

ROYAL DECREE

No.18/2019

PROMULGATING THE COMMERCIAL COMPANIES LAW

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Royal Decree

No. 18/2019

Promulgating the Commercial Companies Law

We, Qaboos bin Said,

Sultan of Oman

After perusal of the Basic Law of the State promulgated by Royal Decree No. 101/96,

The Commercial Companies Law, promulgated by Royal Decree No. 4/74,

The Capital Market Law, promulgated by Royal Decree No. 80/98,

After presentation to the Council of Oman, and

Pursuant to the public interest;

Decreed as follows

First Article

The attached Commercial Companies Law shall be enforced.

Second Article

The Minister of Commerce and Industry and the Chairman of the Capital Market Public Authority, each according to his jurisdiction shall issue the regulations for implementation of the provisions of this Law, within a period not exceeding one year from the date of its coming into force. They shall also issue the necessary decisions for implementation of the provisions of this Law. Until the issuance of these regulations and decisions, the current regulations and decisions shall continue to be enforced to the extent they are not inconsistent with the provisions of this Law.

Third Article

The commercial companies existing at the date of coming into force of this Law, shall adapt their status within one year from the date of its coming into force.

Fourth Article

The Commercial Companies Law promulgated by Royal Decree No. 4/74 and all that contradicts or is inconsistent with the provisions of the attached Law shall be repealed.

Fifth Article

This Decree shall be published in the Official Gazette and shall come into force after (60) sixty days from the date of its publication.

**Qaboos bin Said
Sultan of Oman**

Issued on: 8 Jumada Second, 1440 H
Corresponding to: 13 February 2019

THE COMMERCIAL COMPANIES LAW

PART ONE

GENERAL PROVISIONS

CHAPTER ONE

Definitions and Common Provisions

Article 1

In the application of the provisions of this Law, the following words and expressions shall have the meaning assigned to each of them unless the context of the provision requires otherwise:

1	Ministry	The Ministry of Commerce and Industry.
2	Minister	The Minister of Commerce and Industry
3	Authority	The Capital Market Public Authority
4	Concerned Body	The Ministry or the Authority as the case may be.
5	Registrar	The Secretariat of the Commercial Registry
6	Executive Management	The Chief Executive Officer or the General Manager, as the case may be, or the Manager and every executive who is subordinate to the Board of Managers or the Board of Directors or is directly subordinate to any one of the aforementioned or is authorized to carry out some of the functions of the Board of Managers or the Board of Directors.
7	Constitutive Documents	The Company's constitutive contract or its articles of association.
8	Governance	The set of principles, criteria and procedures which achieve the organizational discipline in the management of the company in accordance with the international criteria and methods, by specifying the responsibilities and duties of the members of the Board of Directors and the Executive Management of the Company, taking into consideration the protection of the rights of the shareholders and the interest owners.
9	Working Day	An official working day at the Ministries and governmental corporations and departments.
10	Regulations	The regulations issued for the implementation of this Law.

Article 2

The provisions of this Law shall apply to commercial companies whose principal places of business are located in the Sultanate or which carry out their principal activities therein.

Article 3

A commercial company is a legal entity established under a contract by two or more persons each of whom undertakes to participate in an enterprise for profit, by contributing a share of the capital in the form of tangible or intangible property, services or labour, with a view to sharing any profit or loss resulting from the enterprise.

As an exception from the provisions of the preceding paragraph, the company may be comprised of one person in accordance with the provisions of this Law.

Article 4

Commercial companies must adopt one of the following forms:

1. General Partnership
2. Limited Partnership
3. Joint Venture
4. Joint Stock Company (public / closed).
5. Holding Company
6. Limited Liability Company
7. One-Person Company

Article 5

Any company which carries out a commercial business without adopting one of the forms provided for in Article (4) of this Law, shall be considered null and void and any interested person may assert its nullity and the Court may of its own accord pass a judgement to that effect.

All the persons who have carried out business or acted in the name of the company or to its account shall be severally and jointly liable for the obligations arising from the business or actions made by them.

Article 6

The Ministry shall be in charge of the registration, monitoring and supervision of all companies that are subject to the provisions of this Law, with the exception of public joint stock company, the jurisdiction over which is vested in the Authority.

Article 7

The Concerned Body may issue models of Constitutive Documents. Apart from the joint venture, the Constitutive Documents shall be available to the public for perusal, and they must be registered in accordance with the laws in force.

Article 8

The Constitutive Documents shall not contain any condition for absolving the founders or some of them from any responsibility resulting from the establishment of the company and any condition to the contrary shall be null and void.

Article 9

Apart from the joint venture, the Constitutive Documents and any amendments thereto must be written in the Arabic Language, otherwise they will be null and void, and any interested person may assert the nullity thereof against the partners or the shareholders.

Article 10

The partners or shareholders may in the defence against each other raise the nullity of any of the Constitutive Documents due to the failure to reduce it or its amendment to writing or register it with the Registrar. They may not be availed of this defence against a third party who may assert the existence of the company.

Article 11

The objective of the company must be lawful, and every company whose objective is inconsistent with the law, public policy or morality shall be considered null and void, and every interested person may assert its nullity and the court may of its own accord pass a judgment to that effect.

The persons who have carried out business or acted in the name of the company or to its account shall be jointly liable for the obligations arising from the business carried out or acts made by them.

Article 12

Any company established in the Sultanate shall be of an Omani nationality and shall enjoy the privileges prescribed by this Law. It must have the Sultanate as its principal place of business and it may have one or more branches in the Sultanate or abroad.

Article 13

Without prejudice to the obligations of the Sultanate under the World Trade Agreements, professional companies and companies with foreign capital contributions may be established, provided that the principal place of each of them shall be in the Sultanate in which it shall carry out its activity.

companies may also be established to carry out business outside the boundaries of the Sultanate (offshore) in the free zones, and the regulations of such companies and the rules and procedures that govern their performance shall be approved by the Council of Ministers.

The Concerned Body may register branches and commercial representative offices of foreign companies in the Sultanate, in accordance with such conditions as may be specified by it.

It does not necessarily follow that the company shall enjoy the rights limited by law to the Omanis unless it is wholly owned by Omanis.

Article 14

Apart from joint ventures, a company shall acquire a legal personality from the date of its registration, and in spite of the aforesaid any company under establishment shall have legal personality during the period of its establishment to the extent necessary for that purpose.

Any interested person may deem the establishment of the company against the founders even though the procedures of its establishment have not been completed.

Partners and shareholders shall not raise the legal personality of the company as a defence except after its registration and the persons who have done business or acted in the name of the company or to its account during the period of establishment shall be jointly liable for the obligations arising from the business or acts which they have done.

Article 15

The company shall file with the Concerned Body all the resolutions and records and other documents which are required to be filed with the Concerned Body according to the law, within seven (7) days of the day following the date of adoption of the resolution, the convening of the general meeting or realization of the fact for which the filing is required.

Article 16

Apart from the joint venture, the notices, contracts, documents, warnings, receipts and all papers and printed materials issued by the company, must contain its name, form and place of business and the other data specified by the Regulations.

Article 17

The Concerned Body may request any company to submit audited financial statements or any other data pursuant to the rules and dates prescribed by the Regulations.

Article 18

No legal action based on claims arising under the provisions of this Law shall be instituted against or among the partners or shareholders of the company regarding the Constitutive Documents or acts of the company, nor shall legal action be instituted against the company's managers, members of the board of directors, auditors or liquidators, or against the respective heirs or successors of the aforesaid, in respect of acts performed by them in discharge of their functions,

unless such legal actions are instituted within a period of five (5) years commencing from the earlier of the following:

1. the date of registration of the company;
2. the date of occurrence of the act or omission the cause for the legal action;
3. the date of approval of the partners or the convening of the general meeting of the company at which the manager or the board of directors presented an account of the company's operations for the period, which includes the act or omission which is the cause for the legal action instituted against the managers or the board of directors or one of its members.

Article 19

Anything that should be published electronically according to the provisions of this Law, must be published in the manner specified by the Concerned Body.

The Concerned Body may also specify another means of publication in addition to the electronic publication.

Article 20

The Authority shall draw up governance regulatory principles which must be complied with by public joint stock companies and companies in which the Government owns shares and the Ministry shall draw up the governance regulatory principles of the other companies.

CHAPTER TWO

Contributions to the Share Capital

Article 21

Contribution to share capital shall be in the form of money, contributions in kind consisting of personal or real property , property rights or services or labour, subject to the special provisions regulating each one of the forms of the companies set forth in the provisions of this Law.

The value of all the contributions to the share capital of the company shall be specified in terms of money in its Constitutive Documents.

Article 22

If the competent court decides, upon a request of one of the partners or shareholders or their respective heirs or one of the creditors of the company, that the contribution in kind of one of the partners or shareholders has been overvalued, such partner or shareholder must pay to the company in cash the difference between the estimated value of the property contributed by him/her and its actual value at the date of the occurrence of the contribution.

All the partners or shareholders of the company shall be jointly liable to its creditors for the payment of such difference to the company and they shall be entitled to have recourse against the partner or shareholder whose contribution has been overvalued.

Article 23

The contributions to the share capital of the company shall be of equal value unless the Constitutive Documents contain a provision to the contrary.

