

**The articles of association**  
**EtiHAD ATheeb Telecom Company**  
**(Listed Joint Stock Company)**

**CHAPTER ONE: COMPANY'S INCORPORATION**

**Article (1): Incorporation:**

EtiHAD ATheeb Telecom Company was incorporated in accordance with the provisions of the Companies Law and its bylaws and regulations, and with the issuance of the Companies Law by Royal Decree No. (M / 3) dated 1/28/1437 AH, the company's articles of association were amended according to the following:

**Article (2): Company's Name:**

EtiHAD ATheeb Telecom Company (a Saudi listed joint stock company).

**Article (3): The Company's Purpose:**

According to the following:

- (a) Providing all fixed (limited movement) telecommunications services in the Kingdom after obtaining all necessary licenses from the Communications and Information Technology Commission. If the company wishes to provide other telecommunications services, it may apply to the authority to obtain the necessary licenses for that.
- (b) Building communication and information technology networks and their facilities, and owning, maintaining, operating, managing and developing them on a commercial basis in the Kingdom, and possession licenses, hardware and devices necessary for that.
- (c) Importing all types of fixed-line telephone and similar devices and goods. As well as, exporting, marketing and supplying them, and engaging in the relevant tenders.
- (d) Investing in commercial and investment projects related to the various telecommunications services as the company deems to be appropriate to develop the company's business, according to the relevant rules and regulations in the Kingdom.
- (e) Possessing, managing, selling, renting and disposing of any movable and immovable property, benefits and intellectual rights related to the company's business that lead to the development and promotion of the company's business, according to the relevant rules and regulations in the Kingdom.
- (f) Importing, marketing, installing and maintaining telecommunications and information technology devices.
- (g) Selling, distributing and marketing prepaid cards.

The company carries out its activities after obtaining licenses from the concerned authorities - if any.

**The forth article (4): Participation and Ownership in Companies:**

The company may establish companies with limited liability or closed joint-stock according to the Companies Law. It may also own shares and stakes in other existing companies or merge with them, and it has the right to participate with others in establishing joint-stock companies or limited liability companies or any other entities, whether inside or outside the Kingdom, after fulfilling the requirements of the regulations and instructions followed in this regard. The company may also dispose of these shares or stocks, provided that this should not include intermediation in its trading.

**Article (5): The Company's Head Office:**

The company's head office is located in Riyadh, Kingdom of Saudi Arabia, and the board of directors may establish branches, offices or agencies inside or outside the Kingdom.

**Article (6): Company's Term:**

The term of the company is ninety-nine (99) years, starting from the date of the announced decision of the Minister of Commerce and Investment to establish the company, and it may be extended for a longer period by a decision of the Extraordinary General Assembly taken at least one year prior to the end term of the company.

**CHAPTER TWO: CAPITAL AND SHARES****Article (7): Capital:**

The company's capital is (89,999,000 riyals) eighty-nine million nine hundred ninety-nine thousand Saudi riyals divided into (8,999,900 shares) eight million nine hundred and ninety-nine thousand nine hundred shares of equal value, each of which is worth (10) ten Saudi Riyals, all of which are fully paid ordinary shares.

**Article (8): Subscription to shares:**

The shareholders have subscribed to the entire company's shares which are (8,999,900 shares) eight million nine hundred and ninety-nine thousand nine hundred shares with a value of (89,999,000 riyals) eighty-nine million nine hundred ninety-nine thousand Saudi Riyals, and they have paid its full value.

**Article (9): Preferred Shares:**

The Extraordinary General Assembly of the company, according to the principles imposed by the relevant authority, may issue preferred shares, decide to purchase them or convert ordinary shares into preferred shares provided not to exceed ten percent of the company's capital, or converting preferred shares into ordinary shares. Preferred shares have no voting right in the General Assembly of Shareholders, and these shares give their owners the right to receive a greater than the percentage of owner of ordinary shares the company's net profits, after setting aside the statutory reserve. Without prejudice to the foregoing, the Extraordinary General Assembly may set additional term and conditions relating to preferred shares.

**Article (10): Issuance of Shares:**

Stocks are nominal, and they may not be issued for a value lesser than their nominal value, rather they may be issued for a higher value, and in this last case the difference in value is added in a separate item within the shareholders' equity, and may not be distributed to shareholders as divined. The share is regarded indivisible by the company. If a share is owned by multiple persons, they have to select one of them to be on behalf of them to use the rights relating to the share. These persons should be jointly responsible for the obligations arising from the share ownership.

