

**Oman Power and Water Procurement Co. (SAOC**

## **Articles of Association**

**Amending Article 14 of the Articles of Association**

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**DEED AMENDING MEMORANDUM OF ASSOCIATION**  
**OF**

**Oman Power and Water Procurement Co. (SAOC)**

On 26<sup>th</sup> Shawal 1423H corresponding to 30/12/2002 and upon the Cabinet's approval issued on 26<sup>th</sup> Rabia Al Awal 1423H corresponding to 8/6/2002 an Omani closed joint stock company has been established in accordance with the provisions of the Commercial Companies Law issued by Royal Decree 4/74 and provisions of Royal Decree 80/98 issuing the Capital Market Law and its amendments; and Royal Decree 102/94 issuing the Foreign Business Investment Law and its amendments, and this Memorandum and Articles of Association attached hereto.

**Company's Legal Structure**

**Article 1**

**Company's Name**

The name of the Company shall be Oman Power and Water Procurement Co. (SAOC).

**Article 2**

**Head Office**

The registered office of the Company shall be situated in Muscat – Walyat Bousher - Sultanate of Oman. The Board of Directors may establish other offices within or outside the Sultanate of Oman as deemed fit for the Company's interest.

**Article 3**

**Company's Duration**

The duration of the Company shall be unlimited commencing from the date of registration of the Company in the Commercial Register of the Ministry of Commerce and Industry.

**Article 4**

**Company's Objects**

Whilst undertaking its corporate objectives, the Company shall comply with the provisions stipulated in the license granted to it and the rules determined by the regulatory authority established by the Law for the Regulation and Privatisation of Electricity and its Related Water Sector (Sector Law).

The Company's objects are as follows:

- (a) To provide production capacity which can cover all reasonable demands for electricity in the Sultanate of Oman in coordinating with the Rural Areas Electricity Company in accordance with the Law for the Regulation and Privatisation of Electricity and its Related Water Sector and the license issued by the Authority for Electricity Regulation
- (b) To provide production of potable water as per the maximum limit which consistent with the economic purchase of the production and the production of the water and electricity.

- (c) To cooperate with the Rural Areas Electricity Company in respect of the future planning for the reasonable demand for electricity and the necessity of the new capacity.
- (d) To make the arrangement to obtain the supporting services in coordination with Oman Electricity Transmission Company.
- (e) To bulk supply the Water Department with potable water in accordance with an agreement to be entered into for this purpose and conditions for such provision to be determined to ensure the sale of purified water to other bodies.
- (f) To provide the licensed companies with electricity in consideration of a tariff and to ensure the availability of the sufficient supply of electricity for these companies to enable them to meet the demand for electricity.
- (g) To import and export electricity in accordance with the provisions of Article (114) of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector issued by the RD. No. 87/2004.
- (h) To cover the demand for the new capacity by establishing new plants to be designed, constructed, financed, owned, and operated by local and foreign investors.
- (i) The production capacity, product, supporting services, and all other goods and services shall be purchased, obtained or managed on the basis of the economic purchase.
- (j) To issue instruction to Salalah Project Company to transfer the assets of its net to Electricity Holding Company after the termination of the Concession Agreement or the expiration of the duration of the same.
- (k) To implement any duties in accordance with the Law for the Regulation and Privatisation of the Electricity and Related Water Sector and the license issued by the Authority for Electricity Regulation .
- (l) To accept the assignment of the contracts entered into by the Ministry of Housing, Electricity & Water including the contracts pertaining to the production power for electricity generation and desalination and the production thereof which shall be determined in the transforming project under which the assets of the Ministry of Housing, Electricity & Water shall be transferred.
- (m) To make the arrangement to obtain the supporting services pursuant to the requirements of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector and the license issued by the Authority for Electricity Regulation .
- (n) Procurement of fuel for the purpose of supplying licensees for generation or generation and desalination.
- (o) Implementing jobs assigned to the Company and pertaining to Salalah Projects Agreements.

- (p) Implementing any other jobs assigned to the Company pursuant to the Law for the Regulation and Privatisation of the Electricity and Related Water Sector.

In order for the Company to achieve its objects and to undertake its duties, the Company shall have the right to carry out the following business:

- (1) To enter into contracts, including but not limited to, contracts for procurement of power for generation of electricity and power for water desalination and generation of electricity and potable water, procurement of support services, procurement of fuel and other things required by the Company provided that the Company shall adopt the economic procurement.
- (2) To procure finance for any new power for generation of electricity and water desalination when the same is required by the local private sector or the foreign sector.
- (3) To borrow or raise money or secure or discharge any debt or obligation of the Company in such manner as the Company thinks fit in co-ordination with Electricity Holding Co. and Ministry of Finance.
- (4) To insure by any means the Company shall think fit any property, asset, things, or interest against any obligations or possible losses of the Company or any other person and the life or health of any person for the benefit of the Company.
- (5) To acquire by any means and hold and deal with any real property or moveable property or rights whatsoever.
- (6) To acquire by any means the whole or any part of the assets, and to undertake the whole or any part of the liabilities, of any person carrying on or intending to carry on any business which the Company is authorised to carry on or which can be carried on in connection therewith.
- (7) To draw, make, accept, endorse, discount, negotiate, execute, and issue promissory notes, bills of exchange, bills of lading, warrants, debentures and other negotiable or transferable instruments.
- (8) Subject to the restrictions provided for in the Sector Law, to enter into any arrangements with the units of administrative apparatus of the state or companies or persons to achieve the Company's objects.
- (9) Subject to the provisions contained in its license, to dispose of by any means whatsoever the whole or any part of the assets of the Company or of any interest therein.
- (10) Subject to the restrictions provided for in the Sector Law, to undertake any business or activities that deems fit to the members of the Board of Directors whether directly or indirectly for the Company's interest.
- (11) To apply and obtain and maintain such consents, licences, and permissions as are necessary to fulfil the Company's objects.

