



The articles of association of the Southern Province Cement Company Foundation Law (A Saudi Arabian Listed Joint Stock Company)

**In the Name of God, the Most Gracious, the Most Merciful
Southern Province Cement Company Foundation Law
(A Saudi Arabian Listed Joint Stock Company)**

Chapter One Establishment of the company

Article 1: Establishment

The company was established pursuant to Royal Decree No. 3 of 12/02/1398 A.H. in accordance with the provisions of the Companies' Regulations issued by the Ministry of Commerce and the Regulations issued by a Saudi joint stock company in accordance with the following:

Article 2: Company Name

Southern Province Cement Company (Saudi Arabian Listed Joint Stock Company)

Article 3: the Company's purpose

Manufacturing and producing derivatives and accessories of cement, and trade in those products, as well as all work directly or indirectly related to this purpose.

Article 4: Shareholding and ownership

The Company may establish single company with limited liability or a closed contribution provided that (the capital shall not be less than (5) million riyals). It may also own shares, and shares in or integrate with other existing companies and have the right to participate with others in the establishment of joint stock companies or limited liability after complying with the required regulations and instructions. The company may also dispose of these shares, provided that this does not include intermediation in its trading.



Article 5: The Company's Head Office

The Company's Head Centre is located in Abha City and may establish branches, offices or agents inside or outside the Kingdom by decision of Directors' Board.

Article 6: Duration of the company

The duration of the company was not specified.

Chapter Two Capital and Equities

Article 7: Capital

The company's capital was established at SAR 700,000,000, divided into 7,000,000 shares. Seven million nominal stocks of equal value, each SAR100, all of which are ordinary cash shares. The capital was increased pursuant to the decision of the Fourth Extraordinary General Assembly EGA of the company's shareholders held in the 20th Dhu Qaddah (29/March/1997) to reach (SAR1.050.000.000) (by issuing (3.500.000) common stock. SAR100 per stock is paid in full at the capitalization of a portion of the reserves.

The nominal value of the share has been reduced from (SAR 100) to (SAR 50). The company's capital (SAR 1.050.0000.000) became fully paid divided into (21.000.000) stocks of the value of each share (SAR 50) are all ordinary shares of equal cash in the rights or obligations conferred in all respects by the extraordinary General Assembly resolution of the shareholders of the Company held on 21 Dhullahjah 1418 AH corresponding to 18/4/1998 AH.

On March 29, 2006, the company's extraordinary General Assembly (EGA) approved the capital increase to SAR 1.400,000,000 and the number of shares (28,000,000) shares. The capital increase was financed from retained profits and the regular reserve.

Pursuant to Capital Market Authority (CMA) Decision No. 4-154-2006 of 27 Safar 1427 corresponding to 27 March 2006 based on the decision of the BOD on the fragmentation of shares of joint stock companies, the nominal value of the share as of 15 April 2006 was divided into 10 Saudi riyals instead of 50 Saudi riyals, thus bringing the number of shares (140.000,000) shares and their value (SAR 1,400.000,000)



Article 8: stocks shareholding

The founders subscribed to 3,500,000 shares (three million and five hundred thousand shares) valued at SAR 350,000,000 (three hundred and fifty million SAR). They paid 25% of its value equivalent to SAR 87,500,000 (only eighty-seven and five hundred thousand SAR), according to the following:

#	Name	Number of shares	Nominal value (SAR)	Amount paid (SAR)	Remainder (SAR)
1	His Highness Prince Khalid bin Turki Al Turki	250,000	25,000,000	6,250,000	18,750,000
2	His Highness Prince Abdullah bin Musaed bin Abdul Rahman	200,000	20,000,000	5,000,000	15,000,000
3	His Royal Highness Prince Mohammed bin Fahd bin Abdulaziz	250,000 180,000	25,000,000 18,000,000	6,250,000 4,500,000	18,750,000 13,500,000
4	Public Investment Fund	700,000	70,000,000	17,500,000	52,500,000
5	General Organization for Social Insurance	103,000	10,300,000	2,575,000	7,725,000
6	Asir Company for Trade, Industry and Tourism	103,000	10,300,000	2,575,000	7,725,000
7	Sheikh Saleh bin Abdulaziz Al Rajhi	336,000 250,000	33,600,000 25,000,000	8,400,000 6,250,000	25,200,000 18,750,000
8	Sheikh Nasser bin Mohammed Al-Nabit	180,000	18,000,000	4,500,000	13,500,000
9	Sheikh Ali bin Saeed Al Mushait	180,000	18,000,000	4,500,000	13,500,000
10	Sheikh Fahd Abdullah bin Awaida	180,000	18,000,000	4,500,000	13,500,000
11	Sheikh Salmeen bin Omar bin Mahfouz	180,000	18,000,000	4,500,000	13,500,000
12	Sheikh Abdul Razzaq Saleh Al-Buqari	170,000	17,000,000	4,250,000	12,750,000
13	Sheikh Muhammad Saeed Abu Malha and his brothers	103,000	10,300,000	2,575,000	7,725,000
14	Sheikh Muhammad bin Abdul-Wahhab Al-Abdul-Wahhab	80,000	8,000,000	2,000,000	6,000,000
15	Sheikh Salem bin Hamoud Al-Ghamdi	50,000	5,000,000	1,250,000	3,750,000
16	Abdul Hadi Abdullah Al-Qahtani	5,000	500,000	125,000	375,000
	Total	3,500,000	350,000,000	87,500,000	262,500,000



It was deposited with the National Commercial Bank (1) and Riyad Bank (2) in the name of the company under establishment. The founders pledged to pay the other 25% of the value of their subscriptions before the founding assembly was held. The remaining capital stocks, (3,500,000) shares (three million five hundred thousand shares), will be offered for public subscription within thirty days from the date of publication of the royal decree authorizing the establishment of the company. Upon subscription, each subscriber will pay the equivalent of 50% of the value of the subscribed shares, while the remaining value of the stocks will be paid on the dates determined by the BOD.

Article 9: Selling incomplete value stocks

The shareholder is obligated to pay the value of the share on the dates specified for that, and if he fails to pay on the due date, the BOD may, after informing him by e-mail or informing him by registered letter or by any means of modern technology, sell the share at a public auction or the stock market, as the case may be, in accordance with the regulations. Determined by the competent authority.

The company collects from the proceeds of the sale the amounts due to it and returns the remainder to the shareholder. If the proceeds of the sale are not sufficient to meet these amounts, the company may collect the remainder from all of the shareholder's funds.

However, the shareholder who defaults in payment until the day of sale may pay the value due from him in addition to the expenses spent 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 number of the canceled share, and marks the sale in the stock register with a statement of the name of the new owner.

Article 10: Issuing stocks

Shares shall be nominal and may not be issued below their nominal value, but may be issued above such value. In the latter case, the difference in value shall be added in a separate item within the shareholders' rights. They may not be distributed as dividends to shareholders. The share is indivisible vis-à-vis the company. If the share is owned by multiple people, they must choose one of them to act on their behalf in using the rights related to it. These persons shall be jointly responsible for the obligations arising from ownership of the share.

Article 11: Stock Trading

The stocks of the Company shall be traded in accordance with the provisions of the stock market.

Article 12: Increasing the Capital

1- The EGA may decide to increase the company's capital, provided that the capital has been paid in full. It is not required that the capital has been paid in full if the unpaid portion



of the capital is due to shares issued in exchange for converting debt instruments or financing instruments into shares and the period specified for their conversion into shares has not yet expired.

2- The EGA may, in all cases, allocate the shares issued upon increasing the capital or part of them to the employees of the company and its subsidiaries or some of them, or any of that. Shareholders may not exercise their priority right when the company issues shares allocated to employees.

3- The shareholder who owns the share at the time the EGA's decision issued the capital increase approval has priority in subscribing to the new shares issued in exchange for cash shares. He shall be notified of his priority by a registered letter to his address listed in the shareholders' register, or through modern technological means. He shall be notified of the decision to increase the capital, the terms and method of subscription, and subscription start and end dates, too.

