

## **Articles of Association of Raydan Food Company “Listed Saudi Joint Stock Company”**

### **Chapter One: Incorporation of the Company**

#### **First Article: Incorporation:**

A Saudi joint stock company was established in accordance with the provisions of the Companies Law issued by the Royal Decree No. (M/ 132) dated 01/12/1443 AH, its regulations and this Articles of Association, as follows:

#### **Second Article: Name of the Company:**

Raydan Food Company (Listed Saudi Joint Stock Company).

#### **Third Article: Purposes of the Company:**

The Company carries out the following purposes:

- 1- Accommodation and food service activities.
- 2- Establishment and management of the restaurants, coffee shops and cafeterias for the Company and third parties.
- 3- Import and export services and commercial agencies.
- 4- Maintenance and operation.
- 5- Construction.
- 6- Wholesale and retail.
- 7- Real estate activities.
- 8- Transportation and storage.
- 9- Other service activities.
- 10- Manufacture of food extracts and flavors for foodstuffs and natural beverages.
- 11- Manufacture of food extracts and flavors for foodstuffs and industrial beverages.
- 12- Manufacture of milled, manufactured or prepared vegetable products.
- 13- Preservation and preparation of meat and its products in various ways, such as drying and canning.
- 14- Manufacture of prepared meals from vegetables.
- 15- Tomato sauce industry.
- 16- Manufacture of traditional food bread and raw pastry chips, including Matai.
- 17- Manufacture of popular and oriental sweets of all kinds.
- 18- Cooked stuffed dough industry.
- 19- Uncooked stuffed dough industry.
- 20- Wholesale of spices.
- 21- Operating catering services in the sports and similar facilities on a franchise basis.
- 22- Operating canteens and cafeterias on the basis of a specific franchise, including (canteens and cafeterias in the factories, offices, hospitals, schools, etc.)
- 23- Food processing companies or contractors (catering companies).
- 24- Bottling liquids including food and beverages.
- 25- Operating slaughterhouses (slaughter and preparation of livestock meat).
- 26- Investment company activities.
- 27- Commodity land transport.
- 28- Transportation of refrigerated and frozen goods.
- 29- Livestock transportation.
- 30- Operating storage facilities for all types of goods.
- 31- Shipping services and goods dispersal in general.
- 32- Refrigerated food stores.
- 33- Stores for refrigerated and refrigerated goods (cooling warehouses)
- 34- Public stores that contain a variety of commodities.
- 35- Dry food stores.

(The Company carries out its activities in accordance with the applicable regulations and having obtained the necessary licenses from the competent authorities, if any).

**Fourth Article: Partnership & Ownership in the Companies:**

The Company may establish limited liability or closed joint stock companies on its own, provided that the capital shall not be less than fifty thousand Riyals, and it may own shares and stocks in other existing companies or merge with them. It is also entitled to participate with the third party in establishing joint stock or limited liability companies, after fulfilling the requirements of the regulations and instructions in this regard. The Company may also dispose of those shares or stocks, provided that this shall not involve brokerage in trading them.

**Fifth Article: Headquarters of the Company:**

The Company's head office is located in Jeddah, and it may establish branches, offices or agencies may inside or outside the Kingdom by a decision from the Managing Director.

**Sixth Article: Duration of the Company:**

The Company's duration is indefinite, effective from the date of registration thereof in the Commercial Registry.

**Chapter Two: Capital & Shares**

**Seventh Article: Capital**

The Company's capital is determined by SAR 158,084,670 (one hundred fifty-eight million eighty-four thousand six hundred and seventy Saudi Riyals), divided into (15,808,467) nominal shares of equal value, each of SAR (10) Saudi Riyals, all of which are ordinary shares.

**Eighth Article: Subscription to the Shares:**

The founders subscribed to the entire capital shares amounting to (15,808,467) fully paid in-kind shares.

**Ninth Article: Preferred Shares:**

The Extraordinary General Assembly of the Company may, in accordance with the standards set by the competent authority, issue preferred shares or decide to purchase them or convert ordinary shares into preferred shares or convert preferred shares into ordinary shares. The preferred shares do not entitle the right to vote in the general assemblies of shareholders, given that those shares entitle the holders thereof to obtain a percentage bigger than the percentage set for the holders of ordinary shares in the net profits of the Company in accordance with the provisions of Islamic Sharia.

**Tenth Article: Sale of Unpaid Shares:**

The shareholder shall pay the share value on the dates specified for that, and should he fail to pay on the due date, the Board of Directors may, after notifying him via the e-mail or informing him by a registered letter, sell the share in the public auction or the stock market, as the case may be, in accordance with the controls set by the competent authority.

The Company shall collect from the sale proceeds the sums payable to it and return the remainder to the shareholder. In the event that the sale proceeds are not sufficient to meet those amounts, the Company may collect the outstanding amount from all the shareholder's funds.

However, the shareholder who fails to pay until the day of the sale may pay the value due in addition to the expenses incurred by the Company in this regard.

The Company shall cancel the share sold in accordance with the provisions of this Article, and shall give the purchaser a new share bearing number of the canceled share, and shall mark in the register of shares that the sale has taken place, indicating name of the new shareholder.

**Eleventh Article: Issuance of the Shares:**

The shares are nominal and may not be issued for less than their nominal value. Rather, they may be issued for more than such value. In such case, the value difference shall be added in a separate clause within the shareholders' rights, and they cannot be distributed as dividends to the shareholders. The share is indivisible towards the Company. If the share is owned by several persons, they must choose one of them to act on their behalf in exercising the rights related thereto, and those persons shall be jointly liable for the obligations arising from owning the share.

