



**Saudi Cement Company Bylaws  
(Listed Saudi Joint Stock company)**

**Chapter One:**

**Formation of the Company:**

**Article One: Formation**

The Company was established as a Saudi Joint Stock company pursuant the provisions of the Companies Law and its Implementing Regulations; and in accordance with these Articles of Association as follows:

**Article Two: Name of the Company and its Nationality:**

Saudi Cement Co. (Listed Saudi Joint Stock Company)

**Article Three: Objectives of the Company:**

The Company shall exercise and carry out the below objectives:

- 1- Manufacturing all types of cement.
- 2- Manufacturing Portland cement in its different types.
- 3- Manufacture of salt-resistant cement.
- 4- Manufacturing pozzolanic cement
- 5- Manufacturing cement mixed with other materials.
- 6- Manufacturing types of asbestos cement or cellulose fiber cement.
- 7- Manufacturing white cement.
- 8- Manufacturing grout cement.
- 9- Manufacturing clinker cement.
- 10- Retail sale of building materials.
- 11- Wholesale of building materials.
- 12- Wholesale of building materials.
- 13- Wholesale of cement, plaster and similar materials.
- 14- Sale and export of raw materials and minerals such as gypsum, pebbles, sand and clay.
- 15- Export of all types of cement and clinker.
- 16- Operation of quarries for all raw materials.
- 17- Operation of sand or gravel mines, including crushers.
- 18- Recycling waste.
- 19- Mining non-ferrous metal ores, including aluminum, copper and lead.
- 20- Mining glass, sand, pebbles and gravel.
- 21- Mining gypsum and anhydrite.
- 22- Land freight transport.
- 23- Freight and equipment transport.
- 24- Maritime and coastal water transport of various goods.
- 25- Rail freight transport between cities.

- 26- Loading and unloading.
- 27- Loading and unloading.
- 28- Purchase and sale of electricity grid services.
- 29- Blasting and demolition.
- 30- Import of radioactive industrial materials.
- 31- Import of all requirements for manufacturing cement and materials mixed with cement such as iron slag, pozzolana, fly ash, additives and spare parts.
- 32- Import clinker.
- 33- Production and import of building materials of all kinds including glass, plasterboards, fiberglass.

inside and outside the Kingdom of Saudi Arabia.

The Company shall carry out its activities pursuant to the applicable laws and upon obtaining the necessary licenses from competent authorities.

#### **Article Four: Participation and Ownership in Companies**

This Company shall have the right to set up companies by itself inside and outside the Kingdom, and shall be entitled to possess shares and stocks in existing commercial and industrial companies or merge into the same, and shall also be entitled to partner with third parties to form companies upon fulfilling all the relevant legal requirements and set regulations in this regard. The Company may dispose of such shares or stocks provided it will not act as a broker.

#### **Article Five: Head Office of the Company**

The Company's head office shall be in the city of Dammam, and may be moved to any other place inside the Kingdom subject to the approval of the Extraordinary General Assembly. The Board of Directors may establish branches, offices or agencies for the Company inside or outside the Kingdom of Saudi Arabia.

#### **Article Six: Term of the Company:**

The term of the Company starts from the date of its registration in the commercial register.

## **Chapter Two: Capital and Shares**

### **Article Seven: Capital of the Company**

The Capital of the Company shall be SAR 1,530,000,000 (One Thousand Five Hundred Thirty Million Saudi Riyals) paid in full, divided into 1,530,000,000 nominal shares of equal value of SAR 10 (ten Saudi Riyals) each. The Company's shares may be divided into shares with a lower nominal value, or merged to represent shares with a higher nominal value, in accordance with the regulations set by the competent authority.

### **Article Eight: Purchase and sell for Shares**

The Company may purchase, sell or mortgage its shares. The Company may also purchase its shares to allocate them to the company's employees within an employee stock program, in accordance with the controls specified in the Companies Law and its executive regulations.

### **Article Nine: Obligation to sell Shares**

- 1- The majority of shareholders who represent ninety percent of the company's shares that have at least voting rights may oblige the minority to accept the offer of a bona fide buyer to purchase all of the company's shares at the same price, terms and conditions for purchasing the majority shares.
- 2- The minority shareholders may oblige the majority to guarantee the sale of the minority shares in cases where the majority sells their shares at the same price, terms and conditions for the sale of the majority shares.

### **Article Ten: Issuance of Shares:**

The shares shall be nominal and a share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from the ownership of the share.

