



Articles of Association
of
Middle East Specialized Cables (MESC)

**As Passed by the 6th Extraordinary General Assembly
Meeting
Held on 26/02/1440H (04/11/2018)**

Articles of Association
of
Middle East Specialized Cables (MESC)
(A Saudi Joint Stock Company)

CHAPTER I: FORMATION OF THE COMPANY

Article (1) – Formation

Middle East Specialized Cables (MESOC) has been transformed into a Saudi joint stock company in accordance with these Articles of Associations and Companies Law promulgated by the Royal Decree No. M/3, dated 28/01/1437H, and its Regulations, as follows:

Article (2) – Name of the Company

The name of the Company shall be “**Middle East Specialized Cables (MESOC)**”, a Saudi joint stock company.

Article (3) – Objectives of the Company

The objectives of the Company are:

- 1- Manufacturing various cables and wires, including axial cables and wires, rubber cables and wires, electrical and T.V. cables and wires, telephone cables and wires for internal installations, computer cables and wires, fire-fighting safe cables and wires, information transfer and control cables and wires, and lead sheathed cables.

- 2- Retail and wholesale of cables and accessories, marketing materials, tools, machinery, equipment, and services related to Company business.

- 3- Establishing maintenance centers, implementing and installing materials, cables, wires, and equipment the Company uses, and providing other auxiliary services as required and relevant.

The Company shall carry out its aforesaid activities in accordance with applicable laws and upon obtaining the necessary and required licenses and permits from competent authorities and bodies.

Article (4) – Participation and Ownership in Companies

This Company shall have the right to set up companies by itself (companies of limited liability or closed joint stock ones, provided that capital shall not be less than SAR 5,000,000 (five million Saudi Riyals)). Besides, the Company shall be entitled to possess an interest or a shareholding in existing companies or merge into same, and shall also be entitled to partner with third parties to form joint stock companies or limited liability companies, having fulfilled all the relevant legal requirements and set regulations. The Company may also acquire and possess stocks and/or shares in such companies excluding acting as a broker in circulating same.

Article (5) – Head Office of the Company

The Company's head office shall be in the city of Riyadh. The Board of Directors may establish branches, offices or agencies for the Company within or outside the Kingdom of Saudi Arabia.

Article (6) – Duration of the Company

The duration of the Company shall be ninety (90) years commencing on the date of being registered in the Commercial Register. The Company's period may always be extended by a resolution of the Extraordinary General Assembly taken at least one year prior to the expiration of the term of the Company.

CHAPTER II: CAPITAL AND SHARES

Article (7) – Capital of the Company

The share capital of the Company shall be SAR 400,000,000, (four hundred million Saudi Riyals) divided into 40,000,000 (forty million) nominal shares of equal value of SAR 10 (ten Saudi Riyals) each.

Article (8) – Subscription for Shares

The Shareholders have subscribed for the full capital stock and have fully paid its value.

Article (9) – Preferred Shares

Upon approval of, and in accordance with guidelines set by, the Competent Authority, the Company may issue preferred shares, buy same, transform ordinary shares into preferred shares or vice versa. Such preferred shares shall be non-voting shares in the Shareholders' General Assemblies. Such shares shall give their holders a percentage of net

profits greater than that given to ordinary shares holders, having allocated the statutory reserves.

Article (10) – Payment of Non-Fully Paid Shares

If a Shareholder fails to pay the value of the shares at the times set therefor, then the Board of Directors may sell such shares in a public auction or a security market, as the case may be, in accordance with the directives of the Competent Authority, after having warned the Shareholder by means of an email or a registered letter.

The Company shall recover what is due to it from the sale proceeds and shall refund the balance to the Shareholder. If the sale proceeds are insufficient to cover the Company's dues, then the Company may recover the entire amount due from the Shareholders' wealth.

However, the Shareholder may still, in such a situation, pay the value due plus the expenses incurred by the Company.

If this is done, then the Company shall cancel the share sold hereunder and shall give the purchaser a new share bearing the same number of the cancelled share, a notation of which shall be made in the Shareholders Register.

Article (11) – Issuing Shares

The shares shall be nominal shares and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case the difference in value shall be added to an independent item under Shareholders' Equity, and may not be distributed as profits among Shareholders. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from the ownership of the share.

Article (12) – Transfer of Shares

The Founders' shares shall not be transferable except after the publication of the Company's financial statements of two consecutive fiscal years, provided each year should not be less than 12 (twelve) months commencing from the date of incorporating the Company. A notation shall be made on the respective share certificates, indicating their type, the date of the Company's formation, and the period during which each such certificate may not be transferred.

However, it is possible, during the prohibition period, to transfer shares in accordance with the regulations of selling rights from one Founder to another, or from the heirs of a founder upon his death to third parties, or in case an execution is imposed on an insolvent Founder's properties or

upon his bankruptcy, provided priority of possessing such shares shall be given to other Founders.

