



## Articles of Association for Abdullah Saad Abu Maati Libraries Company 'Listed Joint-Stock

### Chapter One: Establishment of the Company

**Article (1):** The company is established in accordance with the provisions of the Companies Law and its regulations, and this system is a Saudi joint stock company listed as follows:

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

"Abdul Saad Mohammed Abu Moati Libraries" Listed Joint Stock Company.

#### **Article (3): Company Purposes:**

1) Trade.

2) Wholesale and retail trade in:

a. Office, school, and stationery supplies, books, publications, educational materials, gifts, antiques, packaging and paper products, paints, computers and accessories, printers and ink cartridges, and their spare parts, advertising materials, children's toys, clothing, and accessories.

b. Cosmetics and beauty products, perfumes, appliances, medical products, their importation, and distribution.

c. Automobiles and their spare parts.

d. Agriculture and fishing, agricultural products, livestock, foodstuffs, fish, and meat.

e. Fabrics, textiles, leather products, shoes, and bags.

f. Household goods, plastic products, decorative items, furniture, and building materials.

g. Air conditioners and their spare parts, establishment, operation, and maintenance of refrigeration and storage warehouses.

h. Information technology, computer systems, wired communication equipment, telephone networks, electrical regulation devices, audio-visual equipment, calculators, computer hardware and spare parts, electrical, electronic, and mechanical equipment and spare parts.

3) Management and operation of restaurants, cafes, buffets, and bakeries.

4) Financial, business, and services including:

a. Import, export, and marketing for others.

b. Obtaining commercial agencies and granting them to others.

c. Shipping services, packaging, and packing services.



- d. Printing, publishing, and distribution.
- e. Establishing training centers and labs for computer and language training and skills development in all specialties and professions, equipping, and managing them.
- 5) Establishment, organization, and management of permanent and temporary conferences and exhibitions.
- 6) Construction and real estate investment:
- a. Purchasing lands and real estate for building and investment, either by selling or leasing for the company's benefit.
- b. Management and operation of residential and commercial buildings.
- c. Development, management, and maintenance of real estate.
- d. Establishing and owning commercial and entertainment markets, investing in them, developing them, managing, operating, and maintaining them.
- 7) Manufacturing industries and their branches according to industrial licenses.
- 8) Transportation, storage, and refrigeration, passenger transport within cities and their suburbs, loading, unloading, and transportation of goods.
- 9) Security and safety.
- 10) Electricity, gas, water, and their branches.
- 11) Mines, petroleum, and their branches.
- 12) Social, collective, and personal services.

The company shall not engage in its activities except after obtaining the necessary licenses from the relevant authorities.

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

"The company is allowed to establish sole proprietorships with limited liability, joint-stock, or simplified joint-stock companies. It is also permitted to own shares and stakes in other existing companies or merge with them, and it has the right to participate with others in establishing joint-stock companies, simplified joint-stock companies, or limited liability companies, after fulfilling the requirements of the regulations and procedures in this regard. Additionally, the company may deal with these shares or stakes, provided that this does not include intermediation in their trading.

**Article (5): Headquarters of the Company:**



The headquarters of the company is located in Riyadh, and it is permissible to establish branches, offices, or agencies inside or outside the Kingdom by a decision of the company's board of directors.

## Chapter Two: Capital and Shares

### Article (6): Company Capital:

The company's capital is set at SAR 200,000,000 (two hundred million Saudi Riyals), divided into 20,000,000 (twenty million) shares of equal value, with a nominal value of SAR 10 (ten Saudi Riyals) per share, all of which are ordinary shares representing the fully paid-up capital of the company.

### Article (7): Subscription in Shares:

Shareholders subscribed to all of the company's shares and paid their full value.

### Article (8): Purchase, Sale, and Pledge of Company Shares:

The company is permitted to buy, sell, or pledge its shares according to the regulations determined by the competent authority.

### Article (9): Preferred Shares:

The extraordinary general assembly of the company, in accordance with the provisions of Islamic law and the principles set by the competent authority, may issue preferred shares, decide to buy them, convert ordinary shares into preferred shares, or convert preferred shares into ordinary shares. Preferred shares do not grant the right to vote in general meetings of shareholders, and they entitle their holders to a higher proportion of the company's net profits after deducting the statutory reserve."

### Article (10): Sale of Unpaid Shares:

1. Shareholders are obligated to pay the remaining value of the share within the specified deadlines. If a shareholder fails to meet the deadline, the Board of Directors may, after notifying them by registered letter or through any modern means of communication, sell the shares at a public auction or financial exchange, according to the conditions set by the competent authority, with other shareholders given priority in purchasing the shares of the delinquent shareholder.

