



**Article of Association**  
**Al Babtain Power & Telecommunication Co.**  
**Saudi joint Stock Listed Company**

**Chapter (1)**  
**The Establishment of the company**

**Article 1: Establishment**

The company establishment according to the company's law which issued as per the royal decision no. M/132 dated 01/12/1443 HD and its regulations, and this system is Saudi listed company according to the following:

**Article 2: The name of the company**

The name of the company is :( Al Babtain Power & Telecommunication Company)  
Saudi joint stock listed company.

**Article 4: Share an ownership in companies.**

The company may establish companies on its own (with limited liability or closed joint stock or simple joint stock) in accordance with the provisions of the Companies Law, and its executive regulations, it may also own shares and shares 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 required by 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 5: The Company head quarter:**

The head quarter of the company in Riyadh in the Kingdom of Saudi Arabia, and the board of directors may establish branches, offices, or proxy in the Kingdom of Saudi Arabia or outside it by board decision.

**Article 6: The period of the company:**

The company establishment for unlimited period started from registered in the commercial certificate.

**Chapter (2)**  
**The Capital and Shares**

**Article 7: The Company's capital.**

The capital of the company is SR 639,469,680) six hundred thirty-nine million, four hundred sixty-nine thousand and six hundred eighty Saudi riyals) divided into 63,946,968 (sixty three million nine hundred and forty-six thousand and nine hundred sixty eight) stocks Equal values, the value of the share is SR 10 (ten Saudi riyals), all of which are ordinary cash shares and complete paid.



### **Article 8: Subscription to Shares**

The shareholders have subscribed to the entire capital stock amounting to (63,946,968), the value of which is (639,469,680) Saudi riyals, fully paid up.

### **Article 9- premium shares:**

- 1-The company may, in accordance with the provisions stipulated in the company's law, the executive bylaws, the corporate governance bylaws and the executive bylaws of the companies' law for listed Joint Stock Companies and the controls set by the competent authority, issue premium shares or redeemable shares, purchase and transfer them.
- 2-The company may buy its ordinary, premium, or redeemable shares and sell and pledge them in accordance with the provisions prescribed in the companies' law and its executive regulations, the corporate governance regulations and the executive regulations of the companies' law for listed Joint Stock Companies and the controls set by the Competent Authority. The shares purchased by the Company shall not have votes in the shareholders' assemblies.
- 3-Special assemblies for holders of premium shares or redeemable shares shall be held in accordance with the provisions of Article (eighty-ninth) of the company's law.
- 4-Premium shares may not be given the right to vote in the General Assemblies of shareholders, unless the company fails to pay the specified percentage to the owners of those shares from the net profits of the company after deducting the reserves-if any- for a period of three consecutive years.
- 5-As an exception to the provision of Paragraph (4) of this article, premium shares are given the right to vote at the General Assembly of shareholders if the decision of the General Assembly results in the reduction of the company's capital, liquidation, or sale of its assets. Each premium share shall have one vote at the General Assembly meeting.
- 6-If the General Assembly resolution amends the rights of holders of premium shares, including liquidation of the company, conversion of premium shares to ordinary or conversion of ordinary shares to premium shares, this resolution shall not be effective unless it is ratified by those who have the right to vote from the holders of premium shares in their own assembly.

### **Article 10. purchase, sale and mortgaging of the company's shares:**

- 1-the company may buy, sell or pledge its ordinary, premium or redeemable shares in accordance with the regulations set by the competent authorities. The shares purchased by the Company shall not have votes in all shareholders' assemblies.
- 2-the company may purchase its shares to keep them as treasury shares or allocate them to the company's employees within the Employee Stock program, in accordance with the controls set by the competent authorities.

### **Article 11: Issuance of Shares:**

- 1-The company's shares shall be nominal and indivisible in the face of the company, the owner of the share is multiple persons who must choose one of them to represent them in the use of the rights related to it, and these persons shall be jointly liable for the obligations arising from the ownership of the share.



- 2-The company's Basic Law determines the nominal value of its shares, and the shares of the same type or category shall be equal to the nominal value.
- 3-Subject to paragraph (2) of this article, shares may be divided into shares with a lower nominal value or merged to represent shares with a higher nominal value, in accordance with the controls issued by the competent authority.

#### **Article 12: debt instruments and financing instruments:**

The company may issue debt instruments or financing instruments of various types of trading inside or outside the kingdom of Saudi Arabia and convert them into shares in accordance with the controls and procedures established by the competent authorities.

