

Chapter One: Incorporation of the Company

Article (1): Incorporation

National Gas & Indust. Co. (GASCO) (a Saudi joint-stock company) has been incorporated under the Council of Ministers Resolution No. (820) dated 12/06/1394 H and according to the provisions of Companies Regulations and pursuant to the provisions of these Articles of Association as follows:


Article (2): Company Name

National Gas & Indust. Co. (GASCO) (Incorporated joint-stock company)

Article (3): Purposes

The Company is incorporated for the use, production, manufacturing, filling, transportation, distribution, supplying, marketing, sale, purchase and storing all kinds and derivatives of gas, petroleum, chemicals and petrochemicals. In addition, import, export, manufacturing, production, inspection, maintenance, filling, marketing, purchase, lease, distribution, supplying and installation of cylinders, tanks, accessories thereof, boxes, gas networks and accessories thereof, gas tanks, petroleum materials, measurement tools, machines, electrical generators, turbines, power systems and equipment, auto parts, equipment and glass. Furthermore, planning, developing, design, establishment, management, operation, possession, sale and lease of gas stations, petroleum services centers and gas distribution centers and sale points. The Company is incorporated to provide technical and engineering consulting services and training related to all gas and energy works. In addition, to design, plan, establish, manufacture, sell, purchase, implement, extend inspect and maintain gas networks, all works related to paid import and transport of goods and equipment on land roads. Furthermore, the Company is incorporated to construct, build, possess, sell, purchase, lease, develop, invest and manage real estate properties and lands of all kinds and to establish, develop, product, operate and manage water treatment, energy, environmental services and alternative energy and any other activities provided that the necessary licenses shall be obtained.

Article (4): Participation and Possession:

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The Company is entitled to establish (limited liability or closed joint-stock companies) solely. In addition, the Company may own shares and stocks in other existing companies or merge in other companies. The Company has the right to establish joint stock or limited liability companies, in participation with other companies, after meeting the requirements of laws and instructions applicable in this regard. Further, the Company may dispose of these shares or stocks excluding trading brokerage.

Article (5): Headquarters

The headquarters of the Company is located in Riyadh and shall not be changed unless under a resolution issued by the Extraordinary General Assembly based on the Board of Director's proposal. In addition, the Board of Directors may establish branches, offices or agencies in or abroad the Kingdom.

Article (6): Term

The term of the Company shall be (99) Ninety-Nine Hijri years after registered in the Commercial Registry. The term(s) may be extended under a resolution issued by the Extraordinary General Assembly one year as a minimum prior to the expiry thereof.

Chapter Two: Capital and Shares

Article (7): Company Capital

The company capital is (SAR 750,000,000) – Seven Hundred Fifty Million Saudi Riyals – divided into (75,000,000) Fifty-Seven Million nominal equal shares; each is SAR 10 (Ten Saudi Riyals) and nominal share.

Article (8): Shares Subscription

All company capital shares have been subscribed.

Article (9) Preference Shares:

Subject to the principles set by the competent entity, the Company's Extraordinary General Assembly may issue or purchase preference shares, or decide to purchase and transfer such shares to preference shares and vice versa. Such preference shares shall not grant the voting right in the shareholders General Assemblies and shall not exceed 50% of Company's capital. Preference shares shall give the holders thereof the right to obtain a higher percentage of

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Company's net profits at least 5% of the nominal value of share than those obtained by the holders of ordinary shares after setting aside the statutory reserve.

Article (10): Sale of Unpaid Shares

1. The shareholder shall pay the value of a share in the due dates and if fails, the Board of Directors may, under a notice delivered by the registered mail to such shareholder, sell the share in a public sale or stock market as the case may be in accordance with the principles set by the competent entity.
2. The Company shall deduct its entitled dues and return the remaining amounts to the shareholder from the net amount of sale and if such amount does not cover the Company's entitled amounts, then, the Company may deduct its remaining dues from the total of the shareholder's amounts.
3. Nevertheless, the aforementioned shareholder who fails to pay the value of the shares on due date shall have the right to pay, at any time before the date fixed for the sale, the value owed by the shareholder along with the expenses incurred by the Company in this respect.
4. The Company may cancel the sold share according to the provision hereof, and issue to the purchaser a new stock holding the identifying number of the cancelled share and shall register such sale along with the name of the new owner.

