

اسمنت اليهامة YAMAMA CEMENT

Articles of Association of YAMAMA CEMENT



APRIL 2021

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CHAPTER ONE: Establishment of the Company

Article (1): Establishment of the Company:

A Saudi joint stock Company has been established in accordance with the provisions of the Companies Law as a Saudi Joint Stock Company among shares' owners which provisions are stated as follows:

Article (2): Name of the Company:

ALYAMAMAH CEMENT COMPANY

Article (3): Purposes of the Company:

1. Manufacturing and producing cement and its auxiliaries, derivatives and components and trade it inside and outside the Kingdom of Saudi Arabia.
2. Management and operation of cement factories of all kinds. To achieve this purpose, it shall have the right to conclude all types of contracts and to exercise all aspects of activity that achieve its objectives. The company shall carry out its activities in accordance with the followed regulations after obtaining the necessary licenses from the competent authorities, if any.
3. Exploitation of quarries and mining to obtain all necessary raw materials and assistance in the manufacturing process of cement.
4. Managing, developing, investing and renting real estate and company lands, or selling them in whole or in part, whether directly by the company or through commercial intermediaries.

Article (4): Participation and Ownership in Companies:

The company may establish companies by its own with limited liability or closed shareholding companies provided that the capital is not less than (5) million Saudi Riyals, and it may also own shares and stakes in other existing companies or merge with them. Besides, it shall have the right to participate with others in establishing joint stock or limited liability companies, after fulfilling the requirements of the applicable rules,

regulations and instructions in this regard. The company may also dispose of these stocks and shares, provided that this does not include brokerage in trading them.

Article (5): Head office of the Company:

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

Article (6): Duration of the Company:

The company was established by Royal Decree No. 23-1-14-1016 dated 9/5/1376 AH corresponding to 12/12/1956 AD and the specified period for this company is ninety-nine Gregorian years starting from the date of issuing the Minister of Commerce's decision and registration in the Commercial Registry No. 1010001578 dated 18/04/1379 H corresponding to 21/10/1959 AD. The term of the company may, always, be extended by a decision issued by the extraordinary general assembly of the shareholders within at least one year before the end of its term.

CHAPTER TWO: Capital and Shares

Article (7): Capital:

The Company's capital has been set at an amount of SR 2,025,000,000 Saudi Riyals (Two billion, twenty five million Saudi Riyals) divided into (202,500,000) shares.

The historical development of the company's capital is as follows:

S. No.	Date	Capital (Saudi Riyals)
1	▲1376/05/09	Capital of (25,000,000) Million Saudi Riyals
2	▲1388/03/21	Capital increase to SR. (50,000,000) Million Saudi Riyals
3	▲1391/03/15	Capital increase to SR. (75,000,000) Million Saudi Riyals
4	▲1395/06/03	Capital increase to SR. (750,000,000) Million Saudi Riyals
5	▲1407/06/09	Capital increase to SR. (1200,000,000) One

		Billion and Two Hundred Million Saudi Riyals
6	١٤١٠/١٠/١٧	Capital decrease to SR. (900,000,000) Million Saudi Riyals
7	١٤١٩/٠١/١٤	Capital decrease to SR. (450,000,000) Million Saudi Riyals
8	١٤٢٧/٠٢/٢٨	Capital increase to SR. (1350,000,000) One Billion and three Hundred Million Saudi Riyals
9	١٤٣٣/٠٤/٠٤	Capital increase to SR. (2,025,000,000) Two Billion and Twenty Five Million Saudi Riyals

Article (8): Subscription to Shares:

The shareholders subscribed for all of the Company's shares, which amounted to 25,000,000 (Twenty Five Million Saudi Riyals) and paid out of its value the amount of (12,750,000 (Twelve Million and Five Hundred Thousand Saudi Riyals) as follows:

S. No.	Founder's Name	Ratio *	No. of Shares	Paid Amount
1	His Highness Prince Mohammed bin Saud Al Saud	15.9%	39,580	3,958,000
2	Musaed bin Saud and his brothers	8%	20,000	2,000,000
3	Abdullah bin Muhammad Al Saud and his brothers	5.1%	12,560	1,256,000
4	Mohammed bin Abdulaziz bin Turki	5.1%	12,560	1,256,000
5	Sheikhs Abdulaziz and Muhammad Al-Abdullah Al-Jomaih	3.5%	8,560	856,000
6	Sheikhs Ibrahim Al-Rashed Al-Hamid and his brothers	3.5%	8,560	856,000

7	Sheikh Mohammed Al- Abdullah Al-Arifi	3.5%	8,560	856,000
8	The National Commercial Bank Corporation	3.5%	8,560	856,000
9	Riyad Bank	3.5%	8,560	856,000
		51%	127,500	12,750,000

- The remaining shares, equivalent to 49% of the total capital, were offered for public subscription in accordance with the relevant provisions.