#### **Article 13: amendment of rights and obligations related to shares:**

1. To amend or cancel any of the rights, obligations or restrictions related to shares, or to transfer any type or category of shares to another type or category if this results in amending or canceling the rights and obligations related to the type or category of shares to be transferred, or to issue shares of a certain type or category that results in prejudice to the rights of another category of shareholders, it is required to obtain the approval of a special assembly formed in accordance with article (eighty-ninth) of the company's bylaws of shareholders who are harmed by such amendment, cancellation, transfer or issue, and the approval of the Extraordinary General Assembly.
2. If the company's shares have premium shares or redeemable shares, it is not allowed to issue new shares that have priority over any of their categories only with the approval of a special Assembly- in accordance with article (eighty-ninth) of the companies ' bylaws from shareholders who are harmed by this issue.

#### **Article 14- Shareholders Register**

The company's shares are traded in accordance with the provisions of the Capital Market system.

#### **Article 15: Increase the Capital**

- 1- The Extraordinary General Assembly may decide to increase the company's capital issued, provided that the capital issued has been paid in full, and it is not required that the capital has been paid in full if the unpaid part of the capital belongs to shares issued in exchange for converting debt instruments or financing instruments into shares and did not Expires after the period prescribed for conversion into shares.
- 2- The Extraordinary General Assembly may, in all cases, allocate the shares issued upon the capital increase, or part of it, to the employees of the company and the subsidiaries or some of them, or any of that. The shareholders may not exercise the right of priority when the company issues the shares allocated to the employees. This is in accordance with the controls and procedures prescribed by the competent authority regarding the allocation of shares to employees of the company or in subsidiaries or some of them, or any of that. In



- all cases, the nominal value of the increment shares must be equal to the nominal value of the original shares of the same type or category.
- 3- The shareholder who owns the share at the time of the issuance of the extraordinary general assembly's decision approving the issued capital increase or the decision of the board of directors to approve its increase within the limits of the authorized capital has priority in subscribing to the new shares issued in exchange for cash shares. is informed of his priority-if any-through modern technical means, and of the decision to increase the capital, the conditions of the subscription, how it is, and the date of its beginning and ending, considering the type and category of the share he owns.
  - 4- The Extraordinary General Assembly has the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares, or to give priority to non-shareholders in the cases it deems appropriate for the interest of the company.
  - 5- The shareholder has the right to sell or assign the priority right during the period from the time of the issuance of the general assembly's decision approving the capital increase until the last day of subscribing to the new shares associated with these rights as determined by the regulations issued by the competent authority.
  - 6- Taking into account what was mentioned in paragraph (5) above, the new shares shall be distributed to the priority rights holders who requested subscription, in owned proportion to their priority rights out of the total priority rights resulting from the capital increase, provided that what they receive does not exceed what they have requested of the new shares taking into account the type and category of shares they own. The remainder of the new shares shall be distributed to the priority rights holders who have requested more than their share, in owned proportion to their priority rights out of the total priority rights resulting from the capital increase, with condition that what they receive does not exceed what they have requested of the new shares, and the remaining shares are subtracted to others. Unless the Extraordinary General Assembly decides, or the Capital Market Law provides otherwise.

#### **Article 16: Decrease the Capital**

- 1- The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's needs or if the company suffers losses. In the latter case alone, the capital may be reduced below the limit stipulated in Article (fifty-Nine) of the Companies Law. The reduction decision shall not be issued except after reading a statement at the General Assembly prepared by the board of directors on the reasons for it, the obligations and reduction of the company, and the effect of the reduction on these obligations attached with this statement report from auditor.



- 2- If the reduction of the capital is the result of its excess over the company's need, creditors must be invited to express their objections-if any-to the reduction at least (forty-five) days before the scheduled date of holding the Extraordinary General Assembly meeting to take a decision on the reduction, provided that a statement indicating the amount of capital before and after the reduction, the date of the meeting and the effective date of the reduction are attached to the invitation. If any of the creditor's objects to the reduction and submits his documents to the company on the said date, the company must repay his debt to him if it is immediate or provide him with sufficient security to meet it if it is late.
- 3- The equality between shareholders holding shares of the same type and category must be taken into account when reducing capital.

### Chapter (3) Company Management

#### Article 17: Company Management

The company is managed by a board of directors consisting of nine (9) members and should be to be persons of natural character elected by the ordinary general assembly of shareholders for a period not exceeding three years, and they may be re-elected for another period or periods. This is in accordance with the corporate governance rules issued by the Saudi Capital Market Authority, and they are elected by cumulative voting.

