



# Articles of Association

## Methanol Chemicals Company

**A Saudi Joint- stock Company**



## **Chapter 1: Establishing the Company**

### **Article 1: Incorporation**

A Saudi Joint-Stock Company that has been incorporated in accordance with the provisions of the Companies Law and its Regulations, and according to the following articles.

### **Article 2: Company Name**

The name of the Company is **Methanol Chemicals Company “Chemanol”**, a Saudi registered joint-stock Company.

### **Article 3: Company Objects**

The objects of the Company shall be:

A. Produce and market the following petrochemicals, Chemicals, and derivatives:

- 1- Liquid formaldehyde and liquid urea formaldehyde, or any mixture thereof of several concentrations.
- 2- Paraformaldehyde.
- 3- Liquid and powder formaldehyde resins.
- 4- Hexamethylenetetramine (hexamine).
- 5- Phenol formaldehyde resins.
- 6- Concrete admixtures and derivatives.
- 7- Methanol and derivatives.
- 8- Carbon monoxide.
- 9- Monomethylamine, dimethylamine, trimethylamine, and derivatives.
- 10- Dimethylformamide.
- 11- Dimethyl carbon.
- 12- Pentaerythritol.
- 13- Sodium format.



14- Acetaldehyde.

15- Ammonia.

16- Special petrochemicals.

B. Invest in industrial projects, including basic and intermediate petrochemical industries and chemicals, in addition to manufacturing.

C. Develop, implement, and own petrochemical and chemical projects, and materials necessary, therefore.

The Company shall conduct business in accordance with the applicable laws and as licensed by the competent authorities, if any.

#### **Article (4): Partnership and Title in Companies**

The Company may incorporate limited-liability and joint-stock companies solely and may hold shares and stocks in other existing companies or merger therewith. The Company shall, in addition, have the right to participate with third parties in incorporating joint-stock or limited-liability companies after meeting all the requirements under the applicable laws and instructions. The Company may dispose of such shares and stocks, save for through mediation.

#### **Article 5: Company's Head Office**

The head office of the Company is located in Jubail Industrial City in the Kingdom of Saudi Arabia. The Board of Directors or whomever it appoints may establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia.

#### **Article (6): Company Term:**

The Company Term shall be (99) ninety-nine Gregorian years as from the date of enacting the decree of HH/ Minister of Commerce and Industry. Such term may always be extended for other similar or shorter terms as resolved by Extraordinary General Assembly at least one year prior to the expiration date of the Company.



## **Chapter 2: Capital and Shares**

### **Article 7: Capital**

The company's capital is determined to be (SAR 674,508,630) six hundred seventy-four million five hundred and eight thousand six hundred and thirty Saudi Riyals divided into (67,450,863) sixty-seven million four hundred fifty thousand eight hundred sixty-three shares of equal value. The value of each share is ten (10) Saudi Riyals, and all shares are ordinary cash shares.

### **Article 8: Shares Subscription**

The shareholders subscribed for the entire capital shares of the Company which are (67,450,863) shares. The nominal value of such shares is (674,508,630) Saudi Riyals “paid in full”.

### **Article (9): Sale of Unpaid Share**

9.1: A shareholder shall pay the share value on the scheduled deadline. Otherwise, if the shareholder defaults, the Board may after notifying the said shareholder via e-mail, registered post or any modern technology means of the share sale through auction or in the Capital Market, as the case may be, pursuant to the controls by the competent authorities.

9.2: The Company shall collect the sale proceeds the amounts receivable thereby, then repay the shareholder the remaining amount. And if the sale proceeds are not sufficient, the Company may collect the remaining amount from the entire shareholder's equity. However, a shareholder in default on the sale date pay the amounts payable by them from the expenses incurred by the Company in the Article and the Company shall cancel the sold share as provided in this Article and shall grant the purchaser a new share under the name of the cancelled share and shall in the share record refer to the sale and the new shareholder.

### **Article (10): Share Issuance:**

The Company's shares shall not be issued for no less than par value but may be issued for more than such par value. In the said case, the value difference shall be added to a separate item under shareholders' equity but may not be distributed as dividends to shareholders. If a share is owned by multiple persons, they shall select one of them as a representative thereof in making use of the rights related to such share. Such persons shall jointly bear the liabilities raised out of the share title. Shares of the same type or category shall be of equal par value, and the shares may be divided into shares of less par value or may be merged into shares of higher par value.



### **Article (11): Share Trade:**

The Company shares shall be trades as provided by the Capital Markets Law and Executive Regulations.

