



Articles of Association

Methanol Chemicals Company

A Saudi Joint- stock Company



Chapter 1: Establishing the Company

Article 1: Incorporation

A Saudi Joint-Stock Company that has been incorporated in accordance with the provisions of the Companies Law and its Regulations, and according to the following articles.

Article 2: Company Name

The name of the Company is **Methanol Chemicals Company “Chemanol”**, a Saudi registered joint-stock Company.

Article 3: Purpose of the Company

The purpose of incorporating the Company is to produce and market the following materials and their derivatives:

- Liquid formaldehyde, liquid urea-formaldehyde, and any mixture of them with various concentrations
- Paraformaldehyde
- Liquid and powder of formaldehyde resins
- Hexamethylene tetramine (Hexamine)
- Phenol formaldehyde resins
- Concrete improvers and their derivatives
- Methanol and its derivatives
- Carbon monoxide
- Monomethylamine, dimethylamine, trimethylamine, and their derivatives
- Dimethylformamide
- Dimethyl ether
- Penta erythritol
- Sodium formate
- Acetaldehyde
- Ammonia
- Specialized petrochemical products.



The Company exercises its activities in accordance with the applicable regulations and after obtaining the necessary licenses from competent authorities, if any.

Article 4: Participation and Acquisition in Companies

The Company may establish other companies on its own (with limited liability or closed joint-stock) provided that the capital of such companies shall not be less than SR 5 Million. It may also acquire shares and stakes in other existing companies or merges with them and shall have the right to participate with other companies in establishing joint stock companies or limited liability companies after fulfilling the regulatory requirements and instructions applicable in this regard, and it is also permissible to dispose of these shares or stakes provided that this does not include mediation in trading.

Article 5: Company's Head Office

The head office of the Company is located in Jubail Industrial City in the Kingdom of Saudi Arabia. The Board of Directors or whomever it appoints may establish branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia.

Article 6: Company Duration

The Company duration is Fifty (50) calendar years starting from the date of the issuance of the resolution of His Excellency the Minister of Commerce & Industry announcing the transformation of the Company. The duration of the Company may always be extended to other similar or shorter periods by a resolution issued by the Extraordinary General Assembly at least one year before the expiry of its original term.



Chapter 2: Capital and Shares

Article 7: Capital

The company's capital is determined to be (SAR 674,508,630) six hundred seventy-four million five hundred and eight thousand six hundred and thirty Saudi Riyals divided into (67,450,863) sixty-seven million four hundred fifty thousand eight hundred sixty-three shares of equal value. The value of each share is ten (10) Saudi Riyals, and all shares are ordinary cash shares.

Article 8: Shares Subscription

The shareholders subscribed for the entire capital shares of the Company which are (67,450,863) shares. The nominal value of such shares is (674,508,630) Saudi Riyals “paid in full”.

Article 9: Sale of Unpaid Shares

The shareholder shall pay the value of the share on the dates specified for the same. If the shareholder fails to meet the deadline of the fulfillment, If the shareholder fails to meet the deadline of the fulfillment, the Board of Directors may - after informing the shareholder at his address recorded in the shareholders' register - sell the share at a public auction or stock exchange market – as the case may be – according to the controls set by the concerned authority. The Company shall take its due amounts from the proceeds of the sale and then return the rest to the owner of the share. If the sale proceeds are insufficient to meet such amounts, the Company may take the rest from all the funds of the shareholder. Nevertheless, the shareholder who delays the payment up till the sale date may pay the amount due from him in addition to the expenses incurred by the Company in this respect. The Company shall void the sold share according to the provisions of this Article and mark this in the register of shares along with the name of the new holder.



Article 10: Issuance of Shares

The Company's shares are nominal and may not be issued for less than their nominal value; but may be issued at a higher value. In this case, the variance is added in a separate item within the shareholders' equity; it may not be distributed as dividends to shareholders. In case the share is owned by multiple persons, they must select one of them to become the group representative in regard of using the share-related rights. These persons shall be jointly responsible for any obligation arising from the ownership of the share.

Article 11: Share Trading

All the shares are tradable after the certificate is issued.

Article 12: Stock Register

The shares are traded in accordance with the provisions of the Financial Market Regulations.

