

**اسمنت اليهامة**  
**YAMAMA CEMENT**

**ARTICLES OF ASSOCIATION**

**December 2023**

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# **Chapter One: Company Incorporation**

## **Article (1): Incorporation**

It was established in accordance with the provisions of Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 H, its executive regulations and this law as a Saudi joint stock company in accordance with the following:

## **Article (2): Company Name**

Yamama Cement Company (Joint Stock Company).

## **Article (3): Company's Head Office**

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

## **Article (4): Company Purposes**

1. Manufacture and production of cement, its related products, derivatives and components, and trading in it inside and outside the Kingdom of Saudi Arabia.
2. Manage and operate all types of cement factories. In achieving this purpose, it has the right to conduct all types of contracts and to engage in all aspects of activity that achieve its purposes. The company must carry out its activities in accordance with applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.
3. Exploiting quarries and mining to obtain all necessary raw materials and assistance in the cement industry.
4. Managing, developing, investing and leasing the company's real estate and lands or selling them in whole or in part, whether through the company directly or through commercial intermediaries.

## **Article (5): Participation and Ownership in Companies**

The company may establish companies on its own with limited liability or closed joint stock, provided that the capital would not be less than (5) million riyals. It may also own shares and stakes in other existing companies or merge with them, and it has the right to participate with others in establishing joint stock or limited liability companies. This is after fulfilling the requirements of regulations and instructions followed in this regard. The company may also

dispose of these shares and stakes, provided that this does not include mediation in their trading.

### **Article (6): Company Duration**

The company was established pursuant to Royal Decree No. 23-1-14-1016 dated 09/05/1376 H corresponding to 12/12/1956 G, and the period specified for this company is (ninety-nine) Gregorian years starting from the date of Minister of Commerce's decision regarding Commercial Registry No. 1010001578 dated 18/04/1379 H corresponding to 21/10/1959 G. It is always permissible to extend the company's duration by a decision issued by Extraordinary General Assembly of shareholders at least one year before its expiry.

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

### **Article (7): Capital**

The capital is 2,025,000,000 Saudi riyals, two billion and twenty-five million Saudi riyals, divided into (202,500.00) ordinary shares of equal value, and the nominal value of the share is ten Saudi riyals, fully paid.

### **Historical movement of the company's capital development**

<b>S.N.</b>	<b>Date</b>	<b>Capital (Saudi Riyals)</b>
1	09/05/1376 H	Capital (25,000,000) Twenty-five million
2	21/03/1388 H	Increase capital to (50,000,000) Fifty million
3	15/03/1391 H	Increase capital to (75,000,000) Seventy-five million
4	03/06/1395 H	Increase capital to (750,000,000) Seven hundred and fifty million
5	09/06/1407 H	Increase capital to (1,200,000,000) One billion two hundred million
6	17/10/1410 H	Decrease capital to (900,000,000) Nine hundred million
7	14/01/1419 H	Decrease capital to (450,000,000) Four hundred and fifty million
8	28/02/1427 H	Increase capital to (1,350,000,000) One billion three hundred and fifty million

9	04/04/1433 H	Increase capital to (2,025,000,000) Two billion and twenty-five million
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### **Article (8): Subscription to Shares**

The founders subscribed to the company in the amount of (25,000,000) twenty-five million Saudi riyals. Of its value, they paid (12,750,000) twelve million seven hundred and fifty thousand riyals, as follows:

<b>S.N.</b>	<b>Founder</b>	<b>Percentage*</b>	<b>No. of Shares</b>	<b>Paid up</b>
1	His Highness Prince Mohammed bin Saud Al Saud	15.9%	39,580	3,958,000
2	Musaed bin Saud and brothers	8%	20,000	2,000,000
3	Abdullah bin Mohammed Al Saud and brothers	5.1%	12,560	1,256,000
4	Mohammed bin Abdulaziz bin Turki	5.1%	12,560	1,256,000
5	Sheikhs Abdulaziz and Mohammed Al-Abdullah Al-Jumaih	3.5%	8,560	856,000
6	Sheikhs Ibrahim Al-Rashed Al-Humaid and brothers	3.5%	8,560	856,000
7	Sheikh Mohammed Al-Abdullah Al-Arifi	3.5%	8,560	856,000
8	National Commercial Bank Corporation	3.5%	8,560	856,000
9	Riyadh Bank	3.5%	8,560	856,000
		51%	127,500	12,750,000

\* The remaining shares, equivalent to 49% of the total capital, were offered for public subscription in accordance with the provisions of Financial Market Law and its executive regulations.