- (12) To undertake all necessary acts to achieve the Company's objects and the acts related thereto and the acts required for the Company's business.
- (13) To enter into contracts with individuals or companies within or outside the Sultanate of Oman for the management of all or part of its operations and activities, or for assistance in such management by local and foreign sources of expertise.
- (14) Subject to the restrictions provided for in the Sector Law, to perform all acts and enter into all contracts and dealings and do all things necessary, suitable, convenient or proper for the accomplishment thereof provided that the Company shall not own any interest in the other companies established by the Sector Law.
- (15) In general, the Company shall undertake its business and perform its duties pursuant to the provisions of the Sector Law and the license issued by the Authority for Electricity Regulation.
- (16) The Company may conduct the activity of import and export of equipments, machinery, electrical and mechanical apparatus and any other equipments or items or other materials required for the purpose of implementing the projects of the Company.

**Article 5**  
**Company's Capital**

- A. The Company's issued capital shall be RO.500,000 (Rials Omani five hundred thousand) divided into 500,000 (five hundred thousand) shares of a nominal value of one Omani Rial (RO 1 ) each. All the shares of the Company have nominal value.
- B. Electricity Holding Co. SAOC subscribed for 499,950 shares of the issued share capital being 99.99% of the issued share capital.
- C. Ministry of Finance subscribed for 50 shares of the issued share capital being 0.01% of the issued share capital.

**Article 6**  
**Shares, Certificates and Deeds**

1. The shares of the Company shall be represented by certificates. They shall be nominal shares and each one shall bear a special number and shall be signed by two Board members and sealed by the Company's stamp.
2. All shares shall be of the same nominal value. A share shall not be divisible or owned by more than one person unless it is acquired through inheritance in which case such persons shall have a single representative whose name shall stand first in the Shareholder's register but the endorsement of all joint owners shall be required to transfer the shares. Joint owners of Shares shall be jointly and severally liable for the obligations arising from such ownership. The transfer of such shares shall require endorsement of all joint owners.

3. No person shall have the right to purchase the shares of Oman Power and Water Procurement Co. Such share shall be fully owned by the government, pursuant to Article 14 of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector

### **Article 7** **Rights inherent to the Ownership of Shares**

All Shares of the Company shall carry equal rights which are inherent in the ownership thereof, namely the right to receive dividends declared by the General Meeting, the preferential right of subscription for new shares, the right to share in the distribution of the Company's assets upon liquidation, the right to transfer shares in accordance with law, the right to inspect the Company's balance sheet, profit and loss statement and register of Shareholders, the right to receive notice of and the right to participate and vote in General Meetings in person or by proxy, the right to apply for annulment of any decision by the General Meeting or the Board of Directors which is contrary to the Law or these Articles or Regulations or its internal regulations, and the right to institute actions against the Directors and auditors of the Company on behalf of the Shareholders or on behalf of the Company pursuant to Article 110 of the Commercial Companies Law No. 4/74 and amendments thereto.

### **Article 8** **Transfer of Ownership of Shares**

The ownership of Shares shall be transferred by its recordal in the registers of the Muscat Securities Market and the transfer of ownership of shares shall be registered in the Shareholders' Register maintained by the Company which shall include the name and nationality of each Shareholder as well as his place of residence to which notices are to be sent, the number of his shares and their serial numbers. No person shall be considered by the Company as the owner of any Shares unless his ownership has been entered into the Shareholders' register. The Company shall register any transfer of ownership free of cost within three days from the date of receiving the transfer documents. The Company shall be prohibited from charging any money for the issue of share certificates.

### **Article 9** **Issue of Shares**

Shares shall not be issued for less than their nominal value. Expenses of the issue up to 2% of the nominal value of each share may be added to the nominal value of each share. If Shares are issued at a premium, the excess over the nominal value shall be applied first to pay the expenses of the issue and any surplus shall be added either to the legal reserve or to a special reserve in accordance with Article 106 of the Commercial Companies Law No. 4/74 and amendments thereto.

### **Article 10** **Rights and Obligations of the creditors of the Shareholders or their legal heirs**

Under no circumstances shall the heirs or creditors of the Shareholders have the right to seal the Company's books or papers or properties nor shall they demand the dissolution or liquidation of the Company and shall not interfere by any means in the Company's management. When

they claim their rights they should refer to the Company's inventory list and its final accounts and the resolution passed by the General Meeting.