**Article 11: Sale of Partly Paid-up Shares:**

- (a) A shareholder should pay the value of a share at the specified dates. If a shareholder fails to pay on the due date, the Board may, after notifying the shareholder by registered mail sent to their address, sell such share in a public auction or in the capital market, as the case may be, in accordance with the rules set by the relevant authority.
- (b) The Company should receive the due amounts from the sale proceed and return any remaining amount to the shareholder. If the sale proceeds are insufficient to cover these amounts, the Company may recover the remaining amounts from the shareholder.
- (c) However, the shareholder who fails to pay until the sale date may pay the due amount, in addition to any expenses the company has spent in this regard.
- (d) The company shall cancel the sold share according to the provisions of this Article, and shall give the purchaser a new share bearing the number of the cancelled share, and shall indicate in the share register that the sale has occurred along with the name of the new shareholder, and shall indicate this in the register of shareholders.

**Article 12: The Company's Purchase, Sale, or Mortgage of its Shares:**

The company may buy, sell or mortgage its shares, according to the rules laid down by the relevant authority, and the shares that the company buys shall not have votes in the shareholders' assemblies. The company may purchase its shares for the purpose of devoting them to its employees within the devoting employee stock program, according to the rules set by the relevant authority. The company may also sell treasury shares in one or several stages according to the rules set by the relevant authority.

**Article 13: Stock trading and shareholders' register:**

The company's shares are tradable according to the Capital Market Law and the regulations, rules and instructions issued by the Capital Market Authority.

**Article 14: Capital Increase**

- (a) The Extraordinary General Assembly, after verifying the economic viability and obtaining the approval of the relevant authority may decide to increase the Company's capital one or several times by issuing new shares in the same nominal value of the original shares, provided that the original capital has been fully paid up. The capital is not required to be fully paid up if the unpaid portion of the capital relates to shares issued in exchange for the conversion of debt instruments or financing instruments into shares and the prescribed period for conversion into shares has not expired yet.

- (b) The Extraordinary General Assembly in all cases may allocate all or part of the shares issued for capital increase to employees of the company and all or part of its subsidiaries. Shareholders may not exercise rights of priority if the company issues shares allocated to employees.
- (c) At the time the Extraordinary General Assembly issues a resolution approving the capital increase, a shareholder will be entitled to a priority right to subscribe to the new shares issued in exchange for cash contribution. The shareholder shall be informed of their priority right by publishing a notice in a daily newspaper or by notifying them through registered mail of the resolution of capital increase as well as the conditions, duration and commencement and expiry date of the subscription.
- (d) The shareholder has the right to sell his/her the priority right during the period from the date of the General Assembly resolution approving the capital increase right until the last day of subscription to the new shares related to such right, in accordance with the rules set by the relevant authority.
- (e) The new shares shall be distributed to holders of priority rights who requested subscription, in proportion to their priority rights of the total priority rights resulting from the capital increase, provided that what they obtain do not exceed the amount of new shares they requested. The remainder of the new shares shall be distributed to holders of priority rights who requested more than their shares, in proportion to their priority rights of the total priority rights resulting from the capital increase, provided that the shares they obtain do not exceed the amount of new shares they requested. The remaining shares shall be offered to others, unless the Extraordinary General Assembly decides or the Capital Market Law states otherwise.

#### **Article 15: Capital Reduction**

- (a) The Extraordinary General Assembly may decide to reduce the capital of the company if it exceeds the company's need or if the company suffers losses. In the latter case only, the capital may be reduced below the limit stipulated in (Article 54) of the Companies Law. The reduction resolution may only be issued after preparing a special report by explaining the reasons for the reduction, the company's obligations and the effect of the reduction on these obligations.
- (b) If the capital reduction is a result of the capital being in excess of the company's need, the creditors shall be invited to submit their objections to the reduction within sixty days from the date of publishing the decision of reduction in a daily newspaper distributed in the region where the company's head office is located. If a creditor objects to such reduction and submits to the company their documents before the end of specified period, the company must pay their debt if already due or provide them with sufficient guarantee to satisfy their debt if it is due in the future.

### **CHAPTER THREE: BONDS AND INSTRUMENTS**

#### **Article 16: Bonds and Instruments:**

- (a) The company may issue debt instruments or funding instruments of equal value, negotiable and indivisible, according to the rules of the Companies Law.

- (b) The Company may, by a resolution of the Extraordinary General Assembly, according to the Capital Market Law and relevant laws and regulations, issue any type of tradeable debt instruments, such as bonds and instruments, in the Saudi currency or another currency inside or outside the Kingdom of Saudi Arabia. The Extraordinary General Assembly may delegate the Board to issue such debt instruments, including Bonds and instruments, whether in one or more parts or through a series of issues under one or more programs established by the Board from time to time. All issuances shall take place at the dates, in the amounts and under the conditions adopted by the Board, which shall follow all the necessary measures to issue them.
- (c) The Company may issue debt instruments or funding instruments convertible to shares following adoption of a decision by the Extraordinary General Assembly specifying the maximum number of shares that may be issued against such bonds or instruments, whether these bonds or instruments are issued one time, in a series of issues or through one or more programs for issuance of debt instruments or funding instruments. The Board shall, without the need for further approval from the Extraordinary General Assembly, issue new shares against these bonds or instruments whose holders request their conversion. The instruments or bonds shall be converted immediately upon the expiry of the period of conversion request set for holders of these bonds or instruments. The Board shall take the necessary measures to amend the company's Bylaws with regard to the number of issued shares and the capital. The Board must announce the completion of procedures of each capital increase in the manner specified in this Bylaws to announce the decisions of the Extraordinary General Assembly.

