



**SAUDI INDUSTRIAL DEVELOPMENT COMPANY "SIDC"  
INLISTED PUBLIC STOCK COMPANY**

**ARTICLE OF ASSOCIATION**

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## SECTION ONE: INCORPORATION OF THE COMPANY

**Article (1): Incorporation & company Name**

Incorporated in accordance with Companies Law, regulations, and this article as an in-listed Saudi Public Stock Company with the abbreviation "SIDC".

**Article (2): Company Purposes**

- 2/1 To serve the industrial sector in the field of hi-tech industries
- 2/2 Industry, Mining and Recycling
  - 2/2/1 Manufacturing Rubber and Plastic
  - 2/2/2 Manufacturing Furniture
  - 2/2/3 Manufacturing Chemicals and Chemical Products
  - 2/2/4 Manufacturing Non-Metallic Minerals
  - 2/2/5 Process Industry
  - 2/2/6 Manufacturing Machinery and Equipment
  - 2/2/7 Mining
  - 2/2/8 Recycling and Waste Management
- 2/3 Purpose Projects and/or Support Projects
- 2/4 Wholesale, Retail, E-Commerce, Buying, Selling, Export, Import, Marketing, Contracting, Agencies, commercial concessions and distribution of company products and others.
- 2/5 **Contracting & Operation**
  - 2/5/1 General construction contracts (Construction and public utilities building)
  - 2/5/2 General Building Contracts (Building, Restoration, Demolition, Repairing)
  - 2/5/3 Specialized sub-contracts (Specialized Construction Activities)
  - 2/5/4 Operation, Maintenance and Facilities Sanitation
- 2/6 Property, Lands, and related activities of selling, buying, renting, management and development.
- 2/7 Security and safety activities including security guard service and civil securities.
- 2/8 Transport, mail service and warehousing.
- 2/9 Tourism, hotel services and organizing exhibitions
  - 2/9/1 Fairs, Exhibitions, and conferences
  - 2/9/2 Accommodation/lodgment
  - 2/9/3 Tourism Activities
- 2/10 Food Products Processing
- 2/11 Management of subsidiary companies and directly or indirectly taking parts in managing other companies where it owns shares to extend financial, administrative, or other supports as may be necessary.

The Company operates in accordance with the rules and regulations upon obtaining necessary licensing by competent authorities.

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**Article (3): The Participation and Ownership in Other Companies**

The Company may establish, by itself, other (Limited Liability or closed joint stock companies). The company may also, own stocks and shares in other existing company or merge with them.

The Company may participate with others to establish joint stock or limited liability companies or any venture of legal shape wither in the Kingdom of Saudi Arabia or outside or in Duty Free Zones after fulfilling the requirements of the laws and instructions in this respect. The Company may dispose of these shares and stocks provided that this should not include acting as broker in such shares and stocks.

**Article (4): The Company Head Office**

The Company’s Head Office is located in Jeddah City. The Company may open branches, offices, or agencies inside or outside KSA or in Duty Free Zones by a resolution from the Board of Directors.

**Article (5): The Company Term of Life**

The Company term of life is Ninety-Nine (99) Hijri starting from date of registration in the Commercial Register. The Term of Life may always be extended for a similar term or more terms of life by a resolution of The Extraordinary General Assembly to be taken at least one year before expiry of the term of life of the company.

**SECTION TWO: THE CAPITAL & THE SHARES**

**Article (6): The Capital**

The Company Capital is an amount of Four Hundred Saudi Riyals (400,000,000) divided into Forty Million (40,000,000) shares of equal nominal value. The value of each share is Ten (10) Saudi Riyal fully paid-up with all shares of normal type.

**Article (7): Preferred Shares**

7/1 The Company by a resolution from The Extraordinary General Assembly and provided that relevant legal requirements are fulfilled may, issue or purchase preferred shares, convert ordinary shares into preferred shares or preferred shares to ordinary shares.

7/2 Preferred Shares shall have no voting rights at the General Assemblies of Shareholders. However, preferred shares entitle holders to have higher percentage of the company’s net profit than ordinary shares after setting aside the statutory reserve.

**Article (8): The Selling of Un-paid Shares**

8/1 A shareholder shall pay the value of the share in the specified period. If a shareholder fails to pay on due day, the Board of Directors after notifying such shareholder by way of notice in a daily newspaper or Saudi Capital Market website or The Company website or by a registered mail to his address may, sell the unpaid share in a public auction or in the Capital Market in accordance with the rules and regulations set by the concerned authority.

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- 8/2 The Company shall receive the amount due from the sale proceeds and shall return balance amount to shareholder. If sales proceed is insufficient to cover the share value, The Company may satisfy the difference from the shareholder.
- 8/3 The shareholder who fails to pay due amount till the sale date may claim his shares by payment of the amount plus any expenses incurred by the company in this matter.
- 8/4 The Company shall cancel shares sold according to the provisions of this article and shall give the purchase a new share bearing the number of the cancelled share and shall indicate in the Shareholder Register that the sale has taken place and record the name and details of new shareholder.

