

## ***Articles of Association of Saudi Lime Industries Company*** ***(A closed joint-stock company)***

### **1<sup>st</sup> Article: Incorporation**

*The company shall be established in accordance with the provisions of the Companies Law and its regulations and this bylaw, a Saudi joint stock company according to the following:*

### **2<sup>nd</sup> Article: Company's name**

*Saudi Lime Industries Company (A closed joint-stock company).*

### **3<sup>rd</sup> Article: Company purposes & activities**

*The company carries out the following purposes & activities:*

- 1. Manufacturing industries*
- 2. Manufacture of chemical agents, manufacture of sand bricks, floor blocks, roof tiles, chimney crucibles, quicklime industry, slaked lime industry.*
- 3. Retail sale of construction materials, including (cement, blocks, gypsum, cement tiles, etc.).*
- 4. Quarry operation.*
- 5. Buying and selling lands and real estate and dividing them, selling activities off-plan, managing and renting owned or leased (non-residential) real estate, managing and renting self-storage warehouses.*
- 6. Manufacture of partitions, slabs, frames and prefabricated concrete buildings.*

*The company carries out its activities in accordance with the applicable regulations and after obtaining the necessary licenses from the competent authorities, if any.*

### **4<sup>th</sup> Article: Participation and ownership in companies**

*The company may on its own establish companies (with limited liability or closed joint stock) provided that the capital is not less than 5 million Saudi riyals .The company may own shares and stakes in other existing companies or merge with them and have the right to participate with others in establishing joint-stock companies or limited liability companies to engage in a similar or complementary activity to them, after fulfilling the requirements of the regulations and instructions followed in this regard. The company may also dispose of these shares or stakes, provided that this does not include mediation in their trading.*

### **5<sup>th</sup> Article: Company's head office**

*The company's head office is located in Riyadh city, and branches, offices, or agencies may be established for it inside or outside the Kingdom of Saudi Arabia by a decision of the Board of Directors.*



### **6<sup>th</sup> Article: Company's duration**

*The duration of the company is (99) Hijri years, starting from the date of its registration in the commercial register, and this period may always be extended by a decision issued by the extraordinary general assembly at least one year before the expiry of its term.*

### **7<sup>th</sup> Article: Capital**

*The company's capital is determined at (200,000,000 SAR) only two hundred million Saudi riyals divided into (20,000,000 shares) only twenty million shares of equal value, the value of each of which is (10 SAR) ten Saudi riyals only, and all of them are ordinary shares.*

### **8<sup>th</sup> Article: Subscription to shares**

*The shareholders subscribed to the entire shares of the company amounting to (20,000,000 shares) twenty million shares only, and paid their full value.*

### **9<sup>th</sup> Article: Preferred shares**

*The extraordinary general assembly of the company may, in accordance with the principles laid down by the Ministry of Commerce, issue preferred shares not exceeding 10% of the capital, or decide to purchase them, or convert ordinary shares into preferred shares, or convert preferred shares into ordinary shares, and preferred shares do not give the right to vote in the general assemblies of shareholders. These shares give their owners the right to obtain a percentage greater than the owners of ordinary shares of the net profits of the company, not less than 5% of the nominal value of the share, after setting aside the statutory reserve and before making any distribution of profits.*

### **10<sup>th</sup> Article: Sale of unpaid shares**

*The shareholder is obligated to pay the value of the share on the dates specified for that, and if he fails to pay on the due date, the Board of Directors may, after notifying him by fax or e-mail, or informing him by a registered letter, sell the shares in a public auction according to the controls determined by the competent authority.*

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

*However, the shareholder who fails to pay until the day of the sale may pay the value due in addition to the expenses incurred by the company in this regard.*

- *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 the sale in the shares register with the name of the new owner indicated.*



## **11<sup>th</sup> Article: Issuance of shares**

*Shares are nominal, and may not be issued for less than their nominal value, but may be issued for more than this value. In this last case, the value difference is added in a separate item within the shareholders' rights, and it is not permissible to distribute it as dividends to the shareholders. The share is indivisible vis-à-vis the company. If the share is owned by several persons, they must choose one of them to act on their behalf in the use of the rights related to it, and these persons shall be jointly liable for the obligations arising from the ownership of the share.*

