



## Bylaws for Jabal Omar Development Company

### Joint Stock Listed Company

#### Chapter 1 - Incorporation of the Company

##### **Article 1: Incorporation**

This Company has been established as a Joint Stock Company in accordance with the provisions of Companies Law and its implementing regulations, and the Company's Articles of Association as follows:

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

Jabal Omar Development Company - a Joint Stock Listed Company.

##### **Article 3: The Company Objectives:**

The Company performs the following objectives:

- 1) Development and reconstruction of the Jabal Omar area adjacent to the Grand Mosque yard from the western side and any other regions within the Kingdom of Saudi Arabia.
- 2) Owning properties, developing them into organizational parts, managing them, investing in them, selling them, renting them out, as well as owning plots of land for urban development.
- 3) Carrying out all necessary works for construction, reconstruction, maintenance, demolition and surveying works
- 4) Hotel management, operation and furnishing.
- 5) Management, operation and maintenance of commercial facilities.
- 6) Management, operation and maintenance of the Company's employees' accommodation and hotels.
- 7) Import and export of equipment, machinery and furniture for the Company's employees.
- 8) Operating specialized training institutes in the fields of hotels and hospitality.
- 9) Securing and providing private civil security guard services.
- 10) Laundries and restaurants services.

##### **Article 4: Establishment, Partnership in and Ownership of Companies:**

The Company may establish wholly-owned limited liability or closed joint stock companies. It may also own shares or stocks in other existing companies or merge with such companies and may work with third parties on establishing joint stock or limited liability companies, funds inside or outside the Kingdom, in compliance with the applicable laws and directives in this regard. Moreover, the Company may dispose of these shares or stocks provided that it is not serving as broker for the traded shares.

##### **Article 5: Head Office of the Company:**

The Company's head office is located in Makkah, Kingdom of Saudi Arabia. The Board may open branches, offices or agencies inside or outside the Kingdom of Saudi Arabia.



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

The duration of the Company shall be (99) ninety-nine Gregorian years starting from the date of its registration under the resolution of the Minister of Commerce. The term of the Company may be extended by a Resolution issued by the Extraordinary General Assembly at least one year before the end of this term.

**Chapter 2 - Capital and Shares:**

**Article 7: Capital:**

The share capital of the Company amounts to (11,545,341,620) eleven billion and five hundred and forty-five million and three hundred and forty-one thousand and six hundred and twenty Saudi Riyals, divided into (1,154,534,162) one billion and one hundred and fifty-four million and five hundred and thirty-four thousand and one hundred and sixty-two shares of equal value. The nominal value of each share is (10) ten riyals, and all of the shares are in-kind and ordinary cash shares.

**Article 8: Subscription to shares**

**First:**

The founders subscribed in (470,000,000) four hundred and seventy million shares as follows:

- A. (411,843,514) four hundred eleven million eight hundred forty-three thousand five hundred and fourteen in-kind shares the value of which is (4,118,435,140) four billion one hundred eighteen million four hundred thirty-five thousand one hundred and forty riyals in exchange for lands and properties that have been evaluated by the governmental Real Estate Valuation Committee signed and approved by the High Commission for the Development of Makkah Al-Mukarramah Region No. (1102/H) dated 27/12/1425 AH.
- B. (58,156,486) Fifty-eight million one hundred fifty-six thousand four hundred and eighty-six cash shares the value of which is (581,564.860) five hundred eighty-one million five hundred sixty-four thousand eight hundred and sixty riyals in the name of Makkah Construction and Development Company. This amount represents the contribution of real estate owners on the site that were evaluated according to the discretion of the Committee referred to in paragraph (a) of clause (first) of this article. These shares will be registered in the owners' names after completing their legal and statutory documents so that the completion of these documents shall not exceed a period of three years, and the Company's Board of Directors shall offer the remaining cash shares to the Ordinary General Assembly of Jabal Omar Development Company for its recommendations in this regard, in a manner that does not conflict with the provisions of Sharia and related regulations. Makkah Construction and Development Company is committed to what is set by the Ordinary General Assembly of the Company with regard to the remainder of the cash shares.

The extension has been made to the real estate owners on the site who did not complete their legal and statutory documents on whose behalf Makkah Construction and



Development Company subscribed for a cash share for another additional year until their status is settled.

On March 24, 2017, the General Assembly approved the purchase of Jabal Omar Development Company for the remaining cash share of Makkah Construction Company, which it held on behalf of landlords who did not complete their legal and regular documents. This is a share representing (35,956,495) cash shares valued at SR 359,564,950 and authorizing the Board of Directors to determine the payment mechanism later.