Article (9) Sale of shares of un-fully paid value:

1. The shareholder shall undertake to pay the value of the share on the dates specified for the same, and if he fails to pay on the due date, the board of directors - after informing him of the methods prescribed in the company's articles of association or informing him by a registered letter - may sell the share in the public auction or the stock market - as the case may be - according to the controls specified by the competent authority.
2. The company shall collect from the sale proceeds the sums owed to it and the rest shall be returned to the owner of the share. If the proceeds of the sale are not sufficient to meet these sums, the company may collect the remainder of all the shareholder's funds.
3. A shareholder who fails to pay until the day of the sale may pay the value owed on him in addition to the expenses that the company has spent in this regard.
4. The company shall cancel the sold share in accordance with the provisions of this article, and shall give the buyer a new share bearing the number of the canceled share, which shall be indicated in the stock register that the sale has occurred with an indication of the name of the new owner.

Article (10): Issuance of shares

The company's shares shall be nominal shares and such share may not be indivisible vis-à-vis the Company. If it is owned by many

people, they must choose one of them to act on their behalf to use the rights pertaining to the share, and these persons shall be jointly responsible for the obligations arising from the ownership of the share. The nominal value of the share shall be Ten Riyals, and it may not be issued at less than its nominal value, but it may be issued at a higher value - if the general assembly approves - and in this last case, the difference in value shall be added in a separate item within the shareholders' equity and may not be distributed as dividends to the shareholders. .

Article (11) Shares Trading:

Subscribing to shares or owning them shall indicate that the shareholder accepts the company's articles of association and his commitment to the decisions issued by the shareholders' assemblies in accordance with the relevant provisions of this system and the company's articles of association, whether he is present or absent, and whether he agrees with these decisions or violates them.

Article (12) Shareholders' Register:

The Company's shares shall be traded in the stock exchange in accordance with the provisions of the financial market exchange.

Article (13) Preferred Shares

The extraordinary general assembly - based on the principles laid down by the competent authority - may issue preferred shares, or decide to purchase them, or convert ordinary shares into preference shares, or convert preferred shares into ordinary shares. However, preferred shares may not be given the right to vote in the general assembly of shareholders. These shares shall give their owners the right to obtain a greater percentage of the owners of common shares than the net profits of the company after setting aside the statutory reserve. But, it is not permissible to issue new shares that have priority over them, except with the approval of a special assembly formed - in accordance with article (89) of the Companies Law - from the owners of preferred shares who are harmed by this issue, and with the approval of a general assembly consisting of all classes of shareholders.

Article (14) The company's purchase of its shares

The company may buy its ordinary or preferred shares or pledge them as well as selling them. In addition, the company may buy

its shares to allocate them to the company's employees within the employee share program in accordance with the controls laid down by the competent authority. However, the shares bought by the company shall not have votes in the shareholders' assemblies.

Article (15) Selling Treasury Shares

The company may sell the treasury shares in accordance with the controls and procedures set out by the competent authority.

Article (16) Pledge of Shares

The company may pledge its shares as a guarantee of a debt owed by others, in accordance with the controls and procedures laid down by the competent authority.

Article (17) Increasing 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 and it is not a requirement that the capital has been fully paid, if the unpaid part of the capital is due to shares issued in exchange for converting debt instruments or bonds' financing into shares and the period set for converting them into shares has not yet expired.
2. The extraordinary general assembly may, in all cases, allocate the shares issued when increasing the capital or part thereof to the employees of the company and its subsidiary companies or some of them, or any of the same. However, the shareholders may not exercise the right of priority when the company issues shares allocated to employees.

The capital shall be increased in one of the following ways:

1. Issuing new shares in exchange for cash or in-kind shares.
2. Issuing new shares in exchange for the company's specific debts in the amount of the performance status, provided that the issuance is at the value decided by the extraordinary general assembly, after seeking the opinion of an expert or certified evaluator, and after the board of directors and the

auditor prepare a statement of the origin and amount of these debts and have the board members and auditors sign this statement, who will be responsible for its validity.

3. The issuance of new shares in the amount of the reserve that the extraordinary general assembly decided to incorporate into the capital. These shares must be issued in the same form and conditions as the traded shares, and those shares shall be distributed free of charge to the shareholders in proportion to what each one of them owns of the original shares.
4. Issuing new shares in exchange for debt instruments or financing instruments.

The shareholder who owns the share - at the time of the General Assembly's decision to approve the increase in the capital - shall have the priority in subscribing for new shares issued in exchange for cash shares, and inform them of their priority - if any - by publishing in a daily newspaper or informing them through registered mail or any other method approved by the competent authorities for the capital increase decision, terms of subscription, duration, start and end date.

