



## Articles of Association of the Saudi Company for Equipment and Tools (SACO)

### "Shareholding Company"

#### Article One: Incorporation:

In accordance with the provisions of the Companies Law and its bylaws and this article of association, the Saudi Company for equipment and Tools (SACO), a Saudi joint stock company, shall be established according to the following:

#### Article Two: Company Name:

"The Saudi Company for equipment and Tools (SACO)" (a Saudi joint stock company) is listed on the stock market.

#### Article Three: Objectives of the Company:

The company carries out and implements the following purposes:

A. Wholesale and retail trade as follows:

1. Machinery, equipment, engines, spare parts and fittings.
2. Home and office appliances, tools and supplies.
3. Plumbing supplies and water fittings.
4. Construction and decoration number.
5. Home farming supplies, tools and machines.

The Company's name	Articles of Association	Ministry Official Stamp Affixed
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6. Sports equipment, tools and accessories.
7. Tools, tools and electrical equipment.
8. Craft tools and equipment, picnic and travel equipment, and firewood.
9. Lubricating oils and fuels.
10. Materials related to the polishing, cleaning and protection of cart parts and increasing the effectiveness of their performance, and materials for polishing, cleaning and protecting furniture.
11. Pesticides and fertilizers.
12. Cleaning and plant protection materials and pesticides that kill insects and agricultural pests.
13. Chemicals for industrial works.
14. Chemicals for water and sewage purification.
15. Personal care products, cosmetics, oud, perfume and accessories.
16. Packaged foods, coffee and food items.
17. Telecommunication equipment, supplies, accessories and related accessories.

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18. Children's games.
19. Animal feed, grooming supplies and accessories.
20. Safety tools and supplies and their accessories, firefighting devices and equipment, and its supplies and accessories,
21. Medical devices, its accessories and supplies.
22. Fertilizers, agricultural materials, liquid and inorganic organic and inorganic agricultural fertilizers, seedlings and seeds, public health and soil pesticides, soil conditioners, chemicals and agricultural pesticides.
23. Mobile phones, cell phones, accessories and maintenance, computers, spare parts and maintenance, audio-visual tools, sale of various communication chips and internet supplies.
24. Computer programs, electronic games, tablets and computer systems.
25. Customs clearance services, general maintenance, installation and delivery services.
26. Surveillance cameras, their systems and accessories.
27. Chemicals for household purposes.

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28. Solar energy production devices, equipment, systems and accessories.
  29. Devices, equipment, accessories and systems for saving and regulating energy and water consumption.
  30. Devices, equipment, accessories, water purification and desalination systems, security and fire alarm systems.
- B. General contracting for buildings, electrical and mechanical works, decoration works, maintenance of buildings, facilities, residential and commercial complexes, maintenance and landscaping works.
- C - Import and export services, transport and storage.
- D- Electronic commerce for all purposes of the company.

The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.

#### **Article 4: Participation and ownership in companies**

The company may establish companies on its own (with limited liability or closed joint stock) provided that the capital is not less

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than (5) million riyals. It may also own shares and stocks in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or liability companies Ltd., after fulfilling the requirements of the regulations and instructions followed in this regard.

The company may also dispose of these shares or stocks, provided that this does not include mediation in their trading.

#### **Article Five: Head Office:**

The head office of the company is located in the city of Riyadh in the Kingdom of Saudi Arabia, and the Board of Directors may establish branches, offices or agencies for it inside or outside the Kingdom.

#### **Article Six: Duration of the Company:**

The term of the company is ninety-nine (99) calendar years starting from the date of its registration in the Commercial Register, and this period may always be extended by a decision issued by the extraordinary general assembly at least one year before the expiry of its term.

### **(Chapter Two)**

### **Capital and Shares**

#### **Article Seven: The Company's Capital:**

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The company's capital has been set at three hundred and sixty million (360,000,000) Saudi riyals divided into thirty-six million (360,000,000) nominal shares of equal value, and the value of each of them is (10) ten Saudi riyals, all of which are ordinary shares represented in the company's paid-up capital.

#### **Article Eight: Subscription to Shares:**

Shareholders have subscribed to all the company's shares and paid in full.