**Twelfth Article: Share Trading:**

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

**Thirteenth Article: Issuance of the Debt Instruments and Bonds:**

- 1- The Company may issue negotiable debt instruments or financing instruments in accordance with the Capital Market Law and its regulations.

- 2- The Company may, by a decision from the Board of Directors and in accordance with the Capital Market Law and other relevant laws and regulations, issue any type of negotiable debt instruments, whether in the Saudi currency or otherwise, inside or outside the Kingdom of Saudi Arabia, such as bonds and instruments, whether those instruments were issued at the same time, through a series of issuances, or through one or more programs set by the Board from time to time, all at the times and in amounts specified by the conditions approved by the Board, and it shall have the right to take all necessary measures in this regard.
- 3- The Company may issue debt instruments or financing instruments convertible into shares, upon the issuance of a decision by the Extraordinary General Assembly specifying the maximum number of shares that may be issued against those instruments, whether those instruments are issued at the same time, through a series of issues, or through one or more programs to issue debt instruments or financing instruments. The Board of Directors, without the need for a new approval from the Extraordinary General Assembly, shall issue new shares in exchange for those instruments whose holders request their conversion, immediately upon expiry of the transfer request period specified for the holders of those instruments, and the Board shall take the necessary measures to amend the Company's Articles of Association with regard to the number of issued shares and capital, and the Board of Directors must record all capital increase procedures in the Commercial Registry.

**Fourteenth Article: Company's Purchase, Sale & Mortgage of the Shares:**

- 1- The Company may purchase, mortgage or sell its ordinary or preferred shares in accordance with the controls set by the competent regulatory authorities. The treasury shares purchased by the Company shall not have votes in the assemblies of shareholders.
- 2- The Company may purchase its shares with the aim of allocating them to the Company's employees within the employee share program, in accordance with the conditions and controls stipulated by the regulations in force in this regard.

**Fifteenth Article: Register of Shareholders:**

The shareholders' shares are registered in accordance with the provisions of the Capital Market Law and its regulations.

**Sixteenth Article: Increasing the Capital:**

- 1- The Extraordinary General Assembly may decide to increase the Company's capital, provided that the capital shall have been paid in full. It is not required that the capital be fully paid if the unpaid part of the capital belongs to shares issued in exchange for converting debt instruments or financing instruments into shares and the period prescribed for converting them into shares has not yet expired.
- 2- In all cases, the Extraordinary General Assembly may allocate the shares issued upon capital increase or part thereof to the Company's employees and all or some of its subsidiaries, or any of them. The shareholders may not exercise the priority right upon the Company's issuance of shares allocated to employees.
- 3- The shareholder who owns the share at the time of issuing Extraordinary General Assembly's decision to approve the capital increase shall have the priority to subscribe to the new shares that are issued in exchange for cash shares, and he shall be notified of such priority, if any, by a registered letter at his address indicated in the register of shareholders or through modern means of technology, and he shall be notified of the capital increase decision, subscription conditions and method, start and end date, subject to the type and class of his owned shares.
- 4- The Extraordinary General Assembly shall have the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares, or to give priority to the non-shareholders as it deems appropriate for the Company's interest.
- 5- The shareholder shall have the right to sell or assign the priority right during the period from the issuance of the General Assembly's decision approving the capital increase until the last day of subscription to the new shares associated with those rights, in accordance with the controls set by the competent authority.
- 6- Subject to the provisions of Paragraph (4) above, the new shares shall be distributed among the holders of the priority rights who requested the subscription, in proportion to their priority rights out of the total priority rights resulting from the capital increase, provided that this shall not

exceed the new shares requested, and the remaining new shares shall be distributed among the holders of the priority rights who have requested more than their shares, in proportion to their priority rights out of the total priority rights resulting from the capital increase, provided that this shall not exceed the new shares requested, and the remaining shares shall be offered to the third party, unless otherwise decided by the Extraordinary General Assembly or stipulated by the Capital Market Regulations.

**Seventeenth Article: Reducing the Capital:**

- 1- The Extraordinary General Assembly may decide to reduce the capital if it exceeds the Company's need or if the company incurs losses. In such case only, it is permissible to reduce the capital to less than the limit stipulated in Article (59) of the Companies Law. The reduction decision is only issued after reciting a statement prepared by the Board of Directors in the General Assembly on the reasons for reduction, Company's obligations and effect of reduction in fulfilling them, accompanied by a report from the Company's auditor. It may be sufficient to present the aforementioned statement to the shareholders in cases where the General Assembly's decision is issued by passing.
- 2- If the capital reduction is the result of exceeding the Company's need, the creditors must be invited to express their objections, if any, to the reduction at least (forty-five) days prior to the date specified for the Extraordinary General Assembly's meeting to decide on the capital reduction, provided that the invitation shall be accompanied by a statement indicating the capital amount before and after the reduction, date of the meeting and effective date of the reduction. Should any of the creditors object to the reduction and submit his documents to the Company on the aforementioned date, the Company must pay him his debt if it is due, or provide him with sufficient guarantee of payment, if it is on credit.
- 3- Equality must be taken into account among the shareholders who hold shares of the same type and category when reducing the capital.

**Chapter Three: Board of Directors**

**Eighteenth Article: Management of the Company:**

- 1- The Company shall be managed by a Board of Directors consisting of five members, provided that they shall be natural persons elected by the Ordinary General Assembly of Shareholders.
- 2- The membership term of the Company's Board of Directors shall be four years, subject to renewal for one or more periods.
- 3- The Company shall present names of the candidates for the membership of its Board of Directors to the Capital Market Authority to obtain approval for their candidacy before electing the General Assembly of Shareholders.