## **12<sup>th</sup> Article: Shares trading**

*Shares subscribed by the founders may not be traded except after publishing the financial statements for two fiscal years, each of which is not less than twelve months from the date of the company's incorporation. The debentures 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 period, ownership of shares may be transferred in accordance with the provisions of selling rights from one of the founders to another founder or from the heirs of one of the founders in the event of his death to third parties, or in the event of execution on the funds of the insolvent or bankrupt founder. Provided that the priority of owning these shares is for the other founders.*

*The provisions of this article shall apply to what is subscribed by the founders in the event of capital increase before the expiry of the ban period.*

### ***Share certificates***

*The company issues share certificates so that they have serial numbers and are signed by the chairman of the board of directors of the company or whomever he authorizes from the members of the board of directors, and they are stamped with the company's seal. These certificates should include, the share in particular, the number and date of the ministerial decision authorizing the establishment of the company, the number and date of the ministerial decision announcing the establishment of the company, the value of the capital, the number of shares distributed to them, the nominal value of the share, the amounts paid therefrom, the purpose of the company in short, its main office, and its duration. The shares shall have coupons with serial numbers and include the share number attached to it.*

*The provisions of this article shall apply to what is subscribed by the founders in the event of capital increase before the expiry of the ban period.*

### ***The company's purchase, sale and mortgage of its shares***

- 1. The company may buy, mortgage, or sell its ordinary or preferred shares in accordance with the controls determined by the competent regulatory authorities. The treasury shares purchased by the company shall not have votes in the shareholders' assemblies.*



2. *The company may purchase its shares with a view to allocating them to the company's employees within the employee shares program in accordance with the conditions and controls determined by the regulations in force in this regard.*
3. *Shares may be mortgaged in accordance with the controls set by the competent regulatory authorities, and the mortgagee has the right to receive profits and use the rights related to the share - unless the mortgage contract stipulates otherwise - However, the pledgee creditor shall not have the right to attend the meetings of the general assembly of shareholders or to vote in them.*

### **13<sup>th</sup> Article: Shareholder register**

*The shares of the company shall be traded by entry in the register of shareholders prepared or contracted to be prepared by the company, which shall include the names of the shareholders, their nationalities, places of residence, professions, numbers of shares and the amount paid thereof, and the share shall be marked in this entry. The transfer of ownership of the nominal share against the company or third parties is not valid except from the date of entry in the said register. Subscribing to shares and owning them indicates the shareholder's acceptance of the company's law and his commitment to the decisions issued by the Shareholders' Assembly in accordance with the provisions of this bylaw, whether he is present or absent, and whether he agrees with or opposes these decisions.*

### **14<sup>th</sup> Article: Capital increase**

1. *The Extraordinary General Assembly may decide to increase the company's capital, provided that the capital has been paid in full. It is not required that the capital be paid in full if the unpaid part of the capital belongs to shares issued in exchange for converting debt instruments or financing instruments into shares and the period specified for converting them into shares has not expired.*
2. *The extraordinary general assembly may, in all cases, allocate the shares issued upon capital increase or part thereof to the employees of the company and all or some of its subsidiaries, or any of that. Shareholders may not exercise the priority right when the company issues shares allocated to employees.*
3. *The shareholder who owns the share at the time of issuance of the decision of the Extraordinary General Assembly approving the capital increase, has the priority to subscribe to the new shares that are issued in exchange for cash shares, and they are notified of their priority by publishing in a daily newspaper or by informing them by registered mail about the decision to increase the capital, the conditions of subscription, its duration, and its beginning and end dates.*
4. *The extraordinary general assembly has the right to suspend the priority right for non-shareholders in cases it deems appropriate for the interest of the company.*
5. *The shareholder has the right to sell or waive the priority right during the period from the time of issuance of the General Assembly's decision approving the capital increase until the last day*



