

# THIMAR Development Holding Company

(Saudi Joint Stock Company)

Articles of Association



## Chapter One:

### Incorporation of the Company

#### **Article No. (1): Incorporation of the Company**

This Saudi joint stock company is established, in accordance with the provisions of the Companies Law and its bylaws, and owned by the shareholders whose provisions are stated below.

#### **Article No. (2): The Company's name**

**THIMAR Development Holding Company**

#### **Article No. (3): Objectives of the Company:**

The Company is incorporated for practicing and carrying out the following:

- To manage its subsidiaries or participate in the management of other companies in which it contributes and provide the necessary support for them.
- To invest its money in stocks and other securities.
- To own real estate and movables necessary to start its activity.
- To provide loans, guarantees, and financing to its subsidiaries.
- To own industrial property rights, franchise rights, and other moral rights, exploiting and leasing them to its subsidiaries or others.

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

The Company may, by itself, incorporate limited liability or closed joint stock company, provided that the capital is not less than SAR 5 million. It may also establish limited liability companies by itself, according to the requirements of the capital. Additionally, the company may own shares and stakes in other existing companies or merge therewith. It has the right to participate with others in the establishment of joint-stock or limited liability companies, after fulfilling the requirements of the regulations and instructions followed in this regard. The company may also dispose of these shares or stakes, provided that this does not include brokerage in their trading.



**Article No. (5): Headquarters of the Company:**

The company's headquarter is located in the city of Riyadh. The company may, by a resolution of the extraordinary general assembly, to transfer the main headquarters to any other city within the Kingdom of Saudi Arabia. The company is also allowed to establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia, with the approval of the competent authorities and by a decision of the board of directors.

**Article No. (6): Term of the Company:**

The duration of the company is (30) thirty years, starting from the date of the ministerial resolution announcing its incorporation. It automatically renews for a similar period unless the extraordinary general assembly issues a decision to the contrary at least one year before the end of its term.

## Chapter Two

### Capital and Shares

**Article No. (7): Capital:**

The company's capital has been set at one hundred million riyals (SAR 100,000,000) divided into (10,000,000) ten million shares of equal value, the nominal value of each of which is ten (10) Saudi riyals, all of which are ordinary cash shares.

**Article No. (8): Subscription to Shares:**

The founders and shareholders subscribed to all the company's shares, which amount to 10,000,000 shares with a total value of SAR 100,000,000. They have fully paid the total value, and all the cash amounts paid from the capital have been deposited with Arab National Bank – Main Center, Riyadh, in the name of the company.

**Article No. (9): Preferred shares:**



According to the principles set and laid down by the competent authority, the Extraordinary General Assembly of the Company may issue preferred shares, decide to purchase the same, or convert ordinary shares into preferred shares, not exceeding 10% of the company's capital. Preferred shares do not have the right to vote in the general meetings of shareholders. These shares arrange for their holders the right to obtain a percentage greater than the holders of ordinary shares of the company's net profits after setting aside the statutory reserve.

**Article No. (10): Issuance of Shares:**

Shares are nominal and may not be issued for less than their nominal value. Rather, they may be issued for more than this value. In this latter case, the value difference is added in a separate item within the shareholders' rights, and it is not permissible to distribute them as dividends to the shareholders. The share is indivisible against the company. If it is owned by several persons, they must choose one of them to act on their behalf in the use of the rights pertaining to the share, and these persons shall be jointly liable for the obligations arising from the ownership of the share.

**Article No. (11): Trading of Shares:**

Shares subscribed to by the founders may not be traded prior to publishing the financial statements for a couple of financial years, each of which shall not be less than twelve months from the date of the Company's incorporation, and deeds of such shares shall be marked with an indication denoting their type, the date of the Company's incorporation, and the period during which trading is prohibited.

However, within the period of prohibition during which shares may not be transferred according to the provisions of selling rights from one of the founders to another founder, or from the heirs of one of the founders in the event of his death to third parties, or in the event of execution on the funds of the insolvent or bankrupt founder, provided that the priority of holding such shares is for the other founders.



The provisions of this Article shall apply to what the founders shall subscribe to if the capital is increased before the prohibition period expires.

### **Article No. (12): Shareholders' Register**

The Company's shares shall be traded in accordance with the provisions of the Capital Market Law and its implementing regulations.

