



Articles of association of Umm Al Qura Cement company (Saudi joint stock Company)

**Articles of Association**  
**Of Umm Al Qura Cement company (Saudi Joint Stock Company)**

**Chapter 1**

**Articles of Association**

**Article 1: Establishment of the company:**

It was established in accordance with the provisions of the Companies Law and its regulations issued by Royal Decree No. (M/6) on 22/03/1385 AH and its subsequent amendments, this system is a Saudi Joint Stock Company, with the issuance of the new Companies Law issued by Royal Decree No. (M/3) on 28/1/ 1437 AH, this system was amended according to the following:

**Article 2: the name of the company**

Umm Al Qura Cement company (Saudi Joint Stock Company)

**Article 3: the purposes of the company**

The company practices and implements the following purposes:

1. The production of gray cement of all kinds under license no. S/2 on 1/1/1433 AH
2. The production of white cement of all kinds under license no. S/1 on 1/1/1433 AH
3. Managing and operating the Portland cement and white cement factories of all kinds
4. Wholesale and retail trading in the company's products, building materials Pozzolanic Material and building chemicals, including their import and export out the country.
5. Managing, operating and maintenance of industrial facilities complementary for the purpose of the company
6. Precast concrete and prefabricated buildings
7. Managing and leasing of owned and leased real estate(residential)
8. Managing and leasing of owned and leased real estate(un-residential)
9. Commercial agencies
10. Importing and operating radioactive equipment for the company's factories
11. General contracting for buildings and roads (construction, repair, demolition and restoration)
12. Specialized subcontracting
13. Installation contracting
14. Contracting and other construction works
15. Maintenance and operation of residential and commercial buildings and industrial facilities
16. Mechanical and electrical works
17. Transport and storage of goods inside and outside the Kingdom

The company practices its activities after obtaining the necessary statutory licenses





#### **Article 4: Participating and ownership in companies**

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

#### **Article 5: The Headquarter of the company**

The Headquarter of the company is located in the city of Riyadh, and it may establish branches, offices or agencies inside or outside the Kingdom by a decision of the Board of Directors.

#### **Article6: The Term of company:**

The Term of the company is 99 years starting from the date of its registration in the Commercial Register, and this duration may always be extended by a decision issued by the General Assembly at least one year before the end of its duration.

#### **Chapter 2: capital and shares**

#### **Article7: Capital**

The capita of company is determined at (550,000,000) Saudi riyals (five hundred and fifty million riyals), divided into (55,000,000) fifty-five million shares of equal value, the value of each of which is (10) Saudi riyals, all of which are ordinary cash shares.

#### **Article8: Subscribing to shares**

The incorporators and shareholders subscribed to the entire capital stock of (55,000,000) fifty five million shares, the value of which is an amount of (550,000,000) five hundred and fifty million riyals, and paid their full value.

#### **Article9: Preferred shares**

The extraordinary assembly of the company, according to the principles set by the competent authority, may issue preferred shares or decide to purchase them, or convert ordinary shares into preferred shares, in a manner that does not allow 10 % of the company's capital, or convert preferred shares into ordinary. Preferred shares are not given the right to vote in general assemblies. Shareholders and these shares arrange for their owners, the right to receive a percentage more than the ordinary shareholders of the company's net profits after setting aside the statutory reserve





#### **Article 10: Seal of undervalued shares**

The shareholder is obligated to pay the value of the share on the specified dates, and if he fails to pay on the due date, the board of directors may, by publishing in a daily newspaper distributed in the district in which the main police station is located, or inform him by registered letter of selling the share in the public auction or the stock market, as the case may be. According to the regulations set by the competent authority

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

Furthermore, the shareholder who has failed to pay us until the day of the sale may pay the value due from him in addition to the expenses incurred by the company in this regard.

