



Articles of Association
Saudi Vitrified Clay Pipe Co.
(Stock Co.)

(Chapter -1) Company Incorporation

Article (1): Transformation:

The company had been incorporated according to Companies Regulation and this Articles of Association as a Saudi Stock Company between the shareholders according to the following provisions:

Article (2): Company Name: Saudi Vitrified Clay Pipe Co. (stock company)

Article (3): Company Objectives

- 1- Manufacturing of clay & PVC pipes and accessories with various diameters and the other related works.
- 2- Wholesale & retail of sanitary systems, equipments and tools.
- 3- General construction contracting works including water and sewerage works (desalination and purification of water and sewerage), electrical and mechanical works, water and thermal insulation contracting.
- 4- Commercial agencies within the scope of the company activities after registration in commercial dealers register.
- 5- Initiation and management of industrial projects in relation to pipes marketing its relevant products and technologies.
- 6- Expansion and development of water management projects and regulation of water sewerage networks.
- 7- Manufacturing of pipes used for liquid conveyance such as: cement pipes, fiberglass enforced epoxy pipes, polymer and gravel pipes, and hoisting pipes.
- 8- Manufacturing all types of roof clay bricks.



9- Manufacturing all types of thermal clay bricks.

10- Import and export all types of pipes, elbows and dividers used for liquid conveyance such as: cement pipes, fiberglass enforced epoxy pipes, polymer and gravel pipes, and hoisting pipes.

11- Mining and exploitation of quarries

The company shall practice such activities after obtaining the necessary licensing from the competent authorities.

Article (4): Partnership and ownership of Companies:

The company may solely establish companies (limited liability, or closed stock companies. Provide that capital shall not be less than SAR 5 million. Also the company may obtain shares and stocks in other existing companies or merge with them. The company may share with others to incorporate stock companies or limited liability companies after the fulfilment of the legal requirements necessitated by regulations and instructions in this respect. Further, the company may dispose of these shares and stocks excluding circulation brokerage.

Article (5): Company headquarters:

The main company headquarter shall be in Riyadh city and the company board of directors shall have the right to open branches, offices or agencies within and outside the Kingdom.

Article (6): Company Term:

The company term is (99) calendar years commencing from the date of its registration in the commercial register and the term shall always be extendable according to a resolution by the extraordinary general assembly at least one year before the expiry date.



Chapter Two: Capital & Shares

Article (7): CAPITAL

Capital of the Company is determined to be SR. 150,000,000 divided into 15,000,000 equal shares, the value of each share is 10 Saudi Riyal, all of which are regular cash shares.

Article (8): Subscription for Company Shares:

Shareholders, founders, and new shareholders have subscribed for all company shares reaching (150,000,000) fully paid shares.

Article (9) Premium Shares

The extraordinary general assembly, according to principals set by the concerned authority, may issue premium shares or may decide purchase the same or convert regular shares to premium shares, and the premium shares shall not have the voting right in the general assembly. Such shares shall entitles bearers to obtain higher rate of the net profit than the regular shares after allocating the statutory reserves.

Article (10): Sale of the unsatisfied shares:

The shareholder is committed to pay the share amount in due time, failure to comply with this in due time, the board of directors, after notifying him through registered post, may sell that share in an open auction, or in the capital market as the case may be according to measures determined by the competent authorities.

The company shall recover the due entitlements from the sale outcomes and return the remaining balance to shareholder. In case sale outcome is not sufficient to cover



these amounts, the company may satisfy this deficit from all properties of the shareholder.

Nevertheless, the shareholder who failed to pay, shall have the right up to the date of sale, to pay the due amount plus expenses incurred by the company in this respect.

The company shall cancel the sold share according the provisions of this article, and give anew share bearing the same number of the sold share, and record the sale in the share register stating name of the new shareholder.

