

**Kuwait Telecommunication Company  
(Kuwaiti Shareholding Company)**

**Memorandum of Association**



IN THE NAME OF GOD, MOST GRACIOUS, MOST MERCIFUL

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**Kuwait Telecommunication Company  
(Kuwaiti Shareholding Company)  
Memorandum of Association**

It is on this Tuesday, 20/6/1429, corresponding to 24/6/2008,  
Before me, Dalia Abdul Karim Alshammari, Authenticator in the department,  
And in the presence of:

**First: Public Investment Authority / Kuwait Public Authority/** established pursuant to law No. (47) dated 20/6/1982 represented in signature by Mr. Bader Mohamed Al-Saad, Kuwaiti national and holder of civil ID No. (258012300164), in his capacity as the Managing Director of the Public Investment Authority, First Party in His Capacity.

**Second: Public Institution for Social Security/** Kuwaiti Public Institution, established pursuant to law No. (61) dated 29/8/1976 represented in signature by Mr. Fahd Mezyed Al-Rajaan, Kuwaiti national and holder of civil ID No. (248122300131) on behalf of whom Sheikh Abdullah Al-Jaber Al-Sabah shall sign as a Kuwaiti national holding civil ID No. (226070100865), due to his absence pursuant to decree No. (7) dated 29/8/2008, Second Party in His Capacity.

**Third: Zakat House/ Kuwaiti Public Authority/** established pursuant to law no. (5) dated 16/1/1982 represented in signature by Mr. Abdul Kader Dahi Al-Ujail Al-Askar, Kuwaiti national and holder of civil ID No. (253061900075) in his capacity as the Deputy Director General of Zakat House, on behalf of whom Mr. Abdul Aziz Ahmed Bezea Al-Yaseen shall sign as a Kuwaiti citizen and holder of civil ID No. (253100200742), pursuant to an official private power of attorney authenticated under No. 6898 DL 6 dated 5/8/1998, and the authorized person declares that his power of attorney is valid and that his proxy is alive, Third Party in His Capacity.

**Fourth: Kuwait Awqaf Public Foundation, Kuwaiti Public Foundation/** established pursuant to law no. (257) dated 13/11/1993 represented in signature by Mr. Mohamed Abdul Ghaffar Alsharif, Kuwaiti national and holder of civil ID No. (253111100704), in his capacity as the Secretary General of the Awqaf Public Foundation, Fourth Part in His Capacity.

**Fifth: Public Authority for Minors Affairs, Kuwaiti Public Authority/** established pursuant to law no. (76) dated 28/03/1983 represented in signature by Mr. Ali Mohamed Ali Al-Ulaimi, Kuwaiti national and holder of civil ID No. (264010700288), on behalf of whom Mr. Hussein Abdullah Batel Al-Rasheed shall sign as a Kuwaiti citizen and holder of civil ID No. (264010700288), pursuant to an official private power of attorney authenticated under No. 110 Vol. 5 dated 11/2/2004, and the authorized person declares that his power of attorney is valid and that his proxy is alive, Fifth Party in His Capacity.

**Sixth: Saudi Telecommunications Company**, Saudi Shareholding company, memorandum of association issued in Saudi Arabia dated 04/03/1419 A.H. represented in signature by Mr. Fahd Hussein Saeed Moshit, Saudi national and holder of Passport No. (H000433), in his capacity as authorized representative of Saudi Telecommunications Company pursuant to an official private power of attorney authenticated under No. 967 Vol. 85 dated 14/05/1429, as authenticated by all concerned authorities, including Kuwait Ministry of Foreign Affairs on 8/6/2008, Sixth Party in His Capacity.

#### **Article (1)**

The above stated preamble is considered as an integral part of this memorandum.

#### **Article (2)\***

Pursuant to the law of commercial companies No. 15 of 1960 and the law No. 2 of 2007 amending some provision of the law no. 26 of 1996, the Company was established with a license from the Kuwaiti government. The company is subject to the law No. 1 of 2016 of issuing the law of companies, and the law No. No. 2 of 2007 amending some provision of the law no. 26 of 1996, and the law No. 7 of 2010 concerning the establishment of the Capital Market Authority, and regulating the activities of securities, its amendments, and its executive bylaw, the provisions of this Memorandum of Association and the Articles of Association of the company.

\*Purchasing all materials and machines necessary for the company purposes, and maintaining the same with the best possible modern methods.

#### **Article (3)**

The name and title of this company is: Kuwaiti Telecommunications Company (Kuwait Shareholding Company)

#### **Article (4)**

The Headquarters of the Company and its Legal Domicile is located in the State of Kuwait. The Board of Directors may establish branches or agencies or offices or operation centers for the company inside and outside the State of Kuwait.