Article 13: Capital Increase

- 13.1 The Extraordinary General Assembly may decide to increase the capital of the Company, provided that the capital has been paid in full. It is not required that the capital shall 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 set for converting them into shares has not expired.
- 13.2 The Extraordinary General Assembly may, in all cases, allocate the shares issued for the capital increase, or part thereof, to the employees of the Company and its subsidiaries or some of them, or any of that. Shareholders may not exercise the right of priority when the Company issues the share allocated to employees.
- 13.3 At the time of the issuance of the Extraordinary General Assembly's decision approving the capital increase, the shareholder who own the share shall have priority in subscribing to the new shares issued in exchange for cash amounts. Such shareholders shall be notified with the priority of subscription by publishing in a daily newspaper or by registered mail or

through Saudi Tadawul website, about the decision of capital increase and the conditions, term, start and expiry dates of subscription.

- 13.4 The Extraordinary General Assembly shall have the right to suspend the priority right of the shareholders to subscribe to the capital increase in exchange for cash shares or to give priority to non-shareholders in the cases the Company deems appropriate for the benefit of the Company.
- 13.5 The shareholder shall have the right to sell or relinquish the priority right during the period from the time of the issuance of the General Assembly's decision approving the capital increase until the last day of subscribing to the new shares associated with these rights, in accordance with the regulations set by the competent authority.
- 13.6 Taking into consideration what has been stated in paragraph (4) above, the new shares shall be distributed to the rights holders who requested to subscribe in proportion to their pre-emptive rights out of the total pre-emptive rights resulting from the capital increase, provided that what they receive does not exceed what they have requested of the new shares. The remainder of the new shares shall be distributed to the holders of the priority rights resulting from the capital increase, provided that what they receive does not exceed what they requested from the new shares. The remainder of the shares shall be offered to third parties, unless the Extraordinary General Assembly decides or the Financial Market Regulations stipulates otherwise.

Article 14: Capital Decrease

By a resolution of the Extraordinary General Assembly based on acceptable justifications, the Company's capital may be decreased if it exceeds its needs or if the Company suffers losses. The resolution of capital decrease shall not be issued before reading out a special report prepared by the auditor on the reasons causing such reduction, the obligations of the Company and the effect of the reduction on these obligations, considering the provisions of the Companies' Law, and the resolution shall determine the method of reduction.

If the capital decrease occurs as a result of the capital exceeding the need of the Company, it is obligatory to call the creditors to show their objections to the same within sixty (60) days as of the date of publishing the decision of the capital



decrease in a daily newspaper distributed in the area where the head office of the Company is located. If one of the creditors objects and submits to the Company his documents on the defined date, the Company shall pay him his debt if it is due or provide a sufficient guarantee to fulfill the same if it is credit.

Article 15: Issuance of Preferred Shares

- 15.1 After the approval of the competent authorities and in accordance with the principles they determine, the Extraordinary General Assembly may issue preference shares or decide to purchase them or convert the ordinary shares into preferred shares not exceeding ten percent or convert the preferred shares into ordinary ones. The preferred shares do not confer the right to vote in the General Assemblies. Such shares arrange for their owners, in addition to the right to participate in the net profits that are distributed on the ordinary shares, the following:
- The right to obtain a certain percentage of the net profits of not less than five percent of the nominal value of the share after setting aside the statutory reserve and before making any distribution of the Company's profits.
 - The priority in recovering the value of the preferred shares in the capital upon liquidation of the Company and in obtaining a certain percentage of the liquidation outcome.
- 15.2 The Company may purchase these shares in accordance with what is decided by the General Assembly of shareholders, and these shares are not included in the calculation of the quorum necessary for holding the Company's General Assemblies and the right to vote in them as stipulated in Articles 32, 33, 34 and 35 of This Articles of Association.

Article 16: Bond Issue

By a resolution of the Ordinary General Assembly, based on a proposal by the Board of Directors, it is permissible to issue loan bonds or Sukuk, whether for public subscription or otherwise, inside or outside the Kingdom of Saudi Arabia, in accordance with the applicable regulations and instructions. The resolution determines the value of these bonds or Sukuk, their conditions and the possibility



of converting them into shares, in accordance with the instructions of the Capital Market Authority.

Chapter 3: Board of Directors

Article 17: Formation of the Board of Directors

The Company is managed by a Board of Directors consisting of nine members appointed by the Ordinary General Assembly using the cumulative voting system for a period not exceeding three (3) Gregorian years.

Article 18: Expiry of Board Membership

The membership of the Board shall expire upon the expiry of Board's term, the member's resignation, or death, or if he becomes unfit for Board membership in accordance with the provisions of the regulations and instructions in force in the Kingdom of Saudi Arabia. However, the Ordinary General Assembly may at any time, with the approval of a majority of votes of shareholders present at the Meeting, dismiss all or some of the members of the Board of Directors 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 Board member may resign, if this is done at an appropriate time, otherwise he shall be liable to the Company for the damages resulting from his resignation.

