

# Bylaws

of “Power and Water Utility Company for Jubail and Yanbu” (MARAFIQ)

### **Article No.: 1 – Incorporation and Company Name**

The Company is incorporated according to Royal Decree No. M/29, dated on 21/07/1421(H) – 19/10/2000(G) and its regulations, as Saudi Joint Stock Company, named as “Power and Water Utility Company for Jubail and Yanbu” Company, known as “MARAFIQ” (will be referred hereinafter as the “Company”).

### **Article No.: 2 – Company Formation**

The Company has legal entity and corporate capacity, as well as independent financial liability, with full legal capacity to achieve its purposes, starting from ministerial resolution date to announce the Company incorporation.

### **Article No.: 3 – Company Objectives**

The Company’s main objective is to carry out water supply, sanitation activities, waste management and treatment, power, gas, steam and air conditioning supply, manufacturing industry, and construction. In addition, the Company may carry out any necessary or complementary work for those objectives, including importing materials and others. The Company may provide these services in all regions of the Kingdom with its commitment to provide these services to all beneficiaries in the industrial cities of Jubail and Yanbu.

### **Article No.: 4 – Participation and Ownership in Companies**

The Company may have an interest or own stocks or shares in existing entities or companies. In addition, it may solely establish limited liability, closed joint stock or special purpose companies. It may also own stocks and shares in other existing companies and merge with them, and it is entitled to participate with others in establishing joint stock, limited liability or special purpose companies, after fulfilling the requirements of the laws and instructions followed in this regard. Moreover, the Company may dispose of these stocks or shares, provided that this does not include brokerage in their trading.

#### **Article No.: 5 – Company Main Office**

The Company's main office is located in Jubail Industrial City, and the Board of Directors may establish branches and offices therefor inside or outside the Kingdom to carry out business or perform services thereto.

#### **Article No.: 6 – Company Duration**

The Company duration is fifty (50) Gregorian years, starting from the date of the ministerial resolution declaring the Company establishment. The Company duration may be extended for a similar or shorter period(s) by a resolution from the Extraordinary General Assembly of shareholders taken at least one (1) year before the end of the duration.

#### **Article No.: 7 – Capital**

The Company's capital is (SAR 2,500,000,000) Two Thousand Five Hundred Million Saudi Riyals divided into (250,000,000) Two Hundred and Fifty million shares of equal value, the nominal value of which is (SAR 10) Ten Saudi Riyals, all of which are ordinary and cash shares.

#### **Article No.: 8 – Shares**

The founders subscribed to all cash shares of the Company's capital, and all cash amounts paid from the Capital are deposited in the name of the Company in one of the licensed banks in the Kingdom.

#### **Article No.: 9 – Shares Issuance**

1. Shares are nominal and may not be issued for less than their nominal value. Rather, they may be issued for a higher than this value. In this latter case, the value difference is added in a separate clause within the shareholders' rights and may not be distributed as dividends to the shareholders. The share is indivisible against the company. However, if it is owned by several persons, they choose one of them to act on their behalf in using the rights pertaining to the share, and those persons shall be jointly liable for the obligations arising from the ownership of the share.

2. Taking into account the provisions of the Companies Law, its executive regulations, and the Company's Bylaws, the Company may divide its shares into shares of a lower nominal value, and merge them so that they represent shares of a higher nominal value, in accordance with the following controls:
  - i. Notifying the Capital Market Authority regarding the proposal to divide or merge the Company shares before obtaining the approval of the Extraordinary General Assembly.
  - ii. Obtaining the approval of the Extraordinary General Assembly.
  - iii. Coordinating with the Capital Market Authority to take the necessary arrangements.

#### **Article No.: 10 – Shares Trading**

Shares are tradable after being issued in accordance with the provisions of the Capital Market Law and its executive regulations. As an exception, shares subscribed to by the founders may not be traded before publishing the financial statements for two full fiscal years, each of which is not less than twelve months from the date of the ministerial resolution declaring the Company establishment. These instruments are marked with indications of their type, date of establishing the Company, and the period during which they shall not be traded. However, during the ban period, ownership of cash shares may be transferred, in accordance with the provisions of sale rights, from one of the founders to another founder or to a Board of Directors member to present them as a guarantee to the Management. Ownership of cash shares may be also transferred from the heirs of one of the founders, in case of his death, to others, or in the event of execution on the funds of the insolvent or bankrupt founder, provided that the priority of owning these shares is given to the other founders.

These provisions shall apply to what is subscribed by the founders in the event of capital increase before the end of the ban period, for the remainder of this period.

