



Riyadh Cement Company's Articles of Association  
(A Saudi Arabian Listed Joint Stock Company)

### **1st Article Incorporation**

The Company is incorporated in accordance with the provisions of the Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443H, its Implementing Regulations, and these Articles of Association, as a Saudi joint stock company, as follows:

### **2nd Article: Company's Name**

The name of the company is Riyadh Cement Company — (a Saudi joint stock company) hereinafter referred to as “the Company

### **3rd Article: Company's head office**

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

### **4th Article: Company's purposes:**

The company carries out and implements the following purposes:

1. Production of white cement in accordance with Industrial Ministerial Resolution No. 494/R dated 25.06.1414 corresponding to 10.12.1993, and the production of ordinary and resistant Portland cement.
2. Wholesale and retail trade in the company's products and building materials.
3. Incorporating or participating in the incorporation of industrial services companies for the purpose of providing maintenance and services to factories inside and outside the Kingdom.
4. Management and operation of cement factories.
5. Owning lands, real estate and patents and benefiting from them in achieving their industrial purposes inside and outside the Kingdom.
6. Incorporating or participating in the incorporation of companies that complement or complement the company's activity.
7. Trade agencies.
8. Importing and operating radioactive devices for the company's factories.
9. Maintenance and operation of residential and commercial buildings and industrial facilities.
10. Mechanical works.
11. Quarry occupation.
12. Import and export of all types of cement and its derivatives.

13. Buying and selling lands, owning real estate, erecting buildings on them, and investing them for the benefit of the company.
14. Treating industrial, agricultural and municipal waste and producing alternative fuels.
15. Occupation of raw materials quarries, mining and transportation of raw and processed materials necessary in cement production
16. Opening portfolios and investment funds with banks and financial institutions.
17. Carry out all works directly or indirectly related to the above purposes.
18. Production of white cement in accordance with Industrial Ministerial Resolution No. 494/R dated 25.06.1414 corresponding to 10.12.1993, and the production of ordinary and resistant Portland cement.
19. Carry out all works directly or indirectly related to the above purposes.

The company shall not practice its activities except after obtaining the statutory licenses, if any, that are required by the prevailing and enforceable regulations in the Kingdom of Saudi Arabia.

#### **5th Article: Participation or merging in other companies**

The company may incorporate companies on its own (with limited liability or closed joint stock) in accordance with the Companies Law, and it may also own shares and shares in other existing companies or merge with them, and it has the right to participate with others in the establishment of joint stock or limited liability companies, after fulfilling the It is required by the regulations and instructions followed in this regard. The company may also dispose of these shares or shares, provided that this does not include mediation in their trading.

#### **6th Article: Company's duration**

The company is incorporated for infinite period starting from date of its entry in the commercial register

#### **7th Article: Company's Capital**

The company's capital is set at (300,000,000) three hundred million Saudi Riyals divided into (3,000,000) three million shares of equal value, and then it is increased to become (1,200,000,000) one billion and two hundred million Saudi Riyals divided into (120,000,000) one hundred and twenty million shares of equal value, with a nominal value of (10) Saudi Riyals each, and all of them are ordinary and cash shares. The company shares can be divided into shares with less nominal value or they may be merged in a way that their shares have higher nominal value according to controls set by the concerned entity.

#### **8th Article: Subscription to Shares**

Shareholders subscribed to the entire capital of the company and paid, upon incorporation of the company, 25% (twenty-five percent) amounted to (75,000,000) seventy-five million Saudi riyals, which was deposited in one of the licensed banks in the Kingdom of Saudi Arabia in the name of the company under incorporation.

### **9th Article: Selling shares with Unfulfilled Value**

1. The shareholder is obligated to pay the remaining value of the share on the dates specified for that, and if he fails to pay on the due date, the Board of Directors may - after informing him by registered letter or by any means of modern technology - sell the share at a public auction or the financial market, as the case may be pursuant to the controls determined by the competent authority.
2. 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.
3. The effectiveness of the rights related to the defaulted shares shall be suspended upon the expiry of the specified date for them until they are sold or the due amount is paid in accordance with the provisions of Paragraph (1) of this Article. They include the right to obtain a share of the net profits to be distributed and the right to attend assemblies and vote on their decisions. . However, the shareholder who defaults in payment until the day of the sale may pay the value due from him in addition to the expenses that the company spent in this regard. In this case, the shareholder has the right to request receipt of the profits that have been decided to be distributed.
4. The company cancels the certificate of the sold share in accordance with the provisions of this article, and gives the buyer a new certificate of the share bearing the same number, and marks in the shareholder registry the occurrence of the sale and includes the necessary data for the new owner.