### **Article 12: Capital Increase**

- 12.1 The Extraordinary General Assembly may decide to increase the capital of the Company, provided that the capital has been paid in full. It is not required that the capital shall be paid in full 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 set for converting them into shares has not expired.
- 12.2 The Extraordinary General Assembly may, in all cases, allocate the shares issued for the capital increase, or part thereof, to the employees of the Company and its subsidiaries or some of them, or any of that. Shareholders may not exercise the right of priority when the Company issues the share allocated to employees.
- 12.3 At the time of the issuance of the Extraordinary General Assembly's decision approving the capital increase, the shareholder who own the share shall have priority in subscribing to the new shares issued in exchange for cash amounts. Such shareholders shall be notified with the priority of subscription by publishing in a daily newspaper or by registered mail or through Saudi Tadawul website, about the decision of capital increase and the conditions, term, start and expiry dates of subscription.
- 12.4 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 non-shareholders in the cases the Company deems appropriate for the benefit of the Company.
- 12.5 The shareholder shall have the right to sell or relinquish the priority right during the period from the time of the issuance of the General Assembly's decision approving the capital increase until the last day of subscribing to the new shares associated with these rights, in accordance with the regulations set by the competent authority.
- 12.6 Taking into consideration what has been stated in paragraph (4) above, the new shares shall be distributed to the rights holders who requested to subscribe in proportion to their pre-emptive rights out of the total pre-emptive rights resulting from the capital increase, provided that what they receive does not exceed what they have requested of the new shares. The remainder of the new shares shall be distributed to the holders of the priority rights resulting from the capital increase, provided that what they receive does not exceed what they requested from the new shares. The remainder of the shares shall be offered to third parties, unless the Extraordinary General Assembly decides, or the Financial Market Regulations stipulates otherwise.



### **Article (13): Capital Reduction**

13.1. As resolved by the Extraordinary General Assembly, the Company's capital may be reduced if it exceeds the Company's needs, or if the Company incurs a loss. In the latter case only, the capital may be reduced below the minimum prescribed in the Companies Law. The reduction may only be resolved after reciting a statement at the General Assembly, to be prepared by the Board on the reduction grounds, the Company's liabilities, and the effect of the reduction on fulfilling such liabilities. The statement shall be accompanied by the auditor report. However, the said statement may be sufficiently represented before shareholders in cases where the Board resolution is circulated.

13.2. If the capital is reduced for exceeding the Company's needs, creditors (if any) shall be invited to express rejection of the reduction within at least (45) forty-five days as of the date scheduled for Extraordinary General Assembly for adopting the reduction resolution. Such invitation shall be accompanied by a statement of the capital prior and post reduction, the Assembly date and the reduction enforcement date. If any creditors reject and submit to the Company the documents thereof within the said deadline, the Company shall pay the debt thereto if matured, or submit a sufficient security if the debt is deferred. A creditor who notifies the Company of the rejection thereby, and the debt thereto is unpaid if matured, or no sufficient security if the debt is deferred, the creditor shall recourse to the competent judicial authority prior to the date scheduled for the Extraordinary General Assembly for enacting the reduction decision. In such case, the competent judicial authority shall order fulfilling the debt, submitting a sufficient security, or adjourn the Extraordinary General Assembly, as the case may be.

13.3. A reduction by a creditor who submits the request thereof on the deadline provided for in paragraph (1) of this Article, shall be deemed as proof only if the matured debt thereto is fulfilled, or if the creditor receives sufficient security.

### **Article (14): Premium Shares**

The extraordinary General Assembly may in accordance with the bases set by the competent authority issue or resolve to purchase premium shares or transform the premium shares into common shares. Such common share shall not have voting rights. The premium shares shall grant the holders the right to proceed with a proportion greater than the common shares of the Company's net profit after setting the statutory reserve aside.

### **Article (15): Issue Debt Instruments and Sukuk**

The Company may issue pursuant to Capital market negotiable debt instruments or sukuk. For such debt instruments or sukuk to be transformable into shares, Extraordinary General Assembly shall adopt a resolution that includes the maximum share number that may be issued in return for such instruments or sukuk, whether issued at the same time, through a series of issuances or



through issuance scheme(s). The Board undertakes with no requiring a new approval by such Assembly new shares in return for such instruments or sukuk, which the holders thereof request transforming immediately after the request term expiration for the entire instruments or sukuk, or upon requirement fulfillment of the automatic transformation into shares, or upon the elapse of the transformation term. And the Board shall take all the necessary action to amend the Company Bylaws in terms of issued share number and capital.

