



مجموعة فتيحي القابضة  
FITAIHI HOLDING GROUP

# **Articles of Association**

**2023-8م**



**Article (1): Incorporation:**

A Saudi joint stock Company was incorporated under the Companies Law and its regulations and these Articles of Association (AoA), as follows:

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

Fitaihi Holding Group (a listed joint stock Company).

**Article (3): Company's Objectives:**

- 1) Management of its affiliates or participation in the management of other companies in which it owns shares; as well as providing them with the necessary support.
- 2) Investment of its funds in the shares and other securities.
- 3) Ownership of real and movable property necessary for operating its business.
- 4) Ownership and utilization of industrial property rights, including patents, trademarks, industrial marks, franchising and other moral rights; as well as leasing them to its affiliates or others.

**The Company shall carry out its business activity under the applicable laws after obtaining the required licenses from the competent authorities, if any.**

**Article (4): Partnership & Ownership in other Companies:**

The Company may establish other companies, and it may also own shares and stakes in other existing companies or merge with them, and it has the right to participate with others to establish joint-stock or limited liability companies after meeting the requirements set forth by the prevailing regulations and instructions followed in this regard. The Company may carry out transactions on these shares or stakes, with exception of brokerage.

**Article (5): Company's Headquarters:**

The Company's headquarters shall be located at Jeddah city and the Board chairman or CEO may establish other branches, offices or agencies inside or outside the Kingdom of Saudi Arabia.

**Article (6): Term of the Company:**

The Company term is (99) calendar year, starting as of the date of registering it in the commercial register. Such term may be always extended under a resolution of the Extraordinary General Assembly at least one year before its expiry.

**Article (7): Share Capital of the Company:**

The Company's issued and paid-up capital is SAR 275,000,000 (two hundred and seventy-five million Saudi Riyals), divided into 275,000,000 (two hundred and seventy-five million) nominal shares. The nominal value of each share shall be (1) Saudi Riyal (1 SAR), all are equal and ordinary nominal shares.



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

Shareholders have subscribed to all Company's shares totaling (275,000,000) fully-paid shares.

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

According to the principles set by the competent authority, the Extraordinary General Assembly may issue preferred or redeemable shares or decide to purchase or convert them, or convert preferred shares or convert ordinary shares into preferred shares or vice versa, with no more than (10%) of its capital. Preferred shares gives no voting rights to shareholders in the General Assemblies of shareholders. In addition to the right to participate in the net dividends distributed to ordinary shares, these shares prescribe a certain percentage of net dividends of no less than **(1%)** of share's nominal value for their owners, after deducting the reserves, if any, and before distributing any of the Company's dividends to the ordinary shares. In addition, these share gives them the priority to recover the value of their equity in the capital upon liquidating the Company, as well as obtaining a certain percentage of the liquidation output.

Moreover, the Company may purchase such shares according to the principles set by the competent authority and the shareholders General Assembly. These shares are not included in the quorum for the convening of the General Assembly provided for in this AoA.

### **Article (10): Sale of Partly Paid-up Shares**

The shareholder shall pay the value of a share at specified dates, and if the shareholder fails to pay on the due date, the **Board of Directors**, after notifying such shareholder by publication in the official gazette, trading site, or registered letter, may sell shares in a public auction or the capital market, as the case may be, in accordance with the regulations set by the competent authority.

The Company shall collect its due amounts from the proceeds of sale and refund the remaining amount to the shareholder. If the proceeds of sale **are insufficient** to cover these amounts, the Company may collect such amounts from shareholder funds. However, the shareholder in default up to the sale date may pay the due value in addition to the expenses incurred by the Company.

The Company shall cancel sold share in accordance with the provisions of this article, give the purchaser new shareholding the number of cancelled share, indicate in the shareholder register that the sale has taken place and mention the name of the new shareholder.

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

The shares shall be nominal and may not be issued for a value lesser than their nominal value. The Company may issue shares above this value, in the latter case the value difference shall be added in a separate clause within the equity of shareholders It may not be distributed on shareholders as dividends The share is indivisible against the Company; If the share is owned by multiple persons, They shall choose one to represent them in using rights related thereto, and those persons shall be jointly responsible for the obligations arising from the possession of share.



**Article (12): Register of Shareholders:**

The shares of Company shall be traded in accordance with the provisions of Capital Market Law.

**Article (13): Capital Increase:**

1) The Extraordinary General Assembly may decide to increase the Company capital provided that the capital has been already paid in full. 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.

2) The Extraordinary General Assembly may, in all cases, allocate all or part of shares issued for the capital increase to the employees of the Company, and/or all or part of its affiliates.

3) At the time the Extraordinary General Assembly issues a resolution approving the capital increase, a shareholder will be entitled to a pre-emptive right to subscribe to the new shares issued against cash contribution. Such a shareholder shall be informed of their pre-emptive right by publishing a notice by means of modern technology as specified by the regulations, duration and commencement and expiry date of the subscription.