*of subscribing to the new shares associated with these rights, in accordance with the controls set by the competent authority.*

6. *Subject to the provisions of Paragraph (4) above, the new shares shall be distributed among the priority rights holders who requested subscription, in proportion to the priority rights they own out of the total priority rights resulting from the capital increase. Provided that what they get does not exceed what they asked for from the new shares, and the remainder of the new shares is distributed among the holders of priority rights who have requested more than their share, in proportion to what they own of priority rights from the total priority rights resulting from the capital increase, provided that what they get does not exceed what they asked for from the new shares, and the remainder of the shares shall be offered to third parties, unless the extraordinary general assembly decides or the law of the financial market system stipulates otherwise.*

### **15<sup>th</sup> Article: Capital reduction**

*The extraordinary general assembly may decide to reduce the capital if it exceeds the company's needs or if it incurs losses. In the latter case alone, the capital may be reduced to less than the limit stipulated in Article (fifty-four) of the Companies Law. The reduction decision shall not be issued except after reading a special report prepared by the auditor on the reasons for it, the obligations of the company and the impact of the reduction on these obligations.*

*If the capital reduction is a result of its excess to the company's need, the creditors must be invited to express their objections to it within sixty days from the date of publication of the reduction decision in a daily newspaper distributed in the area where the company's head office is located. If one of the creditors objects 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 a sufficient arrangement to pay it if it is deferred.*

### **16<sup>th</sup> Article: Company management**

*The company shall be managed by a board of directors consisting of (7) seven members elected by the ordinary general assembly of shareholders for a period not exceeding three years. They may be re-elected for a similar period.*

### **17<sup>th</sup> Article: The company's purchase, sale and mortgage of its shares**

1. *The company may buy, mortgage, or sell its ordinary or preferred shares in accordance with the controls determined by the competent regulatory authorities. The treasury shares purchased by the company shall not have votes in the shareholders' assemblies.*
2. *The company may purchase its shares with a view to allocating them to the company's employees within the employee shares program in accordance with the conditions and controls determined by the regulations in force in this regard.*
3. *Shares may be mortgaged in accordance with the controls set by the competent regulatory authorities, and the mortgagee has the right to receive profits and use the rights related to the*



*share - unless the mortgage contract stipulates otherwise - However, the pledgee creditor shall not have the right to attend the meetings of the general assembly of shareholders or to vote in them.*

### **18<sup>th</sup> Article: Expiration of membership of the Board of Directors**

*Membership of the Board of Directors ends with the expiry of its term or with the expiration of the member's term of office in accordance with any applicable law or instructions in the Kingdom of Saudi Arabia. However, the Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors. This is 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 an inappropriate time. A member of the Board of Directors has the right to retire, provided that this is at an appropriate time, otherwise he will be liable to the company for the damages resulting from his retirement.*

### **19<sup>th</sup> Article: The vacant position on the Board of Directors**

*If the position of one of the members of the Board of Directors becomes vacant, the Board of Directors may appoint a temporary member in the vacant position according to the order in obtaining votes in the assembly that elected the Board of Directors, provided that he is one of those who have experience and competence. The Ministry shall be notified of this within five working days from the date of appointment, and the appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member shall complete the term of his predecessor. If the necessary conditions for the meeting of the Board of Directors are not met because the number of its members is less than the minimum stipulated in the Companies Law or these bylaws, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.*

### **20<sup>th</sup> Article: Powers of the board of directors**

*Subject to the competencies established for the General Assembly, the Board of Directors shall have the widest powers in managing the company in a way that achieves its objectives. It may, for example but not be limited to, request and approve loans and bank facilities, sign their contracts and all required documents, and sign and provide all necessary guarantees. Including legal guarantees to guarantee facilities that may be granted to individuals, individual institutions, companies, banks, and local or foreign banks inside and outside the Kingdom, resulting from these loans and facilities, such as mortgages, share certificates, and other in-kind or cash guarantees. The Board of Directors has the right to sign all contracts related to conducting automated operations via the Internet or otherwise, as well as contracts to inquire about all banking operations through the applicable banking systems. Signing Islamic Murabaha agreements, Islamic Tawarruq agreements, and other Islamic products offered by banks, and all required documents and agencies attached to Islamic products, and clearing the company's debtors of their obligations. The Board of Directors also has the right to appoint and dismiss employees and workers, request visas, recruit workers from outside the Kingdom of Saudi Arabia,*