#### **Article (5)**

The term of this company is unlimited and starts as of the date of issuing the decree bylaw licensing its establishment

#### **Article (6)**

The objectives for which the company is established are to provide all mobile telecommunications services, paging system, without prejudice to the provisions of Islamic Sharia, and pursuant to the regulations set by the Ministry of Communication. For these purposes, the company may:

1. Purchase, provide, install, manage and maintain devices and equipment of telecommunications (mobile phones services, paging system and other wireless services).
2. Import and export devices, equipment and tools necessary for the purpose of the company.
3. Purchase or rent communication lines and facilities necessary for providing the services of the company in coordination with - and without contradiction to - the services provided by the government.
4. Purchase manufacturing franchise related directly to the services of the company, from industrial companies or manufacture them in Kuwait (after obtaining the approval of the Public Authority for Industry in case of manufacturing).
5. Introducing or managing other services of similar nature to or complementary to the mobile telecommunications services for the purpose of developing such services and making them integral.
6. Performing technical researches related to the work of the company for the purpose of improving and developing its services, in cooperation with the concerned entities in Kuwait and abroad.
7. Establishing, purchasing, building, and owning land plots and constructions necessary for achieving the purposes of the company (within the limits allowed by law).

8. Purchasing all materials and machines necessary for the company purposes, and maintaining the same with the best possible modern methods.
9. Utilizing financial surpluses available with the company by investing the same in financial portfolios managed by specialized companies and entities, and authorizing the Board of Directors to do so.

#### **Article (7)**

The company may practice the above mentioned works in the State of Kuwait or abroad, directly or on behalf of others, and may have an interest or participates in any way with the authorities dealing with business similar to its business or those which may assist to achieve its objectives inside and outside Kuwait and it may buy these bodies or attach them therewith.

#### **The Capital**

#### **Article (8)**

The capital of the company is decided to be (K.D. 50,000,000/-) Kuwaiti Diars Fifty Millions only, distributed to (500,000,000) five hundred million shares, each in the value of 100 fls. (one hundred fils), and all the shares are in cash.

#### **Article (9)**

Founders signing the Memorandum of Association have subscribed for the entire percentage of shares allocated for them, which is the percentage of 24% of the shares for the government and the public authorities affiliated to it, and 26% for the company who win the auction, which is the Saudi Telecommunications Company (S.S.C) as follows:

Name	No. of Shares	.Value in K.D
<b>1- Public Investment Authority</b>	30,000,000	3,000,000
<b>2- Public Institution for Social Security</b>	30,000,000	3,000,000
<b>3- Zakat House</b>	20,000,000	2,000,000
<b>4- Kuwait Awqaf Public Foundation</b>	20,000,000	2,000,000
<b>5- Public Authority for Minors Affairs</b>	20,000,000	2,000,000
<b>6- Saudi Telecommunications company</b>	130,000,000	13,000,000
<b>Total:</b>	Shares250,000,000	K.D. 25,000,000

The founders deposited the full nominal value of the shares being K.D. 25,000,000 (Kuwaiti Dinars Twenty Five Millions) in Bobyan Bank, each in his percentage of the shares, as verified pursuant to the bank certificate issued on 6/3/2008 attached to the original of this Memorandum of Association.

The remaining amount of the share capital of K.D. (25,000,000) which represents 250,000,000 shares, shall be offered for IPO for Kuwaitis only for a period of not less than ten days, and not more than three months in accordance with the provisions of the Commercial Companies Law and Law No. (26) of 1996 of establishing wireless communications service companies and law No. (2) of 2007 amending some provisions of the law referred to. The subscription shall take place according to the rules in force in this regard and each subscriber shall be allocated a number for shares as he underwrites. If the number of shares subscribed to exceeds the number of shares offered, all the shares offered shall be distributed to the subscribers evenly, but if underwriting did not cover full shares offered, shares subscribed to shall be offered for sale in a public auction involving companies listed in the Kuwait stock Exchange and foreign companies specialized in the field of telecommunications, including the STC company, with the exception of the existing mobile operators

in the time of launching the auction, where they are forbidden to directly or indirectly participate in this company. Distribution shall be to the nearest round figure of shares. The Ministry of communication shall set the terms and conditions of the bid provided that any increase in share retail price as sold in the auctions compared to the share price in the IPO, shall be deposited in the general reserve of the state.

#### **Article (10)**

Expenses, expenditures, wages and costs that the company is committed to pay for its foundation are about K.D. (500,000) Kuwaiti Dinars, to be deducted from the general expenditure account.

#### **Article (11)**

Founding Signatories signing this Memorandum of Association undertake to seek obtaining the decree of incorporation and to do all necessary procedures to complete the establishment of the company, publishing and registration, and the exclusion of false and repeated subscription requests and may take the necessary measures to achieve this. For this purpose, they have authorized the following:

1. Mr. Dawod Solomon Alsabj, as representative of the Ministry of Commerce and Industry.
2. Mr. Adel Mohammad Al-Roumi, as representative of the General Authority for Investment.
3. Mr. Abdul Mohsen Hassan Mazeedi, as representative of the Ministry of Communication.