### **Article No.: 11 – Debt Instruments**

1. The Company may, based on resolution issued by Extraordinary General Assembly, according to concerned and related rules and regulations, issue any type of tradable debt instruments, whether in Saudi Riyal or in different currency, inside or outside Kingdom of Saudi Arabia, such as deeds and bonds, as the Extraordinary General Assembly has the right to authorize the Board of Directors to issue these debt instruments, including deeds and bonds, whether for part or several parts, or by serials of issuance according to one program or more which is/are created by Board of Directors from time to time, as all of this will be at the determined times, amounts and conditions approved by Board of Directors, as the Board of Directors has the right to take all needed and necessary actions to issue these debt instruments.
2. The Company may, based on resolution issued by Extraordinary General Assembly, according to concerned and related rules and regulations, issue any type of tradable debt instruments, which are transferable to shares/stocks, after issuing a resolution by Extraordinary General Assembly, to determine the maximum limit of allowable issued shares number against these bonds or instruments, whether these bonds or instruments are issued at the same time or via serials of issuance or one program or more to issue debt instruments or financial instruments. Board of Directors may issue, without need to new approval by this assembly, new shares against these bonds or instruments which its owners claim to transfer it upon determined end date of transferring demand period for these bonds or instruments owners, as the Board of Directors shall take all necessary actions to amend the Company's Bylaws concerned and related to issued shares number and capital. As well, Board of Directors shall announce the procedures completion each capital increase based on applied method by law to announce the resolutions issued by Extraordinary General Assembly.

### **Article No.: 12 – Capital Increase**

1. The Extraordinary General Assembly may decide to increase the company's capital, provided that the capital is paid in full. In addition, it is not required that the capital be fully paid if the unpaid part of the capital belongs to shares issued in exchange for

transferring debt or financing instruments into shares and the period set for transferring them into shares has not yet expired.

2. The Extraordinary General Assembly may, in all cases, allocate the shares issued upon capital increase or a part thereof to the Company employees and all or some of its subsidiaries, or any of that. Shareholders shall not exercise the priority right when the Company issues shares allocated to employees.
3. The shareholder who owns the share, at the time of issuing the Extraordinary General Assembly resolution approving the issued capital increase or the Board of Directors approving resolution its increase within the limits of the authorized capital, has priority in subscribing to new shares that are issued in exchange for cash shares. It shall be notified of its priority, if any, by a registered letter to its address in Tadawulaty, or through the means of modern technology, and by a resolution to increase the capital, the terms and conditions of subscription, its manner, and the date of its beginning and end, taking into account the type and category of the share it owns.
4. The Extraordinary General Assembly is entitled to suspend the priority right of shareholders to subscribe to the capital increase in exchange for cash shares, or to grant priority right to non-shareholders in cases it deems appropriate for the interest of the Company.
5. A shareholder in a joint-stock company may sell or waive the priority right, with or without consideration, as determined by the regulations.
6. Taking into consideration the provisions of Paragraph (4) above, the new shares shall be distributed to the holders of priority rights who requested subscription, in proportion to what they have of priority rights out of the total priority rights resulting from the capital increase, provided that what they obtain shall not exceed what they requested of the new shares, taking into account the type and category of the share they own. The remaining new shares is distributed among the holders of priority rights who requested more than their share, in proportion to what they have of priority rights out of the total priority rights resulting from the capital increase, provided that what they get shall not exceed what they requested of the new shares.

The remaining shares are offered to third parties, unless the Extraordinary General Assembly decides or the Capital Market Law stipulates otherwise.

#### **Article No.: 13 - Premium Shares**

The extraordinary general assembly of the Company may, in accordance with the principles set by the competent authority, issue premium shares, decide to buy them, convert ordinary shares into premium shares, or convert premium shares to ordinary shares, and the premium shares do not give the right to vote in the general assemblies of shareholders, and these shares shall arrange for their owners the right to obtain more than the holders of ordinary shares from the net profits of the Company after setting aside the reserves.

#### **Article No.: 14 - Company's Purchase, Sale and Mortgage for its Shares**

The Company may purchase its ordinary or preferred shares and sell them in one or several phases. The Company may also purchase its shares to be used as treasury shares, in accordance with the controls determined by the competent authority. The Company may mortgage its shares as security for a debt in accordance with the controls determined by the competent authority. The shares purchased by the Company shall not have votes in the shareholders' assemblies.

#### **Article No.: 15 - Capital Reduction**

1. The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company needs or if the Company incurs losses. In the latter case alone, the capital may be reduced to less than the limit stipulated in the Companies Law. The reduction resolution is not issued except after reading the General Assembly's statement prepared by the Board of Directors on the reasons for the reduction, the Company's obligations and the impact of the reduction on fulfilling them. A report from the Company's auditor is attached to this statement. It may be sufficient to present the aforementioned statement to the shareholders in cases where the resolution of the General Assembly is passed by circulation.