4) The Extraordinary General Assembly may stop application of the preemptive rights vested in shareholders to subscribe to the capital increase against cash contribution or may vest such right in persons other than the shareholders in cases it believes this is appropriate for the Company's interest.

5) The shareholder shall be entitled to sell or assign the preemptive rights during the period from the date of resolution of General Assembly to approve the capital increase until the last date of subscription in new share related to these rights in accordance with controls set by the competent authority.

6) Subject to paragraph (4) above, the new share shall be distributed on the holders of preemptive rights who requested subscription in proportion to their preemptive rights of total pre-emptive rights resulting from the capital increase, provided that the shares they receive do not exceed the amount of the new shares they requested. The remainder of new shares shall be distributed on the preemptive rights holders who requested more than their shares in proportion to the owned pre-emptive right of the total preemptive rights resulting from the capital increase, provided that the shares they receive do not exceed the amount of the new shares they requested. The remaining shares shall be offered to third parties, unless the Extraordinary General Assembly decides or the Capital Market Law provides otherwise.

**Article (14): Capital Reduction:**

The Extraordinary General Assembly may reduce the Company's capital if it exceeds the Company's needs or in the event the Company suffers financial losses. In the latter case, the capital may be reduced to less than the limit stipulated in the article (59) of Companies Law. The reduction resolution shall be issued only after reading out, during the General Assembly Meeting, a statement prepared by the Board of Directors on the reasons underlying such



reduction, the obligations of the Company, and the potential impact of the reduction on such obligations. Such a statement shall be accompanied by a report prepared by the Company's Auditor.

If the reduction is a result of capital being in excess of the Company's needs, the creditors shall be invited to submit their objections to the reduction within (45) days at least from the date set for holding the Extraordinary General Assembly Meeting to take the reduction decision, provided that the invitation shall be accompanied by a statement explaining the amount of capital before and after the reduction, the date of the meeting and the effective date of the reduction.

The creditor, who has notified the Company of his objection to the reduction and whose debt has not been paid off if it is due for payment, or in respect of whom the company has failed to provide a sufficient security for payment of its debt if it is due at a later date, may apply to the competent Judicial Body before the date set for holding the Extraordinary General Meeting to make the reduction decision.

#### **Article (15): Shares Buy-Back and Mortgage:**

The Company may buy-back its ordinary or preferred shares aimed at reducing its capital. In addition, it may retain them as treasury shares. The Company may also sell, mortgage or allocate treasury shares, in one or several stages, to the Company's employees within the employee stock program, in accordance with controls set by the competent authority.

#### **Article (16): Managing Company Affairs:**

The Company shall be managed by a Board composed of seven (7) Members elected by the Ordinary General Assembly of shareholders for a period not exceeding three (4) years and they may be re-elected for other terms.

#### **Article (17): Expiry of Board Membership:**

- 1- Membership of a Board Member shall expire upon the expiry of its term or if a Member becomes unfit for membership according to any law or instructions applicable in the KSA. However, the General Assembly, may dismiss all or any of the Board Members. A Member of the BOD may step-down, provided that this takes place at an appropriate time, otherwise, such Member shall be liable to the Company for the damage arising from his stepping down.
- 2- The General Assembly may also, based on a recommendation from the Board of Directors, terminate the membership of any Member who fails to attend three consecutive meetings or five separate meetings of the Board without a legitimate excuse accepted by the Board.
- 3- The Board of Directors shall convoke the Ordinary General Assembly sufficiently before the expiration of its term of office; for electing a new Board of Directors. If the election cannot be conducted and the existing Board's term of office has expired, the Board Members shall continue to perform their duties until a new Board of Directors is elected for a new term of office, provided that the continuation period of the Members of the Board whose term has expires shall not exceed the duration specified by the regulations.
- 4- If the chairman and Members of the **Board of Directors** resign, they shall convoke the



Ordinary General Assembly to elect a new Board. Furthermore, the resignation shall not take effect until the new Board is elected, provided that the continuation period of the resigning Board shall not exceed the duration specified by the Regulations.

- 5- Any Member of the **Board of Directors** may resign from the Board under a written notice to be submitted to the Chairman of the Board. In the event that the Chairman of the Board resigns, the notice of resignation shall be submitted to the remaining Members of the Board as well as the Secretary of the Board. The resignation shall be take effect -in both cases– as of the date specified in the notice.

#### **Article (18): Vacant Positions in the Board:**

If the position of any Member of the **Board of Directors** becomes vacant due to his/her resignation or death, and such vacancy does not result in a breach of the conditions necessary for the validity of the Board's convention due to the number of its Members being less than the minimum quorum stipulated in the Law or in the Company's Articles of Association, the BOD may appoint, on a temporary basis, a substitute Member to occupy the vacant position, provided that such a substitute Member has the expertise and competence required. In addition, the Commercial Register, as well as the CMA shall both be notified of such appointment within [15] working days following the date of appointment, and such appointment shall also be presented to the General Assembly at its first Meeting for approval. The new Member shall complete the term of office of his predecessor.

The Company may also keep the seat vacant until the end of the Board's term or invite the General Assembly to appoint a member in the vacant seat.