These rules shall apply to what is subscribed for by Founders in case of capital stock is raised before the expiration of prohibition period.

Article (13) – Acquiring and Mortgaging Company Shares and Issuing Certificates of Shares

- 1- The Company may buy or mortgage its own shares in accordance with directives and controls set by the Competent Authority, and such shares so acquired shall not be voting in the Shareholders' Assembly Meetings.
- 2- Shares may be mortgaged in accordance with directives and controls set by the Competent Authority. The mortgagee may receive profits and use attached rights unless otherwise agreed in the mortgage agreement. However, a mortgagee may not attend the Shareholders' General Assembly or vote thereat.
- 3- Subject to the Capital Market Law, the Company may issue debt instruments or negotiable debenture bonds.
- 4- The Company may not issue debt instruments or negotiable debenture bonds convertible to shares except with a resolution of the Extraordinary General Assembly determining the maximum

shares to be issued against such instruments or bonds, whether the latter have been concurrently issued, issued in a series of issues, or through one or more programs of an issue of debt instruments or debenture bonds. Without further consent of the Extraordinary General Assembly, the Board of Directors may issue new shares against such debt instruments or debenture bonds whose holders request the conversion immediately upon the expiration of the period specified for conversion for such holders of such instruments or bonds. In addition, the Board shall take necessary steps to amend the Company Articles of Association in connection with the number of issued shares and capital stock.

- 5- The Board of Directors shall notarize the completion of procedures related to raising capital stock in accordance with the manner stated in the Law to notarize the resolutions of the Extraordinary General Assembly.

Article (14) – Shareholders Register

The shares shall be transferrable in accordance with the Capital Market Law.

Article (15) – Increase of Capital

- 1- The Extraordinary General Assembly may adopt a resolution to increase the Company's capital provided that the original capital shall have been paid in full. It shall not be required that the capital

be fully paid up in case the unpaid portion of the capital is related to shares issued against converting debt instruments or debenture bonds into shares and are not expired yet following the period specified for converting same to shares.

- 2- The Extraordinary General Assembly may in all cases allocate shares issued upon increasing capital or a portion thereof for the Company employees and subsidiaries or some of them, or any of such cases. Shareholders shall not have preemptive rights to subscribe for said shares issued for the Company employees.
- 3- Upon the issuance of the resolution of the Extraordinary General Assembly of raising capital, shareholders shall have preemptive rights to subscribe for the new cash shares. The Shareholders shall be notified of the preemptive rights vested in them by notice to be published in a daily newspaper or by registered mail addressing the capital increase resolution and the conditions and duration of subscription and the dates of commencement and expiration of same.
- 4- The Extraordinary General Assembly may suspend the aforesaid preemptive rights in connection with subscribing for the new cash shares, or give preemptive rights to non-Shareholders in cases it sees suitable for the Company best interest.

5- Shareholders may sell their preemptive rights or assign same starting from the issuance of Extraordinary General Assembly of resolution of raising capital until the last day specified for subscription for new shares attached to such rights in accordance with the directives of the Competent Authority.

6- Subject to the provisions stated in Paragraph (4) above, the new shares shall be allotted to the Shareholders with preemptive rights who have expressed their desire to subscribe thereto, in proportion to the preemptive rights owned by them in proportion to preemptive rights of the total preemptive rights resulting from the increase of capital, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the Shareholders with preemptive rights who have asked for more than their proportionate share, in proportion to their preemptive rights of the total preemptive rights resulting from the increase of capital, provided that that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription unless otherwise specified by the Extraordinary General Assembly or the Capital Market Law.

Article (16) – Decrease of Capital

The Extraordinary General Assembly may reduce Company capital if it proves to be in excess of the Company's needs or if the Company

sustains losses, in which case only capital may be lowered beyond the limit specified in Article (54) of the Companies Law. Besides, such resolution shall be issued only after reading the auditor's report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.

If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within 60 (sixty) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

CHAPTER III: BOARD OF DIRECTORS

Article (17) – Managing Company Affairs

The Company shall be managed by a Board of Directors composed of 9 (nine) members to be appointed by the Shareholders' Ordinary General Assembly for a term not exceeding 3 (three) years.

Article (18) – Board Membership Expiration

Membership of the Board of Directors shall be terminated upon the expiration of the appointment period. Termination of membership shall also occur if the member becomes unsuitable for membership under any law or regulations prevailing in the Kingdom. However, the Ordinary General Assembly may dismiss all or some of the Board Directors without prejudice to the dismissed Director's right to compensation if dismissal was due to groundless reasons or was made in an inappropriate time. Besides, a Board Director may resign provided that such resignation shall be in a suitable time; otherwise he shall be liable before the Company for any damage resulting from his resignation.