2. If the capital reduction is a result of its excess to the Company's need, the creditors shall be invited to express their objections, if any, to the reduction at least forty-five (45) days prior to the date specified for holding the Extraordinary General Assembly meeting to take a reduction resolution, provided that the invitation shall be accompanied by a statement indicating the amount of the capital before and after the reduction, the date of the meeting and the effective date of the reduction. If any of the creditors objects to the reduction and submits its documents to the Company on the aforementioned date, the Company pays its debt if it is due or provide the same with sufficient guarantee to pay it if it is deferred. The creditor who notified the Company of its objection to the reduction and whose debt was not paid if it is due, or was provided with sufficient guarantee to pay it if it is deferred, may apply to the competent judicial authority before the date specified for the Extraordinary General Assembly to issue the reduction resolution. In this case, the competent judicial authority may order by paying the debt, providing sufficient guarantee, or postponing the of the Extraordinary General Assembly meeting, as the case may be.
3. The reduction shall not be considered against the creditor who submitted its request on the date stipulated in this Article unless it received what became due of its debt or obtained sufficient guarantee to settle what is not due from the debt.

#### **Article No.: 16 – The Board of Directors**

The Company is managed by a Board of Directors consisting of seven (7) members appointed by the Ordinary General Assembly for a period of four years, and they are elected by means of cumulative voting.

#### **Article No.: 17 – The Board Powers**

- A. Subject to the competences of the General Assembly, the Board of Directors have the widest powers in managing the Company and conducting its affairs in order to achieve its objectives inside and outside the Kingdom of Saudi Arabia, including, but not limited to:



- Representing the Company in its relations with third parties and governmental or private entities, including but not limited to civil rights entities, the police, chambers of commerce and industry, private entities, companies and establishments of all kinds, money houses, all government funds and establishments of various names and competences, and financial establishments of all kinds.
- Receiving, paying, acknowledging, claiming, defending, pleading, litigating, clearing on behalf of the Company, accepting appeals against judgments, demanding execution of judgments, and collecting what is obtained from the implementation of judgments.
- Disposing the Company's assets, property and real estate, and it is entitled to purchase and accept it, pay the price, mortgage, release the mortgage, sell, transfer, receive the price, deliver the estimator, and receive instruments. It is also entitled to rent and lease in favor of the company, provided that the Board of Directors minutes include the grounds for the resolution to dispose of assets, property and real estate of the Company taking into account the following conditions:
  1. The Board specify, in the resolution to dispose, the reasons and justifications for this dispose.
  2. The price of the sold asset, in the event of a sale, be close to the price of the same, determined in accordance with the applicable accounting principles.
  3. In the event of disposal by sale, the sale shall be present except in cases of necessity and with sufficient guarantees.
  4. This dispose shall not result in the cessation of some of the Company's activities, a decrease in its adequacy, or charged with other obligations.
- The Board of Directors is entitled to enter into tenders and competitions, conduct transactions on behalf of the Company and sign on behalf of the Company all types of contracts, agreements, documents and papers, including without limitation the Bylaws of companies that the Company establishes, wholly owns or in which the Company participates with all amendments to its Bylaws and addendums. In

- addition, the Board of Directors is entitled to sign all resolutions of the shareholders in those companies are before the notaries and the official and private authorities, including the resolutions related to liquidating or withdrawing from it, increasing or decreasing the capital, waiving and purchasing shares, documenting the Bylaws. The Board of Directors is entitled to sign with the Companies Department at the Ministry of Commerce, prove it with the competent notary public and notaries, attend the general assemblies of those companies, vote on behalf of the Company in those assemblies, and sign the resolutions of the shareholders.
- The Board of Directors is also entitled to conduct loans with governmental finance funds and establishments, regardless of their duration, and loans whose terms do not exceed the end of the Company's term, taking into account the following conditions when conducting loans:
    1. The Board of Directors determines in its resolution the aspects of using the loan and the method of payment.
    2. The Board of Directors shall take into consideration, in the conditions of the loan and the guarantees provided thereto, that no harm be caused to the Company and its shareholders, and the general guarantees of the creditors.
  - The Board of Directors is also entitled to make and accept reconciliation, waive, contract, commit and associate in the Company name and on its behalf. The Board of Directors may carry out all acts that would achieve the Company objectives.
  - The Board of Directors is entitled to sign loan agreements and waive priority in repaying the Company's debts, issue guarantees for the obligations of others, grant all guarantees and compensation, and issue legal power of attorneys on behalf of the Company.
- B. The Company's Board of Directors, and in the cases, it deems appropriate, is entitled to discharge the Company debtors from their obligations in accordance with what achieves its interest and in accordance with the accounting standards used in the case

of bad debts, provided that the Board of Directors minutes include the reasons for its resolution, taking into account the following conditions:

1. The discharge shall be after a full year since the debt emergence, as a minimum.
  2. The discharge shall be for a specific amount as a maximum per year for one debtor.
  3. Discharge is a right of the Board that cannot be delegated.
- The Board of Directors is entitled to open, manage, operate and close bank accounts, open letters of credit, receive, pay, withdraw and deposit with banks, issue bank guarantees and sign all papers, documents, cheques and all banking transactions.
  - The Board of Directors is entitled to appoint and dismiss directors, employees and workers, recruit and contract with manpower from outside the Kingdom, and to determine their duties and salaries.
  - The Board of Directors is entitled to approve the Company's business plan and approve its operational plans and annual budgets.
- C. The Board of Directors may authorize to employ the Company's liquid funds.
- The Board of Directors may authorize on its behalf or delegate, within the limits of its competence, one or more of its members or others to take a specific procedure or action or to carry out a specific action.