Article 19: Board Vacant Position

If the position of one of the Board members becomes vacant, the Board may temporarily appoint a member in the vacant position; provided that he meets the experience, adequacy and conditions of membership. The Ministry and Capital Market Authority shall be notified accordingly within the time period provided by the applicable rules and regulations. The appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member completes



the term of his predecessor. If the number of members of the Board of Directors falls below the quorum necessary for the validity of its meeting, the Ordinary General Assembly must be called to convene within sixty days to elect the necessary number of members. If the General Assembly is unable to elect a Board of Directors for the Company, a temporary committee is formed to supervise the Company, considering the application of the rules and regulations applicable in the Kingdom of Saudi Arabia.

Article 20: Chairman, Managing Director, CEO and Secretary

The Board of Directors appoints from among its members a Chairman and a Vice Chairman, and it may appoint from among its members a Managing Director. The Chairman shall have the power to call the Board to meet and chair the Board meetings and the meetings of the Ordinary and Extra-ordinary General Assemblies, and he shall have the necessary powers to manage the Company, manage its affairs and achieve its objectives.

- 20.1 The Vice Chairman of the Board of Directors replaces the Chairman of the Board of Directors in his absence.
- 20.2 The Board of Directors shall appoint, whether from among its members or others, a secretary for the Board and shall determine his competencies and remuneration.
- 20.3 The membership of the Chairman, the Vice Chairman, the Managing Director, the Chief Executive Officer and the Secretary of the Board of Directors shall not exceed the membership of each of them in the Board; and they may always be re-elected. The Board may at any time dismiss all or some of the members of the Board of Directors without prejudice to the right of the dismissed member to claim compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.
- 20.4 Without prejudice to any regulations or decisions issued by the competent authorities, the Board of Directors shall determine the special remuneration that the Chairman, Vice Chairman, and the Managing Director - if any - shall receive in return for the works they perform, in addition to the benefits of the Board members stipulated for in Article (23) of this Articles of Association.



Article 21: Board Committees

The Board of Directors may form a committee or committees from among its members or from a third party, and it shall specify in a separate resolution the number and names of the members of the committee or committees and their powers in a manner that does not conflict with the applicable rules and regulations.

Article 22: Powers of the Board of Directors

- 22.1 Without prejudice to the powers of the General Assembly, the Board of Directors shall have the full powers in managing and supervising all the Company's business, its funds and all its other transactions in a manner that serves its purposes, including taking decisions, concluding contracts, and undertaking all other actions necessary to achieve the objectives of the Company and the Board – in order to carry out its duties – may exercise all other functions and carry out all actions and dispositions that the Company may practice in accordance with its Articles of Association, provided that these actions are not under the powers of the General Assemblies of shareholders in accordance with this Articles of Association and the companies' law in force in the Kingdom of Saudi Arabia. The Board of Directors shall have the power to conclude loans for any term, including loans that exceed three (3) years, and to buy, sell and mortgage the real estate and movables of the Company, its assets and plants.
- 22.2 The Board of Directors may, within its powers, authorize the Chairman of the Board or one or more of its members or third parties to perform certain acts.
- 22.3 Without prejudice to the powers of the General Assembly, the Chairman of the Board of Directors shall have the full powers in managing the Company and its affairs inside and outside the Kingdom. He may, for example, but not be limited to:
1. Represent the Company in its relationship with third parties, government, and private agencies, labor offices, civil rights, police departments, chambers of commerce and industry, private bodies, companies and establishments of all kinds inside and outside the Kingdom of Saudi Arabia.

2. Represent the Company before the judiciary authorities and before Sharia courts, judicial bodies, the Board of Grievances, the higher and primary committees, the commercial papers committees and all other judicial committees, arbitration bodies and others. The Chairman of the Board may, by a written decision, delegate some of his powers to other members of the Board or others for carrying out a specific work or activities. The Vice-Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence in managing the meetings.
3. Enter into tenders and auctions and awarding bids - for example, but not limited to – sale documents, renting, leasing, representation, declarations, mortgage, etc., and conduct transactions on behalf of the Company.
4. Receive, payment, admission, demand, defense, pleading, litigation, reconciliation, assignment, denial, request for oath and restitution, pre-emption, acceptance of judgments and denial thereof, request for the implementation of judgments and opposition thereof, receive the proceeds from execution, receipt of rights with third parties and declaration thereof.
5. Invest the Company's funds in any cash, financial or investment products.
6. The right to establish other companies that are partly or fully owned by the Company inside or outside the Kingdom, or to participate with others in establishing other companies inside or outside the Kingdom, to withdraw from these companies, to sign decisions to liquidate them, to sell the Company's shares in these companies, or to new shares in them or in existing companies, or increase or decrease their capital, whether the Company contributed to the increase or not.
7. Approve and sign all types of contracts, documents, including - for example - contracts for the incorporation of companies in which the Company participates with all its amendments and annexes, amendment decisions and all decisions of shareholders in those companies, including decisions to increase or decrease the capital and waive shares, buy them, document contracts, sign before the Ministry of Commerce and Investment and the General Investment Authority, prove those contracts and decisions with the competent notary, and