**Second:**

The remaining cash capital shares are (201,400,000) two hundred one million and four hundred thousand shares the value of which is (2,014,000,000) two billion and fourteen million riyals, and the subscriber shall pay the full value of the share, and the subscription proceeds shall be deposited in the name of the Company under incorporation with one of the banks designated for this purpose. In all cases, subscription and ownership of shares is limited to Saudis only.

**Third:**

The shares of pre-emptive rights have been subscribed to (258,000,000) two hundred fifty-eight million shares the value of which is (2,580,000,000) two billion five hundred and eighty million riyals, and the subscriber shall pay the full value of the share. In all cases, the subscription to the rights of pre-emptive shares and the ownership of the shares shall be limited to Saudis only registered in the shareholders' register of the Company on the day of the third Extraordinary Assembly meeting of the Company's shareholders held on 25/06/1432 AH corresponding to 28/05/2011 AD.

**Fourth:**

The Company has been issued (225,134,162) two hundred and twenty-five million and one hundred and thirty-four thousand and one hundred and sixty-two new ordinary shares with a nominal value of ten Saudi Riyals (SAR 10) to the Fund's Unitholders (excluding the Company in its capacity as a Unitholder in the Fund), in exchange for converting all debts of the Company towards the Fund (in its capacity as the creditor) - which mainly consist of the rental payments owed together with any other obligations under the Fund Documents - in the amount of five billion and three hundred and one million and two hundred and one thousand and eighty Saudi Riyals (SAR 5,301,201,080) as recorded in the Company's unaudited interim condensed consolidated financial statements for the three-month and nine-month periods ended on 30 September 2021G (including the settlement of all rights and obligations owed by the Company to the Fund and its related entities)

**Article 9: Non-Payment of Shares:**

A Shareholder shall pay the value of the Shares on the dates set for such payment. If a Shareholder defaults in payment when it becomes due, the Board of Directors, may after notifying the shareholder by publishing in an official newspaper or the Saudi Stock Exchange



website (Tadawul) or informing him by a registered mail letter, sell the shares in the public auction or the stock market as the case may be, and pursuant to the rules specified by the competent authority.

The Company shall recover from the proceeds of the sale such amounts as are due to it and shall refund the remaining balance to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entirety of the Shareholder's personal funds for the unpaid balance.

The defaulting Shareholder may, up to the date of sale, pay the amount due on him plus all the expenses incurred by the Company.

The Company shall cancel the Shares so sold in accordance with provisions of this Article; give the purchaser new Shares bearing the serial numbers of the canceled shares and make a notation to this effect in the shares register, together with specifying the name of new holder.

#### **Article 10: Issuance of Shares:**

The shares of joint stock companies shall be nominal. Shares may not be issued at less than their nominal value, but they may be issued at a higher value. In this case, the difference in value shall be prescribed in a separate provision within shareholders' rights and it may not be distributed to shareholders as profits. The share shall not be dividable towards the Company. If a share is jointly owned by several persons, they shall elect one of them to exercise the rights attached to such a share on their behalf, but they shall be jointly liable for the obligations arising from the ownership of such a share.

#### **Article 11: Shares Trading:**

Shares are negotiable after approval by the Capital Market Authority to be listed on the stock market, taking into account the following:

- A. The founders who own 5% or more of the Company's capital, so the restriction on trading their shares will reach five years from the date of commencement of trading the shares.
- B. As for the founders who own 500,001 shares to less than 5% of the Company's capital, the restriction on trading their shares shall be two fiscal years, each of which not less than twelve months from the date of the Company's incorporation.
- C. As for the founders who own five hundred thousand shares or less, the previously mentioned restriction periods shall not apply.
- D. The above-mentioned restriction shall not apply to the waiver of Makkah Construction and Development Company to all those who complete their legal and statutory documents including property owners whose property value represents the cash share of Makkah Construction and Development Company, whose value is 581,564,860 riyals in accordance with Paragraph (b) of the first clause of Article 8 of the Articles of Association of the Company, and in this case the owner of the property is subject to the restriction period applied to him according to the value of his property.



- E. Nevertheless, during the restriction period, it is permissible to transfer the ownership of shares in accordance with the provisions of the sale of rights from one of the founders to another founder or to a member of the Board of Directors to submit them as a guarantee for the management or from the heirs of one of the founders - in the event of his/her death - to others, and these provisions apply to what is subscribed by the founders in case of increasing capital before the restriction period expires for the remainder of this period in line with the instructions of the Capital Market Authority.

#### **Article 12: Shareholders' Register**

The Company's shares shall be traded in accordance with the provisions of the Capital Market Law.