### **Article Eleven: Negotiation of Shares:**

The Company's shares are traded in accordance with the provisions of the Capital Market Law and its executive regulations.

### **Article Twelve: Increase of Capital:**

- 1- The Extraordinary General Assembly may adopt a resolution to increase the Company's capital provided that the capital shall have been paid in full. It shall not be required that the capital be fully paid up in case the unpaid portion of the capital is related to shares issued against converting debt instruments or debenture bonds into shares and the period specified for converting the same to shares has not yet expired.
- 2- The Extraordinary General Assembly may in all cases allocate shares issued upon increasing capital or a portion thereof for the Company employees and subsidiaries or some of them, or any of such cases. Shareholders shall not have preemptive rights to subscribe for said shares issued for the Company employees. The competent authority may establish regulations and procedures for allocating shares to the employees of the company or in subsidiaries or some of them, or any of that.

- 3- Upon the issuance of the resolution of the Extraordinary General Assembly of capital increase, shareholders shall have preemptive rights to subscribe for the new cash shares. The shareholders shall be notified of the preemptive rights vested in them -if any- by a registered letter to their address listed in the shareholder registry or through modern technological means, and by addressing the capital increase resolution and the conditions, method and duration of subscription and the dates of commencement and expiration of same.
- 4- The Extraordinary General Assembly may suspend the shareholder's pre-emption rights in a cash capital increase or grant them to others if it is in the Company's best interest.
- 5- Shareholders may sell or give up their preemptive rights for a financial consideration or for free, in accordance with the provision of the Companies law and its executive regulations.
- 6- Subject to the provisions of section (4) above, new Shares shall be distributed to preemption right holders who demanded subscription in proportion to the total preemption rights resulting from the capital increase provided that the number of Shares allotted to them shall not exceed the number of new Shares they have applied for. The remaining new Shares shall be allotted to the Shareholders who have asked for more than their proportionate share, in proportion to the preemption rights they hold out of preemption rights resulting from the capital increase provided that the number of Shares allotted to them shall not exceed the number of new Shares they have applied for. The rest of the Shares shall be offered to third parties unless otherwise provided for by the Extraordinary General Assembly or the Capital Market Law.

**Article Thirteen: Decrease of Capital:**

The Extraordinary General Assembly may decrease the Company's capital if it exceeds the Company's needs or if the Company suffers losses. The capital may, in the latter case only be decreased to less than the limit stipulated in Article (59) of the Companies Regulations. Such resolution shall be issued only after reading out a statement in the General Assembly prepared by the Board of Directors on the reasons for such reduction, the obligations to be fulfilled by the Company, and the impact of the reduction on fulfilling them. A report from the Company's Auditor should be attached to this statement. If the reason for the capital reduction is due to the capital being in excess of the Company's needs, the Company's creditors must be invited to express their objection to such a reduction at least forty-five days before the date set for holding the Extraordinary General Assembly meeting to take the reduction decision, provided that a statement is attached to the invitation explaining the amount of capital before and after the reduction, the date of the meeting, and the effective date of the discount. Should any creditor object and present to the Company evidentiary documents within the time limit set above; then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

### **Chapter Three: Board of Directors**

#### **Article Fourteen: Company Management:**

The Company shall be managed by a Board of Directors of natural character consisting of eleven members, to be elected by the Ordinary General Assembly for a term of four years through cumulative voting. The board member may be re-elected.

#### **Article Fifteen: Termination of Board Membership:**

Membership on the Board shall cease at the expiry of the term, or the death of the member, or the termination of his membership upon the recommendation of the Board of Directors to the General Assembly, or if he becomes unfit for membership in the Board due to non-applicability of the membership conditions mentioned in the Regulations on Board Membership Standards and Procedures at the time, or for violating the membership provisions mentioned in the Company's regulations, or in the event that the validity of that membership is terminated in accordance with any applicable laws or regulations in the Kingdom. However, the Ordinary General Assembly may, at any time, remove all or any of the Directors, without prejudice to the right of a removed director to hold the Company liable if the removal is made without acceptable justification or at an improper time. A Director may resign, provided that such resignation is made at a proper time; otherwise, he shall be responsible to the Company for damages resulting from such resignation.

#### **Article Sixteen: Board Vacancies**

If the position of one of the members of the Board of Directors becomes vacant, the Board may appoint a member to fill the vacancy. The Ministry and the Authority shall be informed within the period specified by law. Such appointment shall be submitted to the earliest General Assembly. The new Director shall complete the unexpired term of his predecessor.