If the necessary conditions for the meeting of the BOD are not met because the number of its Members is less than the minimum stipulated in the Companies Law or in this AoA, the remaining Members shall invite the Ordinary General Assembly to be held within sixty (60) days to elect the necessary number of members.

#### **Article (19): Authorities of the Board:**

Without prejudice to the competencies of the General Assembly, the Board shall have the widest powers to manage the business of the Company, develop its policies, determine its investments and supervise its activities and assets to achieve its objectives. Further, it shall run the Company's affairs inside and outside KSA, except acts or behaviors falling within the competence of the General Assembly set in the Companies Law or this AoA. The Board shall be entitled to:

1) including but not limited to- approve contracts and tenders, establish companies in which the Company engages with its amendments and annexes, issue guarantees to banks, funds, and financing institutions and approve all banking transactions.

2) The right to dispose, sell or mortgage of the Company's assets, property and real estate. The Board shall also be entitled to purchase, accept, pay price, mortgage, release of mortgage, sell, discharge, receive price and deliver sold item. The minutes of **Board of Directors** and grounds for its resolution of disposition of Company's assets, property and real estate shall take into consideration the following conditions:

- A) The Board shall determine in the sale resolution its grounds and justifications
- B) The sale should be close to the price of the same.



C) The sale should not be forward except in the cases that Board specified and with sufficient.

D) Obtain the approval of the General Assembly with regard to the sale of company's assets whose value exceeds fifty percent [50%] of the value of its total assets, whether the sale takes place through one deal or several deals. In which case, the deal that would lead to exceeding [50%] of the value of the assets shall be deemed the one for which the approval of the General Assembly is required. Such a ratio shall be calculated as of the date of the first deal that takes place during the last [12 months].

3) Conclude loans with funds and governmental and non-governmental financing institutions, no for any term, commercial loans with commercial banks, finance houses and credit companies whose term does not exceed the end of Company duration, subject to the following conditions for concluding loans whose term exceeds three years:

A) The **Board of Directors** shall identify in its resolutions how to use and repay loan

B) The loans and guarantees submitted to it shall take into consideration not to affect Company, its shareholders and the general guarantees of creditors.

4) Open, withdraw, transfer and close documentary credits, bank guarantees and accounts.

5) The right of reconciliation, waiver, contract, commitment and engagement in the name of Company or on its behalf.

6) Perform all works and acts that would achieve the purposes of the Company

7) Right to discharge Company's debtors from their obligations in accordance with its interest and the applicable accounting standards in the event of write off debt, The minutes of **Board of Directors** and grounds of its resolutions shall consider the following terms:

A) The discharge shall be at least one year after the debt was created.

B) The discharge shall be for an amount determined as a minimum for each year for one debtor.

C) The discharge shall be for the Board itself and may not be authorized.

The **Board of Directors**, within the limits of its competence, may authorize on its behalf one or more of its Members or others to carry out a specific business, inside and outside the Kingdom, and granting them the right to authorize or delegate others.

#### **Article (20): Remunerations of Board Members:**

1) Board Members remuneration is an amount of SAR 200,000 (**two hundred thousand Saudi Riyals**) for each Member for his membership in the Board and participation in its business, including attendance allowance and additional bonuses in the event of Member participation in the committees formed by the Board, within the limits stipulated in the Companies Law and its Regulations and according to mentioned in the article (40) of AoA.. The Member may also be entitled to any sums for the technical, administrative, or advisory work assigned to him.

2) The Report of **Board of Directors** submitted to the Ordinary General Assembly shall include comprehensive statement of all the salaries, dividends, attendance allowance, expenses, and other benefits during the financial year. It shall also include a statement of



what Board Members have received as employees or administrators or what they have received for performing technical, administrative or consulting work, as well as a statement of the number of Board meetings and the number of meetings that each Member attended from the date of the last General Assembly Meeting.

**Article (21): Competencies of Chairman, Vice Chairman, Managing Director and Secretary.**

The **Board of Directors** shall appoint, in its first meeting, from among its Members, chairman, and vice chairman, or a CEO. The Board may appoint managing director, and it is prohibited to hold, at the same time, the position of chairman of the Board and any other executive position in the Company. The vice chairman shall replace the chairman in his absence. The Board Chairman shall represent the Company before the judiciary, arbitration tribunals and third parties. In addition, the Managing Director or CEO shall act as the representative of the Company, and either of them may authorize any third party to represent the Company.

