





**His Highness Sheikh Khalifa bin Zayed bin Sultan Al Nahyan  
President of UAE**



**His Highness Sheikh Dr. Sultan bin Mohammed Al Qasimi  
Member of the Supreme Council and Ruler of Sharjah**

**Articles of Association**  
**Sharjah Cement and Industrial Development Co. (P.J.S.C.)**

**Preamble**

**Sharjah Cement and Industrial Development Co. (P.J.S.C.)** was established in the Emirate of Sharjah, UAE under the Amiri Decree No. 31/79 issued by the Ruler of Sharjah on 12/05/1979, **and** under the industrial license No. (312) issued on 7/6/1976 by the Department of Economic Development, Sharjah, **and** the decision of the Ministry of Economy No. **and** under the memorandum of association and articles of association of the company dated 12/05/1979 and in accordance of the provisions of the Federal Law No. (8) of 1984 concerning the Commercial Companies and amendments thereof.

As the Federal Law No. (2) of 2015 concerning the Commercial Companies issued on 25/03/2015 has been provided for the cancellation of the Federal Law No. (8) of 1984 concerning the Commercial Companies, as amended, and obliged the existing public shareholding companies to amend their statutes in accordance with its provisions.

On 02/04/2016, a meeting of the General Assembly of the company was held and decided, under a special resolution, to amend the provisions of the articles of association of the company according to the provisions of the Federal Law No. (2) of 2015 concerning the Commercial Companies as follows:

**Article (1)**

1. Unless otherwise the context requires, the following phrases shall have the meanings attributed to them in this articles of association as follows:

1. "State" : Means the United Arab Emirates
2. "Authority" : Means the UAE Securities & Commodities Authority
3. "Companies Law" : Means the Federal Law No. (2) of 2015 concerning the Commercial Companies and amendments thereof.
4. "Competent Authority" : Means the Department of Economic Development in the Emirate of Sharjah.
5. "Market" : Means the Abu Dhabi Securities Exchange in which the shares of the company were listed.
6. "Company" : Means Sharjah Cement and Industrial Development Co. "(P.J.S.C)".



7. "Articles" : Means this Articles of Association as amended, from time to time.
8. "Special Resolution" : Means the resolution issued by the majority of votes of shareholders who own at least three quarters of the shares represented at the Annual General Meeting of the Company.
9. "Corporate Governance" : Means a set of rules and regulations that achieve institutional discipline in relations and management of the company in accordance with the international standards and methods through defining the responsibilities and duties of the members of the Board of Directors and senior executive management of the company taking into account the protection of the rights of shareholders and holders' interests.
10. "Board" : Means The Board of Directors constituted of members (natural or corporate persons), elected or appointed, as the case may be in accordance with the provisions of the law and this Article of Association.
11. "Management" : Means the executive management of the company includes the General Manager / Executive Director and Chief Executive Officer or Managing Director authorized by the Board of Directors at the management of the company and their deputies.
12. "Manager of the Company" : Means the General Manager of the Company or Executive Director or Chief Executive Officer appointed by the Board of Directors.
13. "Member of Board of Directors" : Means the Natural or corporate person who is chosen to fill the membership of the Board.
14. "Cumulative Voting" : Means that each shareholder shall have a number of votes equal to the number of shares owned by him so that he may vote for one candidate for membership of the Board of Directors or distributes it among those chosen from candidates provided that the number of votes granted to the candidates selected not exceeding the number of votes in his possession in any way.

**15. "Conflict of Interests"**

: A situation in which the impartiality of the decision-making is affected because of a personal, material or moral interest, where the interests of related parties interfered or appear to be interfered with the interests of the company as a whole or when the professional or official capacity exploited in some way to achieve personal benefit.

**16. "Control"**

: Means the ability to influence or control - directly or indirectly in the appointment of a majority members of the Board of Directors or the decisions issued by it or by the General Assembly of the company, through ownership of shares or portions or an agreement or other arrangement leads to the same effect.

Means:

**17. "Related Parties"**

- :  Chairman and members of the Board of Directors and members of the senior executive management of the company, and the companies in which any of them owns a controlling stake, and parent companies or subsidiaries or sister or allied to the company.
- Relatives of the Chairman or a Board Member or Senior Executive Management up to the first class.
- Natural or corporate person who was, in the previous year, contributed with 10% and above in the company or a member of its Board of Directors or its parent company or its subsidiaries.
- The person who has a control on the company.

**Article (2)**

**Name of the Company**

The name of the company is "**Sharjah Cement and Industrial Development Co. (P.J.S.C)**", a public shareholding company, hereinafter referred to as the ("**Company**")

**Article (3)**

**Principal Office**

The principal office of the company is in the Emirate of Sharjah. The Board of Directors may establish branches and offices inside and outside the UAE.

**Article (4)**

**Duration of the Company**

The duration of the company shall be Ninety Nine (99) Gregorian years starting from the date of registration of the same in the Commercial Register with the competent authority. Such period shall be renewed for consecutive and similar periods unless a special decision is issued by the General Assembly to amend the duration of the company or cancel it.