## **CHAPTER FOUR: BOARD OF DIRECTORS**

### **Article 17: Managing Company Affairs**

The company is managed by a board of director's composed of (9) nine members appointed by the Ordinary General Assembly for a period of three Georgian years. Every shareholder has the right to nominate himself or another person or more for membership of the board of directors within the limits of his/her ownership percentage in the capital.

### **Article 18: Expiry of Board Membership**

Membership of a Board member will expire upon the expiry of their term, resignation, death or if he/she is convicted of a crime that violates honor and integrity, or if he/she is ruled bankrupt, or has made arrangements or reconciled with his creditors, or becomes unfit for membership in the board, according to any rules or instructions applicable in the Kingdom, or if he/she is dismissed by decision of the Ordinary General Assembly with a majority of 51% of the shares represented in the meeting.

### **Article 19: Vacant Positions in the Board**

If the position of a Board member becomes vacant, the Board may appoint a member to temporarily fill the vacancy, according to discretion of the board, provided that the member has experience and qualification. The relevant authority must be notified within five (5) days from the date of appointment. The appointment shall be referred to the Ordinary General Assembly at its first meeting. The new member shall complete the term of his predecessor. If the board of directors fails to convene due the lack of minimum number of members as prescribed in the Companies Law or this Bylaw, the existing members must invite an Ordinary General Assembly within sixty (60) days to appoint the necessary number of members.

## Article 20: Authorities of the Board

Taking into account the established powers of the General Assembly, the Board of Directors shall have the broadest powers and authority in managing the company, managing its affairs, and drawing the general policies in order to achieve its objectives, according to the provisions of the Companies Law, including but not limited to:

- (a) Approving the Board's work bylaw, the company's financial, administrative, technical and investment regulations, accounting policies and internal control systems, and updating them periodically, approving the company's business and operation plans, approving its annual budget, approving the provision for social responsibility and donations, and the Board may authorize the company's officials to sign on its behalf, according to the rules set by the Board.
- (b) Forming committees that help to perform the Board's duties, including the Nominations and Remuneration Committee, and other committees that the Board establishes, and monitor the performance of the committees periodically and coordinate between them to ensure the rapid decision on matters presented to it.
- (c) Opening bank accounts, managing, operating and closing bank accounts, withdrawing and depositing with banks, opening credits, appointing authorized signatories, determining their validities or canceling them, signing all papers, bills and commercial papers, including checks, bills and bonds to order and endorse them, transfers, issuing bank guarantees. Obtaining credit facilities, dealing in treasury products and electronic banking operations, all banking transactions, investing company funds and operating them in the local and international markets inside and outside the Kingdom of Saudi Arabia, and delegating regarding these investments.
- (d) Approving and signing funding agreements, financial derivatives, and other banking, commercial and investment agreements with funds and financial institutions, commercial financial institutions and others, regardless of their period. Conclude loans that exceed three years from funds and institutions of government financing, commercial banks, public treasury, credit companies or any other credit agency and authorizing loan contracts regardless of their period.
- (e) Providing appropriate financial facilities to companies that the company directly or indirectly owns stakes or shares in them, regardless of their period, and the board may provide guarantees and mortgages to creditors of these companies, and cession of priority in paying the company's debts to those companies. The board may provide financial, credit, technical, administrative, and investment support, treasury management, providing loans, and guaranteeing the loans of any of these companies, all of this is according to what the Board deems appropriate to achieve the company's commercial objectives.
- (f) Carrying out all business and actions that would achieve the objectives of the company.
- (g) Discharging the company's debtors from their obligations according to the company's interest, and after the company has taken what the board deems appropriate to collect these debts, and issues guarantees, financial guarantees, fines and performance guarantees in relation to the company's business for the benefit of any party, according to the board sole discretion if that could serve the company's interest, and enters into all types of banking transactions and agreements, providing bank guarantees and any other guarantee documents, giving priority to third party loan and the like, and allowing others to use all or part of the facilities granted to the company or companies in which the company has stakes.