1) The Chairman of **Board of Directors** shall be responsible for inviting the **Board of Directors** to the meeting, presidency of Board, meetings of General Assembly of shareholders, represent Company before government departments, companies, individuals, courts, notary public, all judicial authorities, tribunals and chambers of commerce and industry. In addition, the chairman shall be responsible for concluding contracts and submitting all documents including contracts, loans agreements, other financial agreements, mortgages, leases, and sale and purchase deeds of lands, buildings, real estate. The chairman may accept, receive, submit and sign before notary public, pay and collect price on behalf of Company, as well as request to amend deeds with its borders and areas, assign it in whole or in part, set out, delete, add and incorporate deeds. Besides the chairman has right to divide, separate, sort and acquire properties and deeds, as well as request to amend drawings, lands, add, delete, waive and accept lands, if any. He shall be entitled to amend the name of owner, number of civil registry or commercial register, amend borders, lengths, area, numbers of plots, drawings, deeds, its dates, and names of districts, right of lease and sign its contracts, amend or cancel it, and participate with other for the Company interest. He also has the right to mortgage, release mortgage, purchase, and sell assets, shares, stocks and bonds, as well as waive shares and stocks, accept the waiver of shares and convert shares to the investment portfolio for the Company's interest. The chairman also is entitled to approve the merger with other companies, merge other companies with the Company, buy, acquire other companies or establish companies and engage in existing companies or companies under establishment. The chairman also is entitled to sign its Articles of Association, partners' resolutions and its amendment annexes including changes, amendments, additions, deletion, capital increase or decrease, entry of new partners, exist of partners, Company or management purposes. Moreover the chairman has right to change Company name, convert it, its branches or one of its branches into legal entity, liquidate it, cancel the Articles of Associations and amendment annexes. The chairman is entitled to enter into joint stock companies as founders or shareholders in the name of Company, register the commercial agencies and trademarks, obtain commercial registers of headquarters and branches, renew it, make amendments herein, such as deletion, addition, change, amendment and write off. He



also has right to require license of all kinds, renew it, and make amendments such as deletion, addition, change, amendment and write off, intent to use trade names, renew and assign them. Furthermore, he is entitled to open, manage, operate, close, and liquidate current and investment bank accounts, investment portfolios and equity portfolios in the name of Company in all banks and brokerage firms inside and outside KSA. Further he is entitled to withdraw, deposit, transfer, sign checks, open documentary credits, sign all necessary documents, issue bank guarantees, sign all financial documents, all kinds of banking transactions, and issue promissory notes and others commercial document related to Company's business. The chairman also has right to send collection fees, collect value of bonds, documents, and all liabilities, activate accounts, update details of accounts, request statements of accounts, checks, receive shares value, dividends, oversubscriptions. He also has right to transfer between accounts, and transfer from investment accounts to current account and visa verse. Moreover, the chairman is entitled to track, finalize all transactions in the Company and receive its rights with other whether checks, credits, cash or bank guarantees, as well as deliver it to Company, receive profits of Company from all companies of all kinds. In addition, he has the right to receive invoices and compensation of the Company with all government agencies, other private entities, individuals, companies, or banks and to collect their value, and sign on behalf of the Company as required. Furthermore, the chairman is entitled to collect Company's debt with other, pay debts owed to the Company by signing all documents of credit facilities. In addition, he is entitled to open, manage, operate and close accounts and investment portfolio in banks and brokerage firms inside and outside KSA, issue and sign bank checks, letter of credit, letter of guarantees and bonds. He also has right to submit request, negotiate to obtain bank facilities, conclude agreement related to all kinds of loans, and bank facilities with group companies or other Company owns shares in its capital. Moreover, he is entitled to sign commercial papers and legal guarantees necessary for these agreements in order to ensure any facility granting to the group or to any Company that owns the shares in its capital. He also has the right to plead, defend, litigate, reconcile, assign, acknowledge, deny, pre-empt, discharge, file, hear and respond to claims, show evidence, deny execution of document, seals and signatures, allegation of forgery, demanding solemn oath to be taken, or abstaining from such, confirming the integrity of witnesses, bring witnesses, data and challenge them. He also has right to refer to seizure and execution department, request seizure and execution, request travel ban, demand for arbitration, appointment of experts and arbitrators, challenge reports of experts and arbitrators, recuse or ask for substitution. In addition, the chairman has right to follow up all lawsuits filed by or against Company before all courts, administrative courts (Board of Grievances), all judicial authorities, Committees for resolution of commercial, financial and banking disputes, labor offices, labor case departments, primary and labor committees, arbitration committees and any other committees of any kind. He also has right to accept judgements, request its enforcement, challenge or deny it, request appeal, petition for review, annotate judgement wording, complete all necessary to attend sessions in all claims before all courts. He is also entitled to receive findings of execution, request appeal of judgments before supreme court regarding to the lawsuits filed by or against Company. He also is entitled to contract with consulting offices, appoint and dismiss lawyers and agents, approve business plans of Company, and its operation plans. Moreover, he has right to grant