### **Article No. (13): Capital Increase:**

1. The Extraordinary General Assembly may resolve to increase the Company's capital, provided that the capital has been paid in full. It is not required that the capital be paid in full if the unpaid part of the capital belongs to shares issued against the transfer of debt instruments, financing instruments, or loans. into shares and the period prescribed for converting them into shares has not expired.
2. In all cases, the extraordinary general assembly may allocate the shares issued upon the capital increase or part thereof to the employees of the Company and all or some of its subsidiaries. Shareholders may not exercise the right of preference and priority when the Company issues the shares allocated to the employees.
3. The shareholder who holds the share at the time of issuance of the resolution by the Extraordinary General Assembly approving the capital increase shall have priority in subscribing to new shares that are issued in exchange for cash shares, and those shareholders shall be notified of their priority, if applicable, by publishing in a daily newspaper or by informing them by registered mail of the resolution to increase the capital, the conditions of subscription, its duration and the date of its commencement and end.
4. The Extraordinary General Assembly shall have the right to suspend the preemptive right of shareholders to subscribe to a capital increase in exchange for cash or giving



priority to non–shareholders in cases deemed appropriate for the benefit of the company.

5. The shareholder shall have the right to sell, waive or assign a right of preference and priority during the period from the time of issuance of the General Assembly’s resolution approving the capital increase to the last day of subscription in the new shares linked to these rights according to the controls set by the Capital Market Authority.
6. Subject to the provisions of Paragraph (4) above, the new shares shall be distributed among the right of preference and priority of the holders who have applied for subscription, in proportion to the right of preference and priority they own out of the total right of preference and priority resulting from the capital increase, provided that what they obtain does not exceed the number of shares they requested. The remainder of the new shares shall be distributed among the holders of priority rights who have requested more than their share in proportion to the rights of preference and priority owned by them out of the total priority rights resulting from the capital increase, provided that what they obtain does not exceed what they requested of the new shares, and the remainder of the shares shall be offered to third parties. Unless otherwise decided by the Extraordinary General Assembly or the Capital Market Authority Regulations.

**Article No. (14): Capital reduction:**

The Extraordinary General Assembly may resolve to decrease the capital if the same exceeds the Company's need or if it suffers losses. In the latter case only, the capital may be decreased to less than the limit stipulated in Article number (54) of the Companies Law. The decreasing resolution shall not be issued except after reading a statement in the General Assembly prepared by the Board of Directors on the reasons for the decreasing, the Company's obligations and the effect of the decreasing in fulfilling them.

If the reduction is a result of the capital increase beyond the company’s need, the creditors shall be invited to express their objections thereto within (60) sixty days from the date of publication of the reduction decision in a daily newspaper distributed in the region where the



company's head office is located. If one of the creditors objected and submitted his documents to the company in the aforementioned period, the company shall pay him his debt if it is due or provide sufficient guarantee to fulfill it if it is deferred.

## Chapter Three

### Management of the Company

#### **Article No. (15): Management of the Company:**

The company shall be managed by a board of directors consisting of (7) seven members elected by the ordinary general assembly of shareholders for a period not exceeding three years. The composition of the Board of Directors shall reflect an appropriate representation of independent members. In all cases, the number of independent members of the Board may not be less than two or one-third of the members of the Board, whichever is greater.

#### **Article No. (16): Expiry of Board Membership:**

The membership of the board shall end upon the expiry of the appointment term, resignation, death, or if the member fails to attend four consecutive meetings without an acceptable excuse, or his capacity to represent the legal person ceases, or if it is proven to the board of directors that the member has breached his duties in a manner that harms the company's interests, provided that this is accompanied by the approval of the ordinary general assembly. The membership may also end in accordance with any applicable regulations or instructions in the Kingdom of Saudi Arabia. However, the ordinary general assembly may at any time dismiss all members of the board of directors or some of them, without prejudice to the right of the dismissed member to claim compensation from the company if the dismissal was for an unacceptable reason or at an inappropriate time. A board member may resign provided that it is at an appropriate time and they are not responsible to the company for any resulting damages from their resignation.

#### **Article No. (17): The Vacant Office in the Board:**



If a position of a board member becomes vacant, the board of directors may appoint a temporary member to the vacant position who has the necessary experience and competency. The Ministry and the Capital Market Authority shall be notified of the appointment within five working days from the date of appointment, and the appointment shall be presented to the ordinary general assembly at its first meeting. The newly appointed member completes the remaining period of his predecessor. Should the conditions necessary for the validity of the meeting of the Board of Directors are not met because the number of its members is less than the minimum stipulated in the Companies Law or in this Law, the rest of the members must invite the Ordinary General Assembly to convene within a period of (60) days to elect the necessary number of members.

**Article No. (18): Powers of the Board of Directors Members:**

**First:** The Board appoints a chairman and a deputy from among its members. It is not permissible to combine the position of the chairman of the board with any executive position in the company. The Chairman of the Board shall have the authority to call the Board to a meeting and preside over the meetings of the Board and the meetings of the Ordinary and Extraordinary General Assembly of Shareholders.