Article (18) Reducing the Capital

1. By a resolution from the Extraordinary General Assembly, the capital may be reduced if it exceeds the company's need or if the Company suffers losses. In the latter case only, it is permissible to reduce the capital below the limit stipulated in Article (54) of the Companies Law, and the reduction resolution shall not be issued except after reading a special report prepared by the auditor for the reasons necessitating it along with the Company's obligations, and the effect of such reduction on these obligations.
2. If capital reduction is coming as a result of an increase in the capital over the Company's need, then, the creditors must be invited to express their objections to it within sixty days from the date of publishing the reduction resolution in a daily newspaper that is distributed in the area in which the Company's head office is located. If one of them objected and presented his documents to the Company in the said time, the

Company must pay him his debt if it is due, or provide sufficient security to pay it if it is later.

3. The capital shall be reduced in one of the following ways:
 - Cancellation of a number of shares equal to the amount required to be reduced.
 - The company's purchase of a number of its shares equal to the amount required to be reduced, and then canceled.
4. If the capital reduction is by canceling a number of shares, equality among the shareholders must be taken into consideration, and they must present to the company - on the date specified - the shares that have been decided to be cancelled, otherwise it will be considered as cancelled.
5. If the capital reduction is made by purchasing a number of the company's shares in order to cancel them, the shareholders must be invited to offer their shares for sale, and this invitation shall be made by informing the shareholders by registered mail or by publishing in a daily newspaper distributed in the area where the company's head office is located with the desire of the company in stock purchases.
6. If the number of shares offered for sale exceeds the number that the company decided to purchase, the sale requests must be reduced in proportion to this increase, and the shares shall be bought in accordance with the financial market system.

Article (19) Issuance of debt instruments or financing instruments

1. The company may issue - in accordance with the financial market system - debt instruments (Compliant with Islamic Sharia) or negotiable financing instruments.
2. The company may issue, according to the financial market system, debt instruments or financing instruments convertible into shares after the issuance of a decision by the extraordinary general assembly specifying the maximum number of shares that may be issued in

exchange for those instruments or sukuk, whether those instruments or sukuk are issued at the same time, or through a series of issuances, or through one or more programs to issue debt instruments or financing instruments. The board of directors shall issue - without the need for a new approval from this assembly - new shares in exchange for those instruments or sukuk whose holders request their conversion, upon the expiry of the transfer request period specified for the holders of those instruments or sukuk, and the Board shall take the necessary measures to amend this system with regard to the number of issued shares and capital.

3. The Board of Directors must announce the completion of the procedures for each capital increase in the manner specified in the system for announcing the Extraordinary General Assembly's decisions.
4. The company may convert debt instruments or financing instruments into shares in accordance with the financial market system.

Chapter Three: The Board of Directors

Article (20) Company management

The company shall be managed by a board of directors made up of (7) members, elected by the ordinary general assembly for a period of three years.

Article (21) Nomination for membership of the Board of Directors

Every shareholder shall have the right to nominate himself or one or more other persons for the membership in the Board of Directors, within the limits of his ownership percentage in the capital.

Article (22) Expiration of Board Membership and Vacant Position in the Board:

- 1- The membership of the Board shall end with the expiration of its term and the members may be re-elected whose membership terms had expired.

- 2- The Ordinary General Assembly may at all times remove all or some of the members of the Board of Directors even if the articles of associations otherwise provides for and without prejudice to the right of the removed member towards the Company to claim compensation if the removal occurs for an acceptable reason or at an inappropriate time, and the board member may retire provided that it is at an appropriate time, otherwise he will be liable to the Company for the damages resulting from his retirement.
- 3- If a position of one of the members of the Board becomes vacant, the Board shall have the right to – temporarily - appoint a member of the vacant position, provided that he is of those who have experience and sufficiency and must inform the competent authorities within five working days from the date of appointment, and that this appointment be presented to the General Assembly at its first meeting, the new member completes the term of his predecessor.
- 4- If the necessary conditions for required for the Board to convene are not met due to the lack of the number of its members below the minimum stipulated in the Companies Law or this law, the remaining members must call the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.
- 5- The General Assembly may – based on a recommendation from the board of directors – terminate the membership of those who are absent from attending three successive board meetings without a legitimate excuse.

Article (23) Powers of the Board

1. Subject to the competencies established for the General Assembly, the Board of Directors shall have the broadest powers in managing the company, disposing of its affairs, and drawing the general policy of the company in a way that achieves its objectives.
2. The Board of Directors may purchase assets or what the company needs, and conclude loans and other credit facilities, regardless of their duration and value, with funds and government financing institutions, commercial banks, credit companies or any other party, or sell or mortgage the company's assets, release and discharge the pledge, and provide bonds for an order and any necessary guarantees and any documents related to loans and

facilities, or the sale or mortgage of the company's business, or the release of the company's debtors from their obligations, represented by the chairman or his deputy, and any one of them shall have the right to delegate whomever he deems appropriate.