### **Article 11** **Shareholders Liability**

The Shareholders shall not stand liable except within the limits of the nominal value of the shares subscribed by him and neither the General Meeting nor the Board of Director shall have the right to increase the Shareholders' obligation and the acceptance of the Shareholder to own the Company's shares oblige the Shareholders to accept its regulation and resolution passed by the General Meeting.

### **Article 12** **Increase and Reduction of Share Capital**

The authorised capital of the Company may be increased by a resolution passed at an Extraordinary General Meeting of the Company. The Board of Directors shall be empowered to increase the issued capital within the limit of the authorised capital. The issued share capital can only be increased within five years following the date of the Extraordinary General Meeting approving the increase in the authorised share capital of the Company. Otherwise the Board resolution approving the increase in the issued share capital shall be void. An Extraordinary General Meeting may resolve to reduce the Company's capital if it exceeds the Company's needs or if the Company has incurred losses, but by no means may the capital be reduced to less than the minimum provided for in the Commercial Companies Law RD 4/74 referred to above.

The resolution to reduce the Company's capital shall be published in at least two daily newspapers on two consecutive days together with a notice inviting all creditors of the Company to submit their objections within sixty days from the date of publication. The reduction of the Company's capital may become effective only after the expiry of the sixty days period and after each objecting creditor has been paid or given adequate security.

### **Article 13** **Bonds issued by the Company**

By a resolution passed at an Extraordinary General Meeting, the Company may issue negotiable bonds through public subscription in consideration of the amounts borrowed by the Company and such bonds shall be subject to the provisions of the Commercial Companies Law and its amendments referred to above and the decision issued to implement the same and also the ministerial decision No. (159/2004) regarding Regulations for Issuance of Bonds and the provisions of Article 106 of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector.

**Management of the Company**  
**Board of Directors and the Executive Management**

**Article 14**  
**Formation of Board of Directors**

- A. The Company shall be managed by a Board of Directors consisting of 6 members amongst the shareholders or others provided that the majority of the Board members shall not be working for the Company, in consideration of a fixed monthly or annual remuneration.
- B. Nominees to the membership of the Board or the representative of a juristic person must comply with the rules and conditions issued by the Minister of Commerce & Industry and subject to Article 95 of the Commercial Companies Law and without prejudice to these Articles, nominees to the membership of the Board must:
1. be at least 21 years old;
  2. not be a member of the board of directors of a public or closed joint stock company which is based in the Sultanate of Oman and which is carrying out objectives similar to that of the Company.
  3. has not been adjudged insolvent or bankrupt unless the situation of insolvency or bankruptcy has been abated over pursuant to the provisions of the law;
  4. not be convicted of a felony or dishonourable crime unless he has been rehabilitated;
  5. shall not be unable to pay his debts to the Company;
  6. not be permitted to combine the position of the Chief Executive Officer/General Manager and the Chairman.
- C. No person may be a member of the Company's Board of Directors or a representative of a juristic person who was a member of the Board of Directors of more than four closed joint stock companies whose principal place of business is in the Sultanate of Oman nor may any person be the Chairman of the Board of Directors of more than two joint stock companies or be a member of the Board of Directors of a public joint stock company and a closed joint stock company conducting similar business whose principal place of business is in the Sultanate of Oman.
- D. The Board members shall be appointed pursuant to the provisions of the Commercial Companies Law No. 4/74 referred to above and amendments thereto.

**Article 15**  
**Liability of the Board Members**

- a) The members of the Board are liable to the Company, the Company's shareholders and third parties for damages caused by their acts in violation of the law or beyond the scope of their authority or by any fraud or negligence in the performance of their duties or by their failure to act as prudent men under the circumstances.
- b) If responsibility is attributed to more than one member in accordance with the above paragraph, it shall be the responsibility of the competent Court to make each of the said members responsible for all or part of the damages according to the opinion of the competent Court once it has considered the circumstances of the case.
- c) Any provision or stipulation that limits the responsibility of the member of the Board of Directors shall be void and regarded as non-existent. However, the company shall refund to the member costs and the expense incurred in defending any civil or criminal proceeding, alleging liability for acts in the management of the Company, if the final judgment in such proceeding shall have absolved the director of liability.
- d) The provisions of Articles 109 and 110 of the Commercial Companies Law No. 4/74 and amendments thereto shall be applicable in the event of violation and subject to the provisions provided for in Chapter 6 of the same law.

**Article 16**  
**Initiate legal proceedings against the members of Board of Directors**

Subject to the provisions provided for in Chapter 6 of the Commercial Companies Law 4/74 and amendments thereto, the company shall have the right to initiate legal proceedings and bring a claim against any of the members of its Board of Directors who it regards as responsible for damages suffered in accordance with the provisions of the previous Article. The decision shall be made by resolution of the Board of Directors or the Ordinary General Meeting to appoint someone who shall pursue the action on behalf of the Company and shall be delegated to pay the costs of the action from the Company's funds. Shareholders may propose a trial of the members of the Board of Directors and if the ordinary general meeting does not accept their proposal they shall have the right to bring a claim on behalf of the Company. If the claim succeeds, the costs and expenses of the claim must be repaid to the shareholder from the money awarded provided that the balance is paid to the Company.

