

# **Articles of Association**

# **Leejam Sports Company**

## **Listed Joint Stock Company**

**Amended by the Resolution of the Extraordinary General  
Assembly held on April 29, 2021**

*(This is a Translation of the Official Arabic Text of the Articles of Association of Leejam Sports Company)*

## Chapter I: Incorporation of the Company:

### Article (1): Incorporation:

The Company shall be incorporated in accordance with the provisions of Companies Law, the regulations thereof and these Articles of Association as a Saudi joint-stock company pursuant to the following:

### Article (2): Name of Company:

**Leejam Sports Company (Listed Joint-Stock Company).**

### Article (3): Objectives of the Company:

The Company shall engage in and fulfill the following objectives:

1. Personal service activities including: Hairdressing and other beauty treatment, beauty salons for women, barber shops for men, beauty salons for children, other beauty treatment, laundering, pressing and dry-cleaning of all kinds of clothing (including fur) and textiles, laundry collection and delivery, Turkish baths, sauna and steam baths, solariums, slenderizing salons and massage salons;
2. Operation of health clubs (sports activities and amusement and recreation activities) including establishment, management and operation of sports and entertainment centers, sports clubs including (clubs of football, volleyball, basketball, handball, etc.), body-building clubs, swimming clubs, sports halls and centers, men's sports halls and centers, women's sports halls and centers, any other sports activities, activities of producers or promoters of sports events, activities of individual own-account sportsmen including (players, athletes, referees .. etc.), activities of sports leagues and regulating bodies supporting the previous sports activities and operation of health facilities;
3. Food and beverage service activities, operation of food concessions at sports and similar facilities, operation of canteens and cafeterias on a concession basis including (canteens and cafeterias at factories, offices, hospitals and schools, .. etc.), coffee shops, other activities of cafés, fresh juice and cold beverages serving and other beverage serving activities;
4. Wholesale and retail trade: Retail sale through vending machines, etc. (including coffee and juice machines), agents involved in the sale of food and beverages, wholesale of food and beverages, wholesale of beverages, bottled water and sports footwear, wholesale of soft drinks and juices, wholesale of pharmaceutical and medical goods, perfumeries, cosmetics and soaps, wholesale of pharmaceutical and medical goods and medical equipment and devices, wholesale of sports goods, retail sale in non-specialized stores with food or beverages predominating, retail sale of goods sold in department stores, including (clothes, shoes, leather goods, perfumes and accessories, retail sale of dairy products, eggs, olives, pickles and honey, trade of special and healthy food, retail sale of beverages in specialized stores, retail sale of cultural and recreation goods in specialized stores, retail sale of sports goods, fishing gear, camping goods, boats and bicycles, retail sale of sporting equipment in specialized stores, other retail sale of sports goods, fishing gear, camping goods, boats and bicycles, retail sale of sports clothes, retail sale of footwear, retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialized stores, retail sale of medical herbs,

retail sale of perfumery, cosmetic articles, soap and incense, retail sale of medical goods and orthopaedic devices, retail sale of drugs, retail sale via Internet, other retail sale activities via mail order houses or via Internet, retail sale through vending machines etc. (including coffee and juice machines) and wholesale of sporting clothes;

5. Physiotherapy including physiotherapy centers and similar centers and establishment, management and operation of healthcare centers and activities;
6. Real estate and development, real estate activities with own or leased property including management and leasing of real estate with own or leased property, purchase, sale and construction of buildings, subdividing of lands and real estate, and on-the-map selling activities, other real estate activities with own or leased property, intermediation in real estate management, other real estate activities on a fee or contract basis;
7. Maintenance, cleaning and operation contracting of buildings and factories;
8. Support services including motor vehicle washing and polishing;
9. Construction works, construction of all types of non-residential buildings including schools, hospitals, hotels ... etc., construction of all types of non-residential steel buildings, erection of prefabricated constructions on the site, remodeling or renovating existing residential and non-residential structures;
10. Renting of sports equipment, renting and leasing of sports equipment;
11. Sports training and education, sports and recreation education, teaching sports, including (football - volleyball - baseball - basketball - table tennis - handball - cricket), gymnastics instruction, swimming instruction, martial arts instruction, yoga instruction, other types of sports and recreation education, training and qualification of the Company's staff .. etc.;
12. Advertising and publishing for third party including aerial advertising, installation and assembly of neon boards, other commercial advertising and market research-related activities, activities of motion pictures, video and television program production, commercial advertising, etc., production of motion pictures including traditional animation, production of television commercials, other motion picture, video and television program production activities, electronic publishing, other software publishing activities;
13. Postal activities including postal and courier activities, pickup, delivery and transport of mail and parcels, providing mail-room management services, providing processing and storage services for items and postal parcels as well as redistribution services, providing postal logistics services and private courier activities;

14. Nutrition centers;
15. Advertising including advertising institutions and agencies and other commercial advertising and market research-related activities; and
16. Photography activities including photographing activities, aerial photography activities, photography for commercials and tourism purposes using all means and methods of photographing, film processing, mounting of slides, activities of photojournalists, microfilming of documents, other photographic activities, operation of unmanned aerial vehicles for aerial photography purposes.

The Company shall engage in its activities in accordance with the adopted laws and after the issuance of required licenses, if applicable, by relevant entities.

**Article (4): Participation and Ownership in Companies:**

The Company may establish on its own (limited liability or closed joint-stock companies) provided that share capital of the Company shall not be less than SAR five million. Besides, the Company may have shares and stocks in other existing companies or merge with such companies. The Company shall be entitled to participate with third party in incorporation of joint-stock or limited liability companies after satisfaction of requirements of adopted laws and instructions to this effect. The Company may further dispose of such shares or stocks, provided that this shall not include brokerage in trading the same. Nonetheless, the Company may deal and enter into contracts with individuals or corporates engaging in the same activities for the purposes of development of the Company's business.

**Article (5): Registered Office of the Company:**

Registered office of the Company shall be in Riyadh. The Board of Directors may resolve to incorporate subsidiaries, offices or agencies in the Kingdom of Saudi Arabia or abroad.