1. The Board shall upon procedure finalization enter each capital increase with Commercial Registration.
2. The Company may transform debt instruments, sukuk or loans into shares in cash or in kind or stocks in other companies in accordance with Capital Markets Law as approved by the holder(s), whether as a prior approval as issuance requirements or as mutually agreed subsequently.
3. Every stakeholder may claim the competent judicial authority to annul any action in breach of the provisions of Companies Law, in addition to indemnify holders of debt instruments or sukuk for the damage caused thereto.
4. Resolutions by the General Assembly shall apply to holders of debt instruments or sukuk; however, such Assembly shall amend the rights thereof only as approved at an Extraordinary General Assembly to be convened as provided for in Companies Law.

#### **16. Share Purchase, Sale, and Mortgage by Company**

1. The Company may purchase the shares thereof as approved by the Extraordinary General Assembly in accordance with Companies Law, Executive Regulations and controls set by the competent authority in this regard.
2. The purchased shares shall be paid in full for the purpose of reducing the capital or maintaining the purchased common shares as treasury shares, provided that such treasury shares do not at any time exceed (10%) of the Company's total purchased shares.
3. The debit balance of the treasury shares shall not exceed the Company's retained earnings.
4. The shares purchased by the Company shall not have votes in Assemblies.
5. The Company may purchase the shares thereof in order to:
  - A. Fulfill the rights of holders of debt instruments, sukuk or loans transformable into shares as stipulated in the terms and conditions thereof.



- B. Bargain for acquiring shares or stocks or for purchasing assets.
- C. Allocate the same to employees or Directors at the Company under Employee Share Scheme.
- D. If the Board sees that the share market value is less than the fair value thereof.
- E. Cancel shares as stipulated in capital reduction terms and conditions.

6. The Company may purchase the shares thereof in order the same to employees or Directors at the Company under Employee Share Scheme as approved by Extraordinary General Assembly to the Scheme. The Company may delegate the Board to set the terms and conditions on the Scheme, including the allocation price per each share offered to an employee, if for consideration, with no participation by non-executive Directors in voting within the Scheme nor with participation by executive Directors in voting on Board resolutions on the Employee Share Scheme.

7. The Company may purchase the shares thereof in one step or multiple steps as per controls by the competent authorities.

The Company may mortgage the shares thereof as provided for in Companies Law, Executive Regulations and controls set by the competent authority in this regard. The creditor mortgagee may receive dividends and make use of the rights on the shares unless otherwise mutually agreed in the mortgage contract. The creditor mortgagee may not attend or vote at General Assembly meetings.

### **Chapter 3: Board of Directors**

#### **Article (17): Board Constitution**

The Company shall be administrated by a Board of Directors of nine (9) Directors to elected by Ordinary General Assembly through cumulative voting for no more than four (4) Gregorian years.

#### **Article (18): Directorship Expiration and/or Termination**

Directorship shall expire on the expiration date thereof or upon termination of powers granted to a Director as per any law or instructions applicable in the KSA. The General Assembly (as recommended by the Board) terminates directorship of any Director who does not attend (three) consecutive meetings or (five) separate meetings during the directorship with no legitimate excuse to be acceptable to the Board. Nonetheless, the Ordinary General Assembly may dismiss any or all Directors, and Ordinary General Assembly in such case shall elect a new Board or an alternative Director (as the case may be) as provided for in Companies Law.





#### **Article (19): Board Expiration, Director Resignation or Vacancies:**

The Board shall, prior to session expiration convene Ordinary General Assembly for election of a Board for the new session. Or else, if no election is conducted and the current Board session is expired, the Directors shall continue with their duties until another Board is elected for a new session, provided that the expired Board does not continue for more than the term of the new session as defined in the Executive Regulations of Companies Law.

1.If the Chairman and the Directors resign, they shall convene Ordinary General Assembly for electing a new Chairman, and the resignation shall not apply until a new Board is elected, provided that the resigned Board does not continue for more than the term as defined in the Executive Regulations of Companies Law.

2.A Directors may resign by a written notification to be served to the Chairman. And if the Chairman resigns, the same shall notify the remaining Directors and the Secretary. The Resignation shall be applicable -in both cases- as of the date defined in the notification.

