



شركة الساحل للاستثمار والتنمية والاسثمارش.م.ك.ع

COAST INVESTMENT & DEVELOPMENT CO. K.S.C.P

منذ 1975 Since

ARTICLES OF ASSOCIATION



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CHAPTER ONE - INCORPORATION OF THE COMPANY

1- INSTITUTIONAL ELEMENTS OF THE COMPANY

Article (1)

In accordance with the provisions of the Commercial Companies Law and these Articles of Association between the shareholders, whose terms are stated hereinafter, a Kuwaiti Shareholding Closed Company is incorporated under the name “Coast Investment and Development Company ” (Kuwaiti Shareholding Company , Public).

Article (2)

The head office of the Company and its legal domicile will be situated in Kuwait City. The Board of Directors may set up branches, agencies, offices or operation centers in Kuwait or abroad.

Article (3)

Duration of this company is indefinite and shall commence from the date or registration in the Commercial Registry and publication of the official deed of its incorporation in the Office Gazette.

Article (4)

The objectives for which the company has been established are:

- 1- Investment in the field of trade and projects for the company.

- 2- Investing in the field of real estate by selling, buying and owning for the benefit of the company and investing in real estate funds for the company.

3- Investing in management, development, real estate reconstruction, housing and all development processes in any field for the company.

4- All securities-related activities, including the sale and purchase of shares and bonds of companies and governmental and semi-governmental bodies, for their own account.

5- Investment Advisor.

6- The company carries out all its activities in Kuwait and abroad.

7- Unregistered Financial securities inter-mediator in the Stock Exchange.

8- Portfolio Manager Investment.

9- Carrying out all financial transactions such as borrowing, guarantees and issuing bonds of different types with or without collaterals in the local and global markets.

10- Carrying out the restructuring and consulting work and buying and selling assets for the company .

11- Director of a collective Investment System .

The company may have an interest or share in any way with bodies that do business similar to their business or may cooperate in achieving their purposes in Kuwait and abroad and may buy these bodies or join them.

2- CAPITAL

Article (5)

The authorized, issued and paid capital share capital of the company has been fixed at KD 46,502,690/200 divided into 465,026,902 shares of one hundred Kuwaiti fils each.

Article (6)

The company's shares are nominal, and may be owned by non-Kuwaiti citizens in accordance with the Decree 25 for the year 2021 to issue the law of companies and the amendments thereof in addition the governmental decisions that regulate it.

Article (7)

The founders have paid 50% (Fifty percent) of the nominal share value into Al-Ahli Bank of Kuwait, as per the certificate issued by the said bank.

The remaining value of each share should be paid within at latest five years from the date of the company's final incorporation on the date and in the manner determined by the Board of Directors, provided that the payment due dates should be declared at least fifteen days before falling due. Any delayed payment shall inevitably bear interest at 7% (seven percent) per annum from the due date, for the benefit of the company.

The Board of Directors shall have the right to sell the shares in respect of which default has been occurred, for the account of the defaulting shareholder, and at the risk and liability of the said shareholder, by public auction, without the need to give official notice. The proceeds of the sale shall be used to settle the unsettled installments of the shares as well as interest and expenses, in first priority to all creditors, and the balance shall be paid to the shareholder, In the event where the proceeds of the sale are not sufficient the company shall recover the difference against the own funds of the shareholder.

Article (8)

The founders who have signed the Memorandum of Association have subscribed to the whole of the company's share capital.

Article (9)

The Board of Directors shall within three months from the date of the company's final incorporation, hand over to each shareholder a provisional share certificate to represent the shares owned by the shareholder. The Board of directors shall issue a share certificate within three months from the date of the payment of the final installment.

Article (10)

Ownership of the share inevitably entails acceptance of the provisions of the memorandum and articles of association of the company and the resolutions of its General Assembly.

Article (11)

Each share shall entitle its owner to a proportionate share to that of the other shareholders, with no preference in the ownership of the Company's assets and in the profits distributable in the manner mentioned hereinafter.

Article (12)

As all the company's shares are nominal, the last owner thereof whose name is registered in the company's register shall alone have the right to receive the amounts due in respect of the share, whether it is dividend or a share in the assets of the Company.

Article (13)

The share capital may not be increased unless all the installments of the shares subscribed originally have been fully paid. New shares may not be issued at lower than their nominal value. If they are issued at a price higher than the nominal value, the difference shall be added to the statutory reserve after deduction of the issue expenses.

Each shareholder shall have the priority to subscribe in a number of the new shares pro rate to his/her shares. A Fifteen-day period shall be given to exercise the priority right, starting from the date of publication of the invitation to the shareholders.