#### **Article 13: Trading in Shares Owned by Endowments**

In trading shares owned by endowments or wills., all applicable Sharia rules and instructions shall be notated accordingly.

#### **Article 14: Capital Increase:**

1. The Extraordinary General Assembly may issue a resolution to increase the Company's share capital, provided that the original capital had been paid in full unless the unpaid portion relates to convertible debt instruments or sukuk that have not matured.
2. In all cases, the Extraordinary General Assembly may allocate all the shares issued as a result of a capital increase or part thereof to the Company and/or subsidiaries' employees provided that the shares allocated for this purpose do not exceed 0.5% of the Company's capital. The shareholder may not exercise his pre-emptive rights on shares allocated to employees.
3. The shareholder who owns the share - at the time of the Extraordinary General Assembly issuing the approval of the capital increase - has the pre-emptive right in subscribing for new shares issued in exchange for cash shares, and such shareholders shall be made aware of their pre-emptive right by publishing in the daily newspaper and the Saudi Stock Exchange website (Tadawul) or by informing them via registered mail of the resolution of the capital increase, the terms and conditions of subscription, and its start and end dates.
4. The Extraordinary General Assembly may suspend the shareholder's pre-emptive rights in a cash capital increase or grant them to others if it considers it in the Company's best interest.
5. A shareholder may sell or assign its pre-emptive rights during the period from the date of the General Assembly Resolution approving the capital increase until the subscription closing date, in accordance with the guidelines set by the competent authority.
6. Subject to the provisions of sub-article (4) above, new Shares shall be distributed to pre-emptive rights holders who have demanded subscription in proportion to the total pre-emptive rights resulting from the capital increase provided that the number of Shares



allotted to them shall not exceed the number of new Shares they have applied for. The remaining new Shares shall be allotted to the original Shareholders who have asked for more than their proportionate share, in proportion to the pre-emptive rights they hold out of pre-emptive rights resulting from the capital increase provided that the number of Shares allotted to them shall not exceed the number of new Shares they have applied for. The rest of the Shares shall be offered to third parties unless otherwise provided for by the Extraordinary General Assembly or the Capital Market Law.

**Article 15: Capital Reduction:**

It is permissible, by a resolution of the Extraordinary General Assembly, based on acceptable reasons, and after the approval of the competent authorities, to reduce the capital of the Company if it exceeds its need or if the Company incurs losses. The resolution shall not be issued except after reading a special resolution prepared by the auditor regarding the reasons that necessitate it, the obligations of the Company and the effect of the reduction in these obligations and taking into account the provisions of the Companies Law, and the resolution shows the method of reduction. If the reason for the capital reduction is that the capital is in excess of the Company's needs, the Company's creditors must be invited to express their objection to such a reduction within sixty days from the date of publication of the resolution relating to the reduction in a daily newspaper published in the region where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents within the time limit set above; then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

**Article 16: the Company's purchase of its shares**

The Company may buy or mortgage shares according to the rules laid down by the competent authority, and the shares purchased by the Company shall not have votes in the shareholders' assemblies. The Company may also mortgage its shares according to the rules laid down by the competent authority, and the mortgagee creditor may receive the profits and use the rights related to the shares, unless agreed otherwise in the mortgage contract. However, the mortgagee may not attend or vote in the general assembly of shareholders.

**Article 17: Bonds or Sukuk**

The Company may issue any type of negotiable debt instruments, such as bonds or sukuk, whether in part or several parts, or through a series of issues, or under one or more programs that the Company has established from time to time, whether for public or private subscription, inside or outside the Kingdom of Saudi Arabia. All of this shall take place at the times, amounts and conditions approved by the Company's Board of Directors, and it has the right to take all necessary measures to issue them in accordance with the rules of Islamic Sharia.

**Chapter 3 - Board of Directors:**

**Article 18: Company Management:**

The Company shall be managed by a Board of Directors consisting of (10) Ten members elected by the Ordinary General Assembly for a period not exceeding three years. They may



also be re-elected. The Board of directors shall appoint from among its members a chairman and a vice chairman, and it may also appoint a managing director. It is not permissible to combine the position of Chairman of the Board of Directors with any executive position in the Company. The vice-chairman of the Board of Directors shall replace the chairman of the Board of directors in his absence.

**Article 19: Termination of Board Membership:**

Board membership shall end in any of the following cases:

1. The expiration term of the Board.
2. Member resignation.
3. The death of the member.
4. Disqualification.
5. Member invalidity in accordance with the relevant regulations and instructions.
6. Termination of the member's membership by the General Assembly for his absence from attending three consecutive Board meetings without a legitimate excuse, based on the Board's recommendation.