#### **Article 9: Preferred Shares**

The Extraordinary General Assembly of the company may, in accordance with the principles set by the competent authority, issue preferred shares or decide to purchase them, convert ordinary shares into preferred shares, or convert preferred shares into ordinary shares with no more than (10%) of the capital.

Preferred shares do not give the right to vote in the general assemblies of shareholders, and these shares entitle their owners to obtain a percentage more than ordinary shares holders of the company's net profits after setting aside the statutory reserve.

#### **Article Ten: Sale of Unpaid Shares**

The shareholder is obligated to pay the value of the share on the dates specified for this, and if he fails to pay on the due date, the

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





Board of Directors may, after being notified by announcing it in the Official Gazette or the company's website, or by notifying it by registered letter, sell the share in the public auction or the stock market, as the case may be, in accordance with the regulations set by determined by the competent authority.

The company shall collect the amounts due to it from the sale proceeds and return the remainder to the shareholder. If the sale proceeds are not sufficient to meet these amounts, the company may collect the remainder from all the shareholder's money.

However, the shareholder who defaulted on payment until the day of the sale may pay the value owed by him in addition to the expenses incurred by the company in this regard.

The company cancels the sold share in accordance with the provisions of this article, gives the buyer a new share bearing the canceled share number, and indicates in the shares register that the sale took place with the name of the new owner.

### **Article Eleven on Issuance of Shares**

Shares are nominal and may not be issued for less than their nominal value. Rather, they may be issued for a higher value than this value. In this last case, the difference in value is added in a separate item within shareholders' equity, and it may not be distributed as dividends to shareholders. The share is indivisible

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





in the face of the company. If the share is owned by multiple people, they must choose one of them to represent them in the use of the rights related to it, and these people are jointly responsible for the obligations arising from the ownership of the share.

**Article 12: The company's purchase, sale and pledge of its shares:**

The company may buy, sell and pledge its ordinary or preferred shares in accordance with the regulations set by the competent authorities.

**Article Thirteen: Shareholders Register**

The company's shares are traded in accordance with the provisions of the Capital Market Law.

**Article 14 to increase the capital**

- 1- The Extraordinary General Assembly may decide to increase the capital of the company, provided that the capital has been paid in full, it is not required that the capital has been paid in full if the unpaid part of the capital belongs to shares issued in exchange for converting debt instruments or financing instruments into shares and the period set for converting them into shares has not expired.

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com







- 2- The Extraordinary General Assembly may, in all cases, allocate the shares issued upon the capital increase, or part thereof, to employees of the company and its subsidiaries or some of them, or any of them. Shareholders may not exercise the right of priority when the company issues the shares allocated to employees.
- 3- The shareholder who owns the share at the time of the issuance of the extraordinary general assembly's decision approving the capital increase has priority in subscribing to the new shares issued in exchange for cash shares. and its end.
- 4- The Extraordinary General Assembly has the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares or to give priority to non-shareholders in the cases it deems appropriate for the interest of the company.
- 5- The shareholder has the right to sell or relinquish the right of priority during the period from the time of the issuance of the General Assembly's decision approving the capital increase until the last day of subscribing to the new shares associated with these rights, in accordance with the regulations set by the competent authority.

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





- 6- Taking into account what was mentioned in paragraph (4) above, the new shares shall be distributed to the priority rights holders who requested subscription, in proportion to their pre-emptive rights out of the total pre-emptive rights resulting from the capital increase, provided that what they receive does not exceed the shares they requested. the new shares, and the remainder of the new shares shall be distributed to the priority rights holders who requested more than their share, In proportion to the priority rights they own from the total priority rights resulting from the capital increase, provided that what they receive does not exceed what they requested from the new shares, and the remaining shares are offered to third parties, unless the extraordinary general assembly decides or the financial market system provides otherwise that.

### Article 15: Capital Reduction

The Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's need or if it suffers losses. In the latter case alone, the capital may be reduced below the limit stipulated in Article (fifty-fourth) of the Companies Law.

The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





obligations of the company, and the effect of the reduction in these obligations.

If the capital reduction is a result of it being more than the company's need, the creditors must be invited to express their objections to it within sixty days from the date of publishing the reduction decision in a daily newspaper distributed in the area in which the company's head office is located. If one of the creditors submit his objection and submits his documents to the company on the aforementioned date, the company must pay him his debt if it is present, or provide him with a sufficient guarantee to pay it if it is due.