**Article (5)**

**Objectives of the Company**

The objectives for which the company was established include the following:

1. To establish core and supplementary industries, particularly, cement industry.
2. To purchase and own existing industries, which belong to the company's activity.
3. To actively manage and operate the company's own factories.
4. To purchase, sell, own, establish, rent, lease out and mortgage all movable and immovable property belonging to the company's activity. In general, the company shall have the right to carry out all types of industries and businesses related to those industries, and for the purposes mentioned above, the company may:
  - A) To purchase, sell, own, rent, lease out the movable and immovable property.
  - B) To conduct all transactions and contracts, as it deems necessary and appropriate to achieve its objectives.

C) To establish the companies of all types and contribute by providing capital, subscribe and buy bonds and rights in all the institutions, companies and banks, which are very similar to the purpose of the company or that would be conducive to the development of its business.

D) To establish or acquire shops, plants and factories inside or abroad.

E) To request and obtain any license or investment, utilization rights and patents and engages in work authorized to it under those licenses and patents.

F) To promote any company or other companies for the purpose of acquisition of all or part of its property, rights or obligations or for any other purpose contributes to the achievement of the main purposes of the company.

G) To borrow any amount of money by ways and conditions as it deems appropriate and to work on the issuance of securities and bond to ensure the payment of debts and the money borrowed by it or to ensure that it will meet any obligation or liability undertaken by it.

H) To issue, withdraw, accept, endorse, discount, implement and paybills, policies, mortgage contracts and othert ransferable and trading documents.

I) To insure its properties against any company or person against loss, damage and other hazards. It may insure the lives of their employees against the risks of work.

J) To pay all costs and fees of establishment thereof or the initial expenses such as advertising, printing and publishing and office stationery, etc.

The company shall have the right to achieve its fundamental objectives previously mentioned, individually or in collaboration, merger, subscription or contribution with individuals, companies or other institutions of all kinds of cooperation or partnership, or contribution. The company may not carry out any activity requires the issuance of a license from the authority supervising the activity inside or outside the State unless after obtaining a license from that authority and providing a copy of such license to the competent authority.





## Part 2

### Capital of the Company

#### Article (6):

#### The Capital

The Company's issued share capital is (AED, 608.253.747) "Six Hundred and Eight million Two Hundred and Fifty three Thousand Seven Hundred and Forty seven Dirhams" distributed into (608.253.747) shares "Six Hundred and Eight million Two Hundred and Fifty three Thousand Seven Hundred and Forty seven" shares having a nominal value of AED,(1) One Dirham each, paid in full. All of which are cash shares.

#### Article (7)

#### Equity Ratio

All the shares of the company are nominal. The UAE citizens and the citizens of the Gulf Cooperation Council (GCC) and foreigners may own the same. The contribution of the citizens of the United Arab Emirates shall not be less than (51%) of the capital at any time throughout the duration of the survival of the company and the rest percentage shall be given to the GCC citizens and foreigners so that the proportion given to the foreigners shall not exceed of (15%).

#### Article (8)

#### Shareholder's Liability

The shareholder shall not commit to any obligations or losses on the company beyond their shareholding in the company.

#### Article (9)

#### Commitment to the Article of Association and Resolutions of the General Assembly

Share ownership entails the acceptance of the shareholder to the Article of the Association of the company and the resolutions of its General Assembly. Shareholder may not claim back his contribution to the capital.

**Article (10)**

**Indivisibility of Shares**

The share is indivisible. However, if a share is inherited by several heirs or owned by multiple persons, they should choose a nominee to represent them before the company. Those persons shall be jointly liable for the liabilities arising from the ownership of the share. If they fail to agree on the selection of a nominee, any of heirs may resort to the competent court to appoint him and the company and the financial market should be notified with the decision of the Court in this regard.

**Article (11)**

**Share's Ownership**

Each share entitles its owner the right to an equivalent share of other's share without discrimination in the ownership of the company's assets at liquidation, the profits divided in the manner described later, to attend the General Assembly sessions and to vote therein.

**Article (12)**

**Disposition of Shares**

The company shall follow the laws, regulations and decisions in force in the financial market listed therein, concerning the issuance and registration of the company's shares, exchange and transfer of its ownership, mortgage and arrangement of any rights thereto. It may not be permitted to record any waiver from the company's shares, dispose, or mortgage the shares in any way, if such waiver or disposition violates the provisions of this Article of Association.

**Article (13)**

**Heirs or Creditors of Shareholder**

The heirs or creditors of the shareholder shall not, in any way, ask to put the seals on the books or property of the company, or ask the same to be distributed or sold in wholly because it could not be apportioned, and they shall not interfere in any way in the management of the company. When using their rights, they have to rely on the inventories, the final accounts and statements of the company and the resolutions of its General Assemblies

**Article (14)**

**Increase or Decrease of Capital**

a- After obtaining the approval of the competent authority, the capital of the company may be increased by issuing new shares with the same nominal value of the original shares or by adding issuance allowance to the nominal value. Also, the company's capital may be reduced.

b- The new shares may not be issued in less than its nominal value. If issued with more than this, the difference should be added to the legal reserve even if the legal reserve exceeded half of the company capital.

c- The capital of the company shall be increased or reduced by a special decision from the General Assembly based on a suggestion of the Board of Directors in the two cases and after hearing the report of the auditor in case of any reduction. In case of increase, he shall state the amount of increase and the price of the new shares issuance. In case of reduction, he shall state the amount of reduction and the way of implementation thereof.

d. Shareholders shall have priority right in the subscription of new shares. Subscription in these shares shall be governed by the rules applied to subscription in the original shares. The following shall be excluded from priority right in case of subscription in new shares:

1- **Insertion of a strategic partner** leads to the achievement of benefits to the company and increases its profitability.