signing authorities on behalf of Company to Company officials within the limits that he seems appropriate. Request visas from labor and recruitment office, pay its fees, grant exit and return visa, transfer sponsorships, assign it, request visiting visas, extract, print and renew residences and work permits The report of opening branches inside or outside KSA and obtain its commercial register. He also has right to close and write off its commercial registers, and represent Company before others, legal and administrative judiciary, all ministries including but not limited, Ministry of Municipal and Rural Affairs, main and sub-municipalities, Ministry of Interior, Ministry of Foreign Affairs. Ministry of Commerce, Ministry of Transportation, Ministry of Health, Ministry of Education, Ministry of Higher Education, Ministry of Economic and Planning, Ministry of Energy, Industry and Mineral Resources, Ministry of Labor and Social Development, Ministry of Justice, Ministry of Finance, Ministry of Media and Culture, Ministry of Civil Service, the Ministry of Water and Electricity, Ministry of Hajj and Umrah, Ministry of National Guard, Ministry of Defense, the Ministry of Islamic Affairs, Dawah and Guidance, and Ministry of Environment, Water and Agriculture, Ministry of Communications and Information Technology, Ministry of Housing, General Organization for Social Insurance, Chambers of Commerce, the National Water Company, Saudi Post , and Human Resources Development Fund, Kingdom of Saudi Arabia's embassies abroad, foreign embassies and consulates inside KSA, police stations and traffic departments , Civil Defense, General Directorate of investigations, General Department of expatriate affairs, civil rights and emirates of regions and governorates, the General Directorate of Passports, General Public Security, Financial Market Authority, the Economic Cities Authority, and Control and Investigation Board, Bureau of Investigation and Public Prosecution Authority, Communications and Information Technology Commission, General Authority of Zakat and Tax, General Investment Authority, Saudi Arabian Monetary Agency, Saudi Customs Authority, Council of Cooperative Health Insurance , Board of Grievances, Public Investment Fund, Saudi Fund for Development, and all government and legal departments, notaries and all the executive and private bodies, individuals and banks. The chairman also is entitled to attend the constituent assemblies, transformation assembly, ordinary and extraordinary assembly in which the Company contributes. Moreover, he has right to vote, sign on the behalf of Company, register and subscribe in electronic services websites, as well as authorize or delegate other in specific business and cancel the authorization. In addition, He has other competencies recommended or approved by the Board of Directors.

The Chairman of the Board of Directors may delegate (by a written resolution) some of his powers to other Members of the Board or to third parties to undertake specific work or actions.

2) The Managing Director or the CEO shall have the powers which the BOD determines in order to conduct the daily business of the Company. In addition to the aforementioned powers, the CEO shall be entitled to other powers which the BOD determines by a resolution, when needed, and CEO must implement the instructions of the BOD. The Nomination and Remuneration Committee shall determine the special remuneration that the Chairman and the Managing Director or the CEO receive, in addition to the remuneration defined for each Member of the Board in accordance with what is stipulated in this AoA.



3)- The BOD shall appoint a secretary to be chosen from among its Members or from others, who is responsible for editing the facts and resolutions of the Board in minutes and recording them in a special register prepared for this purpose, and his/her fees shall be determined by a resolution of “Governance Committee and Nomination and Remuneration Committee”. The term of the Board Chairman, the Managing Director and the Secretary of the BOD shall not exceed the term of each of them in the Board, and they may be re-elected, and the Board may at any time dismiss them or any of them, from these positions, and this does not result in exempting them from their membership in the Board of Directors, without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an unlawful reason or at an unexpected time.

**Article (22): Meetings of the Board:**

The Board meets (4 times) at least annually upon the invitation of its chairman or whoever acts on his behalf, and the invitation shall be sent by e-mail or any means of modern technology, in accordance with the controls set by the competent authority. The chairman or his representative shall call the meeting whenever requested in writing by any Member of the Board to discuss one or more topics.

**Article (23): Quorum of Board Meetings:**

1) The meeting shall not be valid unless attended by half of the Board members, in person or by proxy. The Board Member may be represented by other Member in attending the Board meeting in accordance with the following controls:

A) The Board Member may not represent more than one Member in attending same meeting.

B) The representation shall be made in writing and regarding specific meeting

C) The deputy may not vote on the resolutions that the Articles of association prohibit the deputy from voting hereon.

The Board resolutions shall be made by the majority of vote of Members attending or representative, in case of a tie, the chairman of the meeting shall have the casting vote.

2) If the aforementioned quorum is not constituted at first meeting of the Board that have been convened in accordance with the principles. The meeting shall be postponed to later date and no more than (12) days, if the quorum mentioned at the second meeting is not constituted, the proposed resolutions shall be sent to each Member of the Board to vote on it in writing.

3) The meetings of Board of director may be convened via audio or video means, or via means of modern technology, and in accordance with the controls laid down by the competent authority, and in this case the secretary shall send copies of the resolutions taken during the meeting to all Members of the Board to be signed.

4) The Board resolutions shall be made by the majority of vote of Members attending or representative. The written resolutions may be issued and signed by all Members of the **Board of Directors** (whether in one document or equivalent separate documents), and these



resolutions shall be considered as a resolution issued by the **Board of Directors** meeting.

5) The **Board of Directors** may issue its resolutions by presenting them to the Members by circulation, unless a Member requests, in writing, to convene meeting to be deliberated. These resolutions shall be presented to the Board at the next meeting and these resolution shall be deemed effective if it is signed by a majority of the members.

6) The resolution of the **Board of Directors** shall enter into force as of the date of its issuance, except for cases where the underlying resolution sets a different effective date or where particular circumstances occur.