**Article 17**  
**Filing of suit against Board Members**

No complaint may be filed against the Company's Directors or their heirs concerning the performance of their functions unless such a complaint is filed within a period of five years from the date on which the General Meeting is convened, during which the Board of Director presents accounts of the Company's operation for the period that includes the act or omission forming the basis of the complaint filed against the Board Member.

## **Article 18**

### **Prohibition for the Board members to participate in the management of any business competitive to the Company's activities**

A Board member is not entitled to participate in the management of any business competitive to the Company's activities, except when so authorised by ordinary general meeting of the Company. Such authorization must be renewed annually. A member of the Board, or principal employee of the Company, may not exploit any information they receive in their official capacity as a result of dealing in the Company's shares, in order to realize an interest for themselves, their minor children or their relatives up to the fourth degree. A member of the Board may not have a direct or indirect interest with any party carrying out activities which might influence the price of securities issued by the Company. The provisions of Articles 8 and 107 of the Commercial Companies Law RD No. 4/74 and amendments thereto shall be applicable in the event of violation and subject to the provision of Art 133 of the Commercial Companies Law.

## **Article 19**

### **Special interests of the Board members**

A member of the Board of Directors or other related parties of the Company may not have any direct or indirect interest in transaction or contracts concluded by the Company, except as otherwise provided for by the CMA. Such resolution shall define the related parties and the rules of disclosure of these transactions and contracts.

## **Article 20**

### **Duration of Board of Directors**

a) The term of office of a member of the Board of Directors shall be three years and upon completion of such term, the member shall be eligible to be re-elected for a further period or periods of a similar duration. The duration shall be calculated from the date of the General meeting during which the election takes place until the date of the following third general meeting.

b) In the event the third general meeting exceeding the three years, the duration of the Board of Directors shall be extended by Law to the date of its convene provided that the extension shall not exceed the period specified for AGM provided for in Article 120 of the Commercial Companies Law No. 4/74 and amendments thereto.

## **Article 21**

### **Vacancy of the office of the Board member**

If the office of a director, chairman or deputy chairman becomes vacant, the vacant office shall be filled pursuant to the provisions of the Commercial Companies Law No. 4/74 and amendments thereto and Art 68 of the Law for the Regulation and Privatisation of the Electricity and Related Water Sector.

**Article 22**  
**Quorum for the Board Meetings**

A meeting of the Board of Directors shall not be deemed valid unless at least three of its members are present or represented amongst them the Chairman or his representative. A board member shall not represent more than one director. A corporate person represented by a member on the Board may appoint another person to attend and vote on his behalf. In all circumstances, such appointment shall be deemed to be special and must be made in writing.

**Article 23**  
**Quorum for Issue of Resolutions**

The Board makes its decisions by the relative majority of the present members. In the case of tie vote the Chairman shall have a casting vote. In case other than the distribution of dividends, approval of budget, profit and loss account, Board and Auditors reports, the resolution may be passed without the need for a meeting of the Board of Directors if majority of the Board members agree to the same in writing.

**Article 24**  
**Selection of Chairman of Board of Directors and Period of his Office**

The Chairman of the Board of Directors shall be appointed pursuant to the provisions of the Commercial Companies Law No. 4/74 and amendments thereto. The term of the office of the Chairman and the Deputy Chairman shall not exceed the term of their offices as members of the Board and they can be re-elected.

**Article 25**  
**Meetings of Board of Directors**

- A. The Chairman of the Board may call for meeting at any time convenient. The Chairman shall also call for meetings if requested by two or more of the Board members. If the Chairman is unable or unwilling to convene the meeting when so requested, the meeting may be convened by any 2 (two) members of the Board.
- B. Board meetings shall be held at least four times a year provided that a maximum period of four months should not lapse between any two consecutive Board meetings;

**Article 26**  
**Minutes of the Board of Directors**

The Board's discussions and resolution shall be maintained in minutes and recorded in a special register to be signed by the Chairman and the other members.

**Article 27**  
**Authority of the Board**

The Board of Directors shall undertake the following:

- a. Approving the Company's commercial and financial and administrative policies together with its estimated budget with a view to achieving the objectives of the Company and to maintain and promote the rights of its shareholders.
- b. Developing, reviewing and updating necessary business plans from time to time in order to put into operation the Company's objectives and for carrying out the Company's commercial activities in light of the Company's objectives for which it has been incorporated.
- c. Supervising the performance of the executive management and to ensure that the Company's business proceeds in a manner, which achieves the Company's objectives in the light of the Company's objectives for which it has been established.
- d. Appointment of the Chief Executive Officer or the General Manager of the Company provided that neither of them shall be the chairman of the board of directors. Also, to appoint the employees who shall work with any of the Chief Executive Officer and/or the General Manager pursuant to the Company's organisational structure and to specify their jurisdictions and entitlements.
- e. Appraising the performance of the employees provided for in the previous Article and assessing the work carried out by the committees formed by the Board pursuant to Article 102 of the Commercial Companies law RD 4/74 and amendments thereto.
- f. Approving the financial statements related to the Company's business and work results as submitted by the executive management to the Company's Board quarterly, which should reflect the exact financial position of the Company.
- g. Including in the annual report presented to the Shareholders General Meeting the reasons which justify the ability of the Company to pursue its specified activities for the achievement of its objectives.
- h. Appointing a secretary to the Board in its first meeting and to convene at least four meetings during the year provided that the period between two meetings shall not exceed four months.
- i. Appointing the Managing Director or the Executive Director, should such posts exist, provided that the said persons should be committed to the Company's work on a fulltime basis.
- j. Including in the financial statements a full statement of all amounts which a director may have received from the Company during the course of each financial year including monies paid to directors in their capacity as employees of the Company.
- k. the jurisdiction of the Board of Director as mentioned herein above shall be subject to the provisions of Article 133 of the Commercial Companies Law 4/74 and amendments thereto