**Second:** Subject to the competencies prescribed for the General Assembly, the Chairman of the Board of Directors shall have the widest powers in managing the company and managing its affairs inside and outside the Kingdom. Such powers and authorities include, but are not limited to:

1. Representing the company in its relationship with third parties, governmental and private agencies, labor offices, civil rights offices, police departments, chambers of commerce and industry, private bodies, companies and institutions of all kinds inside and outside the Kingdom of Saudi Arabia.
2. Participating in tenders, auctions, and awarding bids, including but not limited to sale, lease, rent, representation, declarations, mortgage, etc., as well as conducting transactions on behalf of the company.





3. Receiving, paying, acknowledging, claiming, defending, pleading, litigating, settling, compromising, waiving, denial, asking for an oath, refusing it, preemption, acceptance and negation of judgments on behalf of the company, requesting execution of judgments and opposing them, receiving payments from executions, collecting the company's rights from third parties, and acknowledging them.
4. Investing the company's money in any monetary, financial or investment products.
5. The right to establish other companies that are partially or wholly owned by the company inside or outside the Kingdom, to participate with others in establishing other companies inside or outside the Kingdom, to withdraw from these companies, to sign liquidation decisions, to sell the company's shares in these companies, or to buy new shares therein or in existing companies, or to increase or decrease its capital, whether the company contributed to the increase or not.
6. Approving and signing all types of contracts, documents, and instruments, including, for example, the articles of association of companies in which the company participates along with all their amendments and appendices, and decisions to amend them, as well as all partner decisions in those companies, including decisions regarding the increase or decrease of the capital, relinquishment or purchase of shares, documenting contracts, and signing them with the Ministry of Commerce and the General Investment Authority, and proving those contracts and decisions with the relevant notary public. This also includes making necessary modifications and changes, issuing and renewing commercial records, certificates, and investment licenses, receiving and canceling them, granting loans and guarantees to subsidiary companies, and guaranteeing their loans both inside and outside the Kingdom of Saudi Arabia.
7. Purchasing assets such as cars, equipment, appliances, furniture and supplies, for the use of the company or its subsidiaries, purchasing land and real estate, signing the purchase or sale, and finalizing its legal procedures before the official authorities and notary public with the right to authorize others to do so.



8. Acquisition of companies, establishment of new companies, participation in the establishment of new companies, assignment of shares in owned companies, entry into investment projects, purchase of institutions and their conversion into branches of the company, receipt of profits, representation of the company in the assemblies of partners, shareholders and constituent assemblies, and voting on behalf of the company on the decisions of partners, shareholders assemblies and constituent assemblies and nominate the company's representatives in all of the foregoing and sign all the decisions of the partners and shareholders; Having the right to make any modification to the articles of association of these companies, regardless of the type of modification, and to sign all partner decisions and meeting minutes regarding the appointment or removal of directors in these companies. The company also has the right to perform all necessary tasks and take all necessary measures to obtain the records and licenses for these companies, as well as to prepare and submit bids, provide guarantees, and sign contracts on behalf of the company and on its behalf with all relevant government authorities, private sector entities, and others. Additionally, the company has the right to do whatever is necessary to comply with any new regulations or amendments to existing regulations or instructions from relevant authorities.

9. Approving and signing all agreements and deeds before notaries and official bodies, loan agreements, guarantees and warranties, issuing legal agencies on behalf of the company, selling, buying, conveying and accepting the same and receiving payments in any form deemed appropriate. This also includes receiving and delivering, renting and leasing, collecting and paying, submitting arbitration evidence, requesting amendments to deeds, and modifying their duration.

10. Engaging in all banking operations inside and outside the Kingdom of Saudi Arabia, including but not limited to, opening and operating bank accounts, including depositing, withdrawing, closing accounts, withdrawing balances, and settling the same. This also includes issuing, disbursing, and discounting checks, bills of exchange, and all commercial papers, requesting the issuance of bank guarantees and opening documentary credits on behalf of the company. The company also has the right to engage in financial derivatives agreements of all



types, such as international swaps and hedging, and all related operations concerning all the company's activities and contracts inside and outside the Kingdom of Saudi Arabia.

11. Appointing and dismissing lawyers, consultants, auditors, employees and workers, requesting visas, recruiting and contracting with workers from outside the Kingdom, determining their salaries, issuing residencies, transferring and waiving guarantees.