Article 24

If a partner or a shareholder defaults on providing his/her contribution to the share capital, the remaining partners or shareholders may either request him/her to perform his/her obligation to the company or expel him/her from the company, and retain in either case their right or the company's right to claim damages from the defaulting partner or shareholder for the damage resulting from his/her default.

Article 25

If the contribution provided by a partner or a shareholder is a property right or any other real rights, such partner or shareholder shall be responsible to the company for any hidden defects or defects of the property right and as a guarantor of the same in accordance with the laws in force.

Article 26

The personal creditors of a partner or a shareholder shall not claim the payment of their debt from the share of such partner or shareholder in the share capital of the company. They may, upon

dissolution of the company claim the payment of their debt out of the share of the partner or shareholder in the remaining assets of the company after payment of its debts.

Notwithstanding the aforesaid, the personal creditors of a shareholder in a commercial company other than a joint stock company may claim payment of their debt out of the share of the shareholder in the company's profits as specified in the company's profit and loss account. However, in the case of a joint stock company, payment may be claimed only out of the shareholder's share in the declared dividends.

The personal creditors of a shareholder in a joint stock company may, in addition to the rights provided in the two preceding paragraphs, demand the sale of such shareholder's shares in a public auction in order to recover payment of their debt out of the proceeds of the sale, subject to the provisions of the applicable laws.

Article 27

Distribution of the profits and losses shall be in the proportion of the contribution to the share capital unless the Constitutive Documents provide otherwise, and any provision which deprives a partner or a shareholder from participation in the profits or exempts him/her from losses shall be null and void, and in that case, the share of the partner or shareholder in the profits or losses shall be determined in the proportion of his/her contribution to the share capital.

Article 28

Any partner or shareholder, manager, the board of directors or any member thereof shall not, without the prior approval of all the shareholders or the general meeting, as the case may be, use the assets of the company or its funds for his/her benefit or the benefit of a third party, or conclude directly or indirectly any agreement with the company for his/her benefit or for the benefit of any one of his/her relatives up to the second degree. Ordinary contracts which the company concludes with its customers in the normal course of its activities are exempt from the foregoing.

Whoever violates the provisions of this Article shall be liable to the company for the profits gained by him/her from such violation and for the damage resulting therefrom and an action for damages may be instituted by any interested person.

Article 29

Any partners in a commercial company shall not without prior approval of all partners, perform to their benefit or to the benefit of third parties businesses similar to those of the company. Partners in joint ventures and shareholders in joint stock companies shall be exempt from this restriction.

CHAPTER THREE

Conversion, Merger, Dissolution and Liquidation of the Company

Section One

Conversion of the Company

Article 30

A company may be converted to another form of company by a resolution issued in accordance with the rules prescribed for amending the Constitutive Documents, after compliance with the conditions prescribed for the form to which the company is intended to be converted. The resolution of conversion must be accompanied by a statement of the assets and debts of the company and the estimate value of such assets and debts and the endorsement of the conversion of the company shall be made by the Registrar.

The resolution of conversion must be published within fifteen (15) days from the date of its issuance.

Article 31

The conversion of the company shall not result in the creation of a new juristic person and the company shall continue after its conversion to retain all its rights and liabilities that preceded the conversion. The conversion shall not discharge the joint partners from the liabilities of the company preceding the conversion unless the creditors agree to such discharge. Such agreement shall be assumed if a creditor does not object, in writing to the conversion within thirty (30) days of the date of being officially notified of the resolution of conversion or its publication in accordance with the procedures prescribed by the Regulations.

If any creditor raises an objection to the Registrar against the conversion of the company, the proceedings shall not be completed except upon repayment of the debt, or acceptance by the creditors of the continuity of the previous guarantees provided by the joint partners or the company has obtained a decision from the competent court rejecting the objection.

Article 32

In the event of conversion, every partner or shareholder will receive a number of shares or contributions in the company to which the conversion is made equal to the value of the shares or contributions which he/she had in the company prior to the conversion.

If the conversion is to a limited liability company and the value of the partner's contributions is less than the minimum value of the contribution in the company, the partner must pay the difference in cash within thirty (30) days of the date he/she has been notified failing which he/she will be considered to have withdrawn from the company and the value of his/her contribution shall be paid according to the market value at the date of the conversion.

Section Two

Merger of the Company

Article 33

One or more companies may, even if they are under liquidation, merge with another company of a similar form or of another form. The merger shall be effected by either of the following two methods:

1. incorporation: i.e. dissolution of one or more companies and transferring their assets and liabilities to an existing company;
2. consolidation: i.e. dissolution of two or more companies and establishment of a new company to which the assets and liabilities of each of the merged companies shall be transferred.

Subject to the provisions of Articles 34, 35, 36, 37, 38 & 39 of this Law, the Regulations shall specify the procedures and rules which must be observed by the companies wishing to merge and the method of evaluation of their assets.

Article 34

A resolution of merger shall be issued by agreement of the companies wishing to merge pursuant to the terms and conditions prescribed for amendment of the Constitutive Documents without following liquidation procedures. The agreement must state the names of such companies, sufficient data about them and the name of the company that will result from the merger, and the rates on the basis of which the shares will be exchanged and the conditions of distributing them.

In all circumstances, the resolution of merger shall not be effective until the approval of the Concerned Body is obtained, according to the form to which the company is converted and its registration with the Registrar.

Article 35

Merger by way of incorporation shall be effected by adopting the following procedures:

1. A resolution shall be adopted for dissolution of the company intended to be merged and incorporation thereof into the incorporating company.
2. The net assets of the incorporated company shall be evaluated in accordance with the last audited financial statements, otherwise the procedures for evaluation of the assets in accordance with the legally applicable rules shall be adopted.
3. A resolution shall be adopted for increasing the share capital of the incorporating company in accordance with the result of the evaluation of the incorporated company.

4. The increase of the share capital shall be divided among the partners or shareholders of the incorporated company in the proportion of their shares therein.

Article 36

Merger by way of consolidation shall be effected by adopting the following procedures:

1. Each of the companies intended to be consolidated shall issue a resolution for its dissolution and establishment of the new company in accordance with the rules required under this Law.
2. The assets and obligations of the companies intended to be consolidated shall be evaluated in accordance with the legally applicable rules and then transferred to the new company.
3. The new company shall be established with a share capital which shall not be less than the net value of the assets of the companies under dissolution. A number of shares shall be allotted to each consolidated company equal to its contribution or shares in the share capital of the new company and such shares shall be divided among the partners or shareholders in each consolidated company in the proportion of their contributions or shares therein.

Article 37

A resolution of merger must be published within fifteen (15) days of the date of its issuance, failing which it will be considered null and void.

The creditors of the company may raise an objection before the Registrar against the merger resolution within thirty (30) days of the date they have been officially notified of the resolution, or of the publication thereof if the merger resolution will affect their rights, and a copy of the objection must be filed with the Concerned Body.

If the company does not settle the objection, the objecting creditor may within fifteen (15) days of the date of submission of the objection, take legal action before a competent court for invalidation of such resolution. The objection before the Registrar will result in suspension of the merger proceedings until the company reaches a settlement with the objecting creditor or an order is obtained from a competent court for continuation of the merger procedures, or the lapse of the period referred to in the preceding paragraph without taking legal action.

Article 38

If no objections are submitted during the period of notice, a resolution of merger shall be considered final and the incorporating company or the new company, as the case may be, shall replace the merged companies in all their rights and liabilities from the date of registration of the data of the companies in the records of the incorporating company if the merger is effected by way of incorporation, or from the date of registration of the new company with the Registrar if the merger

is effected by way of consolidation and the same shall be within the limits agreed in the merger contract without prejudice to the rights of the creditors.

Article 39

The management of the company which resolved the merger shall continue in existence until the merger becomes effective.

Section Three

Dissolution and Liquidation of the company

First: Dissolution and Liquidation Procedures

Article 40

Subject to the provisions relating to the dissolution of each form of company, a company shall be dissolved for the reasons specified in the Constitutive Documents and for the following reasons:

1. failure of carrying out its activity from the date of its establishment or cessation of carrying it out for more than two (2) years.
2. expiry of the term fixed for the company.
3. accomplishment of, or failure to accomplish the objectives for which the company was established.
4. the transfer of shares to a number of partners or shareholders which is less than the minimum number prescribed by the law.
5. the share capital falls below the minimum level which must be available without being able to increase it within the period specified therefor.
6. bankruptcy of the company or loss of all or most of its share capital, if such loss renders the effective use of the remaining share capital impossible.
7. agreement of the shareholders to dissolve the company.

A company may also be dissolved by a court order in accordance with a request of the interested persons or the Concerned Body.

In all circumstances, liquidation procedures must promptly be taken, upon existence of any reason for dissolution of the company. If the company fails to take such procedures, it must be taken pursuant to a judicial decision in accordance with a request of the interested persons or the Concerned Body.

Article 41

The company shall be considered dissolved by virtue of law from the date of the shareholders' agreement, adoption of a resolution of extraordinary general meeting or the issuance of a final judicial judgement, as the case may be, in accordance with the reasons set forth in Article 40 of this Law.