Article (11): Issuance of Shares

All shares of Company are nominal and shall not be issued at less than their nominal value. However, the aforementioned shares may be issued at a value higher than their nominal value and in such case; the difference in value shall be added to an independent item within shareholders' equity. Shares may not be distributed as dividends to shareholders. The share is indivisible vis-a-vis the Company and if one share is jointly held by several persons, they shall delegate one of them to represent them in using the rights conferred on them by virtue of the share. Such persons shall be jointly held liable for the obligations arising from the ownership of share.

Article (12): Shares Purchase, Sale and Mortgage by the Company

As per the rules and controls established by the competent entity, the Company may:

1. Purchase its ordinary and preference shares under the approval of Extraordinary General Assembly, provided that such shares purchased by the company shall not grant the voting right in the shareholders' assemblies.

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2. Purchase its shares to be used as treasury shares according to the purposes established by the competent entity.
3. Purchase its shares in order to allocate them within the employee share program.
4. Sell treasury shares based on one direct payment or through several installments.
5. Mortgage its shares as a loan guarantee.

Article (13): Shares Trading

Shares subscribed by the founders may be traded only after publishing the financial statements for two fiscal years, each of which is not less than twelve months as of the date of the company's incorporation. In addition, the bonds of these shares shall be marked indicating their type, the date of the company's incorporation, and the period in which trading is banned.

However, during the prohibition period, the ownership of shares may be transferred according to the provisions of the rights sale from one founder or his heirs to another or third parties or in the case of a seize imposed on the funds of the insolvent or bankrupt founder, provided that other founders shall have the priority to purchase such shares.

The provisions of this article shall be applicable to all shares subscribed by the founders in the event of an increase in the capital prior to the expiration of the banning period.

Article (14): Shareholders Record

The shares of Company shall be traded in accordance with the provisions of the Capital Market Law.

Article (15): Increase in the Capital

1. Extraordinary General Assembly may increase the Company capital provided that the authorized capital has been fully paid. The capital shall not be required to be fully paid if the unpaid amount of capital is for shares issued in consideration of exchanging debt or financial instruments into shares and the period set for transference into shares has not been elapsed.
2. Extraordinary General Assembly may, at all times, allocate all shares or any part thereof issued at the time of increasing the capital for employees working in the Company and/or its affiliate companies. Shareholders may not exercise the priority right when the Company issues the shares allocated for employees.
3. The shareholder owning the share at the time of issuance of the resolution of the Extraordinary General Assembly for approving the capital increase shall have priority in

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subscription to the new shares in cash. Such shareholders shall be informed of their priority by publishing thereof in a daily newspaper or notifying such shareholders by the registered mail of the resolution of capital increase and subscription conditions, period and beginning and end dates.

4. Extraordinary General Assembly shall have the right to halt the right of priority for shareholders in the subscription by increasing capital in consideration of cash shares or give priority to non-shareholders in cases deemed appropriate for the interest of the Company.
5. The shareholder may sell or waive the priority right for the period from the issuance of the resolution of the General Assembly for approving the capital increase to the last day of subscription in new shares associated with such rights, according to the controls established by the competent entity.
6. Subject to Paragraph (4) above, the new shares shall be allocated to the priority rights holders who have applied for the subscription on a pro-rata basis as resulting from the capital increase, provided that they do not exceed what they have requested from the new shares. The remaining new shares shall be distributed to the priority rights holders who have requested more than their shares in proportion to their priority rights of the total priority rights resulting from the capital increase, provided they do not exceed what they requested from the new shares. The rest of the shares will be offered to third parties, unless otherwise decided by the Extraordinary General Assembly or stipulated by the Capital Market Law.