12. Approving the internal, financial, administrative, and technical regulations and bylaws of the company, its policies and procedures for employees, authorizing the executive managers of the company to sign on its behalf in accordance with the regulations and controls set by the Board, approving and operating the company's work plans, as well as approving its annual budget.

13. Arranging and contracting loans with government financing funds and institutions, commercial banks, financial institutions, financing companies, export financing institutions and any other credit entities inside or outside the Kingdom of Saudi Arabia, regardless of their value or duration, including loans and credit facilities that exceed three years, including negotiation and approval and conclusion of all relevant agreements and documents.

14. Providing all forms of financial support to companies in which the company is a partner or shareholder, including but not limited to, lending to those companies, relinquishing priority of claims to those loans in favor of any other creditors, and guaranteeing all financial and contractual obligations, loans, and debts of those companies.

15. Providing all types of guarantees, warranties, and undertakings, including but not limited to, pledging and transferring the assets and properties of the company to secure the loans, obligations, and debts of the company or the companies in which the company is a partner or shareholder. The Board may, in this regard, limit the distribution of profits and commit to retaining ownership of the shares held by the company in other companies in which the company is a partner or shareholder for any period required by the financing requirements.



**Third:** The Board of Directors shall, in cases it deems appropriate, discharge the debtors of the company from their obligations in accordance with what achieves its interest, provided that the minutes of the board of directors and the reasons for its decision include the following conditions:

A- The discharge of the debt shall be one year after the creation of the debt.

B- The discharge decision must be for a specific maximum amount per year for each debtor.

C- Discharge is the exclusive right of the board that cannot be delegated.

**Fourth: Regarding the sale of company assets, the Board's decision shall include the rationale for the decision, taking into account the following conditions:**

A- That the board determines in the sale decision the reasons and justifications for it.

B- That the sale price is close to the price of similar items.

C- That the sale is present, except in cases determined by the Board and with sufficient guarantees.

**Fifth:** The Board may delegate any of its powers granted by the prevailing regulations in the Kingdom or this articles of association to the Chairman of the Board, the Managing Director (if any), the CEO, or any other member of the Board, or to any committee composed of members of the Board, or to any authorized employee or worker in the company.

The Board may also authorize any person with specific powers or authorities for a period that it deems appropriate. However, the Board may not donate any of the company's funds without the approval of the Ordinary General Assembly and within the limits prescribed by the prevailing regulations and laws in the Kingdom.

**Sixth:** The remuneration of the Board of Directors consists of financial amounts, attendance allowances for meetings, and transportation allowances, as determined by the Board of Directors and recommended by the Remuneration Committee, within the limits prescribed by



the Companies System or any other regulations, decisions, instructions, or guidelines issued by the relevant authorities.

The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the financial rewards received by the Board members during the fiscal year, including financial remuneration, attendance allowances for meetings, transportation allowances, expenses, and other benefits. The report must also include a statement of the amounts received by Board members as employees, administrators, or for any technical, administrative, or consulting work performed for the company, previously approved by the General Assembly.

**Seventh:** The Chairman of the Board of Directors represents the company before the judiciary, Sharia courts, judicial bodies, the Board of Grievances, higher and primary committees, commercial papers committees, all other judicial committees, arbitration boards, and others. In his absence, the Vice Chairman of the Board of Directors shall manage the meetings.

**Eighth:** Without prejudice to any regulations or decisions issued by the competent authorities, the Board of Directors determines, at its discretion, the special remuneration to be received by each of the Chairman, Vice-Chairman and Managing Director – if any – taking into account the provisions of Articles (16) and (37) of this Articles of association.

**Ninth:** The Board of Directors shall appoint a secretary for the Board, whether from among its members or from others, and determine his powers and remuneration.

**Tenth:** – The membership of the board chairman, vice chairman, the managing director and the secretary shall not exceed the membership of each of them in the board, and they may be re-elected and the Board may at any time dismiss them or any of them without prejudice to the right of the dismissed to compensation if the dismissal occurred for an illegitimate reason or at an inappropriate time.

