

Articles of Association of
Middle East Paper Company (MEPCO)
Joint Stock Company (Listed)
Chapter One: Company Incorporation

Article (1): Incorporation

In accordance with the provisions of the Companies Law and its Regulations, a Saudi Joint Stock Company shall be established as follows: -

Article (2): The Company Name

Middle East Paper Company (Saudi Joint Stock Co.), registered in the commercial register No. 4030131516 dated 3/7/1421H.

Article (3): Purpose of Company

The Company shall practice & execute the following purposes: -

- 1) Manufacturing of "Kraft" paper and curvy/ winding paper
- 2) Manufacturing of paper products consisting of the following:
 - A- Paper paste / pulp.
 - B- Production of boxes, containers, and cartons .
 - C- Paper tissues
 - D- Cardboard
 - E- Writing & printing paper
 - F- Sensitive paper
 - G- Printing books, magazines & newspapers
 - H- Printing calendars
 - I- Printing advertisements & sketch maps
- 3) Wholesale and retail trading in paper products, stationaries, advertising materials, teaching clearing utilities, books, and printed materials.
- 4) Wholesale & retail trading on water purification equipment, transport and building materials.
- 5) Procurement of real estate, and land plots for purposes of construction and investment by way of selling and leasing in favor of The Company.

The Company practices its activities in conformity with the prevailing regulations after having obtained the necessary licenses from the concerned authorities, if any.

Article (4): Partnership, merger and Participation with other Companies:

The Company may establish wholly-owned limited liability or closed joint stock companies. It may also own shares or stock in other existing companies or merge with such companies and may work with third parties on establishing joint stock or limited liability companies or any other entities inside or outside the Kingdom, having complied with the applicable laws and directives in this regard. Moreover, The Company may dispose of these shares or stocks provided that they are not serving as brokers for the traded shares.

Article (5): Head Office of The Company

The Company's head office is located in Jeddah, Kingdom of Saudi Arabia. The Board may open branches, offices, or agencies inside or outside the Kingdom of Saudi Arabia.

Article (6): Duration of The Company

The duration of The Company shall be (99) Gregorian years effective from the date of the Royal Decree that declares its incorporation. The duration of The Company may be extended to other similar or shorter periods by a resolution issued by the Extraordinary General Assembly at least one year prior to the expiration of its term.

Chapter Two: Share Capital and Shares

Article (7): Share Capital

The Company's capital has been determined to be an amount of SR (500,000,000) Five Hundred Million Saudi Riyals divided into (50,000,000) Fifty Million equal shares, the nominal value of each being (SR10) Ten Saudi Riyals. All of them shall be named ordinary.

Article (8): Shares of incorporation

The founders have subscribed in all of The Company shares and paid their values in full.

Article (9): Shares of incorporation

The Extraordinary General Assembly may, subject to the conditions of the competent authority issue preferred shares, purchase preferred shares, convert ordinary shares into preferred shares, or vice versa. The preferred shares shall not give their holders the right to vote in general assemblies. Such shares shall entitle their holders to a percentage, higher than that of holders of ordinary shares, in the net profits of The Company after deducting the statutory reserve.

Article (10): Selling of shares whose values have not been fulfilled.

A shareholder shall pay the value of the share on designated dates. If he fails to do so, the board of directors may, after notifying him in the manner prescribed in The Company's articles of association or by registered mail, sell the share at a public auction or in the capital market, as the case may be, in accordance with rules set by the Competent Authority. The Company shall receive the amounts due thereto from the sale proceeds and shall return any remaining amount to the shareholder. If the sale proceeds are insufficient to satisfy the due amounts, The Company may satisfy such amounts from the shareholder. A shareholder in default up to the sale date may pay the due amount, in addition to any related expenses incurred by The Company. The Company shall cancel the share sold in accordance with the provisions of this Article and shall give the purchaser a new share carrying the number of the cancelled share. The sale shall be entered into the share register along with the name of the new holder.

Article (11): Share issuance

The shares of joint stock companies shall be nominal. Shares may not be issued at less than their nominal value, but they may be issued at a premium if the bylaws of The Company provide that or if it is approved by the general assembly. In this case, the difference in value shall be prescribed in a separate provision within shareholders' rights and it may not be distributed to shareholders as profits. If a share is jointly owned by several persons, they must elect one of them to exercise the rights attached to such share on their behalf, but they shall be jointly liable for the obligations arising from the ownership of such share.