## **Article (9): Stock Trading**

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

## **Article (10): Selling Undervalued Shares**

1. The shareholder is obligated to pay the value of the share on the date specified for that, and if he fails to pay on the due date, 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 Financial Market - as the case may be - in accordance with the controls determined by the competent authority.
2. The company fulfills 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 fulfill the remainder from all of the shareholder's funds.
3. The rights related to the defaulted shares shall be suspended upon the expiry of the specified date until they are sold or the due amounts are paid in accordance with the provisions of Paragraph (1) of this Article. It includes 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 to 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 sold share in accordance with the provisions of this article, and gives the buyer a new share bearing the number of the canceled share, and marks in the share registry the occurrence of the sale, indicating the name of the new owner.

## **Article (11): The Company's Purchase of Its Shares.**

The company may buy its ordinary or premium shares or mortgage them, and it may also sell them. The company may purchase its shares to allocate them to the company's employees within the employee stock program in accordance with the controls set by the competent authority. The shares purchased by the company do not have votes in the shareholders' assemblies.

### **Article (12): Selling Treasury Shares**

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

### **Article (13): Mortgage of Shares**

The company may mortgage its shares as security for a debt owed by others, in accordance with the controls and procedures set by competent authority.

### **Article (14): Splitting or Merging Shares**

The company may divide its shares into shares with a lower nominal value, or merge them so that they represent shares with a higher nominal value, in accordance with the following controls:

1. Notifying the Authority regarding a proposal to divide or merge the company's shares before obtaining the approval of Extraordinary General Assembly.
2. Obtaining the approval of Extraordinary General Assembly.
3. Coordination with market to make the necessary arrangements to implement General Assembly's decision to divide or merge the company's shares.

### **Article (15): Capital Increase**

Extraordinary General Assembly may decide to increase the company's issued capital, 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 it is due to shares issued in exchange for converting debt instruments or financing deeds into shares and period specified for its transfer has not yet expired.

### **Article (16): Capital Decrease**

1. Extraordinary General Assembly may decide to reduce the capital if it exceeds the company's needs or if the company suffers losses. In the latter case alone, the capital may be reduced to below the limit stipulated in Article (59) of the Companies Law, and the decrease decision is not issued except after reading a special report in General Assembly prepared by Board of Directors on the reasons for the decrease, the company's obligations, and the effect of the decrease in fulfilling them. This statement must be accompanied by a report from the company's auditor.

2. If the capital decrease is a result of it exceeding the company's needs, the creditors must be invited to express their objections - if any - to the decrease at least (45) days before the date set for holding Extraordinary General Assembly meeting to take the decrease decision, provided that a statement explaining the amount is attached to the invitation the capital before and after the decrease, the date of the meeting and the effective date of the decrease. If any of the creditors objects to the decrease and submits his documents to the company on the aforementioned date, the company must pay him his debt if it is due or provide him with sufficient guarantee to fulfill it if it is due.
3. Equality between shareholders holding shares of the same type and class must be taken into account when decreasing capital.

#### **Article (17): Issuing Debt Instruments or Financing Deeds**

1. The company may issue - in accordance with Financial Market Law - debt instruments (compatible with Islamic Sharia) or negotiable financing deeds.
2. The company may issue, in accordance with Financial Market Law, debt instruments or financing deeds that are convertible into shares after the issuance of a decision by Extraordinary General Assembly specifying the maximum number of shares that may be issued in exchange for those instruments or deeds, whether these instruments or deeds are issued at the same time or through a series of issuances, or through one or more programs for issuing debt instruments or financing deeds. Board of Directors - without the need for new approval from this assembly - issues new shares in exchange for those instruments or deeds whose holders request their conversion, immediately after the end of the conversion request period specified for the holders of those instruments or deeds. Board of Directors shall take necessary measures to amend this law with regard to the number of issued shares and capital.
3. Board of Directors should announce the completion of procedures for each capital increase in the manner specified in the law for announcing the decisions of Extraordinary General Assembly.
4. The company may convert debt instruments or financing deeds into shares in accordance with the Financial Market Law.