### **10th Article: Share Trading**

Company shares shall be traded according to provisions of the the Capital Market Authority Law, and its Implementing Regulations.

### **11th Article: Purchasing or Mortgaging of Shares**

The company may purchase or mortgage its ordinary or preferred shares, and it may also sell them, and the company may also purchase its shares to assign them to company employees within the employee shares program in accordance with the controls set by the competent authority, and such shares bought by the company shall have no votes at the shareholders assemblies.

### **12th Article: Capital Increase**

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

### **13th Article: Decrease of Capital**

1. The extraordinary General Assembly may reduce the capital if it exceeds the company's need, or if it incurs losses, and in the later case alone, the capital may be reduced below the limit below stipulated in Article (fifty eight) of Companies Law, and the reduction decision will not be issued unless a statement is recited in a general assembly by the board of directors about the causes leading to reduction, company liabilities and the effect of reduction on fulfilling them, provided that a report from company auditor shall be made regarding this statement.
2. If the capital reduction is a result of it being more than the company's need, the creditors shall be called to express their objections to it within (forty five) days at least from the date determined for holding the extraordinary general assembly to take the reduction decision provided that the invitation is accompanied a statement showing the capital before and after reduction, time of holding the meeting and date of expiry of discount, and if reduction is objected by any of the creditors and such creditor presents to the company its documents in the due time, the company shall fulfill its debt if it is due or presents to him full guarantee to fulfill it, if it can be delayed.
3. Equal deal shall be observed among shareholders holding shares of the same type and category upon decreasing of the capital.

#### **14th Article: Issue of Debt Tools or Finance Deeds**

The company may issue , according to Capital Market Law, debt instrument (conforming to sharia”) or negotiable financing instruments:

1. The company may issue, under Capital Market Authority Law, debt instrument or finance deeds convertible to shares, and after issue of a decision of 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 were issued at the same time or through a series of issues, or through one or more programs to issue debt instruments or financing instruments, . The board of directors issues - without the need for a new approval from this assembly - new shares in exchange for those instruments that their holders request for their conversion, immediately after the end of the conversion request period specified for the holders of those instruments. The Board shall take what is necessary to amend this law with regard to the number of issued shares and the capital.
2. The board of directors shall declare the completion of the procedures for each capital increase in the manner specified in the law for the month of the extraordinary general assembly resolutions.
3. The company may convert debt instruments or financial instruments into shares in accordance with the Capital Market Law.

#### **15th Article: Composition of the board of directors**

- 1- The company is managed by a board of directors consisting of (7) members who should be natural characters elected by the ordinary general assembly for a period of not more than four years.
- 2- Every shareholder has the right to nominate himself or one or more other persons for membership in the Board of Directors within the limits of his ownership percentage in the capital

#### **16th Article: Board membership Expiry or Termination**

The membership of the Board shall expire upon the expiry of its term or upon the expiry of the member’s term of office in accordance with any law or instructions in force in the Kingdom of Saudi Arabia, and the general assembly may (based on recommendation of the board of directors) terminate membership of members who are absent from attending (three) successive meetings or (five) non successive meetings during period of his membership without a good excuse acceptable by the board of directors. Nevertheless, the Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors and the ordinary general assembly may, in this case, elect a new board of directors or a member to replace the terminated one (as required) pursuant to provisions of the Companies Law.