Article (12): Share Trading

Shares subscribed by incorporators may not be tradable except upon after publication of the financial statements for two fiscal years, each is not less than twelve months, as from the date of The Company's incorporation. The certificates of such shares shall be marked with an indication of their type, date of The Company's incorporation and restriction period for trading. During the restriction period, ownership of shares owned by an incorporator may be transferred to another incorporator in accordance with the provisions governing the sale of rights, or from the heirs of one of the incorporators, in the event of his death, to others, or in case of enforcement against the property of an insolvent or bankrupt incorporator, without prejudice to other incorporators' right of first refusal. The provisions of this Article shall apply to shares subscribed by incorporators in case of capital increase prior to the expiration of the restriction period.

Article (13): Shareholder's record: purchase and mortgage of shares

- 1) Trading The Company's shares shall be conducted based on the provisions of the stock market regulations. Subscription in shares or acquisition thereof shall imply that the shareholder accepts The Company's articles of association and abides by resolutions issued at shareholder assemblies in accordance with the provisions of the Law and The Company's articles of association, whether he is present or absent, and whether he agrees or disagrees with such resolutions.
- 2) The Company may repurchase its own shares or accept them as a pledge in accordance with rules set by the Competent Authority Shares repurchased by The Company shall have no voting rights in shareholder assemblies.
- 3) The Company may buy its shares in order to use them as treasury shares and to allocate them for its employees within the framework of the employees shares scheme according to the guidelines set forth by the Competent Authority.
- 4) Shares may be pledged in accordance with rules set by the Competent Authority. The pledge creditor shall receive profits and use share-related rights unless the pledge contract stipulates otherwise. The pledge creditor may not attend meetings of the shareholder general assembly nor vote therein.

Article (14): Increase of Capital

- 1) The extraordinary general assembly may decide to increase The Company's capital, provided that the capital was fully paid. The capital does not have to be paid in full if the unpaid portion of the capital relates to shares issued against the conversion of debt instruments or Sukuk into shares and the period prescribed for conversion to share has not yet expired.
- 2) In all cases, the extraordinary general assembly may, upon increasing capital, allocate issued shares or part thereof to The Company's employees or any of its subsidiaries. Shareholders may not exercise preemptive rights when The Company issues shares allocated for employees.
- 3) A shareholder shall, upon issuance of the decision of the general assembly approving the capital increase, have a preemptive right to subscribe to new shares issued against cash contributions. Such shareholders shall be notified of such right, if any, by publication in a daily newspaper, or transmission by registered mail of the decision of capital increase, conditions and period of subscription as well as beginning and ending dates.
- 4) The extraordinary general assembly shall have the right to suspend shareholders' preemptive rights to subscribe to the capital increase against cash contributions or give such rights to non-shareholders in cases it deems beneficial for The Company.

- 5) Shareholders shall be entitled to sell or assign the preemptive rights during the period from the time of issuing the decision of the general assembly approving the capital increase up to the last day of subscription in the newly issued shares associated with such rights, in accordance with rules set by the Competent Authority.
- 6) Subject to the provisions of sub article (4) above, newly issued shares shall be distributed to holders of preemptive rights requesting a subscription, proportionate with preemptive rights they have against the total preemptive rights resulting from a capital increase, provided that the newly issued shares they obtain do not exceed the shares they request. The remaining new shares shall be distributed to holders of preemptive rights requesting more than their share, proportionate with preemptive rights they have against the total preemptive rights resulting from the capital increase, provided that the newly issued shares they obtain do not exceed the shares they request. The remaining shares shall be offered to third parties unless otherwise stipulated in an extraordinary general assembly resolution or in the Capital Market Law.

Article (15): Decrease of Capital

The extraordinary general assembly may decide to decrease the capital if it is in excess of the need of The Company or if The Company incurs losses. In the latter case only, the capital may be decreased below the limit set forth in Article 54 of the Law. The decision to decrease the capital shall not be issued until after reading the auditor's report regarding the grounds for such decrease, The Company's liabilities, and the effect of decrease on such liabilities.

If the capital decrease is due to its being in excess of The Company's need, the creditors shall be called to submit their objections thereto within 60 days from the date of publishing the decision of capital decrease in a daily newspaper distributed in the area where The Company's head office is located. If a creditor objects and presents his documents to The Company within the said period, The Company shall pay the debt owed to him if it is due or provide a sufficient guarantee if the debt is not yet due.