4- The EGA has the right to suspend the priority right of shareholders to subscribe for a capital increase in exchange for cash shares, or to give priority to non-shareholders in cases it deems appropriate for the interest of the company.

5- The shareholder has the right to sell or waive the priority right during the period from the time of issuance of the General Assembly's decision approving the capital increase until the last day of subscription for the new shares associated with these rights, in accordance with the regulations established by the competent authority.

6- Taking into account what was stated in Paragraph (4) above, the new shares will be distributed to the priority rights holders who requested to subscribe, in proportion to the priority rights they own out of the total priority resulting from the capital increase, provided that what they receive does not exceed what they requested of the new shares. The remainder of the new shares will be distributed to priority rights holders who requested more than their share, in proportion to the priority rights they own out of the total priority rights resulting from the capital increase, provided that what they get does not exceed what they requested from the new shares. The remaining shares shall be offered to others, unless the extraordinary general assembly decides or the Stock Market regulation stipulates otherwise.

Article 13: Capital reduction

EGA may decide to reduce the capital if it exceeds the company's needs or if it suffers losses. In the latter case alone, the capital may be reduced to below the limit stipulated in Article (59) of the Companies' Law. The reduction decision shall not be issued except after reading a statement in the GA prepared by the BOD about the reasons necessitating the reduction. The company's obligations, and the effect of the reduction in fulfilling them, and it is attached. This statement includes a report from the company's auditor.



If the capital reduction is a result of exceeding the company's needs, the creditors must be invited to express their objections to the reduction at least (forty-five) days before the date set for holding the EGA reduction decision meeting. The creditors should attach to the complaint a statement showing the amount of capital before the reduction. After that, the date of the meeting and the effective date of the reduction. If a creditor intercepts and submits documents to the company on the date in question, the company must pay him the debt immediately or provide him sufficient guarantee to satisfy the due. The creditor who notified the company of his objection to the reduction and whose debt was not paid, or who was given sufficient guarantee to pay it if it was due, may apply Judicial complaint before the date specified for holding the EGA reduction decision. The competent judicial authority in this case shall have to ask for repayment of the debt, the provision of sufficient guarantee, or the postponement of the EGA meeting.

Article 14: Shareholders' Rights

Shares provide equal rights and obligations and establish for shareholders all rights related to the share, particularly the right to obtain a share of the net profits to be distributed. In addition to, the right to obtain a share of the company's assets upon liquidation, the right to attend shareholder assemblies, participate in their deliberations, and vote on their decisions. Besides, the right to dispose shares, the right to request access to the company's books and documents, to monitor the work of the BOD, to file a liability lawsuit against members of the BOD, and to challenge the invalidity of the decision of the shareholders' assemblies. These rights are subject to the conditions and restrictions contained in the system or the company's laws.

Article 15: Shareholders' Obligations

Subscribing or owning shares indicates that the shareholder accepts of the company's laws and his commitment to the decisions issued by the shareholders' assemblies in accordance with the provisions of the laws whether he is present, absent and whether he agrees or disagrees with the decisions.

Article 16: Purchase and mortgage of the company's shares

The company may buy or mortgage its shares in accordance with regulations established by the competent authority, and the shares purchased by the company shall not have voted in shareholders' associations. The company may purchase its shares to employees, taking into account the regulations set by the competent authorities for the company's purchase of its shares after obtaining the approval of the EGA. EGA may authorize the BOD to determine the terms of allocating share to employees, including the allocation price for each share offered to employees if it is for a consideration.



2- Shares may be mortgaged in accordance with regulations set by the competent authorities. The mortgage creditor may attend or vote in the meetings of the General Assembly of Shareholders.

Article 17: Debt Bonds

After the competent authority's approval, the company may, by a decision issued by the General Assembly, issue debt and financing bonds of equal value, negotiable and indivisible, in accordance with Sharia laws. However, it is not permissible to issue new debt and financing bonds unless the shareholders to the previous debt and financing bonds pay their full value, provided that it does not exceed the capital paid.

