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إفادَة

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Bylaws
SAL Saudi Logistics Services Company
(a closed joint stock company)

Chapter One: Establishing the company

Article (01): Transformation

In accordance with this system and the provisions of the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H, its regulations and this system, the company shall be transformed into SAL Saudi Logistics Services Company (a limited liability company registered in the commercial registry issued in the city of Jeddah under No. (4030367493) dated 17/02/1441H to a closed Saudi joint stock company according to the following:

Article (02): Company name

SAL Saudi Logistics Services Company (a closed joint stock company)

Article (03): Company objectives

The company carries out and implements the following purposes:

1. Transportation and storage
2. Other transportation support activities
3. Customs clearance activities
4. Storage
5. Other freight handling activities
6. Cargo handling
7. Lading and Unloading
8. Loading and dispersing passengers' luggage
9. Contractors of transporting goods by sea (sea freight brokers)
10. Freight brokers
11. Other transportation support activities
12. Activities of sea shipping and shipping agencies
13. Activities of air freight agencies
14. Air cargo broker services
15. Packing and unloading activities of shipping boxes
16. Land transportation of goods
17. Operate warehousing facilities for all types of goods
18. Ground handling, its management, and ground supervision services at airports
19. General storages that include a variety of goods
20. Storage in ports and customs or free zones
21. Stores of refrigerated and iced goods (refrigeration warehouses).
22. Refrigerated food stores
23. Fuel and chemical stores
24. Manufacturing industry.
25. Construction.
26. Wholesale and retail trade and repair of motor vehicles and motorcycles.
27. Accommodation and food service activities.
28. Information and communications.
29. Real estate activities
30. Administrative and support services activities.

The company carries out its activities in accordance with applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

Article (04): Participation and ownership in companies

The company may participate in other companies and may establish companies on its own (with limited liability or closed joint stock) provided that the capital is not less than (5) million riyals. 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 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 mediation in their trading.

Article (05): The company's head office

The company's head office is located in Jeddah. It may have branches, offices or agencies inside or outside the Kingdom of Saudi Arabia by decision of the Board of Directors after the approval of the competent authorities.



Article (13): Register of Shareholders

1. The company's shares are traded by registering in the shareholder register prepared or contracted to be prepared by the company, which includes the names of the shareholders, their nationalities, places of residence, professions, share numbers, and the amount paid from them. This registration is marked on the share, and the transfer of ownership of the share vis-à-vis the company or third parties is not valid except from the date of registration in The aforementioned record.
2. The company's name is traded in accordance with the Authority's regulations after the company's listing

Article (14): Increasing Capital

1. The extraordinary general assembly may decide to increase the company's capital, provided that the capital has been paid in full. It is not required that the capital has been paid in full if the unpaid portion of the capital is due to shares issued in exchange for converting debt instruments or financing instruments into shares and the period specified for their conversion into shares has not yet expired.
2. The Extraordinary General Assembly may, in all cases, allocate the shares issued upon increasing the capital, or part of them, to the employees of the company and its subsidiaries, or some of them, or any of that. Shareholders may not exercise their priority right when the company issues shares allocated to employees.
3. The shareholder who owns the share at the time of issuance of the extraordinary general assembly's decision approving the capital increase has priority in subscribing to the new shares issued in exchange for cash shares. They are notified of their priority by publishing in a daily newspaper or by informing them by registered mail of the decision to increase the capital and the subscription conditions, duration, start and end dates. According to the principles determined by the competent authorities.
4. The Extraordinary General Assembly has the right to suspend the priority right of shareholders to subscribe for a capital increase in exchange for cash shares, or to give priority to non-shareholders in cases it deems appropriate in the interest of the company.
6. The shareholder has the right to sell or waive the priority right during the period from the time of issuance of the General Assembly's decision approving the capital increase until the last day of subscription for the new shares associated with these rights, in accordance with the controls established by the competent authority. Taking into account what was stated in Paragraph (4) above, the new shares will be distributed to the priority rights holders who requested to subscribe in proportion to the priority rights they own out of the total priority rights resulting from the capital increase, provided that what they get does not exceed what they requested of the new shares, and the remainder will be distributed. of new shares to priority rights holders who requested more than their share in proportion to the priority rights they own out of the total priority rights resulting from the capital increase, provided that what they get does not exceed what they requested of new shares, and the remaining shares are offered to others, unless The extraordinary general assembly decides or the financial market system stipulates otherwise.