Where the conditions required for holding the Board of Directors meeting are not satisfied because the number of Directors falls below the minimum prescribed in the Companies Law or in the Company's Articles, the remaining Directors must call the General Assembly to convene within 60 days to elect the required number of Directors.

#### **Article Seventeen: Powers of the Board**

- 1- Taking into account the competencies specified the General Assembly, the Board of Directors shall have the fullest powers to manage the company so as to achieve its objectives. The Board of Directors shall have the right to make decisions, conclude contracts, and perform all other actions necessary to achieve the objectives of the company; and is entitled to participate in other companies. It may also conclude contracts on loans and guarantees of whatever amount and for any period whatsoever. The Board of Directors may approve the provision of financial support, guarantees and loans to companies that the company fully owns or contributes to its capital with other companies and guarantee the debts of any of these companies. It may buy and lease lands and real estate, sell, lease and mortgage the company's properties, including its lands, real estate, movables and factories, convey ownership and accept the same, receive deeds, absolve the company's debtors from their obligations, as well as the right to conciliation, assignment of rights, request arbitration, appoint arbitrators and experts and clearance. It shall further have the right to sign contracts for the establishment and incorporation of companies to which the company contributes inside and outside the Kingdom.

- 2- The company may not extend loans of any kind to any of the members of the board of directors or its shareholders, or guarantee any loan that any of them enters into with others. The Company may provide loans to its employees in accordance with the employee incentive program.
- 3- Members of the Board of Directors may not have any direct or indirect interest in the business and contracts that are made for the account of the company except as permitted by the Ordinary General Assembly. All members shall inform the Board of any direct or indirect interest in the business and contracts that are made for the account of the company, taking into account the controls related to that mentioned in the Companies Law.
- 4- The board appoints Chairman and deputy Chairman of the board, and the board may appoint from its members a delegated member and a chief executive officer and define their powers, and the board of directors appoints a secretary for the board to choose from among its members or others and determines their wages, and the latter shall be responsible for recording minutes of board meetings and decisions passed at these meetings and maintain the same in addition to any other competencies entrusted to it by the Board of Directors. The Board of Directors shall appoint chief executive officer from among its members or others, and may also, within the limits of its competence and powers, delegate one or more of its members or others to carry out certain action(s). It shall have the right to authorize any of its delegates to delegate others to carry out any of the tasks entrusted to it.

The Board of Directors shall have the right to exercise all these powers inside and outside the Kingdom of Saudi Arabia.

**Article Eighteen: Remuneration of Board Members:**

- 1- Remuneration of the Board Members shall consist of:
  - a. The detail mentioned in the Regulation of Remuneration for members of the Board of Directors, its Committees and Executive management.
  - b. Allowance and expenses incurred for attending board meetings.
- 2- The Ordinary General Assembly approves the Regulation of Remuneration for members of the Board of Directors, its Committees and Executive management. Provided that the regulations specify the details of the remuneration granted to members of the Board, taking into account that the remuneration is fair motivating, and commensurate with the member's performance and the Company's performance.
- 3- The Board of Directors' report to the Ordinary General Assembly in its annual meeting must include a comprehensive statement of all amounts received by or deserves to be received by every member of the Board Members during the fiscal year including rewards, expense allowance, and other benefits as well as of all the amounts received by the Board Members in consideration of technical, administrative or consultancy services. The report shall also include a statement of the number of Board meetings and the number of meetings attended by every member as of the date of last General Assembly meeting.

**Article Nineteen: Powers of Board Chairman, Vice-Chairman, and Board Secretary:**

The Board of Directors shall appoint a Chairman and a Vice-Chairman from among its members. In absence of the Chairman, the Vice-Chairman shall be the Chairman. The person holding the Chairman position may not hold any other executive position in the Company. In absence of both the Chairman and the Vice-Chairman, the Board shall appoint a member to assume the position of the Chairman temporarily.