Chapter Three Board of Directors

Article 18: Company management

The company is managed by a BOD consisting of (9) members elected by the ordinary general assembly of shareholders for a period not exceeding three years.

Article 19: Board Membership Termination

Board membership ends by the end of the Board period or by the expiration of the member's authority in accordance with any system or instructions in the Kingdom. However, the Ordinary General Assembly may, at any time, dismiss all or some of the members of the BOD, without prejudice to the dismissed member's right towards the company to demand compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time. A member of the Directors' Board of may retire pursuant to a written notification addressed to the Board Chairman. If the Board Chairman of retired, the notification must be directed to the remaining Board members and the Board Secretary. Retirement shall be effective - in both cases - from the date specified in the notification, provided that it is at an appropriate time. Otherwise, he will be liable to the company for any damages resulting from the retirement.

If the Chairman and Board members retired, they must convene the OGA to elect a new Directors Board. The retirement shall not take effect until the new Board is elected, provided that the term of the retiring Board shall not exceed the period specified by the Executive Regulations of the Companies' Law.



The retirement shall not take place until the election of the new Board, but the period of continuation of the segregated Board shall not exceed the period prescribed by the companies' executive regulations system.

The Directors Board must convene the OGA to elect a Directors Board for a new term before the end of its term. If it is not possible to hold the election and the term of the current Board's term has ended, its members will continue to perform their duties until a new Directors Board is elected, provided that the members of the ended term have ended not exceed the period specified by the Executive Regulations of the Companies' Law.

Article 20: Board Vacant position

If a position of a Board Directors member becomes vacant, the Board may appoint a temporary member to fill the vacant position, provided that he is one of those with experience and competence, and informs the Commercial Register. As well as, the Capital Market Authority within fifteen days from the date of appointment. The appointment be presented to the OGA at its first meeting. The new member completes the term of his predecessor. If the necessary conditions are not met for the Directors Board to convene due to the number of its members being less than the minimum stipulated in the Companies' Law, the remaining members must invite the OGA to meet within sixty days to elect the required number of members.

Article 21: Powers of the Board

Taking into account the powers assigned to the General Assembly, the Board shall have the broadest powers in managing the company, drawing up its policies, determining its investments, managing its business and funds, and all its affairs inside and outside the Kingdom of Saudi Arabia, and it has the right to participate in other companies. It may also authorize one or more of its members or a third party to undertake a specific work or tasks, and for this purpose the Board may do the following without limitation:

1. Represent the company in all its relationships towards third parties, whether public or legal persons, and before all judicial authorities, general and partial courts, the Board of Grievances, judicial committees with all their jurisdictions, notaries, labor departments, primary and higher committees, commercial papers committees, arbitration and dispute settlement committees, and all judicial committees, whatever their type and purpose. In addition to, represent in civil rights, police departments, all executive agencies, chambers of commerce, military, security, and civil government agencies in ministries, institutions, bodies, financing funds, and others with their various departments and divisions, non-governmental agencies inside and outside the Kingdom of Saudi Arabia, banks, finance houses, companies, and institutions of all kinds, and complete all procedures and transactions, follow up, sign, deliver and receive them.