Article (16) Decrease in Capital:

The Extraordinary General Assembly may decrease the capital if it is higher than the requirements of the Company or if the Company incurs losses. The capital may be decreased in the latter case only to lower than the limit set out in Article (54) of Companies Law. Such decrease resolution shall only be issued after reviewing the report of the auditor on the reasons therefore and on the obligations of the Company as well as the impact of decrease on these obligations. If the capital decrease is resulting from the fact that the capital is higher than the Company's requirements, then the creditors shall be invited to voice their objections thereupon within sixty days as of the date of publishing the resolution of decrease at least in a daily newspaper distributed in the region where the Headquarters is located. If a creditor submits his objection and produces the necessary documentation thereof at the fixed time, the Company shall pay him his debt if it is payable or issue adequate guarantee to pay the same if it is not yet due.

Chapter Three: Board of Directors

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Article (17): Management of the Board

The Company shall be managed by a Board of Directors consisting of ten (10) members appointed by the shareholder general assembly for three years as maximum.

Article (18): Expiration of Membership of the Board

Membership in the Board of Directors terminates by the expiry of the term of authority of a member or if that membership becomes invalid according to the relevant prevailing laws and instructions in KSA. However, the ordinary general assembly may, at all times, dismiss all or some of the Board members without prejudice to the right of the dismissed member to claim compensation if such dismissal occurred for unjustifiable reasons or at an improper time. The Board member may resign at a proper time, otherwise, he shall be held responsible before the company for the consequences of such resignation.

Article (19): Vacant Position at Board

In case that there is a vacancy in the membership of the Board, then the Board may appoint a substitute member provided that such member shall have adequate experience and efficiency. The Ministry of Commerce and Investment and Capital Market Authority shall be notified of such appointment within five working days as of the date of appointment. Such appointment shall be passed by the first upcoming general assembly and accordingly, the new member may complete his predecessor's term of office. If the number of members is less than the quorum required for meetings set out in the Companies Law or this Articles of Association, the rest of members shall call for Ordinary General Assembly Meeting within sixty days to elect the required number of members.

Article (20): Powers of the Board

In full consideration to the powers of the General Assembly, the Board shall have all powers to manage the Company, set policies, determine investments, supervise its business and proceed with all matters in order to achieve Company's purposes, including but not limited to the following:

Management of Company's assets, property and real estates, having the right of purchase, accepting the same, payment of the price, mortgage, accepting the mortgage, redeeming the mortgage, sale, discharging, receiving and delivery of the price with regard to selling the assets, property and real estates of the company. The minutes of the Board of Directors and the grounds of its management decision shall include the following conditions:

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The Board of directors shall identify the reasons and justifications for the sale decision.

The sale is close enough to the standard price.

The sale is carried out for necessity only and with adequate guarantees.

This act shall not result in the suspension of some of the company's activities or impose any other obligations thereon.

The Board of Directors may contract loans with funds and governmental financial institutions, regardless of their period, and it may contract commercial loans whose term does not exceed the end of the company's term, subject to the following conditions for contracting loans whose terms exceed three years:

- a) The Board of Directors shall determine in its decision the use of loans and the method of repayment.
- b) The Board of Directors shall take into account avoid harming the company and its shareholders and the general guarantees for creditors in the conditions of the loan and the guarantees provided to it.
- c) The value of the loans that the Board may enter into during the company's financial year shall not exceed 100% of the company's capital.

The Board of Directors, and in the cases it assesses, has the right to hold the debtors of the company harmless from their liabilities in accordance with its interest, provided that the minutes of the Board of Directors and the grounds of its decision shall include the following conditions:

The discharge of liability shall be after the lapse of five years as of the origin of the debt, as a minimum.

The debtor is insolvent and unable to pay.