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

### **Article (18): Company Management**

The company is managed by a board of directors consisting of (7) members, who must be natural persons elected by Ordinary General Assembly of shareholders for a period not exceeding (4) years.

### **Article (19): Expiry or termination of membership of the Board**

Board membership shall expire at the end of its duration or at the expiry of the member's authority in accordance with any law or instructions in effect in the Kingdom. General Assembly may (based on the recommendation of Board of Directors) terminate the membership of any member who is absent from attending (3) consecutive meetings or (5) separate meetings during the term of his membership without a legitimate excuse accepted by Board of Directors.

However, the Ordinary General Assembly may at any time dismiss all or some of the members of Board of Directors. In this case, the Ordinary General Assembly must elect new Board members or someone to replace the dismissed member (as the case may be) in accordance with the provisions of the Companies Law.

### **Article (20): Expiry of Duration of Board of Directors, retirement of its members, or vacancy of membership**

1. Board of Directors must, before the end of its duration, call 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 duration of current Board term has ended, its members will continue to perform their duties until a 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 Executive Regulations of the Companies Law.
2. If the Chairman and members of Board of Directors retire, they must invite 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 term of the retiring Board shall not exceed the period specified by the Executive Regulations of the Companies Law.
3. A member of 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 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 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 the Commercial Registration authority be informed of that position, as well as Capital Market Authority, within (15) days from the date of appointment, and that the appointment be presented to the Ordinary General Assembly at its first meeting, and the appointed member shall complete the term of his predecessor.
5. If one of members of Board of Directors' position 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 the number of its members being less than the minimum, the Board may keep the seat vacant until the end of the session or call General Assembly to appoint a member to the vacant seat.
6. If the necessary conditions are not met for Board of Directors to convene due to the number of its members being less than the minimum stipulated in the Companies Law or this Law, the remaining members must invite the Ordinary General Assembly to convene within (60) days to elect the necessary number of members.

#### **Article (21): Powers of Board of Directors**

1. Taking into account the powers assigned to General Assembly, Board of Directors has the broadest powers to manage the company, conduct its affairs, and formulate the company's general policy to achieve its objectives.
2. Board of Directors may purchase the assets or what the company needs, and conclude loans and other credit facilities, regardless of their duration and value, with government financing funds and institutions, commercial banks, credit companies, or any other party, or sell the company's assets, mortgage them, release the mortgage, or empty them, and submit the bonds to order. And any necessary guarantees and any documents related to loans and facilities, selling or mortgaging company's commercial premises, or discharging the company's debtors from their obligations, and they are represented by the Chairman of the Board or his deputy, and one of them has the right to delegate whomever he deems appropriate.
3. Board of Directors may approve the provision of financial support, guarantees and loans to companies that the company wholly owns or shares its capital with other companies and guarantee the debts of any of these companies. They are represented by the Chairman of the Board or his deputy, and one of them has the right to delegate whomever they deem appropriate.

4. Board of Directors is required to obtain the approval of General Assembly when selling assets whose value exceeds (fifty percent) of the value of its total assets, whether the sale is made through one deal or several deals. In this case, the deal that exceeds (fifty percent) of the value of the assets is considered the deal that requires the approval of General Assembly, and this percentage is calculated from the date of the first deal that took place during the previous (twelve) months.
5. Board of Directors may, within the limits of its powers, authorize one or more of its members or a third party to undertake a specific work or tasks.

#### **Article (22): Remuneration for Board Members**

1. The remuneration for members of Board of Directors consists of a certain amount, an attendance allowance for sessions, benefits in kind, or a certain percentage of net profits. It is permissible to combine two or more of these benefits.
2. If the reward is a certain percentage of the company's profits, this percentage may not exceed (10%) of the net profits, after deducting the reserves decided by General Assembly in application of the provisions of the Companies Law and the Company's Bylaws, 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 total amount received by a member of Board of Directors in terms of financial or in-kind rewards and benefits does not exceed the amount of five hundred thousand riyals annually.
4. Board of Directors' report to the Ordinary General Assembly at its annual meeting must include a comprehensive statement of all the bonuses, allowances for attending sessions, allowances for expenses, and other benefits. It should also include a statement of what council members received in their capacity as employees or administrators, or what they received in exchange for technical or administrative work or consultations. It should also include a statement of the number of Board meetings and the number of sessions attended by each member.