- (h) Disposing of the company's assets, property and real estate in return for a fair compensation approved by the Board, providing guarantees to creditors, and mortgage and pay the mortgage, authorizing the assets, and selling, buying, leasing, renting, transfer of ownership and collecting sales value. Providing some of the company's assets, properties and real estate as a share in the capital of a company in which the company participate in and has stacks.
- (i) Representing the company's relationship with others, government and private agencies, all executive bodies, all companies, institutions, individuals, commercial banks, financial institutions and bank exchangers, and all government financing funds and institutions of various names, specializations, and other lending parties. Clearance of the company's goods at the customs, receiving them, submitting requests and data related to that, signing them and receiving postal parcels, the company has the right to request visas from the Ministry of Labor and pay their fees, grant exit, return and final exit visas, transfer sponsorship of workers from others to the company and vice versa, request visit visas, issuing residencies, work permits and renew them. Establishing offices and their branches, issuing commercial register for branches, renewing them and making adjustments to them, including deleting, adding, changing or canceling licenses, requesting the issuance of licenses of any kind, renewing them and making adjustments to them, including deleting, adding, changing or canceling them, and entering into bids, auctions and competitions, either independently or with other persons or companies or through consortiums, conducting transactions on behalf of the company, collecting, paying and receiving rights from others, and accepting donations.
- (j) Request to remove the common or multiple ownership of real estate, allocate it and divide it, submit requests for ownership and title instruments, request to amend title deeds instruments, sort and approve the replacement, issuing title deeds replacement, submit requests for copies of it, annotate it or correct it. Correct and amend the length and boundaries of real estate, combine what is included in the instruments in one or more, and obtain new instruments, signing and receiving legal instruments.  
The board has the right to buy, sell, transfer, accept, receive, deliver and sign in front of a notary and judge, pay the price, collect the price, and it has the right to combine property, instruments, divide, sort, and request to amend the use of drawing and plans, and it has the right to lease, rent, collect and pay, sign the contracts and agreements, without limitation including, the contracts of purchase, sale, rent, lease, services, agencies, concessions, insurance, and other necessary contracts to the exercise of the company's activity.
- (k) Establishing companies, amending incorporation contracts, and signing on for the company incorporation contracts for companies in which the company participate in and their amendments, whatever the type of these companies, and whatever the content of these amendments, including amendments to increase or decrease capital or cession of quotas and shares and sell them according to the related rules or acceptance of quotas and shares ceded to the company, conversion or merger of companies, sale and purchase of quotas and shares in companies, whether all or some of them, liquidate the companies and cancel their records.  
The board may request, accept, and negotiate the offering of quotas and shares owned by the company for public or private subscription inside or outside the Kingdom of Saudi Arabia, with taking into account the statutory requirements, and the Board may appoint representatives of the company in the management of any other company that is subsidiary to it or has equity in it, and attend meetings of the assemblies of partners or shareholders and boards of directors, voting in them on behalf of the company, and signing the decisions and minutes of the meetings of the assemblies of partners and shareholders, boards of directors therein.

- (l) Appointing the Secretary of the Board and the CEO of the company and its employees, determining their wages, privileges and other terms and conditions of employment, terminating of their contracts, as well as contracting with service providers for the company, engineering offices, accounting and financial auditing offices, and others.
- (m) Signing agreements and title deeds instruments before the notary, judges and official authorities and issue legal authorization (power of attorney).
- (n) Within the limits of the board's mandates, it may delegate one or more of its members or others to conduct a specific work, and give them the right to delegate others.

#### **Article 21: Remuneration of the Board Members**

The compensation of a member of the board of directors - for the work of the board - consists of a specified amount and a session attendance allowance, in accordance with the provisions of the rules and regulations provisions in this regard. A member deserves a compensation for the technical, administrative or advisory work assigned to him/her. The Board's report to be submitted to the Ordinary General Assembly must include a comprehensive statement of all benefits received by the Board members during the financial year, including compensations, expense allowances and other benefits. The report must also include a statement of the amounts received by the Board members in their capacity as officers or administrators or any other amounts received thereby in consideration of technical or administrative activities or consultations. The report shall include as well a statement of the number of Board meetings and the number of meetings attended by each member since the date of the last meeting of the General Assembly.

#### **Article 22: Authorities of the Chairperson, Vice Chairperson and the Secretary**

The Board shall appoint, from amongst its members, a Chairperson and a Vice Chairperson. The Chairperson may not hold any executive position in the Company.

- (a) The chairperson or vice chairperson, in the absence of the chairperson, is designed to represent the company in its relations with others, appoint consultants and lawyers, determine their fees and represent the company before the courts with regard to claims and file cases- pleading and defending - hearing and responding to the case- admission - denial - disclaiming- demanding the oath to be taken, rejecting and abstaining from such oath- calling for witnesses and evidences and appeal them- answer, impeachment and amendment- appeal for forgery - Pre-emption and dropping the right to pre-emption - Deny hand writings- seals and signatures - demanding travel ban and lifting it- demanding an arbitration and accepting it, choosing and appointing experts and arbitrators- approving the arbitration document- appealing reports of experts and arbitrators, rejecting and replacing them- accepting judgments, requesting their execution, collecting what comes from execution and demanding detention- objecting to judgments and demanding an appeal- demanding for reconsideration- marginalization of legal instruments- completing of what is required to attend sessions in all cases before all courts- receipting of legal instruments - demanding a case referral- demanding to include and intervene with the Sharia courts and the administrative courts (the Board of Grievances) - receiving and delivering - contacting all relevant authorities and completing all necessary procedures and signing what requires it. And before all government departments, dispute resolution committees of various types and degrees , and all other authorities , and signing agreements and instruments before judges and official