**Article No. (19): Remuneration of the Board Members:**



1. The remuneration of the members of the Board of Directors consists of a certain amount or an allowance for attending sessions, certain benefits, or a percentage of the net profits, and it is permissible to combine two or more of the benefits.
2. If the remuneration is a specific percentage of the company's profits, this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the General Assembly and after distributing a profit to the shareholders of not less than 5% of the company's paid-up capital.
3. In all cases, the financial or in-kind rewards received by a Board member shall not exceed a total of five hundred thousand Saudi Riyals per year, in accordance with the regulations set by the Ministry of Commerce.
4. It is permissible for the remuneration of Board members to vary in amount, reflecting the member's expertise, specialization, assigned tasks, independence, the number of meetings attended, and any other considerations deemed appropriate by the Board of Directors.
5. The Board of Directors' report to the Ordinary General Assembly shall include a comprehensive statement of all the rewards received by Board members during the fiscal year, including financial remuneration, allowances, expenses, and other benefits. The report shall also include a statement of the amounts received by Board members as employees, administrators, or for any technical, administrative, or consulting work performed, and a statement of the number of Board meetings held during the year and the number of meetings attended by each member since the last General Assembly meeting.
6. The remuneration of independent Board members should not be based on a percentage of the company's profits or directly or indirectly linked to the company's profitability, as determined by the competent authority.

**Article No. (20): Powers of the chairman, vice-chairman, managing director and secretary**



The Board of Directors shall appoint a Chairman and Vice–Chairman from among its members, and it is permissible to appoint an Executive Member. It is not permissible to combine the position of Chairman of the Board with any executive position in the company. The Chairman of the Board has the right to sign on behalf of the company and implement the decisions of the Board. The Chairman of the Board is responsible for representing the company in its dealings with third parties, as well as with government and private entities. The Chairman also represents the company before courts, judicial and quasi–judicial bodies of all types and degrees, as well as arbitration bodies, in any lawsuit brought by or against the company. The Chairman has the right to delegate some of his powers to other members of the Board of Directors or to third parties for specific tasks or activities. The Vice–Chairman of the Board replaces the Chairman of the Board in his absence. The Board of Directors also determines the powers and functions of the Chairman of the Board and the Managing Director, and the remunerations received by each of them are in addition to the remuneration prescribed for the members of the Board of Directors in accordance with what is decided herein in Article (20). The Board of Directors shall appoint a secretary chosen from among its members or from others and determine his terms of reference. The Ordinary General Assembly has the authority to approve his remuneration according to a proposal from the Board of Directors. The term of the Chairman of the Board, his deputy, the managing director and the secretary of the Board of Directors shall not exceed the term of membership of each of them in the Board, and they may be re–elected. The Board may remove any of them at any time without violating their right to compensation if the removal is not for a valid reason or is done at an inappropriate time.

#### **Article No. (21): Board meetings**

The Board of Directors shall meet at least four times a year at the invitation of its Chairman. The invitation is sent in writing or by email, accompanied by the meeting agenda, at least five days before the meeting, unless urgent circumstances require the meeting to be held earlier. In such cases, the invitation, along with the meeting agenda, necessary documents, and information, may be sent at least five days before the meeting. The Chairman of the Board shall invite the Board to a meeting when requested by two members.



**Article No. (22): Quorum of the Board meetings:**

A Board meeting shall not be valid unless at least four members are present in person or by proxy, provided that the number of members present in person is at least four, including an independent member. The Board's decisions are made by a majority of the present or represented members' votes. In case of a tie, the Chairman of the Board or their delegate presiding over the session shall have the casting vote. A member of the Board of Directors may delegate another member to attend Board meetings on their behalf, subject to the following conditions:

1. A member of the Board of Directors may not represent more than one member in attending the same meeting.
2. The delegation shall be proven in writing.
3. The representative may not, with regard to the vote of the representative, vote on decisions that the Articles of Association prohibits the representative from voting on.

The Board may pass its decisions by acclamation, except when a member requests a written record of the meeting for discussion. In this case, such decisions shall be presented to the Board at the next meeting. Any Board member who has a direct or indirect personal interest in any matter or proposal presented to the Board or the Executive Committee must inform the Board or the Committee of the nature of their interest before the matter is discussed. Such member is then required to abstain from participating in the deliberations, but without being excluded from the necessary quorum for the validity of the meeting.

**Article No. (23): Board Deliberations:**

The deliberations and resolutions of the Board of Directors shall be recorded in minutes signed by the Chairman of the Board, the attending members of the Board of Directors, and the Secretary. These minutes are recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.





## Chapter Four

### Shareholders' Assemblies

#### **Article No. (24): Attending Assemblies:**

Properly formed General Assembly shall represent all shareholders, and shall convene in the city where the company's head office is located.

Each shareholder, regardless of the number of his shares, shall have the right to attend the constituent assembly, and each shareholder shall have the right to attend the general assemblies of shareholders, and in this regard, he may authorize another person other than the members of the board of directors or the Company's employees to attend the general assembly.

Meetings of the general assemblies of shareholders may be held, and the shareholder may participate in its deliberations and vote on its decisions by means of modern technology, according to the controls set by the Capital Market Authority.