2- **Transfer of cash debts** owed to the federal and local government bodies and public institutions in the State and the banks, finance companies to shares in the capital of the company.

3- **Incentive Program for the company employees** throughout the preparation of a program aimed to stimulating the outstanding performance and increases the profitability of the company by the possession of their shares.

4- **Transfer of Sukuk or bonds:** issued by the company to shares.

In all cases mentioned above, it is necessary to get the approval of the authority and fulfill the conditions and regulations issued by the authority in this regard.

#### **Article (15)**

##### **Shareholder's Right to Review the Company Books and Records**

The shareholder shall have the right to review the books and records of the company as well as any documents relating to deal made by the company with a related party under permission from the Board of Directors or a decision from the General Assembly.

#### **Part 3**

##### **Loan or Sukuk Bonds**

#### **Article (16)**

##### **Issuance of Loan or Sukuk Bonds**

The company shall, under a special resolution issued by the General Assembly after the approval of the Authority, decide the issuance of loan bonds of any kind or Islamic Sukuk. The decision has to show value of the Sukukor bonds and conditions of issuance thereof and their availability to be transferred into shares. The company may issue a decision to authorize the Board of Directors in determining the date of the issuance of Sukukor bonds but no later than one year from the date of approval of the authorization.

#### **Article (17)**

##### **Trading in Bonds or Sukuk**

a- The company may issue negotiable bonds or Sukuk, either transferrable or non-transferrable, to shares in the company with equal values each.

b- The bond or Sukuk shall be nominal. No bonds or Sukuk shall be issued to the bearer.

c- Bonds or Sukuk issued for a loan shall give equal rights to the shareholder. Any condition to the contrary shall be null and void.

#### **Article (18)**

##### **Bonds or Sukuk Transferrable to Shares**

No bonds or Sukuk shall be transferred to shares unless it has been provided for in agreements, documents or publications. If decided to transfer it, the owner of the bond or Sukuk shall solely have the right to accept the transfer or receive the nominal value of the bond or Sukuk unless the agreements or documents or publications include a commitment to transfer it into shares. In this case, bonds or Sukuk shall be transferred into shares based on the prior approval of the parties when issued.

**Part 4**  
**Board of Directors of the Company**

**Article (19)**  
**Management of the Company**

The Company shall be managed by a Board of Directors consisting of (9) members elected by the General Assembly of the shareholders via secret cumulative voting.

b. In all cases, the majority of the Board's members, including the Chairman, shall be UAE nationals.

**Article (20)**  
**Terms of Office**

a- Each member of the Board of Directors shall hold his position for a period of three Gregorian years. At the end of this period, the Board shall be re-constituted. Members who have completed their membership term may be re-elected.

b- The Board of Directors may appoint members in the vacancies during the year provided that such appointment being presented to the General Assembly in its first meeting in order to approve the appointment of those members or to appoint other members.

c- If vacant positions reached a quarter of the members of the Board or more within the tenure of the Board of Directors, the Board shall call the General Assembly for a meeting within thirty days from the date of last vacancy in order to elect any one to hold such vacant positions. In all cases, the new member shall complete the term of his predecessor.

d- The company shall have a Reporter for the Board of Directors, who may not be a Board member.

**Article (21)**

**Cases allowed the General Assembly to appoint the Board of Directors Members**

With exception from having to follow the process of the membership of the Board of Directors nomination, which must precede the meeting of the General Assembly prescribed to be held to elect members of the Board in accordance with the provisions of Article (144/2) of the Companies Law, the General Assembly may appoint a number of members with expertise in the Board of Directors, other than the shareholders in the company, provided not

exceeding one-third of the number of members specified in the Articles of Association in any of the following cases:

a- Non-availability of the required number of candidates during the period of candidature to nominate for membership of the Board of Directors in a manner leads to a shortage of the number of members of the Board of Directors from the minimum number required for its validity.

b- Approval of the appointment of the Board's members who were appointed in the vacant positions by the Board of Directors.

c- The resignation of the Board members during the General Assembly Meeting and the appointment of an interim Board to facilitate the company's business prior to candidates being considered.

#### **Article (22)**

#### **Requirements of Candidature to the Board Membership**

Candidate to the Board membership must provide the following to the company:

1. The candidate curriculum vita indicating his work experience and academic qualification in addition to the capacity in which the member present his candidature. (executive/non-executive or independent).

2. An acknowledgment of his commitment to the provisions of the Companies Law and executing decisions implemented thereof, and the company's Articles of Association, and that he will make a careful attention in the performance of his work.

3. A list of names of companies and institutions where he works or serves as a member in its boards of directors, as well as any work he carries out, directly or indirectly, constitutes a competition for the company.

4. Acknowledgement from the candidate that he will not breach Article 149 of the Companies Law.

5. In case of representatives of corporate person, a formal letter from the corporate person must be attached specifying therein the names of the candidates for membership of the Board of Directors.

6. Lists of commercial companies that he contributes to or participate in its ownership and the number of shares he owns.