**Nineteenth Article: Termination of the Board's Membership:**

The Board's membership expires upon the expiry thereof or upon expiry of the member's validity in accordance with any regulation or instructions in force in the Kingdom, and the General Assembly may (upon a recommendation from the Board of Directors) terminate the membership of any member who has been absent from attending (three) consecutive meetings or (five) separate meetings during his membership term without a legitimate excuse accepted by the Board of Directors. However, the Ordinary General Assembly may dismiss all or some of the members of the Board of Directors, and in such case, the Ordinary General Assembly must elect a new Board of Directors or someone to replace the dismissed member (as the case may be) in accordance with the provisions of the Companies Law.

**Twentieth Article: Expiry of the Board of Directors' Term, Resignation of its members, or Vacancy of membership:**

- 1- The Board of Directors shall call the Ordinary General Assembly to convene before the expiry its session to elect the Board of Directors for a new term. If the election cannot be held and the current Board's term has ended, its members shall continue to perform their duties until the election of Board of Directors for a new term, provided that the duration of the Board members whose term has ended shall not exceed (ninety) days from the date of expiry of the Board's term.
- 2- If the Chairman and members of the Board of Directors retire, they must call the Ordinary General Assembly to convene to elect a new Board of Directors. The resignation shall only

come take place upon the election of the new Board, provided that the period of the resigned Board shall not exceed (one hundred and twenty) days from the date of that resignation.

- 3- A member of the Board of Directors may resign from the Board membership by the virtue of a written notice to the Chairman of the Board. If the Chairman of the Board resigns, the notice must be directed to the remaining Board members and Secretary of the Board. The resignation shall become effective, in both cases, from the date specified in the notice.
- 4- If the position of a member of the Board of Directors of a joint-stock company becomes vacant due to his death or resignation, and such vacancy does not result in a breach of the conditions necessary for the validity of the Board's meeting due to a decrease in the number of its members below the minimum stipulated in the Companies Law or this Articles of Association, the Board may appoint, temporarily, in the vacant position whoever has the sufficient experience, provided that this shall be recorded in the Commercial Registry and reported to the Capital Market Authority within (fifteen) days from the date of appointment. Such appointment shall be presented to the Ordinary General Assembly in the first meeting, and the appointed member shall complete the period of his predecessor. The Board of Directors may maintain the vacant seat until expiry of the Board of Directors' term or invite the General Assembly to appoint a member in the vacant seat.
- 5- If the necessary conditions for the validity of the Board of Directors' meeting are not fulfilled due to a decrease in the number of its members below the minimum stipulated in the Law or in the Company's Articles of Association, the remaining members must invite the Ordinary General Assembly to convene within (sixty) days to elect the necessary number of members.
- 6- In the event that the Board of Directors is not elected for a new term or the necessary number of members of the Board of Directors has not been fulfilled, in accordance with paragraphs (1), (2) and (5) of this Article, each stakeholder may request the competent judicial authority to appoint people with expertise and competence and with the number it deems appropriate to supervise the Company's management and call the General Assembly to convene within (ninety) days to elect a new Board of Directors, complete the required number of the Board members, as the case may be, or request dissolution of the Company.

#### **Twenty-First Article: Disclosure of the Interest in the Works & Contracts:**

- 1- Subject to the provision of Article (27) of the Companies Law and Capital Market Law and their regulations, a member of the Board of Directors must immediately inform the Board of any interest he has, whether direct or indirect, in the business and contracts that are for the Company's account, and record such notice in the minutes of the Board's meeting. Such member may not participate in voting on the decision issued in this regard by the Board and General Assemblies. The Board shall inform the General Assembly, when it convenes, of the business and contracts in which a member of the Board has a direct or indirect interest, and a special report from the Company's auditor shall be attached to the report prepared in accordance with auditing standards adopted in the Kingdom.
- 2- If a Board member fails to disclose his interest referred to in Paragraph (1) of this Article, the Company or any stakeholder may claim nullity of the contract before the competent judicial authority or oblige the member to pay any profit or benefit obtained from that.
- 3- The responsibility for damages resulting from the works and contracts referred to in Paragraph (1) of this Article shall rest with the member who has an interest in the work or contract, and with the members of the Board of Directors due to their default or negligence in performing their obligations in violation of the provisions of that paragraph, or if it is proven that those works and contracts are unfair or involve a conflict of interest and are harmful to the shareholders.

#### **Twenty-Second Articles: Authorities of the Board:**

Subject the competences of the General Assembly, the Board of Directors shall have the widest powers in managing the Company such a manner that achieves its objectives, namely:

- 1- The Board of Directors shall have the right to formulate its policy, determine its investments, supervise its business and funds, and manage its affairs inside and outside the Kingdom.
- 2- The Board of Directors may approve the contracts and tenders, establish companies in which the Company participates, with all their amendments and appendices, approve the issuance of

guarantees and warranties for the banks, funds and government financing institutions, and approve all banking transactions. The Board members are considered agents on behalf of the Company and shareholders, and the Board shall have the right to dispose of the Company's assets, property and real estate, and shall have the right to purchase and accept it, pay the price, mortgage, redemption of mortgage, sell, transfer, receive the price and hand over the appraiser, provided that the minutes of the Board of Directors shall consider the following conditions in the merits for its decision to dispose of the Company's assets, property and real estate:

- A) The Board shall determine in the sale decision the reasons and justifications for that.
  - B) The sale shall be for the similar price.
  - C) The sale shall be in presence, except in cases of necessity and with sufficient guarantees.
  - D) This shall not result in ceasing some of the Company's activities or imposing other obligations thereon.
- 3- It is required that the Board of Directors shall obtain approval of the General Assembly when selling the Company's assets whose value exceeds (fifty percent) of the value of its total assets, whether the sale is through a single transaction or several transactions. In such case, the transaction that exceeds (fifty percent) of the asset value shall be considered the transaction that requires approval of the General Assembly, and such percentage is calculated from the date of the first transaction that took place during the previous (twelve) months, and the competent authority may exclude some acts and actions from the provision of this Article.
  - 4- The Board of Directors may conclude loans of any duration, sell or mortgage the Company's assets, sell or mortgage the Company's commercial premises, or discharge the Company's debtors from their obligations, unless the Company's Articles of Association stipulate or the General Assembly issues whatever restricts the Board of Directors' powers.
  - 5- The Board of Directors shall also have the right to conciliation, assignment, contracting, commitment and association in the name of the Company and on its behalf. The Board of Directors may carry out all acts and actions that would achieve the Company's objectives. The Board of Directors may authorize on its behalf, within the limits of its competence, one or more of its members or a third party to take a specific procedure or action, or to carry out a specific action or actions.

### **Twenty-Third Article: Remunerations of the Board Members & Committee Members:**

#### **1) Remuneration of the Board Members:**

- A- The remuneration of the members of the Board of Directors consists of a certain amount, session attendance allowance, an expense allowance, in-kind benefits, or a percentage of the profits. It is permissible to combine two or more of those benefits, and it may be of varying amount, in light of the policy issued by the Remuneration and Nomination Committee and approved by the Assembly. The Board of Directors' report escalated to the Ordinary General Assembly in its annual meeting must include a comprehensive statement of all that the members of the Board of Directors received during the fiscal year in terms of the remunerations, attendance allowances, expense allowances, and other benefits, and it shall also include a statement of what the members of the Board received in their capacity as workers, administrators, or employees, what they have received in return for the technical or administrative work or consultations, and it shall also include a statement of the number of Board sessions and number of sessions attended by each member.
- B- The Board of Directors shall set, at its discretion, the special remuneration received by the Chairman of the Board, in addition to the remuneration prescribed for the members of the Board of Directors mentioned above.

#### **2) Remunerations of the Board Committees:**

The Board of Directors shall set the remunerations of the Committee members, attendance allowances and other entitlements based on the policy approved by the Board of Directors upon a recommendation from the Remuneration and Nomination Committee, and as approved by the General Assembly of Shareholders, to be disbursed according to the policy approved by the Board.

**Twenty-Fourth Article: Appointment of the Chairman of the Board, Deputy Chairman, Managing Director, CEO and Secretary and their Powers:**

- 1- The Board of Directors shall appoint, in its first meeting, the Chairman and Deputy Chairman from among its members. It may also appoint the Managing Director from among its members. It is not permissible to combine the position of the Chairman of the Board of Directors with any executive position in the Company.
- 2- Chairman of the Board is responsible for inviting the Board and presiding over the Board of Directors' meetings, as well as meetings of the General Assembly of Shareholders. The Managing Director is also responsible for implementing the directives that the Chairman of the Board may issue to him and conducting the daily business of the Company.
- 3- Without prejudice to the competences of the Board of Directors set forth in the law and Company's Articles of Association, the Chairman of the Board of Directors represents the joint stock company in its relations with the third party, before the judiciary, arbitral tribunals, and all private and public authorities and other government ministries. The Company's Articles of Association may stipulate that the managing director shall have the power to represent it, and any of them may authorize the third party to represent the Company, jointly or severally; the right to conclude the contracts, terminate them, sign all types of contracts, including Memoranda of Association and their amendments in the companies in which the Company is a partner and other contracts, pledges, acknowledgments, agreements, documents, instruments, papers, documents and banking transactions and to receive them; receiving the financial amounts, whether in cash, cheques, approvals, guarantees; signing on the Islamic agreements and investment contracts; signing treasury agreements, works and products; ordering cheque books, bank cheques, bills of exchange and promissory notes; withdrawing, signing, endorsing, receiving, issuing, accepting, clearing and depositing them, and depositing any other instruments for the payment of funds and endorsing them for collection, transfer or otherwise, and handing them over to all banks for any of the aforementioned purposes; request statements of account and receiving them; supporting documents of the indebtedness such as promissory notes and contracts and their relevant documents; collecting the dyes and clearances; deposit and withdrawal from the term deposits and investment accounts of all types and mortgaging them in favor of the third party; the right to request the use of electronic transactions with the banks, obtain and receive ATM and credit cards, enter the special password or any of the other applicable electronic services, and to sign documents of all kinds, including, but not limited to, the right to sell, purchase and rent the properties, receive the price, rent, lease, conclude the contracts and terminate them, liaise with the Notary Public; making registrations of any type and accepting the same; receipt and delivery of any type; sale and purchase of the lands and property; paying the price, signing, mortgage and redemption of mortgage; obtaining proofs; receipt and delivery of the papers, documents, deeds and proofs; requesting the amendment of the instruments in terms of their borders and areas; deletion, addition, division and sorting; signing on behalf of the Company in whatever is required; signing on all agreements and deeds; delivering the object sold; signing, mortgaging and redeeming the mortgage and accepting the registration in the name of the Company and from the Company; acting on behalf of the Company before the private authorities, Notary Public and other official authorities; opening branches, issuing commercial records for the branches, renewing and receiving them; entering the tenders and withdrawing from them, receiving, paying, acknowledging, conciliating, assigning, contracting, committing and registering in the name of the Company and on its behalf, and conducting all banking and investment transactions necessary for the Company's activity before all banks inside and outside the Kingdom of Saudi Arabia; opening all type of bank accounts of all types and current forms, deposits or other accounts; closing the accounts and updating them in the name of the Company with the banks; the right to sign the papers for opening them; withdrawing and depositing; transferring the amounts in the local and foreign currency; issuing the cheques; opening credits and receiving their documents, according to the appendix of the bank authorization; signing, attestation, addition of signatures, authorizing the third party and executing and/ or delivering all approvals, agreements, requests and documents to obtained the necessary and required approved from the Ministry of Commerce and Industry,

