Terms of Reference of the Extraordinary General Assembly**

The extraordinary general assembly shall be concerned with amending the company's bylaw with the exception of matters that it is forbidden to amend by law, and it may issue decisions on matters originally within the terms of reference of the ordinary general assembly under the same terms and conditions established for the ordinary general assembly.

**Article Twenty-Nine: Invitation to General Assemblies**

1-General and private meetings of shareholders shall be held at the invitation of the Board of Directors, and the invitation to hold the general meeting shall be published on the website of the Capital Market (TADAWUL) and the website of the company at least twenty-one days before the date specified for the meeting, in accordance with the controls specified by the competent authority and the standards contained in the Companies Law.

2-The Board of Directors shall convene the General Assembly within thirty days if requested by the Auditor, the Audit Committee or a number of shareholders representing (10%) ten percent of the shares of the company with voting rights at least. The Auditor may convene the Ordinary General Assembly if the Board does not extend the invitation within thirty days from the date of the Auditor's request.

3-The general assembly meeting may be held and the shareholder may participate in the deliberations and vote on the decisions by means of modern technology.

**Article Thirty : Quorum for Ordinary General Assembly meeting:**

The convening of the ordinary general meeting shall not be valid unless attended by shareholders representing (at least one quarter) of the shares of the company that has voting rights. If the quorum necessary to hold the first meeting is not met, the second meeting shall be held one hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding the second meeting. In all cases, the second meeting shall be valid regardless of the number of shares that have voting rights represented therein.

### **Article Thirty-One : Quorum for Extraordinary General Assembly Meeting**

The Extraordinary General Meeting shall not be valid unless attended by shareholders representing (at least half) the shares of the company that has voting rights. If this quorum is not met at the first meeting, the second meeting shall be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding the second meeting.

In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least (a quarter) of the shares of the company that have voting rights.

If the necessary quorum is not met at the second meeting, an invitation shall be sent to a third meeting to be held in the same conditions stipulated in this Law and the Companies Law, and the third meeting shall be valid regardless of the number of shares that have voting rights represented therein.

### **Article Thirty-Two: Voting in General Assemblies**

Each shareholder shall have a vote for each share in the ordinary and extraordinary general assemblies, and the cumulative vote shall be used in the election of the Board of Directors.

### **Article Thirty-Three : Resolutions of General Assemblies**

The resolutions of the Ordinary General Assembly shall be issued with the approval of the majority of the voting rights represented at the meeting, and the resolutions of the Extraordinary General Assembly shall be issued with the approval of (two thirds) of the voting rights represented at the meeting, unless the resolution is related to increasing or reducing the capital, prolonging the term of the company, dissolving it, merging it with another company, or dividing it into two or more companies. The resolution shall be valid only if it is issued with the approval of (three quarters) of the voting rights represented at the meeting.

### **Article Thirty-Four: Discussion in General Assemblies**

Each shareholder has the right to discuss the topics on the agenda of the General Assembly and to ask questions about them to the members of the Board of Directors and the auditor. The Board of Directors or the auditor shall answer the questions of the shareholders to the extent that does not jeopardize the interest of the company. If the shareholder deems that the response to his question is insufficient, he shall appeal to the Assembly, and its decision in this regard shall be effective.

### **Article Thirty-Five : Presidency of General Assemblies and Preparation of Minutes**

The meeting of the general assemblies of shareholders shall be chaired by the chairman of the board or his deputy in his absence, or whoever is delegated by the board of directors from among its members present at the meeting, in the absence of the chairman of the board and his deputy, and in the event that this is not possible, the general assembly shall be chaired by the shareholders who are delegated by the members of the board or others by voting.

The President shall appoint a secretary for the meeting and a collector of votes. A minutes shall be drawn up at the meeting of the Assembly including the number of shareholders present in the original or the prosecution, the number of shares in their possession in the original or the prosecution, the number of votes decided for them, the number of votes approved or opposed by them, and a summary of the discussions that took place at the meeting. The minutes shall be recorded regularly after each meeting in a special register signed by the President of the Assembly, its secretary, the collector and the votes.