#### **Article (24): Deliberations of the Board:**

1)- The deliberations and resolutions of the Joint Stock Company's Board meetings shall be recorded in minutes to be prepared by the Secretary and co-signed by the Chairman of the meeting, the Board Members present and the Secretary.

2)- Such minutes shall be recorded in a special register to be co-signed by the Chairman of the **Board of Directors** and the Secretary.

3)- The Company may use the means of modern technology for recording the meeting deliberations and resolutions and the minutes of Board/Committee meetings.

#### **Article (25): Attending Assemblies**

A) Each subscriber, regardless of number of its share, has the right to attend the Constitutive Assembly. Each shareholder, regardless of the number of owned shares, has the right to attend the General Assembly of shareholders and may authorize other legal person from non-Board members, or any of the Company's staff to attend the General Assembly, or by other means permitted in accordance with the relevant laws and regulations.

B) The proxy must be in a written power of attorney, and legal people from among the shareholders shall be appointed as their representatives in the meetings of the shareholders' Assemblies.

C) General Assembly Meetings may be held and the shareholder participates in their deliberations and voting on their decisions by means of modern technology, according to the controls specified by the regulations.

#### **Article (26): Competencies of the Ordinary General Assembly:**

Except for the matters reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have competencies in all affairs of the Company. It shall convene at least once a year within the six months following the end of the Company's financial year. In addition, other ordinary Assemblies may be invited as needed.

#### **Article (27): Competencies of the Extraordinary General Assembly:**

The Extraordinary General Assembly shall have the competency for amending the Company's AoA, except for matters prohibited to be modified under law. It may also issue decisions that fall within the powers of the Ordinary General Assembly, subject to the same situations and conditions stipulated for the Ordinary General Assembly.



### **Article (28): Calling for Meetings of Assemblies**

A) The General Shareholders' Assemblies shall convene upon an invitation from the Board in accordance with the Companies Law and its Regulations. The Board shall invite the Ordinary General Assembly to convene upon the request of the external auditor, the audit committee or a number of shareholders holding shares equal to at least (10%) of the Company's shares that have voting rights. The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty days from the date of the external auditor's request.

B) Subject to the provisions of the Companies Law and its implementing regulations, the invitation to attend the General Assembly shall be sent at least (21) days before the date set for the Meeting, by one of the following means:

- 1- Spreading the invitation through modern technology means, as specified by the regulations.
- 2- Send the invitation by e-mail or any means of modern technology.

C) A copy of the invitation and the agenda is sent to the Ministry as well as the Capital Market Authority, within the period specified for publication. And it is published through the website specified by the competent Authority.

### **Article (29): Assemblies' Attendance Record:**

Shareholders desiring to attend the General or Special Assembly meeting shall register their names in the Company's head office prior to the time established for Assembly.

### **Article (30): Quorum of the Ordinary General Assembly:**

The Ordinary General Assembly shall only be deemed validly convened if attended by shareholders holding shares equal to at least one quarter of the share capital. If the quorum required for this Assembly is not met, one of the following two options shall be taken:

- 1) The second Assembly meeting may be convened one hour following the expiration of the first meeting, provided that the invitation for the first assembly meeting shall include a declaration of the possibility of convening such a meeting.
- 2) The second meeting may be convened within the (30) days following the previous meeting, and this invitation shall be published in the manner stipulated in Article (28) of this AoA.

**In all cases, the second meeting is valid notwithstanding the number of shares represented.**

### **Article (31): Quorum of the Extraordinary General Assembly:**

The Ordinary General Assembly shall only be deemed validly convened if attended by shareholders holding shares equal to at least half of the share capital. If the quorum required for this Assembly is not met, one of the following two options shall be taken:

- 1) The second Assembly meeting may be convened one hour following the expiration of the first meeting, provided that the invitation for the first assembly meeting shall include a



declaration of the possibility of convening such a meeting.

2) The second meeting may be convened under the same situations stipulated in Article (28) of this AoA.

**In all cases, the second meeting shall only be deemed validly convened if attended by shareholders holding shares equal to at least one quarter of the share capital.**

If the quorum required for the second meeting is not met, a third meeting shall be called on under the same situations provided for in Article (28) of this AoA.

**The third meeting is valid notwithstanding the number of shares represented, subject to the approval of the competent authority.**

**Article (32): Voting at the Assemblies:**

Each subscriber has one vote per each share he represents in the Constituent Assembly, and each shareholder has one vote per each share in the General Assembly. Cumulative voting shall be applied for electing the **Board of Directors**. The shareholder may get involved in their deliberations and voting on their resolutions through the means of modern technology, and according to the controls set by the Regulation.

**Article (33): Resolutions of the Assemblies:**

Decisions of the Constituent Assembly shall be taken based on the absolute majority of shares represented at the meeting. Decisions of the Ordinary General Assembly shall be taken based on the absolute majority of shares represented at the meeting.