The company cancels the sold share in accordance with the provisions of the article, gives the purchaser a new share bearing the number of the canceled share, and indicates in the shares register that the sale took place with the name of the new owner

#### **Article 11: Issuing of the share**

The shares are and may not be issued for less than their nominal value. But, they may be issued for a higher value than this value. In this last case, the difference in value is added in a separate item within the shareholders' equity. It may not be distributed as dividends to shareholders. The share is indivisible in the face of the company. If the share is owned by multiple persons, they must choose one of them to represent them in the use of the rights related to it, and these persons shall be jointly responsible for the obligations arising from the ownership of the share.

#### **Article 12: Shares trading**

The shares subscribed by the incorporator may not be traded until after the financial statements have been published for two fiscal years, each of which is not less than twelve months from the date of incorporation of the company. The bonds of these shares shall be marked with an indication of their type, date of incorporation of the company, and the period during which trading is prohibited

However, during the prohibition duration, it is permissible to transfer the ownership of shares in accordance with the provisions of the sale of rights from one of the incorporator to another or the heirs of one of the incorporator in the event of his death to a third party or in the event of execution on the funds of the insolvent or bankrupt founder, provided that the priority of owning the shares is given to the other founders

The provisions of this article shall apply on the incorporator subscribes to in the event of an increase in the capital before the expiry the prohibition duration

#### **Article 13: Record of shareholders**

The shares of company are traded in accordance with the provisions of the financial market regulation



#### **Article 14: Increase of the capital**

The extraordinary general assembly may decide to increase the capital of the company, provided that the capital has been paid in full. It is 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, or if they expire after the prescribed period for their conversion into shares.

2- The Unordinary General Assembly shall, in all cases, allocate the shares issued upon the increase of capital, or part thereof, to the employees of the company and its subsidiaries or some of them, or any of that. Shareholders shall not exercise the right of priority when the company issues shares allocated to employees.

3- The shareholder who owns the share at the time of the issuance of the unordinary general assembly's decision approves the capital increase. He has the right to participate in the new shares that are issued in exchange for cash shares. These persons shall be notified of their priority by publication in a daily newspaper, through circulation, or by notifying them through registered mail of the decision to increase the capital, the conditions of subscription, its duration and the date of its beginning and end.

4- The Unordinary General Assembly has the right to stop work the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares or to give priority to non-shareholders in the cases it deems appropriate for the interest of the company.

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

6- By Paragraph (4) above, the new shares shall be distributed to those who requested to participate in it. In proportion to their pre-emptive rights out of the total pre-emptive rights resulting from the capital increase, provided that what they receive does not exceed what they requested from the new shares. The rest of the new shares shall be distributed to the priority rights holders who requested more than their share, in proportion to their pre-emptive rights out of the total priority rights resulting from the capital increase, provided that what they receive does not exceed what they requested of the new shares, and the rest of shares are offered to third parties unless the unordinary general assembly decides or the financial market law stipulates otherwise.

#### **Article 15: Reduction of Capital**

The Unordinary General Assembly shall decide to reduce the capital if it exceeds the company's needs or if it results in losses. In the last case, the capital shall be reduced below the limit stipulated in Article (fifty-fourth) of the Companies Law. The reduction decision shall not be issued except after a special report prepared by the auditor on the reasons for it, the obligations of the company, and the effect of the reduction in these obligations. If the capital reduction is the result of an increase in the company's need. The creditors shall be invited to express their objections to it within 60 days from the date of publishing the reduction decision in a daily newspaper distributed in the area in which the company's headquarters



is located. If one of the creditors objects and submits his documents to the company on the aforementioned date. The company shall pay him his debt if it is immediate or provide him with a sufficient guarantee to pay it if it is deferred.

### **Chapter 3: Board of Directors**

#### **Article 16: Management of the Company**

The management of the company has a board of directors that contains (6) members appointed by the ordinary general assembly of shareholders for a period not exceeding 3 years. As an exception to this, the founders appointed the first board of directors for a period of 5 years, starting from the date of the ministerial decision announcing the company's incorporation, and they are:

- 1) Abdul Aziz Omran Al Omran & Partners Company (Member), represented by Abdul Aziz Omran Mohammed Omran - Chairman of the Board.
- 2) Abdullah Abdul Aziz Al Abdul Latif (Member).
- 3) Fawaz Hamad Fawaz Al-Fawaz (Member).
- 4) Saleh Ibrahim Abdullah Al-Khulaifi (Member).
- 5) Saud Mohammed Al-Sabhan (Member).
- 6) Ahmed bin Saeed bin Ahmed Al-Ayy (Member).