Article (19) – Vacancies

If the office of a Board Director becomes vacant, the Board may appoint a member in the vacant position temporarily, provided that such appointment shall be as per the order of votes obtained in the meeting of the General Assembly during which the Board was appointed. Such new member must be qualified and experienced. Additionally, a notice of such appointment shall be sent to the Ministry and Capital Market Authority within a period of five working days as of the date of appointment, and provided also that such appointment is put forward before the first meeting of the Ordinary General Assembly for endorsement. The term of office of the new member designated to fill a vacancy shall only extend to the term of office of his predecessor. In case the number of the members of the Board of Directors falls below the quorum required for the proper

convening of the Board meetings as stated in the Companies Law or these Articles, the General Assembly shall be called for an Ordinary Meeting by the remaining members within a period of sixty days in order to appoint the necessary number of Board members.

Articles (20) – Powers of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the business of the Company, supervise its affairs and properties, to dispose of its affairs and to set its general policy to achieve its objectives. For such purposes, the Board of Directors shall be empowered, for example and without limitation, to carry out the following:

- 1- Determine its own procedures.
- 2- Representing the Company in its relations with third parties, before governmental and private bodies, labor offices, police stations, chambers of commerce and industry, all kinds of private companies and institutions, banks and commercial banks, finance houses, and any and all other governmental financing institutions and funds of all names, functions, and any other financial institutions, and other lenders.
- 3- The Board of Directors is empowered, for example and without limitation, to execute and enter into all types of contracts and agreements, which shall include, without limitation, contracts of

buying, bills of sale, lease and renting agreements, agency agreements, concession agreements, and hedging agreements in addition to any and all documents, transactions, and deals for the company and also to enter bids on behalf thereof.

- 4- The Board of Directors may, within the limits of its jurisdiction, authorize and delegate one or more of its members or a third party to undertake a specific function or functions.
- 5- Opening, managing, operating, and closing bank accounts, applying for and obtaining loans, issuing guaranties and bonds for any third party whenever the Board considers, as it sees fit, that would be serving the best interest of the Company, issuing bills to order and all other negotiable commercial instruments, and concluding any other transactions, executing all agreements and banking deals. Besides, the Board shall abide by the following conditions for loan agreements whose terms exceed three years:
 - a. Value of all such loans agreements made in one fiscal year shall not exceed 50% of the Company capital.
 - b. The Board shall state in its decision means of utilizing such loans and means of repayment.
 - c. The Board shall take into account the loans conditions and the relevant guarantees so that such shall not badly affect the Company, its Shareholders, or general guarantees of creditors.

6- The Board is also empowered to sell and mortgage Company real estate and assets including the Company store provided that the pertinent justifications, reasons, and rationale shall be clearly stated in the Board's resolution and the Board's minutes, subject to the following provisions:

- 1- The Board's resolution shall clearly state the justifications and reasons of sale.
- 2- The sale shall be in an equivalent price.
- 3- The price shall not be on credit except for utmost necessity and with adequate guarantees.
- 4- The sale shall be on condition that the Company shall not be shouldered with additional obligations resulting from the sale or mortgage, nor shall some of activities be suspended.

7- The Board of Directors may discharge the Company's debtors of their debt obligations towards the Company upon the following conditions:

- 1- Discharge shall be at least one year after the occurrence of the debt.
- 2- Discharge shall be with a fixed amount as a maximum per year per debtor.
- 3- Discharge is a right conferred in the Board and accordingly it shall not be delegated.

- 8- Appointing a Board Secretary upon a recommendation by the Board Chairman.
- 9- Approving of internal, financial, administrative, and technical regulations of the Company and the staff-related policy.
- 10- Appointing officers responsible for managing the Company affairs who must be experienced and qualified as deemed fit by the Board, and determining their duties and remuneration.
- 11- Approving of the establishment of subsidiaries, branches, and agencies of the Company, contributing to and possessing shareholdings in any companies, and signing their articles of incorporation, amendments and annexes.
- 12- Passing the Company action plan, operational plans, and annual capital budget.

Article (21) – Remuneration of Board of Directors

Remuneration of the members of the Board of Directors shall be in accordance with Article 48-5 of the Company's Articles of Association within the limits of the provisions of the Companies Law and regulations complementary thereto. The report submitted by the Board of Directors to the Ordinary General Assembly shall contain a statement of all payments

made to the members of the Board during the fiscal year; salaries, attendance allowance, expenses and other benefits. It shall as well contain a statement of payments made to Board Director in their capacity as officers or administrative executives and other capacities in addition to other benefits. The said statement shall also contain payments made to the Board Directors in consideration for technical, administrative or consultancy assignments carried out by the Board's members alongside a statement of number of Board meetings or the sessions each Director attended as of the date of the last meeting of the General Assembly.

Article (22) – Chairman, Managing Director and Secretary

The Board of Directors shall appoint a Chairman and a Vice-Chairman from among its members. The Board of Directors may also appoint a Managing Director. The person holding the Chairman position may not hold any other executive position in the Company.