#### **Article No. (25) – Functions of the Ordinary General Assembly:**

Except for matters that fall within the competences of the extraordinary general assembly, the ordinary general assembly is responsible for all matters related to the company and must be held at least once a year during the six months following the end of the company's fiscal year. It is also permissible to convene other ordinary assemblies whenever necessary. One of the responsibilities of the ordinary general assembly is to form the audit committee and determine its fees.

**Article No. (26) – Functions of the Extraordinary General Assembly:** The extraordinary general assembly shall be concerned with amending the Company's articles of association with the exception of matters that it is prohibited by law from being amended. It may issue resolutions in matters originally included in the functions and duties assigned to the ordinary



general assembly, under the same terms and conditions prescribed for the ordinary general assembly.

**Article No. (27): Invitation to Assemblies:**

The general or private assemblies of shareholders shall be convened under a call by the Board of Directors, and the Board of Directors must invite the Ordinary General Assembly to convene if requested by the auditor, the audit committee, or a number of shareholders representing at least (5%) of the capital. The auditor may invite the assembly to convene if the board does not invite the assembly within thirty (30) days from the date of the auditor's request.

The invitation to convene the General Assembly shall be published in a newspaper distributed in the area where the company's head office is located at least twenty-one (21) days before the date set for the meeting. However, it is permissible to send the invitation to all shareholders by registered mail on the designated date. A copy of the invitation and agenda must be sent to the General Department of Companies at the Ministry of Commerce and Investment and the Capital Market Authority within the specified period for publication.

**Article No. (28): Attendance Record of Assemblies:**

Shareholders desiring to attend the general or private assembly shall register their names at the Company's headquarters or the place specified by the Company for the assembly to be held prior to the time specified for the assembly.

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

The meeting of the Ordinary General Assembly shall not be valid unless it is attended by shareholders representing at least a quarter of the capital, and if the necessary quorum for holding this meeting is not available, the second meeting shall be held an hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes what indicates the announcement about holding this meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

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



The meeting of the Extraordinary General Assembly shall not be valid unless attended by shareholders representing half of the capital. If this quorum is not available in the first meeting, the second meeting shall be held an hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence of announcing the possibility of holding this meeting. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the capital.

If the necessary quorum is not present in the second meeting, it shall be invited to a third meeting in accordance with the provisions of Article () of this bylaw, and the third meeting shall be valid regardless of the number of shares represented in it after the approval of the competent authority.

**Article No. (31): Voting in Assemblies' Meetings:**

Votes in the Founding Assembly, Ordinary General Assembly, and Extraordinary General Assembly are calculated on the basis of one vote per share. Cumulative voting must be used in the election of the Board of Directors, and the right to vote for a share may not be used more than once. Board members may not participate in voting on decisions related to the General Assembly's approval of their discharge from liability for managing the company or decisions related to their direct or indirect interests.

**Article No. (32): Resolutions of Assemblies:**

Decisions in the Founding Assembly are made by an absolute majority of the represented shares. Decisions in the Ordinary General Assembly are made by an absolute majority of the shares represented at the meeting. However, if these decisions relate to the evaluation of special benefits, the approval of a majority of the subscribers to the shares representing two-thirds of the mentioned shares, excluding those who benefit from the special benefits, is required.



Decisions in the Extraordinary General Assembly are made by a two-thirds majority of the represented shares, except for decisions related to increasing or decreasing the capital, extending the company's duration, dissolving the company before the expiration of the period specified in its Articles of Association, or merging it with another company. In such cases, the decision of the Extraordinary General Assembly is not valid unless it is made by a three-quarters majority of the represented shares at the meeting.

**Article No. (33) – Discussion in Assemblies:**

Each shareholder shall have the right to discuss the topics listed on the agenda of the general assemblies, and direct questions about them to the members of the Board of Directors and the auditor. Any provision in the company's articles of association that prohibits the shareholder from exercising this right shall be deemed void. The board of directors or the auditor shall answer the questions of the shareholders to the extent that it does not harm the company's interests. If the shareholder is not satisfied with the answer to their question, he may refer the matter to the general assembly, and its decision in this regard shall be binding.

**Article No. (34): Chairing assemblies and preparing records:**

The chairman of the board of directors or his deputy, in his absence, or whoever the board of directors designates among its members, shall preside over the general meetings of shareholders. In case of the absence of the chairman and his deputy, the board of directors shall appoint someone to preside over the meeting. A minutes of the meeting shall be prepared, including the names of the attending or represented shareholders, the number of shares they own or represent, the number of votes assigned to them, the resolutions taken, the number of votes for and against each resolution, and a comprehensive summary of the discussions that took place during the meeting. The minutes shall be recorded regularly after each meeting in a special register signed by the chairman of the meeting, the secretary, and the vote collector.