#### **Article 17: Termination of Board membership:**

The membership of the Board terminates upon the termination of its period or upon the termination of the member's period of office by any law or instructions in force in the Kingdom. The Ordinary General Assembly shall dismiss all or some of the members of the Board of Directors at any time, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurred for an unacceptable reason or at the wrong time. A member of the board of directors shall resign, provided that this is done at the right time, otherwise, it will be liable before the company for the damages resulting from the resignation.

#### **Article 18: Empty Position in the Board:**

If the position of a member of the board of directors becomes empty, the board shall appoint a temporary member to the empty position by the order of obtaining votes in the assembly that elected the board. Provided that he is among those who have experience and competence, and he shall inform the Ministry and the Capital Market Authority of this within five working days from the date of appointment. If the necessary conditions for the convening of the board of directors are not met due to the fact that the number of its members is less than the minimum stipulated in the Companies Law, the rest of the members shall invite the ordinary general assembly to convene within 60 days to elect the necessary number of members.

#### **Article 19: Prerogatives of the Board:**

By the powers prescribed for the general assembly, the board of directors shall have the widest powers in managing the company to achieve its objectives and manage its affairs inside and outside the



Kingdom. It supervises all her business, money and all her dealings. It has the right to sign on behalf of the company and representing it in its relationship with others, government and private bodies, civil rights, police departments, chambers of commerce and industry, private bodies, companies and establishments of all kinds. It has the right to enter into tenders, receive, pay, acknowledge, and collect what is obtained from implementation. It has the right to sign all types of contracts, documents, such as the memorandums of association of companies in which the company participates, with all its amendments, appendices, and amendment decisions. It has the right to sign legal agreements and deeds on behalf of the company, sell, buy, waive, accept, receive, deliver, rent, lease, receive and pay, open accounts and credits, withdraw and deposit with banks, issue bank guarantees and sign all papers, documents, checks and all banking transactions. It has the right to appoint and dismiss employees and workers, request visas from outside the Kingdom, contract with them, determine their salaries, issue residencies, transfer and waive guarantees, dispose of their assets, property and real estate, and has the right to purchase, accept, pay the price, mortgage, release the mortgage, sell, empty, receive the price, and deliver the price. The minutes of the Board of Directors and the rationale for its decisions to dispose of the assets, property and real estate of the company shall include the following conditions:

- 1- In the sale decision, the board of directors determines the reasons and rationale for it.
- 2- The sale shall be close to the same price.
- 3- The sale shall be present except in cases of necessity and with sufficient guarantees.
- 4- This action shall not result in the suspension of some of the company's activities or the imposition of other obligations on it.

The Board of Directors may contract loans with government financing funds and establishments, including the Saudi Industrial Development Fund, regardless of their term, and commercial loans from banks and loan funds whose term does not exceed the end of the company's term, taking into account the following conditions for contracting loans whose term exceeds 3 years:

- 1- The Board of Directors specify the aspects of using the loan and how to repay it.
- 2- In the terms of the loan and the guarantees provided to it, the Board of Directors shall take into account not to harm the company, its shareholders, and the general guarantees of creditors.
  - A- The Board of Directors shall also have the right of conciliation, waiver, contract, obligation in the name and on behalf of the company, and the Board of Directors may carry out all acts and actions that would achieve the objectives of the company.
  - B- The company's board of directors shall, in the cases it deems, have the right to discharge the company's debtors from their obligations in accordance with what serves its interest, provided that the minutes of the board of directors and the rationale for its decision include observing the following conditions:
    - 1- The discharge shall be after the lapse of one full year as a minimum since the debt arose.
    - 2- The discharge shall be for a specified maximum amount per year for one debtor.
    - 3- The discharge is a right of the Board, which may not be delegated.