Article – (11): Issue of Shares:

Shares are nominal shares and may not be issued for lesser than the nominal value, however, it may be issued at a higher value. In the latter case, the difference of value shall be recorded as an independent item within equity and may not be distributed as shareholder profits. The share is indivisible before the company, so, if owned by many persons jointly, they should appoint one of them to act on behalf of the others regarding the rights of such share. However, these people shall be jointly responsible for any obligation arising of the jointly owned share.

Article – (12): Share Circulation

Shares subscribed for by shareholders may not be circulated before publishing the financial statements of at least two financial years the term of each year is not less than twelve months of the date of transformation. Instruments of these shares shall be marked to indicate type, date of transformation and period during which circulation is restricted.

Nevertheless, during the restriction period, title transfer of shares shall be allowed according the provisions of sale of rights from one founder to the other or from the



heirs of a founder in case of his death to other parties, or execution on the properties of an insolvent or bankrupted founder, provided that priority of that share title shall be given to the other founders.

Provisions of this article applies on the subscription of founders in case of capital increase before the elapse of the restriction period.

Article – (13): Shareholders' Record

The company shares shall be circulated according to the provisions of the Capital Market Regulation.

Article (14): Capital Increase

- 1- The extraordinary general assembly, may decide to increase company capital provided that the original capital had been paid in full. The full payment of capital shall not be a required if the unpaid portion of capital belongs to shares issued against credit instruments of funding deeds and the term of conversion into shares is still valid.
- 2- In all cases, the extraordinary general assembly may assign shares issued for the purpose of capital increase or any part thereof to the company personnel, the affiliated companies or some of them, and shareholders may not practice the priority right when issuing shares for personnel.
- 3- The shareholder who owns a share at the time of issuing the resolution of the extraordinary general assembly approving the capital increase, shall have priority to subscribe for the new shares against cash shares. These shareholders shall be notified of their right through publication in a daily newspaper or registered mail of the capital increase resolution, subscription conditions, duration, starting and ending dates.



- 4- The extraordinary general assembly may stop the shareholders priority right as deemed appropriate for the company interest.
- 5- The shareholder may sell or assign his priority right during the period from the date of issuing the general assembly resolution approving capital increase to the last date of subscription for the new shares related to these rights according to terms and conditions set by the competent authorities.
- 6- Subject to the provisions of item (4) above, the new shares shall be distributed among the original shareholders who had requested subscription according to the ratio of the original shares owned by the shareholder at that time provided that the number of shares assigned to each of them shall not exceed the number the new shares that he had intended to subscribe for. The remaining new shares shall be distributed among the original shareholders who had demanded more than their shares according to the ration of their owned shares provided that the new distribution shall not exceed the intended new shares. The remaining balance of the new shares shall be offered for public subscription to other parties unless the extraordinary general assembly decides otherwise.

Article (15): Capital Decrease

The extraordinary general assembly may decide to decrease capital if capital is in excess of the company need or if the company encountered loss. Only in this latter case, capital may be decreased below the limit stated in article (54) of Companies Regulation. Resolution of company capital decrease shall not be issued before reciting a special report prepared by the accounts auditor stating reasons justifying



such decrease, company liabilities, and the effect of this decrease on these liabilities.

In case the decrease is a result of the company capital excess, all creditors shall be invited to state their objection within sixty days of the date of publishing the decrease resolution in a daily newspaper districted in the company premises, if any creditor had objected and furnished his documents to the company within the specified term, the company shall be committed to satisfy his credit if due or give sufficient guarantee if not matured.

Chapter Three

Board of Directors

Article – (16): The Company Management

The Company shall be managed by a (7) seven member board of directors, elected by the regular general assembly for no more than three years term.

Article – (17): Expiry of Board Membership:

The board membership expires by the expiry of office term or expiry of the member qualification according to any regulation or instructions valid in KSA, nevertheless, the regular general assembly may discharge all board members or any of them anytime without prejudice to the right of the discharged member for compensation if such discharge is unjustifiable or in an inappropriate time. The board member may resign in the suitable time, otherwise shall be responsible before the company for any damages resulting of such resignation.