Article (15): Reducing capital

The extraordinary general assembly may decide to reduce the capital if it exceeds the company's needs or if it suffers losses. In the latter case alone, the capital may be reduced to below the limit stipulated in Article (54) of the Companies Law, and the reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons necessitating it, the obligations owed by the company, and the effect of the reduction on these obligations. If the reduction is a result of an increase in capital beyond the company's need, the creditors must be invited to express their objections to it within sixty days from the date of publishing the reduction decision in a daily newspaper distributed in the region in which the company's main headquarters is located. If one of the creditors objects and submits his documents to the company on time, and if the aforementioned is the case, then it must The company must pay him his debt if it is due, or provide sufficient guarantee to fulfill it if it is due.

Chapter Three: Board of Directors

Article (16): Company management

The company shall be managed by a board of directors consisting of (9) members elected by the ordinary general assembly of shareholders for a period not exceeding three (3) years. As an exception to this, the transformational assembly shall appoint the first board of directors for a period of five (5) years.

Article (17): Termination of Council Membership:

Board membership shall end at the expiration of its term or at the expiration of the member's authority in accordance with any regulations or instructions in effect in the Kingdom of Saudi Arabia. However, the General Assembly may dismiss all members of the Board of Directors or some of them, without prejudice to the right of the dismissed member towards the company, to demand compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. A member of the Board of Directors may resign, provided that this is at an appropriate time, otherwise he will be liable at all times to insulate the entire company from the damages resulting from his resignation.



Article (18): Vacant position in the Council

If the position of a member of the Board of Directors becomes vacant, the Board may appoint a temporary member to fill the vacant position, provided that he is one of those who has experience and competence, and the Ministry of Commerce (the Ministry) must be notified of this, as well as the Authority if the company is listed on the financial market within five working days from the date of appointment. The appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member shall complete the term of his predecessor. If the necessary conditions are not met for the Board of Directors to convene due to the number of its members being less than the minimum stipulated in the Companies Law or this Laws, the remaining members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

Article (19): Authority of the Council

Taking into account the powers assigned to the General Assembly, the Board of Directors shall have the broadest powers to manage the company in order to achieve its objectives and conduct its affairs and to supervise its work and financial affairs inside and outside the Kingdom of Saudi Arabia, and to prepare policies and guidelines to achieve its objectives it has, such as but is not limited to:

1. Entering into tenders and auctions and awarding bids, including, but not limited to, documents for sale, rent, leasing, representation, declarations, mortgage, etc., conducting transactions on behalf of the company, receiving and paying, receiving rights from others, and acknowledging it.
2. Contributing to the establishment of companies and opening branches of the company and the right to sign all types of contracts, papers and documents, including but not limited to the incorporation contracts of companies that the company establishes or in which the company is a partner, along with all amendments to the incorporation contracts of companies in which the company is a partner and their appendices and all decisions of the partners in those companies including This includes decisions related to raising and decreasing capital, relinquishing and purchasing shares, documenting contracts, signing with the companies' administration at the Ministry of Commerce, notaries, making amendments, changes, additions, deletions, extracting and renewing commercial records, receiving and deleting them, changing company names, and granting financial support, with the exception of loans to subsidiary companies.
3. Signing agreements and instruments before a notary and official authorities, as well as loan, guarantee and securities agreements, waiving priority in repaying the company's debts, and issuing power of attorney's on behalf of the company.
4. Buying and selling real estate, lands, shares and shares in companies, and other properties, whether movable or immovable, disposing of the company's assets and properties, and mortgaging fixed and movable assets to guarantee the loans of the company and its subsidiaries, in accordance with the following conditions:
 - A. The Council shall specify in the sale decision the reasons and justifications for it.
 - B. The sale must be for the same price.
 - C. The sale must be present except in cases of necessity and with sufficient guarantees.
 - D. Does this behavior not result in the cessation of some of the company's activities or burdening it with other obligations.
5. Emptying, accepting it, collecting the price in any form he sees fit, receiving, delivering, renting, leasing, receiving, and paying.
6. Opening, managing and operating bank accounts, withdrawing and depositing with banks and borrowing from them, signing all papers, documents, checks and all banking transactions, investing the company's funds and operating them in local markets inside and outside the Kingdom of Saudi Arabia.
7. Appointing lawyers, employees, auditors, and workers, dismissing them, requesting visas, bringing in labor from outside the Kingdom, contracting with them, determining their salaries, obtaining residency permits, and transferring and waiving guarantees.
8. Contracting loans with government financing funds and institutions, regardless of their duration. It may also contract commercial loans, obtain loans and other credit facilities from government institutions, commercial banks, financial institutions, and any credit companies, issue letters of guarantee in favor of any party if it deems this to be in the interest of the company, and issue promissory notes and other documents. Tradable and entering into all types of agreements and banking transactions for any period of time whose terms do not exceed the end of the company's term.
9. Approving the company's internal, financial, administrative and technical systems and its policies and procedures for employees and authorizing the company's executive directors to sign on its behalf in accordance with the



systems and controls established by the Council and approving the company's business and operating plans and approving its annual budget.

10. Discharge the company's debtor from his obligations, provided that the minutes of the Board of Directors and the rationale for its decision include the following conditions:
 - A. The release must be a full year after the debt arose as a minimum.
 - B. The release must be for a specific maximum amount per year for one debtor.
 - C. Discharge of debtors is an absolute right of the Board of Directors and may not be delegated.
11. The Board of Directors also has the right to conciliate, waive, contract, commit, and associate in the name of the company and on its behalf. The Board of Directors may carry out all actions and actions that would achieve the company's objectives.
12. The Board of Directors may delegate or delegate on its behalf, within the limits of its jurisdiction, one or more of its members or a third party to take a specific action or action or carry out a specific action or actions. The Board of Directors has the right to delegate whomever it deems appropriate among its powers and powers and to cancel this delegation or authorization, in whole or in part.
13. The company's board of directors has the right to form committees affiliated with it that are appropriate for the company's business and its needs, and to authorize these committees with whatever powers the board deems appropriate, and to coordinate between these committees, with the aim of expediting decisions on the matters presented to them and so that the board of directors can perform its duties effectively.
14. The Council may also, within the limits of its jurisdiction, authorize one or more of its members or a third party to undertake a specific work or tasks.

Article (20): Remuneration for Council Members

The General Assembly determines the remuneration of the members of the Board of Directors. The remuneration of the Board of Directors shall be in terms of bonuses and compensation within the limits of what is stipulated in the Companies Law and its regulations. The Board of Directors' report to the Ordinary General Assembly must include a comprehensive statement of all the remuneration, expenses, and any other allowances received by the members of the Board of Directors during the financial year. And other benefits, and it should also include a statement of what members of the Council received as workers or administrators or what they received in exchange for technical or administrative work or consultations, and it should also include a statement of the number of Council sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

Article (21): Powers of the Chairman, Vice-Chairman, Managing Director and Secretary:

The Board of Directors shall appoint from among its members a Chairman and Vice-Chairman and may appoint a Managing Director and or CEO. It is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the company. The Chairman of the Board of Directors represents the company in its relations with others, before the judiciary, government agencies, notaries, courts, dispute resolution committees of various types, arbitration bodies, chambers of commerce and industry, private bodies, all companies and institutions, the Committee for Settlement of Securities Disputes, the Committee for Appeal in Securities Disputes, and the Committee for Settlement of Commercial Paper Disputes. In addition to arbitration and civil rights bodies, police departments, chambers of commerce and industry, private bodies, companies and institutions of all kinds, issuing legal powers of attorney, appointing and dismissing agents and lawyers, pleading, defending, disputing, conciliation, approving, arbitrating, accepting and objecting to judgments on behalf of the company, and he has the right to delegate others. The company will have a Vice Chairman of the Board of Directors who will replace the Chairman of the Board of Directors in his absence