The Chairman of the Board of Directors shall assume the following powers:

- 1- Call the Board for meeting, chair the Board meetings and ordinary general assembly meetings.
- 2- Represent the Company in its relationships with others and before government agencies and private entities, and before courts, judicial bodies and judicial and quasi-judicial committees, the Board of Grievances, administrative courts, labor offices, customs committees, anti-commercial fraud committees, arbitration and civil rights tribunals, police, traffic and passports, the General Directorate of Civil Defense and its branches and affiliated departments and divisions, and before chambers of commerce and industry, ministries, municipalities, airports, organizations, embassies, customs and ports authorities, notaries public, banks, private bodies, companies and institutions; and shall have the right to sign all types of contracts, documents and deeds, including contracts for loans and bank facilities obtained by the company and other financial agreements, mortgage and foreclosure, extend guarantees, lease and purchase real estate and land, lease and sell the Company's properties including movables, real estate and lands, request issuance of title deeds for all properties, request the amendment of deeds together with their boundaries and area, and to delete, add and update the deeds, partitioning, conveyance, receive price, receive deeds, request replacement thereof, and sign memoranda of association of companies in which the company contributes, and amendments made thereto, attend meetings, constituent assemblies and general assemblies, discuss and vote on behalf of the company, conveyance and accept of the same, receive and deliver, rent, lease, take and make payments, open and close accounts, credits, withdraw and deposit with banks, issue bank guarantees, sign all commercial papers, documents, forms, checks, all banking transactions, and request issuance and renewal of licenses. The Chairman of the Board of Directors may appoint agents and attorneys to review the affairs of the Company, plead and defend the company, hear lawsuits, respond to them, acknowledgment, denial, conciliation, waiver, release from liability, administer oath, request and deny the same, renounce oath, submit memoranda, evidence and defenses, bring witnesses and evidence, challenge the same, submit answers, endorse and discredit witnesses, amend, appeal for forgery, and deny handwritings, seals and stamps, request travel ban or lift the same, request seizure and execution, request arbitration and appointment experts and experts arbitrators, challenge the reports of experts and arbitrators and seek removal and replacement of the same, request enforcement of judgments, accept or object to judgments, file appeals and request reconsideration, request cassation, request reinstatement, request pre-emption, approach all relevant authorities, finalize all necessary procedures and sign the same as required. The Board of Directors may, by a written decision, delegate all or some of his powers under this paragraph to board members or others to carry out certain action(s), and the other delegated parties shall have the right to delegate.
- 3- Carry out all other tasks entrusted by the Board of Directors under a resolution passed by the Board or by virtue of authorization or power of attorney.
- 4- The term of office of the Chairman, Vice-Chairman, Managing Director and the Secretary – if the Secretary is a Board member – shall not exceed their respective term of service as Board Directors, and they may be reelected at any time by the Board. In addition, the Board may at any time remove any or all of them without prejudice to their right to compensation if the removal is made without acceptable justification or at an improper time.

**Article Twenty: Powers of Managing Director or Chief Executive Officer:**

The Managing Director or CEO has the authority to manage the Company's daily affairs and approve the employee incentive loan program granted by the Company, as well as conclude contracts and agreements and represent the Company in its relations with others. He may, by a written decision, delegate all or some of his powers in this Article to other Board members or others to carry out a specific task or tasks, and third parties shall have the right of sub-delegation.

The Managing Director or CEO shall have the following powers:

To sell, convey to the buyer, receive the price, purchase, accept the conveyance, pay the price, mortgage, release the mortgage, accept the mortgage, consolidate bonds, subdivide, allot, receive bonds, update bonds and enter them into the comprehensive system, obtain a replacement bond set in case of loss, amend boundaries, lengths, areas, plot numbers, maps, bonds and their dates, neighborhood names, rent, lease, sign rental contracts, renew rental contracts, receive rent, cancel and terminate rental contracts, review the notary public records to inquire about the company's real estate properties, authenticate copies of real estate bonds. The Managing Director or CEO shall have the right to claim, file lawsuits, plead, defend, attend hearings of lawsuits, respond to them, acknowledge, deny, reconcile, waive, discharge, request an oath and refuse it, bring forth witnesses and evidence and object to them, respond, impeach and recuse, claim forgery, deny signatures, seals and handwritings, request a travel ban and lift it, review the Execution Departments and request an attachment and execution, request arbitration, appoint experts, arbitrators, appeal expert and arbitrator reports and dismiss and replace them, claim enforcement of rulings, accept and deny rulings, object to rulings, request an appeal, reconsideration and cassation, endorse rulings, request rehabilitation, request preemption, complete requirements to attend sessions in all lawsuits before all courts, receive amounts, receive rulings, request recusal of a judge, request intervention, request case referral before administrative courts (Board of Grievances), before Banking Dispute Settlement Committees, before Committees for Resolving Securities Disputes, before Customs Committees, before Committees for Commercial Fraud, before Committees for Resolving Insurance Disputes and Violations, before the Control and Anti-Corruption Authority, before the Public Prosecution, request cassation before the Supreme Court, before the Committee for Resolving Tax Violations and Disputes, before the Committee for Resolving Banks Control System Violations, before the Committee for Reviewing Copyright Protection Law Violations, before the Committee for Reviewing Patent Lawsuits, before the Committee for Reviewing Trademark Grievances, and before the Supreme Judicial Council. he Managing Director or CEO shall also have the right to sign incorporation contracts and amendments, sign partner decisions, sign articles of association for companies in which the company participates and all amendments thereto, attend incorporation meetings and general assemblies, discuss and vote on behalf of the company, open bank accounts in the company's name, sign agreements, close bank accounts in the company's name, register powers of attorney and trademarks, sign establishment contracts and amendments before the notary public, join the Chamber of Commerce and renew membership, review the Quality and Standards Authority, obtain and renew licenses for the company, review the Ministry of Investment and sign before it, review the Capital Market Authority, sign contracts for the company with third parties, publish the articles of association and amendments and summaries thereto and bylaws. The Managing Director or CEO shall have the right to follow up with the Ministries of Justice, Interior, all Emirates and Provinces, Foreign Affairs and all embassies, Defense, Ministry of National Guard, Ministry of Commerce, Ministry of Investment, Ministry of Industry and Mineral Resources, Ministry of Finance, Ministry of Environment, Water and Agriculture, Ministry of Municipal and Rural Affairs and Housing, Ministry of Health, Ministry of Culture, Ministry of Information, Ministry of Islamic Affairs, Dawah and Guidance, Ministry of Transport, Ministry of Hajj and Umrah, Ministry of Human Resources and Social Development, Ministry of Communications and Information Technology, Ministry of Economy and Planning, follow up with the General Authority for Statistics, the National Anti-Corruption Commission, the General Authority for Real Estate, the General Authority for State Real Estate, the Saudi Authority for Intellectual Property, the Public Prosecution, the Ministries of Energy, the Capital Market Authority, the Saudi Standards, Metrology and Quality Organization, the Royal Commission for Jubail and Yanbu, the Human Rights Commission, the



General Authority of Civil Aviation, the Saudi Red Crescent Authority, the Electricity and Cogeneration Regulatory Authority, the Gulf Cooperation Council Interconnection Authority, the General Commission for Audiovisual Media, the General Authority for Endowments, the Zakat, Tax and Customs Authority, and the General Authority for Competition, as well as their branches, departments and divisions. The Managing Director or CEO shall also have the right to follow up with all banks, open accounts in the company's name, withdraw, deposit, transfer between accounts, obtain ATM cards and receive them and PINs and enter them, obtain credit cards, obtain bank statements, obtain checkbooks and issue and receive certified checks, receive remittances and cash them, subscribe to and renew safe deposit box rental, open safe deposit boxes, request bank loans, retrieve safe deposit box units, request loan waivers, request letters of credit, sign contracts and forms, request and sign bank guarantees and receive them, close and settle accounts, request points of sale, cash checks, activate accounts, dispute checks, receive checks, update data, obtain account statements, liquidate investment portfolios, request information about securities of all kinds, trades, sell, receive price, deposit in a portfolio or account in the company's name, receive bank certificates, IBANs, purchase shares compliant with Sharia, sell shares compliant with Sharia, receive share certificates, receive share value, receive profits, receive dividends, open investment portfolios, issue, amend and cancel orders, subscribe to investment fund units, redeem investment fund units, issue securities and promissory notes, sign them, liquidate real estate stocks. The Managing Director or Board member shall also have the right to follow up with all government agencies for licenses, permits and deregistrations required for the company's business, review private companies and institutions, follow up with insurance companies and their branches, departments and divisions, and complete all necessary procedures and sign wherever required. The Managing Director or CEO may, by a written decision, delegate all or some of his powers in this paragraph to other Board members or third parties to carry out a specific task or tasks.

**Article Twenty One: Board Meetings:**

- 1- The Board shall meet at least four meetings a year upon the invitation of the Chairman. The invitation shall be made in writing against acknowledgment of receipt, registered letters or through modern technical means, considering the periods specified in the laws and regulations. The Chairman shall invite the Board to meet when requested by any member of the Board to discuss one or more subject.
- 2- The Board of Directors determines the location of its meetings, and they may be held remotely using modern technology.

**Article Twenty Two: Absence from attending Board Meetings:**

The General Assembly, based on recommendation by the Board of Directors, may terminate the membership of members who failed to attend three consecutive board meetings or five separate meetings during his term as a Board member without acceptable justification accepted by the Board.