Nevertheless, the General Assembly may, at all times, dismiss all or some of the members of the Board of Directors without prejudice to the right of the dismissed member towards the Company to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.

If the position of one of the members of the Board becomes vacant, the Board may temporarily appoint a member in the vacant position, provided that he shall have experience and adequacy, and the Ministry of Commerce and the Financial Market Authority shall be notified of this during the statutory period specified in the Companies' Law, provided that this appointment is presented to the Ordinary General Assembly at its first meeting, and the new member shall complete the term of his predecessor. If the number of members of the Board of Directors falls below the quorum necessary for the validity of meetings, the remaining members shall call the ordinary general assembly to convene within sixty days to elect the necessary number of members.

**Article 20: Powers of the Board:**

Subject to the competencies established for the General Assembly

- A. The Board of directors shall have the broadest powers in managing the Company, disposing of its affairs, assets, properties, real estate, contracting, commitment in the name of the Company and on its behalf, and it has the right to purchase, accept and pay the price, mortgage, redemption, sell, release, receive and deliver the price. It also has the right to do all works and actions that will achieve the Company's objectives as well as signing the necessary documents and contracts.
- B. The Board of Directors may obtain loans and facilities of all kinds and sign all their contracts and documents. The Board may also arrange for the restructuring of financing, investment and securities and sign all their contracts and documents.





- C. The Board of Directors, in a manner that does not contradict the Sharia provisions for debts, may issue financial instruments and debt instruments and trade them.
- D. The Board of Directors may invest in the Company's funds in securities of all kinds, including, but not limited to - opening accounts and investment portfolios with financial companies, operating and closing them, and signing all contracts and documents related to that. The Board of Directors shall have the right to reconcile, assign, and absolve the debtors of the Company from their obligations.
- E. The Board of Directors may delegate one or more of its members or any third party to carry out a specific business or actions within the authorities of the Board of directors.
- F. The Board of Directors shall have the power to appoint a CEO of the Company and grant him the powers that enable him to conduct the business of the Company.

**Article 21: Remuneration for Board Members:**

A certain amount shall be distributed as an annual remuneration to the members of the Board of Directors so that the total remuneration and financial or in-kind benefits that one member receives shall not exceed an amount of (500) thousand riyals annually, according to the rules set by the competent authority.

The report of the Board of directors to the General Assembly shall include a comprehensive statement of all remunerations, expenses allowances and other benefits that Board members received during the Fiscal Year. It shall also include a statement of what members of the Board received as employees or administrators or what they received in return for technical, administrative or consulting work, and it shall also include a statement of the number of Board meetings and the number of meetings attended by each member from the date of the last meeting of the General Assembly.

**Article 22: Powers of the Chairman, Vice Chairman, Managing Director, and Board Secretary**

The Chairman has the authority to invite and chair the Board meeting and the General Assembly meetings of the shareholders. The chairman of the Board may represent the Company in its relationship with others, government departments, companies, individuals, courts, notaries, all judicial authorities, arbitration bodies, chambers of commerce and industry, commercial banks, and persons authorized to practice securities business.

He may also sign mortgage contracts, documents and instruments for the sale and purchase of lands and buildings, issue powers of attorney on behalf of the Company, make reconciliation and approval on behalf of the Company, establish companies wholly owned by the Company, own shares and bonds in the name of the Company in other existing companies or merge with them, and involve the Company with others in establishing joint stock or limited liability companies, provided that the percentage of the Company's ownership or its share in establishing new companies or participating in other companies does not exceed 10 million Saudi riyals.

He may also open bank accounts of all kinds, manage and operate them, withdraw, deposit, receive, pay and transfer, request account statements to be extracted and received, update





data and activate accounts, settle, liquidate and close accounts, extract check books and receive them, issue and cancel bank checks, lend checks, issue certified checks and receive them, sign and receive certified checks. He is also entitled to sign all commercial documents related to facilities and loans, such as their contracts, forms, undertakings, schedules of payment, receipt and disposition thereof, request for exemption from facilities and loans, request for issuance of bank guarantees, opening various documentary credits, signing, accepting and requesting various guarantees, signing commercial papers, endorsing them, collecting, paying and assigning them, and linking deposits as well as endorsement of checks, signing Islamic Murabaha agreements and investment contracts of all kinds, signing agreements, business and treasury products, signing all papers, documents,, all banking transactions and other financial agreements, and signing the electronic transactions agreement for all of the Company's various current and investment accounts including current accounts and other types of accounts.

The chairman has the right to delegate or authorize others to carry out some of the powers entrusted to him according to a written resolution, authorization or special POA, for a specific period, and he has the right make agents delegate others.

