

Articles of Association
The First Chapter
Incorporation of the Company

Article No (1): Incorporation

Pursuant to provisions and regulations of the Companies Law and these articles, a Saudi joint stock company is incorporated according to the following:

Article No (2): Name of the Company

Dur Hospitality Company, (an enlisted Saudi joint stock company).

Article No (3): Purposes of the Company

1-Construction, owning, management, operation, investment, purchase, participation, rent and lease of hotels, restaurants, motels, rest houses, furnished residential units, entertainment centers, travel and tourism agencies, private coasts with their different levels and sizes in the cities, public roads, and tourist areas.

2- The company owns, and purchases lands, properties and organizations and it develops, divides and classifies them, and it constructs residential, commercial and hotel buildings on them, and the company also sells and conveys these buildings, or it leases them or utilizes them through all ways of utilization, and it manages the

properties for account of the company or others, and it practices operation and maintenance works.

3- The company provides services to Umrah performers, and visitors of the Holy Prophet's Mosque.

4- Practicing all the basic and intermediary works required for implementing, preparing and dealing with the different aspects of the aforementioned business activities in line with the purpose for which these activities are practiced.

5- Attaining a high level of services provided in these areas and preparing them in a way suitable for their level in the way approved by the board of directors.

And the company provides the aforesaid services directly or in association with others, and it has the right to conclude the contracts required for performing the aforesaid works in a good way according to applicable laws and after obtaining necessary licenses from the concerned authorities; if any.

Article No (4): Participation and Ownership in Companies:

The company may establish alone limited liability companies or closed joint stock companies according to Companies Law, and it may also own shares and stocks at other existing companies or merge with them. It has the right to join with others in incorporating stock companies or limited liability companies after fulfilling whatever is required by laws and regulations applicable in this regard, and the company may dispose of these shares or stocks if this does not include brokerage in their circulation.

Article No (5): Head Office of the Company

Head Office of the company will be in Riyadh city. The company also has the right to establish branches, offices, or agencies inside and outside the kingdom subject to a decision by the board of directors.

Article No (6): Term of the Company:

The company term is two hundred years starting from date of end of the current term on 17/12/1445H, and the term may always be prolonged through a decision issued by the extraordinary assembly one year at least before end of its term.

The Second Chapter: Capital and Shares

Article No (7): Capital and Subscription

- 1- Capital of the company is (SR 1,000,000,000) one billion Saudi Riyals divided into (100,000,000) shares share with equal value with a value of (10) Saudi Riyals each.
- 2- Shares of the company were offered for public subscription (IPO), and shareholders have subscribed to all the shares, and their value have been fulfilled.

Article No (8): Preferred Shares:

- 1- The extraordinary general assembly may, according to the principles set forth by the concerned committee, issue preferred shares or decide to purchase them or to transfer ordinary shares into preferred shares, or transfer preferred to ordinary shares, and preferred shares do not give the right of voting in the general assemblies of shareholders. And these shares give their holders the right to obtain a percentage bigger than holders of ordinary shares from net profits of the company after setting aside the statutory reserve.
- 2- If there are preferred shares, it is not allowed to issue new shares which have priority over them without consent of a special assembly formed according to Article No (eighty nine) of the Companies Law from holders of preferred shares who are aggravated by this issue, and according to consent of a general assembly formed from all classes of shareholders, and this rule will be effective upon amending the priority rights decided for the preferred shares in the company's Articles of Association, or upon cancelling them according to provisions of Islamic shari'a.

Article No (9): Sale of Shares with Unfulfilled Value

- 1- Shareholder commits to pay value of the share in the times appointed for that, and if it fails to fulfill in the due time, board of directors may, after being informed through the ways stipulated in the company Articles of Association or notifying it by a registered letter, sell the share in the public auction or the

stock market as per the situation , and according to the controls determined by the concerned entity.

- 2- The company will take from the sale proceeds the amounts due to it, and return the balance to the shareholder, and if proceeds of sale do not cover these amounts, the company may return the balance from all amounts of the shareholder.
- 3- Shareholder who fails to pay till day of payment may pay the value due by him, in addition to the expenses which the company spent in this concern.
- 4- The company cancels the sold share according to provisions of this article and it gives the purchaser a new share with the number of the cancelled one, and it marks occurrence of the sale in the shares record and writes name of the new owner.
- 5- The company may not claim from the shareholder to pay amounts exceeding what it commits to pay upon issue of the share, and shareholder may not claim for redeeming its share in the company capital. The company may not release the shareholder from responsibility to pay remaining value of the share, and no clearance may be made between this liability and the rights which are due to shareholders from the company.