Article (13 bis)

The Company may purchase up to 10% of its share capital at their market value, provided that this purchase should not be financed through the company's share capital and these shares are not included in the total number of the company's share in the cases, which requires the shareholders to own certain percentage of the share capital and in all matters related to the general assembly.

Article (13 bis)

With the purpose of retaining efficient employees to work for the company and enhancing their loyalty to it, the Board of Directors may introduce a scheme named as "**Employee Share Option Scheme**" pursuant to the terms stipulated by the Ministerial Resolution No. 337 of 2004.

- 1- To meet the Company's obligations under the "Employee Share Option Scheme", treasury shares may be used or Company's share capital may be increased, provided that the total increases to the paid up capital should not exceed 10 % within a maximum period of ten years from the date of implementing the scheme.
- 2- The annual report released by the Board of Directors to the shareholders should include a paragraph on the scheme.
- 3- The employee share option scheme and its program are to be presented to the General Assembly for approval.

CHAPTER TWO- MANAGEMENT OF THE COMPANY

1- Board of Directors

Article (14)

The company is managed by a board of directors of five members elected by shareholders by secret vote, and each shareholder, whether a natural person or a consideration, may appoint representatives to the Board of Directors of the company in proportion to his shares, and the number of board members selected in this way shall be reduced from the total members of the Board of Directors who are elected, and shareholders who have representatives on the Board of Directors may not participate with shareholders. Others in the election of the rest of the board of directors, except within the limits of the percentage used in the appointment of its representatives to the Board of Directors, and a group of shareholders may ally with each other to appoint one or more representatives to the Board of Directors at the rate of their combined ownership.

Article (15)

The members of the Board of Directors shall be elected for a renewable term of three years.

Article (16)

The member of the Board of Directors should, in his personal capacity, hold not less than 100.000 (one hundred thousand) shares. Should such member not be a holder of such number of shares at the time of his election, he shall hold the said requisite number within one month from the date of his election, failing which, his membership shall become void. The legal entity shall be responsible for the actions of its representatives towards the Company and its creditors and shareholders.

Article (17)

Neither the Chairman nor any other member of the Board of Directors may be a merchant in a business similar to or competing with the business of the company.

He may not have a direct or indirect interest in the contracts or deals concluded by the Company or for its account. Furthermore, he shall not have any interest conflicting with that of the Company without the prior special permission of the General Assembly. None of them may participate in the management of a company similar to or competing with their company. the member of the Board of Directors, even if he is a representative of the legal entity, may not exploit the information which has reached him by virtue of his position to obtain benefit for himself or for other, neither may he sell nor buy the shares of the Company of which he is a Board Member throughout the period of his membership.

Article (18)

If a position of member of the Board of Directors shall become vacant, such member shall be succeeded by the candidate shareholders who has obtained the highest number of votes but had not gained membership of the Board of Directors at the last election. Should one fourth of the original positions become vacant or no person with the required qualifications is available, then the Board of Directors shall call for a meeting of the general assembly to be convened within two months from the date on which the last post become vacant, in order to elect persons to fill the vacant posts. in all such cases, the new member shall only complete the remaining term of his predecessor.

Article (19)

The Board of Directors shall by ballot elect the Chairman and Vice-Chairman for period of three years, provided that such term shall not exceed the duration of their term as members of the Board of Directors. The Chairman shall represent the Company before the courts and others. He shall implement the resolutions of the Board of Directors. The Vice-Chairman shall act as the Chairman in case of absence of the latter or occurrence of any hindrance.

Article (20)

The Board of Directors may elect one or more of its members as Managing Directors(s). The Board of Directors shall determine their powers and remunerations.

Article (21)

Duly authorized to sign solely on behalf of the Company shall be the Chairman or his Vice-Chairman, as well as managing Director within the power vested in him by the Board of Directors. The Board of Directors may appoint a General Manager for the Company and General Managers for its branches, and determine their powers.

Article (22)

The Board of directors shall meet at least four times every year upon the invitation of its Chairman. It shall also meet whenever requested to do so by at least two of its members. The meeting of the Board of Directors shall be valid if attended by a majority of its members. Attendance by proxy at meeting of the Board of Directors shall not be permissible.

Article (23)

The resolutions of the Board of Directors shall be passed by the majority of the Directors present. In the event of vote equivalence, the Chairman shall have the casting vote. A special register shall be kept for recording the minutes of the meetings of the Board of Directors. The minutes shall be signed by the Chairman. Any objecting member may request that his opinion be recorded in the minutes.

Article (24)

In the event where a member of the Board of Directors absents himself for three successive meeting, without a valid excuse, he may be deemed to have resigned upon a resolution to be passed by the Board of Directors.