Upon its dissolution, the company shall enter the phase of liquidation and shall retain its legal personality to the extent necessary for the liquidation purposes and the expression “under liquidation” shall be added to its name during the period of liquidation.

Article 42

The powers of all those who are entrusted with the management of the company shall cease from the date of its dissolution and anyone who performs work or an act in the name of the company, shall become liable from such date for the consequences and obligations resulting from the work or act, out of his/her personal property. If the work or act is performed by more than one person, they shall be jointly liable for such consequences or obligations.

However, the managers or the board of directors shall continue to perform their functions and shall be responsible as trustees of the company's assets until a liquidator thereof is appointed and assumes his/her duties.

Article 43

The agreement of the partners or the resolution of the extraordinary general meeting if the liquidation is voluntary, or the judgement if it is compulsory, must include the appointment of one or more liquidators, determine their fees, and the period during which the liquidation must be completed, provided that the liquidator shall be authorized to practice the profession of accountancy and audit, and approved by the Concerned Body.

The period of the voluntary liquidation shall not exceed three (3) years and shall not be extended except by the Concerned Body.

Article 44

The managers or the board of directors must file with the Registrar a copy of the resolution of liquidation or the judgement within fifteen (15) days at most from the date of its issuance provided that the resolution or the text of the judgement, as the case may be, shall be published within seven (7) days from the date of filing thereof with the Registrar.

Article 45

The removal of the liquidator shall be effected either by agreement of the partners, or a resolution of the extraordinary general meeting if he/she was appointed by them, or under an order on a petition by the president of the court that passed the judgement of liquidation which includes the appointment of the liquidator. The agreement, resolution or order, as the case may be, must include the appointment of a substitute for the liquidator who has been removed.

Article 46

The liquidation shall be carried out in accordance with the provisions of the resolution or the judgement issued to carry it out, and if neither of them includes provisions to that effect, the following steps shall be followed:

1. The liquidators shall notify all the creditors by prepaid registered letters on their addresses registered with the company, of the commencement of the liquidation and invite them to submit their claims against the company. If the addresses of the creditors are unknown, they shall be notified and invited to submit their claims by means of publication pursuant to the provisions of this Law. In all circumstances, the notice shall specify a time limit of one hundred and eighty (180) days from the date of publication for the creditors to submit their claims.

The liquidator shall effect the notice within seven (7) days from the date of filing the resolution or judgement issued for the liquidation, with the Registrar.

2. Settlement of all valid claims submitted against the company provided that the ranks of the debts shall be observed at the time of repayment thereof, after the expenses of the liquidation and the liquidators' fees are paid.
3. The remaining assets shall be distributed among the partners or shareholders in accordance with the Constitutive Documents. If such Documents do not contain a provision to that effect, such assets shall be distributed in proportion to the shareholding of each of them in the share capital of the company.

If the net assets of the company are insufficient to cover the full value of the contributions or shares as stated in the Constitutive Documents, the deficit shall be apportioned among the partners or shareholders in the same proportion for sharing the losses.

Second: Authorities and Obligations of the Liquidator

Article 47

The liquidator must register the resolution adopted for his/her appointment, the restrictions on his/her authorities and the agreement of the partners or the resolution of the extraordinary general meeting or the judgement passed to that effect, by the method prescribed for registration of amendment to the Constitutive Documents. The appointment of the liquidator or the method of liquidation shall not be raised as a defence against third parties except from the date of registration.

Article 48

Upon assuming his/her functions, the liquidator shall jointly with the auditor or managers of the company, if any, prepare an inventory of the company's assets and liabilities, a detailed list of which must be recorded and a financial statement of the company must be prepared. Each of such documents must be signed by the liquidator and the managers or the members of the board of directors and the auditor.

Article 49

The liquidator shall take possession of the company's funds, books, assets and documents and shall keep a ledger for recording the works pertaining to the liquidation and he/she shall comply with the conventional accounting principles for keeping such ledger.

The liquidator shall enable the partners, shareholders and the creditors to peruse the ledger pertaining to the recording of the works related to the liquidation.

Article 50

All contracts, receipts, notices and any other documents issued on behalf of the company must contain an express phrase that it is (under liquidation).

Article 51

Subject to any limitation provided in the resolution or judgement issued for the liquidation, the liquidator shall have absolute authority to manage the company's business and to take all the necessary measures to preserve its funds, collect its rights and complete its pending businesses and to take all the necessary actions for liquidation of its assets and settlement of its debts. The liquidator shall also have in particular, the authority to represent the company before third parties and before the courts as plaintiff or defendant and all the other authorities set forth in the Regulations.

If the resolution or judgement issued for the liquidation provides for appointment of more than one liquidator, they shall act jointly unless the resolution or the judgement authorizes them to act severally, and they shall be jointly liable for indemnifying the company, the partners, the shareholders and the third parties, against the damage sustained by any of them as a result of exceeding the scope of their authorities or as a result of the negligence committed by them in the performance of their functions.

Article 52

The liquidator must take all the necessary actions for recovering any rights of the company with third parties and deposit in the account of the company under liquidation the amounts received in its name, in one of the banks, within a period of one day at most from the time of receiving such amounts.

The liquidator shall not release any security or guarantee or accept any security for the company for less than its current value.

The liquidator shall not sell the company's assets and projects altogether, except after obtaining the approval of the partners or the shareholders, if the liquidation is voluntary, or the approval of the competent court if the liquidation is compulsory, unless the resolution or the judgement issued for appointment of the liquidator provides for permissibility of their sale altogether.

Article 53

The liquidator shall not undertake new works unless the same are necessary for completion of previous works and if the liquidator performs new works which are not required for the liquidation, he / she shall be liable to the extent of all his/her property for such works, and if the liquidators are more than one, they shall be jointly liable.

Third: Completion of the Liquidation Works

Article 54

The liquidator shall complete the liquidation during the period specified therefor by the resolution or the judgement issued for the dissolution. Subject to the provision of Article 43 of this Law, the period specified for the liquidation may, for the reasons stated by the liquidator, be extended by a resolution of the partners or the extraordinary general meeting, if the liquidation is voluntary, or by an order on a petition, by the president of the competent court if the liquidation is compulsory.

In all circumstances, if the works of the liquidation extend for more than a year, the liquidator shall convene the partners or the shareholders at the end of each year for which the works of the liquidation are extended, pursuant to the procedures for convening of the partners or the extraordinary general meeting, for presenting to them a report on the works of the liquidation during the ending year and the financial statements about such year. The convening must be within thirty (30) days at most of the end of the year.

Article 55

The company shall be bound by the works and acts performed by the liquidator in its name, if they are required for the liquidation.

The liquidator shall be liable to the company, the partners or shareholders and third parties for the damage resulting from his/her works or acts in violation of the law, or from his/her acts which are beyond the scope of his/her authorities or from any fraud, forgery or negligence committed by him/her in the performance of his/her duties and also for his/her failure to act as a prudent person. If there is more than one liquidator, they shall be jointly liable unless each one of them has the right to act severally pursuant to resolution or judgment issued for their appointment and no claim shall be heard against the liquidator after the lapse of five (5) years of the date of completion of the liquidation works.

Article 56

Upon completion of the liquidation, the liquidator shall submit a final report and a final statement of accounts audited by the company's auditor on the liquidation works, to the partners or shareholders and the creditors within thirty (30) days of the completion of such works, for their approval.

Article 57

Upon approval of the final report and the final statement of accounts by the partners or the shareholders, the liquidation shall be completed and the liquidator shall file a copy of their approval of completion of the liquidation with the Registrar within seven (7) days of the date of issuance thereof, and the Registrar shall delete the company's registration as of the date of filing of such approval.

The liquidator shall publish the approval of the partners or the shareholders of the completion of the liquidation, within two (2) days of the date of filing it with the Registrar.

Article 58

If the final report and the final statement of accounts are not approved, the liquidator may present to the competent court the aspects of difference and request the invalidation of the rejection resolution.

The liquidator shall file a copy of the judgement issued in the claim, with the Registrar within fifteen (15) days of the date of its issuance.

If the judgement issued invalidates the resolution of the partners or shareholders and confirms the completion of the liquidation, it must be published in accordance with the second paragraph of Article 57 of this Law, and the Registrar must delete the registration of the company as from the date of filing of the judgement.

If the judgement issued approves the resolution of the partners or the shareholders, the liquidator may be removed and another one be appointed for completion of the liquidation works.

Article 59

The liquidator shall deposit the proceeds of liquidation which have not been received by those who are entitled thereto, in the fund which may be established for this purpose by a decision of the Concerned Body, provided that such decision shall specify the period during which such funds shall be deposited, the procedures of depositing them and the expenses required for the management of such funds which will be deducted from their value until they are paid to the persons entitled thereto.

The provision of Article 135 of this Law shall apply to the aforementioned funds.

PART TWO

General Partnership, Limited Partnership and Joint Venture Companies

CHAPTER ONE

General Partnership

Article 60

A general partnership is a company formed by two or more natural persons who shall be jointly liable for the company's debts to the full extent of their property, and upon the death of any of them, the liability shall pass to his/her inheritors in respect of his/her unpaid debts.

Article 61

The name of the general partnership shall consist of the names of all the partners. It may also be limited to the name of one or more partners and to be followed by the expression "and company". The name of the company must be in conformity with the true state of affairs and if it includes the name of a person who is not a partner with his/her consent, such person shall be jointly liable for the company's debts.