Jointly or severally to take legal action, meet the necessary documents and make necessary amendments as needed by official authorities to be entered into the Memorandum of Association or its attached Articles of Association.

Founders, within three months from the close of the IPO and before the Constituent Assembly meeting, have to submit to the Ministry of Commerce and Industry a statement of the number of shares subscribed to, and subscribers payment of the value of shares as well as the names of the subscribers whose subscription was invalidated as a result of sorting subscription requests.

#### **Article (12)**

This Contract has been concluded pursuant to the letter of the Ministry of Commerce and Industry No. 22379, dated 21/5/2008, as registered in the Ministry of Justice, Department of Contracts and Companies' Authentication under No. 383471 dated 6/6/2008.

<b>First Party in His capacity</b> Bader Mohamed Abdullah Al-Saad	<b>Second Party in His capacity</b> Abdullah Jaber Al-Ahmed Al-Sabah	<b>Third Party in His capacity</b> Abdul Aziz Ahmed Al-Bazea
<b>Fourth Party in His capacity</b> Mohamed Abdul Ghaffar Al-Sharif	<b>Fifth Party in His capacity</b> On Behalf of the Authority/ Husein Abdullah Batel	<b>Sixth Party in His capacity</b> Fahad Hussein Mashit

This Memorandum of Association is concluded in on original and (2) two copies, and is composed of (5) pages without any write off or addition, and is composed of (12) articles. Attached to each copy of this Memorandum of Association is a copy of the Articles of Association which is composed of (15) pages and contains (59) articles, without any write off or addition, with the attachments to the original being: the letter of the Ministry of Commerce and Industry, the letter of the bank, and the proposal of the Memorandum of Association as approved by the Ministry of Commerce, as well as the copies of the founders civil IDs.

**Kuwaiti Telecommunications Company**  
**Kuwaiti Shareholding Company**  
**Articles of Association**

**Chapter One: Company Foundation**  
**Company Foundation Elements**

**Article (1)**

Pursuant to a license from the Government of the State of Kuwait and the provisions of the law of commercial companies No. 15 of 1960, and the law No. 2 of amending some of the provisions of the law No. 26 of 1996, and this Articles of Association , a Kuwait Company was founded between the owners of the shares, provisions of which are stipulated hereunder, called Kuwaiti Telecommunications Company, (Kuwaiti Shareholding Company). The company is subject to the law No. 1 of 2016 of issuing the law of companies and the law No. 2 of 2007 on amending some of the provisions of the law No. 26 of 1996, and the law No. 7 of 2010 concerning the establishment of Capital Markets Authority, and regulating the activities of shareholders, its amendments, executive bylaws, the provisions of this contract, and the company's Articles of Association.

\*Article (1) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

**Article (2)**

The Headquarters of the Company and its Legal Domicile is located in the State of Kuwait. The Board of Directors may establish branches or agencies or offices or operation centers for the company inside and outside the State of Kuwait.

**Article (3)**

The term of this company is unlimited and commences as of the date of issuing the decree by law licensing its establishment.

**Article (4)**

The objectives for which the company is established are to provide all mobile telecommunications services, paging system, without prejudice to the provisions of Islamic Sharia, and pursuant to the regulations set by the Ministry of Communication. For these purposes, the company may:

1. Purchase, provide, install, manage and maintain devices and equipment of telecommunications (mobile phones services, paging system and other wireless services).
2. Import and export devices, equipment and tools necessary for the purpose of the company.
3. Purchase or rent communication lines and facilities necessary for providing the services of the company in coordination with - and without contradiction to - the services provided by the government.
4. Purchase manufacturing franchise related directly to the services of the company, from industrial companies or manufacture them in Kuwait (after obtaining the approval of the Public Authority for Industry in case of manufacturing).
5. Introducing or managing other services of similar nature to or complementary to the mobile telecommunications services for the purpose of developing such services and making them integral.
6. Performing technical researches related to the work of the company for the purpose of improving and developing its services, in cooperation with the concerned entities in Kuwait and abroad.
7. Establishing, purchasing, building, and owning land plots and constructions necessary for achieving the purposes of the company (within the limits allowed by law).
8. Purchasing all materials and machines necessary for the company purposes, and maintaining the same with the best possible modern methods.
9. Utilizing financial surpluses available with the company by investing the same in financial portfolios managed by specialized companies and entities, and authorizing the Board of Directors to do so.

#### **Article (5)**

The company may practice the above mentioned works in the State of Kuwait or abroad, directly or on behalf of others, and may have an interest or participates in any way with the authorities dealing with business similar to its business or those which may assist to achieve its objectives inside and outside Kuwait and it may buy these bodies or attach them therewith.

#### **Article (6)**

The capital of the company is decided to be (K.D.50,000,000/-) Kuwaiti Diars Fifty Millions only, distributed to (500,000,000) five hundred million shares, each in the value of 100 fils. (One Hundred Fils) and all the shares are in cash.