1. The Chairman of the Council is responsible for the following:

- a. Inviting the Board of Directors to meet and chairing its meetings
- b. Signing on behalf of the company and representing it in its relationship with others and government agencies.
- c. The Chairman of the Council or his authorized representative has the right to sign all types of contracts, instruments and documents. Including, but not limited to, the incorporation contracts of companies in which the company participates and amendments thereto, including decisions to appoint and dismiss directors, assign shares, reduce and increase capital, buy and sell shares and shares, pay and collect the price, liquidate, and write off the commercial records of those companies.
- d. Leasing any property belonging to the company, receiving rent, renting any property in the name of the company, paying rent, creating, signing, endorsing and receiving commercial papers, and conducting all banking transactions necessary for the company's activity; Including opening and closing accounts, withdrawing from them, depositing in them, requesting and signing all types of facilities from commercial banks and loans of any amounts, requesting and issuing guarantees, opening credits on behalf of the company, and signing treasury work and its products. In addition to signing contracts and facility papers on behalf of the company and its subsidiaries, signing and cashing checks, signing Islamic Murabaha agreements and investment contracts, as

well as opening and closing investment portfolios for trading in shares of joint-stock companies and all securities and subscriptions in companies.

e. He may authorize one or more of its members or a third party to undertake specific work or tasks related to the company's business.

2. The Board of Directors determines, at its discretion, the special remuneration received by the Chairman of the Board, the Managing Director and the CEO.

3. The Board of Directors appoints a secretary whom it chooses from among its members or from others. His duties, powers, and remuneration are determined based on the decision to appoint him and/or based on the approved company governance manual, provided that his duties and powers include the following:

a. Documenting the meetings of the Board of Directors and preparing minutes of them that include the discussions and deliberations that took place, as well as indicating the location of the meeting and the date and time of its start and end. As well as documenting the Council's decisions and voting results, keeping them in a special and organized register, recording the names of the members present and the reservations they expressed - if any, and signing these minutes from all the members present.

b. Preserving the reports submitted to the Board of Directors and the reports prepared by the Board.

c. Providing the members of the Board of Directors with the Board's agenda, working papers, documents and information related to it, and any additional documents or information requested by any member of the Board of Directors related to the topics included in the meeting agenda.

d. Verifying that Board members adhere to the procedures approved by the Board.

e. Informing board members of the dates of board meetings sufficiently before the specified date.

f. Presenting draft minutes to members of the Board of Directors to express their views on them before signing them.

g. Ensure that board members fully and promptly obtain a copy of the minutes of board meetings and information and documents related to the company.

h. Coordination between members of the Board of Directors.

i. Organizing the record of disclosures of members of the Board of Directors and Executive Management in accordance with what is stipulated in the approved company governance manual.

j. Providing assistance and advice to members of the Board of Directors.

4. 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 each of them on the Board. They may be re-elected and the Council may, at any time, dismiss them or any of them without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an unlawful reason or at an inappropriate time.

5. The Remuneration and Nominations Committee shall be formed by decision of the Board of Directors, provided that the number of its members shall not be less than three (3) and not more than five (5). The Board of Directors' decision determines the committee's powers, its work controls, its meetings, and the remuneration of its members.

6. The Board of Directors may form other committees from among its members or from others as required by the company's needs, pursuant to an independent decision specifying its members, tasks, work mechanisms, and members' remuneration. The Chairman of the Council may, by written decision, delegate some of his powers to other members of the Council or to third parties to exercise all or some of the aforementioned powers.