Central Bank of Saudi Arabia, Capital Market Authority, Saudi Company for Credit Information and any other governmental authority; opening, closing and managing the portfolios and investment funds with all licensed local banks and financial companies, finalizing all related procedures; requesting visas; recruiting manpower from outside the Kingdom, and contracting with them; setting their salaries; obtaining residence; transferring and waiving the sponsorships; the right to delegate a third party to carry out a specific action or actions and dismiss him, partially or wholly, the Board of Directors shall set, in his appointment decision of the Managing Director, his authorities, tasks, remunerations and office term.

- 4- The Chairman of the Board of Directors of a joint-stock company may delegate, by a written decision, some of his powers to other members of the Board or to the third party to carry out a specific act or actions, unless the Company's Articles of Association stipulate otherwise.
- 5- The Deputy Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence in cases where the Board of Directors has a Deputy Chairman.
- 6- The Board of Directors shall appoint a Secretary from among its members or from others. He shall be responsible for recognizing the facts and decisions of the Board of Directors and recording them in a special register prepared for such purpose. His remunerations shall be determined by a decision from the Board. The term of the Chairman, his Deputy, Managing Director, Secretary, Member of the Board of Directors shall not exceed the membership term.

**Twenty-Fifth Article: Board's Meetings:**

- 1- The Company's Board of Directors shall meet at least (four) times a year, based on an invitation from its Chairman or a request from one of its members, and the invitation to the meeting must be sent within (five) days prior to the date of the meeting, accompanied by the agenda of the meeting and necessary documents and information, unless the circumstances require an urgent meeting.
- 2- The Board of Directors shall set the place of its meetings, which may be convened using modern technology.

**Twenty-Sixth Article: Quorum of the Board's Meetings:**

The Board's meeting is only considered as valid if attended by at least half of the members, and a member of the Board of Directors may delegate other members to attend the Board's meetings in accordance with the following controls:

- 1- A member of the Board of Directors may not represent more than one member in the same meeting.
- 2- The representation must be fixed in writing.
- 3- The proxy may not vote on the decisions that the Articles of Association prohibit the proxy from voting on.

The Board's decisions are issued by the majority of the members present or represented therein, and in the event the opinions are equal, the side involving the Chairman shall prevail.

**Twenty-Seventh Article: Issuing of the Board's Decisions in the Urgent Matters:**

The Board of Directors may issue its decisions on the urgent matters by presenting them to all members by circulation, unless one of the members requests, in writing, the Board to hold a meeting to deliberate on them. Those decisions are issued upon approval of the majority of votes of its members, and those decisions shall be presented to the Board in its first subsequent meeting to record them in the minutes of that meeting.

**Twenty-Eighth Article: Deliberations of the Board:**

- 1- The deliberations and decisions of the Board of Directors are documented in minutes signed by the Chairman of the Board, members of the Board of Directors present, and Secretary. Those minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and Secretary.
- 2- It is permissible to use modern technology to sign and record the deliberations and decisions, and draft the minutes.



## **Chapter Four: Shareholder Assemblies**

### **Twenty-Ninth Article: Attending the Assemblies:**

- 1- The meeting of the General Assembly of Shareholders shall be chaired by the Chairman of the Board of Directors or his Deputy in his absence, or whomever the Board of Directors delegates from among its members in their absence. In the event that this is not possible, the General Assembly shall be chaired by whomever the shareholders delegate from among the Board members or from others by voting.
- 2- Every shareholder shall have the right to attend the General Assembly's meeting, even if the Company's Articles of Association stipulate otherwise, and he may delegate another person on his behalf, even if he is not a member of the Board of Directors.
- 3- The General Assembly's meeting may be held and the shareholder may participate in the deliberations and vote on the decisions by means of modern technology.

### **Thirtieth Article: Competences of the Ordinary General Assembly:**

Except for the competences reserved for the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters related to the Company, especially the following:

- 1- Electing members of the Board of Directors and dismissing them.
- 2- Appointing one or more auditors for the Company, as required by the Law, determining their fees, reappointing them, and dismissing them.
- 3- Perusing and discussing the Board of Directors' report.
- 4- Perusing and discussing the Company's financial statements.
- 5- Discussing the auditor's report, if any, and deciding on them.
- 6- Deciding on the Board of Directors' proposals regarding the method of distributing the profits.
- 7- Forming the Company's reserves and determining their uses.