The Chairman shall have the powers to convene the Board to meet and preside over its meetings and the Shareholders' Assembly meetings. The Vice-Chairman shall, in the absence of the Board Chairman, chair meetings of the Board. Besides, the Board Chairman, or in his absence, the Vice-Chairman, shall supervise the Company affairs, its administrative bodies, and shall carry out any and all duties assigned to him by the Board. In addition, the Chairman shall be entrusted with the following powers:

- to represent the Company (whether inside or outside the Kingdom of Saudi Arabia) in its relationships with third parties and before judicial bodies, Government departments, Notaries Public, Shari'ah courts, commercial courts, courts of appeal and cassation, committees for the resolution of commercial papers, committees of settling disputes of all types and degrees, boards of arbitration, labor and workers offices, primary and supreme committees for settling labor disputes, all other judicial, executive, administrative and governmental bodies, which shall include being entitled to raise, defend, plead, litigate, settle, acknowledge, conciliate, claim, discharge, assign, declare and acknowledge, deny, concede, intercede, stand as a surety, hear, refute, claims and proof, defend, submit proof, deny handwriting, seals, and signatures, request and lift travel ban, suspend services, request judge recusal, claim forgery, ask for and challenge witness testimonies and answer, vouch and discredit, accept, direct, or reject an oath, submit statements of claim and objection, request postponing lawsuits, appeal against verdicts, collect monies, whether in cheques, or cash, collect and receive what arises from verdict execution, collect and receive dues from third parties and acknowledge same, request and challenge verdict execution and enforcement, request appeals or cassation, abandon dispute and assign verdicts, whether fully or partially, accept and deny verdict enforcement and execution, appoint experts and arbitrators, challenge expert and arbitrators' reports and request arbitrators recusal and the replacement thereof,

complete all necessary procedures instituted by or against the Company;

- to represent the Company (whether inside or outside the Kingdom of Saudi Arabia) in its relationships with third parties and before all governmental, public, and private sectors and institutions, including the Ministry of Interior, Ministry of Foreign Affairs, Ministry of Defense, Ministry of Commerce and Investment, Department of Trademarks, Department of Commercial Agencies, Department of Qualitative Quality - Precious Metals, Department of Free Professions, and shall be entitled to apply for certificate of origin, request customs exemption, and to represent to Company before the Ministry of Finance, the Ministry of Environment, Water and Agriculture, the Directorates of Agriculture, the Wealth Affairs Sector, the Ministry of Labor and Social Affairs, the Ministry of Municipal and Rural Affairs, the Ministry of Health and Departments of Healthy Affairs, private and governmental hospitals, to request medical reports, and to represent the Company before the Ministry of Culture and Media, the Ministry of Population, the Ministry of Communications and Information Technology, the Ministry of Economy and Planning and branches and affiliated departments and sections, Saudi Arabian Monetary Authority, Technical and Vocational Training Corporation, Saudi Ports Authority, Saudi Grains Organization, Public Pension Agency, Saudi Arabian Airlines Public Corporation, General Organization for Social Insurance (GOSI), and branches and

- affiliated departments and sections and all relevant authorities, civil rights authorities and bodies, police stations, emirate branches and affiliated departments and sections and all relevant authorities, Control And Investigation Board, Public Prosecution and all relevant governmental authorities, including all stations, branches, and traffic departments, passports and recruitment departments and offices, in addition to the Chairman's right to apply for, amend, renew licenses, and apply for visas from labor and recruitment offices in the Company's name, grant exit and re-entry visas and final exit visas to Company sponsored employees, transfer sponsorships and assigning same, enter into and withdraw from bids, collect and receive dues and certificates of payments, and to enter any and all types of negotiations on behalf of the Company;
- to establish all types of companies (whether inside or outside the Kingdom of Saudi Arabia) or take part in establishing same, or take part in companies, whether existing or new, of all types, which shall include being entitled to sign before the notary public on behalf of the Company on articles of association and amending annexes of companies of whatever kind in which the Company takes part, which shall include, without limitation, liquidation, entry of new partners, exit of partners, selling shareholdings, and/or shares, buying stakes and/or shares, in addition to resolutions of raising/lowering capital stock, amendments related to management functions, resolutions of appointment and dismissal of directors, modifying objectives, transformation of a legal entity, merger,

amalgamation, and other resolutions and amendments, in addition to the right to represent the Company in the Partners' Assemblies, Shareholders' Ordinary and Extraordinary Assembly meetings, Constituent Assembly and transformational meetings and to vote thereat on behalf of the Company, to sign the resolutions related to such assemblies, authorize whoever the Chairman sees fit to attend and vote on the Company's name in all cases necessary, and to sign investment contracts inside and outside the Kingdom of Saudi Arabia;