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

Duration of the Company shall be ninety nine (99) calendar years as of the date on which decision of Minister of Commerce and Investment declaring the incorporation and registration of the Company in the Commercial Register is publicized. Duration of the Company may always be extended by a resolution to be passed by the Extraordinary General Meeting at least one year prior to the expiration of its duration.

## **Chapter II: Capital and Shares:**

### **Article (7): Capital:**

Capital of the Company shall be SAR (523,833,610) Five Hundred and Twenty Three Million, Eight Hundred and Thirty Three Thousand, Six Hundred and Ten Saudi Riyals, divided into (52,383,361) nominal shares of equal value, the nominal value of each shall be SAR (10) and all of which are ordinary shares.

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

Shareholders have subscribed for all share capital.

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

The Company's Extraordinary General Meeting may, in accordance with the criteria set by the competent authority, issue preference shares or decide to purchase preference shares, convert ordinary shares into preference ones or vice-versa. The preference shares shall not grant their holder the right to vote in the Shareholders' General Meetings. The said shares shall entitle their holders, in addition to the right to participate in the net dividends distributed to the ordinary shares, to the following:

1. The right to gain an additional percentage of the net profits by no less than 5% of the share's nominal value after setting aside the statutory reserve and prior to distributing any dividends of the Company; and
2. The priority right to acquire value of their shares in the capital upon liquidation of the Company and to receive a specific percentage of the realization value.

The Company may purchase such assets in accordance with the controls developed by the competent authority. However, such shares shall not be included in the quorum required for convening the General Meeting of the Company stipulated herein.

### **Article (10): Selling the Unpaid Shares:**

The Shareholder shall pay value of the share within the specified dates therefor. Should the Shareholder fail to pay such value when falling due, the Board of Directors may, after notifying such shareholder by registered letter or email, put the share up for the public auction or in the stock market, as the case may be, in accordance with the controls determined by the relevant authority.

The Company shall collect the amounts owed to the Company from the proceeds of sale and the remaining amounts shall be reimbursed to the Shareholder. If the proceeds of sale are not sufficient to pay such amounts, the Company may collect the outstanding amounts from all funds of Shareholder.

However, the Shareholder in default, may, to the day of sale, pay the value owed by such Shareholder in addition to the expenses incurred by the Company in this regard.

The Company shall void the share sold under the provision of this Article, grant the purchaser a new share bearing the voided share number and shall notate in the register of shares indicating the sale process along with the new holder's name.

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

Shares shall be nominal and shall not be issued at less than their nominal value, rather, they may be issued at a premium value. In the latter case, difference in value shall be registered in a separate item within the Shareholders' rights and shall not be distributed as dividends to the Shareholders. The share shall be indivisible vis-à-vis the Company. Therefore, if the share is jointly owned by several persons, such persons shall elect a representative among them to exercise the rights in pertaining thereto on their behalf. Such persons shall be jointly liable for the obligations arising from the ownership of the share.

#### **Article (12): Trading of Shares:**

Shares to which founders subscribe shall be traded only after publishing the financial statements for at least two consecutive twelve-month financial years as of the date of incorporation of the Company. A notation shall be made on instruments (Sukuk) of such shares indicating the type thereof, Company incorporation date and the period during which trading is prohibited.

However, during the lock-up period, ownership of shares may be transferred in accordance with the provisions of sale of rights by one founder to another or by successors of a founder, if passed away, to a third party, or in case of enforcement against the insolvent or bankrupt founder, provided that the priority of owning such share shall be given to the other founders.

Provisions of this Article shall be applied to all shares to which founders shall subscribe, in the event of capital increase, prior to the expiration of the lock-up period.

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

#### **Article (13): Purchase, Sale and Pledge of Company's Shares by the Company:**

1. The Company may purchase or pledge its shares in accordance with the controls developed by the competent authority. Shares purchased by the Company shall not have votes in the Shareholders' Meetings.
2. The Company may repurchase its shares to be acquired by the employees under an employee stock purchase plan in accordance with the relevant laws and regulations governing such matter.

Shares may be pledged subject to the controls established by the competent authority. Unless otherwise is agreed in the pledge agreement, pledgee shall be entitled to receive profits and exercise the rights in pertaining to the share. However, the pledgee shall neither attend nor vote in the Shareholders' General Meeting.

#### **Article (14): Capital Increase:**

1. Extraordinary General Meeting may resolve to increase capital of the Company, provided that the original capital shall be paid up. However, capital is not required to be paid in full if the unpaid part thereof belongs to shares issued in consideration of converting debt or financing instruments into shares and the term prescribed for its conversion into shares has not expired yet.

Resolution shall define the capital increase method. Capital increase can be by either of the following methods:

- A. Issuance of new stocks for cash or contributions in-kind;
- B. Issuance of new shares for the debts of specified amount that have fallen due and are owed by the Company, provided that issuance shall be pursuant to the value decided by the

Extraordinary General Meeting having sought the advice of an expert or certified evaluator and after the Board of Directors and the auditor develop statement on the origin and amount of such debts and this statement shall be signed by the Directors and the auditor while assuming responsibility for the validity thereof;

- C. Issuance of new shares by the amount of the reserve which the Extraordinary General Meeting would decide to include into the capital. Such shares shall be issued upon the same types and conditions of the traded shares. Such shares shall be distributed to the Shareholders without consideration on a pro-rata basis; and
  - D. Issuance of new shares for debt or financial instruments.
2. Extraordinary General Meeting may, in all cases, allocate the issued shares upon capital increase, in full or in part, to the employees of the Company and/or its subsidiaries or the like. Shareholders shall not exercise the priority right when the Company issues the shares allocated for the employees.
  3. When the Extraordinary General Meeting issues its approval on capital increase, the Shareholder owning the share shall have the priority to subscribe for the new shares issued against cash. Such Shareholders shall be notified of their priority rights, if applicable, by publishing in daily newspaper or by registered mail or email, of the capital increase resolution, subscription conditions, duration, date of commencement and expiration.
  4. Extraordinary General Meeting may suspend the Shareholders' priority right to subscribe for capital increase in consideration of cash or give the priority to non-shareholders in the cases deemed to be in the interest of the Company.
  5. Shareholder may sell or forfeit the priority right during the period as of the date the General Meeting resolves to approve the capital increase to the last day of subscription for the new shares in pertaining to such rights, in accordance with the regulations developed by the relevant entity.
  6. Subject to Article (140) of Companies Law, the new shares shall be allotted to holders of priority rights who applied for subscription, in proportion to the priority rights they are holding to the total priority rights resulting from capital increase, provided that the number of shares allotted to such shareholders shall not be in excess of the number of new shares they applied for. The remaining new shares shall be allotted to holders of priority rights applied for more than their entitlement on a pro-rata basis, provided that the number of shares allotted to such shareholders shall not be in excess of the number of new shares they applied for. The remaining shares shall be offered to third parties unless otherwise is resolved by the Extraordinary General Meeting or stated by Capital Market Law.
  7. Provisions of valuation of contributions in-kind submitted upon incorporation of the Company shall be applied to the shares issued for contributions in-kind. The Ordinary General Meeting shall act as the Constituent Meeting to this effect.