2. The company shall collect the amounts due to it from the proceeds of the sale and return the remainder to the shareholder. If the proceeds of the sale are insufficient to cover these amounts, the company may collect the remaining amount from all of the shareholder's funds.

3. The rights associated with the shares of the shareholder who fails to pay their value are suspended upon the expiration of the specified deadline until they are sold or the amount due is paid in accordance with the provisions of paragraph (1) of this article. This includes the right to receive a share of the profits decided to be distributed and the right to attend and vote in meetings and influence their decisions. However, the shareholder who has defaulted on payment until the day of



sale may pay the value owed to them, plus any expenses incurred by the company in this regard, and in this case, the shareholder has the right to request the distribution of profits decided to be distributed.

4. The company shall cancel the certificate of the sold share in accordance with the provisions of this article and issue a new certificate to the buyer with the same number, and the sale shall be recorded in the shareholders' register, with the necessary data for the new owner.

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

All shares shall be nominative, and shares shall not be issued at less than their nominal value but may be issued at a higher value. In the latter case, the difference in value shall be added as a separate item within the shareholders' rights and may not be distributed as cash dividends to the shareholders. It may be used to increase the capital through the issuance of free shares or used to offset losses after exhausting any reserves previously formed from profits. Shares are not divisible against the company; if the share is owned by multiple persons, they must choose one of them to represent them in exercising the rights associated with it. These persons shall be jointly responsible for the obligations arising from the ownership of the share. The company may, after obtaining the approval of the extraordinary general assembly, amend the nominal value of the share by splitting its shares into shares with a lower nominal value or merging them so that they represent shares with a higher nominal value.

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

The company's shares shall be traded in accordance with the provisions of the Capital Market Law and its implementing regulations.

#### **Article (13): Debt Instruments and Financing Bonds:**

1. The company may issue, in accordance with the Capital Market Law, debt instruments or tradable financing bonds. For the issuance of debt instruments or financing bonds convertible into shares, a resolution must be issued by the extraordinary general assembly specifying the maximum number of shares that may be issued in exchange for those instruments or bonds. Whether these instruments or bonds are issued simultaneously, through a series of issuances, or through one or more issuance programs, the board of directors may issue new shares in exchange for those instruments or bonds upon request from holders seeking conversion either at the end of the specified conversion request period for the entirety of those instruments or bonds or upon meeting the automatic conversion conditions into shares or upon the expiration of the specified conversion period. The board shall take necessary measures to amend the company's articles of association regarding the number of issued shares and the capital.

2. The board of directors must ensure completion of procedures for any increase in the capital in the commercial register.



3. The company may convert debt instruments or financing bonds into shares in accordance with the Capital Market Law, with the consent of their holders, whether obtained in advance as part of the issuance terms or through subsequent agreement.

4. Any interested party may request the competent judicial authority to annul any transaction that violates the provisions of Articles (117) or (118) of the Company Law, and also claim compensation for holders of debt instruments or financing bonds for any damage incurred by them. Decisions of the general assemblies of shareholders shall apply to holders of debt instruments and financing bonds; however, these assemblies may not modify the rights established for them without their consent, issued in a separate assembly convened according to the provisions of Article (89) of the Company Law.

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

1. The extraordinary general assembly may decide to increase the company's capital, provided that the capital has been fully paid. It is not required for the capital to be fully paid if the unpaid portion of the capital relates to shares issued in exchange for the conversion of debt instruments or financing bonds into shares and the conversion period has not yet expired.

2. The extraordinary general assembly may, in all cases, allocate the shares issued upon capital increase, or a portion thereof, to employees of the company and its subsidiaries, or any of them. Shareholders are not allowed to exercise preferential rights when the company issues shares designated for employees.

3. The shareholder holding the share at the time of the extraordinary general assembly's decision to approve the capital increase has priority in subscribing to the new shares issued against cash contributions. These shareholders shall be notified of their priority through publication in a daily newspaper or by registered mail, informing them of the decision to increase the capital, subscription conditions, duration, and start and end dates.

4. The extraordinary general assembly may suspend the exercise of preferential rights of shareholders to subscribe to the increase in capital against cash contributions or give priority to non-shareholders in cases deemed appropriate for the company's interest.

5. Shareholders have the right to sell or transfer their subscription rights during the period from the issuance of the extraordinary general assembly's decision to approve the capital increase until the last day of subscription for the new shares associated with these rights, according to the regulations set by the competent authority.