2. Make deals to all types of contracts and agreements in the name of the company, including but not limited to contracts for purchase, sale, rent, leasing, agencies, franchising, financial hedging contracts, entering into tenders, and others. Besides, Signing and accepting contracts for the company's participation in other companies by ownership, establishment, participation, merger, amalgamation or liquidation. They have the right to buy and sell shares and shares, attend meetings of boards of directors and managers, regular and extraordinary general assemblies, vote on all issues and decisions, approve budgets, distribute profits, appoint boards of directors, and fully represent the company in all companies in which the company contributes inside and outside the Kingdom of Saudi Arabia.
3. Open, cancel, renew and liquidate branches. Establish companies with others, participate in them, and sign their articles of incorporation, their annexes, and the decisions of their partners. Conclude, annul, amend, liquidate, purchase, sell and waive quotas and increase and reduce capital before the Ministry of Trade and Investment and the notary's virtue and extract and write off trade records and licenses and the necessary.
4. Buy, sell, release and accept mortgaging. Release the mortgage, lease, rent, receive the price, deliver the appraiser, and divide it. Sort, annex, extract justifications, amend the boundaries and lengths of the instruments and merge them. He has the right to annex properties and instruments with their boundaries and areas, request modification of the use of the plans, extract replacement instruments for lost and damaged ones, and receive and deliver the instruments for all of the company's fixed and movable assets, including lands and real estate, provided that it is damaged. Receiving and delivering the instruments for all the company's fixed and movable assets, including lands and real estate, provided that it is damaged. Receive and deliver the instruments for all the company's fixed and movable assets, including lands and real estate, provided that with regard to the sale of the company's real estate only, it is necessary to obtain the approval of the Ordinary General Assembly, as well as the Board. The Board should take into account the following conditions when disposing of the Company's assets, property and real estate:
 - a. The Board must specify in its decision to sell the reasons and justifications for it.
 - b. The sale must be close to the equivalent price.
 - c. The sale must be present except in cases of necessity and with sufficient guarantees.
 - d. This conduct should not result in the cessation of some of the company's activities or burdening it with other obligations.



- e. Approval of the General Assembly when selling the company's assets which value exceeds (fifty percent) of the value of its total assets, whether the sale is made through one deal or several deals. In this case, the deal that leads to exceeding (fifty percent) of the value of the assets is considered the deal that must be approved by the General Assembly, and this percentage is calculated from the date of the first deal that took place during the previous (twelve) months. The competent authority may exclude certain actions and behaviors from the provisions of this article.
5. Open, manage, activate and close bank accounts, investment portfolios, funds, etc. Withdraw, deposit and sign checks, promissory notes, transfers and mortgages, submit and request guarantees, guarantees, credits and facilities and sign financial and banking services and banking products.
6. Buy, sell, withdraw, deposit, transfer, public offer, trade, mortgage, and release mortgages for stocks and shares in companies, institutions, funds, etc., receive and amend profits, surpluses, and title deeds modifications.
7. Request loans from all governmental and non-governmental agencies, sign guarantees in the name of the company, guarantees, credits, and facilities, sign its contracts, guarantees, etc., receive and pay loans. The board must take into account the conditions of the loans and the guarantees provided to it not to harm the company and its shareholders and the general guarantees to creditors.
8. Release of the company's debtors from their obligations. The Board must take into account the following conditions when releasing the company's debtors:
 - a. The release must be minimum one year after the debt was created.
 - b. The release must be for a specific amount, maximum year f per a debtor.
 - c. Discharge is a right of the BOD that may not be delegated.
9. Appoint, recruit and dismiss managers, employees, workers, agents, intermediaries and the like, determine their salaries and bonuses and disburse them, doing everything related to managing their affairs in the company and seeking full-time and part-time local and foreign expertise necessary to achieve the company's objectives and determine and disburse fees and bonuses.

The BOD has the right to exercise these powers inside and outside the Kingdom of Saudi Arabia, and it has the right to authorize others to undertake a specific work in a way that does not conflict with the provisions of this law.

Article 22: Board Members Remuneration

The BOD' remuneration shall be a specific amount. An attendance allowance for meetings, in-kind benefits, or a specific percentage of net profits. It is permissible to combine two or more of the above. The BOD' report to the General Assembly must include a statement of everything that the members of the BOD received during the year. It should also include a



statement of what members of the Board received in their capacity as workers or administrators or what they received in exchange for technical or administrative work or consultations, and it should also include a statement of the number of Board meetings and the number of meetings that each member attended from the last meeting of the General Assembly

Article 23: Powers of the Chairman, Vice-Chairman, Managing Director and Secretary

a. Chairman of the Board:

The Board shall appoint a Chairman from its members. The position of Chairman of the BOD may not be combined with any executive position in the company. He shall have the right to call the Board to convene, and chair the BOD meetings as well as the General Assembly meetings.