**Article (23)**

**Election of the Board Chairman and Vice-Chairman**

a. The Board of Directors shall elect among its members a Chairman and Vice-Chairman. The Vice-Chairman shall act as Chairman in his absence.

b. The Board of Directors shall be entitled to elect among its members a Managing Director of Administration. The Council shall determine the powers and rewards for such Managing Director. Also, the Board may constitute one committee or more among its members and give it some of his powers or entrust to it monitoring the progress of work at the company and the implementation of Board decisions.

**Article (24)**

**Powers of the Board of Directors**

a. The Board of Directors shall have all powers to manage the company and to carry out all acts and dispositions on behalf of the company as authorized for the company, and to exercise all powers needed to achieve its objectives. Such powers and authorities shall only be limited by the Companies Law or Articles of Association of the General Assembly.

b. The Board of Directors sets the regulations relating to the administrative and financial affairs, personnel and financial entitlements, as well as a special regulation organizing its duties and meetings and distributing competences and responsibilities.

c. Subject to the provisions of the Companies Law and the decisions implementing thereof issued by the authority, the Board of Directors is authorized to conclude loans contracts for a period exceeding three years or to sell the properties of the company or the store or mortgage company's movable and immovable properties or release debtors of the company of from their obligations or make conciliation and agreement on arbitration.

**Article (25)**

**Representation of the Company**

a. The Chairman of the Board of Directors or any other member authorized by the Board shall have the right to solely sign for the company within the limits of the board's decisions.

b. The Chairman of the Board of Directors shall be the legal representative of the company before courts and in its relationship with third parties.

c. The Chairman of the Board of Directors may authorize other members of the Board of Directors in some of his powers.

d. The Board of Directors may not absolutely authorize the Chairman of the Board in all of its jurisdictions.

#### **Article (26)**

##### **Board Meetings Place**

The Board of Directors shall convene its meetings at the principal office of the company or at any other place approved by the members of the Board.

#### **Article (27)**

##### **Quorum of the Board Meetings and vote on Decisions**

a. The meeting of the Board of Directors shall not be valid unless attended by the majority of its members in person. The member of the Board may delegate any member of the Board to vote in the meeting. In this case, the member of the Board may not represent more than one member. The number of members of the Board of Directors attended in person shall not be less than half of the members of the Board and such member shall have two votes.

b. It may not be permitted to vote by correspondence. The delegated member may vote instead of the absent member, according to what has been specified in the representation document.

c. The decisions of the Board of Directors shall be issued by the majority of the members and representatives present. In case of equal votes, the Chairman or his representative shall have the casting vote.

d. All the details of matters considered and decisions that have been taken, including any reservations for members or dissenting views they expressed, shall be recorded in the minutes of the meetings of the Board of Directors or its committees. All attending members should sign the draft minutes of meetings of the Board of Directors prior to approving the same provided that copies of such records being sent to the members after approval to retain them. Minutes of the Board of Directors and its committees meetings shall be kept by the reporter of the Board of Directors. If any Member refused to sign, his objection should be registered in the record and reasons for the objection should be mentioned, if any. The signatories should be responsible for the correctness of the information contained therein. The company should be committed to the regulations issued by the authority in this regard.



should be registered in the record and reasons for the objection should be mentioned, if any. The signatories should be responsible for the correctness of the information contained therein. The company should be committed to the regulations issued by the authority in this regard.

e. It may be permissible to participate in the meetings of the Board of Directors through modern technology with the need to observe the procedures and regulations issued by the authority in this regard.

#### **Article (28)**

##### **Board Meetings and Invitation for Convention**

1. The Board of Directors will convene meetings at least (4) times during the financial year.
2. The meeting shall be based on a written invitation from the Chairman of the Board, or upon a written request of at least two members of the Board. The invitation together with the agenda shall be sent at least one week prior to the date specified for the meeting.
3. If a Board member is absent from the Board meetings for three consecutive sessions or five intermittent sessions, during the period of the Board of Directors, without an excuse acceptable to the Board, he shall be considered as resigned.

#### **Article (29)**

##### **Passing Decisions**

In addition to the board's commitment to the minimum number of its meetings mentioned in Article (28) of this article of association, it is permissible for the Board of Directors to issue some decisions by way of passing in emergency cases. Such decisions shall be considered correct and valid as if been taken at a meeting duly convened, taking into account the following:

- a. Cases for issuing decisions by way of passing shall not exceed four times a year.
- b. Approval of the Board of Directors members by majority that the situation requires the issuance of such decision is unusual.
- c. Delivering a written decision, accompanied by all the necessary documents, to all the members of the Board of Directors for approval and review.
- d. A written consent by a majority is required on any of the decisions of the Board of Directors issued by passing with the need to present the same at the next meeting of the Board of Directors to include it in the minutes of the meeting.

**Article (30)**

**Participation of Board Member in Work Competes with the Company**

No member of the Board of Directors may, without the approval of the General Assembly of the company which shall be renewed annually, participate in any work that would compete with the company or to trade for his own account or for the account of third parties in any activity practiced by the company. He shall not disclose any information or data belonging to the company, otherwise, the company shall have the right to claim compensation from him or considering operations that carried out by him as if conducted for the benefit of the company.