6. Subject to the provisions of paragraph (4) above, the new shares shall be distributed among the holders of preferential rights who have applied for subscription in proportion to their share of preferential rights from the total preferential rights resulting from the capital increase, provided that they do not receive more than their requested allocation of new shares. The remaining new shares shall be distributed among holders of preferential rights who have applied for more than their share



*in proportion to their share of preferential rights from the total preferential rights resulting from the capital increase, provided that they do not receive more than their requested allocation of new shares. Any remaining shares shall be offered to others unless the extraordinary general assembly decides otherwise or the Capital Market Law stipulates otherwise.*

#### **Article (15): Reduction of Capital:**

*1. The extraordinary general assembly may decide to reduce the company's capital if it exceeds the company's needs or if the company has incurred losses. In the latter case, the reduction of capital may only be made to an amount below the limit specified in Article (59) of the Companies Law. The decision to reduce capital shall not be issued until a statement is read at a general meeting prepared by the board of directors regarding the reasons for the reduction, the company's obligations, and the impact of the reduction on fulfilling them. This statement shall be accompanied by a report from the company's auditors.*

*2. If the reduction of capital is a result of it exceeding the company's needs, creditors must be invited to express their objections, if any, to the reduction at least 45 days before the date set for the extraordinary general assembly meeting to decide on the reduction. The invitation must be accompanied by a statement indicating the amount of capital before and after the reduction, the date of the meeting, and the effective date of the reduction. If any creditor objects to the reduction and submits their documents to the company within the specified period, the company must either pay the debt if due or provide sufficient guarantee for its fulfillment if deferred. If the debt is not settled or sufficient guarantee provided, the creditor who notified the company of their objection to the reduction and whose debt has not been satisfied must approach the competent judicial authority before the specified date for the extraordinary general assembly meeting to decide on the reduction. In this case, the competent judicial authority may order the satisfaction of the debt, provide sufficient guarantee, or postpone the meeting of the extraordinary general assembly as appropriate.*

#### **Chapter Three: Board of Directors**

##### **Article (16): Management of the Company:**

*The company shall be managed by a board of directors consisting of nine members who must be natural persons. They are elected by the ordinary general assembly of shareholders for a term not exceeding four years.*

##### **Article (17): Termination of Membership of the Board:**

*Membership of the board shall terminate upon the expiration of its term or upon the expiry of the member's term as per any regulations or instructions applicable in the Kingdom. However, the ordinary general assembly may, at any time, remove all or some of the members of the board of directors without prejudice to the right of the removed member to claim compensation if the removal occurred for unacceptable reasons or at an inappropriate time. A member of the board of directors*



may resign, provided that it is done at an appropriate time, otherwise, they shall be liable to the company for any damages resulting from the resignation.

#### **Article (18): Vacant Position on the Board:**

If a position on the board of directors becomes vacant, the board may appoint a temporary member to fill the vacancy. The appointed member must possess the necessary expertise and qualifications. The Ministry of Commerce and Investment and the Capital Market Authority must be notified within five working days from the date of the appointment. The appointment must be presented to the ordinary general assembly at its first meeting. The new member completes the remaining term of their predecessor. If the necessary conditions for the formation of the board are not met due to a shortage of members below the minimum required by the Companies Law, the remaining members must convene the ordinary general assembly within sixty days to elect the necessary number of members.

#### **Article (19): Powers of the Board of Directors:**

In addition to the competencies prescribed for the ordinary general assembly, the board of directors has broader powers and authorities to manage the company, supervise its operations and finances, conduct its affairs, and formulate the general policies necessary to achieve its objectives. It has, in particular and without limitation, the following powers:

- A. Establishing internal regulations for its work.
- B. Concluding all contracts and agreements, including but not limited to purchase, sale, lease, agency, franchises, and other documents, transactions, and deals on behalf of the company. Participating in tenders, establishing commercial papers, signing, endorsing, and collecting them in accordance with Shariah principles on behalf of the company.
- C. Signing on behalf of the company incorporation contracts of companies, amendments, annexes, and partners' decisions in companies in which the company participates within and outside the Kingdom. Increasing their capital, paying fees, receiving registration certificates, following up on their merger, transformation, and liquidation procedures before all competent authorities. Purchasing, selling, or transferring all or part of their shares, as well as signing all required documents to open branches for the company, signing contracts to convert branches of the company into independent companies with separate legal entities, either limited liability companies or closed joint-stock companies, and signing all required documents for this purpose. Announcing in official newspapers, meeting all government agencies, and signing all necessary documents.
- D. Opening, managing, operating, and closing bank accounts, obtaining loans and other credit facilities for any period, including loans exceeding three years from government financing funds, commercial banks, financial houses, credit companies, and any other credit institution. Issuing guarantees and assurances for the benefit of any party when it deems, according to its sole discretion, that it serves the interests of the company. Signing Islamic Murabaha agreements, investment contracts, treasury operations, waiving rights and benefits, issuing instruments payable to order, and other commercial papers, and conducting all transactions,



concluding all agreements, and banking deals. However, in the case of commercial loans with durations exceeding three years, the following conditions must be considered:

- 1) The board of directors shall specify in its decision the purposes for which the loan will be used and the method of repayment.
- 2) The terms of the loan and the guarantees provided for it shall take into account not causing harm to the company, its shareholders, and the general guarantees of creditors.
- E. Signing contracts of sale and purchase, lease contracts, and acting on behalf of the company in purchasing lands, real estates, and other movable and immovable assets necessary to achieve the company's purposes, selling those assets, disposal, disposal, mortgage, releasing the mortgage for any of the company's properties before the courts and notaries, accepting the sale, determining the price, and acknowledging receipt of it, with regard to the sale of the company's properties, the board's decision to dispose of shall include the following conditions:
  - 1) The board shall specify the reasons and justifications for the sale in its decision.
  - 2) The sale price should be approximate to the fair value.
  - 3) The sale shall be present except in cases estimated by the board and with sufficient guarantees.
  - 4) Such disposition shall not result in the cessation of some company activities or burden it with other obligations.
- F. Appointing a secretary to the board of directors based on the chairman of the board's proposal.
- G. Approval of the internal, financial, administrative, and technical regulations, policies, and regulations specific to the company and those pertaining to its employees.
- H. Appointing experienced and competent officials to manage the company as deemed appropriate by the board, and determining their duties and rewards.
- I. Authorizing the officials to manage the company to sign on behalf of the company within the limits set by the board of directors.
- J. Forming committees and empowering them with what the board deems appropriate of authorities and coordinating between these committees to expedite decision-making on matters presented to them.
- K. Approval of establishing subsidiary companies, branches, offices, and agencies for the company, as well as participating and investing in any of the companies.
- L. Hiring employees, contracting with them, determining their salaries, terminating their service, applying for visas, bringing employees and workers from abroad, obtaining residence permits, work permits, transferring sponsorships, and waiving them.
- M. Approving the company's business plan and agreeing on its operational plans and capital budget.
- N. The board of directors of the company shall have the right, in cases it deems necessary to serve its interests, to discharge the company's debtors from their obligations, provided that the board's decision and rationale are documented and the following conditions are considered:





- 1) The discharge shall occur after a full year has elapsed since the debt was incurred, at a minimum.
- 2) The discharge shall be for a specific amount, with a maximum limit for each debtor per year.
- 3) The discharge is a right reserved for the board, and delegation or authorization of it is not permissible.

The board of directors may delegate or authorize, within its jurisdiction, one or more of its members or others to take action, make specific transactions, or perform certain tasks.

Approval of the general assembly is required when selling company assets exceeding 50% of its total assets' value, whether the sale is conducted in a single transaction or multiple transactions. In this case, the transaction that exceeds the 50% threshold of the asset value, which requires the approval of the general assembly, shall be considered, and this percentage shall be calculated from the date of the first transaction conducted within the preceding 12 months.

**Article (20): Board Members' Compensation:**

1. The board's compensation may consist of a specific annual amount, attendance fees per session, a certain percentage of the company's profits, or other benefits. It is permissible to combine two or more of the aforementioned forms of compensation. The ordinary general assembly determines the amount of such compensation, ensuring that it is fair, motivating, and commensurate with the member's performance and the company's performance according to the guidelines set by the competent authority
2. The board's report to the ordinary general assembly at its annual meeting shall include a comprehensive statement of all compensations, allowances, and other benefits received or entitled to be received by each board member during the fiscal year. It shall also include a statement of the remuneration received by the board members as employees, administrators, or for technical, administrative, or consultancy services, as well as the number of board meetings and the attendance of each member.