Article (16): negotiable debt instruments or sukuk:

- 1) The Company may, in accordance with the Capital Market Law, issue negotiable debt instruments or sukuk.
- 2) A company may not issue debt instruments or Sukuk that are convertible into shares except upon a decision by the extraordinary general assembly prescribing the maximum number of shares that may be issued against such instruments or Sukuk, whether such instruments or Sukuk are issued simultaneously, through a

series of issues or under one or more schemes for issuing debt instruments or Sukuk. The board of directors shall, without new approval from the said assembly, issue new shares against such instruments or Sukuk pursuant to the conversion requests made by their holders, upon expiration of the conversion period prescribed for holders of such instruments or Sukuk. The board shall take necessary action to amend The Company's articles of association with regard to capital and the number of shares issued.

- 3) Subject to Article 122 of the Law, The Company may convert debt instruments or Sukuk into shares in accordance with the Capital Market Law. In all cases, such instruments and Sukuk may not be converted into shares in the following cases:
- a- if the conditions for issuance of debt instruments and Sukuk do not provide for conversion of such instruments and Sukuk into shares by increasing The Company's capital; or
 - b- if the holder of a debt instrument or Sukuk does not approve such conversion.
- 4) Resolutions of shareholder assemblies shall apply to holders of debt instruments and sukuk. Said assemblies may not amend rights established for such holders except upon a consent issued by them in a special assembly held in accordance with the provisions of Article (89) of the Companies Law.

Chapter three: Board of Directors

Article No. (17): Company Management:

The Company shall be managed by a board of directors composed of (8) members elected by the ordinary general assembly of shareholders and will continue for a period not exceeding Three years. They may be re-elected for several teams. As an exception, the first board of directors has been appointed by The Company transformational assembly for a period of Five years. The membership duration of the first board of directors commenced from date of the Ministerial resolution issued by virtue of the declaration of The Company transformation. Any shareholder is eligible to nominate himself or nominate someone else for membership of the board of directors. This will be done in conformity with his owned shares in the capital.

Article No. (18): Termination of Board Membership

Membership on the Board shall cease at the expiry of the term or in the event that the validity of that membership is terminated in accordance with any applicable laws or regulations in the Kingdom. However, the Ordinary General Assembly may, at any time, remove all or any of the Directors, without prejudice to the right of a removed director to hold The Company liable if the removal is made without acceptable justification or

at an improper time. A Director may resign, provided that such resignation is made at a proper time; otherwise, he shall be responsible to The Company for damages resulting from such resignation.

Article No. (19): Board Vacancies

where the office of a director becomes vacant, the Board may appoint a temporary Director who has sufficient experience and qualifications to fill the vacancy based on the Board's discretion. The competent authority shall be informed within five business days from the appointment date. Such appointment shall be submitted to the earliest General Assembly. The new Director shall complete the unexpired term of his predecessor. Where the conditions required for holding the Board of Directors meeting is not satisfied because the number of Directors falls below the minimum prescribed in the Regulations or in The Company's Articles, the remaining Directors must call the General Assembly to convene within (60) days to elect the required number of Directors.

Article No. (20): Powers of the Board

The Board of Directors has the widest powers in managing The Company, managing its affairs, supervising its business and financial affairs inside and outside the Kingdom of Saudi Arabia, and preparing policies and guidelines to achieve its objectives. It may, for example, but not be limited to, represent The Company in its relations with third parties and governmental and private entities.

2. Setting the Company's main plans, policies, strategies and objectives, supervising their implementation and reviewing them periodically, ensuring the availability of human and financial resources necessary to achieve them, setting systems and controls for internal control and general supervision over them.

3. Forming specialized committees emanating from it by decisions specifying the duration of the committee's work, its powers and responsibilities, and how the Council will monitor it, provided that the decision to form includes naming the members and specifying their tasks, rights and duties, while evaluating the performance and work of these committees and their members.

4. The Board also has the right to establish companies, contribute to the establishment of companies, open branches of The Company, and the right to sign all types of contracts, documents, and documents, including without limitation contracts of incorporation of companies established by The Company or in which The Company is a partner with all amendments to the articles of incorporation of companies that The Company shall be a partner in it and its appendices and all the decisions of the partners in those companies, including decisions related to raising and decreasing the capital,

assigning and purchasing shares, documenting contracts, signing with the Companies Department at the Ministry of Commerce and Investment, the notary, making amendments, changes and additions. Deletion, extraction and renewal of commercial records, receiving and writing off, changing company names, granting loans to affiliated companies, guaranteeing their loans, signing agreements and instruments before notaries and official authorities, as well as loan agreements, guarantees, guarantees and securities, and waiving Priority in paying The Company's debts, issuing legal agencies on behalf of The Company, buying and selling real estate, lands, shares and shares in companies and other properties, whether movable or immovable, and disposing of assets and property The Company, investing and mortgaging fixed and movable assets to guarantee the loans of The Company and its subsidiaries according to the following conditions:

- a) The Board shall specify in the sale decision the reasons and justifications for it.
- b) The sale should be close to the same price.
- c) That the sale be present, except in cases of necessity and with sufficient guarantees.
- d) That such disposal shall not result in the suspension of some of The Company's activities or the imposition of other obligations on it.