The Company's BOD Chairman shall appear before the judiciary, arbitration bodies, and third parties, and may by written decision, delegate some of his powers to other members of the BOD or to third parties in carrying out specific work or works.

b. B- Vice Chairman:

The Board shall appoint from its members a Vice Chairman to replace the Chairman of the BOD in his absence, taking into account that the BOD Chairman position may not be combined with any executive position in the company.

c. Managing Director:

The Directors Board may appoint from its members a managing director, and the Board may also appoint from its members or from a third party a CEO of the company, provided that he is not the Board Directors Chairman or his deputy. The Board determines the powers of the Managing Director and CEO and their remuneration.

d. Secretary:

The Directors Board appoints a secretary from its members or from others, and determines his powers and remuneration.

The term of the Board Chairman, his deputy, the Managing Director, and the Secretary, who is a member of the Directors Board, shall not exceed the membership of each in the Board. They may be re-elected and the Board may at any time dismiss them or any of them without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an illegal reason or at an inappropriate time.

Article 24: Boards Meetings

The Directors Board meets at least four times a year upon the invitation of its Chairman. The invitation should be in written form or by mail, fax, e-mail, or by means of modern



technology, accompanied by meeting agenda. The Board Chairman must call the Board to a meet, whenever requested, by any member. The Board shall be held at the company's headquarters. It may also be held outside the company's headquarters.

Article 25: Board's Quorum

The Board meeting shall not be valid unless it is attended by the majority of the members, provided that the number of attendees is not less than 5 members in person. A Directors Board member may delegate other members to attend Board meetings on his behalf in accordance with the following conditions:

- a. the Directors' Board member may not represent more than one member in attending that meeting.
- b. The representation must be confirmed in writing with regard to a specific meeting.
- c. The representative may not vote on decisions on which the system prohibits the delegate from voting.

The Board's decisions shall be issued upon the agreement of the majority present members and represented therein. If the votes are equal, the side of the session chair shall prevail. The Directors Board may issue decisions on urgent matters by presenting them to individual members unless one of the members requests in writing to the Board meeting to deliberate on them. These decisions shall be presented to the Board at its first subsequent meeting.

Article 26: Directors' Board Deliberations

Deliberations and decisions of the Directors' Board will be noted in minutes signed by the Board Chairman, the present members of the Directors' Board, and the Secretary. The minutes will be noted in a special record signed by the Directors' Board Chairman and the Secretary.

Article 27: Committees

The Directors' Board should form appropriate committees for the company's business and its needs, and grant these committees whatever powers the Board deems appropriate, coordinate between these committees, and determine their fees, rewards, and allowances, with the aim of expediting the resolution of matters presented to them.



Chapter Four Shareholders' associations

Article 28: invitation of associations

General shareholders' associations are convened at the invitation of the BOD. The Directors' board shall convene the Ordinary General Assembly if requested by the auditor, the audit committee or a number of shareholders representing (10%) of the company's shares having at least voting rights. The auditor may call the Assembly to convene if the board has not called the assembly within thirty days from the date of the auditor's request. He notifies shareholders by registered letters to their addresses listed in the Register of shareholders, or announce the invitation through modern means of technology at least twenty-five days prior the scheduled date of the meeting. A copy of the invitation and agenda will be sent to the commercial register as well as to the Capital Market Authority within the period specified for publication.

Article 29: The presence of associations

For each shareholder, whatever shares he has, has the right to attend General Associations meeting, and he may entrust him with another person who is not a member of the directors 'board or the company's workers. The acceptance of the power of attorney is required to achieve the regulations regulating the agency in the presence of general assemblies of the shareholders issued by the competent authorities.

It is permissible to hold general assemblies of the shareholders. Participants in deliberations may vote on the decisions by modern technology means, according to the controls set by the competent authority.

Article 30: record of attendance of associations

Shareholders who wish to attend the general or special assembly register their names at the company's head office prior the scheduled the meeting.