Article (22): Council Meetings:

The Board of Directors meets at least four times a year at the invitation of its chairman. The invitation shall be in writing and may be delivered by hand or sent by mail, fax, or e-mail. The Chairman of the Board must call the Board to a meeting whenever requested to do so by two members. Council members can participate in Council meetings via video or any other means of communication, provided that each of the participating Council members can hear the other Council members participating in the meeting. Every member of the Council acknowledges attendance at the meeting, and any member who does not acknowledge this will not be authorized to speak or vote at the meeting.

Article (23): Quorum for the Council Meeting:

The Board meeting shall not be valid unless attended by at least half of the members, provided that the number of attendees is not less than 3 members in person. A member of the Board of Directors may delegate other members to attend Board meetings on his behalf in accordance with the following controls:

1. A Council member may not delegate more than one member to attend the same meeting on his behalf

2. The mandate must be confirmed in writing and regarding a specific meeting.

3. The representative may not vote on decisions that the system prohibits the delegate from voting on.

If a quorum is not reached for a duly called meeting, this meeting must be postponed for seven days, provided that the postponed meeting is held at the same time and place specified for the postponed meeting or at any other time and place agreed upon by the president and members.



The Council's decisions shall be issued by a majority of the opinions of the members present or represented therein, and in the event of a tie, the side with which the Chairman of the session voted shall prevail.

The Board of Directors has the right to issue decisions by circulation by presenting them to all members separately, unless one of the members requests in writing the Board meeting for deliberation. These decisions are issued if approved by an absolute majority of the Council members. These decisions are presented to the Board of Directors at its first subsequent meeting.

Article (24): Council Deliberations:

The deliberations and decisions of the Board of Directors are recorded in minutes signed by the Chairman of the Board, the present 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 (25): Attendance of Assemblies:

Every subscriber, regardless of the number of shares he holds, has the right to attend the transformational assembly, and every shareholder has the right to attend the general assemblies of shareholders, and in doing so he may delegate another person other than members of the board of directors or employees of the company to attend the general assembly.

Article (26): Transformational Assembly:

The transformational assembly shall be held within forty-five (45) days from the date of the Ministry's decision to authorize the transformation of the company into a closed joint stock company. The validity of the meeting shall require the presence of a number of shareholders representing at least half of the capital. If this quorum is not met, an invitation will be sent to a second meeting to be held at least fifteen (15) days after the invitation is sent. In all cases, the second meeting will be valid, regardless of the number of subscribers represented in it.

Article (27): Powers of the Transformative Assembly:

The transformational association is concerned with the matters mentioned in Article (63) of the Companies Law.

Article (28): Powers of the Ordinary General Assembly:

With the exception of matters within the jurisdiction of the Extraordinary General Assembly, the Ordinary General Assembly has jurisdiction over all matters related to the company, and is held at least once a year during the six months following the end of the company's fiscal year. Other ordinary general assemblies may be called whenever the need arises.

Article (29): Powers of the Extraordinary General Assembly:

The Extraordinary General Assembly has the authority to amend the company's bylaws, with the exception of matters prohibited from being amended by law. It may issue decisions on matters originally within the jurisdiction of the Ordinary General Assembly, subject to the same terms and conditions established for the Ordinary General Assembly.

Article (30): Invitation to Associations:

General or special assemblies of shareholders are held at the invitation of the Board of Directors, and the Board of Directors must call the ordinary general assembly to convene if so 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 meet if the council does not invite the assembly within thirty days from the date of the auditor's request. The invitation to convene the General Assembly and the agenda shall be published in a daily newspaper distributed in the region in which the company's head office is located at least twenty-one (21) days before the date specified for the meeting. However, it is permissible to suffice with sending an invitation on the aforementioned date to all shareholders by registered letters. A copy of the invitation and agenda shall be sent to the Ministry, and a copy shall also be sent to the Authority if the company is listed on the financial market, within the period specified for publication.

Article (31): Assemblies Attendance Record:

Shareholders who wish to attend the general or special assembly register their names at the company's main office before the time specified for the assembly.