5. The Board has the right to empty, accept, receive the price, receive, deliver, rent, lease, receive, pay, open accounts, manage, operate and close bank accounts, withdraw and deposit with banks, and borrow from them, sign all papers, documents, checks and all banking transactions, invest and operate The Company's funds in the local and international markets inside and outside the Kingdom of Saudi Arabia. . He also has the right to appoint lawyers, employees, and workers, dismiss them, request visas, bring in manpower from outside the Kingdom, contract with them, determine their salaries, issue residencies, transfer and waive guarantees. The board of directors may also contract loans with government financing funds and institutions, regardless of their term, and may contract commercial loans, obtain loans and other credit facilities from government institutions, commercial banks, financial institutions and any credit companies, and issue letters of guarantee in favor of any party if it deems that this is in the interest of any party. The interest of The Company, the issuance of promissory notes and other negotiable documents, and entering into all kinds of agreements and banking transactions for any period of time whose terms do not exceed the end of The Company's term. As for loans whose terms exceed three years, the following conditions shall be observed:

a) That the Board of Directors specify in its decision the aspects of using the loan and how to repay it.

b) To consider in the terms of the loan and the guarantees provided to it, not to harm The Company, its shareholders, and the general guarantees of the creditors.

6. The Board may also approve The Company's internal, financial, administrative and technical systems, policies and procedures for employees, authorize The Company's executive directors to sign on its behalf in accordance with the regulations and controls set by the Board, approve The Company's work and operation plans, and approve the preliminary and annual financial statements. And absolve The Company's debtors of their obligations, provided that the minutes of the Board of Directors and the rationale for its decision include observance of the following conditions:

a) That the release shall take place after the lapse of one full year from the origination of the debt, as a minimum,

b) The release shall be for a specified amount as a maximum per year for one debtor.

The Council may also, within the limits of its competence, delegate one or more of its members or third parties to carry out certain work or businesses. Or some or all of its powers and cancel this authorization or power of attorney in whole or in part. The Board of Directors shall determine the powers and authorities delegated to it in accordance with the previous paragraph, the decision-making procedures and the term of the authorization. It shall also specify the issues that it retains the power to decide on, and the Board of Directors shall avoid issuing general authorizations. or indefinite duration.

7. Appointing a secretary for the council to be chosen by him from among its members or from a third party, who is responsible for recording the minutes of the council's meetings, recording, and keeping the decisions issued by these meetings, in addition to exercising other powers entrusted to him by the board of directors.

Article No. (21): Board members remuneration

1- The remuneration of the Board member for his membership in the Board shall be a certain amount, attendance allowance for sessions, benefits in kind, or a certain percentage of the net profits, and two or more of these benefits may be combined, and in all cases; The sum of the remunerations and benefits and financial or in-kind benefits that a board member receives shall not exceed the specified amount as stipulated in the Companies Law and its regulations and in accordance with the controls set by the competent authority.

2- The Board may determine a remuneration for the Chairman and the Managing Director, in addition to the remuneration prescribed for the members of the Board, within the limits of what is stipulated in the Companies Law.

Article No. (22): Powers of the Board Chairman

1. The Board of Directors shall appoint from among its members a Chairman and a Vice-Chairman. It may also appoint a Managing Director. It is not permissible for a single member to combine the position of the Chairman of the Board and any other executive position in The Company. The Chairman or his deputy shall have the power to invite the Board to a meeting and to preside over the meetings of the Board and the General Assembly.

2. Considering the powers of the Board and its resolutions and the decisions of The Company's general assembly, the Chairman of the Board of Directors shall be responsible for representing The Company in its relations with others, at government departments, Companies, and individuals, before courts and courts of all degrees and categories, notaries, labor offices, higher and primary committees, commercial papers committees and all other judicial committees. Arbitration and dispute resolution bodies of all kinds, civil rights, police departments, the Public Prosecution Office, all government agencies, chambers of commerce and industry, public and private bodies, companies, and institutions of all kinds,

Entering into tenders, arresting, paying, acknowledging, claiming, issuing legal agencies, appointing and dismissing agents and lawyers, pleading, defending, litigating, conciliation, waiver, acquittal, denial, acknowledgment, swearing in oaths, arbitration, accepting and objecting to judgments on behalf of The Company, implementing judgments, and signing all kinds of contracts, agreements, documents, documents and forms, including This includes without limiting the articles of incorporation and amendment annexes - signing partners' decisions - entry and exit of partners - assignment of shares and shares from the capital - acceptance of assignment of shares, shares and capital - transfer of shares, shares and bonds.