**Article (21): Chairman of the Board, Managing Director, and Secretary:**

1. The board of directors shall appoint a chairman and vice-chairman from among its members. The chairman may appoint a managing director and a secretary, and the chairman of the board shall not concurrently hold any executive position within the company.
2. Taking into consideration the authorities and powers of the Board of Directors, the Chairman of the Board of Directors is responsible for representing the company before third parties and all governmental departments, development funds, banks, official, judicial, and Sharia authorities, notaries, committees, and entities of various types and their jurisdictions in all matters, disputes, and claims, including labor, commercial, and financial disputes. He is authorized to sell and transfer to the buyer and receive the price by a company-certified check, purchase, accept delivery, payment of the price, mortgage, release of the mortgage, consolidation of deeds, subdivision, sorting, receipt of deeds, updating them, entering them into the comprehensive system, relinquishment of area deficit, boundary adjustment, lengths, area, plot numbers, plans, deeds, their dates, neighborhood names,



leasing, renting, signing, renewing lease contracts, receiving rent by a company-certified check, reviewing passports for the purpose of issuing and renewing residency permits, obtaining replacements for lost or damaged permits, processing exit and re-entry, final exit, transferring sponsorships, transferring information, updating data, modifying professions, settling and waiving workers, reporting absconding, cancelling absconding reports, cancelling exit and re-entry visas, cancelling final exit visas, obtaining replacement or lost travel visas, extending visit visas, adding dependents, completing procedures for deceased workers, obtaining worker data statements (prints), canceling and reviewing deportation and expatriate management, outlet affairs management, obtaining deportation receipts, reviewing labor office and workers, obtaining visas, receiving visa compensation, updating worker data, settling and canceling labor, obtaining and renewing work permits, completing employment procedures with social insurance, reviewing computer administration in labor force to drop labor and add labor, adding and deleting Saudis, receiving Saudi certificates, opening primary and sub-files, renewing them, canceling them, reviewing all relevant authorities, completing all necessary procedures, signing on behalf of the company regarding these matters, as well as reviewing all local and international banks and financial institutions in the Kingdom of Saudi Arabia and abroad, opening accounts in the name of the company, authorizing signatures, withdrawing from accounts, depositing and transferring cash or checks, obtaining ATM cards, receiving and entering secret numbers, obtaining credit cards, receiving and entering secret numbers, obtaining account statements, obtaining checkbooks, receiving and preparing them, issuing company-certified checks, receiving and processing them, receiving and cashing checks, subscribing to custody funds, renewing them, retrieving custody units, requesting bank loans in the name of the company, accepting their terms, conditions, and rates, signing their contracts, forms, commitments, and repayment schedules, receiving and disbursing the loan, providing guarantees and collaterals, providing guarantors and co-signing with them, requesting loan waivers, activating accounts, closing accounts, settling them, cashing company-certified checks, objecting to checks, receiving returned checks, updating data, opening credits in the name of the company, extending them, applying for and approving loans and banking facilities of all types from commercial banks for any amounts, signing commercial papers, documents, checks, and all banking transactions in the name of the company, issuing guarantees and documentary credits on behalf of the company, as well as issuing guarantees and collaterals for the benefit of others, issuing credit accounts and bonds to order and all commercial papers, signing all types of contracts, documents, agreements, deeds, and facilitation documents. He also has the right to open investment accounts in the name of the company with all banks, Islamic finance companies, financial institutions, any credit companies or institutions, real estate and industrial funds in the name of the company, receiving and delivering payments made to the company. He is authorized to issue guarantees and mortgages with banks, financial institutions, public lending funds, financial entities, local and international investment companies, issuing bonds to order and other securities. He is also permitted to contract loans, financings, and financial facilities with government finance funds and institutions, regardless of their duration, Islamic murabaha contracts, transfer contracts, agreements related to treasury products. He has the right to contract loans with banks and commercial institutions whose terms do not exceed the company's term end. He can also enter into contracts with the Industrial Development Fund, provide guarantors, co-sign with them, sign before a notary regarding industrial