#### **Article (7)**

Shares of the company are nominal, and may not be owned by non-Kuwaitis but pursuant to the provisions of the law and the Ministerial Decrees regulating the same.

#### **Article (8)**

The founders undersigning the Memorandum of Association subscribed to all the value of shares allocated for them being 250,000,000 (two hundred fifty million shares) with the value of K.D. distributed among them pursuant to the percentage stipulated in the Memorandum of Association and paid the full amount of shares subscribed in being K.D. 25,000,000 (Kuwaiti Dinars Twenty Five Millions) in Bobyan Bank, as verified pursuant to the bank certificate issued on 6/3/2008 attached to the original of this Articles of Association.

#### **Article (9)**

The percentage of 50% of the total shares being (250,000,000) shares shall be offered for IPO for a period of not less than ten days, and not more than three months in the announced Kuwaiti banks. If it appeared after closing the subscription that the number of shares subscribed to exceeds the number of shares offered, all the shares offered shall be distributed to the subscribers evenly, but if underwriting did not cover full shares offered, shares subscribed to shall be offered for sale in a public auction involving companies listed in the Kuwait stock Exchange and foreign companies specialized in the field of telecommunications, including the STC company, pursuant to the provisions of the law No. 2 of 2007 referred to above. Distribution shall be to the nearest round figure of shares.

#### **Article (10)**

Without prejudice to article (81) of the law of commercial companies, nobody may subscribe to more than one hundred thousand shares or own at any time over 2% of the capital of the company, other than through heritage or will, with the founders being excepted from this rule.

#### **Article (11)**

The Board of Directors shall hand each shareholder, within three months as of the final announcement of establishing the company, the shares he owns.

#### **Article (12)**

Ownership of shares entails absolute acceptance of the provisions of the Memorandum of Association as well as the provisions of the Articles of Association of the company and the resolutions of its General Assembly.

#### **Article (13)**

Each share entitles its owner to a proportionate share to that of other shareholders, in both ownership of the assets of the Company and in distributed profits pursuant to the manner indicated hereinafter.

#### **Article (14)**

The company shall maintain a register of all the shareholders, the numbers allocated to their shares, their numbers, and actions applicable thereto. No disposal of the shares shall be considered legal unless performed pursuant to the provisions of the law.

#### **Article (15)**

As the Company's shares are nominal. The last owner whose name is registered in the Company's registry shall solely have the right to receive the share earnings, whether in the form of dividends or equity in Company's assets.

#### **Article (16)**

New shares may not be issued at less than their nominal value, however, if such share are issued at a price higher than nominal value, the difference, after paying off the issuing expenses, shall be allocated to the statutory reserve then to the depreciation of shares.

Each Shareholder has priority to subscribe for the new shares proportionate to the number of his existing shares, and fifteen days will be given, starting from the date of publishing the invitation to shareholders for the current shareholders to exercise this preemption right without any restrictions to such right.

#### **Article (17)**

The company may purchase not more than 10% of its total shares in accordance with the provisions of the law No. (15/1960) on commercial companies and its amending laws, regulations and executive decisions provided that the purchase shall not be funded from the company's capital.

### **Chapter Two: Company Management A- Board of Directors**

#### **Article (18)\***

The Board of Directors shall manage the company, and shall consist of 7 (seven members) members, and the term of the Board of Directors shall be three renewable years.

The government, Saudi Telecommunications Company, Kuwaiti Shareholding Companies and every shareholder, whether a normal or a legal person, may appoint whoever appropriate to represent them in the Board of Directors of the company pursuant to the percentage of shares he owns. The number of Board Members selected in this method shall be deducted from the total number of Elected Board Members. Shareholders who have representatives in the Board of Directors may not share with other shareholders in electing the remainder of the Board members but within the limits of the percentage above that used in appointing their representatives in the Board of Directors. Any group of Shareholders may ally to appoint one or more representative in the Board of Directors pursuant to their total percentage of ownership.

Such representatives shall have the same rights and duties as the elected members, and every shareholder shall be liable for the actions of his representatives toward the company, its debtors, and its shareholders.

The members of the Board of Directors should have among them one "independent member" at least. The number of independent members should not exceed half of the Board members. The independent member shall be elected by the ordinary general assembly of the company, and the latter shall decide their remuneration. It is not conditioned that the independent member be a shareholder in the company.

If it became difficult to elect a new Board of Directors in the specified time, the current Board shall continue to run the business of the company till the reasons are cleared and a new Board is elected.

\*Article (18) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016



#### **Article (19)**

The term of the Board of Directors is three years, renewable.

#### **Article (20)\***

The following conditions must be available in the candidate for the membership of the Board of Directors of:

1. Be legally qualified to act.
2. Not have been convicted of a felony penalty restricting freedom or in an offense or bankruptcy due to negligence or fraud, or involving moral turpitude or dishonesty or crime penalty restricting freedom because of his violation of the provisions of the Companies Act unless he has been rehabilitated.
3. To be the owner in person or in behalf of the person he represents, a number of the company's shares, (This requirement does not apply to independent members).