authorities and issue of legal power of attorneys, and he/she has the right to represent the company in establishing companies and amending incorporation contracts, and to sign on behalf of the company the incorporation contracts for the companies in which the company participates and the appendices of their amendments, whatever the type of these companies, opening bank accounts, managing, operating and closing bank accounts, withdrawing and depositing with banks, opening credits, appointing authorized signatories, defining their powers and canceling them, and signing all papers, bonds and commercial papers, including checks, bills of exchange, promissory notes and endorsing them, transfers, issuance of bank guarantees and financial guarantees, obtaining credit facilities and dealing in treasury products and electronic banking operations, and all banking transactions and has the right to delegate others in any of these powers. The Board of Directors shall determine its powers in what is not provided for in this bylaw.

- (b) The board appoints a secretary from its members or from others, and the secretary of the board is responsible for the duties mentioned in the regulations issued by the relevant authority, and the Board also determines any other duties assigned to him/her.
- (c) The term of appointment of the chairperson, his/her deputy, and the secretary of the board member shall not exceed the term of each of them in the Board, and the board may in all cases reappoint them, and the Board may at any time dismiss them or any of them without violating the right of compensation of dismissed person if the dismissal occurred for an illegal reason or at an inappropriate time.

#### **Article 23: Meetings of the Board**

- (a) The Board of Directors meets at least four times a year upon an invitation from its Chairperson, and the invitation shall include the agenda, and the Chairperson must invite the Board to meet if two of the members shall requested that.
- (b) The board meetings are held in the company's head office or in any other place designed by the chairperson.
- (c) The Board may invite to attend its sessions those whose the board wish to seek their help or information or experience without having the right to vote, and it may hold meetings of the Board allow the participation of a member of the Board in its deliberations and vote on its decisions by means of modern technology, taking into account the rules governing it.
- (d) The Board of Directors may issue decisions without meeting by presenting decisions to all members individually, unless one of the members requests to writing a board meeting for deliberating such decisions, and these decisions are presented to the Board of Directors at the first meeting that follows.

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

A Board meeting shall not be deemed valid unless at least five of the members attend it. In the event that a member of the Board of directors delegates another member to attend Board meetings, the delegation must be in accordance with the rules issued by the relevant attending, Board decisions shall be adopted by the majority of opinions of the attending members or their representatives, and when opinions votes are equal, vote of the Chairperson of the meeting will be considered a casting vote.

#### **Article 25: Deliberations of the Board**

The deliberations and resolutions of the Board shall be documented in minutes to be signed by the Chairperson of the Board, the Board members attending the meeting and the Secretary. The minutes shall be recorded in a special register to be signed by the Chairperson of the Board and the Secretary.

## CHAPTER FIVE: SHAREHOLDER ASSEMBLIES

### Article 26: Attending Assemblies

- (a) Every shareholder has the right to attend the general assemblies of the shareholders, and in this regard he may delegate another person who is not a member of the board of directors or a company employee to attend the general assembly in accordance with the rules set by the relevant authority.
- (b) It is allowed to hold general assembly meetings of shareholders and the shareholder's participation in their deliberations and voting on their decisions by means of modern technology, according to the rules lay down by the relevant authority.

### Article 27: Authorities of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters relating to the Company and shall be convened at least once a year within the six months following the end of the Company's fiscal year. The Ordinary General Assembly may be called to hold other meetings whenever needed.

### Article 28: Authorities of the Extraordinary General Assembly

The Extraordinary General Assembly shall be in charge of amending the Company's articles of association, except for the provisions that may not be amend by law. The Extraordinary General Assembly may adopt decisions relating to the powers of the Ordinary General Assembly, according to the terms and conditions set for the Ordinary General Assembly.

### Article 29: Calling for Meetings of Assemblies

- (a) Meetings of the Extraordinary or Special Assemblies shall be held by invitation from the Board. The Board shall call for a meeting of the Ordinary General Assembly if this is requested by the auditor, the audit committee or a number of shareholders representing at least 5% of the capital. The auditor may call for a meeting of the General Assembly if the Board fails to call for such meeting within thirty (30) days from the date of the auditor's request.
- (b) The call for a meeting of the General Assembly shall be published in a daily newspaper distributed at the Company's head office at least twenty-one (21) days prior to the date scheduled for the meeting. However, it may be sufficient to address the invitation for the meeting at the said time to all shareholders by registered mail. A copy of the invitation and the agenda shall be sent to the Ministry of Commerce and Investment and the Capital Market Authority within the specified period for publication.