**Article Twenty Three: Quorum of Board Meetings:**

A meeting of the Board shall be valid only if attended by at least six (6) members personally or by proxy. A board member may appoint another board member by proxy to attend the meeting on his behalf in accordance with the below restrictions:

- 1- A Board member shall not represent more than one member in attending the same meeting.
- 2- A proxy shall be granted in writing.
- 3- The member acting by proxy shall not be allowed to vote on resolutions that proxy grantor is prohibited from voting under the Law.

Resolutions of the Board shall be adopted by majority vote of the members present or represented. In case of a tie, the chairman of the meeting would have the casting vote. The board of directors in urgent matters may adopt resolutions by submitting them to all the

members individually, unless a member has requested in writing that the board be convened to deliberate on such resolutions; given that such resolutions shall be submitted to the board at the first following meeting to be recorded in the minutes of that meeting.

**Article Twenty Four: Board Deliberations:**

Deliberations and resolutions of the Board shall be recorded in minutes prepared by the Secretary and signed by the chairman of the meeting, members present and the Secretary. Such minutes shall be entered in a special register which shall be signed by the Board Chairman and the Secretary. Modern technological means may be used to sign, document deliberations and decisions, and record minutes.

**Article Twenty Five: Obligations of Board Members:**

Board members shall be jointly liable for damages sustained by the company, shareholders or third parties due to their violation of the provisions of the Law or the company's articles of association or because of errors or omissions committed by them in the performance of their work. Any condition to the contrary of this provision shall be considered null and void. All Board members shall be liable if a wrongful act results from a resolution unanimously issued thereby. As for resolutions issued by a majority vote, dissenting members shall not be liable therefor if their objection is explicitly recorded in the minutes of the meeting. Absence from the meeting at which such resolution is adopted shall not constitute cause for relief from liability, unless it is established that the absentee was not aware of the resolution, or was unable to object to it after becoming aware of such resolution. The company may provide insurance coverage for members of its board of directors during their term of membership against any liability or claim arising due to their capacity. Approval of the ordinary general assembly to relieve board members from liability shall not preclude the filing of liability suit. Except for fraud and forgery, a liability suit shall not be heard after the lapse of five years from the end of the fiscal year in which the wrongful act was committed, and three years from the expiration of membership term of the concerned member, whichever occurs later.

## **Chapter Four: Shareholders General Assemblies**

### **Article Twenty Six: Attending General Assemblies:**

Each Shareholder shall have the right to attend the Shareholders' General Assemblies. In addition, each Shareholder may authorize another natural person other than the members of the Board of Directors to attend the General Assembly on his behalf, provided that such authorization shall be in writing on the form of power of attorney.

### **Article Twenty Seven: Competencies of Ordinary General Assembly:**

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company, in particular the following:

- a- Election and dismissal of members of the Board of Directors.
- b- Appointing the auditor, determining his fees, reappointing him and dismissing him.
- c- Review and discuss the report of the Board of Directors.
- d- Review and discuss the company's financial statements.
- e- Discuss the auditor's report, if any, and take a decision thereon.
- f- Decide on the proposals of the Board of Directors on the method of distributing dividends.
- g- Formation of the company's reserves and determination of their uses.

The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened whenever needed.

### **Article Twenty Eight: Competencies of Extraordinary General Assembly:**

The Extraordinary General Assembly shall have the following competencies:

- a- Amend the Company's Articles of Association except for such provisions as may be impermissible to be amended under the law.
- b- Decision on the continuation or dissolution of the company.
- c- Approval of the company's purchase of its shares.

Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling originally within the competence of the Ordinary General Assembly under the same conditions applicable to the latter. It shall also be in charge of all matters stipulated in the laws and regulations issued by the competent government authorities.

### **Article Twenty Nine: Call for Assemblies:**

The duly formed general assembly shall represent all shareholders, and shall be held in the Eastern Region in the Kingdom of Saudi Arabia. General assemblies of shareholders shall be held at the call of the board of directors subject to the circumstances stipulated in the Companies Law and in these Articles of Association. The Board of Directors shall convene a meeting of the Ordinary General Assembly within thirty days from the date of the request by the Auditor, the Audit Committee or by one or more shareholders representing at least (10%) of the company's shares that have voting rights. The Auditor may call for the convention of an Ordinary General assembly if the Board of Directors does not call the assembly to convene within thirty days from the date of Auditor's request. Call for General Assembly together with the agenda thereof shall be published through modern technology at least twenty-one days prior to the date set for the

meeting. However, a notice sent by registered mail within the time limit set above shall suffice. A copy of the invitation and agenda are to be sent to the Commercial Registration and the Capital Market Authority on the date of the invitation announcement.