**Article (31)**

**Conflict of Interests**

a. Any member of the Board of Directors who shall have a common interest or conflicting deal or transaction, for himself or the entity he represents at the Board, submitted to the Board of Directors for taking a decision thereon, shall notify the Board of Directors and confirm his undertaking in the minutes of the meeting. He may not be entitled to participate in voting on the decision issued regarding this process.

b. If the member of the Board of Directors failed to inform the Board in accordance with the provision of clause (a) of this article, the company or any of its shareholders may resort to the competent court to invalidate the contract or to oblige the offending member to return any profit or benefit realized to him from the contract to the company.

**Article (32)**

**Granting Loans to the Members of the Board**

1. The company shall not provide loans to any member of its Board of Directors or make any guarantees about loans granted to them. Any loan given to a member of the Board of Directors' spouse, children or any relative to the second degree, shall be considered as a loan given to him.

2. No loan shall be given to a company which its Board member or his spouse or sons or any of his relatives to the second degree owns more than 20% of its capital.

**Article (33)**

**Dealing of Related Parties on the Securities of the Company**

Any one of the related parties shall be prohibited to take advantage of any information he got by virtue of his membership of the Board of Directors or his position in the company in achieving interest for himself or others, whatever the result of dealing in securities of the company and other transactions. Also, he may not have any interest, directly or indirectly, with any entity conducting operations intended to affect the rates of the securities issued by the company.

**Article (34)**

**Transactions with Related Parties**

The company shall not make deals with related parties without the consent of the Board of Directors with no more than 5% of the company's capital, and with the approval of the General Assembly of the company if more than that. Evaluator approved to the authority in all cases shall assess all transactions. The company auditor shall include in his report the deals that conflict interest and financial transactions made between the company and any of its related parties and the procedures taken thereon.

**Article (35)**

**Appointment of CEO or General Manager**

The Board of Directors has the right to appoint a Chief Executive Officer or General Manager of the company or several managers or authorized agents, and shall determine their powers and conditions of their services, salaries and bonuses. The Chief Executive Officer or General Manager of the company may not be a Chief Executive Officer or General Manager of any other public shareholding company.

**Article (36)**

**Responsibility of the Board Members for Company's Obligations**

- a. No any member of the Board shall personally be responsible for the obligations of the company resulting from the discharge of his duties as member of the Board of Directors to the extent that he will not exceed the limits of powers granted to him.
- b. The company is committed to the work conducted by the Board of Directors within its jurisdiction and the claims for compensation arising from damage for wrongful acts executed by the Chairman and members of the Board in the company's management.

**Article (37)**

**Responsibility of the Board Members towards Company, Shareholders and Third Parties**

a. The Board members are responsible towards the company, shareholders and third parties for all acts of fraud and abuse of power, any violation of the Companies Law and this Articles of Association and the error in the administration. Any condition other than this shall be invalid.

b. Responsibility set forth in clause (a) of this article shall be assumed by all members of the Board of Directors if the error resulted from unanimous decision, but if the subject decision is issued by majority, the opponents will not be asked if they have demonstrated their opposition in the minutes of the meeting. If any member is absent from the meeting at which the decision was issued, his responsibility shall not be excluded unless proved that he has no information about this decision or he knew it but unable to object to it.

**Part 5**

**General Assembly**

**Article (38)**

**General Assembly Meeting**

a. The general assembly of the company shall be convened in the Emirate of Sharjah, each share holder shall have the right to attend the General Assembly and he shall have votes equal to the number his shares. Anyone who has the right to attend the General Assembly shall have the right to be represented by a deputy other than members of the Board of Directors pursuant to a power of attorney in writing. The deputy of a number of shareholders shall not possess, in this capacity, more than 5% of the company's capital. Incompetent may legally be represented by their deputies.

b. The corporate person may authorize anyone of its representatives or those in charge of its administration under a decision issued by the Board of Directors or its representative, to represent it at the meetings of the General Assembly of the company. The authorized person shall have the powers prescribed under the authorization decision.

**Article (39)**

**Announcement of the invitation to the General Assembly Meeting**

An invitation shall be directed to shareholders to attend the meetings of the General Assembly through announcement in two local daily newspapers published in Arabic language and by registered letters at least fifteen days before the date specified for the meeting, after obtaining the approval of the Authority. Such invitation should contain the agenda of that meeting and a copy of the invitation shall be sent to the authority and the competent authority.

**Article (40)**

**Invitation to the General Assembly Meeting**

- a. The Board of Directors must call the General Assembly during the four months following the end of the fiscal year, and whenever it deems appropriate.
- b. The authority, auditor, shareholder or more owned a minimum of (20%) of the capital of the company and for serious reasons, may apply to the Board of Directors to convene the General Assembly. In this case, the Board of Directors shall call the General Assembly within five days from the date of application.

**Article (41)**

**Competence of the Annual General Assembly**

The Annual General Assembly of the company, in particular, is competent to consider and make a decision in the following matters:

- a. Board's report on the activity of the company and its financial position during the year and the auditors' report and ratify them.
- b. Company's balance sheet, profit and loss account.
- c. Election of Board members when necessary.
- d. Appointment of auditors and specify their remunerations.
- e. Proposals by the Board of Directors concerning the distribution of profits, whether cash dividends or bonus shares.
- f. Proposal by the Board of Directors regarding members' remuneration and specify the same.
- g. Release the liability of the members of the Board of Directors or dismiss and sue them, as the case may be.
- h. Release the liability of auditors, or dismiss and sue them, as the case may be.