3.If the position of a director is vacant for decease or resignation with no breach of terms and conditions for the Board meeting to be valid, as the Director number falls below the minimum; the Board may (temporarily) appoint in the vacancy a person who enjoys experience and efficiency. The Board shall notify the same to Commercial Registration and Capital Market Authority, if the Company is registered with Capital Market Authority, within (fifteen) days as of the date of appointment, and the Board shall represent such appointment to Ordinary General Assembly at the first meeting thereof, and the appointed Director shall complete the remainder of their predecessor's term.

4.If the requirements of holding a valid Board meeting are not met because the Director number falls below the minimum provided for in the Companies Law or these Bylaws, the remaining Directors may call for an Ordinary General Assembly to be held within sixty (60) days in order to elect the Director number as required.

#### **Article (20): Powers of Chairman, Vice-Chairman, Managing Director, and Board Secretary:**

The Board shall appoint any of the Directors as Chairman and Vice-Chairman and may appoint Managing Director. The position as a Chairman shall not be combined with any other executive position at the Company.

The Chairman shall be empowered to convene and chair Board and Assembly meetings. The Chairman shall represent the Company in relations with third parties and before judiciary, GOs, Notaries Pubic, courts, dispute settlement committees of any type whatsoever, arbitration panels, civil rights, police departments, chambers of commerce and industries, private authorities, and companies and enterprises of any type whatsoever. The Chairman shall further issue lawful proxies and assign and dismiss attorneys in-fact and at-law, and may plead, defend, litigate, reconcile, confirm, deny, waive, relieve, arbitrate, and accept and reject rulings for the



Company. The Chairman shall in addition sign all types of contracts, documents, and instruments, including with no limitation: articles of association on the companies in which the Company is a partner as amended, and amendments to Articles of Association such as amendments on Company's capital increase or reduction, or on stock waiver and purchases, or on dissolution and merger, before Notaries Public and all GOs. The Chairman shall further sign appendices to the said documents and other agreements, sukuk and evacuation proofs before Notaries Public and GOs. The Chairman shall sign agreements on loans and rescheduling with governmental funds and finance institutions, banks and treasuries, and sign guarantees, warranties, securities, and waivers, and redeem mortgages, and collect the Company's rights, and pay the Company's liabilities. The Chairman shall moreover sell, purchase, evacuate, accept evacuation, take-over, hand-over, lease, rent, receive and pay, enter into tenders, open accounts and credits, withdraw from and deposit with banks, issue and sign deeds, checks, transfers, promissory notes and all negotiable securities, appoint and contract with employees, set salaries, apply for visas, recruit employees and workmen from abroad, obtain residencies and license to work, and transfer and waive sponsorships. The Chairman shall have the right to donate for charity purposes and community activities. And the Chairman may in return within his/her competency assign or delegate a third party to enjoy certain powers, to take a certain step or action, and to conduct certain business(es), and may revoke such delegation or assignment partially or entirely.

The Vice-Chairman shall be in charge of the duties and powers of the Chairman if the Chairman is absent. The Managing Director shall have the powers to delegate to him/her by the Board. The Board shall set by a resolution the remuneration to be paid to each of the Chairman, the Vice-Chairman, and the Managing Director in addition to the remuneration to be paid to the Directors as per the policy thereon and as provided for in Companies Law and Executive Regulations.

- The Board shall appoint a Secretary to be selected among the Directors or other persons. The Secretary shall record the Board meeting minutes, record and keep resolutions adopted at such meetings, and shall practice other competencies as assigned by the Board. The remuneration to be paid to the Secretary shall be set as per the Remuneration Regulations.

- The membership term of the Chairman, the Vice-Chairman, the Managing Director and the Secretary shall not exceed the directorship of each, and they may be re-elected, and the Board may at any time recommend General Assembly to dismiss any or all of them with no prejudice to the right of the dismissed person to indemnity if dismissed for an illegitimate reason or in an inappropriate time.



### **Article 21: Board Committees**

The Board of Directors may form a committee or committees from among its members or from a third party, and it shall specify in a separate resolution the number and names of the members of the committee or committees and their powers in a manner that does not conflict with the applicable rules and regulations.