The Managing Director shall exercise the powers that the Board of Directors assigns to him and shall implement the directives that may be issued by the Chairman of the Board of Directors and conduct the day-to-day business of the Company. The Board of Directors shall determine the special remuneration that each of the Chairman and Managing Director shall receive in addition to the remuneration determined for each member of the Board of Directors in accordance with Article (twenty-one) of this AOA and in accordance with the applicable regulations in this regard.

The Board of Directors shall appoint a secretary from among its members or from others and is responsible for writing the facts and resolutions of the Board of directors in minutes and recording them in a special register prepared for this purpose. His remuneration shall be determined by a resolution of the Board, and the term of the Chairman, Managing Director and Secretary of the Board of Directors shall not exceed the membership of each of them in the Board, and they may be re-elected.

**Article 23: Board Meetings:**

The Board shall meet twice a year at least at the invitation of its chairman, and the chairman shall call for to a meeting whenever two of the members so request.

**Article 24: Quorum for Board Meeting:**

- A. A Board meeting is not valid unless is attended by (half) of the members by themselves or through modern technology. A member of the Board of directors may delegate other members to attend the meeting of the Board of directors according to the following rules:
- A member of the Board of Directors may not represent more than one member in attending the same meeting.



- The delegation shall be in writing to attend a specific meeting of the Board of Directors.
  - The delegate may not vote on the resolutions on which the law prohibits the delegate from voting on it.
- B. The resolutions of the Board are issued by the majority of the opinions of the attendees or representatives, and in case of a ties; the chairman shall have the casting vote.
- C. The Board may issue resolutions on urgent matters by way of presenting them to the members dispersed unless one of the members requests in writing that the Board shall meet for deliberation. These resolutions shall be valid if the members agree unanimously, provided that these resolutions are presented to the Board of directors at the first subsequent meeting.
- D. The Board of Directors may hold the meeting remotely, using modern technical means.

**Article 25: Board Deliberations:**

The Board's deliberations and Resolutions shall be recorded in minutes signed by the session chairman, the attending Board members, and the secretary. These minutes shall be recorded in a special register signed by the Chairman and the Secretary. It is possible to use electronic applications and modern technology means to approve the minutes of the Board of Directors.

**Chapter 4- Shareholders' Assemblies**

**Article 26: Attending Assemblies:**

A properly formed General Assembly shall represent all the shareholders and shall be held in the city in which the Company's headquarters is located.

Every shareholder has the right to attend the General Assemblies of the shareholders and has the right to delegate another person other than members of the Board of Directors or Company employees to attend the General Assembly.

The shareholders' General Assemblies may be held, and the shareholder may participate in their deliberations and vote on their Resolutions by means of modern technology, according to the rules laid down by the competent authority.

**Article 27: The Constituent Assembly:**

The Constituent Assembly shall be competent in the following matters:

- Verifying the subscription of all the capital and its fulfillment in accordance with the provisions of the Companies Law.
- Laying down the final provisions of the Company's Articles of Association "AOA", but it is not permissible for it to make substantial amendments to the articles presented to it without the approval of all the subscribers represented therein.
- Appointing members of the first Board of directors for a period not exceeding five years, and the first Auditor.
- Discussing the founders' report on the business and expenses required for establishing the Company.



- Considering the approval of the value of in-kind shares.

For the Constituent Assembly to be held, a number of subscribers shall be present, representing at least half of the capital. Each subscriber in its meetings shall have a vote for each share subscribed to or represented.

**Article 28: Competencies of the Ordinary General Assembly:**

With the exception of matters pertaining to the Extra Ordinary General Assembly, the Ordinary General Assembly is concerned with all matters related to the Company and it convenes at least once a year during the six months following the end of the Company's Fiscal Year, and other Ordinary General Assemblies may be called to meet whenever the need arises.

**Article 29: Competencies of the Extraordinary General Assembly:**

The Extraordinary General Assembly has the authority to amend the Company's Articles of Association, with the exception of

- A. Depriving the shareholder or amending any of his basic rights that he obtains in his capacity as a partner, especially the following:
  1. Obtaining a share of the profits decided to be distributed, whether the distribution is in cash or through the issuance of bonus shares to non-employees of the Company and its subsidiaries.
  2. Obtaining a share of the Company's assets upon liquidation.
  3. Attending public or private shareholders' assemblies, participating in their deliberations, and voting on their resolutions.
  4. Disposing of his shares in accordance with the provisions of the Law.
  5. Requesting access to the Company's books and documents, monitoring the activities of the Board of Directors, filing a liability lawsuit against members of the Board of Directors, and challenging the invalidity of the resolutions of the public and private shareholders assemblies.
  6. Priority to subscribe to new shares issued in exchange for cash shares, unless the Articles of Association stipulate otherwise.
- B. Amendments that would increase the financial burdens of the shareholders, unless all shareholders agree to this.
- C. Transferring the Company's head office outside the Kingdom.
- D. Changing the Company's nationality.