Article 31: Quorum of OGA meeting

The OGM meeting is valid only if it is attended by shareholders representing (50%) of the company's shares that have the voting rights. If the necessary quorum is not available to hold this meeting, the second meeting will be held within thirty days following the date of the first meeting. In all cases, the second meeting is valid regardless of the number of shares represented in it.

Article 32: Quorum of EGA meeting

An EGA meeting is valid only if it is attended by shareholders representing (50%) of the company's shares that have voting rights. If the necessary quorum for holding such a meeting



is not available, the second meeting shall be held within thirty days following the date of the first meeting. In all cases, the second meeting is valid if it is attended by a number of shareholders representing (25%) of the company's shares that have the voting rights. If the necessary quorum is not available at the second meeting, an invitation is sent to a third meeting to be held under the conditions provided in Article (28) of the statute of the company. The third meeting shall be valid regardless the number of shares represented in it after the approval of the competent authority.

Article 33: Chairing the Assembly and Minutes Preparation

The meetings of the General Assemblies of shareholders shall be chaired by the chairman of the directors' board or his deputy, or whoever members delegated by the directors' board. In the absence of the chairman of the BOD and his deputy, or whoever members delegated by shareholders of the board or others by voting.

At the meeting of the Assembly, a minutes shall be drawn up containing the number of shareholders present or represented, the number of shares held by them in the original or proxy, the number of votes scheduled for them, the decisions taken, the number of votes approved or disagreed with and a complete summary of the discussions that took place at the meeting, the minutes shall be recorded regularly after each meeting in a special register signed by the chairman of the Assembly, its secretary and the collector of votes.

Article 34: Discussion in Assembly

Any shareholder has the right to discuss and question the topics on the Assembly's agenda to the members of the Governing Board and the Auditor. The BOD or the Auditor answers shareholders' queries to the extent that the company's interest is not prejudiced. If the shareholder's sees that the answer to his query was unconvincing, he would appeal to the Assembly and its decision in that regard would be effective.

Article 35: voting in assemblies

Any shareholder has a vote for each share in the general assemblies, and the cumulative vote must be used in the election of the directors, board. The members of the BOD may not participate in voting on the resolutions of the assembly that relate to the discharge of their term of management or that relate to a direct or indirect interest to them. in any case, it is not permissible for the member of the board to participate in voting on resolutions related to it.

Article 36: Associations Decisions

The decisions of the ordinary general assembly are issued by the absolute majority of the shareholders represented at the meeting, and the decisions of the extraordinary general assembly are issued by a majority of two -thirds of the shareholders at the meeting. Unless it is a decision related to the increase in the capital, reduce it, or prolonging the company's



duration or dissolving it prior the expiry of the period specified in its basic system or its integration. With another company, it is not true unless it is issued by a majority of three quarters of the shares represented at the meeting, and the BOD must be known in accordance with the provisions of the Company's Basic Statutes, the Extraordinary Assembly's decisions if it includes amending the Company's basic Statutes.

Article 37: EGA Terms

The EGA is concerned with amending the Company's Basic Statutes, except for matters prohibited to amend in accordance with the provisions of Article (85) of the Company's Basic Statutes, and it may issue decisions in matters originally within the competencies of the ordinary general assembly, according to the same conditions and conditions prescribed for the ordinary general assembly.

Article 38: Powers of the Ordinary General Assembly

With the exception of matters related to the Extraordinary General Assembly, The OGA is concerned with all matters related to the company, and it is convened at least once a year during the six months following the end of the company's financial year, and other ordinary general assemblies may be called whenever the need arises.

Chapter Five Auditor

Article 39: Auditor Appointment

The company shall have an auditor/s who is authorized to work in the Kingdom. The auditor/s should be appointed annually by the OGA and determines the remuneration and term of work. The auditor/s may be reappointed, provided that the total duration of his appointment shall not exceed the period in accordance with the established provisions.

By the General Assembly decision, the auditor/s may be dismissed, and the Chairman of the BOD shall inform the competent authority of the decision and its reasons, within a period not exceeding five days from the date of the decision.

