Arkan Building Materials Company PJSC (THE "COMPANY")

ARTICLE OF ASSOCIATION - SUMMARY OF PRPOSED CHANGES

Summary of proposed changes in Articles 1, 2, 15.1, 15.2, 15.3, 15.4, 17.1, 25.2, 29.8, 30.3, 40.2, 42.1 and 53.1 of the Articles of Association of the Company.

	Article	**Current Wording**	**Proposed Change (in red)**	**Justification**
1	Article 1	**Companies Law** means U.A.E. Federal Law No. 2 of 2015 concerning Commercial Companies as amended, substituted or wholly re-enacted by subsequent laws and where the context so permits, to the extent that it applies to these Articles	**Companies Law** means the U.A.E. Federal Decree Law No. 32 of 2021 concerning Commercial Companies, as amended, supplemented, substituted or wholly re-enacted by subsequent laws and where the context so permits, to the extent that it applies to these Articles	Federal Decree Law No. 32 of 2021 concerning commercial companies has repealed and replaced Federal Law No. 2 of 2015 concerning commercial companies.
2	Article 1	**Subsidiary Company** means a company in which at least 50% of the capital is held by the Company;	**Subsidiary Company** means a company under the Parent Company umbrella;	Definition has been updated in accordance with the provisions of the Chairman of the Securities and Commodities Authority Decision No. (3/RM) for the year 2020 concerning Approval of Joint Stock Company Governance Guide.
3	Article 1		"**Parent Company**" means a company related to a subsidiary company through any of the following relationships: 1- Having the right to exercise or already exercises the Control on the	Definition has been added in accordance with the provisions of the Chairman of the Securities and

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			subsidiary company. 2- A parent company of the parent relating to the subsidiary company.	Commodities Authority Decision No. (3/RM) for the year 2020 concerning Approval of Joint Stock Company Governance Guide as it is used in the definition of "Subsidiary Company".
4	Article 2	The name of the Company is "**Arkan Building Materials Company**, a public joint stock Company".	The name of the Company is "**EMSTEEL BUILDING MATERIALS**, a public joint stock Company".	The Company's trade name has been amended in accordance with the Board's suggestion.
5	Article 15	15.1 The issued capital of the Company may be increased after obtaining the approval of the Authority by issuing new Shares at the same nominal value as the original Shares or with a premium in addition to the nominal value and the issued share capital of the Company may also be reduced. 15.2 It shall not be permissible to issue new Shares at less than their nominal value, and if they are issued at a greater value the difference shall be added to the legal reserve areas, even if	15.1 After obtaining the approval of the Authority, the Company may, after having its issued share capital fully paid, by a Special Resolution increase its issued share capital. The Board must implement the resolution of capital increase within (3) three years from the date the resolution is passed otherwise such resolution shall be deemed null and void in respect of the amount of increase that has not been completed within such period. The resolution to increase the issued share capital shall state the amount of capital increase and	Article 15 has been amended in accordance with the provisions of Articles (196), (198) and (199) of Federal Decree Law No. 32 of 2021 concerning Commercial Companies.

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		by doing so the legal reserve exceeds half of the issued capital of the Company. 15.3 An increase or reduction in the issued capital shall be by special Resolution of the General Assembly in both cases in accordance with a proposal of the Board, and after hearing the report of the auditor of accounts in the case of any reduction, and provided that in the event of increasing the capital, the amount of such increase as well as the new Shares' issuance price shall be stated. In the event of a reduction, the amount thereof and the manner of its implementation shall be stated. 15.4 The existing Shareholders shall have a priority right to subscribe for the new Shares. Subscription for the new Shares shall be subject to the same rules applied to the subscription for the original Shares. By exception to the foregoing,	the price at which new shares are issued. 15.2 In the event that the issued share capital is increased by way of in-kind contribution, the valuation of such in-kind contribution must be in line with the provisions of the Companies Law and the requirements issued by the Authority in respect of the valuation 15.3 New Shares shall be issued at nominal value of the existing shares. However, the Company may, by Special Resolution and after obtaining the approval of the Authority, resolve to: a) Add a premium to the nominal value of the shares and determine such in the event where the market value of the shares is more than the nominal value. The premium will be added to the legal reserve even	