If a board member lost any of the above requirements he shall lose the membership capacity as of the date of the loss of that requirement.

\*Article (20) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (21)\***

- A. Neither the Chairman, nor any member of the Board of Directors, even if he is a representative of a natural or legal character, may use any information acquired by virtue of his position for his own benefit or for the benefit of other parties, nor may he dispose in any form the Company's shares during the term of his service as member of the Board of Directors, but after obtaining the approval of the Capital Markets Authority.
- B. Neither the Chairman, nor any member of the Board of Directors may be a board of the Board of Directors in two competing companies, be a merchant in a trade similar to or competing with that of the company, nor trade on his behalf or on behalf of others in one of the activities practiced by the company. Otherwise, the company shall recourse to him with compensation or considering the transaction he performed for his interest as performed for the interest of the company, unless such activities are agreed upon by the ordinary general assembly. Such restriction shall not apply to the Saudi Telecommunications Company, whose entrance as a strategic partner was to benefit from its expertise in this field through the technical and operational management, and therefore it has the right of representation in the Board of Directors.

\*Article (21) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (22)**

In the event a vacancy occurs on the Board of Directors, the unsuccessful candidate who had obtained the highest number of votes in the latest election shall be appointed. In the event of the vacant posts being equal to one quarter of the original number of posts or no qualified persons are available, the Board of Directors must convene the General Assembly within two months from the date on which the last post became vacant for election of members to fill the vacant posts. In all such events, the new member shall only serve up to the end of the term of his predecessor.

#### **Article (23)**

The Board of Directors shall elect the Chairman and the Vice Chairman by a secret ballot for a period of three years but it should not exceed the period of their membership in the Board of Directors. The Chairman shall represent the company at the courts and in relation with others, and shall be responsible for the execution of resolutions passed by the Board. The Vice Chairman shall act as the Chairman in the absence or incapacity of the latter.

#### **Article (24)**

The Board of Directors may appoint one or more of its members to the office of the Managing Director, and shall determine his remuneration and capacities in signing on behalf of the company. It is not allowed for one person to combine both positions of the Chairman of the Board of Directors and the Managing Director.

\*Article (26) of the Articles of Association was amended pursuant to the approval of the extraordinary General Assembly held on 25/6/2014.

#### **Article (25)\***

The right to solely sign on behalf of the company is for the Chairman of the Board of Directors, the Vice Chairman, or the Managing Director, pursuant to the authorities vested to them by the Board of Directors. The Board of Directors may distribute the work amongst its members pursuant to the nature of the company business. The Board of Directors may also authorize one of its members or a committee formed from its members, or an outsider to perform a certain job or more, or to supervise any of the accompany activities, or to practice some of the authorities allocated to the Board of Directors.

\*Article (25) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (26)\***

The meeting of the Board of Directors shall only be valid with the attendance of half the members. Meetings can be held through the modern means of communication. A resolution can be taken through passing as approved by all the members of the Board of Directors. The Board of Directors should meet at least six times every single year.

\*Article (26) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (27)**

The Board of Directors sets the conditions of dealing with consultancy organizations, experts, advisors and individuals, whether on permanent or temporary basis. The Board of Directors sets the regulatory bylaws for this activity among the internal bylaws of the company.

#### **Article (28)\***

Resolutions of the Board of Directors are issued by a majority of the votes of the attending members, and in case of a tie; the Chairman shall have the casting vote. Minutes of the Board meeting shall be recorded in a special register to be signed by the attending members and the secretary of the Board of Directors. Any dissenting member may request his opinion to be recorded in the minutes of the meeting.

\*Article (28) of the Articles of Association was amended pursuant to the approval of the extraordinary General Assembly held on 31/3/2016

#### **Article (29)**

A member of the Board of Directors fails to attend three consecutive meeting without valid justification, he may be considered to have resigned, with a resolution from the Board of Directors.

#### **Article (30)\***

The ordinary General Assembly shall determine remuneration of the members of the Board of Directors. The total remuneration of the Chairman and the Board of the Directors may not exceed ten percent of the net profits after deduction of the depreciation, the reserves, and the distribution of a profit of not less than five percent of the capital to the shareholders.

An annual bonus of not more than six thousand Dinars may be granted to the Chairman of the Board of Directors and to every member of the board as of the date of establishing the company till the achievement of profits that allow the company distribute bonus pursuant to the content of the above paragraph. A resolution from the general assembly of the company may exempt the independent board member from the above mentioned maximum limit. The Board of Directors abides to submit an annual report to the ordinary general assembly of the company for its approval, including a detailed statement of the amounts, privileges and interests obtained by the Board of Directors, regardless of their name or nature.