**Article (42)**

**Registration of Shareholders attending Meeting of the General Assembly**

- a. The shareholders who wish to attend the General Assembly shall register their names in the electronic record prepared by the management company for this purpose at the meeting venue prior sufficient time of that meeting.
- b. The shareholders' register shall include the name of the shareholder or his representative and the number of shares owned and the number of shares he represented and the names of their owners and provide authorization. The shareholder or his representative shall be given a card to attend the meeting mentioned therein the number of votes represented in person or by representative.
- c. A printed summary should be extracted from the shareholders' register includes the number of shares represented at the meeting and percentage of attendance and should be signed by both the meeting reporter, chairman of the meeting and the auditor of the company's accounts. A copy whereof, should be delivered to the Representative of the authority and a copy should be attached to the minutes of the Annual General Meeting.
- d. The door for registration to attend the meetings of the General Assembly shall be closed when the Chairman of the meeting declares the completion or non-completion of the quorum set for that meeting. Subsequently, no registration for any shareholder or deputy shall be accepted to attend that meeting and his vote or opinion shall not be taken into account on issues raised at that meeting.

**Article (43)**

**Shareholders' Register**

Register of the Shareholders in the company, who have the right to attend the General Assembly meeting of the company and to vote on its decisions, shall be done according to the system of trading, clearing, settlement, transfer of ownership, custody of securities and the relevant rules prevailing in the financial market for the company's shares.

**Article (44)**

**Legal Quorum for the General Assembly Meeting and Vote on Decisions**

a. The General Assembly shall consider all matters relating to the company, and the quorum at a meeting of the General Assembly shall be achieved by the attendance of shareholders owned or represented by proxy at least (50%) of the company's capital. If the quorum is not available at the first meeting, the General Assembly shall be called to a second meeting to be held after expiration of a period of not less than five (5) days and not more than (15) days from the date of the first meeting. The deferred meeting shall be valid irrespective of the number of attendees.

B. With the exception of the decisions that have to be issued by a special decision in accordance with Article (48) of this Article of Association, the decisions of General Assembly of the company shall be issued by a majority of the shares represented at the meeting. The decisions of the General Assembly shall be binding on all shareholders, whether they were present at the meeting at which such decisions were issued or absentee, and whether they agree with it or oppose it. A copy of the same shall be sent to each of the authority and financial market where the shares of the company were listed and the competent authority in accordance with the regulations issued by the authority in this regard.

**Article (45)**

**Chairmanship of the General Assembly and Record of the Meeting' Proceedings**

a. Chairman of the Board of Directors shall chair the General Assembly. In his absence, his deputy shall chair it, and in case of their absence, any shareholder chosen by the shareholders shall head it. Voting will be in any way determined by the General Assembly, as the Assembly shall appoint a reporter for the meeting. If the Assembly is discussing a matter relating to the Chairman of the meeting, whatever, it shall choose from among the shareholders who should chair the meeting during the discussion of this matter. The Chairman shall appoint vote's collector if the General Assembly approve his appointment.

b. A minute of the meeting of the General Assembly shall be issued including the names of shareholders present or representatives, number of shares in their possession in person or by proxy, number of votes prescribed to them, decisions issued, number of votes approved or opposed by it and a sufficient summary of the discussions at the meeting.

c. Minutes of the Annual General Meeting should be recorded on a regular basis after each meeting in a special register that will follow the controls established by a decision of the authority. The Chairman of the Assembly, reporter, votes collector and the auditor shall sign each minute. The signatories to the minutes of meetings shall be responsible for the correctness of data contained therein.

#### **Article (46)**

##### **Method of voting at the General Assembly Meeting**

Voting in the General Assembly shall be in the manner specified by the Chairman of the Assembly unless the General Assembly decided a certain way for voting. If it comes to the election, dismissal, accountability or appointment of the members of the Board of Directors in cases where it is permissible in accordance with the provisions of Article (21) of this Article of Association, it must follow the method of cumulative secret vote.

#### **Article (47)**

##### **Board's Members Voting on the General Assembly Decisions**

a. No members of the Board of Directors may participate in the vote on the decisions of the General Assembly releasing them from liability for their management, or that relating to their interest, relating to conflict of interests or relating to a dispute arisen between them and the company.

b. If the Board's member represents a corporate person, the shares of this corporate person should be excluded. A member who may have the right to attend the meetings of the General Assembly may not participate in the voting for himself or his representative in matters concerning private interests or related to a dispute arisen between them and the company.

#### **Article (48)**

##### **Issuance of Special decision**

The General Assembly should issue a special resolution by a majority votes of shareholders who own not less than three-quarters of the shares represented at the General Assembly Meeting of the company in the following cases: -

- a. Increase or decrease the capital.
- b. Issuance of bonds or Sukuk instruments.
- c. Provisions of voluntary contributions to the purposes of community service.
- d. Dissolve or merge the company into another company.