And amending The Company's objectives - Amending the articles of incorporation contracts or amendment annexes - Registering The Company - Registering agencies and trademarks - Opening files for The Company - Opening branches for The Company - Cancellation of the articles of incorporation and amendment annexes - Signing the articles of incorporation and amendment annexes with the notary - Extracting and renewing commercial records for The Company - Participation in the Chamber of Commerce and its renewal - Issuance and renewal of licenses for The Company -

Converting The Company's branch into a company and signing decisions to liquidate it and decisions to appoint or dismiss managers and company representatives in shareholders' assemblies,

Signing the deeds and voids, extracting the lost allowance before notaries and official bodies, loan agreements and all financial agreements with funds and government financing institutions, the Industrial Development Fund, banks, banks, financial houses, asset management institutions and investment companies in public and private securities inside and outside the Kingdom,

Opening and closing accounts, opening credits, withdrawals, depositing with banks, issuing bank guarantees, guarantees, mortgages, and dismantling them, signing documents, bonds, checks, and all commercial papers, collecting The Company's rights and paying its obligations, selling, buying, emptying, accepting, receiving, delivering, renting, arresting, paying, entering into tenders, appointing employees, contracting with them and determining Their salaries, dismissal from service, visa application, recruitment of employees and workers from abroad, issuance of residency and work permits, transfer of guarantees and assignment of them, and the Chairman of the Board of Directors may delegate or delegate one of the members of the Board or a third party to carry out certain work or actions of his powers or take action or disposal and granting the agent the power to delegate others, and he may cancel the power of attorney partially or completely.

3. The Vice Chairman of the Board of Directors shall replace the Chairman of the Board of Directors in his absence, and the powers of the Managing Director shall be specified in a decision appointing him.

4. The term of the chairman, his deputy, the delegated member, and the secretary of the board of directors shall not exceed the term of their membership in the board, and they may be re-elected, and the board may at any time dismiss them or any of them without prejudice to the right of those dismissed for compensation if the dismissal occurred for an illegal reason or in Inappropriate time.

Article No. (23): Board Meeting

The board of directors shall hold a meeting at least twice a year based on an invitation made by the chairman. The invitation shall be in writing and may be delivered by hand or sent by mail or by email. The chairman must call for a meeting if two of the members request it.

Article No. (24): Board Meeting

A meeting of the Board shall be valid only if attended by at least one-half of the Directors. provided that the attendant-in-person members shall not be less than four members. The board member may be delegate other to attend the meeting on his behalf. in line with the following guidelines: -

- A) A member of the Board of Directors may not be authorized by more than one member to attend the same meeting.
 - B) The delegation should be in writing.
 - C) A member may not vote on resolutions that the law forbids the delegator to vote on.
- Resolutions of the Board shall be adopted by a majority vote of the Directors present or represented. In case of a tie, the chairman of the meeting would have the casting vote.

Article No. (25): Board deliberations

Board deliberations and resolutions shall be recorded in minutes signed by the meeting chairman, attending members and secretary, such minutes shall be entered in a special register signed by the chairman and secretary.

The Board may issue resolutions on urgent matters by circulation unless a member requests in writing that the Board convenes for deliberation. Such resolutions shall be presented to the Board at the following meeting.

Chapter Four: Shareholders Assemblies

Article No. (26): Assemblies Attendance:

Any subscriber, irrespective of number of his shares, has the right to attend the establishment assembly. Any shareholder has the right to attend the general assemblies of shareholders and may authorize another person outside the board members or company staff to attend the general assembly.

Article No. (27): Shareholders Rights:

Shares shall entail equal rights and obligations. Shareholders shall have all rights associated with shares, particularly the rights to dividends, The Company's assets upon liquidation, attendance and participation in shareholder assemblies and voting on resolutions, disposal of shares, access to The Company's books and documents, monitoring board activities, initiation of a liability suit against Board members and appealing resolutions issued by shareholder assemblies, in accordance with conditions and limitations set forth in the Law or in The Company's articles of association.

Article No. (28): Competencies of the Ordinary General Assembly:

Except for matters within the powers of the extraordinary general assembly, the ordinary general assembly shall have powers over all other company matters and shall convene at least once a year within six months following the end of The Company's fiscal year. The ordinary general assembly may, however, convene when necessary.