**Article (15): Capital Decrease:**

The Extraordinary General Meeting may resolve to reduce the share capital if in excess of the need of the Company or if the Company sustains losses. Only in the latter case, the capital may be decreased below the limit set forth in Article (54) of Companies Law. Such resolution of reduction shall be issued only after reading the auditor report on the grounds therefor, on liabilities of the Company and the impact of such reduction on these liabilities.

If the capital reduction is due to the fact that the capital exceeds the Company's need, the creditors must be invited to express their objections to such reduction within sixty days as of the date of publishing the reduction resolution in a daily newspaper published in the region where the Company's registered office is situated. If a creditor raises an objection and provides the Company with supporting documents within the aforementioned period, the Company shall settle its debt if due or shall furnish such creditor with adequate security for its payment if it has not fallen due yet.

**Chapter III: Debt Instruments and Financing Instruments**

**Article (16): Issuance of Instruments and Bonds:**

1. The joint-stock company may, in accordance with Capital Market Law and the other relevant regulations, issue debt instruments or negotiable financing instruments.
2. The Company may issue debt instruments or financing instruments convertible into shares only after a resolution is passed by the Extraordinary General Meeting setting the maximum number of shares that may be issued against such instruments or Sukuk, whether these instruments or Sukuk are issued at the same time or through a series of issuances or through program(s) to issue debt instruments or financing instruments. The Board of Directors, without the need for new approval of such Meeting, shall issue new shares in exchange for those instruments that their holders apply for their conversion, immediately after the expiration of the conversion period specified for holders of such instruments. The Board of Directors shall take the necessary actions to amend the Company's Articles of Association with regard to the number of shares issued and the capital.
3. Subject to Article (122) of Capital Market Law, the Company may convert the debt instruments or financing instruments into shares in accordance with Capital Market Law. In all events, such instruments shall not be converted into shares in the following cases:
  - A. If the conditions for issuance of debt instruments or financing instruments do not include the possibility to convert such instruments into shares by increase of the Company's capital; and
  - B. If holder of the debt instrument or financing instrument does not approve such conversion.

**Chapter IV: Board of Directors**

**Article (17): Management of the Company:**

The Company shall be managed by a board of directors composing of (7) seven directors to be elected by the Shareholders' Ordinary General Meeting for a term of service of no more than three years.



## **Chapter IV: Board of Directors**

### **Article (18): Termination of the Board Membership:**

Membership of the Board shall be terminated at the expiration of the board term or when a director becomes incompetent for the board membership in accordance with any law or instructions applicable in the Kingdom. Nonetheless, the Ordinary General Meeting may terminate the board term of office and call for election of new board of directors in accordance with the relevant laws and regulations. Besides, the General Meeting may, at all times, dismiss all or certain directors without prejudice to the right of the dismissed director against the Company to claim for compensation if dismissed for undue cause or at an inappropriate time. The director may resign, provided to be at a reasonable time, otherwise the director shall be held responsible before the Company for the damage arising out of such resignation.

### **Article (19): Vacant Seat on the Board:**

If there is a vacancy on the board, the Board of Directors may temporarily appoint another director to fill such vacant seat irrespective of the arrangement with regard to taking votes of the Meeting elected the board, provided to have the adequate expertise and efficiency. Ministry of Commerce and Investment and Capital Market Authority must be informed within five working days as of the date of appointment. Such appointment shall be presented to the Ordinary General Meeting at its first meeting. The new director shall complete the term of its predecessor. In the event, the conditions required for convening the board are not met because the number of directors falls below the minimum number prescribed in the Companies Law or herein, the remaining directors shall call for the Ordinary General Meeting within sixty days to elect the essential number of directors.

### **Article (20): Powers of the Board of Directors:**

Subject to the powers specified for the General Meeting, the Board of Directors shall have full powers and authorities to manage the Company, supervise its business and funds and manage its affairs in the Kingdom of Saudi Arabia and abroad for the purpose of achieving its objectives, guarding its interests, contributing into its development and raising its value. The Board of Directors shall be vested, including without limitation, with the following powers and authorities:

1. Represent the Company in its relation with third party, including labor offices, executive and administrative authorities, Passport Department, civil rights bodies, Police and Traffic Departments, municipalities, principalities, governorates, Ministry of Interior, Ministry of Foreign Affairs, Ministry of Labor, embassies, consulates, Customs Department, recruitment offices, General Authority of Zakat and Tax, General Organization for Social Insurance, all other government authorities, chambers of commerce and industry, private authorities and enterprises, banks, commercial banks, finance houses, investment institutions and companies, all funds and all types of government financing funds and institutions of different competencies in addition to all types of corporates and institutions in the Kingdom of Saudi Arabia and abroad;
2. The right to issue, amend and renew licenses, apply for visas by labor and recruitment offices in the name of Company, grant those sponsored by the Company exit and re-entry visas or final exit visas, transfer or assign sponsorships and issue iqamas;