### (Chapter Three)

#### company Management

##### Article 16: Composition of the Board of Directors

The company is managed by a board of directors consisting of (9) nine members appointed by the general assembly of shareholders for a period not exceeding three years.

##### Article 17: The termination of the board of directors' membership

The membership of the Board shall terminate upon the expiry of its term or upon the expiry of the member's validity thereto in accordance with any system or instructions in force in the Kingdom. However, the Ordinary General Assembly may at any

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





time dismiss all or some of the Board members, without prejudice to the dismissed member's right towards the company to claim compensation if the dismissal occurred for a reason other than acceptable or at an inappropriate time, and a member of the board of directors may retire, provided that it is at an appropriate time, otherwise he will be liable before the company for the damages resulting from the retirement.

### Article Eighteen: Vacant Position in the board of directors

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 he is one of those who have sufficient experience.

This must be reported to the Ministry of Commerce and Investment and the Capital Market Authority within five working days from the date of appointment. The appointment must be presented to the Ordinary General Assembly in its first 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 its members from the minimum stipulated in the Companies Law, the remaining members must call the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





### Article Nineteen: Powers of the Board of Directors:

Taking into account the powers established for the General Assembly, the Board of Directors shall have the widest powers in managing the company in achieving its objectives, drawing up its policies, determining its investments, supervising its business and funds, and disposing of its affairs inside and outside the Kingdom. He may, for example, but not be limited to, represent the company in its relations with third parties, governmental and private agencies, arbitration bodies, police departments, chambers of commerce and industry, private bodies, companies and institutions of all kinds, and entering into tenders, receiving, payment and acknowledgment, and the Board has the right to sign all types of contracts, documents and documents, including - without limitation - the contracts of incorporation of companies in which the company participates with all its amendments, appendices and amendment decisions, and to sign agreements and instruments before the notary public and official bodies, as well as loan agreements, guarantees and securities, receipt and delivery, renting, leasing, receiving and paying, opening accounts and credits, withdrawing and depositing with banks, issuing bank guarantees, mortgaging and signing all papers, documents, checks and all banking transactions, he also has the right to appoint and dismiss employees and workers, request visas, bring in manpower from outside the Kingdom, contract with them,

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





determine their salaries, issue residencies, and transfer and waive guarantees.

The board may, within the limits of its competence, assign one or more of its members or third parties to carry out a specific business or certain business, provided that with regard to the sale of the company's real estate, it must include the minutes of the board of directors and the rationale for its decision to act, taking into account that the board specifies in the sale decision the reasons and justifications for him, and that the sale be close to the price of the same, and that the sale be present except in the cases decided by the Board and with sufficient guarantees, and that this act does not result in stopping some of the company's activities or making it bear other obligations.

The Board of Directors may also contract loans with funds and government financing institutions and private institutions, regardless of their duration, and may contract commercial loans whose terms do not exceed the end of the company's term, taking into account the following conditions for commercial loans with a period of more than three years:

- That the Board of Directors specify in its decision the aspects of using the loan and how to repay it.

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





- To take into account in the terms of the loan and the guarantees provided to it, not to harm the company, its shareholders, and the general guarantees of the creditors.

The board of directors may, in the cases it deems, absolve the company's debtors of their obligations in accordance with what is in its interest, provided that the minutes of the board of directors and the rationale for its decision include the following conditions:

- 1- The release must take place after a full year has passed since the debt arose.
- 2- The release shall be for a specified amount as a maximum per year for one debtor.
- 3- Discharge is a right of the Board that may be delegated according to the terms and conditions set by the Board of Directors.

The board of directors may also invest the company's money in securities, which includes - but is not limited to -

Opening investment portfolios with financial companies, buying and selling shares, and managing financial and investment portfolios for the company, including the right to sign and manage all contracts and documents related to portfolios or investment accounts, trading in securities via the Internet, receiving a

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





password, and subscribing to investment funds, including the right Subscription, redemption, transfer, and investment in other securities such as sukuk, private companies, companies, private tenders, and other things that fall under securities as determined by the Board.

The council may also, within the limits of its competence, delegate one or more of its members or a third party to carry out certain work or businesses.