3. The Board of Directors may approve the provision of financial support, guarantees and loans to companies that the company fully owns or shares its capital with other companies and guarantee the debts of any of these companies. They are represented by the chairman or his deputy, and any one of them shall have the right to delegate whomever it deems appropriate.

Article (24) Remuneration of the board members

1. The remuneration of the members of the Board of Directors shall be a certain amount paid as an attendance allowance for the sessions, or in-kind benefits, or a certain percentage of the net profits, and it is allowed to combine two or more of these benefits.
2. If the remuneration is a specific percentage of the company's profits, then, this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by the General Assembly in implementation of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit of no less than (5%) of the company's paid-up capital, provided that the entitlement to this bonus is proportional to the number of sessions attended by the member.
3. In all cases; the total remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors gets shall not exceed an amount of five hundred thousand Riyals annually.
4. The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all the remunerations, expenses, allowances and other benefits that the board members received during the fiscal year. In addition, it should also include a statement of what the Board members have paid as workers or administrators, or what they have received in return for technical or administrative works or

consultations. It should also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

Article (25) Powers of the Chairman, Vice Chairman, and Secretary

1. The Board of Directors shall appoint from among its members a Chairman and Vice-Chairman. However, it is not permitted to combine the position of Chairman of the Board of Directors with any executive position in the company. The Board of Directors shall determine the terms of reference of the Chairman and his Deputy and the special remuneration that each of them shall receive, in addition to the remuneration determined for the Board members.
2. The Board of Directors shall appoint a secretary to be chosen by him from among its members or from others, and who shall define his functions and remuneration.
3. The term of the chairman, his deputy, and the secretary of the board member shall not exceed the term of each one of them in the board. However, the Board may at any time dismiss them or any one of them without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an unlawful reason or at an inappropriate time.
4. The Chairman of the Board of Directors shall appear before the courts, arbitration tribunals and third parties. In addition, the Chairman of the Board may, by a written decision, delegate some of his powers to other members of the Board or from third parties in carrying out a specific work or work.
5. The Vice-Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence or by proxy or authorization.

Article (26) Competences of the Chairman of the Board

1. Ensure that the members of the Board of Directors have access to complete, clear, correct and not misleading information in a timely manner.
2. Ensure that the Board of Directors discusses all the basic issues in an efficient and timely manner.
3. In the event of his absence, the chairman or his deputy shall represent the company before the courts, arbitration bodies and others. The chairman of the board may, by a written decision, delegate some of his powers to other members of the board or from others in undertaking specific work or activities.
4. Encouraging members of the Board of Directors to carry out their duties effectively and in the interest of the company.
5. Ensure that there are effective communication channels with the shareholders and communicate their opinions to the Board of Directors.
6. Encouraging constructive relationships and effective participation between the board of directors and the executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
7. Preparing the agenda of the Board of Directors meetings, taking into account any issue raised by a member of the Board of Directors or raised by the auditor, and consulting with the members of the Board and the Chief Executive Officer when preparing the agenda of the Board.
8. Holding regular meetings with non-executive board members without the presence of any executive in the company.
9. Informing the Ordinary General Assembly at its convening of the business and contracts in which one of the members of the board of directors has a direct or indirect interest in it, provided that this notification includes the information provided by the member to the board of directors and that this notification is accompanied by a special report from the company's external auditor.

10. The chairman of the board of directors may not be a member of the audit committee, and he may participate in the membership of other committees, provided that he does not occupy the position of chairman in the committees stipulated in these regulations.
11. The chairman's task is to be able to oversee the general management of the general affairs and activities of the company, in a manner that ensures that the board controls the company's affairs and makes it aware of its obligations towards shareholders. The board chairman must have the appropriate leadership qualities to enable him to fulfill his role and gain the confidence and respect of the rest of the board members, as well as the management of the company and the shareholders in general.
12. The Chairman of the Board of Directors plays a major role as a leader of the company through the board in drawing up the vision and strategy of the company, and this is achieved through the following:
 - Create a clear vision.
 - Directing the board to develop the company's strategy.
 - Directing the Board in evaluating and approving business plans, including the annual budget, and future long-term plans, such as the five-year plan.
 - Ensure the consistency of the company's activities and achievements with the drawn strategy.
 - Ensure that the Chief Executive Officer has the necessary qualifications, capabilities and competence to manage the company.

Article (27) Board meetings

1. The Board of Directors shall meet at least twice a year at the invitation of the Chairman, his Deputy, or the Secretary in accordance with the conditions stipulated in these articles of associations. The chairman or his deputy

must invite him to a meeting, whenever two of the members so request him to do so.