#### Article 18: End of the board membership

The membership of the board ends upon the expiration of its term or upon the expiration of the member's validity in accordance with any regulations or instructions in force in the kingdom. The General Assembly may (upon recommendation of the board of directors) terminate the membership of any member absent from attending (three) consecutive meetings or (five) separate meetings during his term of 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. in this case, the Ordinary General Assembly shall elect a new board of directors or a replacement for the dismissed member, as the case may be, in accordance with the provisions of the company's bylaws. The competent authority may set the rules for the dismissal of board members by The Ordinary General Assembly. This is without prejudice to the right of the isolated member to claim compensation against the company if the dismissal occurred for an unacceptable reason or at an inopportune time. the board member may resign if this is at an appropriate time, otherwise he is responsible before the company for the damages resulting from the retirement.

#### Article 19-the expiration of the board of directors' period or the retirement of its members or the vacancy of membership:

- 1- The board of Directors shall, before the end of its session, invite the Ordinary General Assembly to elect a board of directors for a new session. If the election cannot be held and the term of the current board's 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



continuation of the outgoing board members shall not exceed the period determined by the executive regulations of the companies' law.

- 2- If the chairman and members of the board of directors retire, they must call the Ordinary General Assembly to convene to elect a new board of directors, and the retirement shall not take effect until the election of the new board, provided that the duration of the retired board does not exceed the period specified by the executive regulations of the companies' law.
- 3- A member of the board of Directors may resign from the membership of the board by a written notification addressed to the chairman of the board, and if the chairman of the board resigns, the notification must be addressed to the other members of the board and the secretary of the board, and the resignation is effective - in both cases - from the date specified in the notification.
- 4- If the position of one of the board members becomes vacant due to the death or retirement of any of its members, and this vacancy does not result in a breach of the conditions necessary for the validity of the board's meeting due to the lack of the number of its members below the minimum, the board may appoint (temporarily) to the vacant position one who has experience and competence, provided that he informs the competent authority within the period specified by the rules from the date of appointment, and to present the appointment to the Ordinary General Assembly at its first meeting, and the appointed member completes the term of his predecessor.
- 5- If the necessary conditions for the validity of the board of Directors 'meeting are not met due to the lack of the number of its members below the minimum stipulated in the companies' laws or in this bylaw, the remaining members must call the Ordinary General Assembly to convene within (sixty) days to elect the necessary number of members.

### **Article 20: Board Authorities**

Taking into account the competencies established for the General Assembly, the Board of Directors shall have the widest authorities in managing the company in order to achieve its objectives and conduct its affairs inside and outside the Kingdom. He has, for example but not limited to, the right to contract, commit, and engage in the name of the company and on its behalf, to enter into tenders, receive forms, do all work and actions, and sign all types of contracts, documents and documents, including without limitation commercial papers buy all its types. contracts for the establishment of companies in which the company participates or under incorporation with all its amendments and annexes. Amendment decisions, either by entering and exiting partners, entering into existing companies, increasing or decreasing the capital, buying and selling shares and shares, paying the price, assigning shares and shares in the capital, accepting the assignment of shares, shares and capital, transferring shares, shares and bonds, modifying the company's management, appointing and dismissing managers, and amending the management clause of its purposes or any clause of the articles of incorporation, company registration, agency registration, trademark registration, attendance of general assemblies, opening and closing branches of the company, liquidating the company, converting the companies in which the company participates from a limited liability to a joint stock company, extracting commercial records, renewing and canceling them, extracting licenses, renewing and canceling them, reviewing telecommunications



companies and establishing phones fixed and mobile phones in the name of the company and review electricity company and municipalities, receiving amounts in cash or checks, signing agreements and instruments before notaries public and official bodies, as well as loan agreements, requesting bank loans that comply with Shariah provisions and controls, accepting their terms, conditions and prices, signing their contracts, forms, pledges and payment schedules, receiving and disposing of loans, requesting exemption from loans, closing and settling accounts, and disbursing checks, objection to and receipt of checks, updating data, subscribing to joint stock companies, receiving profits, opening investment portfolios with Sharia controls, editing, amending and canceling orders as well as guarantees and guarantees, issuing legal agencies on behalf of the company, buying and selling the movables and real estate, emptying and accepting it, receiving and paying the price and gift and accepting it, sorting, handing over the appraiser, receiving and amending checks. And updating and introducing them into the comprehensive system, waiving the lack of space, converting agricultural lands into residential, modifying the name of the owner and the register, modifying boundaries, heights, area, plot numbers, plans, instruments and their dates, the names of neighborhoods, issuing a replacement for lost bonds and mortgages, their release, receipt and infiltration. Renting, leasing, arresting, paying, reviewing all banks and banks approving signatures, opening accounts with legal controls, credits, withdrawals, deposits, transfers from accounts with banks, issuing bank guarantees, signing all papers, documents and checks, extracting, receiving and editing checkbooks, issuing and receiving bank checks, receiving and disbursing remittances and all banking transactions.