**Article 28**  
**Power of the Board**

The Board shall have full authority to perform all acts required for the management of the Company pursuant to its objects and to implement the resolutions of the general meeting. Such authority shall not be limited or restricted except as provided for by Commercial Companies Law No. 4/74 and amendments thereto or by the Articles of Association of the Company, or the resolution of the General Meeting.

**Article 29**  
**Limitation in respect of the Board's Authority**

The Board of Directors shall not perform the following acts except if authorised to do so by the resolution of a General Meeting:

- a) Make gifts, except business gifts in small and customary amounts.
- b) Sell all or a substantial part of the Company's assets.
- c) Mortgage or pledge the assets of the Company, except to secure debts of the Company incurred in the ordinary course of the Company's business.
- d) Guarantee debts of third parties, except guarantees made in the ordinary course of business pursuant to the Company's objects.

**Article 30**  
**Power and Authority of the Chairman**

- A. The Chairman of the Board shall implement the board resolution and manage the normal business of the Company under the supervision and control of the Board of Directors.
- B. The Chairman or his representative shall represent the Company before judicial authorities and third parties.

**Article 31**  
**Delegation of the Board's Authority and Powers**

The Board of Directors may, by resolution adopted by an absolute majority of all Directors, delegate its authority to the Chairman or to the Managing Director or to committees formed by its members to undertake specific jobs mentioned in Article 28 herein.

**Article 32**  
**Appointment of the Chief Executive Officer or the General Manager of the Company**

The Board of Directors may appoint a Chief Executive Officer or a General Manager of the Company for a period and term that deems fit to the Board and the Board may empower the Chief Executive Officer or the General Manager with any authority (except payment of

instalment and borrowing unless required within the ordinary business and in accordance with the terms deemed fit by the Board of Directors).

**Article 33**  
**Right of signing on behalf of the Company**

The Chairman of the Board of Directors and any other Managing Director delegated by the Board for this purpose shall have the right to sign individually on behalf of the Company and the Board of Directors shall have the right to appoint managers or authorised signatories and authorise them to sign on behalf of the Company individually or jointly.

**Article 34**  
**Registration of the Authorised Signatories and their authorities**  
**in the Commercial Register**

The names and signatory powers of the Directors and other authorized signatories of the Company shall be registered in the Commercial Register.

**Article 35**  
**Remuneration of the Chairman and Members of Board**

- A. The annual ordinary general meeting shall determine the remuneration and the sitting fees of the Chairman and members of the Board of Directors and the sub - committees. Provided however that the aggregate remuneration payable to the Chairman and members of the Board of Directors collectively, shall not exceed 5% of the net annual profits of the company with maximum limit of RO. 200,000, and provided that the sitting fees for each member shall not exceed RO 10,000 for each year, after deducting the legal and optional reserves in accordance with Article 106 of the Commercial Companies Law No. 4/74 and amendments thereto and distributing not less than 5% of the net profit as dividends to the shareholders.
- B. In the event the Company does not achieve any profits or achieves profits that could not be set aside or distributed in full among the shareholders, the remuneration and sitting fees of the Chairman and the members of the Board of Directors and the sub - committees shall be determined in accordance with the regulations issued by the CMA or the Ministry of Commerce and Industry.
- C. The distributable profits shall be the net profits less any previous years' losses which may have been incurred in the Company's capital and which shall have been fully extinguished.
- D. The report of the Board to the Ordinary General Meeting shall include a full statement of all amounts and benefits that a member may have received during the year as remuneration or compensation of his services including the amounts paid to the members in their capacity as Company's employee.

**Article 36**  
**Company's Liability in respect of the Board's business**

The Company shall be bound by all acts performed by its Board of Directors, its Chairman, Managers and supervisors when acting within the scope of their authority. Any bonafide third party shall be entitled to assume that any act performed by the Board of Directors, Chairman, or Managers of the Company in pursuance of its business was within the scope of such person's authority and the Company shall be bound thereby unless the limitation of such person's authority was registered in the Commercial Register.