2. The Board of Directors may issue decisions on urgent matters to present them to the members dispersed, unless one of the members requests - in writing - the board meeting to discuss them. These decisions are presented to the Board at its first subsequent meeting.

Article (28) Board meeting quorum

1. The board's meeting shall not be deemed valid unless attended by at least half of the members, provided that the number of attendees is not less than the minimum stipulated in the Companies Law.
2. A member of the Board of Directors may delegate other members to attend the meeting on his behalf.
3. The Board decisions are issued by the majority of opinions of the attending members or their representatives. When opinions are equal, the side with which the session chair voted shall prevail.
4. The Board meetings can take place using modern technologies, and the company's management determines the method of meeting and documents the meeting.

Article (29) Board Deliberations

The deliberations and decisions of the board of directors are recorded in meeting minutes signed by the session chairman, the members of the board present and the secretary. These meeting minutes are recorded in a special register signed by the chairman and the secretary.

Chapter Four: Shareholders' Assemblies

Article (30) General Assembly

1. A properly formed general assembly shall represent all shareholders, and shall be held in Riyadh Region.

2. The general assembly meetings of the shareholders shall be chaired by the chairman or his deputy in his absence, or by whomever the board of directors delegates from among its members for that in the absence of the chairman and his deputy.
3. Every shareholder shall have the right to attend the general assemblies of the shareholders. In this regard, he may delegate another person on his behalf who is not a member of the board of directors or company employees to attend the general assembly.
4. The meetings of the general assembly of shareholders may be held along with the shareholder's participation in their deliberations and voting on its decisions, whether by attendance or by means of modern technology, according to the controls laid by the competent authority.

Article (31) Competences of the Ordinary General Assembly

With the exception of matters pertaining to the extraordinary general assembly, the ordinary general assembly shall have jurisdiction over all matters related to the company. It meets at least once a year during the six months following the end of the company's financial year, and other ordinary assemblies may be invited whenever the need arises.

Article (32) Competences of the Extraordinary General Assembly

1. The extraordinary general assembly shall have the authority to amend the company's articles of association, except for the following matters:
 - A- Depriving the shareholder or modifying any of his basic rights he obtains in his capacity as a partner, especially the following:
 - Obtaining a share of the profits that are decided to be distributed, whether such distribution is made in cash or by issuing bonus shares to non-employees of the company and its subsidiaries.

- Obtaining a share of the company's assets upon liquidation.
- Attending public or private shareholders' assemblies, participating in their deliberations, and voting on their decisions.
- Disposing of his shares in accordance with the provisions of the system.
- Requesting access to the company's books and documents, monitoring the work of the Board of Directors, filing a liability lawsuit against the members of the Board of Directors, and challenging the invalidity of the decisions of the public and private shareholders' associations.
- Priority to subscribe to new shares issued against cash shares.

A- Amendments that would increase the financial burdens of shareholders, unless all shareholders agree to this.

B- Transferring the company's headquarters outside the Kingdom.

C- Changing the nationality of the company.

2. The extraordinary general assembly is also the competent authority to consider extending, shortening, or dissolving the company's term before the end of its term for any reason. In addition, it may issue decisions on matters falling within the jurisdiction of the Ordinary General Assembly, with the same terms and conditions established for the Ordinary General Assembly.
3. The extraordinary general assembly - in addition to the powers assigned to it - may issue decisions on matters originally included in the terms of reference of the ordinary general assembly, according to the same terms and conditions established for the ordinary general assembly.

Article (33) Inviting the Assemblies

1. The general or private assemblies of the shareholders shall convene at the invitation 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 within thirty days from the date of the auditor's request.
2. A decision by the competent authority may invite the Ordinary General Assembly to convene in the following cases:
 - If the specified period for the meeting stipulated expires during the six months following the end of the company's fiscal year.
 - 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 Article (69) of the Companies Law.
 - If it is turned out 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.
 - If the board does not invite the general assembly to convene within fifteen days from the date of the request of the auditor, the audit committee, or a number of shareholders representing at least 5% of the capital.
3. A number of shareholders representing (2%) may submit a request to the competent authority to call the Ordinary General Assembly to convene if any of the cases stipulated in Paragraph (2) of this article are fulfilled.

Article (34) Publication of the invitation to the General Assembly

The invitation to convene the general assembly shall be published in a daily newspaper distributed in the region in which the main head office of the company is located, within at least twenty-one days before the date set for the meeting. A copy

of the invitation and the agenda shall be sent to the competent authorities during the period specified for publication.

Article (35) Shareholders Attendance Record

The shareholders who wish to attend the general or private assembly shall register their names in the company's head office prior to the time set for the assembly.