## Chapter Five

### Committees emanating from the Board of Directors – Audit Committee

#### Article No. (35): Board of Directors Committees

Board committees shall be formed in accordance with the relevant laws and regulations.

#### Article No. (36): Audit Committee's Composition

The Ordinary General Assembly may form an Audit Committee consisting of three members who are not executive members of the Board of Directors, whether they are shareholders or not. The resolution must specify the tasks of the Committee, its working procedures, and the remuneration of its members.

#### Article No. (37): Audit Committee's Meeting Quorum:

Quorum that may give validity of the Audit Committee meeting shall require the attendance of the majority of its members, and its resolutions shall be issued by the majority of votes of those attendance, and when the votes are equal, the side with which the Chairman of the Committee, whose vote shall be casting, will prevail.

#### Article No. (38) – Functions and Duties of the Audit Committee

The Audit Committee shall be assigned with monitoring the Company's business and for this purpose it shall have the right to view its records, books and documents and request any inquiries or statements from the members of the Board of Directors or the executive management, and it may request the Board of Directors to convene the General Assembly of the company if the Board of Directors obstructs its work or if the company suffers serious damage or losses.

#### Article No. (39) – Reports of the Audit Committee

The audit committee shall review the Company's financial statements, reports and notes submitted by the auditor and express its views thereon, if any. It shall also prepare a report



on its opinion regarding the adequacy of the internal control regulations or code in the Company and the other works it has undertaken within its jurisdiction. The Board of Directors shall deposit copies. It is sufficient of this report to be deposited in the headquarters of the Company at least twenty-one days before the date of the general assembly meeting to provide each of the shareholders who desires with a copy thereof, and this report shall be read during such related assembly.

## Chapter Six

### Auditor

#### **Article No. (40): Appointment of the auditor**

The company shall have one or more auditors who are licensed to work in the Kingdom, appointed annually by the Ordinary General Assembly, with their remuneration and term of service determined. The General Assembly may also change the auditor at any time, without violating their right to compensation if the change occurs at an inappropriate time or for an unjustified reason.

#### **Article No. (41) – Powers of the Auditor.**

At any time, the auditor shall have the right to view the Company's books, records and other documents, and may also request data and notes that he may deem necessary to be obtained in order to verify the Company's assets and liabilities and otherwise falling within his own scope of work. The Chairman of the Board of Directors must enable the auditor to perform their duties. If the auditor encounters any difficulties in this regard, they must report it to the Board of Directors. If the Board of Directors does not facilitate the work of the auditor, the auditor must ask the Board of Directors to call an Ordinary General Assembly to consider the matter.

**Article No. (42) – Obligations of the auditor** The auditor shall submit a report to the Annual General Assembly prepared in accordance with the generally accepted auditing standards. The report shall include the management's position on providing the auditor with the information



and clarifications requested, any violations of relevant regulations and instructions disclosed by the auditor, and the auditor's opinion on the fairness of the company's financial statements. The auditor shall read its report at the General Assembly. If the General Assembly approves the Board of Directors' report and financial statements without hearing the auditor's report, its decision is considered null and void.

## Chapter Six

### Company's Accounts and Distribution of Dividends

#### **Article No. (43): Fiscal year:**

The fiscal year of the Company shall start on the first of January and end on the December 31 of each year.

#### **Article No. (44) – Financial documents**

At the end of each fiscal year of the Company, the board of directors shall have to prepare the Company's financial statements in addition to a report on its activities and its financial position for the past financial year. This report shall include the proposed method for the dividends' distribution. The Board shall put those documents under the control and at the disposal of the auditor forty-five (45) days, at least, prior to the date set for the General Assembly.

The above-mentioned documents shall be signed by the Chairman of the Board of Directors, Chief Executive Officer and Chief Financial Officer, and copies thereof shall be deposited at the company's main office at the disposal of the shareholders at least ten days prior to the date set for the General Assembly.

The chairman of the board of directors shall provide the shareholders with the company's financial statements, the report of the board of directors, and the auditor's report, unless they are published in a daily newspaper distributed at the company's head office. He shall also



send a copy of these documents to MOC and CMA, twenty-one (21) days at least prior to the date of the General Assembly.