Article – (18): Vacant Post in the Board of Directors

In case a post is vacant in the membership of the board of directors, the board may temporarily appoint a member in the vacant post at their own discretion, provided that he is qualified and experienced. The same shall be notified to the Ministry of Commerce and Investment within five working days of the date of that appointment, and such appointment shall be presented before the regular general assembly in the first following meeting. This member shall just complete the term of his predecessor. Failure of the board of directors to convene due to insufficiency of the legal minimum quorum provided for in the companies' regulation or this articles of association, the remaining members shall call for regular general assembly to convene within sixty days to elect the necessary number of members.

Article – (19): Authorities of the Board of Directors

For example without limitation, the board of directors shall have the right to subscribe in other companies, dispose of the company assets, properties and real estates, accept purchase, pay price, relief pledge, sell, transfer title and receive price , deliver and acquire properties and deeds provided that for selling the real estates of the company, the minutes of the board of directors must include the details and justifications of the sale resolution taking into consideration the following conditions:

- 1- The board must state reason and justifications of the sale resolution.
- 2- Sale price must be in compliance to the prevailing sale prices.
- 3- Sale must be against instant payment except in cases considered by the board against sufficient guarantees.
- 4- Such disposition may not cause disruption to the company activities or impose further liabilities.



The board of directors may secure loans from the government funding funds and authorities of whatever term, also may conclude commercial loan contracts with no more than three years term according to the following terms and conditions:

- 1- Loans that the board may secure within one financial year shall not exceed 50% of the company capital.
- 2- The board of directors must specify in his resolution the use of the loan amount and repayment method.
- 3- Loan conditions and guarantees must not cause damages to the company, shareholders and the general guarantees of creditors.

The board of directors, at its own discretion may also, relief indebted parties from their liabilities to serve the company interests, provided that the minutes and justifications must consider the following:

- 1- Relief must be after the elapse of at least one full year of arising.
- 2- Relief must be for a specific maximum amount each year for the one indebted person.
- 3- Relief is the right of the board and this right may not be authorized.

The board of directors may authorize within his authorities one or more members or third parties to practice some authorities or a specific action or to perform specified works and may partially or totally revoke this authorization.

Article – (20): Compensations of Members of the Board of Directors

Compensation of the board members is composed of a pre-specified amount, attendance allowance, expenses allowance, kind advantages or ratio of the net profits. It is also possible to combine two or more advantages. In case the compensation of the board members is a ratio of the net profit, it would be



necessary to comply with the provisions of paragraph (4) of article (44) of this articles of association within the limits specified by the companies regulation and respective bylaws. The report of the board to the general assembly must include a comprehensive statement detailing the amounts received by the board members during the financial year in their capacities as personnel or administrators and they had received against technical, administrative or consultation works, as well as including the number of the board sessions, and attendance of each member as of the date of the last general assembly.

Article (21): Authorities the Board Chairman, Vice Chairman and Secretary:

- From within its membership, the board of directors shall appoint a chairman, and vice chairman, provided that the chairman shall not combine this post with any other executive post in the company. The board of directors shall determine the authorities of the chairman and CEO and the respective compensation of each of them in addition to the allocated compensation of the board members.
- The board of directors shall appoint a secretary from within its members or any other party in addition to determining his responsibilities and compensation.
- The office term of the chairman, deputy chairman, CEO and secretary shall not exceed their membership term. The general assembly may discharge them or any one of them without prejudice to their compensation rights if such termination is not justified or in an inappropriate time.
- The deputy chairman shall stand instead of the chairman during his absence having all authorities to manage the company and run its affairs including