The Board of Directors only has the right of exemption, and it is not permitted to delegate thereof.

The Board of Directors shall approve the issuance of guarantees, insurances and promissory notes.

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The Board of Director shall approve the incorporation of companies, participating with third parties in incorporation thereof, owning shares and stocks in other existing companies, acquiring them or merging with them and investing in all types of real estate, deposits, sukuk, bonds, stocks and funds and managing these shares or stocks. The amendment of annexes related to the companies in which the company participates and appoints and dismiss board directors, and accept the resignation and dismissal of board of directors/management and managers in the companies in which the company participates including the joining and separation of partners. Capital increase or decrease, allocation of capital, purchase of shares and stocks in Company's name, and payment of price, sale of shares and stocks in favor of the company. Receipt of value and profits, and assignment of shares and stocks from capital, accept assignment of shares, stocks, capital, transfer of shares, stocks and bonds, all of above in the companies in which the company participates.

The Board of Directors shall also, within its competencies, have the right to authorize or delegate one or more of its members, employees or a third party to carry out specific works and the Board has the right to cancel the authorization or delegation in full or part.

Article (21) Board Members Remunerations:

The Board members remuneration consists of a certain amount, an attendance allowance for the sessions, in-kind benefits, or a certain percentage of the net profits. In case of a certain percentage of the net profits, the provisions of Paragraph (5) of Article (4) of this Law shall be governed. Two or more of these benefits may be gathered within the limits provided in Companies Law or any other complementary regulations thereof and in addition to any resolution issued by the Board regarding travel, residence and accommodation expenses for each meeting for the non-resident members in accordance with the regulations, decisions and instructions in force in the Kingdom issued by the competent entities. The report of the Board submitted to the Ordinary General Assembly shall include a comprehensive statement of all the salaries, attendance allowances, expenses and other benefits obtained by the Board members during one fiscal year. In addition, the report shall also include a statement of remuneration received by the Board members as employees or administrators or their remuneration for technical, administrative or consulting works previously approved by the Ordinary General Assembly.

Article (22): Powers of Chairman, Vice Chairman, Managing Director and Secretary

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- I) The Board shall appoint from among its members a chairman and a vice-chairman. The Board may appoint a chief executive officer. In addition, the chairman is not entitled to hold any other executive position in the Company.
- II) Subject to the authorities and powers of the Board of Directors, the Chairman of the Board shall have the authority to invite the Board to meet and head its meetings and the meetings of the shareholders General Assembly, as well as he is entitled to:

Represent and sign on behalf of the company before all government, semi-governmental and non-governmental agencies, the royal court, ministries, authorities, public and private institutions, emirates and all government departments, for example, but not limited to (Traffic Department, Passports, Recruitment, Labor Office, Expatriate Department, Civil Defense, Trademark Registration Department and Commercial Agencies), companies, banks, individuals and any third parties.

Represent and sign on behalf of the company before all the judicial and quasi-judicial authorities in its various titles, types and degrees. He also has the right to litigate, demand, plead, defend, file lawsuits, hear and respond lawsuits - representation - denial - conciliation - waiver - release - have and refuse the oath - obtain and challenge witnesses, evidence - respond, appeal and amend - appeal for forgery - deny of handwritings, seals and signatures - request for travel ban release - review the reservation and execution departments - request for reservation and execution - request for arbitration - appointment of experts and arbitrators - challenge, refuse and replace reports of experts and arbitrators - request for ruling enforcement - accept and deny rulings - challenge and appeal rulings - motion for reconsideration - annotate ruling deeds - request for exoneration - request for the right of pre-emption - request to appeal the ruling before the Supreme Court - take all necessary action to attend the hearings in all lawsuits before all courts - submission and receipt of notes and documents - receipt of funds by check in the name of the company - receipt of ruling deeds - request for the judge dismissal - request for involvement and intervention - request for lawsuit referral - before the administrative courts (the Board of Grievances) and before the committee responsible for hearing the Tenders Law violations and Forensic committees, labor committees, financial dispute resolution committees, banking dispute resolution committees, securities dispute resolution committees, offices responsible for commercial securities disputes resolution, commercial dispute resolution committees, customs committees, commercial fraud committees, insurance disputes resolution and violations committees, the public prosecution, the supreme court, and the committee responsible for hearing the violations of the medical professions practice system, the committee responsible for hearing violations of the provisions of the medical