### **Article (22): Board Powers**

Subject to the competencies of General Assembly, the Board shall have the widest authorities in terms of administrating and managing the Company and supervising financial business and affairs thereof within the KSA or abroad and set policies and guidelines to achieve the objects thereof. Further, the Board may, for example with no limitation, represent the Company in relations with third parties, GOs, Capital Market Authority, courts of all instances, judicial committees, quasi-judicial committees, civil rights, police departments, chambers of commerce and industries, private authorities, and companies and enterprises of any type whatsoever. The Board may, for further example with no limitation, enter into tenders, and auctions, and award bids, in addition to signing documents on sale, lease, tenancy, representation and warranty, mortgage, etc. Moreover, the Board shall have the right to incorporate or participate in incorporating companies, open Company branches, and sign all types of contracts, documents and instruments, including with no limitation: articles of association on the companies to be incorporated by the Company, or in which the Company is a partner, appendices thereto, all decisions taken by the partners in such companies, including all resolutions on capital increase or reduction, and stock waiver and purchases, and contract notarization, and signature with companies' administration before Ministry of Commerce and Industry and Notaries Publics, and commercial registry amendment, alteration, addition, omission, obtaining, renewal, receiving and quashing, and company name change, and loan granting to subsidiaries, and guarantee loans thereof, and signing agreements and deeds before Notaries Publics and GOs, and signing loans, guarantees, warranties, securities and waivers on preemption of Companies' debt payment, and issue lawful and non-judicial powers of attorneys on behalf of the Company, and selling and purchasing real estate, plots, stock and shares in companies and other properties (whether movable or immovable), and dispose the Company's assets and properties, and conduction investments, and mortgaging fixed assets and PPE as securities for loans to the Company and subsidiaries; provided that:



- A. The Board shall, in the sale resolution, enlist grounds and justifications.
- B. Sale shall be for a price commensurate with similar items.
- C. Sale shall be in the present, save as necessary, for sufficient guaranties.
- D. Such disposal shall not result in recession or additional liabilities to be assumed by the Company.

**Sale of Company's assets of more than 50% of total assets:** The Board shall obtain approval by General Assembly upon selling Company's assets of more than (fifty percent) of the total assets, whether through one transaction or more. In such case, such transaction shall be approved by General Assembly, and such percentage shall be estimated as of the date of the first transaction within the latest (twelve months). The competent authority may exempt certain business and actions of the provision of this Article. The Board shall have the right to evacuate, accept evacuation, receive price, take-over, hand-over, lease, rent, receive and pay, open, administrate, operate and close bank accounts, withdraw from, deposit with and obtain loans from banks, sign all instruments, documents, checks and all banking transactions, invest and operate the Company's funds in local and international markets within the KSA or abroad. The Board shall, also, have the right to appoint and dismiss employees and workmen, and to apply for visas, and to recruit workforce from outside the KSA, and to contract, set salaries, obtain residencies, and transfer and waive sponsorships for the said workforce. The Board may enter into loans with governmental funds and finance institutions for any term whatsoever, and may enter into commercial loans, and may obtain loans and other credit facilities by GOs, commercial banks, financial institutions and other credit companies, and may issue letters of credit for any party as deemed for the Company's benefits, and may issue promissory notes and other negotiable instruments, and may enter into any type of agreements or banking transactions for any term that does not exceed the Company term. On the other hand, loans for more than three years shall subject to:

- A. The Board shall include in the resolution the loan uses and payment methods.**
- B. The terms and conditions on the loans and securities provided thereto shall not cause any damage to the Company, the shareholders, or general securities to creditors.**

Moreover, the Board shall appoint a Chief Executive Officer (CEO) or a Managing Director by a resolution thereby, including the powers and duties of the said Chief Executive Officer (CEO) or Managing Director, such as conduct the Company's day-to-day business and implement policies and schemes set by the Board in accordance with laws and controls. Also, the Board shall



approve initial and annual financial statements. Further, the Board shall relieve the debtors of debts, provided that the Board meeting minutes and resolution grounds subject to:

- **Such relief shall be after the elapse of an entire year minimum as of the date when the debt is raised.**

- **Such relief shall be for a maximum amount set annually per debtor.**

- The Board may provide financial support to any subsidiaries or associate companies and to the companies in which the Company participates in the amount and the manner deemed appropriate by the Board or by the companies in which the Company participates. The Board may provide securities on loans and credit facilities of several types as obtained from the subsidiaries or associate companies per title percentage. The Board may within the competency thereof assign or delegate the Chairman in any or all competencies of the Board in conducting certain business(es). And the Chairman may in return within his/her competency assign or delegate a third party to enjoy certain powers, to take a certain step or action, and to conduct certain business(es), and may revoke such delegation or assignment partially or entirely.

#### **Article (23): Remunerations to Directors**

Remunerations to Directors shall include amounts, meeting attendance allowance, transportation allowance, overhead, and other benefits and allowances in accordance with the policy adopted by General Assembly on remunerations to Directors and members at sub-committee of the Board within the limits prescribed in Companies Law and other laws, decrees, instructions, or controls adopted by the competent authority. The report by the Board to Ordinary General Assembly shall include a comprehensive statement of remunerations, meeting attendance allowance, transportation allowance, overhead, and other benefits and allowances paid to Directors for the financial year.