without limitation , represent the company in its relationships with other parties inside or outside KSA, , represent the company before judicial authorities, judicial boards, and semi-judicial boards, the right to claim, file claims, plead and defend, hear charges and provide replies, acknowledge or deny, make reconciliations, give relief, request or deny oath, present witnesses and evidences, object against the same modify of object on falsification grounds, deny prescriptions, stamps and signatures, request or relief travel restriction, follow up with government and execution authorities, request arbitration, appoint experts and arbitrators, object against the reports of experts and arbitrators, replace them, request execution of judgments, accept or deny judgments, object against judgments, request for appeal, request reconsideration, state remarks on judgment deeds, and do whatever is required for the attendance of sessions of all types of claims before courts, receive amounts in cash or checks, receive all judgment deeds before sharia courts and administrative courts (Grievance Board), medical and forensic boards, labor committees, financial dispute settlement committees, banking dispute committees, financial securities committees, commercial dispute settlement committees, customs committees, commercial fraud committees, and insurance dispute committees. They also have the authority to request revocation of judgments before the Supreme Court, violation of professional health regulation, and other courts and other judicial or semi judicial boards.

- Regarding security authorities, they are authorized to follow up with the governorate, judicial judgment execution department, follow up with the ministry of Interior, police centers, traffic authorities, public security



authority, administrative and penal security authorities, drug control authority, general prisons department, civil defense authorities. They have the authority jointly or severally to receive and deliver, follow up with all related parties and do whatever is required and sign when necessary.

- Follow up with all government authorities, notary publics, municipalities ministry of interior, ministry of foreign affairs, ministry of commerce and investment, ministry of finance, ministry of transport and civil defense, passport authorities, embassies and consulates, customs authorities, airports, labor office telecom companies, electricity and water company, chambers of commerce, social insurance, zakat and income tax authority, Industrial development fund, real estate development fund, Saudi industrial cities authority, represent the company before government, and private authorities, companies, establishments and individuals, follow up and finalized all transactions, receive or pay company dues from other parties whether in cash or checks, receive payments, enter into contracts of any nature with the scope of the company activities, compete in tenders and auctions, pay all amounts payable by the company and make settlement other the courts, give relief and settlements, sign agency contracts according to the provisions of commercial agencies regulation, pay any type of compensation to whoever they resolve, incorporate companies in the company name and register the same at the Ministry commerce & investment, represent the company before the notary public and sign articles of association and supplementary amendments, issue commercial registrations, assign or cancel the same, sign articles of association of other companies where the company is a shareholder, modify any item in the articles of association before the



acting notary publics at the ministry of commerce and investment, and SAGIA and finalize whatever is required in this regard, they have the right to liquidate the company, or merge in other companies, issue or cancel commercial registration, renew the same, open company branches for companies where the company is a shareholder, appoint or dismiss branch managers, determine their authorities, liquidate such branches and cancel the relevant commercial registrations, appoint employees and labors and dismiss them , apply for visas and recruitment of manpower, conclude contracts with them, issue and renew resident identities, issue substitute resident identities for lost or damaged ones, give visa, transfer sponsorship, issue final exit visas, follow up with deportation department , finalize formalities for deceased , report escapees, cancel escapee reports, issue computer prints , sign sharia and legal deeds and documents, open bank accounts, close and liquidate bank accounts, open letters of credits and request bank facilities, apply for bank guarantees , issue ATM cards, sign promissory notes or bonds to order, secure loans according to Islamic principles from all banks and funding institutions and repay the same , sign loan agreements, and they have the full authority to finalize all transactions concluded between the company and commercial banks or finance institutions to realize all company objectives.

- Regarding properties , they have the right to purchase, sell and transfer title of properties, estates, lands, and shares and receive the price in cash or check, and to pay the price in cash or check, assign estates without compensation or donate the same , pledge and relief pledge of estates, combine or divide deeds, issue substitute instruments, receive and renew deeds and enter into the inclusive system, assign area deficiency, convert



agricultural lands into residential modify title and civil registration number, modify borders and limits of land area, plot numbers, plans and deed dates and names, names of districts, sell and transfer title to successors, sell real estate shares and receive the price.

- They have the right to authorized others in all the above mentioned.
- The deputy chairman shall replace the chairman in case of absence

Article (22): Meetings of the Board of Directors

The board of directors shall periodically convene at least two times a year based on an invitation by the chairman, such invitation may be directly delivered, sent by fax, email or registered mail sufficiently before the meeting date, and chairman shall call for meeting whenever so required by two members.