## **17th Article Seventeen: Expiration of the term of the Board of Directors, retirement of its members, or vacancy in membership**

1. The Board of Directors must, before the end of its term, convene the Ordinary General Assembly to elect a Board of Directors for a new 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 Board of Directors is elected for a new term, provided that the term of office of the Board members whose term has ended does not exceed the period specified by the Implementing Regulations of the Companies Law.
2. If the Chairman and members of the Board of Directors retire, they must convene the Ordinary General Assembly to convene to elect a new Board of Directors. The retirement shall not take effect until the new Board is elected, provided that the duration of the retiring Board shall not exceed the period specified by the Executive Regulations of the Companies Law.
3. A member of the Board of Directors may retire from membership of the Board pursuant to a written notification addressed to the Chairman of the Board. If the Chairman of the Board retires, the notification must be directed to the remaining members of the Board and the Secretary of the Board. Retirement shall be effective - in both cases - from the date specified in the notification.
4. If the position of a member of the Board of Directors becomes vacant due to the death or retirement of any of its members, and this vacancy does not result in a violation of the conditions necessary for the validity of the Board's meeting due to the number of its members being less than the minimum, the Board may appoint (temporarily) someone who has experience and competence in the vacant position, provided that To inform the Commercial Register, as well as the Capital Market Authority, within (fifteen) days from the date of appointment, and to present the appointment to the Ordinary General Assembly at its first meeting, and the appointed member shall complete the term of his predecessor.
5. If the seat of a member of the Board of Directors becomes vacant due to his death or retirement, and this vacancy does not result in a violation of the conditions necessary for the validity of the Board's meeting due to one of its members being less than the minimum, the Board may keep the seat vacant until the end of the session or the General Assembly is called to appoint a member to the vacant seat.
6. If the necessary conditions are not met for the Board of Directors to convene due to the number of its members being less than the minimum stipulated in the Companies Law or these Bylaws, the remaining members must call the Ordinary General Assembly to convene within (sixty) days to elect the necessary number of members.

## **18th Article: Powers of the board of directors**

Taking into account the competencies established for the General Assembly, the Board of Directors shall have the widest powers in managing the company in order to achieve its purposes, and the Board may also - within the limits of its competence - delegate one or more of its members or third parties to carry out certain work or businesses.

1. Setting the company's main plans, policies, strategies and objectives, supervising their implementation and reviewing them periodically, and ensuring the availability of the necessary human and financial resources to achieve them, including: Developing the company's comprehensive strategy), main work plans, and risk management policies and procedures, reviewing and directing them. Determining the optimal capital structure for the company, its strategies and financial objectives, and approving all kinds of discretionary) budgets. Overseeing the main capital expenditures of the company, and owning and disposing of performance objectives and monitoring implementation and overall performance in the company. Periodic review and approval of the organizational and functional structures in the company. Verify the availability of the human and financial resources necessary to achieve the company's objectives and main plans. Establishing laws and controls for internal control and general supervision over them, including:

Develop a written policy to address actual and potential conflict of interest cases for each of the Board members, executive management and shareholders, including misuse of the company's assets and facilities, and misconduct resulting from transactions with related parties.

b. Ensure the integrity of the financial and accounting laws, including those related to the preparation of financial reports.

c. Ensuring the application of appropriate control laws to measure and manage risks, by developing a general perception of the risks that the company may face, creating an environment familiar with the culture of risk management at the company level, and presenting it transparently with stakeholders and related parties to the company.

d. Annual review of the effectiveness of the company's internal control procedures.

e. Preparing clear and specific policies, standards and procedures for membership in the Board of Directors in a manner that does not conflict with the mandatory provisions in these regulations of the Capital Market Authority, and put them into practice after approval by the General Assembly.

f. Develop a written policy that regulates the relationship with stakeholders in accordance with the provisions of this regulation, and set policies and procedures that ensure the company's compliance with the rules and regulations and its commitment to disclosing material information to shareholders and stakeholders, and verifying compliance by the executive management with them.

g. Overseeing the company's financial management, its cashflows, and its financial and credit relations with others.

2. Suggesting to the extraordinary general assembly what it deems appropriate regarding the following:

a. Increase or decrease the company's capital.

b. Dissolving the company before the term set in the company's articles of association or deciding its continuation.