**Article (9): The Issuance of Shares**

- 9/1 Shares shall be of nominal value and shall in no way be issued for less than nominal value. However, a share may be issued for a higher value. In such case the amount being difference between nominal value and issue value shall be recorded separately and added to shareholders rights, but the amount of difference may not constitute a part of any amount distributed to shareholders as dividend.
- 9/2 A share is indivisible against the company. If a share is owned by multiple persons, they shall choose one as representative in exercising share right. But all share owners in solidarity are liable to any commitment or obligation from joint ownership.

**Article (10): The Shareholders Register**

The Company shares tradable in accordance with the Capital Market Regulations.

**Article (11): Purchasing or Selling or Mortgaging Company's Own Shares**

- 11/1 The Company may, purchase and/or mortgage and/or hold into mortgage and/or sell at one time or in a series of transactions in accordance with the regulations specified by the concerned authorities and according to the relevant contracts and agreements.
- 11.2 The Company may, in accordance with the regulations set forth by concerned authorities purchase its own shares to allocate to the company employees as part of The Employees Shares Program.

**Article (12): Increase of Capital**

- 12/1 The Extraordinary General Assembly may adopt a resolution to increase company capital provided that Initial Capital shall have been fully paid. Said condition shall not reign if the unpaid amount of the capital represents shares issued against the transfer of debt instruments or financial deeds.
- 12/2 The Extraordinary General Assembly may, (in all cases) allocate to company employees or any of its subsidiaries all or part of the shares issued due to increase of capital, in such case shareholders shall not have preemptive rights to shares allocated to company employees.
- 12/3 Upon issuance of the resolution by The Extraordinary General Assembly to increase capital, shareholders shall have preemptive rights to subscribe to the new shares. The shareholders shall be notified of the preemptive rights vested on them by a notice published in a daily newspaper or by registered mail to their address with all details of conditions, duration, starting and closing date of subscription.

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- 12/4 The Extraordinary General Assembly may suspend the said preemptive right related to subscription for the new cash shares for both shareholders and non-shareholders when such suspension is in the interest of the company.
- 12/5 A shareholder may, in accordance with the regulations set by the concerned authorities, sell or assign the preemptive right during the period starting from the date of issue of capital increase resolution to the last date of subscription to the new shares.
- 12/6 Subject to provisions stated in paragraph (12/4) above, Cash Shares shall be allotted to shareholders with preemptive rights who expressed desired to subscribe to new cash shares in proportion to their preemptive rights calculated from their total preemptive right resulting from increase of capital. Allotted shares shall, however, not exceed the number of shares primarily asked for. Remaining new shares share be distributed to shareholders with preemptive rights who asked for more than their what is preemptive rights shares from the total preemptive rights resulting from increase of capital provided that what is allotted to them should not exceed what they asked for of the new shares. Remaining shares shall be distributed to others unless The Extraordinary General Assembly or Capital Markets regulations otherwise specify.

**Article (13): Decrease of The Capital**

- 13/1 The Extraordinary General Assembly may decide a decrease of capital if it proves to exceed company needs or company sustains loss. Only in the latter case company capital may be decreased to less than the limits specified in Article (54) of the Companies Laws. Such decrease shall only be approved when company auditor report clarifies reason for decrease with all commitments, obligations that should be fulfilled and the impact of such decrease on obligations.
- 13/2 If Capital decrease is due to being more than company needs, company creditors shall be invited to express any objection they may have to such decrease in a period of Sixty Days (60) from date of publication in a daily newspaper in the city where company Head Office is located. Should any creditor objects and present the company eventual documents of debt with the specified period mentioned in this paragraph, then company shall pay the debt if it is mature or otherwise issue an adequate guarantee of payment if it is not yet due.

**SECTION THREE: INSTRUMENTS OF DEBTS AND SUKUK**

**Article (14): Issuance of Instruments of Debts & Sukuk**

- 14/1 The Company may issue instruments of debts and Sukuk that are convertible and indivisible in accordance with conditions of the Companies Law.
- 14/2 The Extraordinary General Assembly may, in accordance with the Capital Market regulations and other rules and regulations from competent authorities, issue any type of convertible indivisible instruments of debt in Saudi Riyal or other currencies inside Saudi Arabia or outside such as sukuk and bonds.

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The Extraordinary General Assembly may authorize The Board of Directors to issue said instrument of debts and bonds either for one time issuance or a program of series of issuances as may be decided by the Board of Directors who will specify the timings, amounts and conditions and will take all necessary procedure to be followed.

- 14/3 Following adoption of a resolution by The Extraordinary General Assembly specifying the maximum number of shares that may be issued against such instruments or deeds whether these instruments or bonds are issued for one time, or in a series of issues or through one or more programs for issuing of instruments of debts or financial deeds. The Board without need for further approval from THE Extraordinary General Assembly issue new shares against these instruments or deeds whose holders requested their conversion into shares. The instrument of debt shall be converted immediately upon expiry of the period of conversion for holders of the instruments or financial deeds. The Board shall then take necessary measures to amend company article of association and bylaws regarding the number of shares issued and capital. The Board shall announce the completion of procedures of each capital increase in the manner specified in the Articles of Association for announcement of resolution of The Extraordinary General Assembly.