mortgages, receive and waive loans, request exemptions from loans, confirm the absence of financial obligations, repay loans. He has the right to review the Ministry of Justice, Ministry of Interior, Ministry of Foreign Affairs, Ministry of Defense, Ministry of Energy, Industry and Mineral Resources, Ministry of Commerce and Investment, trademark management, commercial agencies, quality management, precious metals, freelance professions, issue certificates of origin, apply for customs exemptions, review the Ministry of Finance, Ministry of Labor, Ministry of Health, health affairs management, private and government hospitals, their branches, departments, and agencies, Food and Drug Authority. He has the right to sign on behalf of the company on company establishment contracts, amendments, appendices, and partners' decisions in companies in which the company participates inside and outside the Kingdom, increase its capital, modify directors, dismiss them, modify the management clause, enter and exit partners in companies where the company has stakes, reduce capital, purchase and sell shares, pay the price, sell shares, receive value and profits, relinquish shares, accept the transfer of shares, and capital. He has the right to attend its ordinary and extraordinary general assemblies or delegate what he deems appropriate to attend and vote on behalf of the company, liquidate those companies, pay fees, receive registration certificates, follow-up on their merger, transfer, and liquidation procedures before all competent authorities, purchase, sell, and relinquish shares, whether in whole or in part, sign agreements, register trademarks and commercial agencies, relinquish them, register patents, open files for the company, extract commercial records, renew them for the company, subscribe to the Chamber of Commerce and renew it, sign all necessary decisions and documents to open branches for the company, sign contracts to transform branches of the company into independent companies with separate legal entities, whether limited liability companies or closed joint-stock companies, sign all documents required for that, advertise in official newspapers, meet all governmental entities, sign on all necessary matters, review quality management, the standards and specifications authority, telecommunications companies, establish landlines or mobile phones in the name of the company, review the General Authority for Investment and sign before it, review the Capital Market Authority, participate in tenders, receive investments, sign contracts with third parties for the company, obtain industrial licenses, renew them, modify them, reserve names, cancel licenses, review social insurance, civil defense, Zakat and Income Authority also has the right to transfer licenses. He has the right to represent the company in front of the judiciary and has the right to claims in courts, filing lawsuits, pleading, defending, contesting, hearing claims, responding to them, admitting, denying, reconciling, waiving, absolving, requesting oaths, objecting to oaths, summoning witnesses and evidence, challenging them, answering, amending, challenging forgery, denying lines, seals, and signatures, requesting travel bans, lifting them, requesting seizure and execution, requesting arbitration, appointing experts and arbitrators, challenging expert and arbitrator reports, replacing them, requesting the application of Article 230 of the Sharia litigation system, requesting the implementation of judgments, accepting, denying, objecting to judgments, requesting appeals, seeking reconsideration, seeking restitution, requesting intercession, ending any obligations to attend sessions in all lawsuits filed for or against the company before all courts, receiving amounts by company-certified checks, receiving judgment documents, requesting the judge's recusal, requesting intervention and interference in Sharia courts, administrative courts (Board of Grievances), Sharia medical committees, labor committees, financial dispute resolution committees, banking dispute settlement committees, commercial paper dispute



resolution offices, commercial dispute resolution committees, customs committees, commercial fraud committees, oversight and investigation authorities, public prosecution, receiving and delivering, reviewing all relevant authorities, and completing all necessary procedures. He approves the company's business plan and operational budgets. The Board of Directors may delegate some of its powers to other members of the board or third parties to carry out specific tasks. He has the right to delegate some or all of the aforementioned powers inside and outside the Kingdom, and to dismiss and delegate the authority to others. The Board of Directors appoints a secretary whom it chooses from among its members or others, responsible for recording the minutes of board meetings, recording the decisions issued at these meetings, and preserving them, in addition to exercising other powers delegated to him by the board. The board determines his remuneration. The term of the Chairman of the Board, his deputy, the Managing Director, and the Secretary shall not exceed the term of membership of each of them on the board. They may be re-elected, and the board may at any time dismiss them or any of them without prejudice to the right of the dismissed person to compensation if the dismissal occurs for an unjust reason or at an inappropriate time.

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

The board meets at least four times a year at the invitation of its chairman, and the invitation must be communicated by any means that ensures notification. The chairman of the board must convene the board when requested in writing by any member of the board to discuss one or more topics, and it may be held via technological means.

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

A board meeting shall not be valid unless attended by at least half of the members (in person or by proxy), and it is permissible for a board member to delegate another member to attend board meetings, subject to the following conditions:

1. The deputy member shall not have more than one proxy at that meeting.
2. The proxy must be in writing and for a specific meeting.
3. The deputy member shall not vote on decisions where the regulations stipulate that the member they represent is to vote.

Board decisions shall be issued by a majority vote of the attending or represented members, and in case of a tie, the side favored by the meeting chair shall prevail. The board may issue decisions by circulation among all members separately unless one of the members requests the board meeting minutes for deliberation. These decisions shall be made by a majority vote and shall be presented to the board at its next scheduled meeting.

Article (24): Board Proceedings: The proceedings and decisions of the board of directors shall be documented in minutes signed by the chairman of the board, the attending board members, and the secretary. These minutes shall be recorded in a special register signed by the chairman and the secretary. Modern technological means may be used for signing, proving the proceedings, and recording the minutes.