*contract with them, determine their salaries, issue residencies, transfer and assign sponsorships. The Board of Directors, within the limits of its competence, may delegate one or more of its members or a third party to undertake a specific business or works pertaining to the company, and the appointed agent has the right to delegate others.*

### **21<sup>st</sup> Article: Remuneration of board members**

*The remuneration of the Board of Directors consists of the amounts and percentages stipulated in Article 48 of this bylaw, and within the limits stipulated in the Companies Law and its regulations. The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all that the members of the Board of Directors received during the fiscal year in terms of remuneration, expense allowances, and other benefits. It should also include a statement of what was received by the members of the Board in their capacity as workers or administrators, or what was received in return for technical, administrative or consulting work. It should 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.*

### **22<sup>nd</sup> Article: Powers of the chairman, deputy, managing director and secretary**

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

*The Chairman of the Board of Directors or the Vice-Chairman (in the absence of the Chairman) is responsible for representing the company in its relationship with third parties and government agencies, appearing before Sharia courts, judicial bodies, the Board of Grievances, the Notary Public, arbitration and civil rights commissions, the Labor Office, higher and primary committees, commercial papers committees, and all other judicial committees, Police stations, chambers of commerce and industry, private bodies, companies and institutions of all kinds, and entering into tenders, receiving, paying, acknowledging, claiming, defending, pleading, litigating, conciliating, accepting or denying judgments, arbitration on behalf of the company, requesting the implementation of judgments and opposing them, and receiving what happens from enforcement. The chairman of the board of directors, the vice president, and the managing director jointly or severally have the right to appoint and dismiss employees and workers, request visas, recruit manpower from outside the Kingdom, contract with them, determine their salaries, issue residence permits, and transfer and waive sponsorships. The Chairman of the Board of Directors and the Vice-Chairman jointly or severally have the right to sign all types of contracts, documents and papers, including but not limited to the articles of incorporation of the companies in which the company participates and the amendments thereto. They have the right to buy and sell real estate and the right to transfer and accept it, receive and deliver, rent and lease, pay and receive, open bank accounts and documentary credits, and withdraw and deposit with local and foreign banks inside or outside the Kingdom of Saudi Arabia, issuing bank guarantees and signing all papers, documents, checks and all banking transactions, buying and selling shares, bonds and all types of investment for the*



benefit of the company. The Chairman of the Board of Directors may also request and approve bank loans and facilities, sign their contracts and all required documents, and sign and submit all necessary guarantees, including legal guarantees to guarantee facilities that may be granted to individuals, individual institutions, companies, local or foreign banks and banks inside or outside the Kingdom, and resulting from these loans and facilities, such as mortgages, promissory notes, share certificates, and other in-kind or cash guarantees. The Chairman of the Board of Directors and the Vice-Chairman have the right to sign all contracts related to conducting automated transactions via the Internet or otherwise, as well as contracts to inquire about all banking operations through the applicable banking systems, Signing Islamic Murabaha agreements, Islamic Tawarruq agreements and other Islamic products offered by banks and all required documents and agencies attached to Islamic products. The Chairman and his deputy, jointly or severally, have the right to buy and sell the company's assets and carry out all business and actions to ensure the management of the company's affairs and achieve its objectives. The chairman of the board of directors and his deputy has the right to appoint agents, accountants, consultants and legal lawyers to perform specific tasks for the company. The Chairman of the Board of Directors also has the right to authorize one or more of the members of the Board of Directors or employees of the company or others from inside or outside the company to undertake a specific business or works pertaining to the company, and the appointed agent has the right to delegate others. The Board of Directors appoints a secretary for the Board, whether from among its members or from others, and determines its remuneration. It is concerned with recording the minutes of the Board of Directors' meetings, writing down and keeping the decisions issued from these meetings, in addition to exercising other competencies entrusted to it by the Board of Directors. The membership of the Chairman, Vice-Chairman and Managing Director shall not exceed the membership of each of them in the Board of Directors, and they may always be re-elected and the Board may at any time dismiss them or any of them without prejudice to the right of the dismissed to compensation if the dismissal occurred for an illegitimate reason or at an inappropriate time.