Article (32): Quorum for the Ordinary General Assembly Meeting:

The ordinary general assembly meeting shall not be valid unless it is attended by shareholders representing at least half of the capital. If the necessary quorum for holding this meeting is not available, the second meeting shall be held one hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding this meeting, and this invitation shall be published in the manner stipulated in Article (Thirty) of this law. . In all cases, the second meeting is valid, regardless of the number of shares represented in it.

Article (33): Quorum for the Extraordinary General Assembly Meeting:

The extraordinary general assembly meeting shall not be valid unless it is attended by shareholders representing half of the capital. If this quorum is not present in the first meeting, the second meeting shall be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding this meeting. In all cases, the second meeting is valid if it is attended by a number of shareholders

representing at least a quarter of the capital. If the necessary quorum is not met in the second meeting, an invitation shall be sent for a third meeting to be held under the same conditions stipulated in Article (Thirty) of these regulations. The third meeting shall be valid, regardless of the number of shares represented, after the approval of the competent authority.

Article (34): Voting in Assemblies:

Each subscriber has one vote for each share he represents in the transformational assembly, and each shareholder has one vote for each share in the general assemblies. Cumulative voting must be used to elect the Board of Directors, so that each shareholder is given voting power by the number of shares he owns in the company, such that he has the right to vote for one candidate or divide it among the candidates he chooses for Board membership, without any repetition of these votes.

Article (35): Association Decisions:

Decisions in the transformational assembly are issued by an absolute majority of the shares represented in it, and decisions in the ordinary general assembly are issued by an absolute majority of the shares represented at the meeting. The decisions of the extraordinary general assembly are also issued by a majority of at least two-thirds of the shares represented at the meeting. Unless it is a decision related to increasing or decreasing the capital, extending the term of the company, dissolving it before the expiry of the period specified in its bylaws, or merging it with another company, it will not be valid unless it is issued by a three-quarters majority of the shares represented at the meeting.

Article (36): Discussion in Assemblies:

Every shareholder has the right to discuss the topics included in the assembly's agenda and direct questions about them to members of the Board of Directors and the auditor. The Board of Directors or the auditor answers shareholders' questions to the extent that does not expose the company's interest to harm. If the shareholder finds that the response to his question is not convincing, he may appeal to the association, and its decision in this regard shall be effective.

Article (37): Presidency of Associations and Preparation of Minutes:

The meetings of the general assemblies of shareholders shall be chaired by the Chairman of the Board of Directors or his deputy in his absence, or whomever the Board of Directors delegates from among its members for that purpose in the event of the absence of the Chairman of the Board of Directors and his deputy. At the assembly meeting, minutes shall be drawn up that include the number of shareholders present or represented, the number of shares held by them in person or by proxy, the number of votes assigned to them, the decisions taken, the number of votes that approved or disagreed with them, and a comprehensive summary of the discussions that took place at the meeting. Minutes are recorded on a regular basis after each meeting in a special register signed by the association's president, its secretary, and the vote collector.

Chapter Five: Audit Committee

Article (38): Committee Formation:

An audit committee shall be formed by decision of the Ordinary General Assembly, the number of whose members shall be no less than 3 and no more than 5 members other than the executive members of the Board of Directors, whether shareholders or others. The decision shall specify the tasks of the committee, the controls of its work, and the remuneration of its members.

Article (39): Quorum for the Committee Meeting:

For a meeting of the Audit Committee to be valid, the majority of its members must be present. Its decisions shall be issued by a majority of the votes of those present. In the event of a tie, the side with which the Chairman of the Committee voted shall prevail.

Article (40): Powers of the Committee:

The Audit Committee is responsible for monitoring the company's work, and for this purpose it has the right to review its records and documents and request any clarification or statement from members of the Board of Directors or Executive Management. It may request the Board of Directors to convene the company's General Assembly if the Board of Directors obstructs its work or the company is exposed to serious damages and losses.

Article (41): Committee Reports:

The audit committee must review the company's financial statements, reports and notes submitted by the auditor, and express its views thereon, if any. It must also prepare a report on its opinion regarding the adequacy of the company's internal control system and the other work it has undertaken that falls within the scope of its jurisdiction. The Board of Directors must deposit sufficient copies of this report at the company's main office at least twenty-one days before the General Assembly is held, to provide all shareholders who wish with a copy of it, and the report must be read during the Assembly.