Article No. (29): Competencies of The Extraordinary General Assembly:

The Extraordinary General Assembly of Shareholders shall be competent to amend the provisions of the Articles of The Company, other than those provisions whose amendment is prohibited by law. Furthermore, the Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

Article No. (30): Call for Assemblies

The general or special assemblies of shareholders shall convene pursuant to a call by the board of directors as prescribed by The Company's articles of association. The board of directors shall call for an ordinary general assembly meeting if so, requested by the auditor, the audit committee or by a number of shareholders representing at least 5% of the capital. The auditor may call for a general assembly meeting if the Board fails to do so within 30 days from the date of the auditor's request. The call for the general assembly meeting shall be published in a daily newspaper distributed in the region where the head office of The Company is located, at least 21 days prior to the date set for the meeting. However, a call sent by registered mail at the said time shall suffice. A copy of the call together with the agenda shall be sent to the Competent Authority., within the period specified for publication.

Article No. (31): Assemblies Attendance Record

Shareholders who wish to attend the general or private assembly should write their names at the site where the session is intended to be held before the time designated for the assembly session.

Article No. (32): Quorum of the Ordinary General Assembly

The ordinary general assembly meeting shall be valid only if attended by shareholders representing at least 25% of The Company's capital, If the quorum necessary for an ordinary general assembly is not obtained in the first meeting one of the following options should be selected:

- 1- The second meeting may be held one hour after the end of the period set for the first meeting, and the call for the first meeting provides for the possibility of holding a second meeting.

2- a call shall be sent for a second meeting to be held within 30 days following the first meeting. This call shall be published in the manner prescribed in Article 30 of this Law. In all cases, the second meeting shall be valid regardless of the number of shares represented therein.

Article No. (33): Quorum of The Extraordinary General Assembly

The extraordinary general assembly meeting shall be valid only if attended by shareholders representing at least 50% of The Company's capital. If the quorum is not achieved for the first session, one of the following options should be selected:-

1- The second session would be convened one hour after the end of the first meeting on the condition that the invitation for the first meeting should include a statement indicating the possibility of holding this session

2- An invitation has been made to convene a second meeting based on the same circumstances as stated in Article No. (30) of this Policy. In all cases, the second session shall be considered valid if it is attended by a number of shareholders representing at least one-quarter of the capital. But if the quorum for the second session is not achievable, an invitation shall be made for a third session to be held under the same circumstances as stipulated in Article No. (30) of this policy. The third session shall be regarded as valid regardless of the number of shares represented in it after approval of the concerned authority is obtained.

Article No. (34): Voting at Assemblies

Each subscriber possesses a vote for each share that he represents in the establishment assembly. Also, each shareholder possesses a vote for each share in the general assemblies. The cumulative votes should be used in the board of directors voting in such a way that the right to vote for a share must not be availed more than one time. Additionally, members of the board may not participate in the vote on the assemblies' resolutions related to their acquittal of any liabilities in The Company management or in relation to their direct/indirect interests.

Article No. (35): Resolutions of Assemblies

Resolutions of the ordinary general assembly shall be passed by an absolute majority vote of the shares represented in the meeting.

Resolutions of an extraordinary general assembly meeting shall be passed by a two-thirds majority vote of shares represented therein. Resolutions pertaining to an increase or decrease of capital, extension of the term of The Company, dissolution of The Company prior to the expiry of the term set forth in its articles of association, or a

merger with another company, shall be valid if adopted by a three-quarter majority vote of shares represented at the meeting.

Article No. (36): Deliberations at Assemblies

Each shareholder shall have the right to discuss items listed on the agenda of the general assembly and address relevant questions to board members and the auditor. The board of directors or the auditor shall answer shareholders' questions to the extent that does not jeopardize The Company. If the shareholder deems that the response to a question is unsatisfactory, he may appeal to the general assembly whose decision shall be final.

Article No. (37): Procedures of the general assemblies

Meeting of the shareholders general assemblies shall be chaired by the board chairman or his deputy, in case of his absence, or a person delegated by the board of directors among the members, in case of absence of the chairman and his deputy. Minutes shall be compiled on the assembly's session which should include number of the attending shareholders or representatives, number of shareholders possessed personally or by proxy, number of votes allocated for them, number of resolutions adopted, number of votes that have agreed on them or objected to them in addition to a comprehensive conclusion on the negotiations made during the session. The meeting minutes shall be recorded regularly after each session in a special register to be signed by the assembly chairman, the secretary, and the votes collector.