The decisions of the Extraordinary General Assembly shall be issued by two-thirds majority of the shares represented at the meeting, unless the decision is related to the capital increase or reduction, extension of the Company term or its dissolution before the expiration of the term specified in its AoA or its merger with another Company. In this case, the decision may only be valid if issued by three-fourths majority of the shares represented at the meeting.

**Article (34): Deliberations at Meetings of the Assemblies:**

Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board Members and to the external auditor. The Board or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest. In the event the shareholder finds the answer to his question is not convincing, he may invoke the Assembly and its resolution shall be final in this regard.

All rights related to shares shall be guaranteed to the shareholder, and particularly the right to obtain his/her portion of the net profits which are to be distributed in cash; to obtain his/her share of the Company's assets upon liquidation; to attend the Shareholders Assemblies, take part in their deliberations and vote on their resolutions; to dispose of his/her shares as specified by the regulations; to enquire and request viewing the books and documents of the Company, monitor the work of the BOD and to file a liability lawsuit against the Members of the Board, and to appeal against the invalidity of the decisions of the



shareholders' Assemblies, and the Pre-emptive rights to subscribe to the new shares issued in exchange for cash shares, unless the Company's Articles of Association stipulates otherwise, and in accordance with the conditions and restrictions set forth in the Companies Law and the Company's AoA.

**Article (35): Chairpersonship of Assemblies and Preparation of Minutes:**

The Shareholders' General Assembly meetings shall be chaired by the chairman, his deputy (if the chairman is absent) or whom is delegated by the **Board of Directors** of its Members when both are absent. Failing this, the shareholders will vote on selecting a Board Member or a third party to chair the General Assembly.

A minutes including the number of the present shareholders or representatives, the number of shares in their possession in principal or by proxy, the number of votes specified, decisions taken, the number of votes agreed on or disagreed with, and a comprehensive summary of the discussions took place during the meeting, shall be drawn down for the Assembly meeting. Minutes shall be recorded regularly following each meeting in a special record signed by the Assembly Chairman, Secretary and voting collectors.

**Article (36): Appointment of the Auditor:**

- 1- The Company shall have one [or more] auditors from among the auditors licensed to work in the Kingdom. The auditor shall be appointed and its remuneration, term of office and duties shall be determined by the General Assembly, and can be re-appointed as per the regulatory controls in this regard. The Regulations shall determine the maximum term of office of the individual auditor or the auditing Company and the latter's partner supervising the audit process.
- 2- The General Assembly, may dismiss the auditor, without prejudice to the latter's right to be compensated for the damage sustained, if applicable.
- 3- The Company's Manager or Chairman of the **Board of Directors** shall notify the Competent Authority of the dismissal decision and its underlying reasons, not later than [**five**] days following the date of issuance of the decision.
- 4- The auditor may resign by virtue of a written notice communicated to the Company, and its mission shall come to an end either on the submission date of the notification or at a later date to be indicated in the notice, without prejudice to the Company's right to be compensated for the damage sustained thereby, if applicable. The resigning auditor shall submit to both the Company and the Competent Authority -when submitting the notice- a report about the reasons for his resignation. The Company's Manager or Board of Directors shall call the partners or shareholders to a meeting or shall call for the General Assembly to convene -as the case may be- to consider the reasons for resignation and appoint a substitute auditor.

**Article (37): Powers of the Auditor:**

The auditor may, at any time, access the Company's books and records, request information and clarification they deem necessary; in order to verify the Company's assets and obligations and any matters falling within the scope of their work. The Board Chairman shall enable them to perform their duties. If the auditor faces any difficulty in this regard, this shall be



state that fact in a report submitted to the Board. If the Board fails to facilitate the auditor's work, the auditor shall ask the Board to call for a meeting of the Ordinary General Assembly to consider the matter.

**Article (38): Financial Year:**

The Company's financial year shall commence as of the January 1st and expire on the December 31st of each Gregorian year.

**Article (39): Financial Documents:**

1) At the end of each financial year, the Board shall prepare the Company's financial statements of the Company and a report of its activities and financial position for such financial year, including the proposed method to distribute the profits. The Board shall put these documents at the disposal of the external auditor at least forty-five (45) days prior to the date specified for the General Assembly.

2) The Board Chairman, and Chief Executive Officer and the Chief Financial Officer shall sign the documents set forth in Paragraph (1) of this Article, and copies thereof shall be deposited at the Company's Head Office at the disposal of the Shareholders at least (21) days before the date specified for the General Assembly.

3) The Chairman of the **Board of Directors** shall provide the Shareholders with the financial statements of the Company, the **Board of Directors'** Report and the Auditor's Report, unless they are published by any means of modern technology.

The Chairman shall also send a copy of these documents to the Ministry and the Capital Market Authority at least fifteen (21) days before the date specified for the General Assembly and as specified by the regulations.

**Article (40): Disbursement of Dividends:**

A) The General Assembly shall determine the quota to be disbursed to shareholders from the net profits after deduction of reserves, if any.