**Article Thirty: General Assembly Meeting Minutes:**

Upon holding the assembly, a list containing the number of shareholders present or represented shall be made stating the number of shares held by each of them in person or on behalf of them as well as the number of votes assigned to each of them, decisions taken, the number of votes approved or opposed by them, and a compendium of the discussions that took place at the meeting.

The minutes shall be recorded in a special register signed by the President of the Assembly, its Secretary and the vote Collectors.

**Article Thirty One: Quorum of Ordinary General Assembly:**

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least one-quarter of the shares of the company that has voting rights. If such quorum cannot be attained at the first meeting, a second meeting may be held within an hour following the time set for the first meeting provided that the invitation to hold the first meeting shall state the possibility of holding such second meeting.

In all cases, the second meeting shall be valid regardless of the number of the shares represented therein.

**Article Thirty Two: Quorum of Extraordinary General Assembly:**

A meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing one-half of the shares of the company that has voting rights. If such quorum cannot be attained at the first meeting, a call for convening a second meeting shall be sent and such meeting shall be held in accordance with the procedures specified in Article (29) of these Articles. The second meeting may be held within an hour following the time set for the first meeting provided that the invitation to hold the first meeting shall state the possibility of holding such second meeting. In all cases, the second meeting shall be valid if attended by shareholders representing at least one-quarter of the shares of the company that has voting rights.

If this quorum is not attained to convene a second meeting, a notice shall be sent for a third meeting to be held in the same manner provided for in Article (29) herein. The third meeting shall be valid regardless of the number of shares that have voting rights represented therein.

**Article Thirty Three: Voting at Assemblies:**

Each Shareholder shall have one vote for each share held at the General Assemblies. Cumulative voting must be used when electing the Board of Directors. Board Members may not vote in relation to the resolutions pertaining to the business and contracts in which they have a direct or indirect interest, which involve a conflict of interest or that relates to releasing them from liability during their term of service.

**Article Thirty Four: Resolutions of Assemblies:**

- 1- Resolutions of the Ordinary General Assembly shall be passed by the approval of the majority of voting rights represented in the meeting.
- 2- Resolutions of the Extraordinary General Assembly shall be passed by the approval of two-thirds of the voting rights represented at the meeting. However, if the resolution to be passed is related to increasing or decreasing the capital, determine the Company's

term, or merging the Company with another company or dividing the company into two or more companies, such resolution shall be valid only if passed by the approval of three-quarters of the voting rights represented at the meeting.

**Article Thirty Five: Deliberations at Assemblies:**

Every shareholder shall have the right to discuss the matters listed in the agenda of the General Assembly, and to address questions to the Board Members and the Auditor in respect thereof. The Board or the Auditor shall answer Shareholders' questions to such an extent that would not jeopardize the Company's interests. If a Shareholder feels that the answer to his question is insufficient, he may appeal to the General Assembly whose decision shall be final in this respect.

**Article Thirty Six: Chairing the General Assemblies and Preparing the Minutes:**

The Shareholders' General Assembly meetings shall be chaired by the Board Chairman or, in his absence, the Vice-Chairman, or the member designated by the Board from among its members in the absence of the Chairman and the Vice-Chairman. If it is not possible, the General Assembly shall be chaired whoever is delegated by the shareholders from the members of the board or others by voting.

**Article Thirty Seven: Board Committees:**

The Board of Directors may form from among its members and others several committees that it intends to appoint according to the company's need and circumstances to carry out certain actions, taking into account the provisions of the formation of the company's committees mentioned in the Companies Law and the Executive Regulations.

**Chapter Five:**

**The Auditor**

**Article Thirty Eight: Appointment of Auditor:**

The Company shall have one auditor or more to be selected from among those licensed to operate in the Kingdom appointed by the Ordinary General Assembly, which determine his fees, duration of work and scope, and may reappoint him. The General Assembly may at any time dismiss the Auditor, without prejudice to his right to compensation for the damage suffered, if necessary.

**Article Thirty Nine: Powers of Auditor:**

The Auditor shall have access at all times to the Company's documents, accounting records and supporting documents, and may request statements and clarifications as he deems necessary to check the Company's assets and liabilities, and other matters fall within his sphere of competence. The Board of Directors shall enable the Auditor to perform his duties, and should the Auditor encounter any difficulties in this regard, he shall state same in a report to be submitted to the Board of Directors. In case the Board does not facilitate the Auditor's duties, the Auditor shall ask the Board to hold an Ordinary General Assembly to consider the matter.