### **Thirty-First Article: Competences of the Extraordinary General Assembly:**

The Extraordinary General Assembly is concerned with the following:

- 1- Amending the Articles of Association, except in relation to the following:
  - A) Depriving the shareholder or modifying any of his basic rights that he derives in his capacity as a shareholder, taking into account the nature of the rights related to the type or category of the shares owned by the shareholder, and in particular the following:
    - Obtaining a share of the profits to be distributed, whether the distribution is in cash or through the issuance of free shares to non-employees of the Company and its subsidiaries.
    - Obtaining a share of the net assets of the Company upon the liquidation.
    - Attending public or private shareholder assemblies, participating in their deliberations, and voting on their decisions.
    - Disposing of its shares, except in accordance with the provisions of the Law.
    - Requesting perusal of the Company's records and documents, monitoring the Board of Directors, filing a liability case against the Board members, and challenging nullity of the decisions of the public and private shareholder assemblies.
  - B) The amendments that would increase the financial burdens of the shareholders, unless all shareholders agree to that.
- 2- Deciding on the continuity or dissolution if the Company.
- 3- Approving the Company's purchase of its shares.
- 4- The Extraordinary General Assembly, in addition to the competencies prescribed for it under the provisions of the Articles of Association, may issue decisions in matters originally within the competencies of the Ordinary General Assembly, under the same terms and conditions prescribed for the Ordinary General Assembly.

### **Thirty-Second Article: Calling for the Assemblies:**

The general and private assemblies are convened at the invitation of the Board of Directors, and the Board of Directors must invite the Ordinary General Assembly to convene within (thirty) days from the date of the request raised by the auditor or one or more shareholders representing at least (ten percent)

of the Company's voting shares. The auditor may invite the Ordinary General Assembly to convene if the Board does not direct the invitation within (thirty) days from the date of the auditor's request. The invitation to convene the General Assembly shall be published in the Saudi Tadawul website at least (twenty-one) days prior to the date set for the meeting. However, it may suffice to address the invitation on the mentioned date to all shareholders by registered letters, e-mail, or by means of modern technology. A copy of the invitation and agenda shall be addressed to the Ministry and Capital Market Authority within the period specified for publication.

**Thirty-Third Article: Attending the Assemblies:**

The shareholders who wish to attend the General Assembly or the Special Assembly shall register their names at the Company's main office before the time set for the meeting.

**Thirty-Fourth Article: Quorum of the Ordinary General Assembly:**

- 1- The Ordinary General Assembly's meeting shall be considered as valid if attended by the shareholders representing at least (a quarter) of the Company's voting shares.
- 2- In the event that the necessary quorum of the Ordinary General Assembly's meeting in accordance with paragraph (1) of this Article is not fulfilled, an invitation shall be sent to a second meeting to be held under the same conditions stipulated by Article (91) of the Law within (thirty) days following the date specified for the previous meeting. However, the second meeting may be held an hour from expiry of the period specified for the first meeting, provided that this shall be permitted by the Company's Articles of Association, and that the invitation to the first meeting shall include evidence that the possibility of holding the meeting. In all cases, the second meeting shall be considered as valid, regardless of the number of voting shares represented therein.

**Thirty-Fifth Article: Quorum of the Extraordinary General Assembly:**

- 1- The Extraordinary General Assembly's meeting shall be considered as valid if attended by the shareholders representing at least (half) of the Company's voting shares.
- 2- In the event that the necessary quorum of the Ordinary General Assembly's meeting in accordance with paragraph (1) of this Article is not fulfilled, an invitation shall be sent to a second meeting to be held under the same controls stipulated by Article (91) of the Law. However, the second meeting may be held an hour from expiry of the period specified for the first meeting, provided that this shall be permitted by the Company's Articles of Association, and that the invitation to the first meeting shall include evidence that the possibility of holding the meeting. In all cases, the second meeting shall be considered as valid if attended by shareholders representing at least (half) of the Company's voting shares.
- 3- If the required quorum for the second meeting is not fulfilled, an invitation shall be sent to a third meeting to be held under the same controls stipulated by Article (91) of the Law, and the third meeting shall be considered as valid, regardless of the number of voting shares represented therein.
- 4- The Board of Directors shall register the Extraordinary General Assembly's decisions that are specified by the regulations in the Commercial Registry within (fifteen) days from the date of issuance thereof.

**Thirty-Sixth Article: Voting in the Assemblies:**

Each shareholder shall have one vote for each share in the General Assemblies, and the cumulative vote must be used in electing the Board of Directors.

**Thirty-Seventh Article: Assembly Decisions:**

- 1- The Ordinary General Assembly's decisions are issued upon approval of the majority of the voting rights represented in the meeting.
- 2- The Extraordinary General Assembly's decisions are issued upon approval of (two-thirds) of the voting rights represented in the meeting, unless the decision is related to increasing or decreasing the capital, extending the Company's duration, dissolving it before expiry of the period specified in its Articles of Association, merging it with another company, or dividing it into two or more companies, which shall be only valid if issued upon approval of (three quarters) of the voting rights represented in the meeting.

**Thirty-Eighth Article: Discussions in the Assemblies:**

Each shareholder is entitled to discuss the matters included in the agenda of the General Assembly and direct questions in this regard to the members of the Board of Directors and auditor. Shall be considered as null each provision in the Company's Articles of Association depriving the shareholder of that right. The Board of Directors or the auditor shall reply to the shareholders' questions to the extent that does not endanger the Company's interest. In the event that one of the shareholders considers that the reply to his question is not sufficient, he may submit to the General Assembly whose decision shall be considered as enforceable in this regard.

**Thirty-Ninth Article: Minutes of the Assembly's Meeting:**

A minute of the Assembly's meeting shall be drafted, including number of the shareholders present or represented, number of the shares held by them in person or by proxy, number of votes prescribed for them, decisions taken, number of votes for or against them, and an adequate summary of the discussions that took place in the meeting. Minutes are recorded regularly after each meeting in a special register signed by the Chairman of the Assembly, Secretary and Vote Collectors.