## **Chapter Five (Auditor)**

### **Article Thirty-Six: Appointment, Removal and Retirement of the Company's Auditor**

1-The company shall have one or more auditors from among the auditors licensed to work in the Kingdom appointed by the General Assembly and shall determine his fees, duration and scope of work, and may reappoint him, provided that the total period of his appointment does not exceed the period specified in accordance with the provisions prescribed by law.

2-Under a decision taken by the General Assembly, the auditor may be dismissed without prejudice to his right to compensation for the damage caused to him if he is required. The Chairman of the Board of Directors shall inform the Capital Market Authority of the dismissal decision and its reasons, within five days from the date of issuance of the decision.

3-The auditor may retire from his assignment by virtue of a written report submitted to the company, and his assignment shall end from the date of its submission or at a later date specified in the report, without prejudice to the right of the company to compensate for the damage caused to it if it is required. The retiring auditor shall submit to the company and the competent authority, when submitting the report, a statement of the reasons for his retirement. The Board of Directors shall invite the General Assembly of Shareholders to convene to consider the reasons for the retirement and appoint another auditor and determine his fees, duration and scope of his work.

### **Article Thirty-Seven: Powers of the Auditor**

The auditor has the right at any time to access the company's documents, accounting records and supporting documents, and he may also request the data and clarifications he deems necessary to obtain, to verify the company's assets, obligations and other matters within the scope of his work. The Chairman of the Board of Directors shall enable him to perform his duty. If the auditor encounters a difficulty in this regard, this shall be proven in a report submitted to the Board of Directors. If the Board does not facilitate the work of the auditor, he shall request the Board of Directors to invite the Ordinary General Assembly to consider the matter. The auditor may issue this invitation if the Board of Directors does not send it within (thirty) days from the date of the auditor's request.

## **Chapter Six (Company Accounts and Profit Distribution)**

### **Article Thirty-Eight: Fiscal Year**

The company's fiscal year begins on the first of January and ends on December 31 of each year. The company's first fiscal year began from the date of its registration in the commercial register until December 31 of the following calendar year.

### **Article Thirty-Nine: Financial Documents**

1-The Board of Directors shall, at the end of each financial year of the Company, prepare the financial statements of the Company and a report on its activity and financial position for the preceding financial year. This report shall include the proposed method of dividend distribution. The Board shall place such documents at the disposal of the Auditor at least forty-five (forty-five) days prior to the date set for the Annual General Meeting.

2-The Chairman of the Board of Directors of the Company (or whomever the Board of Directors authorizes), the Chief Executive Officer and the Chief Financial Officer of the Company shall sign the documents referred to in paragraph (1) of this Article and publish them on the website of the

Capital Market (TADAWUL) and the Company's website, copies of which shall be deposited at the Company's head office at the disposal of the shareholders.

3-The Chairman of the Board of Directors shall also provide the shareholders with the financial statements of the Company, the report of the Board of Directors after their signature, and the report of the auditor, unless published in any of the means of modern technology, at least twenty-one days before the date specified for the annual ordinary general meeting. He shall also deposit these documents in accordance with the executive regulations of the Companies Law.

#### **Article Forty: Formation of Reserves and Distribution of Dividends**

1-The ordinary general assembly, when determining the share of shares in the net profits, may decide to form other reserves, to the extent that it achieves the interest of the company or ensures the distribution of fixed profits, to the

extent possible, to the shareholders. The aforementioned association may also deduct from the net profits sums to achieve social purposes for the employees of the company or to establish non-profit institutions or to assist the existing ones of these institutions to serve the community.