Chapter Six: Auditors

Article (42): Appointment of the Auditor:

The company must have one or more auditors from among the auditors licensed to work in the Kingdom, who shall be appointed annually by the ordinary general assembly, and whose remuneration and term of work shall be determined. The

association may also change it at any time, without prejudice to its right to compensation if the change occurs at an inappropriate time or for an illegal reason.

Article (43): Powers of the Auditor:

The auditor has the right at any time to review the company's books, records and other documents. He may also request the data and clarifications that he deems necessary to obtain, in order to verify the company's assets and obligations and other matters that fall within the scope of his work, and the Chairman of the Board of Directors must enable him to perform his duty. If the auditor encounters difficulty in this regard, he shall prove that in a report submitted to the Board of Directors. If the Board of Directors does not facilitate the work of the auditor, he must request the Board of Directors to invite the Ordinary General Assembly to consider the matter.

Chapter Seven: Company Accounts and Profit Distribution

Article (44): Financial Year

The financial year of the company shall begin on the first day of January and ends on the last day of December of each calendar year, with the first financial year of the company starting from the date of its registration in the commercial registry as a joint-stock company and ending on December 31, 2021.

Article (45): Financial Documents

1. The Board of Directors shall prepare the financial statements of the company and a report on its activities and financial position for the preceding financial year. This report shall include the proposed method of profit distribution. The Board shall make these documents available to the auditors at least forty-five days before the scheduled date of the general assembly.
2. The Chairman of the Board of Directors, the CEO, and the CFO shall sign the documents referred to in paragraph 1 of this article, and copies thereof shall be deposited at the company's headquarter for the shareholders' access at least ten days before the scheduled date of the general assembly.
3. The Chairman of the Board of Directors shall provide the shareholders with the financial statements of the company, the Board's report, and the auditor's report, unless they have been published in a daily newspaper distributed at the company's headquarter. The Chairman shall also send a copy of these documents to the Ministry, and a copy to the regulatory authority if the company is listed in the financial market, at least fifteen days before the date of the general assembly.

Article (46): Profit Distribution

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

1. Ten percent (10%) of the net profits shall be allocated to the legal reserve of the company, and the ordinary general assembly may decide to suspend this allocation when the mentioned reserve reaches 30% of the paid-up capital.
2. The ordinary general assembly, based on the proposal of the board of directors, may allocate a certain percentage of the net profits to establish a specific reserve for a particular purpose or purposes.
3. The ordinary general assembly may also decide to establish other reserves, to the extent that they serve the interests of the company or ensure the distribution of fixed dividends to the shareholders as much as possible. The mentioned assembly may also allocate amounts from the net profits to establish social institutions for the company's employees or to support existing institutions of this establishments.
4. The remaining amount after the allocations mentioned above shall be distributed among the shareholders, with a minimum percentage of 5% of the paid-up capital of the company.
5. Subject to relevant regulatory limitations, the distribution of profits may be made annually or periodically. The company shall comply with any guidelines or instructions issued or to be issued by the regulatory authority at any time regarding profit distribution.

Article (47): Entitlement to Profits

The shareholder is entitled to its share of profits as determined by the resolution of the general assembly in this regard. The resolution shall specify the entitlement date and distribution date, and the right to profits shall belong to the owners of registered shares in the shareholders' records at the end of the specified entitlement day.

Article (48): Distribution of Profits for Preferred Shares



The Board of Directors shall be authorized to approve the issuance of bonds or Sukuk by the company in accordance with the regulations of the Capital Market Authority, whether in part or in several parts, or through a series of issuances under one or more programs established by the company from time to time, whether for public subscription or otherwise, within or outside the Kingdom of Saudi Arabia, in Saudi currency or any foreign currencies, all at times, amounts, and conditions determined by the company's Board of Directors without the need to refer to the General Assembly in this regard. The Board of Directors shall take all necessary measures to issue such Sukuk, bonds, and/or securities.