#### **Article (23): Powers of Chairman, Vice Chairman, and Secretary**

1. At its first meeting, Board of Directors appoints from among its members a Chairman and a Vice Chairman.
2. 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 Board of Directors with any executive position in the company, and Board of Directors determines the powers of the Chairman of the Board and his deputy 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, and the Secretary, who is a member of 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. Chairman of Board of Directors, or his deputy in his absence, or the Chief Executive Officer, represents the company before the judiciary, arbitration bodies, and third parties, and they may, by written decision, delegate some of their powers to members of the Board or third parties to carry out specific work or works.
6. Vice Chairman of Board of Directors shall replace the Chairman of Board of Directors in his absence or upon his authorization.
7. The duties of the Chairman of Board of Directors are as follows:
  - a. Ensuring that board members receive timely, complete, clear, correct and non-misleading information.
  - b. Ensure that Board of Directors discusses all key issues in an effective and timely manner.
  - c. Encouraging board members to carry out their duties effectively and in the interest of the company.
  - d. Ensuring that there are channels for effective communication with shareholders and communicating their opinions to Board of Directors.
  - e. Encouraging constructive relationships and effective participation between Board of Directors and executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
  - f. Prepare the agenda for Board of Directors meetings, taking into account any issue raised by a Board member or raised by the auditor, and consult with Board members and the Chief Executive Officer when preparing the Board agenda.
  - g. Holding periodic meetings with non-executive board members without the presence of any company executive.

### **Article (24): Board Meetings**

1. Board of Directors meets at least (4) times a year at the invitation of its Chairman. The Chairman of the Board must call the Board to a meeting whenever he is requested to do so in writing by any Board member to discuss one or more topics.
2. Board of Directors shall determine the location of its meetings, and they may be held using modern technological means.

### **Article (25): Board of Directors Meetings and Decisions**

1. The Board meeting shall not be valid unless it is attended by at least (4) original members.
2. A member of Board of Directors may deputize other members to attend the meeting on his behalf, provided that the representative member does not have more than one delegation.
3. The Board's decisions shall be issued by a majority of the votes of the members present in person or at least on their behalf. When the votes are equal, the side with which the Chairman of the meeting voted shall prevail.
4. Board of Directors' decision is effective from the date of its issuance, unless it stipulates that it will take effect at another time or when certain conditions are met.

### **Article (26): Issuing Board Decisions on Urgent Matters**

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.

### **Article (27): Board Deliberations**

1. The deliberations and decisions of Board of Directors shall be recorded in minutes prepared by the Secretary and signed by the Chairman of the meeting, the members of Board of Directors present, and the Secretary.
2. These minutes are recorded in a special register signed by the Chairman of Board of Directors and the Secretary.
3. It is permissible to use modern technological means to sign, document deliberations and decisions, and record minutes.

## **Chapter Four: Shareholders' Assemblies**

### **Article (28): General Assembly Meeting of Shareholders**

1. The meeting of General Assembly of Shareholders shall be chaired by the Chairman of Board of Directors or his deputy in his absence, or whomever Board of Directors delegates from among its members in their absence. In the event that this is not possible, General Assembly shall be chaired by whomever the shareholders delegate from among the members of the Board or from others through voting.
2. Every shareholder has the right to attend General Assembly meeting, and he has the right to delegate someone other than a member of Board of Directors on his behalf.
3. General Assembly meeting may be held and the shareholder may participate in deliberations and voting on decisions by means of modern technology.