3. Suggesting to the Ordinary General Assembly what it deems appropriate regarding the following:
  - a. The use of the consensual (optional) reserve of the company in the event that it was formed by the extraordinary general assembly and was not allocated for a specific purpose.
  - b. Creating additional reserves or financial allocations for the company.
  - c. How to distribute the company's net profits.
  
4. Reviewing and approving the company's initial and annual financial statements before publication, preparing and approving the Board of Directors' report before its publication, ensuring the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable disclosure and transparency policies and laws. Establishing effective communication channels that allow shareholders to see continuously and periodically the various aspects of the company's activities and any material developments
  
5. Forming specialized committees emanating from it by decisions specifying the duration of the committee, its powers and responsibilities, and how the council will monitor it, provided that the decision to form includes naming the members and specifying their tasks, rights and duties, with an evaluation of the performance and work of these committees and their members. Determining the types of remunerations granted to the company's employees, such as fixed bonuses, performance-related bonuses, and bonuses in the form of shares, in a manner that does not conflict with the regulatory controls and procedures issued, in implementation of the Companies Law for Listed Joint Stock Companies.
  
6. Setting the values and standards that govern work in the company, and has the right to appoint employees and workers, dismiss them, request visas, bring labor from outside the Kingdom of Saudi Arabia, contract with them, determine their salaries, issue residencies, transfer and waive guarantees. The board has the right to dispose of the company's assets, property and real estate, and has the right to purchase, accept it, pay the price, mortgage, release the mortgage, sell, empty, receive the price, hand over the appraiser, receive the checks, and request the issuance of a replacement for it, subject to the following conditions: (A) That the Board specify in the sale decision the reasons and justifications for it. (B) That the sale is close to the same price. (C) That the sale is present, except in cases decided by the Board and with sufficient guarantees. (D) That such behavior does not result in the suspension of some of the company's activities or the imposition of other obligations on it.
  
7. The Board of Directors may also have the right of compromise, assignment, contract, commitment and association in the name and on behalf of the company. The Board of Directors may also carry out all acts and actions that would achieve the objectives of the company.
  
8. The board of directors may contract loans, regardless of their term, and the board of directors may also contract loans with government finance funds and institutions, regardless of their term, and commercial loans whose terms do not exceed the end of the

company's term, or sell or mortgage the company's assets, or selling or mortgaging the company's commercial premises, or concluding the liability of the company's debtors from their obligations.

### **19th Article: Board Members Remuneration**

1. The remuneration of the members of the Board of Directors consists of a certain amount, attendance allowance for sessions, benefits in kind, or a certain percentage of net profits, and two or more of these benefits may be combined.
2. If the reward is a certain percentage of the company's profits, then this percentage may not exceed (10%) of the net profits, after deducting the reserves determined by the General Assembly in conformity to the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit to shareholders of no less than (5%) of the company's paid-up capital, provided that the entitlement to this reward is proportional to the number of sessions attended by the member.
3. In all cases, the sum of the remunerations and financial or in-kind benefits that a member of the Board of Directors receives shall not exceed five hundred thousand riyals annually, in accordance with the regulations set by the competent authority.
4. The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all the bonuses, expenses, allowances and other benefits that the members of the Board of Directors received during the financial year. It shall also include a statement of what the board members received in their capacity as workers or administrators, or what they received in return for technical or administrative work or consultancy. It shall 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.

### **20th Article: Powers of the Presidents, Deputy, Managing Director and Secretary**

1. The Board of Directors shall appoint, at its first meeting, a chairman and a vice-chairman from among its members. It may also appoint a managing director from among its members.
2. The Board of Directors appoints a secretary whom it chooses from among its members or from others, and determines his powers and remuneration.
3. It is not permissible to combine the position of Chairman of the Board of Directors, Vice President, and any other executive position in the company, including the position of CEO or Managing Director (if any). The Board of Directors determines the powers of the Chairman of the Board, his deputy, and the Managing Director, and the special remuneration that each of them receives, in addition to the remuneration. Prescribed for Board members.

4. The term of the Chairman of the Board, his deputy, the Managing Director, the Secretary and the member of the Board of Directors shall not exceed the term of each of them on the Board. 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 unlawful reason or at an inappropriate time.