#### **Article No.: 18 – Powers of the Chairman, Vice Chairman and Secretary**

Taking into account the Companies Law and its executive regulations, the Board of Directors appoints from among its members a Chairman of the Board, specify his competence, and also appoints a Vice-Chairman to replace the Chairman of the Board in his absence. The Chairman of the Board of Directors have the power to invite the Board members to meet and preside over the Board of Directors meetings and the General Assemblies. The Chairman of the Board or the Company CEO represents the Company before the judiciary, arbitration entities and others. The Board Chairman may, by a written resolution, delegate some of his powers to

other Board members, the Company CEO, or third parties in carrying out specific works. The Board of Directors also appoints a Company Executive Director, who is not a Board member. The resolution issued for appointment specifies his competencies, duties and financial rights. The Board also appoints, based on the proposal of the Company CEO, one or more deputy for him, and the issued resolution defines their competencies, duties and financial rights.

The Board of Directors also appoints a Secretary for the Board and his competences and financial rights are determined in accordance with the Company's policy in this regard. The Secretary is responsible for all the administrative work of the Board meetings.

#### **Article No.: 19 - The Chief Executive Officer (CEO)**

The Company CEO implements the resolutions of the Board of Directors, conducts the daily business of the Company and presides over its employees under the supervision and control of the Board of Directors. He exercises all the powers granted thereto by the resolutions of the Board of Directors and the Company's laws and regulations.

#### **Article No.: 20 - Board Members' Remuneration**

The remuneration and allowances of the Board of Directors members shall be in accordance with the Companies Law and the regulations of Capital Market Authority and controls set by the competent authority, whether this remuneration is a specific amount, an allowance for attending meetings, an allowance for expenses, in-kind benefits, or a percentage of the profits. It is permissible to combine two or more of these benefits, and it may be of varying amount and in the light of a policy issued by the General Assembly in this regard. The Board of Directors report submitted to the General Assembly includes a comprehensive statement of all that the Board of Directors members received during the fiscal year in terms of remuneration, expenses allowance, and other benefits. It also includes a statement of what the members of the Board received in their capacity as workers or administrators, or what they received in consideration for technical, administrative or consulting work. It shall also include a statement of the number of Board sessions and the number of sessions attended by each member since the date of the General Assembly's last meeting.

### **Article No.: 21 – Board Meetings**

The Board of Directors shall meet at the Company's main office or in any other place specified by the Chairman or the members at least four (4) times per year, upon an invitation from its Chairman addressed to the rest of the members. The Board Chairman shall invite the Board to a meeting whenever requested to do so in writing by any member.

### **Article No.: 22 – Board Meeting Quorum**

A meeting of the Board of Directors shall not be accurate unless it is attended by at least four (4) members in person or on behalf of the party, provided that the number of those present is not less than two members in person.

- A. Any of the Board of Directors members is entitled to delegate another member to attend the meetings of the Board and vote on his behalf, and the delegation shall be in accordance with the following controls:
1. A member of the Board of Directors may not represent more than one member in attending the same meeting.
  2. The delegation shall be in writing.
  3. The Delegated Party may not vote on resolution that the Bylaws prohibits the Delegating Party to vote thereon.
- B. The Board of Directors Meetings may be held by telephone or by any other electronic means allowing all members present to hear and speak with all other members present, unless otherwise notified. The Chairman of the Board may consider a member who participates by telephone or by any other means of electronic communication to be present at the meeting in its entirety.
- C. The Board's resolutions are issued by the majority of the members present, in person and by proxy, and in case of equality of votes, the side with which the session meeting Chairman voted prevails.

### **Article No.: 23 – Board Deliberations**

The deliberations and resolutions of the Board of Directors are recorded in minutes signed by the session Chairman, the Board of Directors members present, and the Secretary. The

Board may not issue its resolutions by offering them to the members separately except in necessary cases, unless one of the members requests, in writing, a meeting of the Board to deliberate thereon. These resolutions are issued with the approval of the majority of the Board members' votes on the resolutions in writing.

These resolutions are presented to the Board of Directors in its first subsequent meeting for approval and recording in the minutes of the Board of Directors. These minutes are recorded in a special register signed by the Board of Directors Chairman and the Secretary.