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		the following cases of issuance of new Shares shall not be subject to the priority right of existing Shareholders: (a) Subscription by a strategic shareholder whose subscription will lead to achieving benefits to the Company and increasing its profitability. (b) Conversion of cash loans owed to the federal government, local government, public agencies and bodies, banks and finance companies into Shares in the Company. (c) Employee incentive plan where the Company adopts an incentive plan to reward the distinct performance and Increase the profitability by offering Shares to its employees; (d) Conversion of bonds and sukuk issued by the Company into Shares; and	if such addition results in the legal reserve amount exceeding half of the amount of shares capital; b) Grant a discount to the nominal value of shares and determine the amount of such discount in the event that the market value of the shares is less than the nominal value. In such event, there shall be a negative reserve recorded on the equity in the financial statements and such negative reserve shall be financed through deductions from the future profits of the Company and such deductions shall be made before approving any payment of dividends. The Company must provide the Authority with a report issued by an	

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		(e) acquiring an existing company and issuing new shares in the Company to the partners or shareholders of that acquired company, In all of the aforementioned events, the approval of the Authority shall be procured, a Special Resolution shall be issued from the General Assembly and the conditions and rules of the Authority in this regard shall be fulfilled. 15.5 A Shareholder has the right to inspect the Company's records, books and documents related to transaction that the Company enters into with a Concerned Party subject to approval of the Board or by virtue of a resolution of the General Assembly.	independent financial advisor approved by the Authority wherein such advisor determines the methods of calculation of the premium or discount as the case may be. 15.4 The existing Shareholders shall have a priority right to subscribe for the new Shares. Subscription for the new Shares shall be subject to the same rules applied to the subscription for the original Shares. By exception to the foregoing, the following cases of issuance of new Shares shall not be subject to the priority right of existing Shareholders: (a) Subscription by strategic shareholder whose subscription will lead to achieving benefits to the Company and increasing its profitability. (b) Conversion of cash loans owed to the federal government, local	

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			government, public agencies and bodies, banks and finance companies into Shares in the Company. (c) Employee incentive plan where the Company adopts an incentive plan to reward the distinct performance and Increase the profitability by offering Shares to its employees; (d) Conversion of bonds and sukuk issued by the Company into Shares; (e) acquiring an existing company and issuing new shares in the Company to the partners or shareholders of that acquired company; and (f) merger with other company. In all of the aforementioned events, the approval of the Authority shall be procured, a Special Resolution shall be	

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			issued from the General Assembly and the conditions and rules of the Authority in this regard shall be fulfilled.	
6	Article 17.1	17.1 The management of the Company shall be vested in a Board comprised of (7) seven members to be elected by the General Assembly by way of secret Cumulative Voting. In all cases, a majority of members of the Board including the Chairman of the Board shall be UAE Nationals. The candidate for membership of the company's board of directors must be satisfy the conditions issued by the Authority in this regard, and the candidate (for nomination purposes only) owns a number of shares not less than five million shares or is supported by one or more shareholder owning at least this number of shares.	17.1 The management of the Company shall be vested in a Board comprised of (7) seven members to be elected by the General Assembly by way of secret Cumulative Voting. The candidate for membership of the company's board of directors must satisfy the conditions issued by the Authority in this regard, and the candidate (for nomination purposes only) owns a number of shares not less than five million shares or is supported by one or more shareholder owning at least this number of shares.	Article 17 has been amended in accordance with the Federal Decree Law No. 32 of 2021 concerning Commercial Companies
7	Article 25.2	25.2 The post of a member of the Board shall be deemed vacant in the event such member: (a) dies or becomes mentally deranged or becomes otherwise incapable of performing his duties as a member of the Board; or (b) is convicted of any crime offensive to honour or trustworthiness; or	25.2 The post of a member of the Board shall be deemed vacant in the event such member: (a) dies or becomes mentally deranged or becomes otherwise incapable of performing his duties as a member of the Board; or (b) is convicted of any crime offensive to honour or trustworthiness; or	Article 25.2 has been amended in accordance with the provisions of the Chairman of the Securities and Commodities Authority Decision No. (3/RM) for the year 2020 concerning Approval of Joint Stock Company Governance Guide.