- make amendments and the necessary changes, extract and renew commercial records, certificates and investment licenses, receive and cancel them, grant loans and guarantees to affiliated companies, and guarantee their loans inside and outside the Kingdom of Saudi Arabia.
8. Purchase assets such as cars, equipment, deVices, furniture, and supplies for the use of the Company or its subsidiary companies, purchase land and real estate, sign the purchase or sale and finalize their legal procedures before the official authorities and notaries, with the right to delegate others for the same.
 9. Acquire companies, establish new companies, contribute to establishing new companies, assign stakes in owned companies, enter into investment projects, buy establishments and convert them into branches of the Company, receive profits, represent the Company in shareholders' and partners assemblies; and incorporation assemblies and vote on behalf of the Company on the decisions of the partners, the shareholders' and incorporation assemblies, appoint the Company's representatives in all of the above, sign all the decisions of the partners and the shareholders, make any amendments to the articles of incorporation of these companies, whatever the type of this modification, and sign all the decisions of the partners and the minutes of meetings in these companies for the appointment of managers in these companies, dismiss them and carry out all actions and take all necessary measures to issue the registrations and licenses for these companies and receive them. He also shall have the right to prepare and deliver bids, submit guarantees and sign contracts in the name of the Company and on its behalf before all the competent government authorities, private sector bodies and others, and do all that is necessary under the law or amended law, existing regulations or instructions from the competent authorities.
 10. Agree and sign all agreements and Sukouk before notaries and official authorities, loan agreements, guarantees and guarantees, issue power of attorney on behalf of the Company, sell, buy, convey, accept and collect the price in any way he deems proper, receive, deliver, rent, lease, receive, pay, make deeds for securing and requesting amendment of the instruments and their duration.

11. Enter into all banking operations inside and outside the Kingdom of Saudi Arabia, including - without limitation - opening and operating bank accounts, including depositing, withdrawing, closing accounts, withdrawing and liquidating balances, issuing, disbursing and deducting checks, orders, bills of exchange and all commercial papers, request the issuance of bank guarantees and opening documentary credits on behalf of the Company, and entering into financial derivative agreements of all kinds, such as international swaps, hedging and all operations related to them in relation to all the Company's business and its contracts inside and outside the Kingdom of Saudi Arabia.
12. Appoint lawyers, consultants, auditors, employees, and workers, dismiss them, request visas, recruit manpower from outside the Kingdom, contract with them, determine their salaries, issue residence permits, transfer sponsorships and waive them.
13. Approve the Company's internal, financial, administrative and technical rules and regulations, its policies and procedures for employees, authorize the Company's executives to sign on its behalf in accordance with the regulations and controls set forth by the Board, approve the Company's business and operation plans, and approve its annual budget.
14. Arrange and conclude loans with funds and government financing institutions, commercial banks, financial institutions, financing companies, export financing institutions, and any other credit entities inside or outside the Kingdom of Saudi Arabia, regardless of their value or duration, including loans and credit facilities that exceed a period of three years, including negotiation, agreeing and concluding all relevant agreements and documents.
15. Provide all kinds of financial support to companies in which the Company is a partner or a shareholder, including - without limitation - lending to these companies and waiving the priority of claiming these loans in favor of any other creditors, and ensuring all financial and contractual obligations, loans and debts of these companies.
16. Provide all types of guarantees, warranties and undertakings, including without limitation: mortgage and assignment of the Company's assets and assets to guarantee the loans, liabilities and debts of the Company or companies in which the Company is a

partner or a shareholder, and the Board shall have the right - without limitation - to restrict the disbursement of profits and to keep owning shares that the Company owns in other companies in which the Company is a partner or a shareholder for any period whatsoever according to the financing requirements.