- to enter into bids, tenders, and auctions, and receive letters of award on behalf of the Company, to enter into contracts and agreements of all kinds and their amendments and to sign same, which shall include, without limitation, bills of sale, purchase contracts, leases, renting contracts and agreements, real estate and commercial contracts, commercial agencies, concession contracts, hedging agreements, mortgages, guarantees, international and local trademark agreements, and to discuss and negotiate all such contracts and agreements, and the Chairman shall be entitled as well to subscribe on the Company's name in joint-stock companies, and to receive surplus after allocation of profits and to collect and receive dividends;
- to apply for, modify, and renew licenses, permits, permissions, and approvals;
- to open, manage, operate, activate, close bank accounts, withdraw and deposit thereat, approve signatures, issue checks, make

transfers from and into such accounts, receive and encash remittances and transfers, open and receive credits, apply for and receive statements of accounts, apply for and receive check books and issue checks, subscribe and renew subscription in bank safety boxes and credit accounts, facilitate guarantees for the Company, issue guarantees and bonds, documents, checks, and any and all commercial papers, apply for bank loans (upon the approval of the Board), finances, facilities, sign their contracts, relevant forms, undertakings, schedule of payments, receive and collect the loan and dispose of same. He shall be entitled as well to release of loans, activate, settle and close accounts, encash checks, disapprove checks, receive returned checks, receive shareholding certificates, receive and collect the share value and profits, to sign on loans (having obtained the Board's approval) and facilities granted to the Company and companies in which the Company takes part, and any and all other banking transactions and to provide all relevant guarantees and bonds and to sign thereon on behalf of the Company, to open and manage investment portfolios, establish and manage Company related investment accounts for shares and subscription, receive profits, transfer shares and portfolios, but and sell shares and collect the price;

- to represent the Company in all financial and banking transactions, whether locally or internationally, to buy, sell, lease, mortgage, properties, collect rents, sub-lease, enter into and terminate contracts and agreements, to transfer and accept ownership, to

deliver and receive, to collect, mortgage and redeem mortgage, to assign any and all rights and lawsuits, to apply for deeds of ownership for all properties, real estates, Company assets, whether agricultural, residential, commercial, industrial, and otherwise, and to receive deeds and contracts of ownership, request to correct deeds of ownership of properties and delineate their areas and borders, omit and add thereto, to sort and divide, to sign on the Company's behalf on whatever is necessary including to apply for replacement of lost or damaged document, to divide, sort, merge, or update, in addition to providing any and all kinds of guarantees, bonds, and undertakings, including without limitation, mortgage, assignment of Company properties and assets as guarantees of loans (having obtained the approval of the Board of Directors), Company liabilities and debts or those of affiliated companies in which the Company is a partner or a shareholder, and for such purpose, the Board shall be entrusted powers, which shall include without limitation, to restrict dividend payment and maintaining the share ownerships held by the Company in companies where which the Company is a partner or a shareholder for any period according to financing requirements;

- to claim the Company's entitlements and dues owed by third parties, whether governmental or private bodies, companies, banks, or individuals, negotiate with them, receive and collect monies, whether cash, checks, credits, or guarantees, to apply for main and branch commercial registers, annotate any additional amendments

made thereto including any omission, addition, modification, renewal, and removal and to receive commercial registers, to assign main and branch commercial registers, and to assign trade names, to sign at all chambers of commerce and industry inside and outside the Kingdom of Saudi Arabia, and shall be entitled as well to delegate such powers to third parties;

- to exercise all the above powers and authorities inside and outside the Kingdom of Saudi Arabia within the functions and powers entrusted to him, to delegate and sub-delegate such powers and authorities, and shall have the right as well to empower others under written authorizations or powers of attorney and dismiss them, issue and grant powers of attorney, to appoint and dismiss agents and attorneys, and to revoke delegation and powers of attorney, whether totally or partially;

The Board Chairman, in addition to the above powers and authorities, shall have any other powers the Board determines to him.

The Managing Director shall have such other powers as are specified by the Board of Directors, and shall carry out such directives as are given to him by the Board of Directors. In addition, the Managing Director shall be responsible for conducting the day-to-day affairs of the Company and shall submit report of same to the Board. He shall be authorized with all the powers granted to him by laws and regulations, and may as well make all decisions he sees fit. The Board of Directors shall, under a resolution

to be adopted thereby, specify the compensation to be given to each of the Chairman and the Managing Director.

The Board of Directors shall appoint a Secretary from among its members or others, and shall specify his duties. The Secretary's duties shall include having the proceedings and resolutions of the Board of Directors written in minutes and recorded alongside any other duties assigned to him by the Board. The remuneration of the Board secretary shall be determined by the Board.

The term of the office of the Chairman, the Managing Director and the Secretary – if the Secretary is a Board member – shall not exceed their respective term of service as Directors, and they may be re-elected at any time. Besides, the Board may remove any of them without prejudice to their right to compensation if dismissal was due to groundless reasons or was made in an inappropriate time.