The Board also appoints employees and workers, dismisses them, requests visas, recruits manpower from outside the Kingdom, contracts with them, determines their salaries, extracts residencies, transfers and waives guarantees, amends professions, reports labor escape, obtains and renews work permits, ends employment procedures with social insurance, opens and renews basic and subsidiary files, and cancels them, and receives and delivers. The board of directors may also sell the company's real estate and contract loans with funds and government financing institutions and commercial loans in a way that achieves the interest of the company. The board of directors of the company, in the cases it determines, shall have the right to discharge the company's debtors from their obligations in accordance with what achieves its interest. The Board of Directors may issue instruments that are compatible with the provisions of Islamic Sharia, whether in part or several parts, through a single issuance or a series of issues from time to time at times and in the amounts and conditions decided by the Board of Directors after approval of the general assembly of shareholders in this regard, provided that the value of the instruments does not exceed the capital. Company. The board of directors has full powers to take all necessary measures to issue the instruments and obtain the necessary approvals from the competent authorities.

The board of Directors is required to obtain the approval of the General Assembly when selling assets whose value exceeds (fifty percent) of the value of its total company assets, whether sold through one transaction or several transactions, in which case the transaction that leads to exceeding (fifty percent) of the value of the assets is the transaction for which approval by the General Assembly is required, and this percentage is calculated from the date of the first transaction made during the previous (twelve) months.



The board may also, within the limits of its competence, delegate one or more of its members or third parties to carry out certain work or businesses and grant him to authorize the others.

#### **Article 21: Board Member Remuneration**

The remuneration of the board of Directors shall consist of a certain amount, attendance allowance for meetings, expenses allowance, benefits in kind or other in accordance with the relevant regulations and in accordance with the nominations and remuneration regulations approved by the General Assembly. two or more of these benefits may be combined, and the report of the board of directors to the General Assembly at its annual and other benefits, a comprehensive statement of all the bonuses, attendance allowance, expenses allowance and other benefits received or deserved by each member of the board of directors during the financial year, and should also include a statement of what the members of the board received as employees or administrators or what they received for technical, administrative or consulting work, and also include a statement of the number of board meetings and the number of Sessions attended by each member.

#### **Article 22: The Authority of Chairman, Vice Chairman, Managing Director, and Board Secretariat**

The Board of Directors appoints from among its members a chairman and a Vice Chairman and may appoint a Managing Director. It is not permissible to combine the position of Chairman of the Board of Directors with any other executive position in the company.

The Chairman of the Board is responsible for representing the company and managing its affairs inside and outside the Kingdom in its relations with others, before all governmental and private agencies, ministries, and before all courts, including Sharia and administrative courts, judicial bodies, the Board of Grievances, execution courts, notaries, labor offices, workers, higher and primary labor bodies and committees, and committees for the resolution of financial disputes. Settlement of banking disputes, at offices for adjudication of commercial paper disputes, committees for settling commercial disputes, customs committees, commercial fraud, public prosecution, all other judicial committees, arbitration bodies, civil rights, police stations, regional emirates, the divisions for the implementation of human rights judgments, passports and traffic, all security agencies, chambers of commerce and industry, private bodies, companies and institutions He has the right to acknowledge, deny, demand, file lawsuits, litigation, plead, hear and respond to lawsuits, release, comment, waive, conciliate, discharge, accept and deny judgments, object to judgments, request their appeal, request oath, reject and refrain from it, arbitration on behalf of the company, and request execution Judgments, opposition, arrest of what happens from execution, bring witnesses and evidence, challenge them, answer, wound, amendment, appeal for forgery, deny lines, seals and signatures, request travel bans and raise them, request seizure and implementation, request arbitration, appoint experts and arbitrators, challenge reports of experts and arbitrators, return and replace them, and request the application of Article 230 of the pleading system. Legitimacy, a petition for reconsideration, a request for rehabilitation, a request for pre-emption, an end to what is required to attend the hearings in all cases, receive the judgment papers, request the judge's resignation, and request insertion and interference.