5. The Chairman of the Board of Directors represents the company before others and before all courts of all degrees and types, notary offices, the Board of Grievances, administrative courts, commercial courts, labor courts, criminal courts, official departments, judicial and administrative bodies, judicial and quasi-judicial committees of all types and degrees, labor offices, labor and zakat bodies, and banking dispute settlement committees. And the committees for resolving disputes in commercial papers, the primary and higher committees and bodies, the initial tax zakat objections committee, the tax appeals committee, customs committees of different levels, and other committees, bodies, governmental judicial departments, and arbitration bodies, and to submit applications in the name of the company, sign them, notify them, deliver them, and receive them from any party, and he has the right In claims and filing lawsuits - pleading and defending - hearing and responding to lawsuits - acknowledgment - denial - reconciliation - waiver - release - requesting an oath, rejecting it and abstaining from it - bringing witnesses and statements and challenging them - answering, wounding and amending - challenging forgery - denying handwriting, seals and signatures - requesting a ban from Travel and its removal - reviewing the seizure and enforcement departments - requesting arbitration - appointing experts and arbitrators - appealing the reports of experts and arbitrators and their rejection and replacement - requesting the application of Article 230 of the Sharia Procedures System - demanding the implementation of judgments - accepting and denying judgments - objecting to judgments and requesting an appeal - requesting reconsideration - marginalization On judgment instruments - Requesting the judge's recusal - Requesting entry and intervention at the Sharia courts - At the administrative courts (Board of Grievances) - At the Sharia medical committees - At the labor committees - At the committees for resolving financial disputes and the committees for settling banking disputes At the committees for settling securities disputes - At Offices for settling commercial paper disputes and committees for resolving commercial disputes - at the customs committees and commercial fraud committees - at the committees for settling insurance disputes and violations - at the Oversight and Anti-Corruption Authority - at the Public Prosecution - at the Supreme Judicial Council - requesting an appeal of the ruling at the Supreme Court - at the Committee Reviewing violations of the system for practicing health professions - with a committee examining violations of the provisions of the health institutions system inside and outside the Kingdom. With regard to industrial licenses, this includes obtaining licenses - renewing licenses - amending licenses - adding an activity - reserving names - canceling licenses - subscribing to the Chamber of Commerce - renewing subscription to the Chamber of Commerce - opening branches - transferring licenses - reviewing social insurance - reviewing civil defense - reviewing the General Authority. For zakat, tax and customs. He has the right to receive and deliver all of the above, review all relevant authorities, complete all necessary procedures, and sign whatever is required. He has the right to delegate others to carry out all or some of the powers, and his agents have the right to delegate others while granting them this right.

6. The Vice Chairman of the Board of Directors replaces the Chairman of the Board of Directors in his absence or upon his authorization.

7. In the event that a managing director is appointed for the company, he will be delegated the powers of the Chairman of the Board of Directors in accordance with the fifth paragraph of this article (except for judicial powers), and the Board of Directors will be authorized to determine the remuneration for the managing director.

8. The Board of Directors may form a number of committees that it deems appropriate to appoint according to the company's need and circumstances to carry out specific work.

9. The powers of the Chairman of the Board of Directors are as follows:

A. Ensuring that members of the Board of Directors obtain timely, complete, clear, correct and non-misleading information.

B. Verifying that the Board of Directors discusses all essential issues in an effective and timely manner.

C. Encouraging the members of the Board of Directors to carry out their duties effectively and in the interest of the company.

D. Ensuring the existence of channels for effective communication with shareholders and conveying their opinions to the Board of Directors...

### **21st Article: Board Meetings**

1. The Board of Directors meets at least four times a year at the invitation of its Chairman. The Chairman of the Board must invite the Board to a meeting whenever requested to do so in writing by any member of the Board to discuss one or more topics.

2. The Board of Directors determines the location of its meetings, and they may be held using modern technological means.

### **22nd Article: Attending meetings**

1- The meeting of the Board shall not be valid unless attended by at least four members, provided that the number of those present in person shall not be less than three.

2- A member of the Board of Directors may not delegate another person to attend the meeting on his behalf, and as an exception to this, a member of the Board of Directors may delegate other members on his behalf.