Article (23) – Board Meetings

The Board of Directors shall be convened at least four times a year upon a call by the Chairman. Such call shall be made in writing and delivered by any communication means. The Chairman of the Board shall call for a meeting if so requested by any two (2) Board members.

Article (24) – Board Meeting Quorum

A Board meeting shall not be a valid meeting unless attended by at least five (5) members, three of whom must attend in person. In the event that a member of the Board of Directors gives a proxy to another member to attend the Board meetings on his behalf, then such proxy shall be given accordance with the following:

- a. A member of the Board of Directors may not act on behalf of more than one Board member as to attending the same meeting.
- b. A proxy shall be made in writing and in connection with a specified meeting.
- c. A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting under the law.

The Board resolutions shall be adopted with the approval of the majority vote of the members present in person or represented by proxy. (In case of a tie, Director presiding over the Board shall have a casting vote.)

Article (25) – Forming Committees

The Board of Directors may form committees (except for Audit Committee as per Article (40) hereof) and grant it powers seen fit by the Board, and shall coordinate between such committees for an expedient determination of matters submitted to such committees.

Article (26) – Board Deliberations

The Board deliberations and resolutions shall be drawn in minutes to be signed by the Board Chairman, attending members, and the Secretary. Such minutes shall be recorded in a special register to be signed by the Board Chairman and the Secretary.

CHAPTER IV: SHAREHOLDERS ASSEMBLIES

Article (27) – Attending Assemblies

Each subscriber, regardless of the number of shares held, shall have the right to attend the Constituent Assembly. Besides, each Shareholder shall have the right to attend the Shareholders' General Assemblies. Each Shareholder may authorize in writing another person, other than the members of the Board of Directors or employees of the Company, to attend the General Assembly on his/its behalf.

Article (28) – Constituent Assembly

Founders shall call all subscribers to hold a Constituent Assembly meeting within a period of 45 (forty five) days as of the Ministry's decision approving the incorporation of the Company. For the Constituent Assembly meeting to be valid, it shall be attended by a number of subscribers representing at least fifty percent (50%) of the Company's capital stock. In all cases, the second meeting shall be valid regardless of the number of subscribers attending therein.

Article (29) – Functions of Constituent Assembly

The Constituent Assembly shall be competent to deal with the matters stated in Article (63) of the Companies Law.

Article (30) – Functions of Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly shall be convened at least once a year, within 6 (six) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened whenever needed.

Article (31) – Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Company's Articles of Association, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

Article (32) – Manner of Convening General Assemblies

The Shareholders' General Assembly shall be convened by the Board of Directors. The Board of Directors shall convene a meeting of the Ordinary General Assembly if requested to do so by the Auditor, the Audit Committee, or a number of Shareholders representing at least five

percent (5%) of the Company's capital. The Auditor may invite the Ordinary General Assembly to convene if the Board does not invite it within thirty days of the date the Auditor's request.

The invitation shall be published in the Official Gazette and in a daily newspaper circulated in the city where the Company's head office is located at least 21 (twenty one) days prior to the time set for such meeting. However, sending such summons at the date specified to all Shareholders with registered letters may be sufficient. A Copy of the summons and the agenda shall be sent, within the period set for publication, to the Ministry and the Capital Market Authority.

Article (33) – Record of Attendance at General Assembly Meetings

Before the start of the Ordinary or Private General Assembly, Shareholders wishing to attend shall register their names in the ad hoc list maintained at the Company head office.

Article (34) – Quorum of Ordinary General Assembly

A meeting of the Ordinary General Assembly shall be valid only if attended by Shareholders representing at least 25% (twenty five percent) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within an hour following the time set for the preceding meeting provided that the notice to hold the first meeting shall state the possibility of holding such meeting or as per Article (32) of these Articles of Association. In all cases, the second

meeting shall be deemed valid irrespective of the number of shares represented therein.

Article (35) – Quorum of Extraordinary General Assembly

A meeting of the Extraordinary General Assembly shall be valid only if attended by Shareholders representing at least 50% (fifty percent) of the Company's capital. If such quorum cannot be attained at the first meeting, a second meeting shall be held within an hour following the time set for the preceding meeting provided that the notice to hold the first meeting shall state the possibility of holding such meeting or as per Article (32) of these Articles of Association. In all cases, the second meeting shall be deemed valid if attended by a number of Shareholders representing at least 1/4 (one-quarter) of the Company's capital. In case quorum cannot be attained at the second meeting, an invitation shall be made to a third meeting which shall be held under the same conditions applicable to preceding Article. The third meeting shall be deemed valid irrespective of the number of shares represented therein having obtained the consent of the Competent Authority.

Article (36) – Voting Rights

Each subscriber shall have one vote for each share he/it represents at the Constituent Assembly. Besides, each Shareholder shall have one vote for each share held at the meetings of General Assemblies. Cumulative ballot must be used when electing the Board of Directors.