The company may have a special trade name, provided that it must be connected with an indication that it is a general partnership.

Article 62

The partners shall submit an application for registration of the general partnership and its Constitutive Documents to the Registrar within thirty (30) days of the date of signing the Constitutive Documents pursuant to the provisions of this Law.

Article 63

Any partner in the general partnership shall acquire the status of a merchant and shall be deemed to be carrying out commercial business under the name of the company. The bankruptcy of the company shall result in the bankruptcy of all the partners thereof.

Article 64

The company may retain in its name the name of a partner who has withdrawn therefrom or has died, if that is agreed to by the partner who has withdrawn or the heirs.

The partner who has withdrawn from the company shall not be liable for the debts incurred by the company subsequent to the date of registration of his/her withdrawal therefrom, unless he / she agrees for his/her name to continue among the names of the other partners. In such case, the partner who has withdrawn shall be jointly liable to any person who deals with the

company in good faith, provided that such withdrawal shall be published in the place of publication specified by the Regulations.

The heirs of a partner shall be jointly liable to the extent of all their property to any person who deals with the company in good faith, if they agree to the continuity of the name of the person inherited by them in the name of the company.

Article 65

Shares of the partners in the general partnership shall not be represented by negotiable instruments.

Article 66

Shares in a general partnership shall not be assigned except with the approval of all the partners and subject to the restrictions set out in the Constitutive Documents. Any agreement which approves unconditional assignment shall be considered null and void. However, the partner may assign to a third party the rights connected with his/her share in the company and such agreement shall not have any effect except between the parties thereto.

Article 67

Creditors of the company shall be entitled to have recourse against it for repayment out of its property, and they shall also be entitled to have recourse against a partner for repayment out of his/her private property and all partners shall be jointly liable to the company's creditors, and the property of a partner shall not be subjected to execution by reason of the company's debts except after obtaining a final judgment against the company, serving notice on it and its failure to settle within a reasonable time.

The judgement passed against the company shall constitute an evidence against the partner. If a partner settles a debt of the company, he / she may have recourse against the company for the debt settled by him/her and he / she may also have recourse against the other partners, each according to his/her proportion of the debt. If one of the partners is insolvent, the partner who has settled the debt and the other solvent partners shall bear the consequence of such insolvency each according to his/her proportion.

Article 68

All partners of a general partnership shall be considered managers of the company. The Constitutive Documents may, however, provide that the management shall be entrusted to one or more natural persons who may or may not be partners.

If there are several managers and each one of them has a specific scope of authority, any manager shall not be accountable except for the acts that are within the scope of his/her authority. If the management is required to be performed by the managers collectively, the resolutions shall not be valid unless they are adopted unanimously or by the majority provided for in the Constitutive Documents. However, each manager may perform any urgent business which will result in damage or loss of profit to the company if not performed.

Article 69

Any partner who is not a manager, may at any time, request any information about the company and peruse and inspect by himself/herself or through his/her representative, the books, records, accounts and other documents of the company. Any partner may also raise an objection before the competent court against any resolution issued by the managers, which in the partner's opinion, is inconsistent with the law or the Constitutive Documents. Any agreement which deprives such partner of any of these rights, shall be null and void.

Article 70

If the manager is a partner and appointed under the company's constitutive contract, he/she shall not be removed from office except by an unanimous resolution of all partners or by a judgement of the court upon the request of the majority of the partners. The removal of the manager in any of these two circumstances will result in the dissolution of the company unless the Constitutive Documents provide otherwise.

If the manager is a partner and appointed by a contract separate from the Constitutive Documents, or if he/she is not a partner, he/she may be removed from office by the majority of the partners and such removal shall not result in dissolution of the company.

Article 71

A manager may perform all ordinary acts of management which are consistent with the objectives of the company, unless his/her authority in this respect is restricted by a provision of the Constitutive Documents, and the company shall be bound by any act performed by the manager acting in its name, which is within the scope of his/her authority.

Article 72

A manager shall not perform the acts which are beyond the course of ordinary management, except with the approval of all the partners, or under an express provision of the Constitutive Documents. This prohibition shall particularly apply to the following acts:

1. making donations other than the donations which the interest of the business requires as long as they are of little value and customary.
2. selling all or a substantial part of the company's assets.
3. creating a mortgage or pledge on the company's assets except for securing its debts incurred in the course of its ordinary business.
4. giving a guarantee of debts of third parties other than the guarantees made in the course of ordinary business with the object of achieving the company's objectives.

Article 73

Subject to the provisions provided in this Law, a general partnership shall be dissolved upon the death of one of the partners, his/her withdrawal from the company or declaration of his/her incapacity or bankruptcy unless the Constitutive Documents provide otherwise.

However, if two or more partners remain in the company, they may decide the continuity of the company between them, provided that they shall register such decision with the Registrar.

Article 74

The court may, upon the request of one of the partners, order the dissolution of the general partnership on the grounds of the failure of one or several partners to comply with their obligations or for any other reason which requires its dissolution.

However, the partners may submit a petition to the court requesting a decision for removal of the failing partner from the company if his/her failure is considered a sufficient reason for the dissolution of the company.

Article 75

In the event of the continuation of the company after the withdrawal, dismissal of a partner from the company or declaration of his/her incapacity or bankruptcy or his/her death, the value of the share of such partner in the company shall vest in him/her or his/her legal representatives or heirs, as the case may be, assessed on the basis of a special inventory list established on the date of occurrence of the event which led to the aforesaid. In case of a dispute on the value of such share, it shall be assessed at the request of the interested parties, by the competent court on the basis of a report of one or more experts to be appointed by the court unless the parties agree to a different method of assessment. The value of the share shall be paid in cash or in kind to the beneficiaries, and the beneficiaries shall not be entitled to any share in the subsequent revenues of the company.

Article 76

Subsequent to its dissolution, a company shall be liquidated in accordance with the provisions of this Law and its Constitutive Documents, provided that such documents shall not contradict any mandatory legal provisions.

All partners, including those who are not entitled to manage the company, shall have the right to participate and vote on the resolutions which will affect the liquidation of the company.

CHAPTER TWO

Limited Partnership

Article 77

A limited partnership is a company which comprises two categories of partners;

1. one or more general partners who shall be jointly and severally liable for the company's debts to the full extent of their property.
2. one or more limited partners whose liability for the company's debts shall be limited to the extent of their contribution to the share capital, provided that the amount of such contribution shall be stated in the Constitutive Documents.

Article 78

The name of a limited partnership may consist of the name of one or more partners along with an addition of an indication of the existence of partners. The name of the company wherever it appears shall also be followed by the expression "Limited Partnership".

If a limited partner agrees to the inclusion of his/her name in the name of the company, he/she shall be held as a general partner liable for the company's debts towards any third party who deals in good faith with the company on the understanding that he/she is a general partner.

The company may have a special trade name provided that it shall be connected with an indication that it is a limited partnership.

Article 79

The general partner or partners must submit an application for registration of the limited partnership and its Constitutive Documents with the Registrar within thirty (30) days of the date of signing the Constitutive Documents in accordance with the provisions of this Law.

Article 80

A limited partner shall not be entrusted with or participate in the management of the company, nor bind it with his/her acts. However, he/she may by himself/herself or through a representative at any time, inspect the books, records, accounts and other documents of the company for understanding the performance of its business and its future opportunities, and he/she may have discussions with the other partners on the same matters. He/she shall not because of his/her exercise of such authorities be considered participating in the management of the company.

If a limited partner performs any role in the management of the company, he/she shall be jointly liable for any obligations arising against the company during his/her performance of such role.

Article 81

A limited partner shall not be deemed to be carrying out a commercial business in the name of the company, or be deemed to have acquired the status of a merchant, and the bankruptcy of the company shall not result in his/her bankruptcy.

Article 82

The death of one of the limited partners or the declaration of his/her incapacity or bankruptcy shall not result in the dissolution of the limited partnership, unless the competent court decides otherwise, and the general partners shall effect the liquidation of the company upon its dissolution.

Article 83

A judgement declaring the bankruptcy of a limited partnership shall result in the bankruptcy of the general partners only.

Article 84

A limited partnership shall be subject to all the relevant provisions regulating the general partnership with respect to matters in respect of which there is no provision in this Law.

PART THREE

JOINT VENTURE

Article 85

A joint venture is a company comprised of two or more natural or juristic persons. Its existence shall not be raised as a defence against third parties. It does not enjoy a juristic personality and is not subject to any procedures of registration with the Registrar. A joint venture contract may be established by all methods of proof. However, if any joint venture partner discloses the existence of the joint venture to a third party who deals with him/her in such capacity, the provisions regulating the general partnership and the general partner thereof shall be applicable to such contract.

Article 86

A contract of the joint venture shall define its objectives, the rights and obligations of the joint venture partners, the method of distribution of the profits and losses, the manner of management of the company and any other essential elements.

Article 87

A partner in a joint venture shall not be considered a merchant, unless he/she carries out commercial business by himself/herself.

PART THREE

JOINT STOCK COMPANY

CHAPTER ONE

ESTABLISHMENT

Section One: General Provisions

Article 88

A joint stock company is a company whose share capital is divided into shares which shall be traded in the manner prescribed by law.