#### **Article No.: 24 – Expiration of Board Membership**

1. Board membership expires with the expiry of its term or with the expiry of the member's validity in accordance with Companies Law and Capital Market Authority. However, the Ordinary General Assembly may, at any time, dismiss all or some of the Board of Directors members even if the Company's Bylaws stipulate otherwise, taking into account any controls determined by Capital Market Authority. A Board of Directors member may resign, provided that this is at an appropriate time, however, he shall be liable before the Company for the damages resulting from his resignation.
2. The Board of Directors shall invite the Ordinary General Assembly to be convened before the end of its session with sufficient time to elect a Board of Directors for a new term. If the election cannot be held and the term of the current Board ended, its members shall continue to perform their duties until the Board of Directors is elected for a new term, provided that the continuation of the ended term for the Board of Directors shall not exceed the term determined by the regulations.
3. If the Chairman and the Board of Directors members resign, they shall invite the Ordinary General Assembly to be convened to elect a new Board of Directors, and the resignation takes effect when the new Board is elected. The term of the resigned Board shall not exceed the period specified by the Capital Market Authority regulations.
4. A Board of Directors member may resign from the Board membership by sending a written notice to the Board Chairman. If the Board Chairman resigns, the notice shall

be directed to the remaining members of the Board and the Board Secretary. Resignation is effective, in both cases, from the date specified in the notice.

5. If the position one of the Board of Directors members becomes vacant, due to his death or retirement, and this vacancy did not result in a breach of the conditions necessary for the validity of the Board meeting due to the fact that the number of its members is less than the minimum stipulated in the Company's Bylaws, the Board may appoint - temporarily - in the vacant position a person who has experience and competence. In addition, the Commercial Registry, as well as the Capital Market Authority, are informed of that within fifteen (15) days from the date of appointment, and the appointment is presented to the Ordinary General Assembly at its first meeting, and completes, and the appointed member completes the term of his predecessor.
6. When the membership of a Board of Directors member expires by one of the membership expiration methods, the Company immediately notifies the Capital Market Authority and the Saudi Exchange stating the reasons for that.
7. Upon receipt of a request from one or more shareholders representing ten percent (10%) of the Company shares, that has voting rights to dismiss all or some of the Board of Directors members in accordance with the provisions of the Companies Law, the Board of Directors includes, in the invitation for convening the Ordinary General Assembly, the name of the applicant and justifications for the request. The concerned member is entitled to make a statement regarding the request at the relevant Ordinary General Assembly meeting.
8. If it is not possible to elect a Board of Directors for a new term and the term of the current Board ended, its members shall continue to perform their duties until the election of a Board of Directors for a new term, provided that the period of continuation of the Board members whose term expired shall not exceed ninety (90) days from the date of the Board end term. The Board of Directors takes the necessary measures to elect a Board of Directors to replace it before the continuity period specified in this paragraph expires.

9. If the Board of Directors Chairman and members retire, they shall invite the Ordinary General Assembly to be convened to elect a new Board of Directors. In addition, the retirement shall not apply until the election of the new Board, provided that the period of continuation of the retired Board shall not exceed the period stipulated in the regulations of the Capital Market Authority.

The Board of Directors takes the necessary measures to elect a Board of Directors to replace it before the expiry of the continuity period specified in this paragraph.

10. If the necessary conditions for the Board of Directors meeting are not met due to a decrease in the number of its members below the minimum stipulated in the Bylaws, the rest of the members shall invite the Ordinary General Assembly to be convened within sixty days to elect the necessary number of members.

#### **Article No.: 25 - Shareholders' Assemblies**

The duly constituted Ordinary or Extraordinary General Assembly represent all shareholders and their meetings are held in the city in which the Company's main office is located or in any other place. Each subscriber is entitled to attend the General Assemblies according to the controls of each Assembly. In this regard, he may appoint another person other than the Board of Directors members or the Company employees to attend the General Assembly.

#### **Article No.: 26 - Ordinary General Assembly Competences**

With the exception of matters related to the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters related to the Company, and in particular the following:

1. Electing and dismissing the Board of Directors members.
2. Appointing one or more auditors for the Company, in accordance with the Law, determining its fees, reappointing and dismissing it.
3. Reviewing and discussing the Board of Directors' report.
4. Reviewing and discussing the Company's financial statements.
5. Discussing the auditor's report and taking a resolution thereon.



6. Deciding on the Board of Directors proposals regarding the method of distributing profits.
7. Creating the Company's reserves and determining their uses.

It is convened at least once during the six months following the end of the Company's fiscal year, and other ordinary assemblies may be invites whenever the need arises.