2-The Ordinary General Assembly may, on the proposal of the Board of Directors, avoid any percentages of the net profits to form reserves and may be allocated for a specific purpose or purposes, and the reserve allocated for specific purposes may not be used except by a decision of the Extraordinary General Assembly. If this reserve is not earmarked for a specific purpose, the ordinary general assembly may, on the proposal of the board of directors, decide to disburse it for the benefit of the company or the shareholders, the ordinary general assembly may use the residual profit and distributable provisional reserves to pay the remaining value of the share or a part thereof, without discrimination among shareholders.

3-The General Assembly shall determine the percentage to be distributed to the shareholders of the net profits after deducting the reserves, if any, by virtue of a recommendation from the Board of Directors in accordance with the requirements of the regulations in this regard, taking into account what is stated in this bylaw.

4-The Company may distribute interim dividends to the shareholders in the form of (quarterly or semi-annual) after fulfilling the following requirements:

A-The Ordinary General Assembly shall authorize the Board to distribute interim dividends by virtue of a resolution renewed annually.

B-The company should be of good and regular profitability.

C-To have reasonable liquidity and be able to reasonably predict the level of its profits.

D-The company shall have distributable profits in accordance with the latest audited financial statements sufficient to cover the profits proposed for distribution, after deducting what has been distributed and capitalized from those profits after the date of these financial statements.

#### **Article Forty-One: Dividend Entitlement**

The shareholder shall be entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard in the recommendation of the Board of Directors, and the decision shall indicate the due date and the date of distribution. The entitlement to profits of the shareholders registered in the shareholders' records shall be at the end of the day specified for the entitlement, and the Board of Directors shall implement the decision of the General Assembly regarding the distribution of profits to the shareholders in accordance with the regulations issued in this regard.

#### **Article Forty-Two: Distribution of Dividends for Preferred Shares**

1-If no dividend is distributed for any financial year, it is not permissible to distribute dividends for the following years except after paying the specified percentage in accordance with the provisions of the Companies Law for Preferred Shareholders for that year.

2-If the Company fails to pay the specified percentage of the Company's net profits to the Preferred Shareholders after deducting the reserves - if any - for a period of three consecutive years, the Special Assembly of the holders of such shares, convened in accordance with the provisions of the Companies Law, may decide to attend the meetings of the General Assembly of the Company and participate in the voting, until the Company is able to pay all the profits allocated to the holders of such shares for those years, and each Preferred Share shall have one vote at the General Assembly meeting, and the holder of the Preferred Share in this case shall have the right to vote on all the agenda items of the Ordinary General Assembly without exception.

#### **Article Forty-Three: Company Losses:**

If the losses of the company amount to half of the issued capital, the Board of Directors shall disclose this and the recommendations it has reached regarding these losses within (sixty) days from the date of its knowledge of reaching this amount. The Board of Directors shall invite the Extraordinary General Assembly to meet within (one hundred and eighty) days from the date of knowledge to consider the continuation of the company while taking any of the necessary measures to resolve such losses or the dissolution of the company.

### **Chapter Seven (Disputes)**

#### **Article Forty-Four: Liability Claim**

The liability claim may be filed in accordance with the regulations contained in the Companies Law.

### **Chapter Eight (Dissolution and Liquidation of the Company)**

#### **Article Forty-five: Termination of the Company:**

The company is terminated by one of the reasons for termination mentioned in the Companies Law and by its lapse it enters the liquidation role in accordance with the provisions of the Companies Law. If the company lapses and its assets are insufficient to pay its debts or are in default in accordance with the Bankruptcy Law, it must apply to the competent judicial authority to open any of the liquidation procedures under the Bankruptcy Law.

### **Chapter Nine (Final Provisions)**

#### **Article Forty-Six: Companies Law**

1-The company is subject to the regulations in force in the Kingdom of Saudi Arabia

2-Any text that violates the provisions of the Companies Law in this Basic Law shall not be valid and shall be subject to the provisions of the Companies Law and all that is not provided for in this Basic Law shall be subject to the Companies Law and its Executive Regulations.

#### **Article Forty-Seven: Publication**

This Law shall be deposited and published in accordance with the Companies Law and its Implementing Regulations.