3. The right to sign, on behalf of the Company, memorandums of association, amendment resolutions, shareholders' resolutions and boards of directors of the companies in which the Company participates or of which the Company is a shareholder including without limitation: amendment of articles on management, capital increase or decrease, sale and transfer or acceptance and purchase of stocks and shares, in part or in full, change its legal entity, attest and sign memorandums of association and the amendments thereto of the companies before the Notary Public in the Kingdom of Saudi Arabia, represent the Company in the ordinary and extraordinary general meetings and all shareholders' meetings of the companies of which the Company is a shareholder. They shall have the right to vote, discuss and deliberate in all matters brought before such meetings and to sign all documents to this effect;
4. Sign all contracts, agreements and documents of purchase, sale, lease, release, mortgage, redeem mortgage, assignment, conveyance and transfer of the title of lands and buildings as well as all types of real estate properties and movables whether in the name and for the interest of the Company or in the name and for the interest of a third party, to receive, deliver and collect the price and to sign all required documents before the Notary Public and all competent authorities and other documents and conclude deals with any third party on behalf of the Company;
5. The right to open, operate, update, close, withdraw from, deposit in and manage bank and investment accounts of the Company, sign all required documents in this regard, sign all bank transactions including but not limited to: domestic and international transfer, purchase and sale of international currencies, apply for, receive and draft all types of cheques, sign all required documents relevant to such transactions, open letters of credit, apply for all types of bank guarantees, sign all documents and the resulting commercial papers, apply for and receive all types, kinds and categories of credit cards, amend the data and privileges thereof, sign all documents required therefor in the name and for the interest of the Company, apply for and activate electronic services provided by banks in the name and for the interest of the Company in addition to signing all essential and necessary forms;
6. The right to apply for and approve loans and credit facilities in accordance with rules of sharia from commercial banks, government industrial funds or other lenders and sign the required contracts and documents, sign and submit all essential securities including legal guarantees for providing facilities of such loans such as mortgage, promissory notes, share certificates and other securities in-rem and cash securities;
7. The right to register commercial agencies in the name and for the interest of the Company, sign all local and international agency contracts in accordance with all types of commercial agency laws and sign all relevant documents and commercial papers;
8. Sale, purchase and mortgage of all types of movable properties of the Company. However, with regard to sale of real estate property of the Company, Board of Directors report and reasoning of its decision on disposal shall require that BOD has to define in the sale resolution the reasons and grounds therefor and that the sale has to be concluded for a price similar to the standard price and sale shall be in cash unless in the cases determined by the Board and upon the sufficient guarantees. Such disposal shall neither cause suspension of activities of the Company nor taking on other obligations;

9. Enter into loan agreements with government financing funds and institutions irrespective of the term thereof. The Board of Director shall further be entitled to make commercial loans of which term are not in excess of the Company's Term, subject that, for the commercial loans longer than three (3) years, the Board of Directors shall define in the resolution loan utilization and repayment method;
10. In the cases established by the Board of Directors, BOD shall release and discharge the Company's debtors from their obligations in accordance with interest of the Company, provided that in the Board report and reasoning of its resolution shall consider the following conditions:
  - A. Release and discharge shall be after one full year as of the date of debt; and
  - B. Release and discharge shall be for a maximum amount specified for each debtor per year.
11. The Board of Directors may provide financial support, saving from loans, to any of the companies of which the Company is a shareholder as well as the subsidiaries thereto;
12. The Board of Directors shall have the power to approve distribution of interim dividends to Shareholders of the Company, provided to be presented to the General Meeting in its first subsequent meeting;
13. Develop, supervise the application of and review plans, policies, strategies and main objectives of the Company on a regular basis and ensure the availability of human and financial resources required for realization of such plans and objectives including:
  - A. Establishment, review and orientation of the Company's comprehensive strategy, master plans of operation, risk management policies and procedures;
  - B. Determination of the optimal capital structure, strategies and financial objectives of the Company and approval of all types of estimated budgets;
  - C. Supervision of the Company's major capital expense and ownership and disposal of assets;
  - D. Setting performance targets, monitoring performance and overall performance of the Company;
  - E. Periodic review of organizational and employment structures of the Company and approving such structures; and
  - F. Ensuring that the human and financial resources essential for realization of objectives and plans of the Company are provided.
14. The Board of Directors shall be entitled, within its powers, to authorize on its behalf director(s) or third party to conduct certain action(s) and may revoke the authorization or delegation, in part or in full; and
15. The Board of Directors shall be entitled to resolve to form several committees in accordance with the relevant laws and the Company's need. Furthermore, the Board shall have the power to determine the terms of reference of the committees and procedures on appointment, termination and remuneration of the members in addition to the procedures on monitoring works of such committees in accordance with the policies developed by the Board.

**Article (21): Remuneration of the Directors and Committee Members:**

1. Remuneration of the Directors

Remuneration of the Directors may consist of a specified sum, an attendance fee, expense allowance, any benefits in-kind, a certain percentage of profits of the Company, or a combination of the cash and benefits in-kind when determining remuneration of the Directors. Benefits shall be granted pursuant to a resolution by the Ordinary General Meeting in accordance with Companies Law and the regulations thereof.

Remuneration of the Directors shall be variable subject to the policies developed by the Company to which the Company agrees. The Directors shall present to the Ordinary General Meeting a detailed report on all amounts received by the Directors during the financial year, including remuneration, bonuses, expenses and any other benefits. The said report shall state what has been earned by the Directors as employees of the Company. The report shall also include the number of meetings attended as of the last General Meeting.

In all events, total remuneration and cash or benefits in-kind received by any independent Director shall not exceed SAR five hundred thousand per annum in accordance with the regulations established by the relevant authority. Besides, remuneration of the Directors shall not be a percentage of profits of the Company and shall not have direct or indirect connection with the Company's profits.

The Directors having the right to vote in the General Meeting shall not vote on the resolutions relevant to remuneration of the Directors.

2. Remuneration of the Board Committees:

The Board of Directors shall determine remuneration of the committee members, attendance fees and other entitlements subject to a policy approved by the Board of Directors on the recommendation of Remuneration and Nomination Committee. Such remunerations and entitlements shall be fulfilled in accordance with the policy to be approved by the Board, except for remuneration of membership of the audit committee that shall be defined by the Shareholders' General Meeting pursuant to recommendation of the Board of Directors.