Article – (24): Board Quorum:

The board meeting shall not be valid unless attended by all members in person, provided that the attendees shall not be less than three members (3), any board member may authorize another member to vote in a meeting on his behalf according to the following terms and conditions:

- 1 Board member may not represent more than one board member in the same meeting.
- 2 Authorization must be in writing.
- 3 The representative board member shall not have the right to vote for a resolution where the original member is not permitted to vote through an agent.



The board resolutions are taken according to majority of the attending or represented members, in case of equal votes the session chairman shall have a casting vote.

Article – (24): Deliberations of the Board:

Meeting deliberations and resolutions shall be recorded in minutes duly signed by the chairman, attending members, and the secretary and such minutes shall be maintained in a special record signed by the chairman and the secretary.

Chapter four

Shareholders Assembly

Article – (25): Attendance of Assemblies:

Each shareholder, regardless to the number of his shares have the right to attend the transformation assembly, and each shareholder may authorize another shareholder other than the members of the board of director or company personnel to represent him in the general assembly.

Article (26: Authorities of the Regular General Assembly

Other than matters falling within the scope of the extraordinary general assembly. The regular general assembly shall be responsible for examining all matters related to the company and shall convene at least once every year during the six months following the end of the financial year. The regular general assembly may be called for meeting whenever is required.

Article –(27): Authorities of the Extraordinary General Assembly

The extraordinary general assembly shall have the authority to modify the company articles of association excluding articles excluded from modification by the law.



Furthermore, this assembly shall have the right to take decisions in matters within the general assembly scope of authorities according to the same conditions and cases defined for the latter.

Article – (28): Calling for the General Assemblies

The shareholders' assemblies convene based on an invitation by the board of directors who is required to call for regular general assembly if so required by the accounts auditor, auditing committee or shareholders representing at least (5%) of the company capital . Accounts auditor may call for general assembly if the board of directors fail to call for meeting within thirty days of the request of the accounts auditor.

Invitation of the general assembly shall be published in a daily newspaper distributed in the region where the company principal head office is located at least (21) days before the proposed date, also notice may be served to all shareholders through registered mail. Copy of the invitation and agenda shall be sent the Ministry during the period specified for publication.

Article – (29): Attendance Record

Shareholders who are intending to attend the general or extraordinary assembly must register their names in the company head office before the specified date of meeting.

Article – (30): Quorum of the Regular General Assembly

Quorum of the regular general assembly shall not be valid unless attended by shareholders representing at least one quarter of the company capital, failure to attain this quorum another meeting shall take place after one hour of the specified



first meeting time provided that the invitation for the first meeting is including the possibility of convening such meeting.

In all cases the second meeting shall be quorum whatever the number of the represented shares.

Article – (31) : Quorum of the Extraordinary General Assembly

Quorum of the extraordinary general assembly shall not be valid unless attended by shareholders representing at least 50% of the company capital, failure to attain this quorum a call for another meeting shall be served as stated above and the second meeting shall convene one hour after the expiry of the period specified for the first meeting provided that the invitation for the first meeting shall include a statement indicating the possibility of convening the meeting.

In all cases, the second meeting shall be quorum if attended by at least one quarter of the company capital.

Failure of attaining quorum for the second meeting, a third invitation shall be served as before – as stated in article (31) of this articles of association and the third meeting shall be quorum whatever the number of the represented share is after the approval of the concerned authority.

Article – (32): Voting in Assemblies:

Each subscriber shall have one vote for each represented share in the transformation assembly, votes shall be calculated on the basis of one vote for each share and the cumulative voting shall be used to elect the board of directors by the general assembly.

Article – (33): Assembly Resolutions

Resolutions of the transformation assembly are taken according to majority of personally or representatively attending shareholders, and resolutions of the



general assembly are adopted according to the absolute majority of the represented shares.