The Board may also, within the limits of its competence, delegate one or more of its members or a third party to carry out certain work or works.

**Article 20: Reward of members of the Board:**

The reward of a member of the Board, if any, consists of as estimated by the Ordinary General Assembly, by the official decisions and instructions issued in this regard and within the limits stipulated in the Companies Law and its regulations. The report of the Board of Directors during the fiscal year must include rewards, expense allowances, and other benefits; it must also include a statement of the number of Board sessions and the number of sessions attended by each member from the date of the last meeting of the General Assembly.

**Article 21: The Powers of Chairman, Vice Chairman, Managing Director (MD) and Secretary**

The Board of Directors shall appoint the Chairman, a Vice-Chairman, and a Managing Director from among its members. It is not permissible to combine the positions of the Chairman of the Board of Directors with any other executive position of the company.

The Chairman of the Board is responsible for representing the company in its relations with others, before the courts, government authorities, the notary public, and the courts; Dispute settlement committees of all kinds, and arbitration authorities; civil rights; police departments; Chambers of Commerce and Industry; private authorities; Government funds, including the Saudi Industrial Development Fund, companies and establishments of all kinds, and the issuance of legitimate agencies. He has the right to appoint and dismiss an attorney, plead, litigation, conciliation, acknowledgment, and arbitration; Accept and object to the judgments, request an oath, accept it and return it on behalf of the company. He has the right to sign all types of contracts and documents, including but not limited to the memorandum of association of companies in which the company participates with all their amendments and appendices, to sign agreements, deeds, and releases before the notary public and official bodies, and to sign loan agreements of all kinds, guarantees, and mortgages. He has the right to collect the company's rights, pay its obligations, sell, buy, empty and accept it; receive and deliver, rent, lease, and pay. He has the right to enter tenders, open bank accounts, and credits, withdraw and deposit with banks, and issue bonds and checks. He has the right to appoint and contract employees; determine their salaries; dismiss them from service; request visas and bring in employees and workers from abroad; issue the residency permits and work permits, transfer, and waiver of sponsorships. He may authorize and delegate a third party within the limits of his competence to take a specific action or behavior or perform a specific action or actions and cancel the authorization or power of attorney in part or in whole. The vice-chairman of the Board shall act on behalf of the president in his absence in the exercise of his powers.

The Managing Director is responsible for the powers delegated to him by the Board of Directors, and the Board of Directors determines their remuneration in addition to the remuneration of the members of the Board. The board of directors appoints a secretary to be chosen by it from among its members or



from others, and he is responsible for writing the minutes of the board of directors and supervising the implementation of its decisions, and the board of directors determines his remuneration. The term of the chairman of the board, his deputy, the managing director, and the secretary of the board of directors shall not exceed the term of their membership in the board. They may be re-elected, and the Board at any time may dismiss them or any of them without prejudice to the right of those rejected for compensation if the dismissal occurred for an unlawful reason or at a wrong time.

**Article 22: Board of Directors meetings:**

The Board of Directors shall meet at least (2) annually, at the invitation of its chairman. The invitation shall be in writing and may be delivered by hand or be sent by mail or fax or E-mail. The chairman of the Board must invite the Board to a meeting whenever two of the members request it.

**Article 23: Board of Directors meeting quorum:**

The meeting of the Board of Directors shall not be valid unless attended by at least half of the members, provided that the number of attendees is not less than (3) members. A member of the Board of Directors may delegate other members to attend the Board's meetings on his behalf in accordance with the following controls: -

- A member of the Board of Directors shall not represent for more than one member in the presence of the same meeting.
- Fixed in writing and on a specific meeting of the Board.
- The vice chairman may not vote on decisions that the system prohibits voting on.