#### **Article (24): Board Meetings**

1. The Board shall meet at least (four) times annually by a written convention to be extended by the Chairman in person or via post or modern technologies at least (48) hours prior to the meeting, unless otherwise mutually agreed by Directors. The Chairman shall convene Board meetings in writing upon written request by a Director for discussing one topic or more.
2. The Board shall prescribe the meeting venue, and the meetings may be convened using moder technologies.

#### **Article (25): Meeting Quorum and Board Resolutions**

25-1 Board meeting shall only be valid if attended by at least five Directors (in person or as represented). Director may appoint another Director to attend Board meetings as follows:

- A- A Director may not represent more than one Director at one Board meeting.



- B- Such representation shall be in writing at a meeting.
  - C- The representative may not vote on the resolutions on which Companies Law and Executive Regulations prohibit the said principal to vote.
  - D- Board meetings may be convened via phone or video calls or using modern technologies.
  - E- Resolutions by the Board shall be adopted by the majority of present votes. In case the votes are even, the part of the Chairman of the Board/meeting shall be casted.
- 25-2 The Board may pass resolutions to all Directors separately, unless a Director requests, in writing, to hold a Board meeting for deliberation, provided that the Directors approve in writing, subject to Article (25.1) above, which provides that passing resolutions requires signatures of at least five (5) Directors, and such resolutions shall be submitted to the Board on the first following meeting.

#### **Article (26): Board Deliberations**

The deliberations and resolutions by the Board shall be included in the minutes signed by the Chairman, the attending Director, and the secretary. Such minutes shall be entered in a special record signed by the Chairman and the secretary. Electronic applications may be used for approving the minutes of meetings of the Board and sub-committees.

### **Chapter 4: Shareholders' Assemblies**

#### **Article 27: Attending Assemblies**

The properly formed General Assembly represents all shareholders. Each shareholder, whatever the number of his shares, shall have the right to attend the shareholders Assembly meeting, and, he shall have the right to authorize a person who is not a member of the Board of Directors or one of the Company employees to attend the General Assembly meetings.

#### **Article 28: Ordinary General Assembly**

Except for the matters vested with the Extraordinary General Assembly, the Ordinary General Assembly shall be authorized to consider all matters related to the Company affairs. The Assembly shall at least convene once annually within the six months following the end of the Company fiscal year. Another Ordinary General Assembly may be called for whenever deemed necessary.



### **Article 29: Extraordinary General Assembly**

The Extraordinary General Assembly shall be vested with amendment of the Company Articles of Association excluding the amendment of matters which are lawfully prohibited. The Assembly may issue resolutions regarding the matters which are originally part of the Ordinary General Assembly powers based on the same conditions and situations vested with the Ordinary General Assembly.

### **Article (30): General Assembly Convention**

General or Special Assembly meetings shall be convened by the Board. The Board shall convene an Ordinary General Assembly within thirty (30) days at the request of the auditor, or shareholders who represent at least 10% of the capital.

A convention and agenda of a General Assembly shall be published on Capital Market's website (TADAWUL) and the Company's website pursuant to controls set by the competent authority and standards within Companies Law at least twenty-one (21) day prior to meeting date.

### **Article (31): Assembly Attendance Sheet**

Shareholders who are willing to attend General or Special Assembly shall enter their names in the Company's headquarters or in the place venue set by the Company for convening the Assembly prior to the time scheduled therefor as determined by the Company in the Assembly convention.

### **Article 32: Quorum for the Ordinary General Assembly**

The Ordinary General Assembly shall not be valid unless attended by shareholders representing at least quarter of the capital. If the quorum for this meeting is not available, the second meeting shall be held one hour after the expiry of the period fixed for the first meeting provided that the invitation for the first meeting includes a provision for the possibility to hold such meeting. In all cases, the second meeting shall be valid, whatever the number of shares represented therein.

### **Article 33: Quorum for the Extraordinary General Assembly**

The Extraordinary General Assembly shall not be valid unless attended by shareholders representing at least half of the capital. If the quorum for this meeting is not available in the first meeting, the second meeting shall be held one hour after the expiry of the period fixed for the first meeting provided that the invitation for the first meeting includes a provision for the possibility to hold such meeting. In all cases, the second meeting shall be valid, if attended by a number of shareholders representing at least a quarter of the capital.