Article No (10): Issue of the Shares:

- 1- The company shares will be nominal and non-dividable against it, and if the share is owned by several persons, they must choose one of them to act on their behalf in using the rights pertaining to the share, and these persons will be jointly responsible for the liabilities arising out of the share's ownership.
- 2- Shares may not be issued with less than their nominal value, but they may be issued with higher than this value and in this case, the value difference will be added in a separate item within the shareholder rights and may not be distributed as profits among shareholders.

Article No (11): Circulation of Shares

Shares of the company are circulated according to provisions of the Capital Market Law.

Article No (12): Shares Purchase and Mortgage

- 1- The company may purchase its shares or mortgage them according to controls set forth by the competent authority, and the shares that the company buys will not have votes in the shareholder assemblies.

- 2- Shares may be mortgaged according to controls set forth by the competent authority, and the mortgagee creditor may receive the profits and use the rights connected with the shares unless he does not agree otherwise in the mortgage contract, but mortgagee creditor may not attend meetings of the shareholders general assembly or vote on them.

Article No (13): Capital Increase

- 1- The extraordinary general assembly may decide increase of the company capital provided that the capital has been fully paid, and it is not required for capital to be fully paid if the unpaid part of the capital is attributed to shares issued against transfer of debit tools or finance deeds to shares, and the term for transferring them into shares has not finished yet.
- 2- The extraordinary general assembly may in all cases allot the shares issued upon increase of the capital or a part thereof to the workers of the company or its affiliates or some of them or any of that, and shareholders may not practice the right of priority upon issue by the company of the shares assigned for workers.
- 3- Capital will be increased through one of the following ways:
 - a- Issuing new shares against cash or in-kind shares.

- b- Issue of new shares against debits with specific amount in case of performance if issue will be according to the value determined by the extraordinary general assembly after seeking help of opinion of a certified expert of evaluator, and after the board of director and the auditor prepare a statement about source of these debts and their amount, and the board members and auditor sign this statement, and hold responsibility for its validity.
 - c- Issue of new shares equal to the reserve which the extraordinary assembly decide to incorporate into the capital, and these shares shall be issued in the same form and situation of the circulated shares, and such shares will be distributed among shareholders free of charge proportionally to the original shares which each of them owns.
 - d- Issue of new shares against debit instruments or finance deeds.
- 4- Shareholder who owns the shares at time of issue of the resolution of the extraordinary general assembly may agree upon increase of the capital of priority in subscription with the new shares which are issued against cash stocks, and those will be informed of their priority by publishing in a daily paper or by informing them through registered mail about decision of increase of capital, subscription conditions and term and date of its start and end.
- 5- The extraordinary general assembly may stop work with priority right for shareholders in subscription with increase of capital against cash stocks or

giving priority to non-shareholders in cases whereas it deems this as proper for interest of the company.

- 6- A shareholder may sell or assign the right of priority during the period from time of issue of decision of the general assembly of consent upon capital increase to the last day of subscription in the new shares associated with these rights according to the controls set up by the concerned entity.
- 7- Without prejudice of the provisions of Article No (140) of the Companies Law, the new shares will be distributed among holders of priority rights who claimed subscription proportionally to priority rights they own from total priority rights caused by increase of capital, if this does not exceed what they claimed from the new shares. The remaining from the new shares will be divided among holders of priority rights who claimed for more than their share proportionally to priority rights they own from total priority rights arising out of increase of the capital, provided that what they obtain does not exceed what they claimed from the new shares, and the remaining shares will be offered to third parties unless otherwise is determined by the extraordinary general assembly or provision of the capital market law.

Article No (14): Capital Decrease:

1-Extraordinary General Assembly may decide reduction of capital if it is more than the company requirements, or if it incurred losses, and only in the latter

case may the capital be decreased to below the limit stated in Article No (54) of Companies Law, and the decrease decision may only be issued after reciting a special report prepared by the auditor about reasons leading to it, and the liabilities on part of the company and effect of decrease on these liabilities.