Chapter Five: Audit Committee

Article No. (38): Formation of Committee

The audit committee shall be formed pursuant to a decision by the ordinary general assembly from non-executive board members, whether shareholders or non-shareholders. Such committee shall comprise not less than three members and not more than five members. The general assembly decision shall stipulate the committee's tasks, work procedures and remuneration of its members.

Article No. (39): Quorum of Audit Committee Meeting

An audit committee meeting shall be valid only if attended by majority of its members, and its decisions shall be passed by a majority vote of attending members. In case of a tie, the chairman of the meeting shall have the casting vote.

Article No. (40): Powers of the Audit Committee

The audit committee shall monitor The Company's activities and shall have access to The Company's records and documents and may request clarifications or statements

from board members or executive management. it may also request the board to call for a general assembly meeting if the board hinders its work or if The Company suffers serious damage or loss.

Article No. (41): Reports of the Audit Committee

The audit committee shall review The Company's financial statements, and auditor's reports and notes, and shall provide its opinion thereon, if any. The committee shall also prepare a report of its opinion concerning the efficiency of internal control within The Company, and about any other activities falling within its powers. The board shall deposit a sufficient number of copies of such report at the head office of The Company at least (21) days prior to the general assembly meeting to be available for shareholders. Said report shall be read during the meeting of the general assembly.

Chapter Six: Auditor

Article No. (42): Appointment of Auditor

The Company shall have one auditor (or more) licensed to operate in the Kingdom. The general assembly shall appoint such an auditor and determine his remuneration and term. The general assembly may, at any time, replace the auditor without prejudice to his right to compensation if the replacement is unjustified or occurs at an inappropriate time.

Article No. (43): Powers of Auditor

- 1) The auditor may access The Company's books, records and other documents at any time. He may also request data and explanations that he deems necessary for verification of The Company's assets and liabilities as well as other matters falling within the scope of his work. The chairman of the board shall facilitate the auditor's performance of his duties. If the auditor encounters difficulty in this regard, he shall report the same to the board of directors. If the board fails to facilitate the work of the auditor, he shall request the board to call for an ordinary general assembly meeting to consider the matter.
- 2) The auditor shall submit a report to the annual ordinary general assembly in accordance with recognized auditing standards. The report shall include the extent to which The Company's management was cooperative in providing him with requested data and explanations, and any detected violations of the Law or The Company's articles of association as well as his opinion on the integrity of The Company's financial statements. The auditor shall read his report at the general assembly meeting. If the general assembly decides to approve the report of the board

and the financial statements without hearing the auditor's report, its decision shall be null and void.

- 3) The auditor may not disclose to shareholders other than the general assembly or to others the confidential information that he becomes privy to in the course of performing his duty. Otherwise, he shall be discharged and be liable for compensation. The auditor shall be liable for damages sustained by The Company, the shareholders or third parties due to faults attributed to the auditor's performance of his duties. If such faults are the responsibility of multiple auditors, said auditors shall be jointly liable.

Chapter Seven: Company Accounts and Distribution of Dividends

Article No. (44): Financial Year

The Company's fiscal year commences on the first of January and ends on the Thirty First of December of each Gregorian year. The Company's first fiscal year shall start on the date of its registration in the commercial register and will end on the Thirty First of December of the next year.

Article No. (45): Financial Documents

- 1) The board of directors shall, at the end of each fiscal year, prepare The Company's financial statements and a report on its activities and financial position for the last fiscal year. Said report shall include a proposal on distribution of profits. The board shall make such documents available to the auditor at least 45 days prior to the general assembly meeting.
- 2) Documents provided for in paragraph (1) of this Article shall be signed by the chairman of The Company's board, chief executive officer and chief financial officer, and a copy thereof shall be kept at The Company's head office to be available to shareholders at least (21) days prior to the general assembly meeting.
- 3) The chairman of the board shall provide shareholders with The Company's financial statements, board's report and auditor's report unless published in a daily newspaper distributed in the area where The Company's head office is located. He shall also provide a copy thereof to the Competent Authority, at least (15) days prior to the general assembly meeting.

Article No. (46): Distribution of Dividends

- 1) Ten per cent (10%) 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%) of The Company's capital.