\*Article (30) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (31)\***

The Board of Directors has the widest authorities to manage the Company and to conduct all such activities as may be required for realizing the objectives of the Company. The Board's authority shall be limited by restrictions provided for by Law, these articles herein or General Assembly resolutions.

The Board of Directors may; in particular, issue rules and regulations for organizing business, hiring managers, heads and employees of all levels of management set their job description, determine their respective capacities and responsibilities and determine salaries and bonuses.

The Board of Directors may buy, sell and mortgage movables and real estates of the company, borrow and give guarantees, practice arbitration, conciliation and donations in pursuance of the company's interest. The Board of Directors has the right to do whatever mutatis to direct all the work included in the company's purposes, all without conflict with the provisions of Islamic Sharia.

\*Article (31) of the Articles of Association was amended pursuant to the approval of the extraordinary General Assembly held on 31/3/2016

#### **Article (32)**

Members of the Board of Directors are not personally bound with any liability concerning the company's undertakings due to practicing the tasks of their positions within the limits of their capacities.

#### **Article (33)**

Chairman of the Board and its members are liable for their actions towards the company, shareholders and third parties for all fraudulent activities and abuse of power and for every violation of the provisions of the law or of these Articles of Association and the error in the administration. The General Assembly absolving Board members does not preclude a claim of liability.

### **B- The General Assembly**

#### **Article (34)\***

The invitation to convene the General Assembly shall be directed including the agenda, time and location of the meeting, in one of the following methods:

1. Advertising in two daily newspapers issued in Arabic. The ad should be placed twice, with the second time at least 7 days after the publication of the first ad, and 7 days prior to the date of the meeting.
2. Delivering the invitation twice by e-mail and fax, with the second time at least 7 days after sending the first one, and 7 days prior to the date of the meeting.

For notification by e-mail and fax to be valid, it is conditioned that the shareholder have provided the company or the clearing agency with the details of his e-mail or fax number, and agreed to be notified through these means. No change by the shareholder of any of the above mentioned details shall be applicable unless notified to the company at least 5 years before notifying him of the meeting. In case of dispute on receiving the notification, the decision will be in accordance to a certificate issued from the operator of the communication method used in making the notification.

The Ministry of Commerce and Industry should be notified in writing with the agenda, the time and the location of the meeting, at least 7 days in advance, to allow for it's representative to attend.

\*Article (34) of the Articles of Association was amended pursuant to the approval of the extraordinary general assembly on 31/3/2016

#### **Article (35)**

In cases where convening the meeting of the General Assembly is possible based on the request of shareholders, auditors or the Ministry of Commerce and Industry, the agenda shall be set by the requester and no issues other than those included in the agenda may be discussed.

#### **Article (36)**

Each shareholders has a number of votes equal to that of his shares, and may authorize others to attend on his behalf. Minors and interdicted are represented by their legal representatives. No member may participate in the vote for himself or on behalf of his legal representative in matters relating to his private interest or to a conflict between him and the company.

#### **Article (37)\***

The company shall maintain a special record to be kept with the clearance agency, of the names of shareholders, their nationalities, addresses, number of shares owned by each of them, shares type, and paid value of each share. This record shall be endorsed with any changes of its details pursuant to the details received by the company or by the clearing agency. Any concerned party may request the company or the clearing agency to provide him with details from that record.

\*Article (37) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (38)\***

The quorum required for the validity of convening different types of General Assembly, and the majority required for taking decisions therein, shall be subject to the provisions of the law of companies and its amendments.

\*Article (38) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (39)**

Voting in the General Assembly shall be in the method decided by the head of the session, unless the General Assembly decided to adopt a certain method of voting. Voting shall be secret in the election of the members of the Board of Directors and termination of membership.

#### **Article (40)**

The Founders shall convene a meeting within thirty days from the date of registration in the commercial register and publication of the company in the official Gazette as a Founding General Assembly. Authorized persons shall start the procedures of founding the company by presenting a report on the formalities of incorporation together with the relevant supporting documents. The General Assembly shall ascertain the correctness of the founding processes and their conformity with the Law, Memorandum of Association and Articles of Association. The General Assembly shall review reports submitted by the Ministry of Commerce and Industry on this issue, and shall elect the Board of Directors members, appoint the Auditors, and announce the final incorporation of the Company.

#### **Article (41)**

The Ordinary General Assembly shall convene upon request by the Board of Directors at least once a year, within three months of the end of the company's fiscal year. The Board of Directors may request this General Assembly whenever necessary, and shall convene it also whenever is requested to do so by Shareholders who own not less than one tenth of the Capital. The General Assembly shall convene also if so requested by the Ministry of Commerce and Industry.

#### **Article (42)**

The Ordinary General Assembly shall have power to consider all matters related to the Company's activities, except for those which by law or the Articles of Association are to be considered by an Extraordinary Assembly or by the Founding Assembly.