He also has the right to contract, commit and be associated with the company's name and on behalf of the company, enter tenders, receive forms, carry out all acts and actions, and sign all types of contracts, documents, including but not limited commercial papers buy all its types , the articles of incorporation of companies in which the company participates or under incorporation with all its amendments, appendices and amendment decisions, either by entering Exiting partners and entering into existing companies, increasing or decreasing the capital, buying and selling shares and shares, paying the price, assigning shares and shares in the capital, accepting assignment of shares, shares and capital, transferring shares, shares and bonds, modifying the company's management, appointing and dismissing managers, modifying the management clause or its purposes, or Any clause of the articles of incorporation, company registration, agency registration, trademarks, attending general assemblies, opening and closing branches of the company, liquidating the company, converting the companies in which the company participates from a limited liability company to a joint stock company, extracting and renewing commercial telephone records, and canceling and renewing their licenses and reviewing electrical companies, municipalities, receiving amounts in cash or checks, signing agreements and instruments before notaries public and official bodies, as well as loan agreements, requesting bank loans that comply with Shariah provisions and controls, accepting their terms, conditions and prices, signing their contracts, forms, pledges and payment schedules, receiving and disposing of loans, requesting exemption from loans, closing and settling accounts, and disbursing Checks, objection to and receipt of checks, updating data, subscribing to joint stock companies, receiving profits, opening investment portfolios with Sharia controls, editing, amending and canceling orders as well as guarantees and guarantees, issuing legal agencies on behalf of the company, buying and selling movables and real estate, emptying and accepting, receiving and paying the price and donation, acceptance, sorting, delivery of the appraiser, receiving, amending and updating checks And entering them into the comprehensive system, waiving the shortage of space, converting agricultural lands to residential, amending the owner's name and record, amending borders, lengths, area, plot numbers, plans, deeds and their dates, neighborhood names, issuing a replacement for lost instruments and mortgages, dismantling them, receiving, handing over and receiving. Renting, leasing, receiving and paying, reviewing all banks and approving signatures, opening accounts with legal controls, credits, withdrawals, deposits, transfers from accounts with banks, issuing bank guarantees, signing all papers, documents and checks, extracting checkbooks, receiving and editing them, issuing and receiving bank checks, receiving and disbursing remittances and all banking transactions.

He may assign or delegate on his behalf, within the limits of his competencies, one or more members of the Board or a third party to take a specific action or behavior or to perform a specific act or actions.

The Vice Chairman of the Board of Directors replaces the Chairman of the Board of Directors in his absence and with the same powers as the Chairman and grant him to authorize the others.

The board of directors appoints a board secretariat to be chosen by it from among its members or from others, and he is responsible for recording the minutes of the board of directors' meetings, recording the decisions issued by these meetings and keeping them, in addition to exercising other powers entrusted to him by the board of directors. The administration is for the term of their



membership in the council, and they may be re-elected, and the council may dismiss them or any of them at any time without prejudice to the dismissed person's right to compensation if the dismissal occurred for an unlawful reason or at an inappropriate time.

### **Article 23: Board Meetings**

- 1-The board of Directors shall meet at least four meetings per year by the invitation of its chairman or at the request of one of its members. the invitation shall be in writing and may be delivered by hand or sent by e-mail, fax or by any means of modern technology at least five days before the date of the meeting, accompanied by the agenda of the meeting and the necessary documents and information. The invitation to the meeting may be sent within less than five days before the date of the meeting if the need for an emergency meeting arises.
- 2-The chairman of the council shall call the council to meet whenever requested to do so in writing by any member of the council to discuss any subject or more. The board of Directors determines the venue of its meetings, and they may be held using modern technical means.

### **Article 24: Quorum of the Board Meeting:**

The meeting of the Board shall not be valid unless attended by at least five (5) members. A member of the Board of Directors may delegate other members to attend the Board's meetings on his behalf in accordance with the following rules:

- 1- A member of the board of directors may not represent more than one member in attending the same meeting.
- 2- The delegation must be proven in writing and in connection with a specific meeting.
- 3- The representative may not vote on decisions that the system prohibits the representative from voting on.

The decisions of the council are issued by a majority of the opinions of the members present or represented in it (and in the event of equal votes, the side with which the chairperson voted shall prevail).

The Board of Directors may issue decisions in urgent matters by presenting them to all members separately (Circulate) unless one of the member's requests- in writing- a meeting of the Board to deliberate thereon, such decisions shall be issued with the approval of a majority of the votes of its members. These decisions are presented to the board at its first subsequent meeting. The decision of the board of Directors is valid from the date of its issuance unless it provides for its entry into force at another time or when certain conditions are met.

### **Article 25: Board Deliberations:**

- 1- The deliberations of the board of directors and its decisions shall be documented in minutes prepared by the board secretary signed by the chairman of the meeting, the members of the board of directors present and the secretary.
- 2- The minutes shall be recorded in a special register signed by the chairman of the board of directors and the board secretary.