Article (25)

Without prejudice to the provisions of the commercial Companies Law, the ordinary General Assembly shall determine the remunerations of the member of the Board of Directors. The Board shall determine the remunerations of the Managing Directors and the salary of the General Manager.

Article (26)

The Board of Directors shall have the widest powers to manage the Company and all the acts required for the Management of the Company in line with its objectives including borrowing or pledging and giving guarantees of all types with all the concerned bodies. It may also sell the company's properties or mortgage the same. The said power may not be limited, except under the stipulations of the law, these Articles of Association or resolutions of the General Assembly.

Article (27)

The members of the Board of Directors may not assume any personal obligation with regard to the company's undertakings, by reason of their duties within the limits of their powers.

Article (28)

The Chairman and members of the Board of Directors shall be responsible for their actions vis-a-vis the Company, the Shareholders and other in respect of all acts of fraud, abuse of authority, every violation of the law or these Articles, and for mismanagement. The voting by the General Assembly to discharge the Board of Directors from any liability shall not prevent filing of an action for liability

2. The General Assembly

Article (29)

Invitation to the Shareholders to attend the meetings of the general assembly, of any capacity, shall be sent by registered letters. The invitation shall include an agenda for the meeting. The founders of the company shall lay down the agenda for constituent General Assembly, and the Board of Directors shall lay down the agenda for the meetings of the General Assembly meetings in an ordinary or extraordinary capacity.

Article (30)

In the events where the meeting of the General Assembly may be held at the request of the Shareholders, auditors or the ministry of Commerce & Industry, the agenda shall be laid down by whosoever requested such a meeting. It is not allowed to discuss any other matter not listed on the agenda.

Article (31)

Every Shareholder shall have a number of votes equal to the number of his share. Attendance to a meeting by proxy shall be allowed. Minors and interdicted persons shall be represented by their legal representatives. No member may vote on his own behalf or proxy on any matter relating to his personal interest or to a conflict between himself and the Company.

Article (32)

The company has a designated register with the clearing agency in which the names, nationalities, residences and shares of each of them and the value paid for each share. Any changes to the data recorded in the shareholders' register are marked in accordance with the data received by the company or the clearing agency.

Article (33)

The quorum necessary for the validity of holding the General Assembly meeting in its various capacities and for the majority required to pass resolutions shall be subject to the provisions of the Commercial Companies law.

Article (34)

Voting in the General Assembly meeting shall be in the manner identified by the Chairman of the meeting, unless the General Assembly resolves a specific voting method. The election and discharge of members of the Board of Directors must be conducted through ballot.

Article (35)

Within thirty days from registering the Company in the Commercial Registry and publication of the official deed of its incorporation in the Official Gazette, the founders shall meet in a constituent form and submit a report on all formalities of incorporation, together with the supporting documents, the verification made by the General Assembly meeting regarding the validity of incorporation operations, and their compliance with the law, the Memorandum and Articles of Association. It shall consider also the reports that may be submitted by the Ministry of Commerce & Industry in this regard. It shall elect the members of the Board of Directors and appoint the auditors and announce the final incorporation of the Company.

Article (36)

The Annual General Assembly shall be held at the invitation of the Board of Directors within the three months following the end of the fiscal year, at the time and place appointed by the Board of Directors, and the Board may invite the Assembly to meet whenever necessary, and the Board of Directors should invite the Assembly to meet at the request of A number of shareholders own 10 percent of the company's capital, or at the request of the auditor, within fifteen days of the date of the request, and the agenda is set by the party calling for the

meeting. The procedures of invitation and the quorum same rules applied to the Constituent Assembly

Article (37)

The General Assembly held in ordinary form is competent to consider all matters related to the company, except for those matters, which the law or these Articles of Association stipulated to be discussed in a general assembly held in extraordinary or constituent form.

Article (38)

The Board of Directors shall submit to the General Assembly held in an ordinary form a report containing a sufficient statement of the progress of the company's business, its financial and economic position, Balance Sheet, Profit & Loss Statement, a statement on the remunerations of the Board of directors, auditors' fees and proposal for dividend distribution.

Article (39)

At an ordinary meeting, the General Assembly shall discuss the Board of Director's report, pass resolution in respect thereof, examine the auditor's report and the report of the ministry of Commerce & Industry, if any, elect the members of the Board of Directors, appoint auditors for the following fiscal year and fix their remuneration and fees.

Article (40)

The General Assembly shall meet in an extra-ordinary form upon invitation from the Board of Directors, or upon a written request made by the shareholders owning not less than a quarter of the Company's shares. In this case, the Board of Directors must call for the General Assembly to meet within one month from the date of receiving the request.