### Article 30: Record of Attendance of Assemblies

Shareholders who wish to attend the ordinary or extraordinary assembly register their names in the company's head office prior to the time set for the assembly meeting.

### **Article 31: Quorum for Meetings of the Ordinary General Assembly**

The meeting of the Ordinary General Assembly is not valid unless attended by shareholders representing at least twenty-five percent (25%) of the capital. If the quorum required to hold this meeting is not met, one of the following two options must be taken:

- (a) The second meeting shall be held one hour after the end of the period specified for the first meeting, provided that the invitation to holding the first meeting indicates the possibility of holding such meeting.
- (b) An invitation shall be made to a second meeting to be held within (30) thirty days following the previous meeting, and this invitation shall be published under the same conditions provided in Article (29) of this bylaw.
- (c) In all cases, the second meeting is valid regardless of the number of shares represented in it.

### **Article 32: Quorum for Meetings of the Extraordinary General Assembly**

The meeting of the Extraordinary General Assembly is not valid unless attended by shareholders representing at least fifty percent (50%) of the capital. If the quorum required to hold this meeting is not met, one of the following two options must be taken:

- (a) The second meeting shall be held one hour after the end of the period specified for the first meeting, provided that the invitation to holding the first meeting indicates the possibility of holding such meeting.
- (b) An invitation shall be made to a second meeting to be held, under the same conditions provided in Article (29) of this bylaw.

In all cases, the second meeting will be valid if attended by a number of shareholders representing at least a quarter of the capital. And if the necessary quorum is not met in the second meeting, an invitation shall be made for a third meeting to be held under the same conditions provided in Article (29) of this bylaw, and the third meeting will be valid regardless of the number of shares represented in it after the approval of the relevant authority.

### **Article 33: Voting at Meetings of the Assemblies**

Each shareholder shall have one vote per share in the General Assemblies. Cumulative voting shall be applied to election of the Board members. The shareholder has the right to delegate another shareholder who is not a board member or company employee to attend the General Assembly meeting.

**Article 34: Resolutions of the Assemblies**

Resolutions of the Ordinary General Assembly shall be passed by absolute majority of the shares represented at the meeting. Resolutions of the Extraordinary General Assembly shall be passed by two-thirds majority of the shares represented at the meeting unless the resolution relates to increase or reduction of capital, extension of the Company's term, dissolution of the Company prior to the term set in its Bylaws or merger of the Company with another company, in which case such resolution shall only be valid if passed with a three-quarters majority of the shares represented at the meeting.

**Article 35: Deliberations at Meetings of Assemblies**

Each shareholder shall have the right to discuss the subjects listed on the agenda of the Assembly and may address questions in respect thereof to the Board members and the auditor. The Board members or the auditor shall answer questions of the shareholders to the extent that does not expose the Company's interest to harm. If a shareholder deems the answer to their question is unsatisfactory, they may raise the issue with the Assembly whose resolution in that regard shall be effective and enforceable.

**Article 36: Chairpersonship of Assemblies and Preparation of Minutes**

The General Assemblies shall be chaired by the Chairperson of the Board; the Vice Chairperson of the Board, in case of absence of the Chairperson or by whomever the Board delegates from its members for this purpose, in case of absence of the Chairperson and the Vice Chairperson of the Board. At the meeting of the Assembly, there shall be written minutes including the number of shareholders attending or represented, the number of shares they hold in their personal capacity or by proxy, the number of votes they are entitled to, the resolutions adopted and the number of votes for and against them and a sufficient summary of the deliberations which has taken place in the meeting. After each meeting, minutes shall be regularly recorded in a special register to be signed by the Assembly's chairperson, secretary and vote collector.

**Chapter SIX: FORMATION OF COMPANY'S AND BOARD'S COMMITTEES****Article 37: Formation of the Audit Committee**

By a decision of the Ordinary General Assembly, an audit committee is formed, consisting of three to five members who are not executive members of the board, whether or not from amongst the shareholders. The decision determinate duties, work regulations, and compensation of member of the committee, If the position of one of the members of the audit committee becomes vacant, the board of directors may appoint a temporary member in the vacant position, provided that he/she is one who has experience and qualification to fill the position, and it must inform the Ministry as well as the Capital Market Authority within five working days from the date of appointment, The appointment must be presented to the Ordinary General Assembly at its first next meeting and the new member completes the term of his/her predecessor's term.

**Quorum of the Committee Meetings**

An audit committee meeting shall be valid only if attended by majority of its members, and its decisions shall be passed by a majority vote of attending members. In case of a tie, the Chairperson of the meeting will have a casting vote.

### **Powers of the Committee**

The audit committee shall monitor the Company's activities' for which purpose, the Committee shall have access to the Company's records and documents and may request any clarification or statement from members of the Board or the executive management. The Committee may ask the Board to call for a meeting of the Company's General Assembly if the Board obstructs its work or if the Company suffers substantial damages or losses.