- 2) The Ordinary General Assembly may be based on a proposal by the Board set aside a percentage of the annual net profits to be allocated towards one or more specific purposes the provisional reserve may not be used except pursuant to a decision by the extraordinary general assembly.
- 3) The ordinary general assembly may create other reserves to serve The Company's interest or ensure distribution of fixed dividends, as much as possible, to shareholders. Said assembly may also deduct amounts from the net profit for the purpose of establishing social programs for The Company's staff or to provide assistance to existing programs.
- 4) Distribution of a dividend to shareholders at least (5%) of The Company's paid-up capital.
- 5) Subject to the provisions of Article (21) herein and Article (76) of the Companies Law, if compensation for Directors is a percentage of The Company's dividends, such compensation shall not exceed a percentage of (10%) from the net profits, the entitlement to the compensation shall be proportional to the number of meetings attended by the member. and every estimate otherwise is void.
- 6) The Company may, after fulfilling the regulations set by the competent authority, distribute semi-annual and quarterly dividends to shareholders.

Article No. (47): Entitlement of Dividends

Shareholders shall be entitled to their share of profits pursuant to the General Assembly resolution adopted in this regard. Such resolution shall specify the entitlement date and distribution date. Shareholders registered in the shareholder's register shall be entitled to their shares of profit by the end of the day of their entitlement.

Article No. (48): Distribution of Dividends for Preferred Shares

- 1) If no dividends are distributed for any fiscal year, dividends for the following years may only be distributed after paying the percentage specified in Article (114) of the Companies Law to the holders of preferred shares for such a year.
- 2) If The Company fails to pay the percentage specified in Article (114) of the Companies Regulations for three consecutive years, the private assembly of holders of preferred shares, convened pursuant to the provisions of Article (89) of the Companies Regulations, may adopt a resolution to enable them to attend the General Assembly and participate in voting, or to appoint representatives thereof in the Board of Directors in proportion to the value of their shares in The Company's capital, until The Company, is able to pay all the priority dividends allocated to such shareholders for the preceding years.

Article No. (49): Company Losses

- 1) If a joint-stock company incurs losses amounting to half of the paid-in capital at any time during the fiscal year, any of The Company executives or the auditor shall promptly, upon knowledge thereof, inform the chairman of the board, who shall promptly inform the board members. The board of directors shall, within 15 days from the date of notification, call for an extraordinary general assembly meeting within 45 days from the date of its knowledge of the losses, to decide whether to increase or decrease The Company's capital, in accordance with the provisions of the Law, to the extent where losses are decreased below half of the paid-in capital or to dissolve The Company prior to the date set forth in this articles of association.
- 2) The Company shall be deemed terminated by the operation of law if the extraordinary general assembly fails to meet during the period set forth in paragraph (1) of this Article; if the assembly convenes but fails to issue a decision on the matter; or if it decides to increase the capital in accordance with this Article but the shares issued are not fully subscribed to within (90) days from the assembly's decision to increase the capital.

Chapter Eight: Disputes

Article No. (50): Liability Actions

- 1) The company may file a liability suit against Board members for wrongful acts that may harm shareholders. The decision to file this suit is vested with the ordinary general assembly, which shall designate a representative on behalf of the company to pursue the suit.
- 2) Each shareholder shall have the right to file a liability suit against board members for any wrongful act that causes harm to him. The shareholder may file such a suit only if the company's right to file the same is still valid. The shareholder shall notify the company of his intention to file such a suit, and his right to compensation shall be limited to the damage sustained by him.
- 3) The Company shall compensate its Board members, the members of the Audit Committee and management officials for all expenses and amounts incurred or paid within reasonable limits in respect of any claim or judicial proceedings held against them as a result of their behavior or in their capacity as members of the Board of Directors, members of the Audit Committee or management officials. However, this compensation does not extend to matters where it is determined that a member of the Board of Directors, member of the Audit Committee or a management official assumes liability due to negligence or misconduct while carrying out their duties or

his violation of the provisions of the Companies Law or the company's articles of association.

Chapter Nine: Dissolution of the Company

Article No. (51): Dissolution

The Company, upon its dissolution, shall enter a liquidation phase during which it shall retain its legal personality to the extent necessary for the liquidation. Optional liquidation may only be adopted by resolution of the Extraordinary General Assembly. The liquidation resolution shall appoint a liquidator and determine its powers, fees, restrictions of power and the period of liquidation, provided that the optional liquidation period shall not exceed five years and cannot be extended without a judicial order. The powers of the Board of Directors shall cease upon the Company's approval of its liquidation, provided, however, that the Board of Directors shall remain responsible for the management of the Company and is deemed vis -a- vis third parties as liquidator until the liquidators are appointed. The General Assembly shall remain existent during the liquidation period and shall exercise its powers to the extent it does not conflict with the powers of the liquidator.

Chapter Ten: General Provisions

Article No. (52): Enforcement

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

Article No. (53): Publication of Articles

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

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