Article (37) – Assembly Resolutions

Resolutions of the Constituent Assembly and the Ordinary General Assembly shall be adopted by an absolute majority of the shares represented thereat. Resolutions of the Extraordinary General Assembly shall be adopted by a majority vote of two thirds of the shares represented at the meeting. However, if the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term of existence, dissolving the Company prior to the expiry of the period specified therefor under these Articles of Association or merging the Company with another company, then such resolution shall be valid only if adopted by a majority of 3/4 (three-quarters) of the shares represented at the meeting.

Article (38) – Discussions at the Assembly Meetings

Each Shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the Auditor in this respect. The members of the Board or the Auditor shall answer the Shareholders' questions to the extent that does not expose the Company's interest to any damage. If the Shareholder deems the answer to the question unsatisfactory, then he/it may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

Article (39) – Chairing the General Assembly and Preparing Minutes

The Shareholders' General Assembly shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman, or the Director designated by the Board in the absence of the Chairman and the Vice-Chairman.

Minutes shall be written for the meeting showing the names of the Shareholders present in person or represented by proxy, the number of the shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary and the canvasser.

CHAPTER V: AUDIT COMMITTEE

Article (40) – Committee Formation

An Audit Committee shall be formed under a resolution by the Ordinary General Assembly. Such Committee shall comprise 3 (three) members who shall be non-Executive Directors, whether from Shareholders or others. Such resolution shall determine the duties of such Committee, its functioning controls, and remunerations of its members.

Article (41) – Meeting Quorum

For a valid meeting of the Audit Committee, a majority of its members is required. Besides, the Committee decisions shall be passed by the majority of attending members. In case of a tie, the Committee Chairman shall have a casting vote.

Article (42) – Committee Functions

The Audit Committee shall be responsible for overseeing the Company business, and for such purpose, the Committee shall be given access to the Company records and documents, and shall also request any explanation or statement from the Board Directors or the Executive Management. Besides, such Committee shall be entitled to ask the Board of Directors to call the General Assembly to convene if the Board obstructs the Committee functions or should the Company experience serious losses or damage.

Article (43) – Committee Reports

The Audit Committee shall examine the Company financial statements, reports, and notes submitted by the Auditor, and express its comments, if any, thereon. Besides, the Committee shall prepare a report of its opinion of the sufficiency of the Company internal control system alongside its assignments within its competence. The Board of Director shall file sufficient copies of such report at the Company head office at least 21 (twenty one) days before the date specified for the General Assembly

such that each Shareholder shall be given a copy thereof. Such report shall be read at the General Assembly.

CHAPTER VI: AUDITOR

Article (44) – Appointment of Auditor

The Company shall have one auditor or more to be selected from among the auditors licensed to work in the Kingdom of Saudi Arabia. The Auditor shall be appointed annually and his compensation and term of service shall be fixed by the General Assembly. The General Assembly may further dismiss the Auditor without prejudice to his right to compensation if dismissal was due to groundless reasons or was made in an inappropriate time.

Article (45) – Auditor's Powers

The Auditor shall have access at all times to the Company's books, records and any other documents, and may request statements, notes, information, and clarifications as he deems necessary. He may further check the Company's assets and liabilities and other things within his competency. The Chairman shall help the Auditor perform his duties, and should the Auditor encounter any difficulties in this regard, he shall state same in a report to be submitted to the Board of Directors. In case the Board does not facilitate the Auditor's duties, the Auditor shall be required to ask the Board to hold an Ordinary General Assembly to consider the matter.

**CHAPTER VII: THE COMPANY'S ACCOUNTS AND
DISTRIBUTION OF PROFITS**

Article (46) – Financial Year

The Company's fiscal year shall commence as on the 1st of January and shall expire on the 31st of December of each Gregorian year. However, the Company's first fiscal year shall cover the period commencing as of the date of issuance of the Ministerial Resolution announcing the conversion of the Company into a public joint stock company and expiring on the 03/01/1430H (31/12/2008).

Article (47) – Financial Documents

- a. The Board of Directors shall prepare at the end of each fiscal year the Company's financial statements, a report on the Company's activities and its financial position for the preceding fiscal year and the Board's proposals as to the distribution of the net profits. The Board of Directors shall put such documents at the Auditor's disposal at least 45 (forty five) days prior to the convening of the annual Ordinary General Assembly.

- b. The documents stated in paragraph (a) above, shall be signed by the Chairman of the Board of Directors, Chief Executive Officer, and Chief Financial Officer and a copy thereof shall be available at

the Company's head office for the Shareholders' review at least 21 (twenty one) days prior to the time set for convening the General Assembly.

- c. The Chairman of the Board of Directors shall provide Shareholders with the Company's financial statements, Board of Directors' report, and Auditor's report unless all such documents are published in a daily newspaper circulated at the Company's head office. Besides, the Chairman shall also send copies of such documents to the Ministry and the Capital Market Authority at least 15 (fifteen) days prior to the date set for convening the General Assembly.