- 3- It is permissible to use modern technical means to sign and prove deliberations, decisions, and record minutes.

## Chapter (4) Shareholders Assembly

### Article 26 General Assembly meeting of shareholders:

- 1- The meeting of the General Assembly of shareholders shall be chaired by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members in their absence, and if this is not possible, the General Assembly shall be chaired by whoever is delegated by the shareholders from among the members of the board or from others by voting.
2. Each shareholder has the right to attend the General Assembly meeting, and in doing so he may assign another person other than the members of the board of directors.
3. The meeting of the General Assembly and the participation of the shareholder in the deliberations and voting on decisions may be held by means of modern technical means.

### Article 27: Ordinary General Assembly Functions

With the exception of subjects pertaining to the extraordinary general assembly, the ordinary general assembly shall have jurisdiction over all subjects related to the company and stipulated in the companies' system and the corporate governance regulations, and it convenes 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 needed till then.

### Article 28: Extraordinary General Assembly Functions

The Extraordinary General Assembly is concerned with amending the company's articles of association, with the exception of subjects that are prohibited from being amended by law, in addition to the matters stipulated in the Companies Law and the Corporate Governance Regulations, and it may issue decisions on subjects originally within the competences of the Ordinary General Assembly, under the same terms and conditions prescribed for the Ordinary General Assembly.

### Article 29: Invitation to Assemblies

- 1- General or special meetings of assemblies shall be hold at the invitation of the board of directors and the board of Directors shall call the Ordinary General Assembly within (thirty) days from the date of the request of the auditor or the audit committee or one or more shareholders representing (10%) ten percent of the company's shares that have at least voting rights. The auditor may call the Assembly to hold if the board does not extend the invitation within thirty days from the date of the auditor's request.
- 2- The request referred to in Paragraph (1) of this article shall specify the issues to be voted on by the shareholders.
- 3- The date of the General Assembly, its status and agenda must be announced at least twenty-one days before the date, and the invitation will be published on the website of the market



and the company's website. In addition, the company may issue an invitation to hold general and special meetings of its shareholders through modern technical means.

### **Article 30: Quorum of the Ordinary General Assembly Meeting**

The holding of the ordinary general assembly meeting is not valid unless attended by shareholders representing at least a quarter of company's shares that have rights to voting, and if the quorum necessary for holding this meeting is not available, the second meeting invitation shall be issued to a second meeting to be held under the same conditions as stipulated in Article ninety-one of the companies' bylaws within thirty days following the date specified for the previous meeting. The second meeting may be held one hour after the expiration of the period specified for the holding of the first meeting, provided that the invitation to hold the first meeting contains an indication of the possibility of holding such a meeting. In all cases, the second meeting is valid regardless of the number of shares with voting rights represented in it.

### **Article 31-Quorum of the Extraordinary General Assembly meeting:**

The Extraordinary General Assembly meeting is valid only if it is attended by shareholders representing at least (half) of the company's shares that have a right to voting, and if the necessary quorum is not available to hold such a meeting, an invitation to a second meeting to be held in the same conditions stipulated in Article (ninety-first) of the companies' laws.

The second meeting may be held one hour after the expiration of the time limit set for the first meeting, provided that the invitation to hold the first meeting contains information on the possibility of holding such a meeting. In all cases, the second meeting is valid if it is attended by a number of shareholders representing at least (a quarter) of the company's shares who have voting rights. If the necessary quorum is not available to hold the second meeting, an invitation is sent to a third meeting to be held under the same conditions provided for in Article (ninety-first) of the companies' laws. The third meeting shall be valid regardless of the number of shares that have voting rights represented in it.

### **Article 32-voting in assemblies:**

- 1- Each shareholder has a vote for each share in the general assemblies, and cumulative voting must be used in the election of the board of directors so that the right to vote for a share may not be used more than once.
- 2- Members of the board of Directors may not participate in voting on the resolutions of the assembly that relate to works and contracts, in which they have a direct or indirect interest or that involve a conflict of interests.

### **Article 33: Decisions of the Assemblies**

The decisions of the Ordinary General Assembly are issued by an absolute majority of voting rights of the shares represented at the meeting, and the decisions of the Extraordinary General Assembly are issued by a two-thirds majority of voting rights of the shares represented at the meeting, unless it is a decision related to the increase or decrease of the capital, the extension of the company's term, its dissolution before the expiry of the period specified in its articles of association or its



merger with another company, or split the company to two companies it is not valid unless it is issued by a majority of three quarters of voting rights of the shares represented at the meeting.