### **23<sup>rd</sup> Article: Board of Directors meetings**

The Board of Directors meets at least 4 times a year at the invitation of its chairman. The invitation shall be by fax or e-mail. The Chairman of the Board shall call the Board to a meeting when requested by two of the members.

### **24<sup>th</sup> Article: Board meeting quorum**

The meeting of the Board of Directors shall not be valid unless attended by (4) members at least. A member of the Board of Directors may deputize other members to attend the meetings of the Board in accordance with the following controls:

1. A member of the Board of Directors may not represent more than one member in attending the meeting.
2. The deputation shall be proven in writing and for a specific meeting.
3. The deputy may not vote on decisions that the system prohibits the representative from voting on.





*The decisions of the Board of Directors are issued by the majority of the opinions of the members present or represented. In the event of equality of opinion, the side with which the chairperson voted will prevail.*

### **25<sup>th</sup> Article: Board deliberations**

*The deliberations and decisions of the Board of Directors are recorded in minutes signed by the Chairman of the Board, the members of the Board of Directors present, and the Secretary. These minutes are recorded in a special register signed by the Chairman of the Board of Directors and the Secretary. Modern technology may be used.*

### **26<sup>th</sup> Article: Attending assemblies**

*Each subscriber, regardless of the number of his shares, has the right to attend the constituent assembly, and every shareholder has the right to attend the general assemblies of shareholders, and in this he may authorize another person other than the members of the board of directors or the company's employees to attend the general assembly.*

### **27<sup>th</sup> Article: Constituent Assembly**

*The founders shall call all subscribers to convene a constituent assembly within forty-five days from the date of the Ministry's decision licensing the establishment of the company. For the meeting to be valid, a number of subscribers representing at least half of the capital must be present. If this quorum is not present, one of the two options must be chosen:*

- 1. To send an invitation to a second meeting to be held at least fifteen days after the invitation was sent.*
- 2. The second meeting shall be held an hour after the end of the period specified for the first meeting, provided that the invitation to the first meeting includes this.*

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

### **28<sup>th</sup> Article: Terms of reference of the Constituent Assembly**

*The Constituent Assembly is concerned with the matters mentioned in Article (63) of the Companies Law.*

### **29<sup>th</sup> Article: Terms of reference of the Ordinary General Assembly**

*With the exception of matters related to the extraordinary general assembly, the ordinary general assembly is concerned with all matters related to the company, and it convenes at least once a year during the six months following the end of the company's fiscal year, other ordinary general assemblies may be called whenever the need arises.*



### **30<sup>th</sup> Article: Terms of reference of the Extraordinary General Assembly**

*The extraordinary general assembly is concerned with amending the company's articles of association, with the exception of matters that it is prohibited from amending by law. It may issue decisions on matters falling within the jurisdiction of the Ordinary General Assembly, under the same terms and conditions prescribed for the Ordinary General Assembly.*

### **31<sup>st</sup> Article: Calling the assemblies to convene**

*The general or private assemblies of the shareholders are convened at the invitation of the Board of Directors, in accordance with the company's bylaws and the applicable regulations. The Board of Directors must invite the ordinary general assembly to convene if requested by the auditor, the audit committee, or a number of shareholders representing at least (5%) of the capital. The auditor may invite the assembly to convene if the board does not invite the assembly within thirty days from the date of the auditor's request.*

*The invitation to convene the General Assembly shall be published in a daily newspaper distributed at the company's main office at least twenty-one days prior to the date specified for the meeting. However, it may suffice to address the invitation on the mentioned date to all shareholders by registered letters. A copy of the invitation and agenda shall be sent to the Ministry, within the period specified for publication.*