The Extraordinary General Assembly - in addition to the powers assigned to it - may issue resolutions on matters originally within the jurisdiction of the Ordinary General Assembly, under the same terms and conditions as established for the Ordinary General Assembly.

**Article 30: Call for Assemblies:**



The general or private assemblies of the shareholders shall convene at the call of the Board of Directors. The Board of Directors shall call the Ordinary General Assembly to convene if requested by the Auditor, the Audit Committee, or a number of shareholders representing at least 5% of the capital. The auditor may call the Assembly to convene if the Board does not invite the Assembly to convene within thirty (30) days from the date of the Auditor's request.

- It is permissible, by resolution of the competent authority, to call the Ordinary General Assembly to convene in the following cases:
  - A. If the term specified for the meeting stipulated in the Companies Law has passed.
  - B. If the number of members of the Board of Directors falls below the minimum validity of its meeting, taking into account what is stated in the Companies Law.
  - C. If it appears that there are violations of the provisions of the law or the Company's articles of association, or a defect has occurred in the Company's management.
  - D. If the Board does not invite the General Assembly to convene within fifteen days from the date of the request by the Auditor, the Audit Committee, or a number of shareholders representing at least 5% of the capital.
- A number of shareholders representing at least 2% of the capital may submit a request to the competent authority to call the Ordinary General Assembly to convene, if any of the cases stipulated in the above paragraph are available. The competent authority shall direct the invitation to convene within thirty days from the date of submitting the shareholders' request, provided that the invitation shall include a schedule of the Assembly's work and the items required to be approved by the shareholders.
- The invitation to convene the General Assembly shall be published on the Tadawul, the company's website and a daily newspaper distributed in the region in where the Company's head office is located at least twenty-one days before the date set for the meeting of the General Assembly. However, it is permissible to address the invitation to all shareholders by registered letters. A copy of the invitation and the agenda shall be sent to Competent authorities, within the specified period for publication.

**Article 31: Assemblies Attendance Register:**

Shareholders who wish to attend the General or Private Assembly shall register their names in the Company's head office prior to the time specified for the meeting and the company may also register shareholders who wish to attend the assemblies and vote on its decisions through modern technology.

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

The meeting of the Ordinary General Assembly shall not be valid unless attended by shareholders representing at least (a quarter) of the Company's capital. If this quorum is not available at the first meeting, a call will be issued to a second meeting to be held within the thirty days following the previous meeting. This invitation shall be published in the manner described in Article (91) of the Companies Law. Nevertheless, the second meeting may take place an hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting.



In all cases, the second meeting shall be valid, regardless of the number of shares represented in it.

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

The meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least fifty percent (50%) of the Company's capital. If such a quorum cannot be attained at the first meeting, a notice for convening a second meeting shall be sent in the same conditions stipulated in Article 91 of the Companies Law. The second meeting may be held one hour after the end of the period specified for the first meeting, provided that the call to hold the first meeting includes evidence indicating the possibility of holding this meeting. In all cases the second meeting will be valid if attended by a number of shareholders representing at least (a quarter) of the capital.

If the necessary quorum is not met in the second meeting, an invitation to a third meeting to be held according to the same conditions stipulated in Article 91 of the Companies Law, and the third meeting will be valid regardless of the number of shares represented in it, after the approval of the competent authorities.

**Article 34: Voting in Assemblies:**

Every shareholder shall have a vote for every share in the General Assembly, and cumulative voting shall be used when electing members of the Board of directors. Members of the Board of Directors may not participate in voting on the Assembly's resolutions related to absolving them of responsibility for the management of the Company or related to a direct or indirect interest to them.

**Article 35: Resolutions of the Assembly:**

Resolutions shall be issued in the Constituent Assembly with an absolute majority of the shares represented in it, however if these resolutions are related to the evaluation of in-kind shares or special benefits, the approval of the majority of subscribers is required for cash shares that represent two-thirds of the aforementioned shares after excluding what the providers of in-kind shares or beneficiaries have subscribed to of the special benefits, and they shall have no opinion on these resolutions, even if they are cash-holders.