Decisions of the Board of Directors shall be taken by a majority of the views of the members present or represented at the Board of Directors and, when the views are equal, the side with which the chairman voted shall be preferred. The Board of Directors shall have the right to issue decisions of passage by submitting them to all members dispersed unless a member requests the writing of the Board of Directors' meeting for deliberation. The decisions were submitted to the Board of Directors at its first subsequent meeting.

**Article 24: Board of Director's deliberations:**

The deliberations and decisions of the Board of Directors shall be recorded in minutes signed by the Chairman of the Board, the members of the Board of Directors present and the Secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.





## **Chapter 4: Shareholders' Assemblies**

### **Article 25: Attendance of assemblies:**

Each participant has the right to attend the Constituent Assembly regardless of the number of his shares and each shareholder has the right to attend the shareholders' general assemblies. He may be entrusted to another person who is not a member of the Board of Directors or the company's employees in the presence of the General Assembly.

### **Article 26: Constituent Assembly:**

The founders invite all participants to hold a constituent assembly within 45 days from the date of closing the door for subscription in shares in a public joint stock company. For the meeting to be valid, the attendance of a number of participants representing at least half of the capital is required. If this quorum is not present, the second meeting shall be held an hour after the end of the period specified for the first meeting, provided that the invitation for the first meeting includes that. The second meeting shall be valid regardless of the number of participants represented in it in all cases.

### **Article 27: Responsibilities of Constituent Assembly:**

The Constituent Assembly represents the matters mentioned in Article (sixty-third) of the Companies Law.

### **Article 28: Responsibilities of Ordinary General Assembly:**

Ordinary General Assembly represents all matters relating to the company, with the exception of the matters of the Unordinary General Assembly, and it convenes at least once a year during the 6 months following the end of the company's financial year. Other ordinary general assemblies may be invited whenever the need arises.

### **Article 29: Responsibilities of Unordinary General Assembly:**

The Unordinary General Assembly represents amending the company's articles of association, except for matters that are prohibited from amending by law. It may issue resolutions on matters originally within the competences of the ordinary general assembly, under the same terms and conditions prescribed for the ordinary general assembly.

### **Article 30: Invitation to assemblies:**

Public or private shareholders' assemblies shall be convened at the invitation of the Board of Directors. The Board of Directors shall invite the ordinary General Assembly if requested by the auditor, the audit committee or a number of shareholders representing at least (5% )of the capital. The auditor may invite

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the Assembly if the Board does not invite the Assembly within 30 days of the date of the auditor's request. The invitation to invite the general assembly shall be published in a daily newspaper distributed in the company's headquarters at least 10 days before the date fixed for the meeting. However, it may be sufficient to send the invitation on the aforementioned date to all shareholders on the "Tadawul" website or by registered letters. A copy of the invitation and the agenda shall be sent to the Ministry and to the Capital Market Authority, within the period specified for publication.

#### **Article 31: Record of attendance at assemblies:**

Shareholders who wish to attend the general or special assembly register their names at the company's headquarters before the time specified for the assembly.

#### **Article 32: Quorum of Ordinary General Assembly Meeting:**

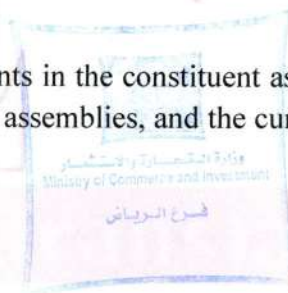
The meeting of Ordinary General Assembly shall be valid only if it is attended by shareholders representing at least quarter of the capital and if there is no quorum for this meeting. The second meeting will be held an hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes announcing the possibility of holding this meeting. This invitation shall be published in the manner stipulated in Article 30 of this Law. In all cases, the second meeting shall be valid if the number of shares represented in it.

#### **Article 33: Quorum of Unordinary General Assembly Meeting:**

The meeting of Unordinary General Assembly shall be valid only if it is attended by shareholders representing at half of the capital and if there is no quorum for this meeting. The second meeting will 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 announcing the possibility of holding this meeting. In all cases, the second meeting is valid if attended by a number of shareholders representing at least a quarter of the capital. If the necessary quorum is not present in the second meeting, an invitation is sent to a third meeting to be held in the same conditions stipulated in Article 30 of this bylaw, and the third meeting will be valid regardless of the number of shares represented therein, after the approval of the competent authority.