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institutions law, Lawyer Disciplinary Committee at the Ministry of Justice, the committee responsible for settlement of tax violations and disputes, and the appeal committee for tax violations and disputes. The chairman has the right to hand over and receive all papers, transactions and rulings, complete all required action before all courts.

Represent and sign on behalf of the company in all contracts, agreements and documents, including facilities, borrowing from funds, authorities and government financing institutions, signing relevant bonds, guarantees and promissory notes. He has the right to sign companies' articles of association and contribute to other companies of any kind as amended whether by increasing or decreasing its capital, modifying its purposes, or any other amendments and decisions of partners, and signing purchase, sale and assignment contracts and agreements of shares and stocks.

With regard to real estate properties, the Chairman has the right to mortgage, accept the mortgage and redeem the real estate properties of the company and its existing properties for the benefit of funds, authorities and government financing institutions. In addition, he has the right to accept the gift, merge, split, sort, and receive the bonds, update and add the same to the comprehensive system and obtain a set of replacement instruments. Furthermore, he has the right to certify copies of title deeds and review notaries to inquire about real estate properties, amend boundaries, lengths, area, plot numbers, plans, instruments, dates and names of districts. In addition, he may purchase lands, develop real estate properties, rent, lease, renew and extend thereof, receive rent and investment returns by a check in the name of the company, cancel and terminate lease contracts. He also has the right to represent the company and sign on its behalf in all the above.

The authority of the Chairman is considered a sole authority to represent the company or sign on its behalf in all above, and he has the right to delegate or authorize any third party in full or part of the abovementioned powers and authorities.

- III) The Board Vice-Chairman shall assume the tasks of the Board Chairman in his absence.
- IV) The managing director, if appointed, shall have the powers specified by the Board of Directors and implement all instructions issued by the Board.
- V) The Board of Directors, in its sole discretion and based on a decision issued thereto, shall determine the remuneration of the Chairman, provided that such remuneration

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shall not exceed the maximum permissible limit according to the instructions of the competent entities.

- VI) The Board of Directors shall determine, as its sole discretion and based on a decision issued thereto, the remuneration of the managing director for all additional work he performs in his capacity as an executive and not as a board member.
- VII) The Board of Directors shall appoint a secretary to be elected from among its members or from any third parties. The term of the board chairman, vice president, managing director and secretary shall not exceed the term of each of them in the Board. They may be re-elected and the Board at any time may dismiss them or any of them without prejudice to the right of the dismissed member to claim compensation if the dismissal occurred for an unlawful reason or at an inappropriate time.
- VIII) The Board of Directors may appoint an executive manager and determine his remuneration and powers.

Article (23): Meetings of the Board

The Board shall hold at least four (4) meetings annually upon an invitation of its Chairman. The Chairman shall call for a meeting by issuing an invitation accompanied by the agenda to be communicated to the board members before the meeting date via express mail or e-mail. The Chairman shall call for a meeting when required by two members of the board.

Article (24): Meeting Quorum

The meeting of the Board shall not be valid unless attended by the half of Board members provided always that the number of original present members shall not be less than three members. The member of the Board may deputize another member to attend the meetings of the Board and vote decisions to be taken during the meeting. In this case, this member has two votes according to the following criteria:-

1. The member shall not represent more than one member in attending the same meeting.
2. The said proxy shall be recorded in writing.
3. The deputy member may not vote on the resolutions that the regulations ban the deputizing member from voting on.
4. The representative member shall be one of the Board members and no third party may be deputized.
5. The member has the absolute right to perform any recommendations or decision deemed appropriate to be authorized to the deputizing member. However, the deputizing member shall have no right for objection now or later towards any decision

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taken by the member during the same meeting in which he attended through a deputizing member.