**Article 37**  
**Liability of the Executive Management**

The Executive Management shall be liable for the following:

- a) To assist the Board of Directors in establishing plans provided that the contribution of the Executive Management shall be based on the practical and field experience and to submit proposals to the Board of Directors in the proper time in respect of the affairs which may have material affect on the Company's performance.
- b) To comply with the laws, rules and regulations issued by the competent authorities.
- c) To apply the policies and recommendations of the Board of Directors.
- d) To improve the professional behaviour by establishing and maintaining an appropriate manner of the practical behaviour which is based on a professional culture based on certain standards and to ensure that the Company follows these standards.
- e) To comply with transparency and credibility in its report regarding the operations of the company.

## **General Meetings**

### **Article 38**

#### **Formation of the General Meeting and attendance of the same**

- A. Each shareholder shall have the right to attend the general meeting and shall have one vote for each share, which he holds even if he holds a temporary certificate in respect of the shares.
- B. The shareholder shall have the right to appoint in writing any other person to deputies for him in attending the general meeting and in voting on its decisions and the proxy shall be valid only for one session.

### **Article 39**

#### **Convening of General Meeting by the Board of Directors**

- A. The general meeting may be convened by the Board of Directors at any time and shall be convened by the Board whenever required by law or this Articles of Association incorporating the Company or upon request by one or more shareholders representing at least one fourth of the Company's capital.
- B. If the Board of Directors fail to convene a general meeting when required or requested, the Auditors shall convene the meeting. The invitation will not be valid unless it includes the agenda of the meeting after it has been approved by the Secretariat of the Commercial Register of the Ministry of Commerce and Industry, in two daily newspapers and for two consecutive days atleast. At the same time a copy of the notice shall be sent to each shareholder by ordinary mail or delivered by hand to him or to his representative against his signature atleast two weeks before the date specified for the meeting.
- C. The Secretariat of the Commercial Register shall be notified of the date of the general meeting and the Secretariat shall send a supervisor to supervise the formalities related to the holding of the meeting and to ensure the compliance of the decisions taken in accordance with the law and the report of the general meeting shall be deposited at the Secretariat of the Commercial Register of the Ministry of Commerce and Industry after approval by the Chairman of the meeting, the Auditors and the Secretary within 15 days from the date of the annual general meeting.
- D. Any meeting that does not adopt such procedures and the previous timings shall be deemed to be null and void.

### **Article 40**

#### **Agenda of the General Meeting**

- A. The Board of Directors, or, if the meeting is convened by the Auditors, the Auditors shall establish the agenda of the general meeting. The Board of Directors or the auditors as the case may be, shall include in the agenda any proposal by the shareholders representing more than 10% of the Company's capital, provided that the

proposal is submitted for inclusion in the agenda atleast 1 (one) month prior to the date of the meeting.

- B. The general meeting shall consider only matters contained in the agenda of the meeting. In exceptional cases, however, the meeting may consider any unanticipated and urgent matter brought before the meeting. This shall be done on the basis of a resolution of the general meeting adopted by a simple majority vote of the members present.

#### **Article 41** **Procedure during the General Meeting**

The general meeting shall be chaired by the Chairman of the Company's Board of Directors. If he is unable to attend, the meeting shall be presided over by its elected Deputy Chairman in accordance with the provisions of Article 103 of the Commercial Companies Law No.4/74 and amendments thereto. If the general meeting is called by the auditors pursuant to Article 116 of the Commercial Companies Law No.4/74 and amendments thereto they must appoint someone to chair the meeting. The General Meeting shall appoint a Secretary for the Meeting who shall prepare the minutes of the meeting, showing the proposed resolutions and the votes taken at the meeting and each Shareholder or Bondholder of the Company shall have the right to peruse these minutes at the head office of the Company.

#### **Article 42** **Jurisdiction of the Ordinary General Meeting**

- A. An Ordinary General Meeting may discuss and take decisions on all matters which are by law or by the Articles of Association not reserved for decision by the Board or by an Extraordinary General Meeting.
- B. The Board of Directors shall submit to the Ordinary General Meeting a report containing adequate information on the course of business of the company, its financial and economic position and its balance sheet information on the profit and loss account and on remuneration received by members of the Board of Directors, auditors fees and its proposals regarding the distribution of profits. This report must also include the auditor's report, their observations on the Board of Directors report and their proposals as regards the future of the Company, its development plans and the avoidance of risks. The chairman of the Board of Directors shall sign the said document.

#### **Article 43** **Annual Ordinary General Meeting**

An Annual Ordinary General Meeting shall be held each year within three months after the end of the Company's financial year. Additional Ordinary General Meetings shall be convened when required by Law or the Articles of Association of the Company, or whenever the need for such a meeting arises. The agenda of the Annual General Meeting shall include:

- a) The consideration and approval of the report of the Board of Directors.
- b) The consideration of the auditor's report and approval of the balance sheet and profit and loss statement.

- c) The declaration of dividends, provided that the dividends may be declared only out of net profits or out of special reserves and only if the requirements of Article 106 of the Commercial Companies Law No.4/74 and amendments thereto have been met.
- d) The appointment of auditors and specifying their remuneration for the next financial year subject to the provision of the Law of State's Financial Control issued by RD No. 55/2000.