#### **Article 34: Voting in Assemblies:**

Each participant has a vote for each share he represents in the constituent assembly, in addition to one vote for each participant for each share in the general assemblies, and the cumulative vote must be used to elect the board of directors.





### **Article 35: Decisions of the Assemblies:**

Decisions are issued in the Constituent Assembly according to the majority participating in the shares represented therein. The decisions of the Ordinary General Assembly are issued by an absolute majority of the shares represented in the meeting, and the decisions of the Unordinary General Assembly are issued by a two-thirds majority of the shares represented in the meeting, unless there is a decision related to increasing or decreasing the capital. Or by extending the term of the company or dissolving it before the expiry of the period specified in its articles of association or by merging it with another company, it shall not be valid unless it is issued by a majority of three quarters of the shares represented in the meeting.

### **Article 36: Discussion in the Assemblies:**

The board of directors or the auditor must answer the shareholders' questions to the extent that does not jeopardize the company's interest, as each shareholder has the right to discuss the topics listed on the assembly's agenda and direct questions in this regard to the members of the board of directors and the auditor. If the shareholder finds that the answer to his question is not convincing, he shall resort to the assembly, and its decision in this regard shall be effective.

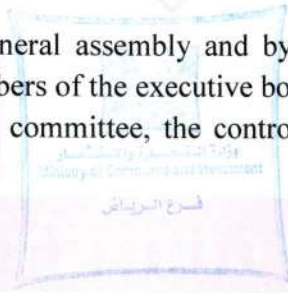
### **Article 37: Leadership of assemblies and Preparation of minutes**

The chairman of the board of directors is the chairman of the shareholders' general assemblies, or his deputy in his absence, or whoever is delegated by the board of directors from among its members for this. Minutes of the assembly meeting are drawn up, including the number of shareholders present or represented, the number of shares they own in person or by proxy, the number of votes assigned to them, the resolutions discussed, the number of votes that approved or disagreed with them, and a brief summary of the discussions that took place at the meeting. The minutes are recorded on a regular basis after each meeting in a special register signed by the president of the association, the secretary and the vote collector.

### **Chapter 5: Audit Committee**

#### **Article 38: forming of Committee:**

The committee is formed by the decisions of the general assembly and by a decision of an audit committee consisting of (3) members who are not members of the executive board of directors, whether from the shareholders or others, and the tasks of the committee, the controls for its work, and the rewards of its members are determined.





### **Article 39: Committee meeting quorum:**

The majority of the members of the review committee must be present during its meeting, otherwise it is not considered invalid, and its decisions are issued by a majority vote of those present.

### **Article 40: The Committee's Duties:**

The audit committee members have the right to inspect the company's business, as it has the right to review the company's records and documents and to request any clarification or statement from the members of the board of directors or the executive management, and it may also ask the board of directors to invite the company's general assembly to convene if the board of directors obstructs its business or the company suffered serious damage or loss.

### **Article 41: Committee Reports:**

Members of the Audit Committee shall consider the company's financial statements, reports and notes provided by the auditor, and express its views on them, if any. It must also prepare a report on its opinion regarding the adequacy of the company's internal control system and the other work it has undertaken that fall within the scope of its competence. The board of directors shall deposit sufficient copies of this report at the company's head office at least twenty-one days before the date of the general assembly meeting to provide a copy of it to all shareholders who wish. The report is read during the assembly.