### **32<sup>nd</sup> Article: Assemblies attendance record**

*Shareholders who wish to attend the General Assembly or the Special Assembly shall register their names at the company's headquarters before the time set for the meeting.*

### **33<sup>rd</sup> Article: Quorum of the Ordinary General Assembly meeting**

*The convening of the Ordinary General Assembly meeting shall not be valid unless attended by shareholders representing at least a quarter of the capital. If the necessary quorum for holding this meeting is not available, one of the two options must be chosen:*

- 1. The second meeting shall be held an hour after the expiration of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence of announcing the possibility of holding this meeting.*
- 2. The invitation shall be directed to a second meeting to be held within the thirty days following the previous meeting, and this invitation shall be published in the manner stipulated in Article (32) of this bylaw.*

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



### **34<sup>th</sup> Article: Quorum for the Extraordinary General Assembly meeting**

*The meeting of the Extraordinary General Assembly shall not be valid unless attended by shareholders representing half of the capital. If this quorum is not available at the first meeting, one of the two options must be chosen:*

- 1. The second meeting shall be held an hour after the expiration of the period specified for the first meeting, provided that the invitation to hold the first meeting includes evidence of announcing the possibility of holding this meeting.*
- 2. That the invitation be directed to a second meeting, to be held in the same conditions stipulated in Article (32) of this bylaw.*

*In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least a quarter of the capital.*

*If the necessary quorum is not available in the second meeting, an invitation is sent to a third meeting to be held under the same conditions stipulated in Article (32) of this system, and the third meeting is valid regardless of the number of shares represented in it after the approval of the competent authority.*

### **35<sup>h</sup> Article: Voting in Assemblies**

*Each subscriber has a vote for every share he represents in the Constituent Assembly, and every shareholder has a vote for every share in the General Assemblies. Cumulative voting must be used in electing the Board of Directors, and it is permissible to use modern technology.*

### **36<sup>th</sup> Article: Assemblies resolutions & decisions**

*Decisions in the Constituent Assembly are issued by the absolute majority of the shares represented in it, and the decisions of the Ordinary General Assembly are issued by the absolute majority of the shares represented in the meeting. The decisions of the Extraordinary General Assembly are also issued by a two-thirds majority of the shares represented in the meeting. Unless it is a decision related to increasing or decreasing the capital, extending the duration of the company, or dissolving it before the expiry of the period specified in its articles of association or merging it with another company, then it is not valid unless it is issued by a majority of three quarters of the shares represented in the meeting.*

### **37<sup>th</sup> Article: Discussion in Assemblies**

*Each shareholder has the right to discuss the topics on the agenda of the Assembly and direct questions in this regard to the members of the Board of Directors and the auditor. The Board of Directors or the auditor shall answer the questions of the shareholders to the extent that does not expose the interest of the company to harm. If the shareholder finds that the answer to his question is not convincing, he appeals to the assembly, and its decision in this regard is enforceable.*



### **38<sup>th</sup> Article: Presiding over assemblies and preparing records**

*The meetings of the general assemblies of shareholders shall be chaired by the Chairman of the Board of Directors or his deputy in his absence or whomever the Board of Directors delegates from among its members for that purpose in the absence of the Chairman and his deputy.*

*Minutes of the meeting of the assembly shall be written including the number of shareholders present or represented, the number of shares held by them in person or by proxy, the number of votes for them, the decisions taken, the number of votes for or against them, and an adequate summary of the discussions that took place in the meeting. Minutes shall be recorded regularly after each meeting in a special register signed by the president of the association, its secretary and the collector of votes.*

### **39<sup>th</sup> Article: Formation of the committee**

*By a decision of the Ordinary General Assembly, an audit committee consisting of (3) non-executive members of the Board of Directors, whether shareholders or others, shall be formed. The decision shall specify the functions of the committee, its work controls, and the remuneration of its members.*