#### **Article 34: Discussion in the Assemblies**

Each shareholder has the right to discuss the topics listed on the agenda of the assembly and to direct questions about them to the members of the board of directors and the auditor. Its decision in this regard is enforceable.

The board of Directors shall allow shareholders to actively participate and vote in the meetings of the General Assembly. Meetings of the General Assembly of shareholders may be held, and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, in accordance with the executive regulations of the Companies Regulations for listed Joint Stock Companies.

#### **Article 35: Presiding over the associations and preparing minutes.**

The meetings of the general assemblies of shareholders are chaired by the Chairman of the Board of Directors, and in his absence, a person delegated by the Board of Directors from among its members to do so. Minutes of the assembly meeting shall be drawn up including the number of shareholders present or represented, the number of shares they hold in person or by proxy, the number of votes assigned to them, the decisions taken, the number of votes that approved or disagreed with them, 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 association's president, secretary, and vote collector.

### **Chapter (5) Audit Committee**

#### **Article 36: Committee Forming**

The Audit Committee forming by board of director decision, that will be from shareholders or others, provided that it does not include any of the executive board members, and the number of members of the audit committee must not be less than three and not more than five, in accordance with the corporate governance regulations.

The General Assembly of the company, based on a proposal from the board of Directors, shall issue the work list of the audit committee, provided that this list includes the controls and procedures of the committee, its tasks, the rules for selecting its members and how to nominate them, the term of their membership, their remuneration, and the mechanism for appointing its members temporarily in the case of a vacancy in one of the seats of the committee.

#### **Article 37: Quorum of the committee meeting**

For the audit committee meeting to be valid, the majority of its members must attend, and its decisions are issued by the majority of the votes of those present. The committee meets periodically at least four times during the company's financial year.

The committee may issue decisions in urgent matters by presenting them to the members separately unless one of the member requests - in writing - the meeting of the committee to



deliberate thereon, and these decisions are presented to the committee in the first following meeting.

The committee may issue resolutions on urgent subjects by presenting them to all members separately (by Circulate), unless one of the members requests-in writing-a meeting of the committee for deliberation, and such resolutions are issued with the approval of a majority of the votes of its members and these resolutions are presented to the committee at the first subsequent meeting.

#### **Article 38: Executives Committee:**

The Board of Directors may form from among its members or from others specialized committees, and the Board of Directors determines their tasks, method of work, terms of reference and remuneration in accordance with the terms and conditions of the Companies' Law, its executive regulations the Corporate Governance Regulations.

### **Chapter (6)** **Accounts auditors**

#### **Article 39: Appointment of the auditor:**

- 1- The Company shall have one (or more) auditors from among the auditors licensed to work in the Kingdom appointed by The Ordinary General Assembly and his fees and the duration and scope of his work shall be determined and may be re-appointed provided that the period of appointment does not exceed the period prescribed by law.
- 2- The auditor may be dismissed by a decision taken by the General Assembly, and the chairman of the board of directors must inform the Capital Market Authority of the dismissal decision and its reasons, within (five days) from the date of the decision.
- 3- The auditor may resign his task by a written notification he submits to the company, and his task ends from the date of submission or at a later date specified in the notification, without prejudice to the right of the company to compensate for the harm caused to it if he has a requirement. The retiring auditor is obliged to submit to the company and the competent authority- when submitting the report-a statement of the reasons for his retirement, and the board of directors must call the General Assembly to hold to consider the reasons for retirement and appoint another auditor and determine his fees, duration and scope of work.

#### **Article 40: Auditor Authorities:**

The auditor at any time has a right to review the company's documents, records and other documents that will be evidence of that. He may also request data and clarifications that he deems necessary to obtain, in order to verify the company's assets, obligations and other matters that fall within the scope of his work.

The board of Directors shall enable the auditor to perform his duty, and if the auditor encounters difficulties in this regard, this is proved in a report submitted to the board of directors, and if the board of directors does not facilitate the work of the auditor, he shall request them to convene the



Ordinary General Assembly to consider the matter. The auditor may issue such an invitation if the board of directors does not issue it within (thirty) days from the date of the auditor's request. The auditor must submit to the Annual General Assembly a report prepared in accordance with the accepted auditing standards, which is guaranteed by the position of the company's management to enable him to obtain the data and clarifications he requested. Any violations of the provisions of the articles of association, the articles of association or the articles of association within the limits of his competence and his opinion on the fairness of the company's financial statements must be read out by the auditor or review a summary at the Annual General Assembly meeting.