Article (41)

The following matters shall be discussed only in the General Assembly meeting held in an extra-ordinary from:

- 1 - Amendment of the Memorandum or Articles of Association of the company.
- 2 - Sale of the entire project executed by the company or otherwise dispose thereof.
- 3 - Dissolution of the Company or merger thereof with another company or corporation.
- 4 - Reduction of the company's capital.

Any amendment to the Company's Articles of Association shall not be valid unless it has been approved by the Ministry of Commerce & Industry.

3. THE ACCOUNTS OF THE COMPANY

Article (42)

The Company shall have one or more auditors who shall be chartered accountants, appointed by the General Assembly which shall determine their fees. The auditors shall audit the account of the year for which they are appointed.

Article (43)

The financial year of the Company shall commence from January 1st and end on December 31st every year with the exception of the first financial year, which shall commence from the date of Company's final incorporation and expire on December 31st of the following financial year.

Article (44)

The auditor has the right to access all the company's books, records and documents all the time and to request the data that he considers necessary to obtain and may also verify the company's assets and obligations. Therefore, if he is not able to use these rights, he will report to the Board of Directors, and call for General Assembly and notify the Ministry of Commerce and Industry and the Capital Markets Authority.

Article (45)

The auditor shall submit a report to the General Assembly stating whether the Balance sheet and the Profit and Loss Account present fairly and clearly the Company's actual financial position, the Company maintains proper books of accounts, the inventory has been duly made, the contents of the Board of Directors' report are in accordance with the contents of the Company's books, and whether there is any violation to the company's Articles of Association, provisions of the law during the financial year in a manner that affects the Company's business or financial position and whether such violations, based on the information made available to him, still exist. The auditor shall be responsible for the validity and accuracy of the date mentioned in the report in his capacity as attorney for all shareholders. Each shareholder is entitled to discuss and inquire during the General Assembly meeting about the contents of the report with the auditor.

Article (46)

A percentage determined by the company's Memorandum and Articles of Association, or the Board of Directors shall be deducted annually from the Gross profit after consulting with the auditor to depreciate the company's assets or compensate for the drop their value, and these funds are used to purchase materials, machinery and facilities necessary or to repair them, and these funds may not be distributed to shareholders.

Article (47)

The net profits shall be distributed as follows:

1- 10% (Ten Percent) shall be deducted for the statutory reserve. The General Assembly may resolve to discontinue such deduction if the statutory reserve exceeds 50% of the Company's capital.

2- 1% (One Percent) of the net profits shall be allocated to the account of Kuwait Foundation for the Advancement of Science in accordance with the provisions of the Amiri Decree dated 12.12.1976, as amended on 21.12.1998.

3- 10% (Ten Percent) shall be deducted for the voluntary reserve. This deduction may be discounted by a resolution of the General Assembly based on a proposal of the Board of Directors.

4- Based upon a recommendation by the Board of Directors and approved by the General Assembly, a percentage from the profits shall be deducted and allocated to meet the Company's obligations under the Labor Law. This amount may not be distributed to shareholders.

5- The amount required to distribute a primary share of dividends of 5% (Five Percent) to the shareholders for their paid share shall be deducted.

6- An amount not exceeding 10% (Ten Percent) of the remainder, to be determined by the Ordinary General Assembly shall be deducted and allocated for the remuneration of the Board of Directors.

7- The remaining amount of profits shall be then distributed to the shareholders as additional dividends or carried forward, upon a suggestion of the Board of Directors, to the next year or allocated to establish a general reserve, or a reserve for extra-ordinary depreciation.

Article (48)

Dividends shall be paid to the shareholders at the place and on the dates to be fixed by the Board of Directors.

Article (49)

Reserves shall be used in accordance with the resolution of the Board of Directors for the Company's best interests. The statutory reserve may not be distributed to the shareholders. However, distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% (Five Percent) to be made in year when accumulated profits are not sufficient for the payment of a dividend of that amount. The General Assembly may resolve to discontinue deduction for the statutory reserve if the statutory reserve exceeds 50% of the Company's capital. It may also resolve to use the surplus in a manner deemed proper for the interests of the Company and shareholders.

Article (50)

The Company's cash funds shall be deposited with one or more banks designated by the Board of Directors, which shall also fix the maximum of cash money that the cashier may keep in the company's safe.

CHAPTER THREE-DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article (51)

The Company shall be dissolved by any of the reasons stipulated for in the Commercial Companies Law.

Article (52)

The Company properties shall be liquidated upon expiry thereof in accordance with the provisions of the Commercial Companies Law.