### **Reports of the Committee**

The audit committee shall examine the Company financial statements, reports, and notes submitted by the auditor and shall give its opinion thereon, if any. The Committee shall also prepare a report including its opinion on the sufficiency of the Company's internal audit system and the other activities it performed within its powers. The Board shall keep sufficient copies of the Committee's report at the Company's head office at least twenty-one (21) days prior to the date the General Assembly convenes to provide any interested shareholder with a copy of the report. The report shall be recited at the Assembly meeting.

### **Article 38: Formation of an Executive Committee**

The Board of directors may form from among its members an executive committee consisting of other than the executive board members, and the board of directors appoints the head of the committee, as well as determines its working method and its powers and authority.

### **Article 39: Formation of the Nomination and Remuneration Committee (NRC)**

The board of directors may form from among its non-executive members a Nomination and Remuneration Committee, provided that at least one of them is an independent member, and the board of directors appoints the head of the committee. The company's General Assembly - based on a proposal from the board of directors - issues a bylaw for the Nominations and Compensation Committee. This bylaw includes, the controls and procedures of the committee's work, its tasks, the rules for selecting its members, their membership period, and their remuneration. The Nomination and Remuneration Committee meets periodically at least every (6 months), and whenever needed.

### **Article 40: Formation of the Risk Management Committee**

The board of directors may form from among its members a risk management committee consisting of three to five members, the chairperson and the majority of its members are non-executive board members, and it is required that its members have an appropriate level of knowledge of risk management and financial affairs. The Risk Management Committee is responsible for supervising the company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks that the company may be exposed to, preparing reports and submitting recommendations to the board on issues related to risk management. The committee meets periodically at least every (6 months), and whenever needed.

## CHAPTER SEVEN: AUDITOR

### Article 41: Appointment of Auditor

The Company shall have one or more auditors from amongst the auditors licensed to work in the Kingdom. The Ordinary General Assembly shall annually appoint the auditor and shall specify his/her fees. The assembly may also change his/her at any time without prejudice to his/her right to compensation, if the change occurred at an inappropriate time or for illegitimate reason.

### Article 42: Powers of the Auditor

The auditor may, at any time, have access to the books and records of the Company and any other documents, may ask for any statements or clarifications they deem necessary to verify the assets and liabilities of the Company and may perform any other function within the scope of his/her work. The Chairperson of the Board shall enable the auditor to perform their duties. If the auditor faces any difficulty in this regard, they shall state that fact in a report to be submitted to the Board. If the Board did not facilitate the job of the auditor, the auditor shall ask the Board to call for a meeting of the Ordinary General Assembly to consider the issue.

## CHAPTER EIGHT: COMPANY'S ACCOUNTS AND DISTRIBUTION OF DIVIDENDS

### Article 43: Financial Year

The company's financial year begins on the first of April and ends on March 31 of the following Gregorian year.

### Article 44: Financial Documents

- (a) At the end of the financial year, the Board shall prepare the Company's financial statements and a report about its activities and financial position for the previous financial year. The report must include the method proposed for distribution of dividends. The Board shall put these documents at the disposal of the auditor at least forty-five (45) days prior to the date scheduled for the convening of the General Assembly.
- (b) The Company's Chairperson of the Board, CEO and CFO shall sign the documents referred to in paragraph (A) of this Article. Copies of these documents shall be kept at the Company's head office at the disposal of the shareholders at least twenty-one (21) days prior to the date scheduled for the convening of the General Assembly.
- (c) The Chairperson of the Board shall provide the shareholders with the Company's financial statements, the Board report and the auditor's report, unless they are published in a daily newspaper distributed in the area where the Company's head office is located and copies of this publication in kept available to shareholders in the head office. The Board shall also send a copy of these documents to the Ministry and the commission at least fifteen (15) days prior to the date scheduled for the convening of the General Assembly.



**Article 45: Distribution of Dividends**

The annual net profits of the Company shall be distributed as follows:

- (a) Ten percent (10%) of the net profits shall be retained to form a statutory reserve. The Ordinary General Assembly may discontinue such retention if the reserve reaches 30% of the paid capital.
- (b) The Ordinary General Assembly may, based on a proposal by the Board, retain (10%) of the net profits to form an additional agreed upon reserve to be allocated for a certain purpose(s).
- (c) The Ordinary General Assembly may resolve to retain other reserves to the extent that serves the Company's interest or ensures, as far as possible, consistent distribution of dividends to shareholders. The Assembly may also deduct from the net profits amounts to establish social institutions for the Company's employees or to assist such existing institutions.
- (d) The Ordinary General Assembly may decide, based on a proposal by the Board of Directors, to distribute to the shareholders a payment of the remainder (if any) of net profits equivalent to (5%) of the company's paid capital.
- (e) Taking into account the provisions stipulated in Article (twenty-one) of this bylaw, and Article (seventy-six) of the Companies Law, the General Assembly may allocate after the foregoing the remuneration of the members of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.
- (f) The Ordinary General Assembly may decide, based on a proposal by the Board of Directors, to distribute the remainder after the above (if any) to the shareholders as an additional share of profits.
- (g) The Company may distribute interim dividends to its shareholders semi-annually or quarterly in accordance with the controls issued by the relevant authority, based on an authorization issued by the Ordinary General Assembly of the Board of Directors to distribute interim dividends.