6. Board members shall be notified thereof one week at least prior to the meeting except for urgent and exceptional meetings.

The Board is entitled to invite any employee, consultant or any third party it deems appropriate to attend its meeting provided that the invited members shall have no right to vote.

The decisions of the Board of Directors shall be passed by the majority of votes of members present in the meeting in person or by proxy. In case of equal votes, the meeting head shall have the casting vote.

Article (25): Deliberations of Board

The deliberations and decisions of the Board shall be included in minutes and signed by the Chairman, present members and secretary. These minutes shall be entered in a special register to be signed by the Chairman and Secretary.

Chapter Four: Shareholders General Assembly

Article (26): Attendance of General Assembly Meeting

Each shareholder shall have the right to attend the meetings of the Shareholder General Assembly. A shareholder may delegate another shareholder – other than the members of the Board of Directors or those working in the Company – to attend the General Assembly.

Article (27): Powers of Ordinary General Assembly of Shareholders

Except the matters falling under the power of the Extraordinary General Assembly, the Ordinary General Assembly shall have the powers related to all affairs of the company, and shall convene at least once a year within the six months following the end of company's fiscal year. Other ordinary general assemblies may be invited as required.

Article (28): Powers of Extraordinary General Assembly

The Extraordinary General Assembly shall have the power of amending Company's Articles of Association with the exception of the provisions thereof that are legally prohibited to be amended. In addition, the Extraordinary General Assembly may decide on the matters falling

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within the powers of the Ordinary General Assembly according to the same terms and conditions applicable on the latter.

Article (29): Calling for Assembly Meetings

The General or Special Assembly shall convene upon an invitation by the Board of Directors as per the agenda attached to the invitation. The Board of Directors shall also invite the Ordinary General Assembly if so requested by the auditor, audit committee or a number of shareholders whose shareholdings represent at least 5% of the capital. The auditor may call for a General Assembly meeting if the Board of Directors does not call for a General Assembly meeting within thirty days as of the date of request of the auditor.

The invitation to the meeting of the General Assembly shall be published in a daily newspaper distributed where the headquarters of Company is located and at least Twenty-Five days prior the date scheduled for such meeting. A copy of such invitation and agenda shall be sent to the Ministry of Commerce and Investment and Capital Market Authority within the time specified for publishing thereof.

Article (30): Attendance Sheet

Shareholders wishing to attend the General or Special Assembly shall register their names at the premises of the meeting venue before the time specified for the Assembly or via means specified for invitation.

Article (31): Ordinary General Assembly Quorum

A meeting of the Ordinary General Assembly shall only be valid if attended by shareholders representing at least a quarter of the company capital. If such a quorum is not available, an invitation shall be addressed for a subsequent meeting shall be held within an hour following the expiry of period specific for the first meeting. However, the call for the first meeting shall include the statement proving that the meeting may be held. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

Article (32): Extraordinary General Assembly Quorum

A meeting of the Ordinary General Assembly shall only be valid when attended by shareholders representing half of the company capital. If such a quorum is not available, an invitation shall be addressed for a subsequent meeting shall be held within an hour following the expiry of period specific for the first meeting. However, the call for the first meeting shall

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include the statement proving that the meeting may be held. In all cases, the second meeting shall be valid when attended by shareholders representing at least quarter of the company capital.

If such quorum is not available in the second meeting, an invitation shall be addressed for a third meeting to be held according to the same conditions of Article (29) hereof. The third meeting shall be valid regardless of the number of shares represented therein after the approval of the competent entity.

Article (33): Voting in Assembly

Votes in the General Assembly shall be based on one vote per share. Cumulative voting shall be used upon the election of the Board.