If the quorum is not available in the second meeting, an invitation for a third meeting shall be sent in accordance with the provisions of article (31) of this Articles of Association. The third meeting shall be valid whatever the number of shares represented in it upon the approval of the concerned authority.

#### **Article (34): Voting Right**

Each shareholder shall have one vote at General Assemblies, and cumulative voting shall be used in electing Directors. However, Directors may not vote on resolutions by the Assembly on business and contracts, to which the Directors have direct or indirect interests, or which include interest conflict.

#### **Article (35): Assembly Resolutions**

Resolutions by the Ordinary General Assembly shall be adopted as approved by the voting majority at the meeting. Resolutions by Extraordinary General Assembly shall be adopted by the majority of two thirds of shares represented at the meeting, unless on Company capital increase or decrease, or term extension, or dissolution prior the term prescribed in the Bylaws, or merger with another company, or division into two or more companies, as the resolution shall only be valid if adopted by three quarters of shares represented at the meeting. And a resolution by General Assembly shall apply as of the date of adoption, except for the cases Companies Law, these Bylaws or the resolution provides that the same shall apply on another date or under certain conditions.

#### **Article 36: Discussions during the Assemblies**

Each shareholder shall have the right to discuss the matters included in the Assembly agenda and raise questions about them to the board members and the auditor. The Board of Directors and auditor shall answer the shareholders questions in a manner that will jeopardize the Company interests. If a shareholder sees that the answer to his question is not convincing, he shall resort to the Assembly and its resolution on that matter will be binding.

#### **Article 37: Chairing Assemblies and Minutes Preparation**

The Assemblies shall be chaired by the Chairman of the board or his Vice Chairman in case the Chairman is absent or the one deputized by the Board of Directors from among its members in the absence of the Chairman and his Vice Chairman. The Chairman shall appoint a secretary and vote collector.





The Assembly meeting shall be recorded in minutes comprising the names of the attendees or their representatives, the number of shares, number of votes assigned to them, the passed resolutions and number of votes with or against the resolutions, and a comprehensive summary of the deliberations of the meeting. Minutes shall be regularly recorded after each meeting in a special register to be signed the Assembly Chairman, its Secretary, and Vote Collector.

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## **Chapter Five: External Auditor**

### **Article (38): Auditor Appointment**

38.1. The Company shall have one auditor (or more) licensed within the KSA. The auditor, the remunerations, the employment term, and the scope of work shall be appointed by the General Assembly. The auditor may be re-appointed. The Regulations shall set a maximum appointment term in respect of an auditor, whether an individual, a firm or a partner therein as an audit supervisor.

38.2. The General Assembly may dismiss the auditor without prejudice to the right of the auditor to indemnity for the damage that may be caused to them, as required. The Chairman shall report the competent authorities of the dismissal resolution and grounds within no more that (five) days as of the date of resolution.

38.3. The auditor may resign upon a written notification to be served to the Company, which shall terminate on the date of submission or later on date to be defined within the notification, without prejudice to the right of the Company to indemnity for the damage that may be cause thereto, as required The resigned auditor shall submit to the Company and to the competent authority, upon serving the notification, a statement of the resignation grounds, and the Board shall invite the shareholders to General Assembly in order to address the resignation grounds and appoint another auditor.

### **Article (39): Auditor Powers**

The auditor may always review the Company's books, records, and other documents, and may also request statements and notes as necessary in order to verify the Company's assets, liabilities and other items within the scope of the auditor's work. The Chairman shall enable the auditor to perform, and if the auditor fins any difficulty in this respect, the auditor shall report the same to the Board. And if the Board does not facilitate the auditor's work, the auditor shall request the Board to convene the Ordinary General Assembly for addressing the same. Otherwise, the auditor may extend such convention if the Board of Directors does not extend the same within (30) thirty days as of the request by the auditor.



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

### **Article 40: Fiscal Year**

The Company's fiscal year shall start on the first of January and end by the end of December of each Gregorian year.

### **Article 41: Financial Documents**

- 41.1 At the end of each financial year of the Company, the Board of Directors must prepare the Company's financial statements, a report on its activities and financial position for the past financial year, and the method it proposes for distributing profits. The board puts these documents at the auditor's disposal, forty-five days at least before the Ordinary General Assembly is convened.
- 41.2 The Chairman of the Board of Directors, its chief executive officer and the financial manager must sign the documents referred to in paragraph 41/1, and a copy of which shall be deposited at the Company's head office at the shareholders' disposal at least ten days before the scheduled date of the General Assembly.
- 41.3 The Chairman of the Board of Directors shall provide the shareholders with the Company's financial statements, the board's report, and the auditor's report, unless they are published in a daily newspaper distributed at the Company's head office. He must also send a copy of these documents to the Ministry of Commerce and Investment, as well as the Capital Market Authority; at least fifteen days before the meeting of the General Assembly.