## Chapter Six: Company Accounts and Distribution of Dividends

### **Article Forty: Fiscal Year:**

The Company's fiscal year shall begin on 1st of January and end on the 31st of December of each year.

### **Article Forty One: Financial Documents:**

- 1- The Board of Directors shall prepare the Company's financial statements at the end of each fiscal year together with a report of its activities and financial position for the preceding fiscal year. This report shall include the proposed method for distribution of dividends. The Board of Directors shall place such documents at the disposal of the Auditor at least 45 (forty-five) days prior to the date set for convening the General Assembly.
- 2- The documents stated in paragraph (1) above, shall be signed by the Chairman of the Board of Directors, Chief Executive Officer, and Chief Financial Officer, and copies thereof shall be available at the Company's head office for the shareholders' review.
- 3- The Chairman of the Board of Directors shall provide shareholders with the Company's financial statements, Board of Directors' report after signing them, Auditor's report unless all such documents are published in any of the means of modern technology, at least twenty-one days prior to the date set for convening the General Assembly. He shall also deposit these documents as determined by the regulations.

### **Article Forty Two: Distribution of Dividends:**

The Company's annual net profits shall be allocated as follows:

- 1- The General Assembly shall determine the percentage to be distributed to shareholders of the net profits after deducting reserves, if any.
- 2- The Ordinary General Assembly may form reserves to be allocated for the purposes determined by the General Assembly at the portion that would serve the Company's best interest or would ensure distributing constant dividends, as much as possible, amongst shareholders. Besides, the Ordinary General Assembly may allocate from the net profits amounts to be used for the social purposes of the company's employees.
- 3- The Company may pay interim dividend to its shareholders on a bi-annual or quarterly basis upon authorization issued by the Ordinary General Assembly to the Board of Directors to distribute interim dividends that is renewed annually.

### **Article Forty Three: Entitlement to Dividends:**

Shareholders shall be entitled to their dividends pursuant to the General Assembly resolution passed in this regard or the resolution of the Board of Directors regarding the distribution of interim dividends. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the Shareholders' Register shall be entitled to their dividends by the end of the day of their entitlement.

### **Article Forty Four: Company Losses:**

If the Company's losses total half of its issued capital, the Board of Directors shall disclose this and its recommendations regarding such losses within sixty days from the date of becoming aware of the losses reaching this amount, and the Board of Directors shall convene the Extraordinary General Assembly to meet within one hundred and eighty days from the date of becoming aware of the losses reaching this

amount to consider the continuation of the company with any of the necessary actions to address or resolve such losses. This shall be without prejudice to the implementation of the procedures and instructions issued in this regard.

#### **Chapter Seven:**

##### **Disputes**

#### **Article Forty Five: Liability Suit:**

A liability lawsuit may be filed against the members of the Board of Directors in accordance with the provisions mentioned in the Companies Law and its Executive Regulations.

#### **Chapter Eight:**

##### **Company Dissolution and Liquidation**

#### **Article Forty Six: Expiry of the Company:**

Upon the expiry of the Company, it shall enter into liquidation period during which it shall maintain its legal personality to the extent necessary for liquidation. Resolution of optional liquidation may only be passed by the Extraordinary General Assembly. The liquidation resolution shall provide for the appointment of a liquidator and determine its powers, fees, restrictions of power and the period of liquidation, provided that liquidation period shall not exceed three years and cannot be extended without judicial order. The powers of the Board of Directors shall cease upon the Company's expiration, provided, however, that the Board of Directors shall remain responsible for the management of the Company and is deemed vis-à-vis third parties as liquidator until the liquidators are appointed. The General Assembly shall remain existent during the liquidation period and shall exercise its powers to the extent it does not conflict with the powers of the liquidator.

#### **Chapter Nine:**

##### **Concluding Provisions**

#### **Article Forty Seven:**

The Companies Law and its Executive Regulations and the Capital Market Authority Law and Regulations shall apply to all other matters not specifically provided for herein.

#### **Article Forty Eight: Terminologies:**

The terms mentioned in this Law shall be the same as those mentioned in the Companies Law and its Executive Regulations.

#### **Article Forty Nine:**

These Articles of Association shall be filed and published in accordance with the Companies Law and its Executive Regulations.