Article (34): Resolutions

Resolutions made at the meetings of Ordinary General Assembly shall be based on the absolute majority of the shares represented therein. Resolutions made at the meetings of Extraordinary General Assembly shall be issued by the majority of two-thirds of the shares represented in the meeting, unless the resolution is related to the increase, decrease of the capital, extending the term or dissolution of the Company prior to the expiration thereof or merging into another company. In such case, the resolutions shall be valid if issued by the majority of three-quarters of the shares represented in the meeting.

Article (35): Discussions in the General Assembly Meetings

Every shareholder shall have the right to discuss the matter included in the agenda of the General Assembly Meeting and ask the members of the Board of Directors and the auditor in such matters. The Board of Directors or the auditor shall respond to the questions and queries posed by the shareholders to the extent that involves no risk to the company interests. If a shareholder feels that a response provided to his question is not convincing, the shareholder may refer to the General Assembly whose resolution shall be binding.

Article (36): Chairing General Assembly and Preparing Minutes

The General Assembly shall be chaired by the Chairman or, if absent, by Vice-Chairman or whomever delegated by the Board among its members in case of absence of Chairman and Vice-Chairman.

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date of the General Assembly to provide the interested shareholders with copy thereof. The report shall be read during the General Assembly meeting.

Chapter Six: The Auditor

Article (41): Appointment of Auditor

The Ordinary General Assembly shall annually appoint one (or more) auditor(s) duly licensed to practice their profession in the Kingdom, and shall designate their remunerations and term of office. The General Assembly may, at all times, replace the auditor(s) without prejudice to their right of remuneration if dismissal occurred for unjustifiable reason or at improper time.

Article (42): Powers of Auditor

An auditor shall have at any time the opportunity to access the books, records and other documents of the company, and may require all data and explanations deemed as necessary to be obtained to verify the assets and liabilities of the company and other activities within its scope of work. The Chairman shall enable the auditor to perform his duty. If the auditor faces any difficulties in this regard, he shall report the same to the Board of Directors. If the Board failed to facilitate the work of the auditor, he may request the Board to call for the Ordinary General Assembly Meeting to consider such matter.

Chapter Seven: Accounts and Distribution of Profits

Article (43): Fiscal Year

The fiscal year of the company shall commence from 01 January and ends on 31 December of each year.

Article (44): Financial Statements

- 1- The Board of Directors shall prepare, at the end of every fiscal year, the financial statements of the company and a report on its business and its financial position for the elapsed fiscal year. Such report shall also indicate the way it proposes to distribute the profits. The Board shall provide such documents under the control of the auditor at least forty-five days before the time scheduled for holding the General Assembly.
- 2- The documents mentioned in Paragraph (1) of this Article shall be signed by the Company's Chairman, CEO and Finance Manager and a copy thereof shall be deposited

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in the Company's headquarters for the shareholders action at least twenty-five (25) days before the scheduled time for holding the General Assembly.

- 3- The Chairman shall provide the shareholders with the company's financial statements, board report and auditor report, unless published in a daily newspaper distributed where the head office of the Company is located. The Chairman shall send also a copy of such documents to the Ministry of Commerce and Investment and Capital Market Authority fifteen days at least before the date of the General Assembly meeting.