**Chapter Five: Audit Committee**

**Fortieth Article: Formation of the Committee:**

By a decision from the Company's Board of Directors, an Audit Committee is formed from the shareholders or others, provided that it shall not include any of the executive members of the Board of Directors. The number of members of the Audit Committee must not be less than (3) three members and not more than (5) five members.

The Company's General Assembly, based on a proposal from the Board of Directors, shall issue the Audit Committee's work regulation, which defines the Committee's tasks, work controls, remunerations for its members, and mechanism for temporarily appointing its members in the event of a vacancy in one of the Committee's seats.

**Chapter Six: Auditor**

**Forty-First Article: Appointment of the Company's Auditor, Dismissal & Resignment:**

- 1- The Company shall have an auditor (or more) from among the licensed auditors in the Kingdom, who shall be appointed and his fees, work duration and scope shall be determined by the partners, General Assembly or the shareholders, as the case may be, and he may be reappointed. The regulations shall specify the maximum term of the individual auditor or the company and its partner supervising the audit.
- 2- According to a decision taken by the General Assembly, the auditor may be dismissed, without prejudice to his right to compensation for the damage incurred by him, if required. The Chairman of the Board of Directors must inform the competent authority of the dismissal decision and its reasons, within a period not exceeding (five) days from the date of issuance of the decision.
- 3- The auditor may resign from his office by virtue of a written report that he submits to the Company, and his mission shall end from the date of its submission or at a later date specified in the notice, without prejudice to the Company's right to compensation for the damage incurred by it if it is required. The resigned auditor is committed to submit to the Company and competent authority, when submitting the report, a statement of the reasons for his resignation, and its Board of Directors must invite the partners or shareholders to a meeting or the General Assembly to convene, as the case may be, to consider the reasons for resignation and appoint another auditor.

**Forty-Second Article: Obligations of the Company's Auditor:**

- 1- The Company's auditor must be independent in accordance with the professional standards approved in the Kingdom.
- 2- It is not permissible to combine the auditor's office while participating in the establishment or management of the Company whose accounts are being audited by him, or in which he is a member of the Board of Directors. The auditor may not be a partner, employee, or relative of any of the Company's founders, managers, or members of its Board of Directors. He may not purchase shares or stocks in the Company whose accounts are being audited by him, or sell them during the audit period.

- 3- The Company's auditor may not perform technical, administrative or consulting work in the Company whose accounts are being audited by him or for its interest, except as specified by the regulations.
- 4- The auditor shall have the right, at any time, to peruse the Company's documents, accounting records and supporting documents, and he may request data and clarifications that he deems necessary to verify the Company's assets and liabilities, and other things that fall within the scope of his work. The Company's management or its Board of Directors shall enable him to perform his duties. Should the auditor encounter difficulty in this regard, he shall indicate that in a report submitted to the Company's management or the Board of Directors. If the Company's management or the Board of Directors does not facilitate the auditor's work, he must ask them to invite the partners or shareholders to a meeting or the General Assembly to convene, as the case may be, to consider the matter. The auditor may send such invitation if the Company's management or the Board of Directors fails to send it within (thirty) days from the date of the auditor's request.
- 5- The auditor must submit to the partners, General Assembly at its annual meeting, or the shareholders, a report on the Company's financial statements prepared in accordance with the auditing standards adopted in the Kingdom, including the position of the Company's management as to enabling him to obtain the data and clarifications he requested, and the violations of the provisions of the law or the Company's Memorandum of Association or Articles of Association within the limits of his competence, and his opinion on the fairness of the Company's financial statements. The auditor must recite his report or review a summary thereof at the annual General Assembly's meeting, or present the report by passing, as the case may be, and in accordance with the provisions of the law.
- 6- The auditor may not divulge to the partners or shareholders in events other than the General Assembly or to the third parties the Company's secrets he obtained by the virtue of his work, otherwise he may be claimed for compensation, in addition to the right to dismiss him.
- 7- The auditor shall be responsible his report, and for any damage that may affect the Company, partners, shareholders or third parties due to the mistakes committed by him while performing his work. In the event that the Company has more than one auditor, they are jointly liable, except for who have not participated in the mistake that resulted in the liability.

### **Chapter Seven: Company's Accounts & Distribution of the Profits**

#### **Forty-Third Article: Financial Year:**

The company's fiscal year shall commence from the first of January until the end of December of each year, provided that the first fiscal year shall commence from the date of registration thereof in the Commercial Registry until the end of December of the forthcoming year.

#### **Forty-Fourth Article: Financial Years and providing the shareholders with them and depositing the same, and a report on the Company's Activity:**

- 1- The Board of Directors must, at the end of each fiscal year of the Company, prepare the Company's financial statements and a report on its activities and financial position for the past fiscal year. Such report shall include the proposed method for distributing profits. The Board shall place those documents at the disposal of the auditor, if any, at least (forty-five) days prior to the date set for the Annual Ordinary General Assembly.
- 2- The Chairman of the Company's Board, CEO, and CFO, if any, must sign the documents referred to in paragraph (1) of this Article, and copies of which shall be deposited at the Company's head office at the disposal of the shareholders.
- 3- The Chairman of the Company's Board of Directors shall provide the shareholders with the financial statements of the Company, Board of Directors' report, after signing them, and the auditor's report, if any, unless they have been published by any means of modern technology, within at least twenty-one (twenty-one) days prior to the date set for the annual general meeting, and he must also deposit those documents as stipulated by the regulations.