Furthermore, the company may issue debt instruments or convertible Sukuk, subject to obtaining the approval of the extraordinary general assembly. The maximum number of shares that may be issued in exchange for such instruments or Sukuk shall be determined in the resolution of the general assembly, in accordance with the provisions stipulated in the Companies Act.

Article (53): Company's Purchase of its Shares

1. The company may purchase its ordinary or preferred shares in accordance with the regulatory guidelines issued by the Ministry of Commerce or the Authority if the company is listed. The shares repurchased by the company shall not have voting rights in the shareholders' meetings. The following considerations shall be taken into account:
 - a. The purpose of the purchase shall be to reduce the company's capital or to retain the repurchased ordinary shares as treasury shares.
 - b. The percentage of treasury shares at any given time shall not exceed 10% of the total shares of the company.
 - c. A resolution shall be passed by the extraordinary general assembly approving the purchase, specifying the maximum number of shares to be repurchased, the purposes of the repurchase, the method of financing the purchase, and authorizing the Board of Directors to complete the purchase within a maximum period of twelve (12) months from the date of the mentioned extraordinary general assembly resolution. The company shall immediately announce this approval and its conditions upon the issuance of this resolution. The extraordinary general assembly may issue a resolution at any time to change the purposes of the share repurchase.
 - d. The repurchased preferred shares of the company shall be considered canceled upon completion of the purchase, and the company shall take the necessary regulatory measures accordingly.
 - e. The company shall provide sufficient information to the shareholders regarding the offer to purchase shares, the duration of the purchase, and grant fair opportunities for shareholders to offer their shares.
2. The company may not repurchase its shares for use as treasury shares except for the following purposes:
 - a. Fulfilling the rights of debt instrument holders or convertible Sukuk holders in accordance with the terms and conditions of those instruments or Sukuk.
 - b. Exchange for acquiring shares, interests, or purchasing assets.
 - c. Allocating them to employees of the company under an employee share program.
 - d. If the company is listed, and the Board of Directors or its authorized representative deems that the market price of the share is lower than its fair value.
 - e. Any other purpose as per the provisions of the Companies Act, its regulations, and relevant laws, including any purpose approved by the Authority if the company is listed.
3. If the company's purpose of repurchasing its shares is for allocation to its employees under an employee share program, the following shall be considered in addition to what is stipulated in this article above:
 - a. Approval of the extraordinary general assembly for the employee share program and authorizing the Board of Directors to determine the terms of this allocation for each share offered to the employee, if any consideration is involved.



- b. Excluding non-executive members of the Board of Directors from the employee share program.
- c. Non-participation of executive members of the Board of Directors in voting on decisions of the Board of Directors related to the employee share program.

Article (54): Sale of Company's Treasury Shares

1. The Board of Directors is permitted to sell treasury shares either in a single transaction or in multiple stages, taking into consideration that the Board of Directors' decision does not conflict with the extraordinary general assembly's approval to purchase these shares. The sale shall be conducted in accordance with the regulatory guidelines issued by the Ministry of Commerce or the Authority if the company is listed.

Article (55): Pledging Company's Shares

Shareholders in the company may pledge their shares in accordance with the following guidelines:

1. The pledge shall serve as collateral for a debt.
2. The pledge shall be in the interest of the company and the shareholders, as determined by the Board of Directors.
3. Approval from the ordinary general assembly shall be required for the pledging process.
4. The pledge shall not violate the Companies Act, other relevant regulations, and laws.
5. Obtaining the necessary regulatory approvals for establishing the pledge if required.
6. Fulfilling the conditions stipulated in the regulatory guidelines for unlisted joint stock companies issued by the Ministry of Commerce in the share pledge contract between the pledging shareholder and the pledgee.

Article (56)

The Companies Act and its regulations shall apply in all matters not explicitly addressed in this regulation.

Article (57)

This regulation shall be deposited and published in accordance with the provisions of the Companies Act and its regulations.

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