## Chapter (7)

### Company accounts and dividend distribution

#### Article 41: Fiscal Year

The fiscal year of the company begins on 1<sup>st</sup> of January and ends on 31<sup>st</sup> December of every year.

#### Article 42: Financial Documents:

- 1- At the end of each financial year of the company, the board of directors must prepare the company's financial statements and a report on its activity and financial position for the past financial year. This report includes the proposed method for distributing profits. The board puts these documents at the auditor's disposal forty-five days before the date set for convening the general assembly at least.
- 2- The company's board of directors, chief executive officer and financial manager must sign the documents referred to in paragraph (1) of this article, and copies of them shall be deposited at the company's head office at the shareholders' disposal at least ten days before the date set for holding the general assembly.
- 3- The chairman of the board of Directors shall provide the shareholders with the financial statements of the company, the report of the board of directors, after signing it, and the auditor's report, unless published in any of the modern technical means, at least twenty-one days before the scheduled date of the annual Ordinary General Assembly, and he shall also deposit these documents in accordance with what is determined by the executive regulations of the companies law.

#### Article 43: formation of reserves:

- 1- The Ordinary General Assembly, when determining the percentage of shares in net profits, may decide to form reserves, to the extent that it achieves the company's interest or ensures the distribution of fixed profits- as far as possible- to shareholders. The said association may also deduct from the net profits amounts to achieve social purposes for the company's employees.
2. The General Assembly shall determine the percentage of net profits to be distributed to shareholders after deducting reserves, if any.



#### **Article 44: Dividend distribution**

- 1- dividends of the profit consist of the net income of the financial year minus all amounts that are set aside to the Reserve allocated for specific purposes in the company's bylaws, if any, or that must be set aside to the reserves formed by the General Assembly, plus retained earnings and distributable reserves consisting of profits.
- 2- The item of nominal value difference within the shareholders ' equity may not be used to distribute cash dividends to shareholders.

#### **Article 45: Dividend Entitlement**

The shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard. The decision indicates the due date and the date of distribution. The eligibility of profits is to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

The board of directors must implement the decision of the General Assembly on the distribution of profits to shareholders in accordance with the executive regulations of the companies' law for listed Joint Stock Companies

The General Assembly may decide to distribute interim dividends to shareholders on a semi-annual or quarterly basis. In accordance with the provisions prescribed in the company's law and the executive regulations of the companies law for listed Joint Stock Companies issued by the Capital Market Authority, provided that the Assembly authorizes the Board of Directors to do so and it is renewed annually.

#### **Article 46: losses of the company:**

If the company's losses amount to half of the issued capital, the board of directors must disclose this and its recommendations regarding such losses within sixty days from the date of its knowledge of reaching this amount. And to call the Extraordinary General Assembly to meet within one hundred and eighty days from the date of his knowledge of the losses to consider the continuation of the company with taking any of the necessary measures to address those losses or resolve them.

### **Chapter (8)**

#### **Disputes**

#### **Article 47: Liability claim**

The company may file a liability lawsuit against the members of the board of directors for violating the provisions of the companies' laws or the company's articles of association due to any errors, negligence or default in the performance of their work, resulting in damages to the company.

Neither any one or more shareholders representing (5%) of the company's capital shall file the liability claim prescribed for the company in the event that the company does not file it, taking into account that the main purpose of filing the lawsuit is to achieve the interests of the company, that the lawsuit is based on a valid basis, and that the plaintiff is in good faith, and a partner or shareholder in the company at the time of filing the lawsuit.



The approval of the General Assembly to discharge the members of the board of directors does not preclude the establishment of lawsuits in accordance with Article (29) of the companies' bylaws.

-2 except in cases of forgery and fraud, the liability claim shall not be heard after (5) years from the date of the end of the financial year of the company in which the harmful act occurred or (3) years from the end of the membership of the member of the board of directors in question, whichever is later.

## Chapter (9)

### Dissolution and liquidation of the company

#### Article 48: Termination of the Company:

The Company shall expire on one of the reasons for the expiration listed in Article (forty-third after the two hundredth) of the companies' law. Upon its expiration, it enters the liquidation role in accordance with the provisions of chapter twelve of the companies' law. If the company expires and its assets are not sufficient 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 (10)

### Final provisions

#### Article 49

- 1- the company is subject to the current regulations in force in the kingdom of Saudi Arabia.
- 2- Any provision that violates the provisions of the companies' law in this basic law is not considered and the provisions contained in the companies' law, the corporate governance regulations and the executive regulations of the companies' law for Joint-Stock Companies shall be applied accordingly, and everything that is not contained in this basic law shall be applied to the companies' law and its executive regulations.