### **40<sup>th</sup> Article: Committee meeting quorum**

*The validity of the meeting of the Audit Committee requires the presence of the majority of its members, and its decisions are issued by the majority of the votes of those present, and when the votes are equal, the side with which the Chairman of the Committee voted will prevail.*

### **41<sup>st</sup> Article: Committee terms of reference**

*The Audit Committee is responsible for monitoring the company's business, and for this purpose it has the right to view its records and documents and to request any clarification from the members of the Board of Directors or the Executive Management. It may request the Board of Directors to convene the General Assembly of the company if the Board of Directors obstructs its work or if the company suffers serious damage or losses.*

### **42<sup>nd</sup> Article: Committee reports**

*The audit committee shall review the company's financial statements, reports and notes submitted by the auditor, and express its views thereon, if any. It shall also prepare a report expressing its opinion on the adequacy of the company's internal control system and the other work it has undertaken within the scope of its competence. The board of directors shall deposit sufficient copies of this report at the company's headquarters at least twenty-one days before the date of the general assembly meeting to provide each of the shareholders who desires a copy thereof, and to read the report during the meeting.*



### **43<sup>rd</sup> Article: Appointment of the auditor**

*The company must have an auditor (or more) from among the auditors licensed to work in the Kingdom, to be appointed by the general assembly of the partners, and his remuneration and the duration of his work shall be determined. The association may also change it at any time without prejudice to its right to compensation if the change occurred at an inappropriate time or for an unlawful reason.*

### **44<sup>th</sup> Article: The powers of the auditor**

*The auditor has the right at any time to view the company's books, records and other documents, and he may also request data and clarifications that he deems necessary to obtain, in order to verify the company's assets and liabilities and other things that fall within the scope of his work. The chairman of the board of directors shall enable the auditor to perform his duty, and if the auditor encounters difficulty in this regard, he shall record this in a report submitted to the board of directors. If the Board does not facilitate the work of the auditor, it must request the Board of Directors to invite the Ordinary General Assembly to consider the matter.*

### **45<sup>th</sup> Article: Fiscal year**

*The company's fiscal year starts from the first of January and ends at the end of December of each year, provided that the first fiscal year starts from the date of its registration in the commercial register until the end of December of the following year.*

### **46<sup>th</sup> Article: Financial documents**

- 1. At the end of each fiscal year of the company, the Board of Directors shall prepare the company's financial statements and a report on its activities and its financial position for the past fiscal year. This report shall include the proposed method for distributing profits. The Board shall place these documents at the disposal of the auditor at least forty-five days prior to the date set for the General Assembly.*
- 2. The company's board chairman, chief executive officer and financial manager must sign the documents referred to in Paragraph (1) of this Article. Copies thereof shall be deposited at the company's headquarters at the disposal of the shareholders, **at least twenty-one days prior** to the date set for the general assembly.*
- 3. The chairman of the board of directors must provide the shareholders with the company's financial statements, the report of the board of directors, and the auditor's report, unless they are published in a daily newspaper distributed in the company's head office, and he must also send a copy of these documents to the Ministry, at least fifteen days prior to the date of the general assembly meeting.*



#### **47<sup>th</sup> Article: Distribution of profits**

*The company's annual net profits shall be distributed as follows:*

- 1. (10%) of the net profits shall be set aside to form the company's statutory reserve. The Ordinary General Assembly may decide to stop this set aside when the aforementioned reserve reaches (30%) of the paid-up capital.*
- 2. The Ordinary General Assembly, based on a proposal by the Board of Directors, may set aside another percentage of the net profits to form a consensual reserve to be allocated for a specific purpose or purposes.*
- 3. The Ordinary General Assembly may decide to form other reserves to the extent that serves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned association may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist the existing ones.*
- 4. After that, the remainder shall be distributed among the shareholders, at least 5% of the paid-up capital of the company.*
- 5. Subject to the provisions stipulated in Article (twenty-two) of this Bylaw, and Article seventy-six of the Companies Law, after the foregoing, (10%) of the remainder shall be allocated for the remuneration of the Board of Directors, provided that the entitlement to this remuneration is proportionate to the number of sessions attended by the member.*