### **Article No.: 27 – Extraordinary General Assembly Competences**

The Extraordinary General Assembly is concerned with the following:

1. Amending the Company's Bylaws, except for what is related to the following:
  - a. Depriving or modifying any of the shareholder's basic rights that he derives in his capacity as a shareholder, taking into account the nature of the rights related to the type or category of shares owned by the shareholder, in particular the following:
    - i. Obtaining a share of the profits to be distributed, whether the distribution is in cash or through issuing bonus shares to non-employees of the Company and its subsidiaries.
    - ii. Obtaining a share of the net assets of the company upon liquidation.
    - iii. Attending public or private shareholders' assemblies, participating in their deliberations, and voting on their resolutions.
    - iv. Disposing in its shares, except in accordance with the provisions of the Bylaws.
    - v. Requesting to review the Company's records and documents, monitoring the Board of Directors work, filing a liability claim against the Board members, and challenging the invalidity of the public and private shareholder assemblies resolutions.
  - b. Amendments that would increase the financial burdens for shareholders, unless all shareholders agree thereto.
2. Determine the continuation or dissolution of the Company.
3. Approving the Company's purchase of its shares.

### **Article No.: 28 – Invitation to Assemblies**

The public and private assemblies of the shareholders are convened upon the invitation of the Board of Directors, in accordance with the conditions stipulated in the Company's Bylaws. In addition, the Board of Directors shall invite the Ordinary General to be convened within thirty (30) days from the date of the request of the auditor or one or more shareholders representing at least ten percent (10%) of the Company shares that have at least voting rights. The auditor may invite the Ordinary General Assembly to be convened if the Board does not invite the Assembly within thirty days from the date of the auditor's request. The invitation to convene the General Assembly is published according to the statutory periods and controls specified in the Companies Law and Capital Market Authority Regulations. A copy of the invitation and the agenda shall be sent to the competent authority, within the period specified for publication.

Shareholders' general assemblies may be held by telephone or by any other electronic means that enables all shareholders present to hear and speak with all other shareholders present, unless otherwise notified. The meeting. The Board of Directors Chairman may consider the shareholder who participates via telephone or any other electronic means of communication to be present at the meeting.

### **Article No.: 29 – Assemblies Attendance Record**

Taking into account the Companies Law and the Capital Market Authority regulations, the Assembly meeting minutes shall include the number of shareholders present in person or by proxy, the number of shares they own by in person or by proxy, the number of votes assigned thereto, the resolutions taken, the number of votes approved or objected thereto, and an adequate summary of the discussions that took place at the meeting. Minutes are recorded regularly after each meeting in a special register signed by the Chairman of the Assembly, its secretary and the vote collectors.

### **Article No.: 30 – Ordinary General Assembly Meeting Quorum**

The Ordinary General Assembly meeting is not accurate unless it is attended, in person or by proxy, by shareholders representing at least fifty percent (50%) of the capital. If this quorum is not present in the first meeting, an invitation is sent to a second meeting in accordance with Companies Law and Capital Market Authority. However, the second meeting may be convened an hour after the expiration of the period specified for the first meeting, provided that the invitation to the first meeting includes what indicates a declaration of the possibility to hold this meeting. In all cases, the second meeting is considered accurate regardless of the number of shares represented therein.

### **Article No.: 31 – Extraordinary General Assembly Meeting Quorum**

The Extraordinary General Assembly meeting shall not be accurate unless it is attended in person or by proxy by shareholders representing at least fifty percent (50%) of the capital. If this quorum is not available in the first meeting, an invitation is sent to a second meeting in the same conditions stipulated in Article (28) of this Bylaws. However, the second meeting may be held an hour after the expiration of the period specified for the first meeting, provided that the invitation to the first meeting includes what indicates a declaration of the possibility to hold this meeting. In all cases, the second meeting is accurate if attended by a number of shareholders representing at least twenty-five percent (25%) of the capital. If the necessary quorum is not available in the second meeting, an invitation is sent to a third meeting to be held in the same conditions stipulated in Article (28) of this Bylaws, and the third meeting is accurate regardless of the number of shares represented therein, after the approval of the competent authority.

### **Article No.: 32 – Voting in Assemblies**

Each subscriber has a vote for each share he represents in the meeting of the Assembly, and the votes in the Ordinary and Extraordinary General Assemblies are counted on the basis of one vote for each share. The Board of Directors Members may not participate in voting on the Assembly's resolutions related to discharging them from responsibility for their management.

### **Article No.: 33 – Ordinary Assembly Resolutions**

The Ordinary General Assembly resolutions are issued by the absolute majority of the shares represented in the meeting. The Extraordinary General Assembly resolutions are issued by a two-thirds majority of the shares represented in the meeting, unless the resolution is related to increasing or decreasing the capital, extending or dissolving the term of the Company before the expiry of the period specified in its Bylaws, merging it with another company, or diving it into two or more companies. The resolution is not valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

### **Article No.: 34 – Extraordinary Assembly Resolutions**

The Board of Directors declares the Extraordinary General Assembly resolutions on the website of the competent authority if they include amending this Bylaws. The Extraordinary General Assembly resolutions, which are determined by the regulations, are registered with the Commercial Register within fifteen (15) days from the date of their issuance.