### **Article (42): Dividends**

- 1- The Company may distribute interim dividends bi-annually or quarterly under the following controls:
  - a. The General Assembly shall delegate the Board to distribute the dividends as per the policy adopted thereby.
  - b. The Company shall achieve good and regular profitability.
  - c. The Company shall have reasonable liquidity and profitability that may be predicted.
  - d. The Company shall have divisible earnings as enumerated in the most recent financial statements as sufficient to cover the proposed earnings, less the divided amounts of such earnings after the date of such statements.
- 2- The divisible earnings shall consist of the retained earnings demonstrated in the balance sheet as for the most recent period immediately prior to the period during which the



division resolution is adopted, plus any divisible reserve balance, setting aside percentage of net profits for reserves for certain purposes, if any.

#### **Article 43: Profits Entitlement**

The shareholder shall be entitled to be paid his share in the profits based on the General Assembly resolution issued in this regard. The resolution shall state the entitlement date and date of distribution. The entitlement of profits shall be to shareholders registered in the shareholder register at the end of the date of entitlement.

#### **Article (44): Dividends on Premium Share**

44.1 If no profits are not divided for a financial year, profits for the subsequent years shall be divided only after paying the percentage prescribed in Companies Law for holders of common shares for the said year.

44.2 If the Company fails paying the profits percentage prescribed in Companies Law for three consecutive years, Special Assembly of holders of such shares may, as convened as per Companies Law, resolve to attend the Company's General Assembly and vote or to appoint representative at the Board proportional to value of shares thereof in the capital until the Company is able to pay each and every profit of priority to be allocated to the holders of such shares for the preceding years.

#### **Article (45): Company Losses**

If the Company losses amount half the paid Capital at any time during the year, the Board shall disclose the same and the recommendations concluded on such losses within sixty (60) days as of being informed of such amount. Furthermore, the Board shall convene Extraordinary General Assembly within one hundred-eighty (180) days as of being informed of the losses in order to consider the continuity of the Company and in order to take the actions necessary to remedy such losses or to dissolve the Company.

### **Chapter Seven: Disputes**

#### **Article (46): Liability Claim**

46.1. Every shareholder may file a claim on the Company's liability against Directors if the error committed by the Directors causes damage to the shareholder. A shareholder may only file the said claim if the Company's right to file the same remains valid. The shareholder shall inform the Company of the intension thereof to file the claim as limited to his right to claim indemnity for the damage caused thereto.

46.2 A shareholder or more who represent (five percent) of the Company's capital may, unless less percentage is prescribed otherwise in the Bylaws, file a claim on the Company's



liability in case the Company does not file the same, subject to the main purpose of the claim is to achieve the Company's interests, and that the claim is filed on valid grounds, and the plaintiff files the same in good faith and is a shareholder at the time of filing the same.

46.3 The claim referred to in paragraph (2) of this Article shall be filed, provided that Directors are informed of the intention to file the claim (forty) days prior to the date of filing. A shareholder may file a personal claim against the Directors regarding an error committed by the Directors and caused damage to the shareholder. And the Company may be charged of the expenses incurred by the shareholder for filing the claim against the Company, regardless of the results as follows:

- A. If the shareholder files the claim in good faith.
- B. If the shareholder provides the Company with the grounds of the claim and does not receive a response within 30 days.
- C. If the Company is interested in filing the claim as per Article 79 of Companies Law.
- D. If the claim is filed on valid grounds.

### **Chapter Eight: Termination & Dissolution**

#### **Article (47): Company Dissolution**

The Company shall dissolve for the reasons provided for in Companies Law, and upon the dissolution, the Company shall be liquidated as provided for in Companies Law. If the Company is dissolved, and the assets thereof are not sufficient to pay debts, or if the Company is insolvent under Bankruptcy Law, the Company shall recourse to the competent judicial authority to take a liquidation procedure under Bankruptcy Law.

### **Chapter Nine: Final provisions**

#### **Article 48: Applicable Law**

The Companies Law and its implementing Regulations shall apply to all what is not provided for in this Articles of Association.

**Article 49: Publication** This Articles of Association shall be lodged and published in accordance with the provisions of the Companies Law and its implementing Regulations.

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