Article (36) Quorum for the Ordinary General Assembly Meeting

1. The Ordinary General Assembly meeting held shall not be valid unless it is attended by the shareholders representing at least a quarter of the company's capital.
2. If the quorum required for holding the ordinary general assembly meeting according to Paragraph (1) of this Article is not met, an invitation shall be issued for a second meeting to be held within the thirty days following the previous meeting. This invitation shall be published in a daily newspaper distributed in the area where the company's head office is prior to the date set for the meeting, by at least twenty-one days. Nevertheless, the second meeting may take place an hour after the end of the period specified for the first meeting, and the invitation to hold the first meeting should include a proof of the possibility of holding this meeting. However, in all cases, the second meeting shall be deemed valid regardless of the number of shares represented thereof.
3. The decisions of the Ordinary General Assembly shall be issued by the absolute majority of the shares represented in the meeting.

Article (37) Quorum for the Extraordinary General Assembly meeting

1. The extraordinary general assembly meeting shall not be deemed valid unless it is attended by the shareholders representing at least half of the capital.
2. If the quorum required to hold the extraordinary general assembly meeting in accordance with Paragraph (1) of this Article is not met, an invitation shall be issued for a

second meeting to be held in the same conditions stipulated in Article (91) of the Companies Law. Nevertheless, the second meeting may be held an hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes an evidence of the possibility of holding this meeting. However, in all cases, the second meeting will be valid if attended by a number of shareholders representing at least a quarter of the capital.

3. 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 authority.
4. The decisions of the extraordinary general assembly shall be issued by a two-thirds majority of the shares represented at the meeting, unless it is a decision 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 these articles of associations or its merger with another company, then, it shall not be deemed valid unless it is issued by a three-fourths majority of shares represented at the meeting.
5. The Board of Directors shall, in accordance with the provisions of Article (65) of the Companies Law, announce the decisions of the Extraordinary General Assembly if they include amending the Company's Articles of Association.

Article (38) Voting in the Assemblies

1. Votes in the ordinary and extraordinary general assemblies are calculated on the basis of one vote per share. The company applies the cumulative voting method in electing the board of directors, and it is not permitted to use the right to vote for more than one share.
2. The members of the Board of Directors may not participate in voting on the Assembly's decisions that relate to absolving them of their liability for their management or that relate to interests associated with them.

Article (39) Assemblies of the Preferred Shareholders

1. The assemblies of the holders of the preferred shares shall be held in accordance with the provisions of Articles (90, 91, and 92) of the Companies Law.
2. The meeting of the assembly of the preference shares of a particular class shall not be valid unless attended by shareholders representing half of the preference shares of the same class.
3. If the quorum necessary to convene the private assembly according to the previous paragraph is not met, an invitation shall be issued for a second meeting to be held in the same conditions stipulated in Article (91) of the Companies Law. Nevertheless, the second meeting may be held an hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence of the possibility of holding this meeting. However, in all cases, the second meeting shall be valid if attended by a number of preference shareholders representing one-fourth of the number of preference shares for the same class.
4. If the necessary quorum is not met at the second meeting, an invitation shall be issued to a third meeting to be held in the same conditions stipulated in Article (91) of the Companies Law. The third meeting shall be valid regardless of the number of preferred shares represented in it of the same class, after the approval of the competent authority.
5. The decisions of the assembly related to the owners of the preference shares shall be issued by a two-thirds majority of the preferred shares of the same class represented at the meeting.

Article (40) Discussion in the Assemblies

Every shareholder shall have the right to discuss matters and topics listed on the assembly's agenda and direct questions about them to the members of the board of directors and auditor. The board of directors or the auditor shall answer the shareholders' questions to the extent that they do not compromise the interest of the company, and if the shareholder

deems that the answer to his question is not convincing, he must refer to the association, and its decision in this regard was enforceable.

Article (41) Preparing the minutes of the general assemblies

At the meeting of the association, a report shall be drawn up that includes the number of the shareholders present or representatives, the number of shares in their possession in origin or agency, the number of votes decided for them, the decisions taken, the number of votes that approved or disagreed with them, and a comprehensive summary of the discussions that took place in the meeting. The minutes are recorded regularly after each meeting in a special register signed by the chairman of the assembly, its secretary, and the vote collector.

Chapter Five: The Audit Committee

Article (42) Formation of the Committee

The committee shall be formed by a decision of the Ordinary General Assembly, provided that the number of its members shall not be less than three and not more than five members of the executive board, whether from the shareholders or others, and the decision shall specify the tasks of the committee, its work controls, its duration, and the remuneration of its members.

Article (43) Quorum for the meeting of the committee

The meeting shall not be deemed valid unless the majority of its members attend, and its decisions are issued by the majority of the votes of those present, and when the votes are equal, the side with which the meeting chair voted shall prevail.

