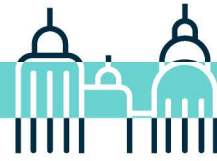


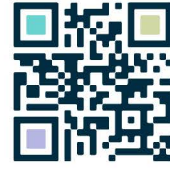
the following information is a summary of the various company types in Saudi Arabia and their key distinctions. Noting the importance of seeking more precise legal advice on these types in light of the company's intended commercial activity, which is a deciding factor.



Types of companies

CRITERIA	Limited Liability Company	Limited Liability Company (One Person)	Closed Joint Stock Company	Joint liability Company (Professional)	CLARIFICATION/NOTES
Company Incorporation					
incorporation Phases	One phase	One phase	Two phases	One phase	The one phase includes submitting the AOA to obtain the commercial registration license, as for the two phases, submitting the AOA is to obtain ministry of commerce initial approval, then conducting incorporation assembly to approve the final AOA to submit it before the ministry of commerce for minister approval commercial registration license issuance.
Number of Partners	1 or more	1	1 or more	2 or more	
Saudi Partner Ratios	Not required	Not required	Not required	25%	Some activities require a Saudi partner.
Company Finances					
Capital	No minimum	No minimum	Minimum SAR 500,000	No minimum	
Partner Liability for Company Debt	Separate personal assets from the company liabilities	Separate personal assets from the company liabilities	Separate personal assets from the company liabilities	Personally, and jointly liable in all their assets	
Modifying the Ownership of the Shares	Amending the AOA	Amending the AOA	Amending the Shareholders Record	Amending the AOA	

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TYPES OF COMPANY

CRITERIA	Limited Liability Company	Limited Liability Company (One Person)	Closed Joint Stock Company	Joint liability Company (Professional)	CLARIFICATION/NOTES
Company Management					
Shareholders Assembly meetings	Meeting once a year during the six months following the end of the financial year	N/a	Meeting once a year during the six months following the end of the financial year	no minimum number of meetings	
Company's Management	Appointed by partners from the partners or others	The owner or whoever the owner appoints	Appointed by the General Assembly of stakeholders	Appointed by partners from partners or others	
Termination of the company					
Termination Due to Death of a Partner, Withdrawal or Bankruptcy	N/A	terminate or pass to the heirs of the owner	N/A	Expires unless otherwise agreed by the partners	

*Kindly note that the foreign investor may incorporate a Public Joint stock company, but due to the special requirements for this type of company it was not mentioned in the above table.

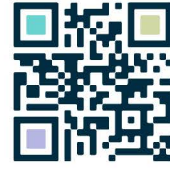


CRITERIA OF CHOOSING A COMPANY TYPE

Due to the importance of determining the type of company before starting the procedures for incorporation in Saudi Arabia, these examples illustrate the most important criteria that must be taken into consideration and the possibilities that may result when applying these criteria.

Criteria's					Company Type	Benefits
Company Activity	Partner ratios	Number of Partners	Offering shares for trading	Governance		
Industrial – Service – Commercial	100% foreign or with a Saudi partner	1	I don't plan to Offer shares for trading	Simplified	Limited liability (one person)	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Simple decision-making process <input checked="" type="checkbox"/> Fully owned by the parent company <input checked="" type="checkbox"/> Unified management <input checked="" type="checkbox"/> Consolidation of the company's organization <input checked="" type="checkbox"/> Protect the owner personal assets, from any obligations on the company

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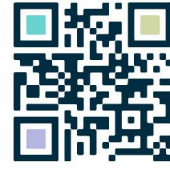


TYPES OF COMPANY

Criteria's					Company Type	Benefits
Company Activity	Partner ratios	Number of Partners	Offering shares for trading	Governance		
Industrial – Service – Commercial	100% foreign Or with a Saudi partner	2 and more	I want to put the shares up for trading	formed	Joint stock company (public)	<ul style="list-style-type: none"> ☑ Protect the shareholders personal assets, from any obligations on the company. ☑ Corporate Governance ☑ Formed decision-making mechanism. ☑ Strict control over the company's management ☑ Trading shares
Industrial – Service – Commercial	100% foreign Or with a Saudi partner	2 and more	I don't plan to Offer shares for trading	formed	Closed Joint stock company	<ul style="list-style-type: none"> ☑ Protect the shareholders' personal assets, from any obligations on the company. ☑ Corporate Governance ☑ Formed decision-making mechanism. ☑ Strict control over the company's management
Industrial – Service – Commercial	100% foreign Or with a Saudi partner	2 and more	I don't plan to Offer shares for trading	Simplified	Limited liability company	<ul style="list-style-type: none"> ☑ Simplified decision-making mechanism. ☑ Unified management. ☑ Consolidation of the company's organization. ☑ Protect the partners personal assets, from any obligations on the company.
Industrial – Service – Commercial	100% Foreign	Affiliated with the parent company	I don't plan to Offer shares for trading	Affiliated with the parent company	Branch	<ul style="list-style-type: none"> ☑ An extension of the parent company is a representative for it. ☑ The parent company is responsible for the obligations of the branch. ☑ No need to draft a separate article of association. ☑ Representing the parent company and serving its client in Saudi Arabia. ☑ The branch does not constitute a separate legal entity.

**Kindly note that the above are only examples and possibilities, as it is not possible to list all cases that lead to a particular preference or a result, and accordingly they do not replace obtaining detailed legal advice according to the company's situation.*

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EXCEPTIONAL CASES

Despite the free will of determining the type of company, there are some exceptions specified by the law restricting the freedom of the investor to choose the type of company when choosing a specific activity or type of company, and this is restricted as follows:

Exceptional cases

Company Activity	Company type	Partner ratios	Number of Partners	Special conditions	clarification
1 Financial	Joint stock company (JSC) (LEGALLY REQUIRED)	100% foreign Or with a Saudi partner	1 or more	Pre-authorization from the Central Bank for practicing the financial activity	Due to the sensitivity of the financial sector and the significance of having more control over it, a joint stock company must be the form of the organization where the activity is a financial activity, such as banking and insurance.

Company Activity	Company type	Partner ratios	Number of Partners	Special conditions	clarification
2 Joint Liability company (JLC)	Professional (LEGALLY REQUIRED)	Foreign maximum 75% Saudi Minimum 25%	2 or more	Professional licensing for the parent company and the Saudi partner The percentage of non-professional partners should not exceed 30%	Due to the sensitivity of the JLC, which holds the personal liability of the partners on the company's obligations, a foreign investor can incorporate a JLC only when practicing one of the professional activities such as management consulting, engineering consulting, or any other professional activities.

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