#### **Article (43)**

The Board of Directors shall submit to the Ordinary General Assembly a full report on the operations of the Company, its financial and economic situation, its balance sheet, profit and loss account, the Board of Directors remunerations, Auditors fees, and a proposal for the dividends distribution pursuant to the provisions of the law of companies.

#### **Article (44)**

The Ordinary General Assembly shall discuss the Board of Directors' report and decide what it perceives about it and shall review the Auditor's report, and the report of Ministry of Commerce and Industry, if available. It shall elect the members of the Board of Directors. It shall also appoint Auditors for next year and determine their fees pursuant to the law of companies.

#### **Article (45)\***

Extraordinary General Assembly shall convene either upon an invitation from the Board of Directors or upon a written request from a number of Shareholders who hold not less than fifteen percent of the Company's paid up capital or based on the request of the Ministry. The Board of Directors shall convene the Extraordinary General Assembly within thirty days from the date on which the request was submitted.

\*Article (45) of the Articles of Association was amended pursuant to the approval of the extraordinary general assembly on 25/6/2014

#### **Article (46)**

The following matters shall only be considered by the Extraordinary General Assembly:

1. Amendments to the Memorandum of Association or the Article of Association of the Company.
2. Sell or otherwise dispose of the Company's entire undertakings.
3. Dissolution of the Company, or its merger with any other company or entity.
4. Increase or decrease the Company's capital.

No amendments to the Company's name, capital or purposes shall be considered effective except with a decree bylaw.

### **C- Accounts of the Company**

#### **Article (47)**

The Company shall have one or more certified Auditor whose appointment and fees shall be decided by the General Assembly, and who shall be responsible for auditing the accounts for the fiscal year for which he was appointed.

#### **Article (48)**

The fiscal year of the Company shall begin on the 1st of January and end on 31st of December each year, with exception of the first fiscal year, which shall begin from the date of final incorporation of the Company and end on the 31st of December the following year.

#### **Article (49)**

The Auditor shall have such power and carry out such obligations as stated in the Commercial Companies' Law, and the auditors profession law no. 5 of 1981. In particular he shall have access to all books, records and documents of the Company at any time, and may request any information he may deem necessary. He shall have the right to verify the assets and liabilities of the Company. If he was obstructed or unable to exercise these powers, he shall report the fact in writing to the Board of Directors and to the General Assembly. He may call the General Assembly for a meeting for this purpose.

#### **Article (50)**

The Auditor shall submit to the General Assembly a report stating whether the Balance Sheet, Profit and loss Account fairly reflect the actual financial position of the Company; whether the company keeps proper books of accounts; whether the information given in the report of the Board of Directors is in agreement with the books of the Company; whether any violations of the Company's Articles of Association's provisions were committed during the fiscal year in such a way as to materially affect the Company's activities or financial position; and whether such violation continue to exist, to the best of his knowledge. In his capacity as agent for all Shareholders, the Auditor shall be responsible for the accuracy of the information included in his report. Any Shareholder may discuss and request clarification about the contents of the Auditor's report during the General Assembly meeting.

#### **Article (51)**

A certain percentage of the gross profit determined by the Board of Directors shall be deducted against the consumption of the Company's assets or to compensate the depreciation of the same. Such amount shall be used for the purchase of materials, machines and compulsory constructions or for their repair. These amounts may not be distributed to Shareholders.

#### **Article (52)**

The net profits shall be distributed as follows:

1. Ten percent (10%) shall be allocated to the Statutory Reserve Account unless a greater percentage is stipulated in the Articles of Association. The General Assembly may resolve to suspend such annual deductions when the reserve exceeds 50% of the company's capital.
2. One percent (1%) shall be allocated for payment to Kuwait Foundation for the Advancement of Sciences.
3. A percentage shall be deducted to the Voluntary Reserve Account according to the Board of Directors' suggestion with approval from the General Assembly. Such deduction may be suspended by resolution of the General Assembly based on the Board of Directors' suggestion.
4. A part of the profit shall be deducted as decided by the General Assembly based on the Board of Directors' proposal to meet the Company's obligations under Labor Laws with approval from the General Assembly. Such amount may not be distributed to Shareholders.
5. The Board of Directors shall determine five percent (5%) deduction as necessary to be distributed among Shareholders against their paid shares, with the approval of the General Assembly.
6. A percentage of no more than Ten percent (10%) shall be allocated by the General Assembly from the remaining for the Board of Directors Bonus.
7. The remainder of the profits shall be distributed to the Shareholders as additional dividends, or shall be carried forward to the following years based on a recommendation from the Board of Directors, or to be allocated for the formation of extraordinary reserve or for the formation of extraordinary allocation.

#### **Article (53)**

Dividends shall be paid to the Shareholders at such place and time as may be decided by the Board of Directors.