Article (44) Competencies of the Committee

The audit committee shall be responsible for monitoring the company's business, and for this purpose it shall have the right to view its 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 to heavy damages or losses.

Article (45) Reports of the Committee

The audit committee must review the company's financial statements and the reports and notes provided by the auditor, and express its opinions about them, if any, and it must also prepare a report on its opinion regarding the adequacy of the company's internal control system and what it has done of other activities that fall within the scope of its competence. The board of directors must deposit sufficient copies of this report in the company's headquarters at least twenty-one days before the date of the general assembly meeting to provide a copy of it to each of the shareholders wanted. The report shall be read during the assembly.

Chapter Six: Auditor

Article (46) Appointing the Auditor

1. The company shall have one or more auditors from among the auditors licensed to work in the Kingdom, appointed by the Ordinary General Assembly, and his remuneration and the duration of his work shall be determined, and it may reappoint him, provided that the total period of his appointment does not exceed five continuous years or re-appoint after two years from its expiry date. The assembly may also change it at any time without prejudice to its right to compensation if the change occurred at an inappropriate time or for an unlawful reason.
2. It is not permitted to combine the work of the auditor with the participation in the establishment of the company or the membership of the board of directors, or the technical or administrative work of the company for its benefit, even if it is for advice. Also, it is not allowed for the auditor to be a partner of one of the founders of the company, a member of its board of directors, a worker with him, or a relative to the fourth degree, with entry to the purpose. Any action in contrary to this shall be void, with his obligation to return what he has received to the Ministry of Finance.

Article (47) Powers of the Auditor

The auditor shall have the right at any time to view the company's books, records and other documents, and he also

shall have the right to request data and clarifications that he deems necessary to obtain, in order to verify the assets and liabilities of the company, and other things that fall within the scope of his work. The chairman of the board of directors must enable him to perform his duty, and if the auditor encounters difficulty in this regard, he shall prove this in a report submitted to the board of directors.

Article (48) Auditor's Report

The auditor must 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 law or the provisions of the company's basic system, and his opinion of the extent of fairness The financial statements of the company, and the auditor reads his report in the general assembly, and if the assembly decides to approve the report of the board of directors and the financial statements without hearing the auditor's report, its decision is void.

Article (49) Confidentiality of information with the auditor

The auditor may not disclose to the shareholders other than the general assembly or to others what may come to him of the company's secrets as a result of his work, otherwise, he should be dismissed in addition to asking him for compensation. The auditor shall be responsible for compensating the damage that befalls the company, the shareholders or others because of the mistakes made by him in the performance of his work. If there are multiple auditors and they share in the same error, they shall be jointly responsible for the same.

Chapter Seven: Company Accounts and Profit Distribution

Article (50) fiscal year

The company's financial year begins on the first day of January and ends at the end of December of every Gregorian year.

Article (51) Financial documents

1. The Board of Directors shall, at the end of each financial year, prepare the company's financial statements and a report on its activities and financial position for the past financial year. This report shall include the proposed method for distributing profits. The Board shall place these documents at the disposal of the auditor at least forty-five days before the date fixed for the meeting of the General Assembly.
2. The Chairman, Chief executive and Financial Director of the company must sign the aforementioned documents, and copies of them shall be deposited in the company's head office at the shareholders' disposal at least twenty-one days before the date set for the meeting of the general assembly.
3. The Chairman of the Board of Directors shall publish the company's financial statements, the report of the board of directors and the auditor's report in a newspaper distributed in the country in which the head office of the company is located. The board must also send a copy of these documents to the Ministry of Commerce and Investment, and send a copy to the Capital Market Authority, before the date where the general assembly shall convene for at least fifteen days.
4. The classification of the financial statements for each fiscal year shall be taken into account, the classification followed in previous years, and the principles for evaluating assets and liabilities remain constant, without prejudice to generally accepted accounting standards.
5. The Board of Directors shall, within thirty days from the date of the approval of the General Assembly on the financial statements, the report of the Board of Directors, the report of the auditor and the report of the audit committee, deposit copies of the aforementioned documents with the Ministry of Trade and Investment, as well as with the financial market.