## SECTION FOUR: THE BOARD OF DIRECTORS

**Article (15): The Company Management**

The Company is managed by a board of directors consisted of (10) persons elected by the Ordinary General Assembly for (3) years and may be re-elected for another or more terms.

**Article (16): Expiry of Board Membership**

- 16/1 Memberships to the Board expires with expiry of the Board term in accordance with any system or instructions in force in the Kingdom of Saudi Arabia. Nevertheless, the Ordinary General Assembly may, at any time, dismiss all members of the Board or some of them without prejudice to the right of dismissed member to claim compensation due to dismissal at inappropriate time or unacceptable cause for dismissal. A member of the Board may resign provided that his resignation is at a suitable time or otherwise he be liable to the company for any damage inflicted by his resignation.
- 16/2 The Ordinary General Assembly may, by recommendation from the Board terminate membership of the member who fails to attend 3 consecutive meetings without valid excuse.

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**Article (17): Board Vacancy**

If the position of a member of the Board of Directors becomes vacant, the Board may appoint a temporary member in the vacant position, provided that appointee should have sufficient experience and competence. Appointment may be concluded with no consideration to the Sequential Order of votes stated in Article (70) of the Companies Law. Relevant authorities should be notified within (5) working days from appointment and that the appointment be submitted to the Ordinary General Assembly for approval in the immediate subsequent meeting, and the new member completes the term of his predecessor.

If the necessary conditions for the meeting of the Board of Directors are not met due to the lack of the number of its members below the quorum necessary for the validity of its meetings, the rest of the members must invite the ordinary general assembly to convene within sixty days to elect the specified number of members.

**Article (18): Powers of the Board**

18/1 Taking into consideration the competences prescribed for the General Assembly, the Board of Directors shall have the widest powers in managing the company, drawing up its policies, determining its investments, disposing of its business and funds, and all its affairs inside and outside the Kingdom of Saudi Arabia, and for this purpose may, without limitation, perform the followings:

18/1/1 Do Representation of the company in all its relations with all Banks, Funds Financial and credit including – but not limited to Saudi Monetary Funds, Saudi Industrial Development Fund, Capital Market Authority, Saudi Capital Market Company (Tadawul) with all unlimited authority to undertake any decision or procedure to conclude as follows:

1. Approve and sign all correspondences/papers and all types of agreements and contracts whether connected to opening of bank accounts for the company (all types of accounts) closing, ceasing, suspending, updating, or activating or for other documents related to credit facilities and loans of whatever amount and duration (Including loans with maturity exceeding 3 (three)years and re-scheduling, settlement cancelling or re-assigning such loans, or etc. or whatever is related to debt guarantees or mortgage including release, extension, renewal or cancellation and thing about investment, credit, fund portfolios treasury and finance houses.
2. Managing bank accounts including withdrawal, deposit, collection, transfer, electronic banking transactions, signature, signature approval and authorization.
3. Demand, approve, conclude, withdraw, deposit, cancel, terminate, accept, waive, renew, collect, sign term deposits or any other deposits of special nature and commercial documents, guarantees, bank credits, sponsorships, and all types of bonds.

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4. Issue financial guarantees financial facilities for subsidiary companies and other companies where it has shares or is one of its shareholders either directly or indirectly and may authorize said companies to utilize all or part of the loans and facilities granted to the company
  5. Extend Financial and/or Technical and/or administrative support to any of the subsidiary companies or other companies where the company is a shareholder or is one of the partners.
- 18/1/2 Employee company finances and investment in the stock market, bonds, and real estates.
- 18/1/3 Initiate investment portfolios in stocks and undertake management of these portfolios in the local and international capital markets and perform all transactions related to, sell, purchase, retain, mortgage, redeem and take loans against such portfolios.
- 18/1/4 Create, sign, endorse and accept all commercial and financial papers as may be required for company activities including bank cheques, Bills of Exchange, debentures, and receipt of RTD cheques.
- 18/1/5 Enter into contracts, commit, conclude, sign, document, register, and terminate all contracts and agreements including such contracts as Consultancy, Professional contracts, agencies, distribution, franchise, interest contracts, delivery, sales, purchase, rental, installments for all company fixed and movable assets including, lands, properties, factories, buildings, equipment, machinery, company assets, stocks etc.
- 18/1/6 Join competitions and bids public or non-public purchase documents, submit bids, accept result of biddings and sanction thereto.
- 18/1/7 Manage the company's movable assets, including shares, stocks, vehicles, equipment, devices, furniture, non-movable assets, including properties, lands, buildings, owned factories etc. and specify social responsibility reserve and donations.
- 18/1/8 With regard to the followings:  
lands and/or properties, and/or factories, and/or buildings, and/or equipment, and/or machineries, and/or vehicles, and/or company assets (completely or partially) and/or stocks, and or shares, and/or trade shop, and/or trademarks, and/or intellectual rights and other financial property (movable or non-movable),  
The Board authorized to sell, transfer ownership, collect payment of sell, buy, accept transfer of ownership, pay for ownership, trade-of, accept donations , transfer ownership, accept waiver and transfer of ownership, mortgage- accept mortgage, redeem mortgage, consolidate (incorporate bonds), split, sorting, validate and consolidate or incorporate bonds into the general system , obtain duplicate copies for missing bonds, obtain replacement for damaged bonds, waive for short area, change name, civil ID number of owner, adjust boundaries of plot, lengths, area, plots numbers and charts, bonds dates, names of localities, Rental, Sign Rent Contract, Renew rent contracts, Collect rents, Cancel or terminate rent contracts.