### **Article No.: 35 – Discussions in Assemblies**

Each shareholder is entitled to discuss the issues listed on the agenda of the General Assembly and direct questions in this regard to the Board of Directors members and the auditor. The Board of Directors or the auditor answers the shareholders questions to the extent that does not expose the Company interest to harm. If the shareholder considers that the answer to his question is not convincing, he resorts to the General Assembly and the Assembly resolution in this regard is effective.

### **Article No.: 36 – Presiding over Assemblies and Preparing Minutes**

The General Assembly is chaired by the Board of Director's Chairman, his Vice upon his absence. In the event that this is not possible, the General Assembly shall be chaired by whomever is delegated by the shareholders from among the Board members or from others by voting. The Assembly Chairman appoints a secretary and a collector or more for votes. Minutes of the Assembly meeting shall be issued including the names of the shareholders present or represented, the number of shares owed by them in person or by proxy, the

number of votes decided thereon, the resolutions taken, the number of votes approved or disagreed with, and an adequate summary of the discussions that took place in the meeting. Minutes are recorded regularly after each meeting in a special register signed by the Assembly Chairman, its secretary and the collector of votes.

#### **Article No.: 37 – Auditing Committee**

1. By a resolution of the Company's Board of Directors, an Audit Committee of shareholders or others is formed in accordance with the regulations issued by the Capital Market Authority.
2. The Company General Assembly, based on a proposal from the Board of Directors, issue a regulation for the work of the Audit Committee, provided that this regulation includes the controls and procedures for the Committee's work, its duties, the rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and the mechanism for appointing its members in the event of a vacancy.

#### **Article No.: 38 – Auditor Appointment**

The Company shall have one or more auditors from among the auditors authorized to work in the Kingdom to be appointed by the Ordinary General Assembly, and his remuneration and term of his work shall be determined. The Assembly may also, at any time, re-appoint or change him as stipulated in the Companies Law and its regulations without prejudice to his right to compensation if the change occurred at an inappropriate time or for an illegal reason.

#### **Article No.: 39 – Auditor Appointment Conditions**

It is not permissible to combine the work of the auditor with participation in the establishment of the Company, membership of the Board of Directors, or carrying out technical or administrative work in the Company or for its benefit, even as a matter of consultation. The auditor may also not be a partner of one of the founders, its chief executive officer or members of the Board of Directors of the Company or an employee of the Company,

and any act contrary to this shall be null and void, with the obligation to return what he received to the Ministry of Finance.

#### **Article No.: 40 – Auditor Powers**

The auditor, at any time, is entitled to review the Company's documents, accounting records and exhibits support in thereto, and he is entitled to request data and clarifications that he deems necessary to be obtained, in order to verify the Company's assets and liabilities and other things that fall within the scope of his work. The Company Director or the Board of Directors Chairman enables the auditor to perform his duty. If the auditor encounters difficulty in this regard, he shall prove that in a report submitted to the Board of Directors. If the Board does not facilitate the work of the auditor, he requests the Board of Directors to invite the Ordinary General Assembly to consider the matter.

#### **Article No.: 41 – Auditor's Report**

The auditor shall submit to the shareholders or the annual Ordinary General Assembly a report on the Company financial statements prepared in accordance with the auditing standards approved in the Kingdom. In addition, the report shall include the position the Company Management situation regarding the extent to which he was able to obtain the data and clarifications he requested, and any violations of the provisions of this Bylaws or the provisions of the Companies' Law and his opinion on the fairness of the financial statements. The auditor shall read his report or review a summary thereto at the annual General Assembly meeting, or present the report by circulation, as the case may be, and in accordance with the provisions of the Companies Law and the regulations of the Capital Market Authority.

#### **Article No.: 42 – Fiscal Year**

The Company's fiscal year starts from the January 01 of each calendar year and ends at December 31 of the same year, provided that the Company's first fiscal year starts from the date of the ministerial resolution declaring the company's establishment until December 31 the following year.

#### **Article No.: 43 – Financial Documents**

At the end of each fiscal year of the Company, the Board of Directors prepares the Company's financial statements and a report on its activities and its financial position for the past fiscal year. This report includes the proposed method for distributing profits. The Board places these documents at the disposal of the auditor at least forty-five (45) days prior to the date determined for the General Assembly.

The Company Board of Directors Chairman, its CEO and Financial Director shall sign the documents referred to in the above paragraph of this Article. In addition, copies thereof shall be deposited at the Company's main office at the disposal of the shareholders prior to the date set for convening the General Assembly, according to the statutory periods specified in the Companies Law.

The Board of Directors Chairman provides the shareholders with the Company's financial statements, the Board of Directors report after being signed, and the auditor's report, unless published in any of the modern technology means. This shall be at least twenty-one (21) days prior to the date set for the Annual Ordinary General Assembly, and he also deposits these documents as determined by the relevant regulations.