The resolutions of the Ordinary General Assembly shall be issued by an absolute majority of the shares represented in the meeting, and the resolutions of the Extraordinary General Assembly shall also be issued by a majority of two-thirds of the shares represented in the meeting, unless the resolution is related to increasing or reducing the capital or extending the term of the Company or dissolving it before the expiry of the period specified in its articles of association or by merging with another Company, the resolution will not be valid unless it is issued by a three-fourths majority of the shares represented at the meeting.

**Article 36: Deliberations at the Assemblies:**

Every shareholder shall have the right to discuss the matters listed in the agenda of a General Assembly, and to address questions to the Directors and the Auditor in respect thereof. The Directors or the Auditor shall answer Shareholders' questions to such an extent that would



not jeopardize the Company's interests. If a Shareholder feels that the answer to his question is unsatisfactory, he may appeal to the General Assembly whose Resolution shall be final in this respect.

**Article 37: Chairing of Assemblies and Preparing Minutes:**

The General Assembly meetings shall be chaired by the Chairman or, in his or her absence, by the Vice Chairman, or, in his absence by a member delegated by the Board of Directors. Minutes shall be kept for every General Assembly, showing the names of Shareholders present or represented, the number of Shares held by each of them, whether personally or by proxy, the number of votes allotted thereto, the resolutions adopted, the number of consenting and dissenting votes, and a comprehensive summary of the debate conducted at the meeting. Following every meeting, the minutes shall be recorded in an organized manner in a special book, which shall be signed by the Chairman, the Secretary, and the vote counter.

**Chapter 5 - Company Accounts and Distribution of Dividends**

**Article 38: Fiscal Year**

The Company's Fiscal year shall begin from the first of January and shall end at the end of December of each Gregorian year, provided that the first Fiscal Year shall begin after the adoption of the change from the Hijri year to the Gregorian year from the date the change is approved by the concerned authorities and ends at the end of December of the Gregorian year.

**Article 39: Financial documents**

1. The Board of Directors shall prepare the Company's financial statements at the end of each financial year together with a report of its activities and financial position for the preceding financial year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposition of the Auditor at least 45 (forty-five) days prior to the date set for convening the General Assembly.
2. The Chairman, Company President, and Chief Financial Officer shall sign the documents referred to in Paragraph (1) of this Article. A copy thereof shall be placed in the Company's head office to be available for Shareholders at least 21 days prior to the date set for General Assembly meeting.
3. The Chairman shall publish the financial statements, the Board of Directors' report and the Auditor's report on Tadawul, and provide the competent regulatory authorities with a copy of it during the regular period specified in the Companies' Law.

**Article 40: Distribution of in-kind dividends**

Unless the General Assembly decides otherwise, A fixed amount is distributed to the owners of real estate in-kind shares equal to the revenues their real estate used to generate, provided that the share of each of them in that amount does not exceed the



equivalent of (5%) of the value of their in-kind shares in the Company's capital for each year, for a period not exceeding five years from the date of receiving the property from them after the issuance of the resolution of His Excellency the Minister of Commerce announcing the establishment of the Company.

This amount is considered an obligation on the owners of the in-kind shares, which must be redeemed, and the company may reserve part of their shares whose nominal value is equal to the value of the distributed amounts. The seizure of those shares shall be lifted if the amount is paid or deducted from the profits due to the shareholder or deducted by any other method approved by the Board of Directors.

#### **Article 41: Distribution of Dividends**

The net profits of the Company shall be distributed to the shareholders at a rate of not less than 2% of the paid capital (annually, semi-annually or quarterly) after deducting all general expenses and other costs, including the legally imposed zakat, and (10%) of the net profits shall be set aside to be a statutory reserve, The Ordinary General Assembly may stop this deduction when the aforementioned reserve reaches 30% of the paid-up capital.

#### **Article 42: Entitlement to Dividends**

Dividends to be distributed to shareholders shall be paid in accordance with the resolution of the general assembly issued in this regard, and the resolution shall specify the due date and the date of distribution. Eligibility for dividends shall be for shareholders registered in the shareholders' registers at the end of the day specified for entitlement. The competent authority shall determine the maximum period during which the Board of Directors shall implement the resolution of the Ordinary General Assembly regarding the distribution of dividends to the shareholders.

#### **Article 43: Company losses**

If the Company's losses reach 50% of the paid-up capital at any time during the fiscal year, the Auditor or any officer of the Company shall notify the Chairman immediately upon becoming aware of such losses, who in turn shall immediately notify the Board of Directors. The Board of Directors shall convene an Extraordinary General Assembly within 15 days of becoming aware of the Company's losses, to call the extraordinary assembly to convene within 45 days of its knowledge to either increase or decrease the Company's capital in accordance with the Companies Law to the extent that the losses decrease to less than 50% of the paid-up capital, or to dissolve the Company before the expiry of its term according to these Articles.