A shareholder shall not be liable except to the extent of his/her shareholding in the share capital.

Article 89

A joint stock company shall consist of at least three (3) natural or juristic persons. The companies established solely by the Government or jointly with another shall be exempt from this provision.

Article 90

The company shall have a trade name which shall not be a name of a natural person, unless the objective of the company is to exploit a patent registered in accordance with the law in the name of such person, or in the event of being converted to a joint stock company. The name of the company shall not be misleading as to its objectives, its identity or the identity of its members. The name of the company shall wherever it appears, be followed by the phrase "Public Omani Joint Stock Company" or the expression "SAOG", or by the phrase "Closed Omani Joint Stock Company" or the expression "SAOC".

If a bona fide third party commits an error as a result of a violation of the preceding paragraph, the persons responsible for such violation shall be deemed to be personally liable towards such third party for the damage sustained by him/her as a consequence of such violation.

Article 91

The issued share capital of a public joint stock company shall not be less than two million (2,000,000) Omani Rials and five hundred thousand (500,000) Omani Rials in the case of a closed joint stock company.

As an exception from the preceding paragraph, the minimum share capital of a public joint stock company may be one million (1,000,000) Omani Rials, if it is established by way of conversion from another legal form.

Section Two: The Founders

Article 92

Whoever practically participates in the procedures of establishment of a joint stock company with the intention of assuming responsibility therefor, shall be deemed to be a founder of such joint stock company.

Whoever signs the Constitutive Documents or provides a share in cash or in kind upon the company's establishment shall particularly be deemed to be a founder.

Whoever, other than the shareholders, carries out the preparation or review of the Constitutive Documents, shall not be deemed to be a founder.

Article 93

A founder shall, in his/her dealings with the company under establishment or for its account, exert the care of a prudent person, and the founders shall be jointly liable for any damage which may be sustained by the company or third parties as a consequence of their default.

If a founder receives any information or funds belonging to the company under establishment, he/she shall inform the company of such information and refund to it such funds and any profits he/she might have obtained as a result of what he/she has received.

Article 94

Any action performed by the founders with third parties in the name of the company under establishment shall be effective against the company if it was necessary for its establishment and such actions must be approved by the constitutive general meeting.

Article 95

The constitutive general meeting shall, prior to the approval of any of the actions referred to in Article 94 of this Law, be informed of the facts related to the action, and whoever violates this obligation shall be liable to the extent of his/her property for the damage sustained by the company as a result of the action that has been approved and if the persons responsible are several, they will be jointly liable for such damage.

If any of the aforementioned actions are not approved, the founders shall be jointly liable for the effects and obligations arising from the action.

Article 96

The founders shall appoint from among them a committee whose members shall not be less than three (3) members for carrying out the establishment procedures.

Article 97

The Constitutive Documents shall particularly include the following data:

1. name of the company and its principal place of business;
2. objectives of the company;
3. amount of the share capital, the number of the shares to which it is divided and value and type of the share;
4. names, nationalities, places of residence and addresses of the founders and the number of shares subscribed for by each one of them;
5. number of the members of the board of directors;
6. duration of the company, if it is for a limited duration, its commencement date and the expiry date.

Article 98

The establishment of a joint stock company shall be effected by submission of an application for establishment to the Concerned Body signed by at least three (3) of the founders and accompanied by a list of the names of members of the constitutive committee.

Article 99

The constitutive committee shall attach to the application for establishment, a copy of the Constitutive Documents signed by all the founders and any data or other documents specified by the Regulations. It shall also attach a bank statement certifying the payment by the founders of the value of the shares in the case of a closed joint stock company.

A decision on the application for establishment must be taken within fifteen (15) days of the date of submission of the application satisfying all the required documents. If the application is rejected or the specified period has expired without a decision being taken on the application, the interested persons shall be entitled to make a complaint against the rejection or failure to take a decision on the application in accordance with the procedure set forth by the Regulations.

Article 100

The founders of a public joint stock company shall subscribe for a percentage of at least thirty percent (30%) and not exceeding sixty percent (60%) of the share capital and the remaining

shall be offered for public subscription, except in the case of conversion to a public joint stock company, in which case the shareholders or partners in the company may, prior to the conversion, retain seventy five percent (75%) of the share capital.

The Authority may also permit the founders of a company which is converted to a public joint stock company to own a higher percentage than the percentage specified in the preceding paragraph.

A single founder shall not own more than twenty percent (20%) of the share capital whether in his/her name or in the names of his/her minor children who are less than eighteen (18) years of age, except in the case of conversion, in which case the founders may retain their contribution if such contribution exceeds the percentage prescribed for each founder. Companies fully owned by the State and holding companies shall also be exempt from the prescribed percentages.

The founders shall submit to the Authority evidence of their subscription according to the percentage prescribed for them, prior to approval of the procedures of public subscription.

The founders shall not thereafter subscribe for shares offered for public subscription.

Article 101

The Regulations shall specify the data which must be included in the notice of subscription, the bodies which are designated for receiving the applications for subscription and the number and responsibilities of such bodies, and the rules and procedures of dealing with the deposited amounts.

Article 102

The constitutive committee shall, subsequent to the approval of the prospectus, publish the notice of subscription in accordance with the rules and dates specified by the Regulations.

Article 103

The application for subscription, which may be in an electronic form, must be drawn up according to the form prepared by the Authority.

Article 104

The constitutive committee shall appoint one of the companies licensed by the Authority as an underwriter for covering the prospectus and disclose the direct and indirect costs related to the coverage. The underwriter company for the coverage shall submit a statement confirming its perusal of the feasibility study prepared for the project.

Article 105

The Authority may determine the procedure and conditions of subscription, the maximum and minimum number of shares which must be subscribed for, the cases in which the application for subscription is acceptable, the cases of rejection and the method proposed for distribution of the shares among the subscribers and the period of time specified for refunding the amounts in excess to them.

Article 106

If an invitation is issued to the public to subscribe for the shares of a company, the founders who make contributions in kind must give a description of such contributions in the subscription document and the Regulations shall determine the procedure that must be followed for evaluation of such contributions.

Article 107

The founders shall, within thirty (30) days of the date the decision of establishment of the company is issued, invite the public for subscription.

The subscription shall remain open in accordance with the period specified in the prospectus, which shall not exceed fifteen (15) days. The Authority may, if required, permit the extension of such period for a similar period.

Article 108

The constitutive committee shall convene the constitutive general meeting at the place and date specified in the prospectus. The Concerned Body must be notified of the date for convening of such meeting and the Concerned Body may send a supervisor to attend the meeting.

Article 109

The constitutive general meeting shall be chaired by a member of the constitutive committee. The convening of the meeting shall not be valid unless the meeting is attended by shareholders in person or by proxy representing at least sixty five percent (65%) of the company's share capital, failing which, a second meeting shall be convened to discuss the same agenda. A proxy must be made in writing, failing which it will not be valid.

The resolutions of the second general meeting shall be valid regardless of the number of shares represented, provided that such general meeting shall be convened within fourteen (14) days of the date of the first general meeting, by publication pursuant to the provisions of this Law, at least (7) seven days prior to the date set for convening the second general meeting. The resolutions of the general meeting shall be adopted by a simple majority of the votes cast.

Article 110

The constitutive committee shall present to the constitutive general meeting a report containing sufficient information on the actions taken and the amount spent for establishment of the company and the actions made on behalf of the company under establishment.

Article 111

The constitutive general meeting shall have the following functions:

1. making sure that the conditions necessary for establishment of the company have been observed.
2. ratification of the amendments made to the articles of association of the company, if required.
3. approval of the procedures, expenses and actions provided for in Article 110 of this Law.
4. election of the members of the first board of directors.
5. appointment of an auditor or auditors.
6. any other functions contained in the articles of association of the company.

Article 112

Companies which carry out their businesses according to the provisions of Islamic Sharia shall comply with Islamic Sharia in all the acts performed by them and the Concerned Body shall issue a special regulations containing the constitution of an Islamic Sharia Committee, its organization and functions.

Article 113

Without prejudice to the right of submission of a petition for a judgment of invalidity of the company if there is a defect in the procedure of its establishment, any interested person may, within three (3) years from the date of the establishment, notify the company to correct the defect. Should the company fail to take steps to make the correction within thirty (30) days of the date of the notice, such interested person may submit petition for its dissolution and the competent court may specify a period not exceeding six (6) months for correction of the defect, if it is possible, failing which, the court will resolve the dissolution of the company and it must be liquidated as a company, without prejudice to the right of third parties for compensation resulting from such dissolution, if required.

Article 114

The company shall not raise its invalidity because of a defect in the procedure of its establishment as a defence. The founders shall be jointly liable for the damage resulting from the dissolution of the company by reason of a default in the procedure of its establishment.

Article 115

The company's first board of directors shall register the company with the Registrar within fifteen (15) days of the date of convening the constitutive general meeting. The members of the board of directors shall be jointly liable for the damage resulting from failure to perform such registration.

Article 116

The company shall facilitate perusal by the public of its articles of association at its principal place of business and on its website on the internet. Any person shall be entitled to obtain a true copy of the articles of association against payment of an amount to be determined by the company's board of directors after the approval of the Concerned Body.