#### **Article 44**

#### **Perusal by the Shareholders of the Company's Budget, Profit & Loss Account and Reports of the Board and Auditors of the Company**

- A. The Company's balance sheet and profit and loss statement and the report of the Board of Directors and the auditors of the Company concerning the expired financial year shall be available for inspection by the shareholders and bondholders of the Company during business hours at the principal place of business of the Company during a period of at least two weeks immediately preceding the date set for the Annual General Meeting.
- B. If any shareholder has been deprived of his right to inspect these documents, the decision approving these documents shall be null and void.
- C. Any person shall have the right to obtain a copy of the Company's budget, profit and loss account report of the Board and Auditors of the Company in consideration of a reasonable fee to be determined by the Company's internal regulation.
- D. The Board of Directors shall publish the balance sheet, and profit and loss statement and a summary of the report of the Board of Directors in a local daily newspaper within one month of these documents receiving approval from the Annual General Meeting.

#### **Article 45**

#### **Legal Quorum for convening of Ordinary General Meeting and passing resolutions**

- A. The resolutions of the Ordinary General Meeting shall not be valid unless the meeting is attended by the shareholders personally or proxies representing at least half of the Company's capital. Failing such quorum, a second meeting shall be called to discuss the same agenda. The second Ordinary General Meeting shall be notified to shareholders in the same manner as the first meeting at least one week prior to the date set for the second meeting.
- B. The resolutions of the second meeting shall be valid regardless of the number of shares represented, provided such second meeting is held within one month from the date of the first meeting.
- C. Resolutions of the Ordinary General Meeting shall be adopted by the simple majority of the votes cast in respect of a given resolution.

**Article 46**  
**Jurisdiction of Extraordinary General Meeting**

The Extraordinary General Meeting is convened to consider and decide all matters which are by law or by the Company's Articles of Association reserved for decision by an Extraordinary General Meeting, the Extraordinary General Meeting may decide on the following:

- 1) Amending the Articles of Association; such amendment shall not be effective until after it has been approved by the Director General of Commerce and registered in the Commercial Register;
- 2) Reducing or increasing the authorised capital of the Company;
- 3) Dissolution or merger of the Company with another company;
- 4) Selling or otherwise disposing of the assets or any material part thereof of the Company.
- 5) Converting the legal status of the company.

**Article 47**  
**Legal Quorum for convening of Extraordinary General Meeting and passing resolutions**

- A. The resolutions of the Extraordinary General Meeting shall not be valid unless the meeting is attended by shareholders personally or by proxies representing at least three-quarters of the Company's capital. Failing such quorum, a second meeting shall be called to discuss the same agenda. The Second Extraordinary General Meeting shall be notified to shareholders in the same manner as the first meeting at least two weeks prior to the date set for the second meeting. The resolution of the second meeting shall be valid if the meeting is attended by shareholders personally or by proxies representing more than half of the Company's capital, provided such meeting is held within six weeks from the date of the first meeting.
- B. Resolutions of the Extraordinary General Meeting shall be adopted by a majority of three quarters of the votes cast in respect of a given resolution, provided always that each resolution receives votes representing more than half of the Company's capital

**Article 48**  
**Adherence to the resolution of the General Meeting to be in compliance with the law**

Resolutions of the General Meeting duly adopted pursuant to the provisions of the Law, these Articles of Association and the Company's internal regulations, if any, shall bind the Company and each of its shareholders, but shall not affect the rights of third parties only to the extent provided in the Commercial Companies Law No.4/74 and amendments thereto. Any shareholder or other interested person may within five years from the General Meeting, apply to the competent court for an order declaring null and void any resolution adopted by such meeting in violation of the Law, of these Articles of Association or the Company's internal regulations, if any, or if any resolution was adopted as a result of fraud or misuse of authority by any person.

**Article 49**  
**Establishment of Company's Internal Regulations**

The Board of Directors may prepare and adopt internal regulations to regulate the Company's management and its business. The internal regulations shall not be valid unless they are complied with the provisions of the Laws applicable in the Sultanate of Oman and this Articles of Association. The internal regulations shall not be amended but only through the Board of Directors.

## **Company's Financial Regulations**

### **Article 50**

#### **Company's Financial Year**

The financial year of the Company shall commence on January 1st of each year and shall end on December 31st of the same year except the first financial year, which shall commence from the date of the incorporation of the Company and ending on December 31st of the next year if the Company is incorporated in the first half of the calendar year provided that the financial year shall not be less than 6 months and shall not exceed 18 months.

### **Article 51**

#### **Company's Books and Records**

The Company shall maintain its books of accounts in line with internationally accepted accounting principles and such books shall adequately reflect the financial position of the Company. These books shall be kept in the Head Office of the Company, or in a place or places which the Board of Directors think appropriate, provided that they are always available for the Board members to inspect.

### **Article 52**

#### **Preparation of Final Accounts and General Budget**

Within two months after the end of the financial year, the Board of Directors shall prepare a Balance Sheet of the Company and a statement containing the Profit and Loss Account, after it has been audited by the Company's Auditors and which shall contain sufficient explanation of the most important items of revenue and expenditure during the financial year. The Board shall also prepare a Report on the Company's operations during the expired year and on the net profits proposed to be distributed. Copies of all the above mentioned statements shall be sent to the Secretariat of the Commercial Register at the Ministry of Commerce and Industry at least two weeks prior to the meeting of the ordinary annual general meeting. A copy of the Balance Sheet, the Report of the Board of Directors and the Report of the Auditors shall be sent to each shareholder together with the invitation to attend the ordinary annual general meeting.