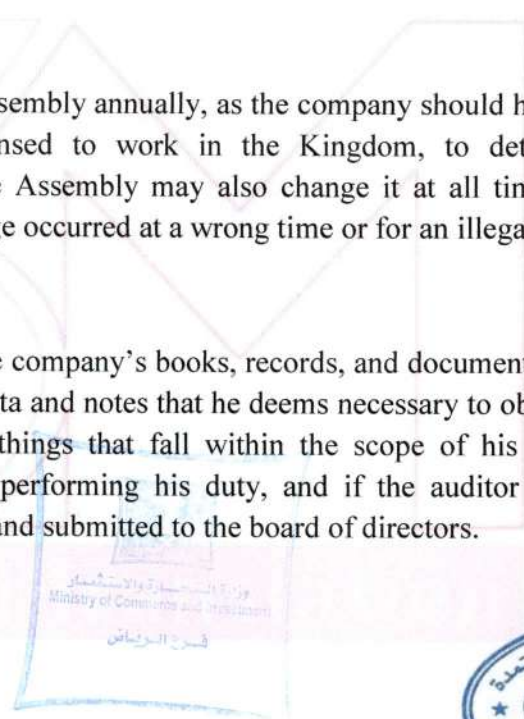
## **Chapter Six: Auditor**

### **Article 42: Appointment of the auditor:**

An auditor shall be appointed by the Ordinary Assembly annually, as the company should have one (or more) auditors from among the auditors licensed to work in the Kingdom, to determine his remuneration and the duration of his work. The Assembly may also change it at all times without prejudice to his right to compensation if the change occurred at a wrong time or for an illegal reason.

### **Article 43: Powers of the auditor:**

The auditor has the right at any time to review the company's books, records, and documents related to the company, in addition to his right to request data and notes that he deems necessary to obtain, verify the company's assets and liabilities and other things that fall within the scope of his work. The chairman shall provide him with assistance in performing his duty, and if the auditor encounters difficulty in this regard, this is proven in a report and submitted to the board of directors.





## Chapter 7: Company Accounts and Profit Distribution

### **Article 44: Fiscal year:**

The beginning of the company's financial year is calculated from the first of January and ends at the end of December of each year. The first year shall begin from the date of the ministerial decision issued approving the declaration of incorporation and shall end on December 31 of the following calendar year.

### **Article 45: Financial Documents:**

- 1- At the end of each company's financial year, the board of directors shall prepare the company's financial statements to prepare a report on its activities and financial position during the past fiscal year. This report includes the proposed method for distributing profits. The board of directors shall place these documents at the disposal of the auditor at least 45 days before the date set for convening the General Assembly.
- 2- The chairman of the company's board of directors, its chief executive officer and the financial manager of the documents referred to in paragraph (1) of this article must sign these documents, with copies of them being deposited at the company's headquarters and with the shareholders at least 10 days before the date set for holding the general assembly.
- 3- The chairman of the board of directors shall provide the shareholders with the company's financial statements, the board's report, and the auditor's report, unless they are published in a daily newspaper distributed in the company's headquarters. He must also send a copy of these documents to the Ministry, as well as to the Capital Market Authority, at least fifteen days before the date of the General Assembly.

### **Article 46: Profits Distribution:**

The company's annual net profit distribution is calculated as follows:

- 1- (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to discontinue this deduction when the said reserve reaches (30%) of the paid-up capital.
- 2- The Ordinary General Assembly has the right to suggest to the Board of Directors that he set aside a percentage of the net profits to form a consensual reserve to be allocated for a specific purpose.
- 3- The Ordinary General Assembly has the right to decide the formation of other reserves, to the extent that achieves 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 sums from



the net profits for the establishment of social establishments for the company's employees or to assist the existing such establishments.

- 4- The rest is distributed to the shareholders, representing (5%) of the company's paid-up capital.
- 5- Taking into account the provisions stipulated in Article (20) of this system and Article 76 of the Companies Law, 10% of the remainder is allocated to the Board of Directors' remuneration after the above, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- 6- The rest is distributed to the shareholders an additional share in the profits.
- 7- The company may, after fulfilling the regulations issued by the competent authorities, distribute biannual and quarterly profits.

#### **Article 47: Entitlement to profits:**

By the decision of the General Assembly issued in the matter of entitlement to profits, the shareholder deserves his share in the profits. The decision clarifies the due date and distribution date. The eligibility of profits is to the owners of shares registered in the shareholders' records at the end of the day specified for entitlement.