**Article (22): Powers of the Chairman, Vice-Chairman, Managing Director and Secretary:**

The Board of Directors shall appoint among its members a Chairman and a Vice-Chairman and may appoint a Managing Director. No Director shall hold the position of a Chairman along with any other executive position at the Company at the same time. The Chairman shall have the powers to call for the Board and chair meetings of the Board and Shareholders' General Meeting. The Managing Director shall implement the directives issued by the Board or the Chairman and shall follow such instructions and directives.

The Managing Director shall manage the day-to-day business of the Company and shall present reports to this effect to the Board. The Managing Director shall be vested with all powers and authorities granted in accordance with the laws and regulations.

1. Chairman of the Board shall represent the Company before the court, sharia courts, judicial authorities, Board of Grievance, labor offices, Supreme and Primary Commission for the Settlement of Labor, commercial paper committees, all types of other committees and judicial authorities in addition to judicial, executive and administrative bodies, arbitral tribunals and Notary Public;

2. The Chairman may issue title deeds, receive instruments and deeds, apply for amendment of the deeds including the borders and area thereof, deleting, addition, partition, division, signing on behalf of the Company where required in addition to signing all agreements and instruments before the Notary Public and other official entities. The Chairman shall have the right to enter into and withdraw from tenders, receive and make payments, acknowledge, make reconciliation, transfer, enter into contracts and assume obligations and commitments in the name and on behalf of the Company;
3. The Chairman shall have the right to plead, defend, dispute, claim, acknowledge, deny, preemption and guarantee, hear and respond to cases, request and tender back the oath, bring evidence, challenge and deny the texts, signatures and seals. Furthermore, the Chairman may appoint and disqualify the experts and arbitrators, follow all lawsuits filed by or against the Company before sharia courts, Board of Grievance, enforcement judges, labor offices, Supreme and Primary Commission for the Settlement of Labor, Labor Dispute Committee, banking committees, commercial papers and instruments committees, all other judicial authorities and committees, arbitral tribunal. Besides, the Chairman shall be entitled to accept, apply for execution, deny or challenge judgments, apply for arbitration on behalf of the Company, appeal the judgments delivered against the Company, object to and accept such judgments, receive and deliver on behalf of the Company, apply for execution of judgments, refer to enforcement judges and collect the amounts arising out of enforcement;
4. Chairman of the Board of Directors and Managing Director shall, jointly or severally, represent the Company in its relation with third party;
5. Chairman of the Board of Directors and Managing Director shall, jointly or severally, represent the Company before the General Directorate of Passports and Civil Rights bodies, Police and Traffic Departments, municipalities, principalities and governorates, Ministry of Interior, Ministry of Foreign Affairs, Ministry of Labor, embassies, consulates, Customs Department, recruitment offices, General Authority of Zakat and Tax, General Organization for Social Insurance, all other government authorities, chambers of commerce and industry, private authorities and enterprises, banks, commercial banks, finance houses, investment institutions and companies, all funds and all types of government financing funds and institutions of different competencies in addition to all types of corporates and institutions in the Kingdom of Saudi Arabia and abroad;
6. Chairman of the Board of Directors and Managing Director may, jointly or severally, issue, amend and renew licenses, apply for visas by labor and recruitment offices in the name of Company, grant those sponsored by the Company exit and re-entry visas or final exit visas, transfer or assign sponsorships and issue iqamas;
7. Chairman of the Board of Directors and Managing Director shall, jointly or severally, have the right to sign memorandums of association of the companies in which the Company participates or of which the Company is a shareholder all amendment resolutions to the memorandums of association including without limitation: capital increase or decrease, amendment of articles on management, change the legal entity, transfer, sell, accept and purchase the stocks or shares in full or in part, or any other amendments before the Notary Public in addition to the right to refer to the Notary Public, conclude any type of conveyance, sell and purchase lands and real estate

properties, receive and make payments, sign, receive and handover documents, instruments and deeds, receive the price, accept conveyance to the Company and by the Company before official entities;

8. Chairman of the Board of Directors and Managing Director shall, jointly or severally, be entitled to open, operate, update, close, withdraw from, deposit in and manage bank and investment accounts of the Company, sign all required documents in this regard, deposit, withdraw, conduct domestic and international transfer, apply for, receive, draft and sign all types of cheques, request, activate and use all electronic transactions provided by the banks in the name and for the interest of the Company and sign all required forms and documents;
9. Chairman of the Board of Directors and Managing Director may, jointly or severally, within their powers, issue power of attorney on behalf of the Company before the competent Notary Public and may further, within its powers, authorize or delegate director(s) or third party to carry out certain work(s) in the Kingdom of Saudi Arabia and abroad and may revoke the legal power of attorney, the authorization or delegation in part or in full; and
10. Vice-chairman shall act as the Board Chairman when absent.

The Board of Directors shall, at its discretion and by a resolution to be adopted by the Board of Directors, determine the remuneration of the Chairman and the Managing Director in addition to the remuneration hereunder prescribed for the Directors.

The Board of Directors shall appoint a Secretary of the Board, whether among its members or a third party, who shall be responsible for drafting and recording the resolutions passed by the Board in a special register made for such purpose. Remuneration of the Secretary shall be determined by resolution of the Board. Term of office of the Chairman, Vice-chairman, Managing Director and the Secretary of the Board (if a director) shall not be in excess of their respective term on the Board and they may be reappointed. The Board shall be entitled at any time to dismiss all or any of them without prejudice to the right of dismissed party if dismissed for undue cause or at an inappropriate time.

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

The Board of Directors shall convene, when called by the Chairman, at least four (4) times a year. Such call must be in writing and may be sent by registered mail or email accompanied by agenda. The Chairman shall call the Board if so requisitioned in writing by two directors.

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

The deliberations and resolutions of the Board of Directors shall be recorded in minutes signed by the Board Chairman, present Directors and secretary. Such minutes shall be entered into in a special register to be signed by the Board Chairman and the secretary. All present or represented Directors shall sign a copy of the minutes.

The Board of Directors may hold its meetings by video-conferencing whereby all Directors participating in the meeting are able to see and hear each other. In this event, the Secretary shall send copies of the resolutions passed during the meeting to the Directors to sign thereon.