Article 117

The board of directors shall draw up internal regulations for regulation of the company's management, its business and the affairs of its employees, within one year from the date of registration of the company with the Registrar, pursuant to the principles specified by the Regulations.

CHAPTER TWO

The Company's Share Capital

Section One

The Shares

Article 118

A company shall have an issued share capital and its articles of association may specify an authorized share capital exceeding its issued share capital.

The share capital of a company shall be represented by shares that are tradable in the manner prescribed by law.

A company shall not issue "founder's shares", "concessionary shares" or any other securities which grant the founders or any other person a right to any part of the company's earnings or profits without having made an appropriate prior contribution to the share capital.

Article 119

A share shall not be owned by more than one person except in the case of inheritance, provided that the heirs shall be represented by one representative to be appointed from among them, or they shall be represented by the person whose name comes first in the register of the company's shareholders.

Heirs shall be jointly liable among themselves for the consequential liabilities of such ownership. However, a share owned by the heirs shall not be disposed of except with the approval of all the heirs or their legal attorney.

Article 120

The value of a share may be reduced by dividing it, and its value may also be increased by merger of shares, according to a resolution of the board of directors.

Article 121

Shares shall enjoy equal and inherent rights in the ownership thereof. The most important of these rights are namely, the right to receive dividends declared by the general meeting, the preferential right of subscription for new shares, disposal of the shares, obtaining a copy of the financial statements, perusal of the shareholders' register, attending the general meetings and voting on the items of their agendas and perusal of their minutes, the right to apply for suspension or invalidation of any resolution adopted by the general meeting or the board of directors which is contrary to the law, the articles of association or the internal regulations of the company, the right to take legal actions against members of the board of directors and the auditor in his/her own name or on behalf of the shareholders or the

company and the right to participate in the distribution of the company's assets upon its liquidation.

Article 122

The articles of association of a company may establish certain privileges for some of the shares with respect to voting, dividends or proceeds of liquidation or such other rights, provided that the shares of the same class shall have equal rights, privileges and limitations and the rights, privileges and limitations related to any class of shares shall not be amended except by a resolution of the extraordinary general meeting and with the approval of two thirds of the owners of such class of shares.

Article 123

Concessionary shares may be issued by companies whose articles of association provide for amortization of their shares prior to the expiry of the company's term by reason of connection of the company's activity with engagement in the exploitation of one of the natural resources or public utilities awarded thereto for a limited period, or in any other form of exploitation that may be exhausted by use or which ceases to exist after a specific period. A company shall issue the concessionary shares in accordance with the conditions specified by the Regulations.

Article 124

A company may convert some of its shares to certificates of deposit tradable in international markets according to the terms specified by the Regulations. Such certificates shall be issued by an international depository bank provided that such issuance shall not result in the transfer of ownership of the shares to such bank.

The company, the international depository bank and its agent (the international custodian bank) shall carry out the procedure set forth by the Regulations for conversion of the shares to certificates of deposit.

Article 125

The offer of shares and other securities which are offered by public joint stock company for public or private subscription shall be in accordance with the provisions prescribed by law.

A closed joint stock company may offer its securities, other than the shares for public subscription in the manner prescribed by law.

Article 126

It is permissible to add a maximum of two percent (2%) to the value of the share to cover the issue expenses. If there is an excess after payment of the issue expenses, such excess shall be transferred to the legal reserve account or to any other reserve created pursuant to the provisions of this Law.

Article 127

Founders in the public joint stock company shall not dispose of their shares before the company has published two balance sheets for two (2) consecutive financial years from the date of its registration. The period of restriction on disposal may be extended for a further period of one year by a decision of the Authority, provided that such restriction shall not prejudice the right of the founders to make a second charge over such shares.

However, assignment of shares owned by the State, assignment of shares amongst the founders themselves and the cases of inheritance, shall be exempt from the aforementioned provision. A public joint stock company that is established by way of conversion of an existing company shall also be exempt, provided that it shall complete two (2) years at least of the date of its conversion.

Article 128

The transfer of ownership of a company's shares shall be effected by entering it in the shareholders register. A company shall not consider the ownership of any share by any shareholder unless his/her ownership is registered in its shareholders' register.

Section Two

Distribution of Profits and Losses

Article 129

Annual or interim distribution of dividends shall be effected by a resolution of the ordinary general meeting based on the latest audited financial statements.

Part of the net profits may with the approval of the ordinary general meeting, be converted to shares to be allotted to the shareholders and as a consequence of such conversion, the share capital shall be increased by the value of such shares.

Article 130

Distribution of dividends among the shareholders shall not be made in the following cases:

1. if as a result of the the distribution the company's ability to pay its debts and financial liabilities on time will be affected;
2. if the distribution is a result of fictitious profits;
3. if the company sustains a loss which has not been fully extinguished.

Creditors of the company may petition the court to invalidate any distribution made contrary to the aforesaid. The members of the board of directors who proposed or approved the

distribution shall be jointly liable to creditors within the limit of the profits the distribution of which is adjudged invalid.

Article 131

No distribution shall be made except from the net profits after deduction of all the necessary costs, and setting aside the depreciations, appropriations and reserves which must be set aside, including any part of the profits allocated by the company for increase of the share capital.

Article 132

The board of directors of a company shall in each financial year, set aside ten percent (10%) of the net profits, after deduction of taxes, for establishing a legal reserve until such legal reserve amounts to at least one third of the company's share capital. Such legal reserve may be used for covering the company's losses and the increase of its share capital by way of issuing shares and it shall not be distributed to the shareholders as dividends except where the company reduces its share capital, provided that the legal reserve shall not be less than one third of the share capital after the reduction.

Article 133

A company may establish optional reserve accounts which shall not exceed twenty percent (20%) of the net profits for each financial year, after deduction of taxes and the legal reserve. The ordinary general meeting may resolve to distribute dividends from such reserve.

Article 134

A company shall deposit the dividends which have not been collected by the persons who are entitled to receive them, in the fund established by a decision of the Concerned Body for this purpose, provided that such decision shall specify the period during which such funds must be deposited, the procedure of depositing the same and the expenses required for the management of such funds which will be deducted from their value until they are paid to the persons who are entitled to receive them.

Article 135

The ownership of the funds deposited in the fund mentioned in Article 134 of this Law shall vest in the Concerned Body after the lapse of fifteen (15) years from the date of the deposit, if such funds have not been collected by the persons who are entitled to receive them after they have been officially notified and publication of the notice in two issues of two daily newspapers at least one year prior to the lapse of the aforementioned period, and such funds shall be allocated for charitable works.

Section Three

Change of Share Capital

First: Increase of Share Capital

Article 136

The extraordinary general meeting may resolve to increase the authorized share capital of the company, or its issued share capital if it has no authorized share capital.

The board of directors may resolve to increase the issued share capital if the company has an authorized share capital, provided that the increase shall be within the limits of the authorized share capital.

Article 137

The issued share capital may be increased by means of making contributions in kind or conversion of the company's debts to shares.

Article 138

The extraordinary general meeting may resolve to allot some shares of the increase of the share capital for the employees of the company, within a maximum of five percent (5%) of such shares in accordance with the rules and conditions set forth in the Regulations.

Article 139

The extraordinary general meeting may resolve to allot the shares of the increase of the share capital for the benefit of one or more specific persons, in accordance with the rules specified by the Regulations.

Article 140

If the shares of increase of the share capital are offered for subscription, each shareholder shall have a preferential right to subscribe for such shares or to waive such right according to the procedure and rules specified by the Regulations. If these shares or part of them are not subscribed for by the shareholders within the specified period, the board of directors of the company shall offer such shares for subscription pursuant to the provisions of the Capital Market Law, or reduce the amount of the increase of the share capital by an amount equal to the value of the shares that have not been subscribed for.

The ordinary general meeting may resolve to offer the shares of increase directly for public subscription without offering them in advance to the shareholders of the company.

Second: Reduction of Share Capital

Article 141

The extraordinary general meeting may resolve to reduce the issued share capital if it exceeds the needs of the company, provided that such reduction shall not result in reduction of the share capital below the minimum level prescribed in this Law.

Such general meeting may also resolve to reduce the issued share capital if the company has sustained losses and has written them off. If as a result of such writing off, the share capital is reduced below the minimum level, the company must carry out the procedure of increasing it to that level within one year from the date of the writing off.

Article 142

If the company has reduced the share capital pursuant to the provision of the first paragraph of Article 141 of this Law, it must publish the resolution of reduction within seven (7) days at most of the date of its issuance along with a notice to creditors to submit their objections.

Creditors may submit their objections to such resolution to the Concerned Body within fifteen (15) days of the date of publication.

An objecting creditor may also institute a case before the competent court for invalidation of the general meeting's resolution concerning the reduction within fifteen (15) days of the date of the objection.

The resolution of reduction of the share capital shall be suspended as a result of the objection until the case is decided, or the expiry of the period referred to in the preceding paragraph, without institution of the case.

Third: Purchase by Company of its shares

Article 143

A company may purchase some of its shares by a resolution of the board of directors in the circumstances and according to the rules prescribed by the Regulations, provided that such purchase shall not result in the reduction of its share capital below the minimum level prescribed by law, or affect its ability to pay its debts.