### **Article 20 Remuneration of Board Members**

The remuneration of the board of directors consists of paragraph (5) of Article 44 of this Bylaw and within the limits of what is stipulated in the Companies Law, and its bylaws, and the report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all that the Board members obtained.

The administration during the fiscal year of bonuses, expense allowances and other benefits, and that it also includes a statement of what the board members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy, and also includes a statement of the number of board sessions and the number of

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com







sessions attended by each member from the date of the last meeting of the General Assembly.

**Article Twenty-first: Powers of the Chairman, Deputy, Managing Director and Secretary**

The Board of Directors appoints from among its members a chairman and a Vice Chairman and may appoint a Managing Director. The position of the Chairman of the Board of Directors may not be combined with any other executive position in the company.

The Chairman of the Board is responsible for representing the company in appearing before courts, higher and primary bodies for settling labor disputes, commercial papers committees, all other judicial committees, arbitration bodies, and civil rights, He has the right to acknowledge, demand, defend, plead, litigating, issue release, settlement, accept judgments and object to them, He has the right to delegate some or all of these powers to a member in writing.

The Chairman of the Board and the Managing Director (if appointed) collectively or individually shall be responsible for representing the company in its relations with others, with governmental and private agencies, police departments, chambers of commerce and industry, private bodies, companies

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Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





and institutions of all kinds, entering into tenders, receiving, paying, acknowledging, claiming, litigating, issue release, settlement. They also have the right to sign all kinds of contracts, documents and deeds, including - Without limitation - the articles of incorporation of the companies in which the company participates and their amendments, signing agreements, instruments and evacuations before the notary public and official authorities, as well as loan agreements, guarantees and securities, following up on transactions, collecting the company's rights and paying its obligations, selling, buying, emptying, accepting, receiving, handing over, renting, leasing, receiving and paying, opening accounts, credits, withdrawal and depositing with banks, issuing bank guarantees and signing documents and checks, they also have the right to appoint employees and workers, dismiss them, contract with them, and determine their salaries, and they may appoint deputies and lawyers for the company and authorize one or more of its members or third parties to carry out certain work or tasks, the Managing Director is also responsible for other powers determined by the Board, the chairman of the board can also delegate some of his powers to his deputy, as well as manage the general assemblies of shareholders.

The Board of Directors may, at its discretion, determine the remuneration for each of the Chairman and Managing Director, in

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





addition to the remuneration prescribed for members of the Board of Directors under this Bylaw, the board of directors appoints a secretary, whether from among its members or from a third party, and determines his remuneration. The Secretary is responsible for recording the minutes of the Board of Directors' meetings, recording and keeping the decisions issued by these meetings, in addition to exercising other powers assigned to him by the Board, the term of the chairman, his deputy, the managing director, and the secretary of the board of directors shall not exceed the term of their membership in the board, and they may be re-elected and the board may dismiss them or any of them at any time without prejudice to the right of the dismissed members to be compensated if the dismissal occurred for an illegal reason or at a time other than Appropriate.

### **Article Twenty-Two: Invitation to the Board of Directors Meeting:**

The council meets at the invitation of its president at least twice a year, and the invitation is by any means that achieves notification. The chairman of the council must call the council to a meeting whenever two members request it.

### **Article Twenty-Three: Quorum of the Board Meeting**

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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Has been announced

الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





The meeting of the Board shall not be valid unless attended by at least half of the members, provided that the number of attendees is not less than three members. A member of the Board of Directors may delegate other members to attend the Board meetings in accordance with the following controls:

- 1- A member of the Board of Directors may not represent more than one member in attending that meeting.
- 2- The proxy must be fixed in writing and in the matter of a specific meeting, and it can be sent by e-mail.
- 3- The representative may not vote on decisions in which the system prohibits the representative from voting.

The decisions of the board of directors are issued by the majority of the votes of the members present or represented in the meeting, and when the votes are equal, the vote that the chairperson voted for shall prevail. The Board of Directors may issue resolutions by passing by presenting them to all members separately for deliberation, unless one of the members requests in writing to hold a meeting of the Board for deliberation and these decisions are presented to the Board of Directors in its first following meeting.