### **Article (29): Calling Assemblies**

1. General and private assemblies shall be held at the invitation of Board of Directors. Board of Directors should call the ordinary general assembly to convene within (30) days from the date of the request of the auditor or one or more shareholders representing (10%) of the company's shares that have at least voting rights. The auditor may invite the ordinary general assembly to convene if the Board does not invited them within (30) days from the date of the auditor's request.
2. The request referred to in Paragraph (1) of this Article must state the issues on which shareholders are required to vote.
3. The invitation to convene the assembly shall be sent at least (21) days before the specified date in accordance with the provisions of the law, taking into account the following:
  - a. Informing shareholders through registered letters to their addresses listed in the shareholders' register, or announcing the invitation through modern technological means.
  - b. Send a copy of the invitation and the agenda to the Commercial Registry, as well as a copy to Capital Market Authority if the company is listed on it on the date of announcing the invitation.

4. The invitation to the assembly meeting must include at least the following:
  - a. A statement of the holder of the right to attend the assembly meeting and his right to delegate whoever he chooses from among the members of Board of Directors, and a statement of the shareholder's right to discuss the topics on the assembly's agenda and ask questions and how to exercise the right to vote.
  - b. Place, date and time of the meeting.
  - c. Type of assembly, whether it is a public or private one.
  - d. The meeting agenda, including the items on which shareholders are required to vote.

#### **Article (30): Quorum for Ordinary General Assembly Meeting**

1. Ordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least (a quarter) of the company's shares that have at least voting rights.
2. If the quorum necessary to hold the Ordinary General Assembly meeting is not available in accordance with Paragraph (1) of this Article, an invitation shall be sent to a second meeting to be held in the same conditions stipulated in Article (Ninety-One) of the Companies Law within (30) days following the date specified for holding the previous meeting. However, the second meeting may be held one hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes evidence of the possibility of holding that meeting. In all cases, the second meeting is valid regardless of the number of shares with voting rights represented in it.

#### **Article (31): Quorum for Extraordinary General Assembly Meeting**

1. Extraordinary General Assembly meeting shall not be valid unless it is attended by shareholders representing at least (half) of the company's shares that have voting rights.
2. If the quorum necessary to hold Extraordinary General Assembly meeting is not available in accordance with Paragraph (1) of this Article, an invitation shall be sent to a second meeting to be held in the same conditions stipulated in Article (Ninety-One) of the Companies Law. However, the second meeting may be held one hour after the end of the period specified for holding the first meeting, provided that the invitation to hold the first meeting includes evidence of the possibility of holding that meeting. In all cases, the second meeting is valid if it is attended by a number of shareholders representing (a quarter) of the company's shares that have at least voting rights.

3. If the quorum necessary to hold the second meeting is not available, an invitation will be sent for a third meeting to be held under the same conditions stipulated in Article (Ninety-One) of the Companies Law, and the third meeting will be valid regardless of the number of shares with voting rights represented in it.

### **Article (32): Voting in Assemblies**

1. Each shareholder has one vote for each share in the general assemblies, and cumulative voting must be used to elect members of Board of Directors, so that the right to vote per share may not be used more than once.
2. Members of Board of Directors may not participate in voting on the Association's decisions related to business and contracts, in which they have a direct or indirect interest or that involve a conflict of interest.

### **Article (33): Assemblies Decisions**

1. Decisions of the Ordinary General Assembly are issued with the approval of the majority of voting rights represented at the meeting.
2. The decisions of Extraordinary General Assembly are issued with the approval of (two-thirds) of the voting rights represented at the meeting, unless the decision is related to increasing or reducing the capital, extending the term of the company, dissolving it before the expiry of the period specified in its bylaws, or by merging with another company, or dividing it into two companies or more, it will not be valid unless it is issued with the approval of (three-quarters) of the voting rights represented at the meeting.

### **Article (34): Discussion in Assemblies**

Every shareholder has the right to discuss the topics included in General Assembly's agenda and direct questions regarding them to members of Board of Directors and the auditor. Board of Directors or the auditor answers shareholders' questions to the extent that does not expose the company's interest to harm. If a shareholder finds that the response to his question is insufficient, he may appeal to General Assembly, and its decision in this regard shall be effective.



## **Article (35): Preparing Assemblies Minutes**

At the assembly meeting, minutes shall be drawn up that include the number of shareholders present, in person or on behalf, the number of shares in their possession, in person or on behalf, the number of votes assigned to them, the decisions taken, the number of votes that approved or opposed them, and a comprehensive 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 Assembly's chairman, secretary, and vote collectors.