Article 40: powers of the auditor

The auditor/s has the right, at any time, to access the company's books, records and other documents. He may also request the data and clarifications that he deems necessary to obtain, in order to verify the company's assets and liabilities and other that fall within the scope of his work. The chairman of the BOD shall enable him to perform his duty. If the auditor encounters difficulties in this regard, he shall prove it in a report submitted to the BOD. If the BOD does not facilitate the work of the auditor, the auditor/s should request the BOD to invite the Ordinary General Assembly to consider the matter.



Chapter Six Company Accounts and Profit Distribution

Article 41: financial year

The financial year of the company starts from the first of January and ends at the end of December of each year.

Article 42: Financial Documents

- a. At the end of each fiscal year, the BOD must prepare the financial statements of the company and a report on its activities and financial position on the emitted fiscal year. The report must guarantee the proposed method of profits distribution. The Board puts these documents at the disposal of the auditor forty -five days prior the date set for the General Assembly.
- b. The board chairman, the CEO and the Financial Affairs Vice Chairman must sign the documents referred to in paragraph (a) of this article. Copies of the documents should be deposited in the company's main office at the disposal of shareholders.
- c. The chairman BOD must provide the shareholders with the financial statements, the report of the BOD, after signing it and the auditor's report, unless published in any of the modern technical means, at least twenty-five days prior the scheduled Annual Ordinary General Assembly, and he shall also deposit these documents as determined by the regulations.

Article 43: Profits Distribution

The annual net profits of the company are distributed in the following way:

- 1- Based on the proposal of the BOD, the OGA may decide to form reserves to the extent that achieves the interest of the company or guarantees the distribution of fixed profits as much as possible to shareholders. The aforementioned association may also deduct the net profits to establish social institutions for the company's workers or to assist what is existing from these institutions.
- 2- Based on the proposal of the BOD, the General Assembly determines the percentage that must be distributed to shareholders from net profits after deducting the reserves, if any.
- 3- The company may distribute phased profits to its shareholders in a semi-annual or quarterly basis, and it may delegate the BOD according to a decision that is renewed annually.



Article 44: profit maturity

The shareholder deserves his share in profits in accordance with the general assembly decision issued in this regard. The decision must show the date of maturity and the date of distribution. The eligibility of profits for stock owners registered in the shareholders' records will be at the end of the day specified for the maturity.

Article 45: Company Losses

If the losses of the shareholding company reached half of the paid -up capital, at any time during the fiscal year, the BOD must disclose this and its recommendations on those losses during (sixty) days from the date of his knowledge. He should invite the extraordinary general assembly to meeting during (one hundred and eighty) days from the date his knowledge of this, to consider the continuation of the company while taking any necessary action to remedy or resolve those losses.

Chapter Seven Disputes

Article 46: Liability claim

Any shareholder/s representing (5%) of the company's capital has the right to file a liability claim against the company. Members of the BOD, bearing in mind that the primary objective of the suit is to achieve the Company's interests. The shareholder/s may only file such proceedings if the company's right to file them still exists. The shareholder/s must inform the company of its intention to sue.

Chapter Eight Liquidating the Company

Article 47: Termination of the Company

The company shall terminate by one of the termination reasons mentioned in Article (Two Hundred and Forty-Three) of the Companies' Law. Upon its expiration, it enters the stage of liquidation in accordance with the provisions of Chapter Twelve of the Companies' Law. If the company is terminated and its assets are insufficient to pay its debts or it is in default according to the Bankruptcy Regulations, it must apply to the competent judicial authority to open any liquidation procedures under the Bankruptcy Regulations.



Chapter Nine Final Provisions

Article 48

Any provision that violates the Company's Basic Statutes (CBS) shall not be considered and the provisions contained in the companies' law shall be applied against it. Anything that is not provided in this Basic Statutes shall be applied to the companies' law and executive regulations.

Article 49

This document is deposited and published according to the provisions of Company's Basic Statutes (CBS) and regulations.