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- 18/1/9 Discharge company debtors of obligations and/or debits, and/or amounts due for the company and/or movable property and/or non-movable property.
- 18/1/10 The Board of Directors may form appropriate number of committees and/or task teams as may deem necessary, and may specify the scope and limit of authority, duration, tasks and assignments method of work and procedure appoint, terminate members of said committees and specify their remunerations and manner of work.
- 18/1/11 The board of Directors may appoint an Executive Manager and specify his authorities, duties, responsibilities, salary, fringe benefits, employment conditions and may terminate his contract, dismiss him accept his resignation and take all actions/decisions towards him. Upon appointment The Executive Manager undertakes to carry out and implement policy outline by the Board of Directors including overseeing all company matters, supervising subordinate managers, carry out day to day business of the company and other tasks as may be assigned within the limits of authorities vested on him by the Board of Directors.
- 18/1/12 The Board of Directors may offer loans and guarantees (of any type) as part of the Motivation Program for the company employees.
- 18/2 The board may, within the limit of the authority assigned, delegate or authorize on his behalf one or more from among its members or from others with all or part of the authority assigned to it to undertake specific task or tasks with all the right to pass this authority to delegate others.

**Article (19): Remuneration of Members of Board of Directors**

Board Members’ remuneration (for their business duties and responsibilities) shall be in a form of specific amount of allowance for attending meetings or per diem or other material benefits or a percentage of profit (or a combination of 2 or 3 of said benefits) as determined by The Board or his Specialized Committees provided it is in the limit of the conditions stipulated in the Companies Laws and regulations.

A member of the Board shall also be entitled to any fees for technical, administrative or consultancy work assigned to him.

The Board’s report to be submitted to the Ordinary General Assembly must include a comprehensive statement of all benefits received by the Board members during the financial year, including bonuses, expense allowances and other benefits. The report must also include a statement of the amounts received by the board’s members in their capacity as offices or administrators or any other amounts received thereby in consideration of technical, administrative activities or consultancy. The report shall also include a statement of the number of Board meetings and the number of meetings attended by each member since the date of the last meeting of the General Assembly. Members of Board may not take part in vote-taking on Board’s remuneration during the General Assembly meeting.

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Article (20): **Authorities of Chairman, Vice Chairman and Secretary of Board**

20/1 The board appoints a chairman may, appoint a vice chairman and/or a managing director from among its members. It is not permissible to combine the position of the chairman of the board of directors with any other executive position in the company.

20/2 **Powers of the Board Chairman and Managing Director**

In addition to the authorities delegated to the Board Chairman and the Managing Director from time to time, The Chairman of the Board of Directors represents the company before Judiciary, Arbitration Authorities, and others. Board Chairman and Managing Director collectively or unilaterally both inside Saudi Arabia and outside authorized as follows:

A) Regarding Company relation with Others:

Represents the company before others and before all authorities, bodies, (governmental and non-government) including ministries, authorities, government departments administrative departments, corporations, corporates and others including branches, sections and all other relevant departments, sections to finalize with regards to all formalities and procedures and signs for and on behalf of the company whenever it is necessary and to deliver and collect documents **for example, but not limited to:**

**(Commercial Registrations):** to follow with Commercial Registration Department to obtain, renew, transfer commercial registration certificates, retain commercial names, register commercial trademark, extend validity of Chamber of Commerce Certificate, sign all documents related to Chamber of Commerce, Registration Department, Authenticate Signatures in the Chamber of Commerce, Cancel Signature in the Chamber of Commerce, Oversee Records, Amend Records, Enlist commercial activity, open sub-record, cancel registration,, Obtain a certificate of origin, applying for custom exemption, register in the electronic service at the chamber of commerce, activate service, receive password, follow with General Organization for Social Insurance (GOSI), follow with Public Authority for Zakat and Income, Follow with Civil Defense.

**(Labor Office)** Obtain visa package, cancel visa package- collect returned cash for cancelled visa, transfer sponsorship, change profession, Update workers' records, clear and cancel workers, report escaped workers, cancel escaped report, obtain and renew work license, finalize workers formalities in the GOSI, follow Computer Department in The Work Force to drop records, Addition and deletion of Saudi workers, receive Saudization Certificate, Open, validate, cancel Main & Sub-Records, obtain print-out, follow with national placement office, deploy workers from outside.