Article (48) – Distribution of Profits

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

- 1- 10% (ten percent) of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals 30% (thirty percent) of the Company's paid-up capital.

- 2- The Ordinary General Assembly may, upon a proposal of the Board of Directors, set aside 5% (five percent) of the annual net profits to form an additional consensual reserve.

- 3- Ordinary General Assembly may form other reserves at the portion that would serve the Company's best interest or would ensure distributing constant profits, as much as possible, amongst Shareholders. Besides, Ordinary General Assembly may allocate from the net profits amounts to establish social institutions for the Company employees or to support existing social institutions.
- 4- Out of the balance of the profits, if any, there shall be paid to the Shareholders an amount of not less than 5% (five percent) percent of the paid-up capital.
- 5- Subject to provisions in Article (21) hereof, and Article (76) of the Companies Law, 5% (five percent) of the remaining amount shall be paid as compensation to the Board of Directors provided that entitlement of such remuneration shall be in proportion to number of sessions the Director has attended.

Article (49) – Dividends Maturity

A Shareholder shall be paid his dividend share subject to a resolution by the General Assembly, and such resolution shall state the date of maturity and distribution. Profits shall be distributed amongst Shareholders registered in the Shareholders Register at the end of the day specified for maturity.

Article (50) – Distribution of Dividends of Preferred Shares

- 1- In the event of non-distribution of profits in any fiscal year, profits of forthcoming years shall not be distributed before the portion specified in Article (114) of the Companies Law is paid to the owners of preferred shares for that year.

- 2- If the Company fails to pay this portion of the profits for a period of three consecutive years, in accordance with specified in Article (114) of the Companies Law, the Private Assembly of these interest holders may, in accordance with Article (89) of the Companies Law, resolve to either attend the General Assemblies of the Company and participate in the voting thereof, or to designate representatives on their behalf in the Board of Directors, in accordance with their share of the Company capital. This shall remain the case until the Company manages to fully pay the profits of priority for past years specified for the owners of such shares.

Article (51) – Company Losses

- 1- At any time of the fiscal year, if the Company's losses reach half of its paid-up capital, then any officer of the Company or the Auditor, once he is aware of such fact, shall notify the Chairman of the Board, who shall immediately notify the Board of same. The Board shall, within a period of fifteen days of being notified of same, call the Extraordinary General Assembly for a meeting within forty five days of the date the Board is notified of such losses. Extraordinary

General Assembly shall consider whether to raise or lower the Company capital stock in accordance with the Companies Law, such that losses should be lowered beyond half of the paid-up capital, or whether the Company shall be dissolved prior to the expiry of the period specified therefor under the Companies Law.

2- The Company shall expire under the Companies Law in case the Extraordinary General Assembly does not convene within the period specified in Paragraph (1) above hereof, or if the meeting thereof fails to decide upon the subject, or even if the Assembly decides to raise the capital in accordance with the conditions stated in this Article but each increase is not subscribed for within the ninety days following the issuance of the Assembly's resolution of increasing the Company capital.

CHAPTER VIII: DISPUTES

Article (52) – Liability Action

Each Shareholder shall have the right to file a liability action, vested in the Company, against the members of the Board of Directors if they have committed a fault which has caused some particular damage to such Shareholder, provided that the Company's right to file such action shall still be valid. The Shareholder shall notify the Company of his/its intention to file such action.

CHAPTER IX: DISSOLUTION AND WINDING UP OF THE COMPANY

Article (53) – Company Expiration

The Company shall be liquidated upon the expiry of the its term, and shall retain its legal personality to the extent needed for liquidation. Voluntary liquidation shall be made pursuant to a resolution by the Extraordinary General Assembly whose resolution shall appoint one or more liquidators and specify their powers and fees in addition to the restraints on his powers and the duration needed for liquidation. The duration of voluntary liquidation shall not exceed five years and may not be extended except with a judicial order. Besides, the powers of the Board of Directors shall cease upon the Company's winding up. However, the Board of Directors shall remain responsible for the management of the Company, and shall be considered as liquidators for third parties until liquidators are appointed. The Shareholders' Assemblies shall remain through the liquidation period and shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

CHAPTER X: GENERAL PROVISIONS

Article (54) – The Companies Law

The Companies Law shall apply to all other matters not specifically provided for herein.

Article (55) – Publication

These Articles of Association shall be filed and published in accordance with the Companies Law and its Regulations.

Company Name	Articles of Association	Approval of General Ministry of Commerce and Investment (General Department of Companies – Corporate Governance Department)
Middle East Specialized Cables (MESC) C.R.: 1010102402	Date of Approval 12/03/1440H (20/11/2018)	(seal of Ministry and General Department of Companies - Corporate Governance Department affixed)

***A copy of these Articles of Association has been issued based upon the Resolution of the Extraordinary General Assembly dated 04/11/2018.**

*** These Articles of Association have been notarized.**