Article 144

A company shall not pay the value of purchase of its shares except from the net profits. As an exception to the foregoing, the value of the purchase of shares may be paid from another financial source, provided that it shall not affect the ability of the company during the financial year following the date of the purchase, to pay its debts or to continue its activity.

Article 145

The board of directors of the company shall issue a statement containing the terms of purchase and specification of the financial resources available for payment of the company's debts and continuation of its activity.

Article 146

The purchase of shares must be effected within one hundred and eighty (180) days of the date of issuance of the resolution of purchase, failing which the resolution shall be considered null and void. The resolution of purchase of shares may also be amended or cancelled during such period in the same procedure of its issuance, provided that the amendment of the resolution shall not result in an extension of the aforementioned purchase period.

Section Four

Preservation of the Share Capital

Article 147

The board of directors of a company shall take all actions which secure the preservation of the company's share capital. If the company loses twenty five percent (25%) of its share capital, the board must take the necessary action for remedying the causes which led to such losses and restore the company to the status of profitability. It must also convene the extraordinary general meeting if the company loses fifty percent (50%) of its share capital, for adopting the necessary resolutions in this respect, provided that the general meeting shall be convened within thirty (30) days at most of the date the aforementioned loss is ascertained by the board.

The Concerned Body may of its own accord, or upon the request of interested persons, convene the general meeting.

The members of the board of directors and the auditor shall, in all circumstances, be jointly liable for any damage resulting from their failure to take the necessary actions for preserving the company's share capital.

Article 148

If a company commits any act which is detrimental to the interests of its shareholders, or the parties dealing with the company, or its creditors, or if any danger occurs which threatens the stability of the Capital Market, the Concerned Body may take one or more of the following arrangements:

1. send a warning to the company containing the causes of the danger or damage and the work required for their elimination.
2. appoint a supervising member in the board of directors of the company for the period specified by the Concerned Body. Such member shall be entitled to participate in the discussions of the board and record his/her opinion on the adopted resolutions without having a countable vote.
3. oblige the chairman of the board of directors of the company to convene the general meeting or the board for taking the necessary actions for elimination of the causes of the danger or the damage within the period specified for elimination thereof by the Concerned Body.

The general meeting or the meeting of the board of directors shall be attended by one or more representatives of the Concerned Body without having countable votes.

4. dissolve the board of directors and appoint a temporary board of directors for elimination of the danger or the damage and performing the business of the company until the appointment of a new board of directors.
5. prevent the company from carrying out some of its activities until the causes of the danger or the damage are eliminated.
6. prevent the company from carrying out all its activities for a specific period which may be extended until the causes of the danger and the damage are eliminated.

Any complaint against the decisions issued in this respect shall be made in accordance with the procedure set forth in the Regulations.

CHAPTER Three

Securities and Bonds

Article 149

A company may in consideration of the amounts borrowed by it, issue tradable securities or bonds pursuant to the provisions of the Capital Market Law and the rules specified by the Regulations.

The articles of association of the company may contain a provision prohibiting the issuance of securities or bonds or limiting the power of the company to issue them.

Article 150

A company shall observe the provisions relating to the increase of share capital when it issues securities or bonds which will automatically be converted to shares on the due date of their maturity or are capable of conversion.

Article 151

If the terms of issue include capability of conversion of the securities or bonds to shares, they shall not be converted before the lapse of at least two (2) years of the date of their issuance and the holders of the securities or the bondholders, after the lapse of such period, shall have the option to accept their conversion to shares or to recover their value.

Holders of securities or bondholders may also recover their value prior to the due date thereof in the event of dissolution of the company.

Article 152

Securities or bonds shall be of nominal value, and their value must be fully paid at the time of subscription therefor. All securities or bonds of each issue must also be of the same value, entitlement and duration.

Article 153

A security or bond shall not be divisible nor shall it be owned jointly by more than one person except in the case of inheritance, provided that the heirs shall be represented by one representative who is selected from among them, failing which they will be represented by the person whose name comes first in the register of holders of securities or bondholders. The security or bond owned by the heirs shall not be disposed of except with their unanimous consent or with the consent of their legal attorney.

Article 154

A general meeting of holders of securities or bondholders of each issue shall be constituted by virtue of law, whose objective shall be the protection of their joint interests. The Regulations shall specify the functions of this general meeting, the method of invitation therefor and the dates of convening it and the company shall meet the expenses related to the aforesaid.

Article 155

A company shall not change the terms of the issue or the inherent rights of securities or bonds except with the approval of the general meeting of the holders of securities or bondholders.

The subscribers shall be entitled to cancel their subscriptions and recover their value if the company fails to comply with the terms of issue.

Article 156

All securities or bonds of each issue shall enjoy equal and inherent rights in accordance with the provisions of the articles of association of the company and the content of the resolution of the general meeting or the board of directors for issuing the securities or bonds. The most important of these rights are: the right to recover their value from the funds of the company, the right to attend the general meeting of holders of securities or bondholders and to inspect the financial statements and obtain a copy thereof, the right to convene a general meeting of holders of securities or bondholders especially pursuant to a request of ten percent (10%) of holders of securities or bondholders for consideration of the financial statements and matters, and the right to peruse the minutes of the general meetings of the company.

Article 157

The board of directors of a company shall register the issue with Muscat Securities Market within fifteen (15) days of the date of completion of subscription.

The company shall keep a register of holders of securities or bondholders and enter in such register the data of holders of securities or bondholders and the amounts borrowed from them. The register shall be accessible for perusal by holders of securities or bondholders and by the shareholders.

Article 158

The meeting of the general meeting of holders of securities or bondholders shall not be valid unless such general meeting is attended, in person or by proxy, by a number of holders of securities or bondholders representing at least two-thirds of the securities or bonds of the issue, failing which a second general meeting shall be convened. The second general meeting shall be valid if it is attended by a number representing one third of the holders of securities or bondholders, provided that such second general meeting shall be held within thirty (30) days of the date of the first general meeting.

A proxy for attending the meeting of such general meeting must be made in writing failing which it will not be valid.

Resolutions of the general meeting of holders of securities or bondholders for approval of extension of the period of settlement of the securities or bonds or reduction of the guarantees, shall not be valid unless the meeting is attended by at least two thirds of the representatives of the securities or the bonds.

In all circumstances the resolutions of the general meeting of the holders of securities or bondholders shall be adopted by a majority of two thirds of the holders of securities or bondholders present at the meeting.

Article 159

The general meeting of holders of securities or bondholders shall have a representative to be appointed by the company issuing the securities or bonds in accordance with the rules issued by a decision of the Concerned Body.

CHAPTER FOUR

Management of the company

Section One

General Provisions

Article 160

The ordinary and extraordinary general meetings, the board of directors and the Executive Management, each within the scope of its authority shall have the right to perform the acts or to take the legal actions related to the activities of the company, within the limits of the provisions of this Law, the provisions of the Constitutive Documents and the internal regulations of the company.

Article 161

A company shall be bound by any act or action performed by the ordinary or extraordinary general meetings, the board of directors or any of its committees, or the Executive Management during the course of their performance of the normal business.

In all circumstances, the obligation of the company by the aforementioned acts or actions shall not preclude the responsibility of the persons who performed them.

Article 162

A bona fide third party may claim the validity of the act or action against the company even if it exceeds the authority of the person who performed it or the procedures prescribed by law have not been followed with respect to it. He/she shall also be entitled to claim the validity of the act or action, even if the person who has performed it on behalf of the company was improperly elected or appointed.

A third party shall not be considered bona fide if he/she knew or could have known the aspects of deficiency or defect mentioned in the preceding paragraph.

Article 163

A person who deals with the company shall not be obliged to get acquainted with the authorities of the persons with whom he/she deals or to enquire whether the act or action is permissible under the regulations of the company as long as it is within the scope of the activity carried out by it. A person shall be considered aware of the contents of any document or contract of the company or its transactions, upon the registration or publication thereof pursuant to the provisions of this Law.

Section Two

The General Meeting

Article 164

The general meeting may resolve all matters which are not within the functions of the board of directors according to the provisions of this Law and the company's articles of association.

The general meeting shall be convened by an invitation from the board of directors of the company and it must be convened whenever the law or the articles of association so requires.

The general meeting shall also be convened if necessity so requires, or if its convening is requested by representatives of at least ten percent (10%) of the share capital, provided that the general meeting shall be convened within thirty (30) days at most of the date of the existence of the case of necessity or the submission of the request.

If the board fails to convene the general meeting within the period specified for convening it, the auditor shall convene it within a period not exceeding thirty (30) days of the date of expiry of the aforementioned period.

Article 165

The board of directors of the company shall prepare the agenda of the general meeting and shall include in the agenda any proposal submitted by representatives of more than five percent (5%) of the share capital, provided that such proposal is requested to be included at least twenty (20) days prior to the date specified for convening the general meeting.

The auditor shall prepare the agenda of the general meeting if it is convened by him/her.

Article 166

The general meeting shall not consider any matters other than those listed in the agenda. However, the general meeting may consider any urgent matters which arise during the meeting subject to a resolution adopted by simple majority of the votes of those present.