**(Passports Department)** to obtain residence permit, renew residence permit, obtain duplicate for missing or damage residence, obtain exit-reentry visa, obtain exit only visa, transfer sponsorship, transfer data, update data, make settlement and release workers, change professions, report escape, cancel escape report, cancel exit reentry

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visa, obtain duplicate visa for damaged or missing visa, Extend Visit Visa – Finalize formalities for Dead Workers, extract worker data (print) – unrecord workers, follow with deportation department, Exits affairs, Extract deportation certificates, obtain Hajj permit – register in electronic service.

**(Municipalities, Regions Authorities)** to open shops, obtain licenses, renew licenses, cancel licenses, transfer licenses, obtain building and restoration permits, obtain fencing permits, obtain demolition permits, follow with building planning department to obtain building completion and plot planning permits.

**(Vehicles)** to import cars and heavy equipment, check with customs and car customs, issue plate numbers, check with Ministry of Transport to obtain car operation cards.

**(Customs Department)** to clear consignments of goods inspections and examinations, pay custom fees, collect clearances and customs cards, amend, or obtain duplicates for missing custom cards.

**B) Regarding Companies:**

1. Establishment of companies, participating or leaving and existing company or participate therein, or make acquisition or merger with a company, amend and sign incorporation documents, annexes thereto, sign amendment and partners’ resolutions for any shape of the company or whatever the amendments may be including amendment of management article or increase/decrease of capital, purchasing, selling or waiving shares and stocks (completely or partially) accept waivers, transfer shares, stocks deeds, change company purpose, change company shapes and other changes, cancel incorporation agreements and annexes thereto, sign incorporation contract and annexes by Notary Public and Notaries and publication of notice of incorporation with rights to appoint, dismiss managers, pay fees, receive dividends, claim, accept and negotiate for stocks and shares of the company for offer privately or for public, register or liquidate companies or cancel registration thereof, follow with Public Investment Corporation and Capital Market Authority to sign in presence.
2. Represent the company or appoint a representative for the management of subsidiary companies and other companies of which it participate directly or indirectly, and attend board meetings, executive managers meetings, Association Assembly, General Assemblies (Ordinary and Extraordinary), voting on behalf of the company, sign resolutions, and Meeting Records whether of Board Meetings or Managers Councils or Association and General Assemblies and the Article of Association or any amendment thereof.

**C) Appointment & Recruitment**

Appoint, recruit workforce for the company, sign employment contracts, define scope of work, responsibilities, tasks, authorities, salaries, allowances, and other employment conditions, with all the right to dismiss, terminate contracts, accept resignations, sign undertake all decisions related to workforce.

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- 20/3 Board Chairman or Managing Director may collectively or separately delegate, within the limits of his authority, any member of the board or the executive manager or any other with all or some of his authorities, with same right to cancel, annul or terminate the delegation and issue legal power of attorneys and/or authorizations form competent authorities including Notary Public and legal bodies.
- 20/4 Board of Directors may, through a separate resolution, assign Board Chairman and/or Vice Chairman and/or Managing Director a remuneration other than remuneration prescribed for the Board of Directors stipulated in Article (19) of this Article of Association.
- 20/5 Board of Directors appoint a secretary to the Board from its members or from others record minutes of board meetings and documents, safekeep results /resolutions of these meetings and sign records together with chairman and other members and follow-up implementation of such resolutions. Board specifies remunerations for board secretary and assign him with other tasks from time to time.
- 20/6 Term of office for the Chairman, Vice Chairman, Managing Director, and the Secretary – when secretary is a board member – shall not exceed their respective term of service as directors, and they may be re-elected at any time. Board may, at any time, remove any of them without prejudice to their right to compensation if removal was due to groundless reasons or was made in an inappropriate time.

Article (21): **Board Meetings:**

- 21/1 The Board of Directors meeting shall be convened on a call from Chairman or (during his absence) an authorized member of the board. Invitation for the meeting will include details of topics for discussion, date, and time of the meeting. Such call could be communicated visa registered mail, fax, or electronic media etc. Meeting shall be convened in Company Head Office, or any other venue as may be convenient and will be presided by Chairman or (in his absence) an authorized member of the board. The Board may call nonmembers for the meetings when necessary for any specialized experience or advisory opinion. The Chairman of the Board or (in his absence) an authorized member shall call for a meeting if so, requested by any two (2) Board Members. Board Meetings shall be in sufficient frequency as necessity demands in accordance with the regulations set forth by concerned regulatory bodies.
- 21/2 Unless a member requested (in writing) a board meeting to deliberate an adopted resolution, Board may adopt its resolution by way of circulating to members for urgent matters. Adopted resolutions passed in such matter shall be brought forward to the subsequent meeting for final approval.

Article (22): **Meeting Quorum**

- 22/1 A Board meeting shall not be a valid unless attended at least by half the number of members, three (3) of whom must attend in person. A member of the board who take part in a meeting via electronic media shall be considered as attending in person. A board member may give proxy to attend board meetings provided that:
  1. A member of the board may not act on behalf of more than one board member in attending the same meeting.