#### **Article No.: 44 – Profit Distribution**

The Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis and may authorize the Board of Directors to do so in accordance with the regulations issued by the Capital Market Authority. The General Assembly may set aside any amount of the Company's funds available for cash distributions as a general reserve or for social purposes for the Company's employees - or its subsidiaries - or for other purposes related to the Company as the Board of Directors deems to be in the interest of the Company.

#### **Article No.: 45 – Profits Maturity**

The shareholder is entitled to his share of the profits in accordance with the General Assembly resolution issued in this regard. The resolution indicates the date of maturity and

the date of distribution. The entailment of profits is for the shareholder registered in the shareholders' registers at the end of the day specified for the maturity.

#### **Article No.: 46 - Reserves Use**

1. The reserve allocated for specific purposes may only be used by a resolution of the extraordinary general assembly. If such reserve is not allocated for a specific purpose, the Ordinary General Assembly may, upon the proposal of the Board of Directors, decide to disburse it for the benefit of the Company or the shareholders. The competent authority may establish controls for the use of reserves.
2. The Ordinary General Assembly may use retained earnings and distributable reserves to pay the remaining amount of the value of the share or part thereof, provided that this shall not prejudice the fairness among the shareholders in accordance with the provisions of the Law.

#### **Article No.: 47 - Company Losses**

If the Company's losses amount to half of the issued capital, the Board of Directors shall disclose the same and its recommendations regarding those losses within sixty (60) days from the date of its knowledge of reaching this amount. In addition, the Board of Directors shall invite the Extraordinary General Assembly to meet within one hundred and eighty days from the date of knowledge of that to consider the Company continuation while taking any of the necessary measures to address or resolve these losses.

#### **Article No.: 48 - Documents Deposit**

The Board of Directors shall, within statutory period from the date of approving the financial statements, the Board of Directors report, the auditor report and the Audit Committee report by the General Assembly, deposit copies of the aforementioned documents with the competent authority.



#### **Article No.: 49 – Liability Claim**

1. Each shareholder is entitled to file a liability claim against the CEO or members of the Board of Directors because of violating the provisions of the Companies Law or the Capital Market Authority or its Bylaws, or because of their faults, negligence or failure to perform their work, which results in damages to the company. The partners, the General Assembly, or the shareholders decide to file this claim and appoint someone to act on their behalf in proceeding it. If the company is in the liquidation phase, the liquidator shall file the claim. In the event that any of the liquidation procedures are initiated against the company in accordance with the Bankruptcy Law, the filing of this claim shall be occurred by its representatives in accordance with law.
2. A shareholder or more shareholders, representing five percent (5%) of the company's capital, is entitled to file a liability claim established for the Company in the event that the Company fails to file it, taking into account that the main objective of filing the claim is to achieve the interests of the Company , and that the claim is grounded filed, and that the plaintiff is well-intended, a partner or a shareholder in the Company at the time the claim is filed.
3. In order to file the claim referred to in this Article, it is required to notify the Company's Chairman or its Board of Directors members, as the case may be, of the intention to file the claim at least fourteen (14) days prior to the date of its filing.
4. A partner or shareholder is entitled to file a personal claim against the CEO or the members of the Board of Directors if their fault is liable to cause it a personal damage.

#### **Article No.: 50 – Dissolution & Liquidation of the Company**

1. As soon as its dissolution or liquidation before the established term, it shall retain the corporate personality to the extent necessary for liquidation and the voluntary liquidation resolution shall be issued by the Extraordinary General Assembly. In addition, the liquidation resolution shall include the appointment of the liquidator, specify its powers, fees, the restrictions imposed on its powers, and the time period required for liquidation. Furthermore, the period of voluntary liquidation shall not exceed three (3) years, and it may not be extended except by a judicial order. The

power of the Company's Board of Directors ends with its dissolution. However, the Board of Directors remain in charge of managing the Company and are considered as liquidators, relative to others, until the liquidators are appointed and the shareholders' assemblies remain in force during the liquidation period, and its role is limited to exercising its authorities that do not conflict with the liquidator's authorities, and the liquidator is required to take into account the requirements of the Leasing Agreement in terms of continuity of service and to return the leased assets to the Royal Commission if they have not been owned by the Company.

2. If the Company is dissolved and its assets are not sufficient to pay its debts or if it is a struggling Company according to the Bankruptcy Law, it shall resort to the Competent Judicial Authority to open any of the liquidation procedures according to the Bankruptcy Law.

#### **Article No.: 51**

The Companies' Companies' Law, its regulations and the regulations of the Capital Market Authority shall be applied in every matter that is not established for in this Bylaws.

#### **Article No.: 52**

This Bylaws shall be submitted and published in accordance with the Companies' Law provisions, its regulations and the regulations of the Capital Market Authority.

*Note: This document has been prepared in English and Arabic, and in case of any conflict or contradict between the two versions, the Arabic version shall supersede and prevail.*