**Article No. (45) – Distribution of Profits:**

The company's annual net profits are distributed as follows:

1. Setting aside (10%) of the net profits to be the company's statutory reserve. The Ordinary General Assembly may decide to stop this allocation when the aforementioned reserve reaches (30%) of the company's paid-up capital.
2. the Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside 20% maximum of the net profit to form a voluntary reserve that is allocated to a specific purpose or purposes.
3. the remainder shall then be distributed as a down payment to the shareholders, constituting 5% of the paid-up capital.
4. The Ordinary General Assembly, after observing the provisions stipulated in the Articles of Association and Article (76) seventy-sixth of the Companies Law, may allocate (10%) of the remainder, after the foregoing, as the remuneration of the Board of Directors, provided that the entitlement to this remuneration is in accordance with the regulations in force in this regard.

**Article No. (46): Entitlement to Profits:**

Under a resolution by the General Assembly issued in this regard, a shareholder shall be entitled to his/ her own share of the profits, while such resolution shall indicate the date of maturity and the date of distribution,

and the entitlement to the dividends shall be for the shareholders registered in the shareholders' register at the end of the day specified for the entitlement.

**Article No. (47): Dividend Distribution of Preferred Shares**





1. If no profits are distributed for any financial year, then profits for the following years may not be distributed except after paying the specified percentage in accordance with the provision of Article (114) one hundred and fourteenth of the Companies Law for holders of preferred shares for this year.
2. If the company fails to pay the specified percentage of profits according to Article 114 of the Companies Law for three (3) consecutive years, the special assembly of the shareholders who own these shares, held in accordance with the provisions of Article (89) of the Companies Law, may decide to either attend the general meetings of the company and participate in the voting or appoint representatives for them on the board of directors, proportional to the value of their shares in the capital, until the company is able to pay all the priority profits allocated to the holders of these shares for the previous years.

#### **Article No. (48): Company losses**

Should the Company's losses amount to half of the paid-up capital, at any time during the financial year, any official of the Company or the auditor thereof must immediately inform the chairman of the board of directors upon being informed of the same, and the chairman of the board of directors must immediately inform the members of the board of the same. Within a period of fifteen days of its knowledge of this matter, the Board of Directors shall convene the Extraordinary General Assembly to meet within forty-five (45) days of being informed of the losses, in order that the to give the Extraordinary General Assembly a chance to resolve whether to increase the Company's capital or decrease it according to the provisions of the Companies Law, to the extent that the percentage of losses decreases to less than half of the capital. The money paid or the dissolution of the Company before the deadline specified in the Companies Law. In all cases, the decision of the assembly must be published on the website of the Ministry of Commerce and Investment.

By the force of the Companies Law, the Company shall be considered dissolved if the general assembly does not meet within the period specified in paragraph (1) of this article, or if it meets



and is unable to issue a resolution regarding such matter, or if it decides to increase the capital according to the conditions prescribed in this article and the subscription has not taken place. In each capital increase within ninety (90) days from the issuance of the assembly's resolution to increase.

## **Chapter Eight**

### **Disputes**

#### **Article No. (49) – Liability Lawsuit**

Each shareholder shall have the right to file a liability lawsuit for the Company's liability against the members of the Board of Directors if the mistake they committed would cause damage to such shareholder. A shareholder may not file the aforementioned lawsuit unless the company's right to file it still exists, and the shareholder must notify the company of their intention to file the lawsuit.

## **Chapter Nine**

### **Dissolution and liquidation of the company**

#### **Article No. (50): Termination of the Company**

The company enters, as soon as the expiration of its term, the stage of liquidation and maintains the legal personality to the extent necessary for liquidation. The optional liquidation decision is issued by the Extraordinary General Assembly and after the approval of the Capital Market Authority. The decision shall specify the liquidator's appointment, his powers, remuneration, limitations on his powers, and the necessary duration for the liquidation process, which must not exceed five years. The duration may only be extended by court order. The Board of Directors' authority ends with the company's dissolution, but they remain in charge of managing the company and are considered as liquidators for third parties until the appointment of an official liquidator. During the liquidation period, the company's authorities that do not conflict with the liquidator's authorities remain in place.



## Chapter Ten

### Final Provisions

#### **Article No. (51): Notices**

Notices exchanged between shareholders and between shareholders and the company shall be sent by registered mail, fax, or hand-delivered against a receipt on their addresses indicated in the company's records.

#### **Article No. (52):**

Matters not covered by this AoA shall be subject to the Companies Law and its regulations.

#### **Article No. (53): Publication**

This AoA shall be kept and published according to the provisions of the Companies Law and regulations thereof.

The Company's name <b>THIMAR Development Holding Company</b> Public Joint Stock Company	Articles of Association		Ministry of Commerce. (Shared Services Department)
Commercial Register (1010068222)	Date 18/04/1443 AH, corresponding to 23/11/2021 AD		Faisal Al-Balawi
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