Resolutions of the extraordinary general assembly are adopted according to a majority of two thirds of the represented shares except if such resolutions are related to capital increase or decrease, expansion of company term or early liquidation or merger with another company, such resolution shall not be valid unless taken by majority of three quarters of the represented shares in that meeting.

Article – (34): Deliberations in Assemblies

Each shareholder have the right to discuss issues included in the agenda of the assembly, raise questions to the board of directors or accounts auditor and the board of directors or accounts auditor shall reply to the questions of the shareholders to the extent not jeopardizing the company interests, and if the shareholder considers the reply for his question is not satisfactory he may refer to the concerned general assembly whose award in this respect shall be final and effective.

Article – (35): General Assemblies Presiding & Minutes Preparation:

The regular general assembly shall be presided by the chairman of the board of directors or his deputy in case of his absence- or whoever is authorized by the board of directors from within members in case of the chairman or vice chairman absence. Minutes shall be issued for the general assembly including names of the attending shareholders or their representative, number of shares represented personally or through authorization, number of assigned votes, adopted resolutions, number of the supporting or opposing votes and sufficient summary of the deliberations.



Minutes shall be regularly recorded after each meeting in a special record signed by the president, the secretary and votes collector.

Chapter Five

Auditing Committee

Article – (36): Formation of the Committee

Auditing committee shall be formed of (3) members according to a resolution by the regular general assembly other than the executive members of board of directors, whether from the shareholders or not. The resolution shall specify their responsibility, performance measures and members' compensations.

Article – (37): Committee Quorum

The quorum of the auditing committee meeting is the presence of the majority of members, and resolutions shall be taken according to majority votes of the attendants, in case of equal votes the meeting chairman shall have a casting vote.

Article – (38): Responsibilities of Committee

The auditing committee shall be responsible for monitoring the company activities. To meet this responsibility, the committee shall have the right to review all records, documents and ask for any explanation or a statement from the board of directors or the executive management, and may ask for a general assembly meeting if the board of directors is interrupting its work or if the company encounters serious damages or loss.

Article – (39): Reports of the Committee

The auditing committee shall review the financial statements of the company, reports and notes presented by the account auditor, reflect their comments – if any – as well as prepare a report stating the sufficiency of the internal control measures in



the company & the company other works within its scope. The board of directors shall maintain enough copies of this report in the company head office 10 days before the date of the general assembly date to provide each shareholder upon request with one copy. The report shall be recited during meeting of the general assembly.

Chapter Six

Accounts Auditor

Article – (40): Appointment of the Accounts Auditor

The company shall have one or more accounts auditor from the auditors licensed to practice accounts auditing in KSA annually appointed by the regular general assembly, determine his fees and office term, the general assembly may replace him anytime without prejudice to his right for compensation if such replacement came in an inappropriate time or unjustifiable reason.

Article –(41): Authorities of the Accounts Auditor:

Accounts auditor shall have access in all times to company books, records and other documents, and may ask for all data and explanations that he may deem necessary. He has the right also to verify the company assets and liabilities. The chairman of the board of directors shall facilitate his task and if he had encountered any difficulty in this respect he must state the same in his report to the board of directors, and the board failed to facilitate his task, he shall ask the chairman to call for a general assembly to take decision in this respect.



Chapter Seven

Company Accounts and Profit Distribution

Article – (42): Financial Year

The company's financial year starts on 1st January and ends on 31st December every calendar year.

Article – (43): Financial Documents:

- 1- By the end of each financial year, the board of directors shall prepare financial statements of the company, report on the company activities, and financial status, for the past year. This report shall include the proposed method of profit distribution. The board of directors shall place these documents at the disposal of the accounts auditor at least (45) days before the specified date of the general assembly.
- 2- The chairman of the board of directors, CEO, and finance manager shall sign the documents stated in paragraph (1) above of this article, and copies of the same shall made available in the company head quarter at the disposal of the shareholders at least (21) days before the date of the general assembly.
- 3- The chairman shall provide shareholders with the financial statements of the company, report of the board of directors, and auditor's report unless published in a daily newspaper distributed in the company head quarter. He shall also send a copy of these documents to the Ministry of Commerce & Investment at least (15) days before the general assembly.