### **Article 53**

#### **Legal and Optional Reserves**

- A. In respect of each financial year the Board of Directors shall set aside ten percent (10%) of the net profits after taxes of the Company as a legal reserve until such time that the legal reserve amounts to at least one-third of the Company's capital. The legal reserve may not be distributed to Shareholders by way of dividends.
- B. The Ordinary General Meeting may establish optional reserves that do not exceed 20% of net profits of a year after deducting taxes and legal reserves. The total deducted amount for the optional reserve shall not exceed half of the share capital of the Company.

**Article 54**  
**Payment of Dividends**

Dividends shall be paid at such place and time as the Directors may specify and shall be payable to the Shareholders whose names appear in the register of Shareholders maintained by the Company

**Article 55**  
**Deposit the Company's monies with the fund or banks**

The Company's cash shall be deposited in a bank or banks to be determined by the Board of Directors and the Board shall specify the maximum cash to be maintained in fund.

**Article 56**  
**Appointment of Auditors**

- A. The Company shall have an auditor who shall be appointed by the Annual Ordinary General Meeting upon a proposal by the Board subject to the following:
  - 1. to comply with the provisions of the State Audit Law.
  - 2. the Board shall propose to the Annual General Meeting one of the auditing firms based on the recommendation of the Audit Committee.
- B. The audit firm shall be appointed for one financial year and the same audit firm shall not be appointed for four consecutive years and they shall not be appointed thereafter except after lapse of two consecutive years.
- C. Auditors shall be individuals or firms who are authorized to practice the accountancy and auditing profession in accordance with the provisions of the Law. The remuneration of the auditors shall be determined by resolution at an Ordinary General Meeting.
- D. Auditors shall be independent from the Company and may not be founders or a member of the Board of Directors or an employee of the Company and shall not perform technical, administrative or consultative services or additional services for the Company or its affiliates, that is not included within the scope of audit business and which could affect neutrality or independency.

**Article 57**  
**Entitlements and Duties of the Auditor**

- A. The auditors shall, at all times, have the right to examine all books, records and documents of the Company and to obtain all information that they deem necessary for the proper performance of their functions.
- B. The auditors shall ensure that the balance sheet and profit and loss account are in conformity with the books and records of the Company and that these books and records are kept in accordance with generally accepted accounting principles.
- C. The External Auditors should notify the shareholders about any material matters.
- D. The External Auditors shall notify the Board about any discovered or suspected violation, and in case there is a material violation the Auditors should provide the control authority with a copy of the report prepared to that effect.

**Article 58**  
**Auditors Report**

- A. The auditors shall prepare a report to the Annual General Meeting showing the Company's financial position and the proposed distribution of dividends and shall include their opinion whether the balance sheet and profit and loss account presented to the General Meeting reflects the Company's financial position in accordance with the recognised accounting principles. Any material change made to the accountancy principles that had been followed in the preparation of the previous financial year's balance sheet and profit and loss accounts must be stated in the auditor's report.
- B. If the auditor's report is not presented to the Annual General Meeting or does not conform with the requirements as previously stated, then the resolution of the Annual General Meeting approving the accounts shall be null and void.
- C. An auditor who while performing his duties confirms that there exists an offence against the Law or a violation of the Company's Articles of Association shall be obliged to notify this to the Company's management through the concerned auditor and, in the event of a serious violation, he shall inform the general meeting of such violation.

**Article 59**  
**Liability of Auditors**

Auditors shall be liable to the Company, the Shareholders and third parties for damages caused by any fraudulent act committed by them in the performance of their duties and are liable to the Company and the Shareholders for damages caused by their failure to fulfil their professional and technical duties with efficiency.

## **Company's Dissolution And Liquidation**

### **Article 60**

#### **Cases of Dissolution and Liquidation of the Company**

- a) In case of the occurrence of any events that requires for dissolution of the Company provided for in the Commercial Companies Law No.4/74 and amendments thereto referred to above, an Extraordinary General Meeting shall be convened to consider the matter.
- b) If it has been decided that the Company is to be dissolved the same shall be in accordance with the provisions of the Commercial Companies Law No.4/74 and amendments thereto referred to above.

## **Final Provisions**

### **Article 61**

#### **Legal Provisions complimentary to the Articles of Association**

Subject to the provision of the Sector Law, any matter which is not covered by a special provision in this Article shall subject to the provisions of the Commercial Companies Law No.4/74 and amendments thereto and the Company shall undertake to apply all laws, regulations and rules adopted in the Sultanate of Oman.

### **Article 62**

This Memorandum of Association is deemed to be an integral part of the Articles of Association.

### **Article 63**

These Articles shall be signed and deposited pursuant to the Commercial Companies Law No.4/74 and amendments thereto referred to above and other laws and rules in force.

#### **Signatures:**

**Chairman of the Board**

**Member of the Board**

**Legal Advisor**