- e. Sale of the project carried out by the company or dispose of it in any other manner.
- f. Extend of the company duration.
- g. Amendment of Memorandum of Association or Articles of Association.
- h. In cases where the Companies Act requires issuance of a special decision.  
In all cases, according to the provisions of Article (139) of the Companies Law, the authority and the competent authority shall agree to issue the decision to amend the Memorandum of Association or Articles of Association of the company.

**Article (49)**

**Inclusion of an item to the Agenda of the General Assembly Meeting**

- a. The General Assembly may not debate in any issues not listed in the agenda.
- b. With exception of clause (a) of this article and in accordance with the regulations issued by the authority in this regard, the General Assembly shall have the authority as follows:
  - 1. The right of deliberation in serious incidents discovered during the meeting.
  - 2. Insert an additional clause on the agenda of the General Assembly in accordance with the regulations issued by the authority in this regard, based on the request presented by the authority or a number of shareholders representing at least (10%) of the company's capital. The Chairman of the General Assembly meeting should include the additional clause before beginning the discussion on the agenda or presenting the subject to the General Assembly to decide either to add the clause to the agenda or not.

**Part 6**

**Auditor**

**Article (50)**

**Auditor's Appointment**

- a. The Company shall have one or more accounts auditor appointed by the General Assembly and determines its remuneration based on a nomination from the Board of Directors. The auditor is required to be enrolled with the authority and is licensed to practice the profession.
- b. The auditor shall be appointed for one renewable year and he shall audit the financial year accounts to which he was appointed provided that the period of his appointment not exceeding three consecutive years.
- c. The auditor shall undertake his duties from the end of the meeting of the Assembly to the end of the next General Assembly Meeting.

**Article (51)**  
**Liabilities of Auditor**

**The auditor shall take into his account the following:**

- a. Compliance with the provisions set forth in the Companies Law, regulations, decisions and circulars implementing it.
- b. Be independent of the company and Board of Directors thereof.
- c. Not to combine between the profession of auditor and his capacity as a partner in the company.
- d. Not to serve as a Board member or any technical, administrative or executive position therein.
- e. Not to be a partner or agent of any of the company founders or any of its Board members or close to any of them up to the second degree.

**Article (52)**  
**Powers of the auditor**

- a. The auditor shall have the right, at all times, to review all company's books, records, documents, and other documents and papers. He may request clarifications which he deems necessary for the performance of his mission. Also, he may verify the company's assets and liabilities. If he cannot use these powers, he should prove this in writing in a report to be submitted to the Board of Directors. If the Board does not enable the auditor to perform his mission, the auditor shall send a copy of the report to the authority and the competent authority and submit it to the General Assembly.
- b. The auditor shall examine the accounts of the company, budget, profit and loss account, and review the company's transactions with the related parties, and ensure applying the provisions of the Companies Law or this Articles of Association. The auditor shall submit a report of the outcome of this examination to the General Assembly and send a copy to the authority and competent authority. When preparing his report, he should make sure of the following:
  - Validity of accounting records maintained by the company.
  - Conformity of company's accounts with the accounting records.
- c. If no facilities have been presented to the auditor to carry out his duties, he should prove it in a report to be submitted to the Board. If the Board of Directors failed to facilitate the auditor's mission, he should send a copy of the report to the authority.

d. The affiliated company and auditor shall be committed to provide information and clarifications requested by the holding company's auditor for audit purposes.

**Article (53)**

**Annual Report of Auditor**

a. The auditor shall submit to the General Assembly a report includes the data and information set forth in the Companies Law, and shall mention in his report, as well as in the balance sheet of the company, the voluntary contributions made by the company during the fiscal year for the purposes of serving the community "if any" and shall identify the beneficiary of these voluntary contributions.

b. The auditor must attend the General Assembly Meeting and shall read his report in the General Assembly, explaining any obstacles or interferences from the Board faced him while carrying out his duties. The auditor's report should be marked by independence and impartiality, and he shall show his opinion at the meeting on all matters relating to his duties, in particular, in the company's budget and his remarks on the company's accounts, its financial position and any violations therein. The auditor is responsible for the validity of the data contained in his report. Each shareholder may, during the convention of the General Assembly, discuss the auditor's report and inquires about what is stated therein.

**Part 7**

**Finance of Company**

**Article (54)**

**Company Accounts**

a. The company shall prepare regular accounts according to international accounting standards and principles to reflect true and fair view on the company's profits or losses for the fiscal year and the company's position at the end of the fiscal year, and shall comply with any requirements prescribed by the Companies Law or the resolutions implementing it.

b. The company applies the international standards and basics of accounting in the preparation of interim and annual accounts and determines distributable profits.

**Article (55)**  
**Fiscal Year of the company**

The fiscal year of the company commences on 1st January and ends at the end of 31/December of each year.

**Article (56)**  
**Balance Sheet for the Fiscal Year**

The balance sheet for the fiscal year shall be audited at least one month prior to the Annual Meeting of the General Assembly. The Board shall prepare a report on the company's activity and its financial position at the end of the fiscal year and the way proposed for the distribution of net profits. A copy of the balance sheet, profit and loss account with a copy of the auditor's report, the report of the Board of Directors and governance report shall be sent to the authority attached with a draft of the invitation of the Annual General Meeting to the shareholders to approve the publication of the invitation in the daily newspapers fifteen days prior to the General Assembly Meeting.