2-In the event the reduction of capital is resulted from being more than the company requirement, the creditors may be called to object thereon within (60) sixty days from the date of publishing the reduction decision in a daily journal distributed in the area where head office of the company is located. If any debtor objects thereof and submits his documents on the date specified, the company shall pay him his debt if it is due, or it may present thereto a sufficient guarantee to fulfill it if it must be paid later.

3- Capital is reduced through one of the following ways:

a- Cancelling several shares equal to the amount required to be reduced.

b- Purchase by the company of a few of its shares equal to the portion required to be decreased, and then cancelling them.

4- If decrease of the capital is made through cancelling several shares, equality between shareholders shall be observed, and those shall present to the company, in the time determined by it, the shares determined to be cancelled, and otherwise they will be considered as cancelled.

- 5- If decrease of capital is made through purchase of several the company shares to cancel them, shareholders must be invited to offer their shares for sale, and this invitation is made through informing shareholders through registered mail or in a daily paper distributed in the company head office of the company desire to purchase the shares.
- 6- If the number of shares offered for sale exceeds the number the company determined to purchase, sale requests shall be decreased according to this increase.
- 7- Purchase of the shares will be estimated according to Stock Market law.

The Third Chapter

The Board of Directors

Article No (15): Management of the Company:

- 1- The company management is undertaken by a board of directors composing of (9) nine members elected by the ordinary general assembly for no more than three years, and as members of the board of directors may be re-elected.
- 2- Each shareholder may nominate himself or another person or more for membership of the board of directors within limits of the percentage of his ownership (shareholding) in the capital.

Article No (16): Expiry of the Board Membership:

1-The Board membership ends with expiry of its period or by having the member abstaining from attending the board meetings, or due to death or expiry of the member according to any law or instructions applicable in the Kingdom. However the ordinary general assembly may at any time terminate all members of the board of directors or some of them without violation of the right of terminated member towards the company for claiming for compensation if termination is made without a justifiable reason or untimely, and member of the board of directors may resign provided that this happens in a proper time as otherwise he will be responsible to the company for the

damages caused by resignation, and in all cases, member of the board of directors will not be released from responsibility of his membership unless the general assembly agree upon that.

- 3- The general assembly may – upon recommendation of the board – terminate membership of members who are absent from attending three successive sessions of the board without a justifiable excuse accepted by the board.

Article No (17): Vacancy in the Board:

- 1- If a position is vacant in the board of directors, the board may appoint a member temporarily in the vacant position provided that the elected member fulfills conditions of experience and competence and ministry and capital market authority shall be informed of that within five workdays from date of appointment, and appointment shall be proposed to the ordinary general assembly in its first meeting, and the new member will complete the period of his predecessor.
- 2- If the number of the members of the board of directors goes down to five members, the ordinary general assembly shall be invited within sixty days to appoint the necessary number of members and the general assembly may at any time terminate all some of the members of the board of directors.

Article No (18): Authorities of the Board

- 1- Without prejudice of the authorities determined for the general assembly, the board of directors will have the broadest powers and authorities in managing the company in a way that serving its purposes, and it may, within limits of its authorities, or it may authorize one or more from among its number or from outside the board to commence specific work or works.
- 2- The board of directors may conclude loans agreement regardless of their term, or it may sell assets of the company or mortgage them, or sell the company commercial store or mortgage it, or release the company debtors from their liabilities.
- 3- The company may not give loans of any type to any of the members of the board of directors or to shareholders in it, or to incorporate any loan agreement concluded by any of them with third parties.
- 4- Member of the board of directors may not have any direct or indirect interest in the works or contracts made for account of the company without license from the ordinary general assembly and according to the controls set up by competent authority, and the board of directors shall inform the board of any direct or indirect interest in the works or the contracts completed for the company account, and shall put this notification in the meeting minute, and this member will not participate in voting on the decision issued in this regard in the board of directors and the shareholder assemblies. Chairman of the board of directors will

inform the ordinary general assembly upon holding its meeting of the businesses and the contracts in which one of the members of the board of directors has direct or indirect interest, and the notification will be accompanied by a special report from the company's external auditor.