**Article (25): Quorum of the Board of Directors Meetings:**

Meeting of the Board shall be duly convened only if attended by at least half or the Directors, provided not to be less than three (3) directors in person. Should a director desire to delegate another director to attend the Board's meetings, such delegation shall be in accordance with the following rules:

- a. The director shall not represent more than one director when attending such meeting.
- b. Such authorization shall be in writing and about one specific meeting.
- c. The director's proxy shall not vote on the resolutions on which the delegating director is prohibited to vote by the law.

**Article (26): Resolutions of the Board of Directors:**

The Board's resolutions shall be adopted by majority vote of the Directors present or represented in the meeting. In case of a tie, Chairman of the meeting will have casting or second vote.

The Board of Directors may pass resolutions by circulation by presenting such matters to all members individually unless the Board is requested in writing to be convened by a director for deliberation of these matters. Such resolutions shall be reviewed by the Board of Directors in the first subsequent meeting.

**Article (27): Conflict of Interest:**

The Director shall not have a direct or indirect interest in the business and contracts concluded for the interest of the Company unless under an authorization by the Ordinary General Meeting in accordance with the regulations developed by the competent authorities. The director shall notify the Board of its direct or indirect interest in the business and contracts concluded for the Company. Such notification shall be recorded in the meeting minutes. Such director shall not participate in voting on the resolution to be passed in this regard in the Board of Directors and the Shareholders' Meetings. The Chairman shall notify the Ordinary General Meeting, when convened, of the business and contracts in which the director has direct or indirect interest. The notification shall be attached to a specific report developed by the external auditor of the Company. Should the Director fail to disclose the interest as stipulated in this Article, the Company or every interesting party may claim before the competent judicial entity for revocation of the contract or obligating the director to pay any profits or benefit achieved.

The director shall not engage in any business that may compete with the Company or compete with the Company in any of its activities unless having an authorization by the Ordinary General Meeting in accordance with the regulations developed by the competent authorities.

**Chapter V: Shareholders' Meetings**

**Article (28): Attending Meetings:**

Each subscriber, irrespective of the number of its shares, shall have the right to attend the Constituent Meeting. Every Shareholder shall be entitled to attend the Shareholders' General Meetings and may grant a written proxy to a third party who is not a director or a member of the Company to attend the General Meeting in accordance with the proxy form developed for such purpose required to be attested by a chamber of commerce or bank.

**Article (29): Constituent Meeting:**

The founders shall invite all subscribers to hold a Constituent Meeting within forty five days as of the resolution date of the Ministry of Commerce and Investment licensing the incorporation of the Company. For the meeting to be valid, it must be attended by subscribers representing at least half of share capital of the Company. If such quorum is not present, another meeting shall be hold one hour after the expiration of the period specified for the first meeting, provided to be included in the call of the first meeting. In case the call does not refer to the second meeting, the second meeting shall be held at least fifteen days as of the call date.

In all cases, the second meeting shall be deemed duly convened and constituted regardless of the number of subscribers represented therein.

**Article (30): Powers of Constituent Meeting:**

The Constituent Meeting shall be vested with the powers set forth in Article (63) of Companies Law.

**Article (31): Powers of Ordinary General Meeting**

Saving from the matters falling within the competency of the Extraordinary General Meeting, the Ordinary General Meeting shall be competent to deal with all matters in pertaining to the Company. It shall be convened at least once per annum during the six (6) months following the end of the Company's financial year. Furthermore, other ordinary general meetings may be called whenever necessary.

**Article (32): Powers of Extraordinary General Meeting:**

The Extraordinary General Meeting shall have the power to amend the Articles of Association of the Company, saving from the provisions prohibited to be amended by the law. EGM may pass resolutions on matters falling within the competency of the Ordinary General Meeting under the same terms and conditions prescribed for the Ordinary General Meeting.

**Article (33): Calling for Meetings:**

Shareholders' public or special meetings shall be convened upon the call of the Board of Directors in accordance with the Companies Law and regulations thereof. The Board of Directors shall convene the Ordinary General Meeting if so requisitioned by the auditor, the audit committee, or a number of shareholders representing at least five (5%) per cent of the share capital. The auditor may also call the Meeting to convene if the Board of Directors fails to hold the Meeting within thirty (30) days as of the date of the auditor's request.

Besides, the Ordinary General Meeting may be convened by a resolution of the relevant authority in the following cases:

1. In case of expiration of the period specified for holding the Meeting stipulated in Article (87) of Companies Law without being held;
2. If the number of Directors falls below the minimum required for its meeting subject to Article (69) of Companies Law;
3. If it is established that there are violations of the law or Company's Articles of Association or there are flaws in management of the Company; and



4. If the Board fails to call for the General Meeting within fifteen days as of the requisition made by the auditor, audit committee or number of Shareholders representing at least (5%) of the capital.

Shareholders representing at least (2%) of the capital may submit request to the relevant authority in order to convene the Ordinary General Meeting in any of the cases set forth hereinabove. The relevant authority shall call for the Meeting within thirty days as of the Shareholders' request, provided that the call shall include agenda of the Meeting and the items required to be approved by the Shareholders.

The General Meeting call shall be published via CMA website and website of the Company and in a daily newspaper distributed in the region of the Company's registered office at least twenty one (21) days prior to the date set for the meeting. Besides, the Company may convene the Meeting via modern technologies. The call shall include date, venue and the agenda of the Meeting. A copy of the call and the agenda shall be sent to the Ministry of Commerce and Investment and to the Capital Markey Authority within the period specified for publication.

**Article (34): Meeting Attendance Register:**

Shareholders desiring to attend the General Meeting shall register their names in the registered office of the Company prior to the date specified for holding the Meeting. The Company may register the Shareholders desiring to attend the meetings and vote on resolutions using modern technologies, if feasible.

**Article (35): Quorum of the Ordinary General Meeting:**

The Ordinary General Meeting shall be duly convened only if attended by Shareholders representing at least twenty five (25%) per cent of the share capital. If such quorum cannot be attained at this meeting, a call for convening a second meeting shall be made within an hour after the end of the specified period of the first meeting, provided that the call for the first meeting shall include a statement indicating that this second meeting can be held. If the call does not refer to the second meeting, the second meeting shall be held within thirty days following the previous meeting. This call shall be published by the means set forth in Article (33) hereof. In all cases, the second meeting shall be valid irrespective of the shares represented therein.