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		(c) is declared bankrupt; or (d) resigns from his post pursuant to written notice sent to the Company in this regard; or (e) a resolution to dismiss him is issued by the General Assembly; (f) upon issue of a decision by the Board deeming such member to have resigned pursuant to Clause 25.1;	(c) is declared bankrupt; or (d) resigns from his post pursuant to written notice sent to the Company in this regard; or (e) a resolution to dismiss him is issued by the General Assembly; (f) upon issue of a decision by the Board deeming such member to have resigned pursuant to Clause 25.1; or (g) if his membership is in violation of Companies Law.	
8	Article 29.8	29.8 The remuneration of the Chainman and Board members shall be a percentage of the net profits that shall not exceed 10% of those net profits of the concerned financial year. The Company may also pay any expenses, fees, additional remuneration or a month salary in the amounts determined by the Board for any of its members if such member is also member of any committee or exert any special efforts or carry out any additional work for the benefit of	29.8 The remuneration of the Chainman and Board members shall be a percentage of the net profits that shall not exceed 10% of those net profits of the concerned financial year. Notwithstanding the above and subject to the regulations to be issued by the Authority in this regard, any Board Member may be paid a lump sum fee not exceeding [AED 200,000] two hundred thousand Dirhams at the end of the financial year, provided that the General Assembly has approved the payment of such remuneration in the following cases: (a) If the Company does not make any profit;	Article 29.8 has been amended in accordance with the provisions of Article (171) of Federal Decree Law No. 32 of 2021 concerning commercial companies.

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		the Company that is in addition to his/her normal duties as a member of the Board. No allowance shall be paid to the Chairman or any member of the Board for attending any of the Board meetings.	(b) If the Company makes a profit and the Board Member's share of those profits is less than AED 200,000 (two hundred thousand dirhams); and the Board Member may not in this case receive both the remuneration and lump sum fee.	
9	Article 30.3	30.3 The Authority, the auditor of the Company, or any one or more Shareholders holding at least (10%) of the share capital of the Company and for serious reasons may request the Board to invite the General Assembly to convene. In such case, the Board must invite the General Assembly within five days from the date of receipt of such request.	30.3 The Authority, the auditor of the Company, or any one or more Shareholders holding at least (10%) of the share capital of the Company and for serious reasons may request the Board to invite the General Assembly to convene. In such case, the Board must invite the General Assembly within five days from the date of receipt of such request and the General Assembly should convene within 30 days from the date of the invitation.	Article 30.3 has been amended in accordance with the provision of Article (176) of the Federal Decree Law No. 32 of 2021 concerning Commercial Companies
10	Article 40.2	40.2 The auditor shall be appointed for one year, which may be renewed for additional years provided that the appointment duration of the auditor shall not exceed three consecutive years. The auditor shall audit the accounts for the financial years for which he was appointed.	40.2 The auditor shall be appointed for one year, which may be renewed for additional years provided that the appointment duration of the auditor shall not exceed six (6) consecutive financial years from the date of assuming audit duties in the company, and in this case the partner responsible for the audit of the company must be replaced by the auditor after the end of (3) three financial years, and the auditor may be re-appointed after the	Article 40.2 has been amended in accordance with the provision of Article (245) of the Federal Decree Law No. 32 of 2021 concerning Commercial Companies

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			passage of at least (2) two financial years from the date of expiry of his appointment. The auditor shall audit the accounts for the financial years for which he was appointed.	
11	Article 42.1	42.1 The auditor of accounts shall present to the General Assembly a report containing the information and data provided for in Article (250) of the Companies Law and he must state in his report and in the balance sheet of the Company the voluntary contributions, if any, made by the Company during the financial year for community service, and must specify the names of the beneficiaries of such voluntary contributions.	42.1 The auditor of accounts shall present to the General Assembly a report containing the information and data provided for in Article (252) of the Companies Law and he must state in his report and in the balance sheet of the Company the voluntary contributions, if any, made by the Company during the financial year for community service, and must specify the names of the beneficiaries of such voluntary contributions.	Reference in Article 42.1 has been amended in accordance with the Federal Decree Law No. 32 of 2021 concerning Commercial Companies
12	Article 53.1	53.1 The Company may after the expiration of two financial years from incorporation and realization of profits grant voluntary contributions to serve the community upon passing a Special Resolution provided that such contributions do not exceed (2%) of the average profits realized during the two financial years preceding the year in which the said voluntary contributions are made.	53.1 After obtaining an approval from the Authority, the Company may by a Special Resolution allocate certain percentage of its annual or accumulated profits for social service purposes. It is necessary to disclose on the Company's website at the end of the financial year whether or not it has made voluntary contributions for social purposes; and to clearly state the beneficiary(ies) of such contributions.	Article 53.1 has been amended in accordance with the provision of Article (244) of the Federal Decree Law No. 32 of 2021 concerning Commercial Companies.