Article No (19): Remunerations of the Board Members

1-Remuneration of the board of directors; if any shall be composed as estimated by the ordinary general assembly based on proposal from board of directors provided that this remuneration will be given according to the controls and the limits set forth by the competent authority, in addition to allowance for attending the sessions or in-kind benefits, and it is allowed to get jointly two or more of the benefits. Report of the board of directors to the ordinary general assembly shall include a comprehensive statement of all remunerations, expenses, and other benefits that members of the board of directors obtained during the fiscal year. It will also include statement of the amounts that members received as workers or administrators or what they received against technical or administrative works or consultancies and will also include a statement of the number of sessions of the board and the number of sessions attended by each member till date of the last meeting of the general assembly.

2-In all cases, total of rewards and financial or in-kind remuneration received by a member of the board of directors shall not exceed an amount of five hundred thousand Saudi Riyals annually according to the controls set up by the concerned authority.

Article No (20): Authorities of the Chairman, the Deputy Chairman, the Managing Director, and the Secretary:

- 1- The board of directors appoints from among its number a chairman and a deputy chairman, and it may appoint a managing director and it is not allowed to join in the meantime the position of the chairman and any executive position in the company.
- 2- Chairman of the board of directors has the right to represent the company before judiciary entities, arbitration tribunals and others, and in its relationship with others and signing contracts of selling and conveying of the company real estates, property purchase contracts and accepting conveyance, paying the price, mortgaging and releasing mortgage, dividing, separating, referring to companies, establishments, government entities and their branches and their affiliated departments and sections as well as the banks, and to sign on the contracts of loans, withdrawing from accounts, depositing, signing articles of incorporation and amendment appendixes, and signing of the decisions of shareholders, claiming, raising claims, pleading, defending, hearing the lawsuits and replying to them, and he has the right to admit, deny, reconcile, ask for oath and reject it, obtain from it, bring witnesses and evidences, appeal against them, answer, criticize and endorse, appeal against experts and arbitrators report and reject and replace them, accept and reject judgments, raise objection against rules, request appeal, finalize whatever requires attending in the sessions in all lawsuits with the courts, receive the amounts through a check in the company name, receive deeds of judgment, appeal with the labor committee, the office of settlement of commercial paper disputes,

committees of settlement of commercial disputes and to report to all related entities and to finalize all necessary procedures, and sing as required and has the right to appoint others as attorneys in relation to all of the aforesaid.

- 3- Deputy Chairman of the board of directors shall replace chairman of the board when he is absent.
- 4- Board of directors has the right to give the right of signature on behalf of the company to any other member or more of the board members solely or jointly, and the board has the right to authorize some managers other than members of the board of directors to commence specific work or works jointly or severally, and the board of directors determines remuneration of the chairman of the board and the managing director in addition to the remuneration determined for them as members in the board of directors.
- 5- The board of directors appoints a secretary who is concerned with secretariat works of the board, and the board of directors will determine his remuneration and term.

Article No (21): Meetings of the Board

1-The board of directors meet two times per year according to invitation from its chairman, and invitation will be in writing and signed as received, and chairman of the board shall invite the board to meet whenever so is required by two of the members.

- 3- A member of the board of directors may not delegate another person to attend the meeting on his behalf, and except for this case, member of the board of director may delegate another member.

Article No (22): Quorum of the Board Meeting

- 1- Board meeting is only valid if it is attended by (half of the members at least), provided that the number of the attendees is not less than (5) members. Decisions of the board are issued according to majority of the members attending personally or through their representatives, and upon equality of votes, the side involving the chairman will have the casting vote.
- 2- The board of directors may issue decisions in urgent matters through proposing them to members severally (separately) unless one of the members request in writing a meeting of the board for discussion, and these decisions are proposed to the board of directors in its first meeting next to that meeting.

Article No (23): Deliberations of the Board:

The board of directors' deliberations and decisions are registered in minutes signed by chairman of the board, members of the board of

directors attending and the secretary, and these minutes are noted down in a register signed by the Chairman of the Board of Directors and the secretary.

The Fourth Chapter: Assemblies of Shareholders

Article No (24): Attending the Assemblies:

Every shareholder has the right to attend the general assemblies of shareholders, and the shareholder may appoint another person who is not a member of the board or a company employee to be his attorney and act on his behalf in attending the general assembly.