#### **Article (54)**

The reserve funds shall be utilized according to the Board of Directors' decision to the best interest of the Company. The statutory reserve may not be distributed among shareholders, but may be used to secure distribution of profits to Shareholders, amounting to 5% (five percent) in such years where the profit of the company does not allow distribution of such percentage. If the statutory reserve exceeds half the Capital of the Company, the General Assembly may decide to use the excess amount in such a manner as it deems appropriate and in the Company's interest and the interest of its Shareholders.

#### **Article (55)**

Cash funds of the Company shall be deposited with one bank or several banks as may be specified by the Board of Directors. The Board of Directors shall fix the maximum limit for cash, which the treasurer may hold, in the Company's safe.

## Chapter Three: Dissolution and Liquidation of the Company

### Article (56)\*

The company shall be dissolved for any of the reasons provided for in the law No. 1 of 2016 of issuing the Commercial Companies' Law.

\*Article (56) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

### Article (57)\*

The company's holdings shall be liquidated as stipulated in the law No. 1 of 2016 of issuing the Commercial Companies' Law.

\*Article (57) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

### Article (58)\*

The provisions of the law No. 1 of 2016 of issuing the Commercial Companies' law shall apply for any issue not specifically stipulated for in the Memorandum of Association or the Articles of Association, and in the law No. 7 of 2010 concerning the establishment of Capital Markets Authority, regulating the activities of securities, its amendments and the executive bylaws thereof.

In all cases, the company shall be subject of all the rules, decrees, and directives issued from the concerned regulatory authorities at the time of issuing these Articles of Association, in addition to any rules, decrees and directives issued by the concerned regulatory authorities at any time after the issuance of these Articles of Association.

\*Article (58) of the Articles of Association was amended pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

### Article (59)\*

Company shareholders enjoy, in particular, the following rights:

Receiving profits and obtaining grant shares as distributed.

1. Participation in the company's management by being a member of the Board of Directors and attending the General Assemblies and participate in its deliberations, according to the provisions of the Act No. 1 of 2016 on issuing the Companies Act, previously issued on November 26, 2012 pursuant to the by Decree bylaw No. 25 of 2012, amended by Law No. 97 for the year 2013, as amended, and these Articles of Association. Any agreement to the contrary shall be null.

2. To obtain, at least seven days before the General Assembly meeting, the company's financial statements for the previous accounting period and the directors' report and the auditor's report.

3. The disposition of the shares owned by him and priority in the subscription of new shares, bonds and instruments in accordance with the provisions of the Decree by Law of Companies No. 25 of 2012, as amended, and this contract.

4. Obtain a share of the company's assets upon liquidation after meeting the company's debts.

\*Article (59) of the Articles of Association was added pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

### Article (60)\*

A Shareholder in the company is committed, in particular, to the following:

1. Payment of installments due on his shares at maturity dates and pay compensation for the delay in payment.

2. Payment of expenses that may have been incurred by the company for collecting unpaid installments of the value of his shares. The company may dispose his shares to obtain its rights.

3. Implementation of the resolutions passed by the General Assembly of the company.

4. Refrain from any action that leads to damaging the financial or the moral interests of the company and commitment to compensate the damages arising from violating this.

5. Follow the stipulated rules and procedures on stock trading.

\*Article (60) of the Articles of Association was added pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (61)\***

The shareholders General Assembly may not do any of the following:

1. Increase the financial burden of the shareholders or increase the share nominal value.
2. Decrease the percentages of dividends to be distributed to the shareholders from the net profits as stipulated in the company's Memorandum of Association.
3. Imposing new conditions other than those stipulated in the Memorandum of Association and these Articles of Association concerning the shareholders' right to attend the General Assembly and vote therein.

\*Article (61) of the Articles of Association was added pursuant to the approval of the Extraordinary General Assembly on 31/3/2016

#### **Article (59) R.**

The Founders acknowledge that:

The provisions of the Articles of Association and the Memorandum of Association are in accordance with the form set in article (69) of the Law of Commercial Companies.

They have subscribed in all the Company's shares, and deposited their payment against that subscription in Bobyan bank, which represents 50% of the total capital of the company. .

They have appointed the required management to manage the company. The first management of the company shall be appointed at the first meeting of Shareholders as a Constituent Assembly.

<b>First Party in His capacity</b> Bader Mohamed Abdullah Al-Saad	<b>Second Party in His capacity</b> Abdullah Jaber Al-Ahmed Al-Sabah	<b>Third Party in His capacity</b> Abdul Aziz Ahmed Al-Bazea
<b>Fourth Party in His capacity</b> Mohamed Abdul Ghaffar Al-Sharif	<b>Fifth Party in His capacity</b> On Behalf of the Authority/ Husein Abdullah Batel	<b>Sixth Party in His capacity</b> Fahad Hussein Mashit

Pursuant to the above, this contract was concluded, recited to the attendees who duly signed the same.

This contract is performed in one original, and (2) copies, and is composed of fifteen pages, this amount of writing without any crossover or addition, with attachments as stipulated.