Board meetings may be held over the phone or any other electronic means of communication that allows all members

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





present to hear all other attendees. Unless otherwise notified, a member of the Board of Directors who participates by phone or any other electronic means of communication is considered to be present for the duration of the meeting.

### Article Twenty-four: Council deliberations

The deliberations and decisions of the Board of Directors shall be recorded in minutes signed by the Chairman of the Board, the members of the Board of Directors present and the Secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.

## (Chapter Four)

### Shareholders' Assemblies

#### Article 25: Attending Assemblies:

Each shareholder has the right to attend the general assembly of shareholders, and for this he may delegate another person other than the members of the board of directors or the company's employees to attend the general assembly on his behalf.

#### Article 26: Functions of the Ordinary General Assembly:

With the exception of the matters of the Extraordinary General Assembly, the Ordinary General Assembly is concerned with all matters relating to the company, and it convenes at least once a year during the six months following the end of the company's

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





financial year. Other ordinary general assemblies may be called whenever the need arises.

### **Article 27: Functions of the Extraordinary General Assembly**

The Extraordinary General Assembly is competent to amend the company's articles of association, except for the provisions that are prohibited from amending by law. It may issue resolutions on matters within the competence of the Ordinary General Assembly, under the terms and conditions prescribed for the Ordinary General Assembly.

### **Article Twenty-Eighth: Calling the assembly to meet.**

Shareholders' general assemblies are convened at the invitation of the Board of Directors, and the Board of Directors must invite the Ordinary General Assembly if requested by the auditor, the audit committee, or a number of shareholders representing at least five (5%) percent of the capital.

The auditor may call the assembly to convene if the board did not invite the assembly within thirty days from the date of the auditor's request.

The invitation to convene the general assembly shall be published in a daily newspaper distributed in the company's head office at least twenty-one days before the date fixed for the meeting, and a copy of the invitation and the agenda shall be sent

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





to the Ministry of Commerce and Investment and to the Capital Market Authority during the period specified for publication.

**Article Twenty-nine: Record of attendance at assemblies.**

Shareholders who wish to attend the general assembly register their names at the meeting place.

**Article Thirty: Quorum of the Ordinary General Assembly Meeting.**

The meeting of the Ordinary General Assembly is not valid unless it is attended by shareholders representing at least one quarter of the capital. possibility of holding this meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

**Article 31: Quorum for the Extraordinary General Assembly meeting.**

The Extraordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least half of the capital. If the necessary quorum is not available to hold this meeting, the second meeting shall be held one hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding this meeting.

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the capital.

If the necessary quorum is not available in the second meeting, an invitation is sent to a third meeting to be held in the same conditions stipulated in Article (Twenty-eighth) of this bylaw, and the third meeting will be valid regardless of the number of shares represented therein, after approval of the competent authority.

### **Article 32: Voting in assemblies.**

Each shareholder has one vote for each share in the general assemblies, and the cumulative vote must be used to elect the board of directors.

### **Article 33: Decisions:**

The decisions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting, and the decisions of the Extraordinary General Assembly are issued by a two-thirds majority of the shares represented at the meeting, unless it is a decision related to increasing or decreasing the capital, extending the term of the company, or dissolving it before the expiry of the period specified in its articles of association or its merger With another company, it is not valid unless it is issued by

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com







a majority of three quarters of the shares represented at the meeting.

**Article 34: Discussion in the Assemblies:**

Each shareholder has the right to discuss the topics included in the assembly's agenda and to direct questions in this regard to the members of the Board of Directors and the auditor.

The board of directors or the auditor shall answer the shareholders' questions to the extent that the interest of the company is not harmed. If the shareholder deems that the answer to his question is not convincing, he shall appeal to the assembly, and its decision in this regard shall be enforceable.

**Article 35: Presiding over associations and preparing minutes**

The meetings of the general assemblies of shareholders are chaired by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members for that in the absence of the chairman and his deputy.

Minutes of the meeting of the assembly shall be drawn up containing the number of shareholders present or represented, the number of shares they hold in person or by proxy, the number of votes assigned to them, the decisions taken, the number of

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

- \* A copy of the articles of association has been issued based on the decision of the Extraordinary General Assembly on 17/12/2018.
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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





votes approving or disapproving of them, and an adequate summary of the discussions that took place at the meeting.