Article No (25): Authorities of the Ordinary General Assembly:

1-Except for matters governed by the extraordinary general assembly, the ordinary general assembly is concerned with all matters related to the company, and it is held once at least in the year during the six months next to end of the company fiscal year, and another ordinary general assembly may be invited as needed.

2-The properly constituted general assembly represents all shareholders and may be held only in Riyadh city.

Article No (26): Authorities of the Extraordinary General Assembly:

The extraordinary general assembly is concerned with the amendment of the Articles of Association of the company except for the matters that are not allowed to be amended according to the law, and it is also concerned with increase or decrease of capital or prolonging the company term or liquidating it before expiry of the term fixed in its Articles of Association, or by merging the company into another company or organization. Moreover, it may issue decisions in the matters which are originally included within the authorities of the ordinary general assembly according to the same conditions and situations determined for the last assembly.

Article No (27): Inviting the Assemblies

- 1- The general or special assemblies of the shareholders are convened according to an invitation by the board of directors, and the board of directors shall invite the general assembly to meet if so is requested by the auditor, the auditing committee or a number of shareholders representing (5%) of the capital at least.
- 2- Invitation for holding the general assembly and the agendas shall be published in a daily paper distributed in the head office of the company (21) days at least before the time fixed for holding the meeting. Nevertheless, it is sufficient to send invitation in the said appointment to

all shareholders through registered letters and a copy of the invitation and the agenda will be sent to the ministry and CMA for publishing.

Article No (28): Assemblies Record of Attendance:

Upon holding the assembly, a list of the name of the shareholders attending personally or through representatives shall be drawn, and it shall state their domiciles and the shares they possess principally or by proxy and the number of votes assigned to them, and every interested or concerned person may have access to this list.

Article No (29): Quorum of the Meeting of the Ordinary General Assembly

- 1- The meeting of the ordinary general assembly may not be valid unless it is attended by shareholders constituting at least quarter of the capital of the company.
- 2- If the quorum required for holding meeting of the ordinary general assembly is not attained subject to clause No (1) herein, an invitation will be extended to a second meeting to be held within the next thirty days, and the invitation shall be published according to the way stipulated in Article No (27/2) of this law. However, the second meeting may be held one hour after expiry of the period determined for holding

the first meeting provided that the invitation for holding the first meeting includes indication of the possibility of holding this meeting, and in all cases the second meeting will be valid regardless of the number of the shares represented in it.

Article No (30) Quorum of the Extraordinary General Assembly:

- 1- The meeting of the extraordinary general assembly is required to be attended by several shareholders constituting at least half of the capital to be valid.
- 2- If such quorum required for holding extraordinary general assembly is not available in the first meeting according to clause (1) above, an invitation is sent to a second meeting to be held under the same situations stipulated in Article No (27/2) hereof. Nevertheless, the second meeting may be held one hour after expiry of the period determined for holding the first meeting provided that the invitation for holding the first meeting includes indication of the possibility of holding this meeting, and in all cases the second meeting will be valid if it is attended by several shareholders constituting quarter of the capital.
- 3- If the required quorum is not fulfilled in the second meeting, an invitation will be directed to a third meeting which will be held according to the same conditions stipulated by Article No (27/2) hereof, and the third

meeting will be valid regardless of the number of shares represented in it, after consent of the concerned authority.

Article No (31): Voting in the Assemblies

1-Each subscriber will have a vote for each share that it represents in the general assemblies.

2-Members of the board of directors may not participate in voting on the assembly decisions related to discharging them from responsibility for company management or related to a direct or indirect interest which they have.

3-Meetings of the shareholder general assemblies may be held through modern means of technology, and the shareholder may participate in their discussions and vote on their decisions through modern means of technology subject to the controls set forth by the concerned entity.

Article No (32): Decisions of the Assemblies:

1- Decisions in the ordinary general assembly are issued according to absolute majority of the shares represented in the meeting.

2- The decisions of the ordinary general assembly are issued by a majority constituting two thirds of the shares represented in the meeting, except in cases whereas the decision is related to increase or decrease of the capital or prolonging of the company term or dissolution of the company before

expiry of the term determined in its Articles of Association or by merging with another company as decision in these cases will be only valid if it is issued by a majority constituting three quarters of the shares represented in the meeting. The board of Directors shall announce decisions of the extraordinary general assembly if they include amendment of the company Articles of Association.