22.4 The Board of Directors may, in the cases it deems proper, discharge the Company's debtors from their liabilities according to the interest of the Company, provided that the minutes of the Board of Directors and the reasons for its decision shall observe the following conditions:

- a. The discharge takes place after one year has passed since the debt was created.
- b. The discharge shall be for a specified amount, as a maximum, for each year for one debtor.
- c. The discharge shall be the right of the board that cannot be delegated.

22.5 Regarding the sale of the Company's assets, the minutes of the Board of Directors must include the reasons for its decision to act, subject to the following conditions

- a. The Board shall specify the reasons and justifications thereof in the sale decision.
- b. The sale is close to the equal price.
- c. The sale should be immediate except in cases determined by the Board and against adequate guarantees.

22.6 The Board of Directors may entrust any of its powers granted by the laws in force in the Kingdom or by This Articles of Association to the Chairman of the Board or the Managing Director - if any - or the CEO of the Company or any other member of the Board or any committee made up of members of the Board, or any of the authorized employees of the Company. In all cases, the Board shall have the right to cancel or amend all or any of the powers granted to any person or committee.

22.7 The Board shall specify the powers and authorities it delegates in accordance with the preceding paragraph, decision-making procedures, and duration of the delegation. It shall also specify the matters in which it reserves the right to



decide. However, the Board shall avoid issuing general delegations and delegations of indefinite duration.

Article 23: Remuneration of the Board Members

1. Board members' remuneration shall consist of a certain amount, session attendance allowance, specific benefits, or a certain percentage of the net profits, however, it is permissible to combine two or more of these benefits.
2. If the remuneration is a specific percentage of the Company's profits, this percentage may not exceed 10% of the net profits, after deducting the reserves decided by the General Assembly, and after distributing a profit to the shareholders of not less than 5% of the Company's paid up capital.
3. In all cases, the remuneration and financial or in-kind benefits and rewards that a member of the Board of Directors receives shall not exceed an amount of five hundred thousand Riyals annually, according to the controls set by the Ministry of Commerce and Investment.
4. The members' remuneration may be of varying magnitude to reflect the member's experience, competence, tasks entrusted to him, independence, number of sessions attended, and any other considerations at the discretion of the Board of Directors.
5. The report of the Board of Directors to the Ordinary General Assembly must include a comprehensive statement of all the remuneration, allowance, expenses and other benefits that Board members received during the fiscal year. It should also include a statement of what Board members received as employees or administrators, or they have received for technical, administrative or consulting works, and it should 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.
6. The remuneration of the independent members of the Board of Directors shall not be a percentage of the profits achieved by the Company, or be based directly or indirectly on the profitability of the Company, as set by the competent authority.

Article 24: Board Meetings

The Board of Directors shall meet at least four (4) times a year. It shall also meet whenever the interest of the Company so requires. The Board shall meet based on a call by the Chairman. The Chairman must call for a meeting whenever two Board members request so in writing. The call for meeting shall be delivered by email or any other means of communication at least five (5) days before the date of the meeting, unless the Board of Directors decides otherwise. Unless the situation calls for an emergency meeting to take place, the invitation may be sent within a period of less than five (5) days from the date of the meeting. The Board meetings shall be conducted in the main office of the Company, and the Board meetings may be held inside any city of Saudi Arabia, unless the Board decides otherwise, each of the Board of Directors, after the approval of the Chairman of the Board and the Board Committees after the approval of the Chairman of the Concerned Committee, may be held their meetings remotely using means of modern technology, and the Board meetings may be held via telephone or any other electronic means of communication that allows the member to hear all the attendees and through which the agenda can be discussed and the members can share decision making unless otherwise is notified. A Board member participating via the telephone or otherwise shall be considered present throughout the meeting.

Article 25: Quorum for Meetings Board Resolutions

- 25.1 A Board meeting shall not be valid unless attended by at least five members. If a member of the Board of Directors delegates another member to attend the meetings of the Board, the delegation must be in accordance with the following controls:
- a. A member of the Board of Directors may not represent more than one member in attending the same meeting.
 - b. The delegation must be in writing and in connection with a specific meeting.
 - c. The representative may not vote on the resolutions that the Companies Law and its Regulations prohibit the delegated member from voting on.



25.2 “The decisions of the Board of Directors are issued by the majority of the attending members. And if the votes are equal, the side in which the Chairman of the Board of Directors is in shall prevail. The deliberations and decisions of the Board are recorded in minutes signed by the Chairman and the Secretary. These minutes shall be recorded in a special register signed by the Chairman and the Secretary. The Board may issue decisions by passing through It is presented to all members separately, unless one of the members requests in writing the meeting of the Board to deliberate in it, provided that the members’ consent is in writing, and taking into account that, pursuant to the provision of Article (25-1) above, the issuance of the resolution by passing requires the signatures of at least five (5) members, These decisions are presented to the Board of Directors at its first following meeting.”