**Article (36): Quorum of the Extraordinary General Meeting**

The Extraordinary General Meeting shall be duly convened only if attended by Shareholders representing half of the capital. If such quorum cannot be attained at the first meeting, a call for convening a second meeting shall be made within an hour after the end of the specified period of the first meeting, provided that the call for the first meeting shall include a statement indicating that such meeting can be held. If the call does not refer to the second meeting, a call for the second meeting shall be made upon the same conditions provided for in Article (31) hereof.

In any event, the second meeting shall be valid if attended by Shareholders representing at least quarter of the capital.

If the quorum required for the second meeting is not met, a third meeting shall be called under the same conditions set forth in Articles (90 and 91) of Companies Law. The third meeting shall be deemed duly held regardless of the number of shares represented therein, after approval of the relevant entity.

**Article (37): Voting at Meetings:**

Every Shareholder shall have a vote for every share represented in the Constituent Meeting. Votes at the Ordinary General Meeting and Extraordinary General Meeting shall be counted as one vote for each share. The cumulative voting shall be adopted in electing the Board of Directors.

The Directors shall not participate in voting on the Meeting's resolutions in pertaining to their discharge or with regard to remuneration of the Directors.

**Article (38): Resolutions of the Meetings**

Resolutions of the Constituent Meeting shall be adopted by absolute majority (i.e. more than fifty per cent) of the shares represented therein.

Resolutions of the Ordinary General Meeting shall be issued by absolute majority of the shares represented in the meeting.

Further, resolutions of the Extraordinary General Meeting shall be passed by a majority of two-thirds of the shares represented in the meeting unless such resolution is related to capital increase or decrease, extension of duration of the Company, dissolution of the Company prior to the expiration of its term specified in the articles of association, or merging the Company with another company, in such case, the resolution shall be valid only if issued by a majority of three quarters of shares represented in the meeting.

**Article (39): Deliberations at the Meetings:**

Every Shareholder shall have the right to discuss the topics listed on agenda of the Meeting and to address questions to the Directors and the auditor to this effect. The Board of Directors or the auditor shall answer the Shareholders' questions to the extent that would not jeopardize the Company's interest. If the Shareholder believes that the response to its question is not convincing, it shall appeal to the Meeting whose decision in this regard shall be effective and binding.

**Article (40): Chairing the Meetings and Preparation of Minutes:**

Shareholders' General Meeting shall be chaired by the Chairman of the Board of Directors, or, if absent, by the Vice-Chairman, or, if the Chairman and the Vice-Chairman are absent, by the member delegated by the Board amongst its members for such purpose. The Chairman shall appoint a secretary and teller of the meeting. A meeting minutes shall be made involving the numbers of present or represented Shareholders, the number of shares held by each in person or by proxy, the number of votes allotted thereto, the resolutions adopted, the number of votes in favor or against, and a comprehensive summary of the debate conducted in the meeting. The minutes shall be recorded on a regular basis after each meeting in a special register to be signed by the Chairman, secretary and teller of the meeting.

## **Chapter VI: Audit Committee**

### **Article (41): Formation of the Committee:**

Formation of Audit Committee:

An audit committee shall be formed by a resolution of the Ordinary General Meeting of at least (3) members other than the executive directors, whether shareholders or third parties, provided that at least one member shall be financial or auditing expert. The resolution shall specify the responsibilities and regulations of the committee and remuneration of its members.

If there is vacancy during the committee's term, the Board shall be entitled to appoint a temporary member, provided that such appointment has to be presented to the nearest General Meeting for approval. The new member shall continue the remaining term.

### **Article (42): Quorum of the Committee Meeting:**

It is conditioned for the validity of the audit committee meeting to be attended by the majority of its members. Its resolutions shall be adopted by majority of the present votes. In case of equality, the chairman of the committee shall have the casting vote.

### **Article (43): Terms of Reference of the Committee:**

The audit committee shall supervise the Company's business. For such purpose, the committee shall have the right to have access to its registers and documents and to ask for any clarifications or statements from the directors or the executive management. The audit committee may request the Board of Directors to call for the General Meeting of the Company if the Board of Directors interfere with its work or the Company sustains serious damage or loss.

### **Article (44): Committee Reports:**

The audit committee shall consider and give its views, if any, on financial statements of the Company and the reports and notes submitted by the auditor. It shall further develop a report on its opinion regarding the adequacy of the Company's internal control system along with other business conducted by the Committee within its terms of reference. The Board of Directors shall deposit sufficient copies of this report in the Company's registered office, at least twenty one (21) days prior to the date set for the General Meeting in order to furnish each of the desiring Shareholders with a copy. The report shall be read during the meeting.

## **Chapter VII: The Auditor**

### **Article (45): Appointment of the Auditor:**

The Company shall have one or more auditors of those licensed to work in the Kingdom of Saudi Arabia; to be appointed by the Ordinary General Meeting on an annual basis. The Ordinary General Meeting shall also determine the remuneration of the auditor. The Meeting may further reappoint the auditor provided that its terms of service shall not exceed five consecutive years and those completing such period may be reappointed two years after the expiration date thereof. The Meeting shall be entitled to change such auditor at any time without prejudice to its right to compensation if changed at inconvenient time or for unlawful reason.

**Article (46): Powers of the Auditor:**

The auditor shall, at all times, have the right to access to the Company's books, records, and other documents. The auditor may claim for the data and clarifications deemed necessary to verify the Company's assets and liabilities and other businesses within its scope of work.

Chairman of the Board of Directors shall empower the auditor to perform its duties. If the auditor encounters difficulty in this regard, the auditor shall document such matter in a report to be submitted to the Board of Directors. In the event, the Board fails to facilitate the auditor's work, the auditor shall request the Board of Directors to call for the Ordinary General Meeting to consider such issue.

**Article (47): Report of the Auditor:**

The auditor shall present a report to the General Meeting. All information and clarifications requested by the auditor shall be provided to establish position of the Company. The auditor's report shall indicate any violations of Companies Law or these Articles of Association.