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2. A proxy shall be in writing and for one meeting.
3. A board member in proxy shall not vote on resolutions that his principal is under the laws restricted from voting.

22/2 The Board resolutions shall be adopted with the approval of the majority vote. If votes are equal, Chairperson of the Board shall have a casting vote).

**Article (23): Board Deliberations**

The Board deliberations and resolutions shall be drawn in minutes to be signed by the Board Chairman, attending members, and the Secretary. Such minutes shall be recorded in a special register to be signed by the Board Chairman and the Secretary.

## Section Five: Shareholders Assemblies

**Article (24): Shareholders’ Rights & Attending Assemblies**

- 24/1 A shareholder shall have all the rights connected with the share, especially his right to get part of the dividends to be distributed, the right for company assets on liquidation of the company, the right to attend general assemblies, take part in deliberation and vote, the right to dispose of his shares, the right to oversee activities of the Board of Directors, the right to raise a lawsuit for responsibility against members of the board, the right to question and request information of the type of no harm to the company and in no contradiction with the capital market regulations.
- 24/2 Each Shareholder, regardless of the number of shares held, shall have the right to attend the ordinary assemblies or authorize any another person, provided that authorized person shall not be a member of the Board of Directors or company employees. An authorized person may represent more than one shareholder provided that represented shareholder is holding a maximum (5%) of the company capital, such restriction does not apply when representing an individual holding a percentage beyond the 5% limit.
- 24/3 A General Assembly shall be convened in the city where the head office of the Company is located or any other place as Chairman of the Board or (in his absence) an authorized person may see convenient. It may also be convened via electronic media in which a shareholder can take part in the deliberations and vote for the resolutions in accordance with the regulations set by concerned authority.

**Article (25): Functions of Ordinary General Assembly:**

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall oversee all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a yar, within (6) months following the end of the Company financial year. It may also be convened for meeting whenever is necessary.

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**Article (26): Functions of Extraordinary General Assembly**

The extraordinary General Assembly shall have the power to amend the company’s Article of Association, except for such matters as may be impermissible to be amended under the law. May adopt resolutions that are functions of Ordinary General Assembly.

**Article (27): Convening Assemblies**

27/1 General or Special assemblies are convened on a call from the Board of Directors, who shall call the Ordinary General Assembly to convene when it is requested by the Auditor or Audit Committee or a few Shareholders holding at least (5%) of the company capital. Auditor may call Assembly to convene when Board of Directors fail to make the call in (30) days of receipt of his request.

27/2 Call for Ordinary General Assembly shall be published in a daily newspaper or on Saudi Capital Market (Tadawul) website or company website at least 10 in advance of the meeting. Nevertheless, it is sufficient to make the call for the meeting by registered mail to all shareholders or electronic media. A copy of the call for the Ordinary General Assembly meeting shall be sent to concerned authorities within the specified period of publishing.

**Article (28): Assemblies Record of Attendance:**

Before the start of the Ordinary or Special General Assembly, Shareholders wishing to attend shall register their names in the ad hoc list maintained at the company Head Office. Company may register names of Shareholders wishing to attend and vote resolutions through electronic media whenever possible.

**Article (29): Quorum of Ordinary General Assembly**

A meeting of the Ordinary General Assembly shall be valid only if attended by shareholders at least 25% (twenty five percent) of the Company Capital. When such quorum may not be attained for this meeting, then either of the following shall be taken:

1. Convene a second meeting after one hour of the specified period for convening the first meeting provided that this call for the second meeting shall have been mentioned in the call for the first meeting.
2. Call for a second meeting to be held within 30 (Thirty) days of the previous meeting. Call for the second meeting shall be communicated as stipulated in Article (27) of this law.

In all cases the second meeting shall be deemed valid irrespective of the number of shares represented therein.

**Article (30): Quorum of Extraordinary General Assembly**

30/1 A meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least 50% (fifty percent) of the Company’s Capital. When such quorum may not be attained for this meeting, then either of the following shall be taken:

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1. Convene a second meeting after one hour of the specified period for convening the first meeting provided that this call for the second meeting shall have been mentioned in the call for the first meeting.
2. Call for a second meeting to be held within 30 (Thirty) days of the previous meeting. Call for the second meeting shall be communicated as stipulated in Article (27) of this law.

In all cases the second meeting shall be deemed valid if attended by a number of shares representing at least 25% (Twenty Five) of the Company Capital.

30/2 If quorum for second meeting was not attained, call for a third meeting will be sent in the manner described in Article (2) of this law. the third meeting – subject to approval by competent authorities - shall be deemed valid irrespective of the number of shares represented therein.

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

Each shareholder shall have one vote for each share in the ordinary and extraordinary assemblies. Cumulative balloting shall be used in electing for the Board of Directors.

**Article (32): Assemblies Resolutions**

Resolutions of the Ordinary General Assembly shall be adopted by absolute majority for the shares represented thereat. Extraordinary General Assembly Resolutions are adopted by two-third of the shares represented therein, unless resolution is to increase/decrease company capital or to extend term of life for the company or liquidate company before expiry of term as in article of association or merger with another company. Such resolution shall not be deemed valid unless adopted by a majority of  $\frac{3}{4}$  (three quarters) of the shares representing in the meeting.