- 3- The decisions of the board are issued by a majority of the opinions of the members present or represented therein, and when the opinions are equal, the side with which the chairperson voted shall prevail.
- 4- Board meetings can take place using modern technologies, and the company's management determines the method of the meeting and documents the meeting.
- 5- The Board of Directors may pass resolutions by presenting them to all members unless one of the members requests in writing the Board meeting to deliberate on it.
- 6- Resolution of the board will be effective from its issue date unless it stated that it shall be effective at other time or upon fulfillment of specific conditions.

### **23rd Article: Issuing board decisions on urgent matters**

The Board of Directors may issue its decisions on urgent matters by presenting them to all members by circulation, unless one of the members requests - in writing - a Board meeting to deliberate on them. These decisions are issued with the approval of the majority of the votes of its members, and these decisions are presented to the board at its first subsequent meeting to be recorded in the minutes of that meeting.

### **24th Article: Recording minutes of meetings**

- 1- The deliberations and decisions of the Board of Directors shall be recorded in minutes signed by the chairman of the meeting, the members of the Board of Directors present and the Secretary.
- 2- These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.
- 3- Modern means of technology may be used for signing and proving deliberations & decisions, and writing the minutes.

### **25th Article: Presiding over meetings of assemblies**

1. The meetings of the general assemblies of shareholders are chaired, by the chairman of the board of directors or his deputy in his absence, or whoever is delegated by the board of directors from among its members for that in the absence of the chairman and his deputy. In case that none of these options is possible, the general assembly will be chaired by a board member or other person deputed by shareholders through voting.

2. Each shareholder has the right to attend the general assembly of shareholders, and for this he may delegate someone other than the members of the board of directors or the company's employees to attend the general assembly on his behalf
3. It is permissible to hold meetings of the general assemblies of shareholders, and the shareholder can participate in their deliberations and vote on their decisions by means of modern technology.

### **26th Article: Assemblies Terms of Reference**

With the exception of the matters pertaining to the extraordinary general assembly, the ordinary general assembly shall be concerned with all matters relating to the company. It convenes at least once a year during the six months following the end of the company's financial year. Other ordinary assemblies may also be called whenever the need arises, and particularly for matters such as electing and removing members of the board of directors, appointing an auditor or more for the company according to requirements of the new law, and determining his remuneration or re-appointing and removing him- viewing and discussing the report of the board of directors, viewing and discussing financial statements, reviewing report of the auditor ; if any and taking decisions on it, deciding upon board suggestions on way of profits distribution, forming company reserves and determining their uses.

a. The Extraordinary General Assembly is responsible for amending the company's articles of association, except for the following matters:

1. Depriving the shareholder or modifying any of his basic rights that he derives as a partner, especially the following:
  - Obtaining a share of the profits to be distributed, whether the distribution is in cash or through the issuance of free shares to non-workers of the company and its subsidiaries.
  - Obtaining a share of the company's assets upon liquidation.
  - Attending public or private shareholder assemblies, participating in their deliberations, and voting on their resolution.
  - Dispose of his shares in accordance with the provisions of the law.
  - Requesting access to the company's books and documents, monitoring the work of the board of directors, filing a liability claim against members of the board of directors, and appealing the invalidity of the decisions of the general and private shareholders' assemblies.
  - Priority for subscribing to new shares issued in exchange for cash shares.
2. Amendments that increase the financial burdens of the shareholders, unless all shareholders agree to that.
3. Moving the company's head office outside the Kingdom of Saudi Arabia.

4. Change the nationality of the company.

The Extraordinary General Assembly is also competent to consider the extension or shortening of the company's term and its dissolution before the expiry of its term for any reason. In addition, it may issue resolutions on matters within the competence of the ordinary general assembly, under the same terms and conditions prescribed for the regular general assembly.