Article 26: Deliberations of the Board

The Board of Directors' deliberations and resolutions shall be recorded in minutes to be signed by the board Chairman and board members and the secretary who are present. Such minutes shall be recorded in a special register to be signed by the Chairman and secretary.



Chapter 4: Shareholders' Assemblies

Article 27: Attending Assemblies

The properly formed General Assembly represents all shareholders. Each shareholder, whatever the number of his shares, shall have the right to attend the shareholders Assembly meeting, and also, he shall have the right to authorize a person who is not a member of the Board of Directors or one of the Company employees to attend the General Assembly meetings.

Article 28: Ordinary General Assembly

Except for the matters vested with the Extraordinary General Assembly, the Ordinary General Assembly shall be authorized to consider all matters related to the Company affairs. The Assembly shall at least convene once annually within the six months following the end of the Company fiscal year. Another Ordinary General Assembly may be called for whenever deemed necessary.

Article 29: Extraordinary General Assembly

The Extraordinary General Assembly shall be vested with amendment of the Company Articles of Association excluding the amendment of matters which are lawfully prohibited. The Assembly may issue resolutions regarding the matters which are originally part of the Ordinary General Assembly powers based on the same conditions and situations vested with the Ordinary General Assembly.

Article 30: Calling the General Assemblies

30.1 The shareholder General or Special Assemblies shall convene upon call by the Board of Directors. The board shall call for an Ordinary General Assembly if the auditor or audit committee or a number of shareholders representing at least 5% of the capital requests the same. The auditor may call the Assembly to convene if the board does not do the same within thirty (30) days from the date of the auditor's request. The invitation to convene the General Assembly and agenda meeting shall be published in



a daily newspaper distributed at the city of the head office of the Company at least Twenty-One (21) days before the date of meeting. However, an invitation may be sent to all shareholders by registered letters, and copy of the invitation and agenda shall be sent to Capital Market Authority and the competent authorities in accordance with the statutory requirements within the period fixed for publication.

- 30.2 General assemblies may be held remotely using the modern technology means, after obtaining the necessary approvals from the competent authorities.

Article 31: Record of Assemblies Attendees

The shareholders wishing to attend the general or special assemblies shall record their names at the Company's head office before the time fixed for the Assembly or through the means fixed by the Company in the invitation or the website. The General Assembly may be held in any city within the Kingdom.

Article 32: Quorum for the Ordinary General Assembly

The Ordinary General Assembly shall not be valid unless attended by shareholders representing at least quarter of the capital. If the quorum for this meeting is not available, the second meeting shall be held one hour after the expiry of the period fixed for the first meeting provided that the invitation for the first meeting includes a provision for the possibility to hold such meeting. In all cases, the second meeting shall be valid, whatever the number of shares represented therein.

Article 33: Quorum for the Extraordinary General Assembly

The Extraordinary General Assembly shall not be valid unless attended by shareholders representing at least half of the capital. If the quorum for this meeting is not available in the first meeting, the second meeting shall be held one hour after the expiry of the period fixed for the first meeting provided that the invitation for the first meeting includes a provision for the possibility to hold such meeting. 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 quorum is not available in the second meeting, an invitation for a third meeting shall be sent in accordance with the provisions of article (31) of this Articles of Association. The third meeting shall be valid whatever the number of shares represented in it upon the approval of the concerned authority.

Article 34: Rights of Voting

Each shareholder shall have one vote for each share he represents in the General Assembly. The cumulative voting shall be used in the elections of the Board of Directors. However, the board members may not participate in voting on the assembly decisions related to the discharge of board members from liability to manage the Company or that related to the direct or indirect interest to them.

Article 35: Resolutions of the Assemblies

The resolutions of the Ordinary General Assembly shall be passed by absolute majority of shares represented in it. The resolutions of the Extraordinary General Assembly shall be passed by the majority of two thirds of shares represented in the meeting, unless the resolution is related to the increase or decrease of the capital, extension of the Company's term or liquidation thereof before the expiry of its original term specified in the Articles of Association, or its merger with another Company, the resolution shall be valid only if passed by the majority of three quarters of the share represented in the meeting.