**Article (33): Discussions at Assemblies and Records Taking**

Each shareholder shall have the right to discuss agenda of assembly meeting and put-on enquiries to Board of Directors and Auditor. Board of Directors and Auditor shall answer shareholders’ queries to the extent that will not expose company’s interest to damage. If shareholder may find the answer to his questions unsatisfactory, then issue shall be referred to General Assembly whose decision in regard shall be conclusive and binding.

**Article (34): Chairing Assemblies & Taking Minutes:**

Shareholders’ General Assemblies shall be chaired by the Chairman of the Board of Directors or (in his absence) the Vice Chairman of the Board of Directors. The Chairman will appoint a secretary to count ballots. A record of Assembly meeting shall be prepared and shall include the number of shareholders attending in present or by proxy, the number of shares they have in person or by proxy, the number of votes, the number of assenting and/or dissenting resolutions and a comprehensive summary of the discussions of the assembly. Minutes shall be regularly recorded in a special record after each meeting. Chairman of the Board and Secretary shall sign the record of the meeting.

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## Section Six: Audit Committee

**Article (35): Committee Formation**

An Audit Committee shall be formed by a resolution from The Ordinary General Assembly consisting of 3 to 5 persons of non-executive members of Board of Directors or the shareholders or others. Assembly resolution shall determine and specify committee tasks, duties, functions control and remunerations. In the case that during the term of committee one post become vacant Board of Directors appoint a temporary replacement provided that such appointment will be reported to the General assembly in the first upcoming meeting. Appointed member shall complete the term of his predecessor.

**Article (36): Committee Meetings**

For a valid meeting of Audit Committee a majority of its members shall be present. A member of the committee may take part in the meeting by way of electronic media, in such case member will be considered as attending in person. Committee decisions shall be passed by majority vote of attending members. In case votes are even the Committee Chairman shall have a casting vote.

**Article (37): Audit Committee Functions**

The Audit Committee shall be responsible for overseeing the company business, as such shall be given full access to the company records and documents and shall request any explanation or statement from the Board of Directors or the executive management. Audi committee is empowered to ask the Board of Directors to call for a meeting of the General Assembly to convene if the Board of Directors obstruct the audit committee functions or should the company experience serious damages or losses.

**Article (38): Committee Reports**

The Audit Committee shall examine the financial statement of the company, reports and notes submitted by the Auditor and comment and give his views about it. Committee shall prepare a report about the competence of the internal control systems and given account of all tasks and assignments carried out as part of the functions. The Board of Directors shall prepare sufficient copies of this report in the company Head Office at least (10) days before convening of the General Assembly should any shareholder my request a copy of this report which will also be read in the General Assembly meeting.

## Chapter Seven: Auditor

**Article (39): Appointment of Auditor**

The Company shall have one auditor or more to be selected from among the auditors licensed to work in the Kingdom of Saudi Arabia. the Ordinary General Assembly specify remuneration and duration of service and may renew such during of services

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in accordance with the regulations in effect. The General Assembly may further dismiss the Auditor without prejudice to his right to compensation if dismissal was due to groundless reasons or was made in an inappropriate time.

**Article (40): Auditors Powers**

The Auditor shall have access, at all times, to the company accounts books, records and any other document and may demand data, clarifications, and explanations as he deems necessary to his assignments and may also check company assets and examine liabilities and any other within the scope of his work. Chairman of the Board of Director shall assist him to carry out the assigned duties. Should he encounter any difficulties, obstacles in this respect he shall report this to the Board of Directors, otherwise he may ask the Board to call Ordinary General Assembly to discuss this matter.

**Section Eight: Company accounts and dividend distribution**

**Article (41): Financial Year**

The company's financial year is twelve months beginning from the first of January and ends at the end of December of each calendar year.

**Article (42): Financial Documents**

42/1 The Board of Directors shall prepare at the end of each financial year the Company's financial statements, a report on the Company's activities and its financial position for the preceding financial year and the Board's proposals as to the distribution of the net profits. The Board of Directors shall put such documents at the Auditor's disposal at least 45 (forty five) days prior to the convening of the annual Ordinary General Assembly.

42/2 The documents stated in paragraph (42/1) above, shall be signed by the Chairman of the Board of Directors, Chief Executive Officer, and Finance Manager and a copy thereof shall be available at the Company's head office for the Shareholders' review at least 10 (Ten) days prior to the time set for convening the General Assembly.

42/3 The Chairman of the Board of Directors or whoever he may authorize publish the Company's financial statements Auditor's Report and Directors Report for the year in a daily newspaper or Saudi Capital Market (Tadawul) website or Company website and provide concerned authorities with copies of these documents at least (15) days before General Assembly meeting.