Article (45): Distribution of Profits

The net annual profits shall be distributed as follows:-

- 1- As much as 10% of net profits shall be set aside for the purposes of forming the Company's statutory reserve. The Ordinary General Assembly may discontinue such retention when the said reserve amount reaches (30%) of the paid-up capital.
- 2- Based on the Board proposal, the Ordinary General Assembly may set aside 5% of net profits to form an agreement reserve for the urgent important cases.
- 3- The ordinary General Assembly may decide to form other reserves, in the manner achieving the company's interests or ensuring distribution of fixed profits – whenever possible – to shareholders. The said Assembly may deduct from the net profits the amounts required for establishing social establishments for the employees of the Company or for assisting similar existing establishments.
- 4- Not less than (1%) one percent of paid-up capital shall be distributed to shareholders.
- 5- Without prejudice to the provisions of Article (21) hereof, Article (76) of Companies Law, and after all above reserves, 10% of remaining profits shall be allocated for the Board members' remunerations after distributing profits accounting to 5% of paid-up company capital to shareholders, provided that the remuneration shall be in pro-rata basis with the number of meetings attended by the member.
- 6- Based on the Board proposal, the Ordinary General Assembly may take the proper decision on the remaining profits, without prejudice to the resolutions and instructions issued by the competent entities in this regard.

In addition, the Board may, after meeting all established controls, distribute bi-annual profit and quarter profits within the fiscal year.

Article (46): Entitlement of Profits

The shareholder shall be entitled for share of the profit according to the decision of the General Assembly in this regard. The decision shall indicate the date of entitlement and

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distribution, and entitlement for profits shall be for holders of shares registered in the shareholders' register at the end of entitlement day.

Article (47): Distribution of Profits for the Preference Shares

- 1- If profits have not been distributed for any fiscal year, profits for the following years may be distributed after the payment of percentage specified in accordance with the provisions of Article 114 of the Companies Law for preference shareholders for the same year.
- 2- If the company fails to pay the specified percentage according to the provision of Article 114 of the Companies Law for three consecutive years, then the special assembly of those shareholders, held in accordance with the provisions of Article 89 of the Companies Law, may decide whether they attend the Company's General Assembly meetings and participate in voting or appoint their representatives in the board of directors in proportion to the value of their shares in the capital until the company is able to pay all the priority dividends allocated to the owners of such shares for previous years.

Article (48): Company Losses

- 1- If the losses of the Company amounted to half the paid-up capital at any time during the fiscal year, any officer of the company or the auditor, upon being aware of the same, shall notify the Chairman who shall notify the Board members immediately of the same. The Board of Directors, within 15 days of being aware of the same, shall hold the extraordinary General Assembly meeting within 45 days as of the date of being aware of the losses. Therefore, they will consider the increase or decrease of the capital, according to the provisions of the Companies Law, to the extent where the losses fall below half the paid-up capital, or dissolve the Company before the term specified in the Companies Law.
- 2- The Company shall be considered dissolved by the force of Companies Law if the General Assembly fails to meet within the period specified in Para (1) of this Article, if they met and failed to pass a decision in this regard, or if they decided to increase the capital according to the situations set out in this Article and no subscription has been made for each capital increase within ninety days from the date of the General Assembly's decision of increase

Chapter Eight: Disputes

Article (49) Liability Case

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Each Shareholder shall have the right to file Company liability case against members of the Board of Directors if committed a mistake resulting in damage thereto provided that the Company's right to file such case still exists. The shareholder shall inform the company of his intention to file the case.

Chapter Nine: Dissolution and Liquidation of the Company

Article (50): Expiry of the Company

Upon expiry of the Company term, the Company shall enter into liquidation and shall retain its legal entity to the extent required for liquidation. The Extraordinary General Assembly shall pass the elective dissolution decision. The dissolution decision shall appoint a liquidator and specify his powers and remuneration, the restrictions imposed on his powers and the required liquidation period. The elective dissolution period shall not exceed five years and may be extended only upon a legal order. The power of the Board of Directors shall end upon the Company's dissolution. However, the Board of Directors shall continue to manage the Company and be deemed as liquidators before the third parties until a liquidator is appointed. The shareholders general assemblies shall remain valid during the liquidation period, and their powers shall remain to the extent that is not contradicting with the liquidator' powers and authorities.

Chapter Ten: Final Provisions

Article (51)

The Companies Law and its regulations shall be applied to all matters not provided in this Articles of Association.

Article (52)

This Articles of Association shall be recorded and published in accordance with the provisions of the Companies Law.



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