## **Chapter Five: Auditor**

### **Article (36): Appointing, Dismissing and Retiring of Company's Auditor**

1. The company shall have one (or more) auditors from among the auditors licensed in the Kingdom. The General Assembly appoints him and determines his fees, the duration of his work, and the scope of his work, and he may be reappointed, provided that the period of his appointment does not exceed the period in accordance with the provisions set by law.
2. Pursuant to a decision taken by General Assembly, the auditor may be dismissed, and the Chairman of Board of Directors must inform the competent authority of the dismissal decision and its reasons, within a period not exceeding (5) days from the date of issuance of the decision.
3. The auditor may resign from his job pursuant to a written notification that he submits to the company. His mission ends from the date of submission or at 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, while Board of Directors must invite 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.

### **Article (37): Auditor's Powers**

The auditor may, at any time, review the company's documents, accounting records, and supporting documents, and may request data and clarifications that he deems necessary to obtain in order to verify the company's assets and obligations, and other matters that fall within the scope of his work. Board of Directors must enable him to perform his duty, and if the auditor encounters difficulty in this regard, he must prove that in a report submitted to Board of Directors. If Board of Directors does not facilitate the work of the auditor, he

must ask them to invite General Assembly to convene to consider the matter. The auditor may send this invitation if Board of Directors does not send it within (30) days from the date of the auditor's request.

## **Chapter Six: Company Finances and Dividend Distribution**

### **Article (38): Fiscal Year**

The company's fiscal year begins on the first of January and ends on the last of December of each calendar year.

### **Article (39): Financial Documents**

1. At the end of each fiscal year of the company, Board of Directors must prepare the company's financial statements and a report on its activity and financial position for the past fiscal year. This report includes the proposed method for distributing profits. The Board shall place these documents at the disposal of the auditor, if any, at least (45) days before the date set for the annual ordinary general assembly.
2. The Chairman of the Company's Board of Directors, its Chief Executive Officer, and Vice President for Finance must sign the documents referred to in Paragraph (1) of this Article, and copies thereof shall be deposited at the Company's main office at the disposal of the shareholders.
3. The Chairman of Board of Directors must provide the shareholders with the company's financial statements and Board of Directors' report, after signing them, and the auditor's report, if any, unless published in any modern technology means, at least (21) days before the date set for the annual ordinary general assembly. He must also deposit these documents in accordance with what is specified in the executive regulations of the Companies Law.

### **Article (40): Formation of Reserves**

1. The Ordinary General Assembly - when determining the portion of shares in 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 shareholders. The aforementioned assembly may also deduct amounts from net profits to achieve social purposes for the company's employees.
2. General Assembly determines the percentage that must be distributed to shareholders from net profits after deducting reserves, if any.

### **Article (41): Dividend Entitlement**

The shareholder is entitled to his share of profits in accordance with General Assembly's decision issued in this regard. The decision shall indicate the due date and distribution date. The entitlement to dividends is to the shareholders registered in the shareholders' registers at the end of the day specified for entitlement. Board of Directors must implement General Assembly's decision regarding the distribution of profits to shareholders.

The company may distribute interim dividends to shareholders semi- annually or quarterly.

## **Chapter Seven: Company Termination and Liquidation**

### **Article (42): Company Termination**

The company shall be terminated by one of the reasons for termination mentioned in Article (two hundred and forty-third) of the Companies Law, and upon its expiry it shall enter the stage of liquidation in accordance with the provisions of Chapter Twelve of the Companies Law. If the company dissolved and its assets are insufficient to pay its debts or it is in default according to the bankruptcy law, it must apply to the competent judicial authority to open any liquidation procedures under the bankruptcy law.

## **Chapter Eight: Final Provisions**

### **Article (43): Final Provisions**

1. The company is subject to the regulations in force in the Kingdom of Saudi Arabia.
2. Any text in this Articles of Association that contravenes the provisions of the Companies Law shall not be taken into account, and the provisions contained in the Companies Law shall be applied to it. Everything that is not contained in this Articles of Association shall be subject to the Companies Law and its Executive Regulations.
3. These Articles of Association shall be filed and published in accordance with the provisions of the Companies Law and its executive regulations.