Article No (33): Discussions in the Assemblies:

- 1- Every shareholder has the right to discuss the subjects enlisted in the assembly agenda, and to ask questions in this regard to members of the board of directors and the auditor.
- 2- The board of directors and auditor answers questions of the shareholders to the extent that do not expose company interest to damage, and if shareholder believes that reply to his question is not satisfactory, it will resort to the assembly, and its decision in this regard will be effective.

Article No (34): Assembly Chairmanship & Minutes Preparation:

- 1-The general assembly meetings of shareholders will be presided by the chairman or his deputy in case of his absence or by the board representative among the board number in the event of absence of the chairman and deputy chairman.

2-Minutes should be written for the general assembly meeting including the number of shareholders, number of shares in their possession whether for themselves or in the capacity of attorneys-in-fact, number of relevant votes, the decisions taken, number of approving or disapproving votes and a sufficient summary of the meeting's discussions. The minutes should be recorded on a regular basis following each meeting in a separate register signed by the general assembly's chairman, secretary, and votes collector.

The Fifth Chapter: The Auditing Committee

Article No (35): Formation of the Committee:

According to a resolution of the ordinary general assembly a committee shall be formed composing of three members from persons other than executive members of the board of directors whether from shareholders or others. The decision determines functions of the committee, controls of its work and remuneration of its members.

Article No (36): Quorum of the Committee Meeting:

For valid meeting of the auditing committee, it is required to be attended by majority of its members, and its decisions are issued with majority of the votes of attending members, and upon equality of votes, the side supported by the committee chairman will have the casting vote.

Article No (37): Authorities of the Committee

The auditing committee is concerned with auditing of the company businesses, and to this effect it has the right to access to the company registers and documents, and to request any note or a statement from members of the board of directors or the executive management. It may claim from the board of directors to invite the general assembly of the company to meet if the board of directors impedes its work, or if the company is exposed to grave damages or losses.

Article No (38): Reports of the Committee:

The auditing committee shall consider financial statements of the company and the reports and remarks that auditor presents, and it shall show its opinions on them, if any. It will also prepare a report on its opinion regarding adequacy of the internal control system in the company, and it may show opinions about the works it did which are part of its authorities. Board of Directors will deposit sufficient copies of this report at the company head office “twenty-one” days at least before holding the general assembly to provide every interested shareholder with a copy thereof, and the report will be recited during holding of the assembly.

The Sixth Chapter

The Auditor

Article No (39): Auditor Appointment:

- 1- The company shall have one or more of the auditors licensed to work in the kingdom, appointed by the ordinary general assembly annually and its remuneration and period of work will be determined by the assembly. The assembly may re-appoint it provided that the term of its appointment does not exceed five successive years, and an auditor who completes this period may be re-appointed after elapse of two years from date of its end. The assembly may also at every time change it without violating its right in compensation if change is made untimely or for unlawful reason.

- 2- Auditor may, at any time, have access to company books and records and other documents, and may also request data and notes that it deems necessary to obtain to verify the company assets and liabilities and other items within its scope of work.

- 3- The auditor shall present to the annual ordinary general assembly a report prepared according to the generally accepted auditing standards in which it mentions the attitude of company management regarding enabling it to obtain the data and notes it requested and violations to provisions of the company's law or provisions of this law that comes to its knowledge, and its opinion about fairness of the company financial statements.

The Seventh Chapter

The Company Accounts and Profits Distribution

Article No (40): The Fiscal Year:

The company's fiscal year starts on the first day of (January) and ends at the end of (December) of every year.

Article No (41): Financial Documents:

- 1- The board of directors shall, at end of every financial year, prepare the financial statements of the company, and a report on activity of the company and its financial position of the fiscal year then ending, and the report shall include the way proposed for distribution of the profits, and the board puts these documents under disposition of the auditor forty-five days at least before the time determined for holding the general assembly

- 2- Chairman of the board of directors of the company and its CEO and financial manager shall sign the documents mentioned in clause No (1)

hereof, and copies thereof shall be deposited at the company head office under disposition of the shareholders twenty-one (21) days at least before the time fixed for holding the general assembly.

- 3- Chairman of the board of directors shall provide shareholders with the financial statements of the company, the report of the board of directors, and the auditor report if they are not published in a daily paper distributed in the company's head office, and he shall also send these documents to the Ministry and the Capital Market Authority fifteen (15) days at least before date of holding the ordinary general assembly.