Article 36: Discussions during the Assemblies

Each shareholder shall have the right to discuss the matters included in the Assembly agenda and raise questions about them to the board members and the auditor. The Board of Directors and auditor shall answer the shareholders questions in a manner that will jeopardize the Company interests. If a shareholder sees that the answer to his question is not convincing, he shall resort to the Assembly and its resolution on that matter will be binding.

Article 37: Chairing Assemblies and Minutes Preparation

The Assemblies shall be chaired by the Chairman of the board or his Vice Chairman in case the Chairman is absent or the one deputized by the Board of



Directors from among its members in the absence of the Chairman and his Vice Chairman. The Chairman shall appoint a secretary and vote collector.

The Assembly meeting shall be recorded in minutes comprising the names of the attendees or their representatives, the number of shares, number of votes assigned to them, the passed resolutions and number of votes with or against the resolutions, and a comprehensive summary of the deliberations of the meeting. Minutes shall be regularly recorded after each meeting in a special register to be signed the Assembly Chairman, its Secretary, and Vote Collector.



Chapter Five: Audit Committee

Article 38: Formation of the Audit Committee

By a resolution to be passed by the Ordinary General Assembly a committee comprising of 3 members but not more than 5 members (not from among the executive board members, whether from shareholders or others) shall be formed. The resolution shall state the committee tasks, the controls of its work and remuneration of its members.

Article 39: Audit Committee Meeting Quorum

The audit committee meeting shall not be valid unless the majority of its members are present. Its resolutions shall be passed by the majority votes of the present members. In the event of equal votes the committee Chairman shall have the casting vote.

Article 40: Committee Powers

The audit committee shall be vested with monitoring the Company business. For this purpose, the committee shall have the power to examine the Company records, documents and request any explanations or statements from the Board of Directors' members or members of the executive management. The committee shall have the power to request the Board of Directors to call for convening a General Assembly of the Company if the Board of Directors hindered its business or if the Company suffers gross damages or losses.

Article 41: Committee Reports

The audit committee shall examine the Company financial statements, the reports and observations presented by the auditor and express its opinions on the same, if any. The committee shall also submit a report about its opinion on the extent of the sufficiency of internal control system in the Company and other works it carried which are part of its duties. Within at least (21) days before the date of convening the General Assembly, the Board of Directors shall provide the



shareholders with a copy its report which will be read during the General Assembly meeting..

The Auditor

Article 42: Appointment of the Auditor

The Company shall have one or more auditors to be selected from among the licensed auditors approved to operate in the Kingdom. The auditor shall be annually appointed by the Ordinary General Assembly and determine his remuneration and term. The Assembly may also change the auditor at any time without prejudice of his right to compensation if change occurs at inappropriate time or removed for invalid reason.

Article 43: Powers of the Auditor

The auditor shall have the power to examine the Company books, records and other documents. He may request the information and explanations that may see as necessary to be obtained to verify and check the Company assets and liabilities and any other matters fall within the scope of his powers. The Chairman of the Board of Directors shall extend assistance to him to enable him to perform his duties. If the auditor encounters any obstacle in this regard, he shall record the same in the report to be presented to the Board of Directors. If the board does not facilitate the auditor's business, he shall request the Board of Directors to call for an Ordinary General Assembly to look into the matter.



Chapter Six: Company's Accounts and Profit Distribution

Article 44: Fiscal Year

The Company's fiscal year shall start on the first of January and end by the end of December of each Gregorian year.

Article 45: Financial Documents

- 45.1 At the end of each financial year of the Company, the Board of Directors must prepare the Company's financial statements, a report on its activities and financial position for the past financial year, and the method it proposes for distributing profits. The board puts these documents at the auditor's disposal, forty-five days at least before the Ordinary General Assembly is convened.
- 45.2 The Chairman of the Board of Directors, its chief executive officer and the financial manager must sign the documents referred to in paragraph 41/1, and a copy of which shall be deposited at the Company's head office at the shareholders' disposal at least ten days before the scheduled date of the General Assembly.
- 45.3 The Chairman of the Board of Directors shall provide the shareholders with the Company's financial statements, the board's report, and the auditor's report, unless they are published in a daily newspaper distributed at the Company's head office. He must also send a copy of these documents to the Ministry of Commerce and Investment, as well as the Capital Market Authority; at least fifteen days before the meeting of the General Assembly.

Article 46: Distribution of profits

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

- 46.1 10% of net profits shall be set aside to form the Company statutory reserve, and the Ordinary General Assembly may decide to stop formation whenever the said reserve reaches 30% of the paid up capital.
- 46.2 The statutory reserve shall be used to cover the losses of the Company or increase the capital, and if this reserve exceeds 30 percent of the paid

capital, the General Assembly of the Company may decide to distribute the increase to the shareholders in the years in which the Company does not achieve net profits sufficient to distribute the share determined for them in this Articles of Association.