### **27th Article: Invitation to Convening Assemblies Meetings**

1. Shareholders' general or special assemblies are held at the invitation of the board of directors. The Board of Directors shall invite the Ordinary General Assembly to convene within (thirty) days from date of request by the auditor, the audit committee, or a shareholder or more representing at least (10%) of the voting shares of the company. The auditor may invite the assembly to convene if the board does not invite the assembly within thirty days from the date of the auditor's request.
2. The request referred to in clause (1) of this article the matters upon which shareholders shall vote.
3. Addressing the invitation for holding the assembly shall be made (twenty one) days at least before the time fixed for the meeting and the following points shall be observed:
  - a. Informing the shareholders by registered letters to their addresses as mentioned in the shareholders register, or announcing the invitation through the modern means of technology.
  - b. Sending a copy of the invitation and agenda to the commercial register, and a copy to the Capital Market Authority if the company is enlisted in the capital market at time of declaring the invitation.
4. The invitation to the meeting of the assembly shall include the following at least:
  - a. Statement of the person entitled to attend the general assembly meeting and his right in delegating a board member selected by him, and statement of the right of the shareholder in discussing the items added in the agenda, and directing the questions and the way of practicing the right of voting.
  - b. Place of holding the meeting and its date and time.
  - c. Type of assembly whether it is a general or a special assembly.
  - d. The agenda of the meeting including the items which shareholders are required to vote on.

### **28th Article: Quorum of Convening of the Extraordinary Assembly**

The extraordinary general assembly meeting shall not be valid unless attended by shareholders representing at least quarter of the company's voting rights.

-If the quorum necessary to hold the extraordinary general assembly meeting in accordance with Paragraph (1) of this Article is not available, an invitation is sent to a second meeting to be held in the same conditions stipulated in Article (91) of Companies Law within (30) days next to the date fixed for holding the former meeting. -However, 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 announcement of the possibility of holding this meeting. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

### **29th Article: Correctness of Convening of the Extraordinary Assembly**

1. The extraordinary general assembly meeting shall not be valid unless attended by shareholders representing at least half of the companies voting shares.
2. If the quorum necessary to hold the extraordinary general assembly meeting in accordance with Paragraph (1) of this Article is not available, an invitation is sent to a second meeting to be held in the same conditions stipulated in Article (91) of Companies Law. However, the second meeting may be held an hour after the end of the period specified for convening the first meeting, provided that the invitation to hold the first meeting includes an announcement of the possibility of holding that meeting. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the capital.
3. If the necessary quorum is not available at the second meeting, an invitation is sent to a third meeting to be held in the same conditions stipulated in Article (91) of the Companies Law, and the third meeting shall be valid regardless of the number of voting shares represented therein.

### **30th Article: Vote on Decisions**

1-Every shareholder shall have a vote for each share in the general assembly. Cumulative voting shall be used in electing the Board of Directors, and the right to vote per share may not be used more than once.

2-The members of the Board of Directors may not participate in voting on the decisions of the Assembly related to businesses and contracts in which they have direct or indirect interest, or those including conflict of interests.

### **31st Decisions of the Assemblies:**

1-Decisions of the ordinary general assembly are issued subject to consent of the majority of the voting rights represented in the meeting.

2-Extraordinary assembly decisions are issued subject to consent of two thirds of the voting rights represented in the meeting, except in cases where decision is related to increase or decrease of capital, prolonging of company term or merging with other company, or dividing it into two or more companies as in these cases, decision will only be valid if approved by (three quarters) of voting rights represented in the meeting.

### **32nd Article: Shareholder's right to discuss the agenda**

Each shareholder has the right to discuss the topics listed on the assembly's agenda and to direct questions in this regard to the members of the board of directors and the auditor. The board of directors or the auditor shall answer the shareholders' questions to the extent that the interest of the company is not harmed. If the shareholder finds that the answer to his question is not satisfactory, he shall appeal to the assembly, and its decision in this regard shall be enforceable.

### **33rd Article: Drafting of the minutes of the general assembly meeting**

Minutes of the assembly meeting shall be drawn up including the number of shareholders present in person or by proxy, the number of shares they hold in person or by proxy, the number of votes assigned to them, the decisions taken, the number of votes approving or disapproving of them, and an adequate summary of the discussions that took place at the meeting. Minutes are recorded on a regular basis after each meeting in a special register signed by the association's president, secretary and vote collectors.