B) The net profits of the Company shall be disbursed as follows:

1) A percentage of the net profits shall be set aside to form the statutory reserve of the Company, and the Company may decide to stop this procedure of setting aside when the mentioned reserve reaches (30%) of the paid-up capital.

2) The Ordinary General Assembly, upon a proposal from the Board, may set aside a percentage of the net profits to form reserves and allocate them for one or more specific purposes. These reserves will be used based on a proposal from the Board of Directors and in aspects that benefit the Company or the shareholders.

3) The General Assembly may decide to form other reserves, to the extent that serves the interest of the Company or ensures that fixed profits are distributed as much as possible to the shareholders. The aforementioned Assembly may also deduct amounts from the net profits to achieve social purposes for the Company's employees.

4) After that, a percentage of no less than (1%) of the Company's remaining paid-up capital shall be distributed to the shareholders.



- 5) If the remuneration is a certain percentage in the Company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of Companies Law and the Company's AoA, and after distributing a profit of no less than **(1%)** Of the Company's paid-up capital to the shareholders. However, the entitlement to this remuneration shall be proportional to the number of sessions attended by the member.
- 6) In all cases, the total of remunerations and financial or in-kind benefits that a Board Member is entitled to, may not exceed an amount of (SAR 500,000) annually, and as per the controls decided by the competent authority.
- 7) The Company may distribute interim profits to its shareholders biannually or quarterly under an authorization from the Board's General Assembly renewed annually.

**Article (41): Entitlement to Dividends:**

The shareholder shall be entitled to his share in the dividends according to the General Assembly decision issued in this regard, which indicate the due date and distribution date. The shareholders registered in the shareholders' records shall be entitled to the dividends at the end of the due day.

**Article (42): Disbursement of Dividends to the Holders of Preferred Shares:**

In case of the Company's failure to pay the specified percentage from the dividends for three consecutive years, after setting aside the regulatory reserve, the Special Assembly of these shareholders convened as per the Companies Law, may decide that they whether to attend the meetings of the Company's General Assembly and participate in the voting, or to appoint their representatives in the Board in a manner commensurate with the value of their share capital, until the Company can pay all the priority dividends allocated to these shareholders for the previous years. In this case, the holder of the preferred share has the right to vote on all items on the agenda of the General Assembly without exception.

**Article (43): Company's Losses:**

1)- If the Company's losses amount to [half] of its issued capital, the **Board of Directors** shall disclose this matter and the recommendations it has reached on such losses, within sixty [60] days of the date of being aware that the losses have reached such a limit, and shall convoke the Extraordinary General Assembly within [180] Days following the date of being aware of the same, so as to consider the continuation of the Company while taking any necessary measures to remedy or settle such losses.

2)- The Company is deemed terminated under the Companies Law for any of the following



reasons:

- A. The expiration of its term - if it is of a fixed nature - unless such a term is extended in accordance with the provisions of the Law;
- B. Where the partners or shareholders agree to dissolve the Company; or
- C. Where a final judgment that orders the dissolution or invalidity of the Company is rendered by a competent court.

#### **Article (44): Liability Lawsuit:**

- 1- The shareholder[s] representing [5%] of the Company's capital may institute the liability lawsuit on behalf of the Company in the event that the Company fails to institute the same, taking into account that the ultimate goal of instituting the lawsuit is to achieve the interests of the Company. In addition, the lawsuit shall be well-grounded, and the Plaintiff shall be a partner or shareholder in the Company at the time of instituting the lawsuit and is acting in good faith.
- 2- The shareholder may institute a personal liability lawsuit against the manager or Board Members if the fault made by them has caused harm to his private interests.
- 3- The shareholder may only file the above-mentioned lawsuit if the Company's right to file it is still in place.
- 4- The shareholder shall notify the Company of his intent to file such lawsuit, at least [14] days in advance, of the desire to institute the same.

#### **Article (45): Termination of the Company:**

The Company, upon its termination, shall enter a liquidation phase during which it shall retain its legal personality to the extent necessary for the liquidation. The Extraordinary General Assembly shall issue a decision for the voluntary liquidation of the Company, which must include the appointment of a liquidator and specify his powers, fees, any restrictions on his powers and the period required for the liquidation process. The period of a voluntary liquidation process shall not exceed (3) years and may not be further extended without a judicial order. The authority of the Company's **Board of Directors** shall cease upon the dissolution of the Company; however, the **Board of Directors** shall remain responsible for the management of the Company and shall be deemed as liquidators towards third parties, until a liquidator is appointed. General Assemblies shall continue throughout the duration of the liquidation process, but their role shall be limited to exercising their competencies so far as they do not conflict with those of the liquidator.

#### **Article (46): Final Provisions:**

- 1- The Company is subject to the regulations in force in the Kingdom of Saudi Arabia.
- 2- Any text that contradicts the provisions of the Companies Law in these Articles of Association shall not be considered, and the provisions of the Companies Law shall prevail. Anything not provided for in these Articles of Association shall be subject to the Companies Law and its Implementing Regulations.



**Article (47):**

This AoA shall be filed and published in accordance with the Companies Law and its Regulations.

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