**Chapter VIII: Company's Accounts and Dividend**

**Article (48): Financial Year:**

The Company's financial year shall start as of January 1<sup>st</sup> and end December 31<sup>st</sup> of each calendar year. The first financial year shall commence as of the date on which the Company is registered in the commercial Register and shall end December 31<sup>st</sup> of the following calendar year.

**Article (49): Financial Documents**

1. The Board of Directors shall, at the end of each financial year of the Company, prepare the Company's financial statements and a report on its activity and financial position for the preceding financial year. Such report shall include the method proposed for distribution of the profits. The Board of Directors shall place such documents at the disposition of the auditor at least forty-five (45) days before the date set for the General Meeting.
2. Chairman of the Board of Directors, CEO and CFO of the Company shall sign the documents referred to in Sub-clause (1) of this Article. Copies of such documents shall be deposited in the Company's registered office at the disposition of Shareholders at least twenty one (21) days before the date set for the General Meeting.
3. Chairman of the Board of Directors shall provide the Shareholders with the financial statements of the Company, the Board report, and the report of the auditor, unless they are published in a daily newspaper distributed in the region where the Company's registered office is situated. A copy of such documents shall further be sent to the Ministry of Commerce and Investment and to Capital Market Authority within at least fifteen days prior to the date of the General Meeting.

**Article (50): Dividends:**

The Company's annual net profits shall be distributed as follows:

1. (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Meeting if the said statutory reserve reached (30%) of the paid-up capital.
2. The Ordinary General Meeting may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends, so far as possible, to the

Shareholders. The same Meeting may also deduct amounts from the net profit to create social institutions for the Company's employees, or to support existing institutions of such kind. The remaining net profits shall be distributed to the Shareholders unless otherwise is resolved by the Ordinary General Meeting.

**Article (51): Payment of Profits:**

The Shareholder shall receive its share of profits pursuant to the resolution of the General Meeting issued to this effect. The resolution shall specify the payment date and distribution date. Entitlement to dividends shall be to the Shareholders registered in the Shareholders' registers at the end of the day specified for entitlement.

The General Meeting may distribute dividends to its Shareholders on a semi-annual or quarterly basis upon an authorization by the Ordinary General Meeting to the Board of Directors for distribution of interim dividends, to be renewed annually, after satisfaction of the following requirements:

1. That the Company achieves profitability;
2. The Company has sufficient liquidity;
3. That the Company has adequate distributable profits in accordance with the recent audited financial statements to cover the profits proposed to be distributed after deducting the profits already distributed and capitalized after the date of such financial statements;
4. The Board shall submit to the General Meeting the percentage of profits distributed to the Shareholders during the financial year, the profits expected to be distributed at the end of the financial year and total profits; and
5. Resolution on dividends shall be disclosed on Tadawul website once approved by the Board.

**Article (52): Distribution of Preference Shares' Dividends:**

If, in any financial year, no profits are distributed, the profits for the subsequent years shall be distributed only after payment of the percentage stipulated in Article (114) of Companies Law to holders of preference shares for such year.

In the event, the Company fails to pay the specified percentage, in accordance with Article (114) of Companies Law, of the profits for three successive years, the meeting of holders of such shares duly held and convened pursuant to Article (89) of Companies Law may resolve either to let such holders attend the General Meetings of the Company or participate in voting or appoint representatives of them in the Board of Directors in proportion to their share in the capital until the Company is able to pay all priority profits allotted to holders of such shares for the previous years.

**Article (53): Loss of the Company:**

1. If loss of the company reaches half of the paid-up capital, at any time during the financial year, any official of the company or the auditor shall, immediately upon getting familiar with this matter, inform the Chairman of the Board of Directors. The Chairman shall promptly notify the Directors of such matter. The Board of Directors shall, within fifteen (15) days of becoming aware of the same, call for the Extraordinary General Meeting to convene within forty five (45) days as of the date the Board got notified of the loss, to resolve either to increase or decrease the Company's share capital in accordance with the provisions of Companies Law, to the extent that the percentage of loss decreases to less than half of the paid-up capital or the early dissolution of the Company prior to the expiration of the term stipulated herein.

2. The Company shall be considered dissolved by the power of law if the Extraordinary General Meeting does not convene within the period specified in this Article, or if convened and failed to adopt a resolution on the relevant matter, or if the Meeting decides to increase the capital according to the conditions set forth in this Article, and the capital increase is not subscribed in full within ninety days as of the date of issuing the Meeting's resolution of the capital increase.

#### **Chapter IX: Disputes**

##### **Article (54): Liability Claim:**

Every Shareholder shall have the right to file liability claim, vested with the Company, against the Directors if the wrongful act committed by such Directors would cause harm to such Shareholder. The Shareholder may file such claim only if the right of the Company to initiate the same claim is still valid. The Shareholder has to notify the Company of its intention to file the claim.

#### **Chapter X: Dissolution and Liquidation of the Company**

##### **Article (55): Dissolution of the Company:**

At the expiry of the Company, the Company shall enter into liquidation and maintain its legal personality to the extent necessary for the liquidation. The voluntary liquidation resolution shall be passed by the Extraordinary General Meeting. The liquidation resolution shall appoint a liquidator, determine its powers, fees, restrictions imposed on its powers, and the period required for liquidation. The period of voluntary liquidation shall not exceed five years and shall not be extended for more than that period without a judicial order. The authority of the Company's Board of Directors shall cease to be effective upon the dissolution of the Company. However, the Board of Directors shall continue to manage the Company and be deemed as liquidators towards third parties until the liquidator is appointed. The Shareholders' Meetings shall remain existent throughout the liquidation period, yet, the roles of such Meetings shall be limited to the exercise of its powers that shall not conflict with the powers of the liquidator.

#### **Chapter XI: Final Provisions**

##### **Article (56): Companies Law:**

Companies Law and the regulations thereof shall be applied to all matters not covered hereby.

##### **Article (57): Filing the Article of Associations:**

These Articles of Association shall be deposited and published in accordance with the provisions of Companies Law and the regulations thereof.