### **34th Article Appointment, dismissal, and retirement of the company's auditor**

1. The company shall have an auditor (or more) from among the auditors licensed to work in the Kingdom who shall be appointed by the general assembly and whose fees, duration of work, and scope shall be determined by the General Assembly, and he may be

reappointed. Provided that the period of his appointment does not exceed the period specified in accordance with the provisions established by law.

2. It is permissible, by a decision taken by the General Assembly, to dismiss the auditor, and the Chairman of the Board of Directors must inform the competent authority of the dismissal decision and its reasons, within a period not exceeding (five) days from the date of issuance of the decision.

3. The auditor may resign from his mission pursuant to a written notification that he submits to the company, and his mission ends on the date of submission or on a later date specified in the notification, without prejudice to the company's right to compensation for the damage caused to it if necessary. The retiring auditor is obligated to submit to the company and the competent authority - upon submitting the report - a statement of the reasons for his retirement, and the Board of Directors must invite the General Assembly to convene to consider the reasons for the retirement, appoint another auditor, and determine his fees, the duration of his work, and the scope of his work.

### **35th Article: Auditor's powers**

The auditor at any time has the right to review the company's books, records and other documents, and he also has the right to request data and clarifications that he deems necessary to obtain, in order to verify the company's assets and obligations and other things that fall within the scope of his work. The Chairman of the Board of Directors shall enable him to perform his duty, and if the auditor encounters difficulty in this regard, he shall prove this in a report submitted to the Board of Directors. If the Board of Directors does not facilitate the work of the auditor, it must ask them to invite the General Assembly to convene to consider the matter. The auditor may send this invitation if the Board of Directors does not send it within (thirty) days from the date of the auditor's request

### **36th Article: Company's Fiscal Year**

The company's fiscal year begins on the 1st of January and ends at the 31st of December of each Gregorian year.

### **37th Article: The company's annual financial statements**

1- At the end of each financial year of the company, the board of directors prepares the company's financial statements and a report on its activities and financial position for the past financial year. This report includes 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 set for convening the annual General Assembly.

2- The company's chairman of the board of directors, chief executive officer and financial manager must sign the documents referred to in clause (1) of this article, and copies of them shall be deposited at the company's head office at the shareholders' disposal.

3- The Chairman of the Board of Directors shall provide the shareholders with the company's financial statements, the Board of Directors' report and the auditor's report; if they are not published at any of the modern means of technology one days at least before time of holding the annual ordinary general assembly, and shall also deposit these documents according to what is determined by the implementing regulation of Companies Law.

### **38th Article: Reserve**

1- The Ordinary General Assembly - when determining the share of shares in the net profits - may decide to form reserves, to the extent that serves the interest of the company or ensures the distribution of fixed profits - as much as possible - to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to achieve social purposes for the company's employees.

2- The General Assembly determines the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any.

### **39th Article: Shareholder Dividend**

The shareholder is entitled to his share of the profits in accordance with the decision of the General Assembly issued in this regard, and the decision indicates the date of entitlement and the date of distribution, and the eligibility for profits is for the owners of shares registered in the shareholders' records at the end of the day specified for entitlement, and the board of directors must implement the decision of the general assembly regarding the distribution of profits to shareholders, and the company may distribute terminal profits among shareholders bi-annually or quarterly.

### **40th Article: Expiration of Company's Term**

The company shall be terminated due to one of the reasons for termination mentioned in Article (two hundred and forty-third) of the Companies Law, and with its expiration it shall enter the stage of liquidation in accordance with the provisions of Chapter Twelve of the Companies Law. If the company expires and its assets are not sufficient to pay its debts or it is in default according to the bankruptcy law, it must apply to the competent judicial authority to initiate any liquidation procedures under the bankruptcy law.

**41st Article:**

1. The company is subject to the regulations in force in the Kingdom of Saudi Arabia.
2. Any text in this Bylaw that contradicts the provisions of the Companies Law will not be taken into account, and the provisions contained in the Companies Law will be applied to it. Everything that is not contained in this Bylaw will be subject to the Companies Law and its Executive Regulations.

**42nd Article: Publishing the Articles of Incorporation of the Company**

This law will be deposited and published according to the Companies Law & its Implementing Regulation.