- 46.3 The statutory reserve shall be used to cover the losses of the Company or increase the capital, and if this reserve exceeds 30% of the paid capital, the General Assembly of the Company may decide to distribute the increase to the shareholders in the years in which the Company does not achieve net profits sufficient to distribute the share determined for them in this Articles of Association.
- 46.4 The Ordinary General Assembly may decide to form other reserves to the extent that serves the Company interests and guarantees distribution of fixed profits to shareholders, if possible. The said Assembly may also deduct from net profits some amounts to create social schemes for the Company employees or to support the existing schemes.
- 46.5 Out of the balance, a percentage of 5 % of the paid up capital shall be paid to the shareholders.
- 46.6 The Board of Directors may, based on an authorization from the Ordinary General Assembly, distribute annual, semi-annual or quarter profits after deducting all general expenses and other costs, and this authorization shall be renewed annually.

Article 47: Profits Entitlement

The shareholder shall be entitled to be paid his share in the profits based on the General Assembly resolution issued in this regard. The resolution shall state the entitlement date and date of distribution. The entitlement of profits shall be to shareholders registered in the shareholder register at the end of the date of entitlement.

Article 48: Profit distribution for preferred shares

- 48.1 If no profits are distributed for any fiscal year, no profits may be distributed for the following years until the percentage stipulated in Article (114) of the Companies Law is paid to the holders of preferred shares for that year.
- 48.2 If the Company failed to pay the said percentage for three consecutive years, the Special Assembly of such shareholders, held according to the



provisions of article (89) of the Companies Law may decide either that they attend the Company's General Assembly meetings and participate in voting, or appoint representatives for them in the Board of Directors in line with the value of their shares in the capital, until the Company is able to pay all the preferred shares profits to the holders of such shares for the previous years.

Article 49: Company Losses

- 49.1 If the Company's losses reach half of the paid up capital at any time during a fiscal year, any executive of the Company or the auditor, upon his knowledge of the same, shall notify the Board of Directors. The Chairman of the board shall immediately inform the board members of the same. The board shall, within fifteen days of its knowledge of that occurrence, call the Extraordinary General Assembly in order to decide within forty-five days from the date of being informed of the losses, either to increase or decrease the Company capital in accordance with the Companies Law to the extent that the rate of losses will be decreased by fifty percent of the paid up capital, or otherwise to dissolve the Company prior to the expiry of the term set forth in its Articles of Association.
- 49.2 The Company shall be deemed terminated if the Extraordinary General Assembly fails to meet during the period set forth in paragraph (1) of this Article, or if the Assembly convenes but fails to issue a decision on the matter; or if it decides to increase the capital in accordance with this Article but the shares issued are not fully subscribed within (90) days from the Assembly's decision to increase the capital.



Chapter Seven: Disputes

Article 50: Liability Suit

Each shareholder shall have the right to file a liability suit against board members for any wrongful act that causes harm to him. The shareholder may file such suit only if the Company's right to file the same is still valid. The shareholder shall notify the Company of his intention to file such suit, and his right to compensation shall be limited to the damage sustained by him.



Chapter Eight: Dissolution and Liquidation of the Company

Article 51: Termination of the Company

The Company shall terminate upon the expiration of its term specified in This Articles of Association unless it is renewed for similar periods in accordance with Article (6) of This Articles of Association. The Company shall enter into liquidation as soon its term expires and shall maintain its legal personality to the extent necessary to be liquidated. The voluntary liquidation resolution shall be issued by the Extraordinary General Assembly. The liquidation resolution shall appoint of a liquidator and determine his powers, remuneration, restrictions to his powers and the necessary period for liquidation. The duration of voluntary liquidation shall not exceed five (5) years and shall not be extended except by a judicial order. The powers of the Board shall end upon its dissolution and nevertheless, the Board Directors shall continue to manage the Company, and shall be deemed as liquidators against third parties until a liquidator is appointed. The shareholders' assemblies shall remain valid during the liquidation period, and the role thereof shall be limited to practicing its powers that are not in conflict with those of the liquidator.



Chapter Nine: Final Provisions

Article 52: Applicable Law The Companies Law and its implementing Regulations shall apply to all what is not provided for in this Articles of Association.

Article 53: Publication This Articles of Association shall be lodged and published in accordance with the provisions of the Companies Law and its implementing Regulations.