Article (52) Distribution of profits

The annual net profits of the company shall be distributed after deducting all general expenses and other costs, including the Sharia-imposed zakat, as follows:

1. Ten percent (10%) of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may stop this deduction when the said reserve reaches 30% of the paid-up capital. A certain percentage of the net profits may be set aside to form a (Additional) agreement reserve to be allocated for specific purposes, including, but not limited to, against any decrease or decrease in the value of (Fixed assets and equipment - spare parts stock - stock of in-progress materials or raw materials - investment - others) Or any other purpose as decided by the ordinary general assembly of shareholders.
2. From the remainder, a first share of the profits shall be distributed to the shareholders in the amount of five percent (5%) of the paid capital. If the profits of a year of years do not allow this share to be distributed, then, it is not permissible to claim it from the profits of the coming years.
3. Ten percent (10%) of the remainder shall be set aside to remunerate the members of the Board of Directors, not exceeding 500,000 (Five hundred thousand Riyals) for each member.
4. From the remainder, an additional share of the profits is distributed to the shareholders.
5. The general assembly may, upon the proposal of the board of directors, decide to create other reserves.
6. The general assembly shall decide, based on the proposal of the Board of Directors, on how to dispose of the profits remaining after that in the interest of the company.
7. The statutory reserve shall be used to cover the losses of the company, or to increase the capital. If this reserve exceeds (30%) of the paid-up capital, the Ordinary General Assembly may decide to distribute the excess to the shareholders in the years in which the company does not achieve net profits sufficient to distribute the share determined for them in the company's articles of association.

8. The general assembly shall decide, based on the proposal of the board of directors, on how to dispose of the profits remaining after that in the interest of the company.
9. The company may distribute interim dividends to its shareholders annually, semi-annually or quarterly in accordance with the regulations issued by the Capital Market Authority, based on an authorization issued by the Ordinary General Assembly of the Board of Directors to distribute interim dividends.

Article (53) Entitlement to Profits

The shareholder shall be entitled to his share in the profits in accordance with the decision of the General Assembly, and the entitlement of the profits shall be given to the shareholders registered in the shareholders' records at the end of the day determined for entitlement. The dividends to be distributed to the shareholders shall be paid at the place and dates specified by the Board of Directors in accordance with the instructions issued by the competent authorities.

Chapter Eight: Disputes

Article (54) Shareholders' rights and liability lawsuit

1. Every shareholder shall have the right to file the liability lawsuit for the company against the members of the board of directors if the mistake made by them would cause special harm to him. The shareholder may not file the aforementioned lawsuit unless the company's right to file it is still valid, and the shareholder must inform the company of his intention to file a lawsuit, while restricting his right to claim compensation for the special damage he suffered.
2. The shareholders who represent at least 5% of the capital may request the competent judicial authority to order the inspection of the company if it becomes clear to them that the actions of the members of the board of directors or the auditor in the affairs of the company cause suspicion.
3. The competent judicial authority may order the inspection to be carried out at the expense of the complainants, after hearing the statements of the members of the board of

directors and the auditor in a special session, and it may, when necessary, impose on the complainants to present a guarantee.

4. If it is proven to the competent judicial authority that the complaint is correct, it may order the precautionary measures it deems appropriate, and invite the general assembly to take the necessary decisions. It may also dismiss the members of the board of directors and the auditor, and appoint a temporary manager whose authority and duration of work shall be determined.

Chapter Nine: Dissolution and Liquidation of the Company

Article (55) Legal Personality

If all the shares of the company devolve to a single shareholder who does not fulfill the conditions for establishing a joint stock company by one person, the company remains solely responsible for its debts and obligations. Nevertheless, this shareholder must reconcile the conditions of the company with the provisions contained in the Companies Law or convert it into a limited liability company by one person within a period not exceeding a year, otherwise the company shall be terminated by the force of the system.

Article (56) Company losses

If the company's losses amount to half of the paid-up capital, at any time during the fiscal year, any official in the company or the auditor must immediately inform the chairman of the board of directors, and the chairman of the board of directors must immediately inform the members of the board of that, and the board of directors within - fifteen Days of his knowledge of this - calling the extraordinary general assembly to a meeting within forty-five days from the date he became aware of the losses; It is decided to either increase or decrease the capital of the company - in accordance with the provisions of the system - to the extent that the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the company before the term specified in this system.

The company shall be deemed terminated by the force of law if the extraordinary general assembly does not meet within the

period specified in this article, or if it convenes and is unable to issue a decision on the matter, or if it decides to increase the capital in accordance with the conditions stipulated in this article and the capital increase has not been subscribed during Ninety days from the issuance of the Assembly's decision to increase.

Article (57) Expiration of the Company

Upon the expiration of the company's term or in the event of its dissolution before its specified period, the Ordinary General Assembly shall decide upon the proposal of the Board of Directors the method of liquidation and the appointment of one or more liquidators, and determine their powers and fees. The authority of the Board of Directors ends with the dissolution of the company. Nevertheless, the Board continues to be based on the management of the company until the liquidator is appointed, and the other organs of the company maintain their competencies to the extent that they do not conflict with the terms of reference of the liquidators.

Chapter Ten: Final Provisions

Article (58)

The Companies Law and its bylaws shall be applied in all matters that are not otherwise stipulated in this bylaw.

Article (59)

This Articles of Associations shall be filed and published according to the Companies Law.