Article – (44) : Profit Distribution

Net annual profits of the company shall be distributed as follows:



1. At least (10%) ten percent of net profits shall be kept aside to form the statutory reserve. The general assembly may decide to stop maintaining this reserve when it reaches 30% of the company paid capital.
2. The general assembly may decide to formulate other reserves according to company interest and ensure the distribution of stable profits to shareholders as much as possible. The general assembly deduct sums from the net profits to establish social institutions for the company personnel or to support the existing institutions.
- 3 The remaining balance not less than 5% of the company paid up capital shall be distributed among shareholders.
- 4 Notwithstanding the provisions of article (20) of this articles of association, and article (76) of the companies' ordinance, a balance of no more than 10% of the remaining shall be distributed among board members provided that such amounts are in compliance to the number of the attended sessions.
5. The regular general assembly may decide to distribute transitional profits for shareholders on quarterly or semiannual basis and may authorize this to the board of directors based on an annually renewable resolution.

Article (45): Profit Entitlement:

The shareholder is entitled to his share in profits according to a resolution issued by the general assembly in this respect, and the resolution shall define



the date of entitlement and distribution date. Entitlement shall be for the registered shareholders on the stated date of entitlement.

Article (46): Distribution of the Premium Shares Profits

- 1- In case of no profits distributed for any financial year, no profits shall be distributed for the following years to bearers of premium shares except after the payment of the rates specified in article (114) of the companies' ordinance.
- 2- Failure of the company to pay the specified rates in article (114) of the companies' ordinance, for three consecutive years, The special assembly of bearers of such shares , convened according to article (89) of the companies' ordinance may decide either attendance of the company general assembly and participate I voting or appoint representatives in the board of directors in compliance with the ration of their shares in the company capital till the company is able to pay all priority profits of bearers of such shares .

Article (47): Company Loss:

- 1- If anytime the Company loss reaches half of the company capital during the financial year, the company manager or accounts auditor shall immediately after being aware of this shall notify the chairman of the board of directors, the chairman of the board directors is obligated to notify the same to the board members. The board of directors shall call within (15) days for the extraordinary general assembly to convene within (45) days of being aware of such loss to decide either to increase or



decrease company capital according to companies regulation to the limit that makes loss less than half of the paid capital, or dissolve the company before the term stated in this articles of association.

- 2- The company shall be considered legally dissolved according to Regulation if the company directors fail to convene within the period stated paragraph (1) of this article, or convened but failed to attain subscription for capital increase within (90) days of the date of the general assembly resolution for capital increase.

Chapter Eight

Disputes

Article (48): Responsibility Claim:

Each shareholder has the right to file responsibility claim of the company against board members if their resolution is resulting in personal damages. The shareholder may not file the said claim unless the company right in the claim is still valid and the shareholder must notify the company of his intention to file a claim.

Chapter Nine

Article (49): Expiry and liquidation of the Company:

The company shall enter into liquidation phase promptly upon the expiry of term, while maintaining the legal entity as required for liquidation. The optional liquidation resolution is to be issued by the extraordinary general assembly including the appointment of a liquidator, determine his authorities, fees, and restrictions on his authorities and the period required for liquidation. The optional liquidation



period must not exceed (5) years and may not be extended without a judicial order. Authorities of the board of directors expire upon liquidation, nevertheless, they shall remain in office and considered as liquidators before other parties until a liquidator is appointed. Also general assemblies shall remain in office during the liquidation period and their role shall be confined to practicing authorities that are not in contradiction with the authorities of the liquidator.

Chapter Ten

Final Provisions

Article (50) :

Companies' regulations and bylaws shall govern whatever is not stated herein.

Article (51):

This articles of association shall be deposited and published according provisions of the companies' regulation.

Sealed by:

- The Ministry of Commerce & Investment