Minutes of meeting are taken regularly after each meeting.

In a special register signed by the association's president, secretary and vote collector.

### (Chapter Five)

### Audit Committee

#### Article 36: Formation of the Committee

A decision of the Ordinary General Assembly shall form an audit committee consisting of three members who are not members of the executive board of directors, whether they are shareholders or others. The resolution shall specify the tasks of the committee, its work controls and the remuneration of its members.

#### Article 37: Committee meeting quorum:

For a meeting of the Audit Committee to be valid, the attendance of the majority of its members is required, and its decisions are issued by a majority vote of those present.

#### Article Thirty-Eighth: The Committee's Duties:

The Audit Committee is responsible for monitoring the company's business, and for this purpose it has the right to review its records and documents and to request any clarification or statement from

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





the members of the Board of Directors or the Executive Management. It may ask the Board of Directors to invite the company's general assembly to convene if the Board of Directors obstructs its work or the company is exposed for serious damage or loss.

### **Article 39: Committee Reports:**

The Audit Committee shall consider the company's financial statements, reports and notes provided by the auditor, and express its views on them, if any. It shall also prepare a report on its opinion regarding the adequacy of the company's internal control system and the other work it has carried out within its jurisdiction.

The board of directors shall deposit an appropriate copy of this report at the company's head office at least twenty-one days before the date of the general assembly meeting to provide each shareholder with a copy of it. The report is read during the assembly.

## **(Chapter Six)**

### **Auditor**

### **Article 40: Appointment of the auditor:**

The company must have an auditor (or more) from among the auditors licensed to work in the Kingdom, to be appointed

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





annually by the Ordinary General Assembly, and to determine his remuneration and the duration of his work, or for an unlawful reason.

#### **Article 41: Powers of the Auditor:**

The auditor at any time has the right to review the company's books, records and other documents, and he also has the right to request data and clarifications that he deems necessary to obtain, in order to verify the company's assets and obligations and other things that fall within the scope of his work.

The chairman of the board of directors shall enable him to perform his duty, and if the auditor encounters difficulty in this regard, he proves this in a report submitted to the board of directors. If the board does not facilitate the work of the auditor, he must ask the board of directors to invite the ordinary general assembly to look into the matter.

#### **(Chapter seven)**

#### **Company accounts and profit distribution**

#### **Article 42: Fiscal Year:**

The company's fiscal year begins on 1<sup>st</sup> January and ends on December 31 of each year.

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





### Article 43: Financial Documents:

- 1- At the end of each financial year of the company, the board of directors must prepare the company's financial statements and a report on its activity and financial position for the past financial year. This report includes the proposed method for distributing profits. The Board shall keep these documents available to the auditor at least forty-five days before the date set for meeting of the General Assembly.
- 2- The company's board of directors, chief executive officer and financial manager must sign the documents referred to in paragraph (1) of this article, and copies of them shall be deposited at the company's head office at the shareholders' disposal at least twenty-one days before the date set for holding the general assembly.
- 3- The chairman of the board of directors shall provide the shareholders with the company's financial statements, the board of directors' report, and the auditor's report, unless they are published in a daily newspaper distributed at the company's head office. He must also send a copy of these documents to the Ministry of Commerce and Investment and the Capital Market Authority, at least twenty-one days before the date of the General Assembly.

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

\* A copy of the articles of association has been issued based on the decision of the Extraordinary General Assembly on 17/12/2018.

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





#### Article 44: Dividend distribution:

The company's annual net profits are distributed as follows:

- 1- (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to discontinue this deduction when the said reserve reaches (30%) of the paid-up capital.
- 2- The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside (20%) of the net profits to form a consensual reserve to be allocated for a specific purpose or purposes.
- 3- The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The said assembly may also deduct sums from the net profits for the establishment of social institutions for the company's employees or to assist any of these institutions.
- 4- From the remaining amount, a down payment shall be distributed to the shareholders equivalent to (5%) of the company's paid-up capital.

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

\* A copy of the articles of association has been issued based on the decision of the Extraordinary General Assembly on 17/12/2018.