Article No (42): Distribution of Profits:

The net annual profits of the Company shall be distributed in the manner described below:

Shari'a zakat shall be set aside.

A Portion equal to 10% of the annual net profits at least shall be set aside to form the statutory reserve. General assembly of the shareholders may decide to stop setting aside this percentage once the statutory reserve reaches (30%) of the company Capital.

The ordinary general assembly may decide formation of other reserves to the extent realizing interest of the company or guarantees distribution of permanent profits as far as possible among shareholders.

The remaining after that will be distributed among shareholders partially or entirely as an additional share in the profits or carried forward to next year's according to what is determined by the ordinary general assembly of shareholders.

The ordinary board of directors may, based on proposal from the ordinary general assembly of shareholders to be renewed every year, distribute terminal profits on biannually or quarterly basis, according to controls issued by the competent authority.

Article No (43): Maturity of Profits:

Shareholder is entitled to its shares in the profits according to decision of the general assembly issued in this concern, and the decision explains date of maturity and date of distribution, and the party entitled to profits will be the owners of shares registered in the shareholders registered at end of the day determined for maturity (entitlement). The concerned authority defines the maximum period during which the board of directors must put into effect decision of the ordinary general assembly regarding distribution of profits among shareholders.

Article No (44): Distribution of Preferred Share Profits

- 1- If no profits are distributed for any fiscal year, it will not be allowed to distribute profits for the following years unless the specific percentage is paid according to provision of Article No (114) of Companies Law to owners of the preferred shares for this year.
- 2- If the company fails to pay the portion specified according to rule of Article No (114) of Companies Law of the profits for three successive years, the general assembly of the owners of these shares may, according to provisions of Article No (89) of Companies Law decide either they attend meetings of the general assembly of the company and participate in voting, or appoint representatives for them in the board of directors in a way suitable to the value of their shares in the capital till the company is able to pay all profits of priority assigned for owners of these shares for the previous years.

Article No (45): The Company Losses:

- 1- If the company losses reach half of its paid up capital at any time, during the financial year, each officer of the company or the accounts

auditor should, as soon as he knows about that, inform the chairman, and the chairman should in turn inform the board members of the event, and the board of directors shall, within fifteen (15) days from knowing about that call the extraordinary general assembly to meet within forty five (45) days from the date of knowing of the losses to decide whether to increase or reduce the capital pursuant to provisions of the Companies Law, to the extent that losses are lowered to less than half of the company's capital, or to dissolve the company before the time set out according to Companies Law.

- 2- The company shall be considered as defunct by the force of the Companies Law if the general assembly has not held a meeting during the term mentioned in clause (1) hereof, or if it has convened and it was difficult for them to issue a decision on the subject, or if a decision is taken for increasing the capital, in accordance with the situations mentioned in this article, but no subscription is made to all capital increase within ninety (90) days of issuing the assembly's decision for the increment.

The Eighth Chapter

Disputes

Article No (46): Responsibility Claim

Each shareholder has the right to raise the responsibility lawsuit determined for the company against the members of the board of directors if such an error made by them may cause a damage to it, and the shareholder may not raise the said case unless the company right in raising it is still present, and the shareholder shall inform the company of its determination to raise the lawsuit.

The Ninth Chapter

The Company Dissolution and Liquidation

Article No (47): The Company Termination

The Company shall enter the phase of liquidation and it retain its body corporate character to the extent needed for the liquidation. The decision for voluntary liquidation will be issued by the extraordinary general assembly. The liquidation decision shall include appointment of the liquidator and identification of his authorities, remuneration, and the restrictions on his powers and the time required for the liquidation. The period of voluntary liquidation should not exceed five (5) years and must not be extended for more than this period without a judicial order. The power of the company's board of directors shall expire upon its dissolution. Nevertheless, board members shall remain responsible for the company's management and are considered towards the

others as liquidators until the liquidator is appointed. The shareholders assemblies shall remain during liquidation period and their role will be restricted to practicing their authorities that do not conflict with the liquidator's authorities.

The Tenth Chapter

Final Provisions

Article No (48):

The Companies Law and its regulations shall be applicable for all matters not provided for in these articles.

Article No (49)

These articles are to be deposited and published as provided for in the Companies Law and its regulations.