#### **Chapter Four: Shareholders' Assemblies**

##### **Article (25): Attendance of Assemblies:**

*Each shareholder has the right to attend the general assemblies of shareholders and may delegate another person who is not a board member to attend the general assembly. General assemblies may be held, and shareholders may participate in deliberations and vote on decisions using technological means and according to regulations determined by the competent authorities.*

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

*Except for matters reserved for the extraordinary general assembly, the ordinary general assembly shall have jurisdiction over all matters related to the company. It shall meet at least once a year during the six months following the end of the company's fiscal year, and other ordinary assemblies may be convened as needed.*

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

*The extraordinary general assembly shall have the authority to amend the company's articles of association, except for matters prohibited from amendment by law. It may also issue resolutions on matters originally within the jurisdiction of the ordinary general assembly, under the same conditions and procedures prescribed for the ordinary general assembly.*

##### **Article (28): Assembly Invitations:**

*General or special assemblies of shareholders shall be convened by the board of directors. It is the responsibility of the board of directors to convene the ordinary general assembly if requested by the auditors or by a number of shareholders representing at least ten percent (10%) of the company's shares. The auditors may also convene the assembly if the board fails to do so within thirty days of the auditors' request. The invitation to convene the general assembly must be sent at least twenty-one days before the scheduled date of the assembly.*

##### **Article (29): Quorum for Ordinary General Assembly Meetings:**

*The convening of an ordinary general assembly meeting shall only be valid if attended by shareholders representing at least one-fourth of the company's shares. If the necessary quorum for holding this meeting is not met, a second meeting shall be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall indicate the possibility of holding this meeting. The second meeting shall be considered valid regardless of the number of shares represented.*

##### **Article (30): Quorum for Extraordinary General Assembly Meetings:**

*The convening of an extraordinary general assembly meeting shall only be valid if attended by shareholders representing at least half of the company's shares. If this quorum is not met at the first meeting, a second meeting shall be held one hour after the end of the period specified for the first*



meeting. The invitation to the first meeting shall indicate the possibility of holding this meeting. The second meeting shall be considered valid if attended by shareholders representing at least one-fourth of the company's shares. If the necessary quorum is not met at the second meeting, a third meeting shall be called under the same conditions as specified in Article (26) of this regulation, and the third meeting shall be considered valid regardless of the number of shares represented after obtaining approval from the competent authority.

**Article (31): Voting in Assemblies:**

Each shareholder shall have one vote for each share in general assemblies. Cumulative voting must be used in the election of board members, whereby the voting right for a share cannot be used more than once. Board members are not allowed to participate in voting on assembly resolutions related to businesses and contracts in which they have a direct or indirect interest, or that involve conflicts of interest.

**Article (32): Assembly Resolutions:**

Resolutions of the ordinary general assembly shall be issued by a majority vote of the voting rights represented at the meeting. Resolutions of the extraordinary general assembly shall be issued by the approval of two-thirds of the voting rights represented at the meeting, except for decisions related to increasing or decreasing the company's capital, extending its duration, dissolving it before the expiration of the specified period in its articles of association, merging it with another company, or splitting it into two or more companies. In such cases, the resolution shall only be valid if approved by three-quarters of the voting rights represented at the meeting.

**Article (33): Discussions in Assemblies:**

Each shareholder has the right to discuss the agenda items of the general assembly and to direct questions regarding them to the board of directors and the auditors. The board of directors or the auditors shall answer the shareholders' questions to the extent that does not harm the company's interests. If a shareholder finds the response to their question unsatisfactory, they may appeal to the general assembly, and its decision in this matter shall be binding.

**Article (34): Presidency of Assemblies and Preparation of Minutes:**

The general assemblies of shareholders shall be chaired by the chairman of the board of directors or their deputy in their absence, or by a member appointed by the board of directors from among its members in the absence of both. If not feasible, the general assembly shall be chaired by a person appointed by the shareholders through voting. Minutes of the assembly shall be prepared, including the number of shareholders present or represented, the number of shares they hold either directly or by proxy, the number of votes allotted to them, the resolutions adopted, the number of votes for and against each resolution, and a comprehensive summary of the discussions held during the meeting.