#### **Forty-Fifth Article: Distribution of the Profits to the Shareholders:**

- 1- The General Assembly shall determine the percentage that must be distributed to the shareholders from the net profits after deducting the reserves, if any.
- 2- The shareholder shall be entitled to his share in the profits in accordance with the General Assembly's decision issued in this regard. The decision shall indicate the date of maturity and

date of distribution. The eligibility for profits shall be for the shareholders registered in the register of shareholders at the end of the day specified for the eligibility. The regulations shall set the maximum period during which the Board of Directors must implement the General Assembly's decision as to distributing the profits to the shareholders.

**Forty-Sixth Article: Distribution of the Profits for the Preferred Shares:**

- 1- If no profits are distributed for any financial year, then profits for the following years may not be distributed except after paying the specified percentage according to the provisions of the Companies Law for the holders of the preferred shares for that year.
- 2- If the Company fails to pay the specified percentage to the holders of preferred shares from the net profits of the Company after deducting the reserves, if any, for a period of (three) consecutive years, then the special Assembly of the holders of those shares held in accordance with the provisions of the Companies Law may decide that their attendance in the General Assembly's meeting of the Company and voting until the Company is able to pay all the dividends allocated to the holders of those shares for those years. Each preferred share shall have one vote in the General Assembly's meeting, and the holder of the preferred share shall have the right in such case to vote on all items of the agenda of the Ordinary General Assembly without exception.

**Forty-Seventh Article: Formation & Use of the Reserves:**

- 1- The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside a percentage of the net profits to form a consensual reserve to be allocated for a specific purpose.
- 2- The Ordinary General Assembly, when determining the net profits payable for the shares, may decide to form other reserves, to the extent that achieves the Company's interest or guarantees the distribution of fixed profits, 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.
- 3- The reserve allocated for specific purposes in the Company's Articles of Association may not be used except by a decision of the Extraordinary General Assembly, and if such reserve is not allocated for a specific purpose, the Ordinary General Assembly may, based on a proposal by the Board of Directors, decide to spend it for the benefit of the Company or the shareholders, and the competent authority shall set controls for using the reserves.
- 4- The Ordinary General Assembly may use the retained earnings and distributable reserves to pay the remaining amount of the share value or part thereof, provided that this shall not prejudice the fairness among the shareholders in accordance with the provisions of the law.

**Forty-Eighth Article: Company's Losses:**

If the losses of the joint-stock company reach (half) of the issued capital, the Board of Directors must disclose that and recommendations it has reached regarding those losses within (sixty) days from the date of being aware of the same, and invite the Extraordinary General Assembly to convene within (one hundred and eighty) days from the date of being aware of the same to consider the Company's continuity and take any of the necessary measures to deal with such losses, or dissolve the Company.

**Chapter Eight: Disputes**

**Forty-Ninth Article: Case of the Company, Partner or Shareholder:**

- 1- The Company may file a liability case against the members of the Board of Directors due to a violation of the provisions of the law, Company's Memorandum of Association or its Articles of Association, or because of mistakes, negligence or omission made by them while assuming their duties, which results in damages to the Company, and the General Assembly or the shareholders shall decide to rectify such damage and appoint someone to represent the Company in carrying it the same. If the Company is in the process of liquidation, the liquidator shall file the case. In the event that any of the liquidation procedures are initiated against the Company in accordance with the bankruptcy law, such case shall be filed by its legal representative.
- 2- A shareholder or more representing (five percent) of the Company's capital, unless the Company's Memorandum of Association or Articles of Association stipulates a lower percentage, may file a liability case for the Company in the event that the Company fails to do so, taking into account that the main objective of filing the case must achieve the Company's

interests, and the case must be based on a valid basis, and the Plaintiff must act in a good faith, and be a partner or shareholder in the Company at the time of filing the case.

- 3- In order to file the case referred to in paragraph (2) of this Article, it is required to notify the members of the Board of Directors of the intention to do so within at least (fourteen) days from the date of filing it.
- 4- A shareholder may file a personal case against the manager or members of the Board of Directors if the mistake they committed may cause him personal harm.

#### **Chapter Nine: Dissolution & Liquidation of the Company:**

##### **Fiftieth Article: Termination of the Company:**

The Company shall expire for one of the reasons for termination mentioned in Article 243 of the Companies Law, and then it shall enter the liquidation stage in accordance with the provisions of Chapter Twelve of the Companies Law, and the Company shall maintain the juridical personality to the extent necessary for the liquidation, the upon its completion, the authority of the Board of Directors shall come to an end. Nevertheless, they shall remain liable for the Company's management, and in relation to others, they are deemed to be a liquidator until a liquidator is appointed, and the Company's Assemblies shall remain in place during the liquidation period, and their role shall be limited to exercising their competences that do not conflict with the competences of the liquidator, and should the Company be liquidated and its assets are not sufficient to pay its debts or is distressed according to the bankruptcy law, it must apply to the competent judicial authority to open any of the liquidation procedures.

#### **Chapter Ten: Final Provisions**

##### **Fifty-First Article:**

- 1) The Company is governed by the regulations in force in the Kingdom of Saudi Arabia.
- 2) Any provision that contradicts the provisions of the Companies Law in this Articles of Association shall not be considered, and provisions of the Companies Law shall prevail. Anything that is not provided for in this Articles of Association is governed by the Companies Law and Capital Market Law and their regulations.

##### **Fifty-Second Article:**

This Articles of Association shall be deposited and published according to the Companies Law and its regulations.

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