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





- 5- Subject to the provisions stipulated in Article (Board Members Remuneration) of this Bylaw, and Article Seventy-six of the Companies Law, after the above deduction, 10% of the remainder is allocated to remunerate the Board of Directors, provided that the entitlement to this remuneration is proportionate with the number of sessions the member attends.
- 6- The remainder is then distributed to the shareholders as an additional share in the profits.

#### **Article 45: Entitlement to profits**

The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard. The decision indicates the maturity date and the date of distribution. The eligibility of profits is to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement. The assembly has the right to decide to distribute profits annually, semi-annually or quarterly. The assembly may It authorizes the Board of Directors to do this, to pay dividends, and to determine the maturity and distribution date.

#### **Article 46: Entitlement to Dividends for Preferred Shares:**

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

\* A copy of the articles of association has been issued based on the decision of the Extraordinary General Assembly on 17/12/2018.

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : [Lofta3@yahoo.com](mailto:Lofta3@yahoo.com)





- 1- If no dividends are distributed for any financial year, then no dividends may be distributed for the following years until after paying the percentage specified in accordance with the provision of Article (14) of the Companies Law for Preferred Shareholders for that year.
- 2- If the company fails to pay the percentage specified in accordance with the provisions of Article (one hundred and fourteen of the Companies Law) for a period of three consecutive years, the Special Assembly of the owners of these shares, convened in accordance with the provisions of Article (89) of the Companies Law, may decide Either they attend the company's general assembly meetings and participate in voting, Or appointing their representatives on the board of directors in proportion to the value of their shares in the capital, until the company is able to pay all the priority dividends allocated to the owners of these shares for the previous years.

**Article 47: Company losses:**

- 1- If the company's losses amount to half of the paid-up capital, at any time during the fiscal year, any official of 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

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com







members of the Board of that, and the Board of Directors must within five Ten days from becoming aware of this, call the Extraordinary General Assembly to meet within forty-five days from the date of his becoming aware of the losses; to decide either to increase the company's capital or reducing it in accordance with the provisions of the Companies Law to the extent that the percentage of losses drops to less than half of the paid-in capital, or dissolving the company before the period specified in the Companies Law.

- 2- The company shall be considered dissolved by the force of the Companies Law if the General Assembly does not meet within the period specified in Paragraph (1) of this article, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital in accordance with the conditions prescribed in this article, and the entire capital increase was not subscribed to within ninety days from the issuance of the assembly's decision to increase.

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





### (Chapter Eight)

#### Disputes

#### Article 48: Liability lawsuit

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 his own harm. The shareholder may not file the aforementioned lawsuit unless the company's right to file it still exists, and the shareholder must inform the company Intent to file a lawsuit.

### (Chapter Nine)

#### Dissolution and liquidation of the company

#### Article 49: Termination of the company

As soon as the company has completed the termination stage, the company enters into liquidation stage, and retains the legal personality to the extent necessary for liquidation. The decision of voluntary liquidation is issued by the extraordinary general assembly. The liquidation decision must include the appointment of the liquidator, determining his powers and fees, restrictions imposed on his powers and the time period required for liquidation.

The period of voluntary liquidation shall not exceed five years and may not be extended for more than that except by a court order.

The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com





The authority of the company's board of directors ends with its dissolution. Nevertheless, these people remain in charge of the company's management and are considered to be liquidators for third parties until the liquidator is appointed. Shareholders' assemblies remain in place during the liquidation period. Its role is to exercise its competencies that do not conflict with the competencies of the liquidator.

### (Chapter Ten)

### Final Provisions

#### Article 50: Companies Law:

The Companies Law and its regulations shall apply to everything not mentioned in this Law.

#### Article 51: Publication:

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



The Company's name	Articles of Association	Ministry Official Stamp Affixed
Saudi Company for Equipment and Tools (SACO) Commercial Register (1010056595)	Date 18/05/1440 AH Corresponding to 24/01/2019 AD	Ministry of Commerce and Investment (Corporate Governance Department)

- \* A copy of the articles of association has been issued based on the decision of the Extraordinary General Assembly on 17/12/2018.
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الرياض - شارع التخصصي - هاتف : ٠١١ ٤٨٢٧٨٥٤ / ٠١١ ٤٨٢٩٨٢٥

Riyadh - Takhassusi St. - Tel. : 011 4827854 / 011 4829825 - Email : Lofta3@yahoo.com