*The minutes shall be recorded regularly after each meeting in a special register signed by the chairman of the assembly, its secretary, and the vote collectors.*

#### **Chapter Five: Auditors**

##### **Article (35): Appointment of Auditors:**

*The company shall appoint one or more auditors from among the licensed auditors in the kingdom, determine their remuneration, term of service, and scope of work by the general assembly. Reappointment is permissible, provided that the term of service does not exceed the period specified in the relevant regulations and rules. The general assembly may, by resolution, dismiss the auditors, and the chairman of the board of directors shall notify the competent authority of the dismissal and its reasons within the period specified in the relevant regulations. Auditors may resign from their duties by submitting a written notice to the company. Their resignation shall take effect on the date of submission or on a later date specified in the notice, without prejudice to the company's right to compensation for any damage it incurs if deemed appropriate. Resigning auditors shall provide the company and the competent authority with a statement of the reasons for their resignation upon submitting the notice. The board of directors shall call the general assembly to convene to consider the reasons for resignation, appoint another auditor, determine their remuneration, term of service, and scope of work.*

##### **Article (36): Powers of Auditors:**

*At any time, auditors have the right to access the company's documents, accounting records, and supporting documents. They may also request data and explanations deemed necessary to verify the company's assets, liabilities, and other matters within their scope of work. It is the responsibility of the board of directors to facilitate their performance of duties. If auditors encounter difficulties in this regard, they shall document it in a report submitted to the board of directors. If the board of directors fails to facilitate the work of the auditors, they must request the convening of the general assembly to address the matter.*

#### **Chapter Six: Company Accounts and Profit Distribution**

##### **Article (37): Financial Year:**

*The financial year of the company shall begin on the first day of April and end on the last day of March of each year.*

##### **Article (38): Financial Documents:**

*1. At the end of each financial year of the company, the board of directors must prepare the financial statements of the company and a report on its activities and financial position for the expired financial year. This report shall include the proposed method for profit distribution. The board shall make these documents available to the auditors, if any, before the specified date for convening the general assembly, within the period determined by the regulations.*



2. The chairman of the board of directors, the chief executive officer, and the financial manager, if any, shall sign the documents referred to in paragraph (1) of this article. Copies of these documents shall be deposited at the company's headquarters for the shareholders' access.

3. The chairman of the board of directors shall provide the shareholders with the financial statements of the company, the board's report after its signature, and the auditor's report, if any, if they have not been published in any modern technological means, before the specified date for convening the ordinary annual general assembly within the period specified by the relevant regulations and rules, and deposit these documents as specified by the executive regulations of the Companies Law.

#### **Article (39): Profit Distribution:**

The company may distribute profits to its shareholders at any time, whether quarterly, semi-annually, or annually, from distributable profits according to the audited or examined financial statements and in accordance with the regulations issued by the competent authorities.

#### **Article (40): Entitlement to Profits:**

Shareholders are entitled to their share of profits according to the decision of the general assembly issued in this regard. The decision shall specify the date of entitlement and the date of distribution, and the right to profits shall belong to the shareholders registered in the shareholders' register at the end of the day specified for entitlement.

#### **Article (41): Company Losses:**

If the losses of the joint-stock company reach half of the issued capital, the board of directors must disclose this and any recommendations regarding those losses during the period specified by the regulations from the date of becoming aware of them. The extraordinary general assembly must be convened during the regulatory period from the date of becoming aware of this to consider the continuation of the company, taking any necessary measures to address or resolve those losses.

#### **Chapter Seven: Disputes**

#### **Article (42): Liability Lawsuit:**

Every shareholder has the right to file a liability lawsuit against the members of the board of directors if the fault committed by them results in specific harm to him. A shareholder may not file the mentioned lawsuit unless the company's right to file it is still valid, and the shareholder must inform the company of his intention to file the lawsuit.

#### **Chapter Eight: Company Dissolution and Liquidation**

#### **Article (43): Company Dissolution:**

Upon its dissolution, the company enters the liquidation phase and retains its legal personality to the extent necessary for liquidation. The decision of voluntary liquidation is issued by the extraordinary





general assembly and must include the appointment of the liquidator, determination of his powers, fees, restrictions on his powers, the necessary duration for liquidation, which should not exceed five years, and cannot be extended beyond that without a court order. The authority of the board of directors of the company ends with its dissolution. However, they remain in charge of managing the company and are considered, in relation to third parties, as liquidators until the appointment of the liquidator. The shareholders' assemblies remain in place during the liquidation period, and their role is limited to exercising their powers that do not conflict with the powers of the liquidator.

#### **The Ninth Chapter: Final Provisions**

##### **Article (44):**

The Companies Law and its executive regulations shall apply to all matters not addressed in this statute.

##### **Article (45):**

This statute shall be deposited and published in accordance with the provisions of the Companies Law and its executive regulations.