**Article (43): Distribution of Dividend**

43/1 The annual net profits of the company are distributed as follows:

1. (10%) of the net profits shall be set aside to form the statutory reserve for the company. The Ordinary General Assembly may decide to stop this retainer whenever the said reserve reaches 30% of the paid capital.
2. The Ordinary General Assembly, based on the proposal of the Board of Directors, may reserve a certain percentage of the net profits to form an agreed reserve.

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3. The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders. The assembly may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist those existing from these institutions.
4. From the balance amount after that, a percentage representing (5%) of the paid-up capital of the company shall be distributed to the shareholders, or according to what is decided by the Ordinary General Assembly in this regard.
5. Subject to the provisions stipulated in Article 19 (Nineteen) of this Law, an amount is allocated after the above for the remainder of the remuneration of the Board of Directors.
6. The Ordinary General Assembly may upon recommendation from Board of Directors distribute any profit balance from all above (if available) to shareholders as additional profit.

43/2 Subject to resolution from Ordinary General Assembly The company may distribute periodic profits to its shareholders on a semi-annual or quarterly basis after fulfilling the controls and requirements laid down by concerned authorities.

**Article (44): Entitlement to Profits**

The shareholder is entitled to his share of the profits according to resolution of the General Assembly issued in this regard, and the resolution specifies the date of entitlement and the date of distribution, and the eligibility of the profits shall be to the owners of the shares registered in the shareholders 'records at the end of the day specified for entitlement and in the place, date and procedure as may be specified by Board of Directors in accordance with instructions from concerned authorities.

**Article (45): Dividends Distribution for Preferred Shares**

45/1 If profits have not been distributed for any financial year, it is not permissible to distribute profits for the following years except after paying the specified percentage under the provisions of Article 114 (one hundred fourteen) of the Companies Law for owners of preference shares for that year.

45/2 If the company fails to pay the specified percentage under the provisions of Article 114 (one hundred fourteen of the Companies Law) from the profits for three consecutive years, then the special assembly of owners of these shares held under the provisions of Article 89 (eighty-nine) of the Companies Law may decide either they attend the general assembly meetings of the company and participate in the vote, or they appoint representatives on the board of directors in proportion to the value of their shares in the capital, until the time the company is able to pay all the priority dividends allocated to the owners of these shares for previous years.

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**Article (46): Company losses**

46/1 If the losses of the company amount to half of the paid-up capital, at any time during the financial year, an official in the company or the auditor must immediately inform the chairman of the board of directors, and the chairman of the board of directors must immediately inform the members of the board of that, and the board of directors during 15 (Fifteen) days from his knowledge of this, to call the extraordinary general assembly to a meet within 45 (forty five) days from the date of his knowledge of the losses, to decide either to increase or decrease the company's capital under the provisions of the Companies Law, to the extent that the percentage of losses decreases to less than half of the paid capital, or to dissolve The company before the term specified in this system.

46/2 The company is considered terminated by the force of the Companies Law if the General Assembly does not meet within the period specified in Paragraph (46/1) of this Article, or if it convenes and is unable to issue a decision on the matter, or if it decides to increase the capital according to the conditions stipulated in this Article and the subscription has not been completed. In each capital increase within 90 (ninety) days from the issuance of the assembly's decision to increase it.

### Section Nine: Disputes

**Article (47): Liability Claim**

Every shareholder has the right to file a liability lawsuit for the company against the members of the board of directors if the mistake made by them would cause special harm to him. The shareholder may not file the lawsuit unless the company's right to file it is still valid. The shareholder must inform the company in advance of his intention to file a lawsuit.

**Article (48): Liability Claim Lawsuit Expenses**

The company may compensate the Board of Directors and/or Audit Committee members and/ or management line for any expenses of amounts incurred or paid to the limit specified by the Board of Directors in respect of any lawsuit or judicial proceedings filed against them for performing their assignments as members of the Board of Directors or in the Audi Committee or in the capacity as responsible for the management. Compensation does not cover for cases ruled as being due to intentional dereliction of duty and ill-intention in exercising his duties mean to inflict losses on the company.

### Section Ten: Company Winding Up & Liquidation

**Article (49): Company Expiration**

49/1 The company shall be liquidated upon the expiry of its term of life and shall retain its legal personality to the extent needed for liquidation. Voluntary liquidation shall be by a resolution from the Extraordinary General Assembly.

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- 49/2 Liquidation Resolution shall appoint the liquidator specify his power and authorities remunerations, restrictions and period of liquidation.
- 49/3 The duration of voluntary liquidation shall not exceed 5 (Five) years and may not be extended except by judicial order.
- 49/4 Powers of the Board of Directors cease upon the company winding up however, the Board of Directors shall be considered as liquidator till a liquidator is appointed and the shareholders assemblies shall remain through the liquidation period and shall maintain their power to the extent that they do not interfere with powers of the liquidators.

## Section Eleven: Final Rulings

Article (50): **Applicable Laws**

Where it is not stipulated in this Article of Association, The Companies Law and its bylaws shall be applicable.

Article (51): **Publishing**

This policy shall be deposited and published under the provisions of the Companies Law and relevant regulations.

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