*The company may distribute interim profits to shareholders on a semi-annual or quarterly basis, according to the controls and requirements issued by the Ministry of Commerce.*

#### **48<sup>th</sup> Article: Entitlement of profits**

*The shareholder is entitled to his share in the profits in accordance with the decision of the General Assembly issued in this regard. The decision indicates the date of entitlement and the date of distribution. The eligibility for profits shall be for the shareholders registered in the shareholder registers at the end of the day specified for the entitlement.*

#### **48<sup>th</sup> Article: Distribution of preferred shares profits**

- 1. If no profits are distributed for any financial year, then profits for the following years may not be distributed except after paying the percentage specified in accordance with the provisions of Article (114) of the Companies Law for the holders of preferred shares for this year.*
- 2. If the company fails to pay the percentage specified in accordance with the provisions of Article (114) of the Companies Law, from the profits for a period of three consecutive years, then the special assembly of the owners of these shares, convened in accordance with the provisions of Article 89) of the Companies Law, may decide whether to attend the meetings of the company's general assembly and participate in voting) or appointing representatives on their behalf in the Board of Directors in proportion to the value of their shares in the capital, this is until the*



*company is able to pay all priority profits allocated to the owners of these shares for previous years.*

### **50<sup>th</sup> Article: Company losses**

- 1. If the company's losses amounted to half of the paid-up capital, at any time during the fiscal year, any official in the company or the auditor must immediately inform the chairman of the board of directors upon learning of that, and the chairman of the board of directors must immediately inform the members of the board of that. The Board of Directors, within fifteen days of becoming aware of this, shall invite the Extraordinary General Assembly to convene within forty-five days of becoming aware of the losses, to decide whether to increase or decrease the company's capital in accordance with the provisions of the Companies Law. This is to the extent that the percentage of losses decreases to less than half of the paid-up capital, or the dissolution of the company before the term specified in this regulation.*
- 2. The company is deemed to have been terminated by the force of the corporate law if the general assembly does not meet within the period specified in Paragraph (1) of this article, or if it meets and is unable to issue a decision on the matter, or if it decides to increase the capital. In accordance with the conditions set forth in this Article, not all of the capital increase has been subscribed within ninety days of the issuance of the assembly's decision to increase.*

### **51<sup>st</sup> Article: Liability lawsuit**

*Each shareholder has the right to file a lawsuit against the company's liability against the members of the Board of Directors if the mistake they committed would cause damage to him. The shareholder may not file the aforementioned lawsuit unless the company's right to file it is still valid. The shareholder must inform the company of his intention to file a lawsuit, while limiting his right to claiming compensation for the private damage incurred. The company may be charged with the expenses incurred by the shareholder to file the lawsuit, whatever the outcome, under the following conditions:*

- 1. If the lawsuit is filed in good faith.*
- 2. If he submitted to the company the reason for which he filed the lawsuit and did not receive a response within thirty days.*
- 3. If it is in the interest of the company to institute this lawsuit based on the provision of Article (79) of the Companies Law.*
- 4. The lawsuit must be based on a valid basis.*

### **52<sup>nd</sup> Article: Company termination**

*The company enters the stage of liquidation as soon as it expires and retains the legal personality to the extent necessary for liquidation. The voluntary liquidation decision is issued by the extraordinary general assembly. The liquidation decision shall include the appointment of the liquidator, his powers, his fees, the restrictions imposed on his powers, and the time period required for liquidation. The period*



*of voluntary liquidation shall not exceed five years, and it may not be extended for more than that except by a court order. The authority of the company's board of directors shall end with its dissolution. Nevertheless, they remain in charge of the management of the company and are considered as liquidators in relation to third parties until a liquidator is appointed. Shareholders' assemblies remain in existence during the liquidation period, and their role is limited to exercising their competences that do not conflict with the powers of the liquidator.*

### **53<sup>rd</sup> Article**

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

### **54<sup>th</sup> Article**

*These articles of association shall be deposited and published in accordance with the provisions of the Companies Law and its bylaws.*