**Article (58)**  
**Distribution of Annual Profits**

Annual net profits of the company shall be distributed after deducting all general expenses and other costs, as follows: -

a. Deducting (10%) ten percent of the net profits to be allocated to the legal reserve account and this deduction shall be stopped when total reserves reached an amount equivalent to at least (50%) fifty percent of the company's paid-up capital. If the reserve is less than the above-mentioned, return to the deduction shall take place.

b. The General Assembly determines the ratio that must be distributed to shareholders out of the net profits after deducting the legal reserve, but if the net profits in a year did not allow a dividend, there should be no claim for the same from the profits of subsequent years.

c. A percentage of not more than (10%) of the net profits for the ended fiscal year should be allocated after deducting all of depreciations and reserves as a reward to the members of the Board of Directors and the General Assembly shall determine its value each fiscal year. Fines imposed against the company by the authority or competent authority due to breaches of the Board of Directors to the Companies Law or Articles of Association of the company during the ended fiscal year shall be deducted from such reward. The General Assembly shall not discount all or some of such fines if found that such fines are not because of failure or error from the Board of Directors.

d. Remaining of the net profits shall be distributed, thereafter, to shareholders or shall be brought forward upon the proposal of the Board of Directors for the next year or shall be allocated for building up a voluntary reserve allocated for specific purposes and may not be used for any other purposes except in accordance with a decision of the General Assembly of the company.

**Article (59)**

**Disposition of Voluntary and Legal Reserve**

The disposition of the voluntary reserves shall be made based on the Board's decision in the aspects that achieve the interests for the company. It may not be permissible to distribute the legal reserve to shareholders, but more than half of the capital thereof may be used to be distributed as dividends to shareholders in the years that the company does not achieve sufficient net profit to be distributed to them.

**Article (60)**

**Shareholders' Dividends**

Dividends shall be paid to the shareholders in accordance with the regulations, decisions and circulars issued by the authority in this regard.

**Part 8**

**Disputes**

**Article (61)**

**Civil Liability**

Any decision issued by the General Assembly with respect to releasing the liability of the Board of Directors shall not result in nullity of civil suit liability against the Board's members because of mistakes made by them in carrying out their mission. If the act led to liability was presented to the General Assembly and has been ratified by it, then, the suit liability shall be invalid after a lapse of one year from the date of convening this assembly. However, if the act attributed to members of the Board of Directors was a criminal offense, liability suit shall not be invalid except by the nullity of the general suit.

**Part 9**

**Dissolution and Liquidation of the Company**

**Article (62)**

**Dissolution of the Company**

The company shall be dissolved for any one of the following reasons:

- a. Expiration of the period specified in this Article of Association unless renewed according to the rules contained herein.
- b. End of the objective for which the company was established.
- c. Loss of all or most of the company's funds, so the rest cannot be invested as worthwhile investment.
- d. Merger in accordance with the provisions of the Companies Law.
- e. Issuance of a special resolution from the General Assembly to dissolve the company.
- f. Issuance of a court ruling to dissolve the company.

#### **Article (63)**

#### **Achievement of the Company to a Loss of Half of its Capital**

If the company's losses amounted to half of its issued capital, the Board of Directors shall, within thirty (30) days from the date of disclosure to the Authority on the periodic or annual Financial Statements, call the General Assembly for a meeting to take a decision to dissolve the company prior the date specified for this or to continue in carrying out its activity.

#### **Article (64)**

#### **Liquidation of the company**

At the end of the duration of the company or if been resolved before the deadline, the General Assembly shall, at request of the Board of Directors, specify the method of liquidation and appoints a liquidator or more and specify their powers. The power of the Board of Directors shall expire upon the dissolution of the company; however, the Board of Directors will continue in the company's management and is considered, in relation to third parties, as a liquidator till the appointment of a liquidator. The power of the General Assembly shall remain in force throughout the liquidation period until the completion of all liquidation process.

### **Part 10**

#### **Final Provisions**

#### **Article (65)**

#### **Voluntary Contributions**

The Company may, by a special resolution at the expiration of two fiscal years from the date of establishment thereof and achievement of profits, give voluntary contributions for the purposes of community service. Such contributions must not exceed 2% of the average net profits of the company during the two fiscal years preceding the year in which such voluntary contribution is given.

**Article (66)**

**Corporate Governance Controls**

The decision of Governance controls, corporate standards of institutional discipline and decisions implementing the provisions of the Companies Law issued by the authority shall be applied to the company, and shall be considered as an integral part of the Articles of Association of the company and complement it.

**Article (67)**

**Facilitate the Process of Periodic Inspection of Authority Inspectors**

The Board of Directors, Chief Executive Officer, managers of the company and auditors shall facilitate the process of periodic inspection carried out by the Authority through the inspectors entrusted by it and to provide the inspectors with all data or information, as well as access to the company's business, books, any papers or records held by branches and subsidiaries within the State and outside, or their auditor.

**Article (68)**

**In the event of Conflict**

In case of conflict between the provisions of this Articles of Association with the provisions stated in the Companies Law, regulations, resolutions and circulars implementing it, those provisions shall apply.

**Article (69)**

**Publication of the Articles of Association**

This Articles of Association shall be published in accordance with the law.

Signature: .....  
HE/Ahmed Abdullah Al Noman  
Chairman of the Board of Directors