### **Chapter 6 - Auditor**

#### **Article 44: Appointment of the Auditor:**

The Company shall have one or more auditors from among those licensed to operate in the Kingdom appointed by the Ordinary General Assembly, which shall specify their compensation and term of office. The General Assembly may at any time reemploy them the Auditors, provided that the total period of his appointment does not exceed five continuous years, and





whoever has completed this period may be re-appointed after the lapse of two years from the date of its expiry without prejudice to their right to compensation if the removal is made at an improper time or without acceptable justification.

**Article 45: Powers of the Auditor:**

The auditor has the right to inspect the Company's books, records and other documents at all times, and he may request the data and clarifications that he deems necessary to obtain, and he may also audit the Company's assets, obligations, and other things that fall within the scope of his work.

He shall submit to the annual ordinary general assembly a report prepared in accordance with the generally accepted auditing standards, including the position of the Company's management to enable him to obtain the data and clarifications he requested, and what he may have found of violations of the provisions of the system or the provisions of the articles of association of the Company, and his opinion on the extent of fairness of the financial statements of the Company. The auditor shall read his report at the General Assembly.

**Chapter 7 - The Audit Committee**

**Article 46: Formation of the Committee**

An Audit Committee shall be formed by a resolution of the ordinary general assembly consisting of at least three members who are not members of the Executive Board, whether from shareholders or others, provided that the number of its members is not less than three and not more than five. The chairman of the Board of directors may not be among the members of the committee. The resolution shall specify the duties of the committee, its work rules, and the remuneration of its members.

**Article 47: Quorum for the meeting of the committee**

For the audit committee meeting to be valid, the attendance of the majority of its members is required, and its resolutions are issued by the majority of the votes of those present, and in case of a tie, the chairman shall have the casting vote.

**Article 48: The Committee's Powers**

The audit committee is responsible for monitoring the Company's business, and it has the right to view the Company's records and documents and request any clarification or statement from the members of the Board of directors or the executive management, and it may request the Board of directors to invite the Company's general assembly to convene if the Board of directors impedes its work or the Company is exposed for heavy damages or losses.

**Article 49: Reports of the Committee**

The audit committee shall review the Company's financial statements and the reports and notes provided by the auditor, and express its views on them, if any, and it shall also prepare a report on its opinion regarding the adequacy of the Company's internal control rules and other activities that fall within its jurisdiction. The Board of directors shall deposit sufficient copies of this report in the Company's head office at least twenty-one days before the date



set for the meeting of the general assembly to provide each of the shareholders a copy of it. The report shall be read during the assembly.

## Chapter 8 - Disputes

### Article 50: Liability Action:

Each Shareholder shall have the right to file a liability action, vested in the Company, against the members of the Board of Directors if they have committed a fault which has caused some particular damage to such a Shareholder, provided that the Company's right to file such an action shall still be valid. The Shareholder shall notify the Company of his/its intention to file such an action, while restricting its right to claim compensation for the special damage it has suffered.

The Company may charge the following expenses that the shareholder bears to institute a lawsuit, regardless of its outcome, under the following conditions:

- A. If the shareholder institutes the lawsuit in good faith.
- B. If he submitted to the Company the reason for which he instituted the lawsuit and did not obtain a response within thirty days.
- C. If it is in the interest of the Company to file this lawsuit based on the provision of Article (seventy-nine) of the Law
- D. That the lawsuit is based on a valid basis.

## Chapter 9 - Liquidation of the Company:

### Article 51: Dissolution of the Company:

Upon the expiry of the Company, it shall enter into a liquidation period during which it shall maintain its legal personality to the extent necessary for liquidation. Optional liquidation may only be adopted by a resolution by the Extraordinary General Assembly. The liquidation resolution shall appoint a liquidator and determine its powers, fees, restrictions of power and the period of liquidation, provided that the optional liquidation period shall not exceed five years and cannot be extended without a judicial order. The powers of the Board of Directors shall cease upon the Company's approval of its liquidation, provided, however, that the Board of Directors shall remain responsible for the management of the Company and is deemed vis-à-vis third parties as the liquidator until the liquidators are appointed. The General Assembly shall remain existent during the liquidation period and shall exercise its powers that do not conflict with the powers of the liquidator.

## Chapter 10 - Concluding Provisions:

### Article 52:

The provisions of the Companies Law and all relevant laws shall apply to all that is not mentioned herein.

### Article 53:

The Articles shall be placed and published in accordance with the provisions of the Companies Law and its implementing Regulations.



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