**Article 46: Entitlement to Dividends**

A shareholder will be entitled to their share of dividends in accordance with the resolution adopted by the General Assembly in this regard. The resolution must indicate the date of entitlement and the date of distribution, eligibility for dividends shall be for shareholders registered in the shareholders' records at the end of the entitlement date. The dividends to be distributed to shareholders shall be paid at the place, dates and mechanisms determined by the Board of Directors, according to the instructions issued by the relevant authorities.

**Article 47: Distribution of Dividends to Holders of Preferred Shares**

- (a) If no dividends are distributed for any financial year, no dividends may be distributed for the following years except after payment of the percentage specified in the provisions of Article one- hundred fourteen 114 of the Companies Law to holders of preferred shares for three years.
- (b) If the Company fails to pay the specified three percentage under the provisions of Article (114) of the Companies Law from the dividends for (3) consecutive years, the Special Assembly of holders of these shares, to convene pursuant to Article eighty-nine (89) of the Companies Law, may resolve either to attend the meetings of the Company's General Assembly and to participate in voting or to appoint representatives for them at the Board in proportion with the value of their shares in the capital until the Company pays all priority dividends allocated for holders of such shares for the previous years.

#### **Article 48: Company's Losses**

- (a) If losses of the Company reach one-half of the paid capital, at any time during a financial year, any officer of the Company or the auditor shall, upon being aware of such losses, notify the Chairperson of the Board of such losses. The Chairperson of the Board shall notify the Board members of such losses immediately. Within fifteen (15) days from the date of being aware of the losses, the Board shall call for a meeting of the Extraordinary General Assembly within forty-five (45) days from the date the Board was aware of the losses, in order to decide either to increase or reduce the Company's capital in accordance with the provisions of the Companies Law to the extent the losses fall below one-half of the paid capital or to dissolve the Company prior to the term set in this bylaw.
- (b) The Company shall be deemed to have expired by power of the Companies Law if the General Assembly did not meet within the time specified in paragraph A of this Article, if the Assembly meets and was unable to pass a resolution in this regard or if the Assembly decides to increase the capital according to the conditions stipulated in this Article but not all of the capital increase shares have been subscribed to within ninety (90) days from the date the Assembly's resolution to increase the capital was passed.

#### **CHAPTER NINE: DISPUTES**

##### **Article 49: Liability Legal Action**

- (a) Each shareholder has the right to file a liability legal action, which is vested in the Company, against the Board members if they committed a fault which has caused special damage to the shareholder. A shareholder may not file such action unless the Company is still entitled to file such an action. A shareholder must inform the Company of their intent to file the action.
- (b) The Company may indemnify the members of its board of directors, members of the audit committee, and those who are responsible for managing the Company, for all expenses and sums they incur or pay, within the limits of what the board decides in relation to any lawsuit or judicial proceedings brought against them, due to their actions or services as members of the company's board of directors or the audit committee or responsible for the Company's management. However, this compensation does not extend to issues in which it is decided that the member of the board of directors, the member of the audit committee, or the management officer should bear the consequences due to negligence or misconduct while performing his/her duties or causing damage to the company.

## **CHAPTER TEN: DISSOLUTION AND LIQUIDATION OF THE COMPANY**

### **Article 50: Expiration of the Company**

As soon as the company expires, the company enters the stage of liquidation and maintain its corporate entity to the extent needed for the liquidation. The voluntary liquidation decision is issued by the Extraordinary General Assembly. The liquidation decision must include appointment of liquidators and must specify his/her powers, fees, and limitations of his/her powers and the period required for liquidation. The period for voluntary liquidation may not exceed five (5) years and it may not be extended more than that except by a judicial order. The powers of the Board will end with the dissolution of the Company; however, members of the Board shall continue to managed the Company and they shall act as liquidators when dealing with third party until a liquidator is appointed. The General Assembly shall continue to exist during the liquidation period and its role shall be restricted to performance of its functions that do not contradict the power of the liquidator.

## **CHAPTER ELEVEN: FINAL PROVISIONS**

### **Article 51: In Cases Where No Provision is Made**

The Companies Law and its regulations shall apply to all other matters not specifically provided for in this bylaw.

### **Article 52: Publishing the Bylaw**

This Bylaw shall be filed and published in accordance with the provisions of the Companies Law and its regulations.