#### **Article 48: Dividends for Preferred Shares:**

- 1- Dividends for the following years may not be distributed except after paying the specified percentage by the provisions of Article (14) of the Companies Law for Preferred Shareholders for this year, in the event that dividends have not been distributed for any fiscal year.
- 2- It is permissible for the special assembly of the owners of these shares, held in accordance with the provisions of Article (89) of the Companies Law, that if the company fails to pay the percentage specified by the provisions of Article (114) of the Companies Law for a period of three consecutive years, to decide either Attending the company's general assembly meetings and participating in voting, or appointing their representatives to the board of directors in proportion to the value of their shares in the capital, until the company is able to pay all the priority dividends allocated to the owners of these shares for the previous years.

#### **Article 49: Company losses:**

- 1- Any company official or auditor, if the joint-stock company's losses amount to half of the paid-up capital at any time during the fiscal year, as soon as he becomes aware of this, shall inform the Chairman of the Board of Directors, and the Chairman of the Board of Directors shall inform the members of the Board immediately of this, and the Board of Directors within 15 days from his knowledge of this, to invite the Unordinary general assembly to meet within 45 days from the date of his knowledge of the losses; to decide either to increase or reduce the company's capital in accordance with the provisions of the Companies Law, to the extent that



the percentage of losses decreases to less than half of the paid-up capital, or to dissolve the company before the term specified in this Companies Law.

- 2- If a meeting of the General Assembly is not held within the period specified in Paragraph (1) of this Article, then the company shall be considered terminated according to the Companies Law, or if it met and was unable to issue a decision on the matter, or if it decided to increase the capital by the conditions prescribed in this Article and the subscription did not take place. In each capital increase within ninety days from the issuance of the Assembly's decision to increase it.

### **Chapter 8: Disagreements**

#### **Article 50: Liability lawsuit:**

If an error was issued by the company, which resulted in harm to any of the shareholders, then each shareholder has the right to file a liability claim established for the company against the members of the Board of Directors. A shareholder may not file the aforementioned lawsuit unless the company's right to file it still exists. The shareholder must inform the company of his intention to file the lawsuit.

### **Chapter 9: Termination and liquidation of the company**

#### **Article 51: Termination of the Company:**

The company enters, upon its termination, the phase of liquidation and retains the legal personality to the extent necessary for liquidation. The decision of voluntary liquidation is issued by the unordinary general assembly. The liquidation decision must include the appointment of the person responsible for this, in addition to specifying his powers, fees, restrictions imposed on his powers, and the time period required to liquidate the company, and the liquidation period must not exceed the period of liquidation. The voluntary option is five years and may not be extended for more than that except by a judicial order. The authority of the company's board of directors ends with its dissolution. However, these people remain in charge of the company's management, and the shareholders' assemblies remain in place during the liquidation period, and their role is limited to exercising their competencies that do not conflict with the liquidation.

### **Chapter 10: Final Provisions**

#### **Article 52: Companies Law:**

The Companies Law and its rules shall be applied in everything that is not provided for in this Law.

#### **Article 53: Publication:**

This system is made and published by the provisions of the Companies Law and its regulations.



رقم الوثيقة :

11259636

غرفة الرياض

Riyadh Chamber

بوابة أعمال - خدمات التصديق الإلكتروني

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صدرت هذه الوثيقة بناء على طلب المشترك أعلاه

التاريخ : 26/09/1443 هـ  
27/04/2022 م

مشهد ترجمة معتمدة لمستد رقم 127

مشهد	AFFIDAVIT
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محرره : السيد طارق محمد جاد محمد صفته : مدير عام



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- يلزم التحقق من الوثيقة عبر الرابط <https://mybusiness.chamber.sa> أو تطبيق (سند) للأجهزة المحمولة أو الرقم الموحد دون ادنى مسؤولية على الغرفة عن محتوى الوثيقة.

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