Resolutions adopted by the general meeting shall be binding on the company and all its shareholders.

Article 167

The invitation for convening the general meeting shall not be valid unless it contains the agenda. The notice to convene the general meeting must, after approval thereof by the Concerned Body, be published pursuant to the provisions of this Law, and the invitation shall be sent to each shareholder on his/her address registered in the register of shareholders, provided that the publication of the notice and the invitation shall take place at least fifteen

(15) days prior to the date specified for the general meeting, and the Concerned Body may send a supervisor to attend the meeting.

The board of directors shall file the minutes of the general meeting with the Concerned Body within seven (7) days to be calculated from the day following the date of convening the general meeting, provided that the minutes shall be signed by the secretary, the auditor and the legal advisor and approved by the chairman of the general meeting.

Article 168

Any shareholder shall have the right to attend the general meetings in person or by proxy and shall have one vote for each share owned by him/her. A proxy must be made in writing, failing which it will not be valid.

A proxy may be from among the shareholders or from others. A proxy may also be on behalf of one or more shareholders. However, if it is on behalf of more than one shareholder, it must not be on behalf of more than five percent (5%) of the shares of the company, otherwise it shall be null and void.

The shares owned by a shareholder and his/her minor children shall be exempt from such percentage.

Article 169

A member of the board of directors shall not represent a shareholder, or else the proxy will not be valid.

All the members of the board of directors shall attend the general meetings, and the general meeting may censure any member of the board who does not attend without an acceptable excuse.

The absence of all or some of the members of the board shall not affect the validity of convening the general meeting as long as it has satisfied the quorum for its convening.

Article 170

Shareholders who represent all the shares of the share capital may convene a general meeting for considering any of the matters in respect of which the adoption of resolutions is within the authority of the general meeting, without observing the procedures and dates regulating it, with the exception of giving a notice to the Concerned Body of the date of convening the general meeting.

Article 171

The chairman of the board of directors shall preside over the general meetings, and if his/her attendance is not possible, the meetings shall be presided over by his/her deputy, and if the attendance of both of them is not possible, such meetings shall be presided over by the

person appointed by the board of directors, or the person appointed by the auditor, if the board fails to appoint a chairman therefor.

The minutes of the meetings shall be recorded by the secretary who is appointed by the general meeting. Such minutes must contain the number and percentage of the shares present of the share capital, the deliberations of the general meeting, the resolutions adopted and the number of votes approving them, and any matter requested by the shareholders to be recorded in such minutes.

Article 172

The annual ordinary general meeting shall be convened within ninety (90) days of the end of the financial year of the company.

The functions of the annual general meeting shall particularly include the following:

1. study and approval of the board of directors' report on the activities of the company and its financial status during the expired financial year.
2. study and approval of the board of director's report on the organization and management of the company, during the expired financial year.
3. study and approval of the auditor's report on the financial statements of the company for the expired financial year.
4. election of the members of the board of directors and removal thereof.
5. study and approval of the proposed distribution of dividends to the shareholders.
6. approval of the remunerations and sitting fees of the members of the board of directors.
7. appointment of the auditor for the new financial year, and determining his/her fees.

Article 173

Convening of the ordinary general meeting shall not be valid unless it is attended in person or by proxy, representatives of at least half of the shares of the share capital. The proxy must be in writing, otherwise it will not be valid. If such quorum is not met, the general meeting must be convened within seven (7) days at most of the date set for the first meeting. The second meeting shall be valid whatever the number of the shares may be, and the date of the second meeting shall be specified in the invitation sent for the first meeting.

In all circumstances, the resolutions of the ordinary general meeting shall be adopted by simple majority of the shares represented in the meeting.

Article 174

The Concerned Body may, upon request of shareholders who own a percentage of at least five percent (5%) of the shares of the company, issue a decision for suspension of the resolutions adopted by the general meeting of the company which are detrimental to such shareholders or adopted in favour of certain category of shareholders, or for providing a special benefit for the members of the board of directors, or others, if it is convinced that the reasons of the request are genuine.

A request for suspension of resolutions of the general meeting shall not be accepted after the lapse of five (5) working days of the date of adoption of such resolutions.

Any interested person may institute a case for invalidation of the resolutions provided for in the first paragraph of this Article before the competent court, and notify the Concerned Body with a copy thereof within five (5) working days of the date of issuance of a decision suspending execution of the resolutions of the general meeting, failing which the suspension will be considered null and void.

The court shall consider the claim for invalidation of resolutions of the general meeting, and it may issue an order on urgent basis for the suspension of execution of the decision of the Concerned Body, pursuant to the request of the litigant, until the subject of the claim is resolved.

Article 175

The company shall enable the shareholders, the holders of the securities and the bondholders, to peruse the financial statements and the reports of the board of directors and the auditor, related to the past year at least fifteen (15) days prior to the date set for convening the annual general meeting.

Subject to the provisions of the Capital Market Law, if an amendment to the financial statement is made by such general meeting, the board of directors of the company shall publish the amended financial statement, and a summary of the report of the board of directors, in one of the daily newspapers within seven (7) days of the approval thereof by the general meeting.

Article 176

The extraordinary general meeting shall have the following functions:

1. amending the articles of association of the company.

The amendment to the articles of association shall not be effective, unless it is approved by the Concerned Body in accordance with the procedure specified by the Regulations, and the company must file a copy of the amended articles of association with the Registrar within fifteen (15) days of the date of approval thereof by the Concerned Body.

2. disposal of the fixed assets of the company or a part thereof, the value of which amounts to twenty five percent (25%) or more of the net value of the assets of the company.
3. conversion, merger, dissolution or liquidation of the company.

Article 177

A meeting of the extraordinary general meeting shall not be valid, unless it is attended in person or by proxy, by representatives of at least seventy five percent (75%) of the shares of the share capital. A proxy must be made in writing, failing which it will not be valid. If such quorum is not present, the general meeting shall be convened for a second meeting on the date to be specified therefor, in the invitation notified to the shareholders for the first meeting. The second meeting shall be valid, if it is attended by representatives of more than half of the shares of the share capital, provided that such meeting is convened within seven (7) days at most of the date set for the first meeting.

Resolutions of the extraordinary general meeting shall, in all circumstances, be adopted by a majority of three quarters of the shares represented in the meeting, provided that such majority shall at the same time, exceed half of the representatives of all the shares of the share capital.

Article 178

If any of the shareholders or of their representatives withdraw from the meeting of the ordinary general meeting or the extraordinary general meeting, after the declaration of presence of the quorum for convening thereof, such withdrawal shall not affect the validity of convening the general meeting and its resolutions.

Section Three

Board of Directors

Article 179

The management of the company shall be entrusted to a board of directors, the number of whose members shall be specified by the articles of association, provided that it shall be comprised of an uneven number. The number of the members of the board shall not be less than five (5) members in the case of a public joint stock company and (3) three members in the case of a closed joint stock company, nor shall the number of the members in either of them exceed eleven (11) members.

Article 180

The members of the board of directors shall be elected from among the shareholders or from others, by way of a direct secret ballot, by the ordinary general meeting.

The Regulations shall specify the rules, procedures and conditions of the election.

Article 181

Each shareholder shall have a number of votes equal to the number of shares owned by him/her. He may distribute the votes he / she has among more than one nominee, and a single vote shall not be given to more than one nominee. The term of office of a member of the board of directors, shall be three (3) years of the date of convening the general meeting in which the election was conducted, to the date of convening the third annual general meeting following such general meeting. If the date of convening such general meeting extends beyond the period of the aforementioned three (3) years, the membership shall be extended by virtue of law, until the date it is convened, provided that such extension shall not extend beyond the expiry of the period specified for convening the annual general meeting.

Article 182

Immediately after its election, the board of directors shall elect from its members a chairman and a deputy thereof, and appoint a secretary for the board, provided that the board shall file with the Registrar a copy of the resolution of the constitution and the minutes of the meeting of the board, within seven (7) days at most of the date of issuance of such resolution.

Article 183

Subject to the limits provided for in this Law and the articles of association of the company, the board of directors shall have full authority necessary for management of the affairs of the company, and the board shall implement the resolutions of the general meeting and take the necessary actions in respect thereof.

The board may authorize its chairman or one or more committees formed from among its members to carry out some of its functions, unless the articles of association of the company provides otherwise.

Article 184

The board of directors may, for the sake of management of the affairs of the company take the necessary actions for achievement of its objectives and particularly the following:

1. approve the commercial and financial policies and the estimated budget of the company for achieving its objectives, to safeguard the rights of its shareholders, and to develop the company.
2. lay down the necessary plans for achievement of the company's objectives and carrying out of its activities in accordance with the purpose of its establishment and supervision and updating of such plans from time to time.
3. carry out the company's disclosure procedures and follow the application thereof in accordance with the rules and conditions of disclosure issued by the Concerned Body.

4. supervise the performance of the executive management and ensure the good performance of the business in a manner that achieves the objectives of the company in accordance with the purpose of its establishment.
5. approve the financial statements related to the activities of the company and the results of its business, presented thereto by the executive management, which reveal the actual financial status of the company.

Article 185

The board of directors shall be prohibited from performing the following acts unless it is expressly authorized to do so by the articles of association of the company or by a resolution of the ordinary general meeting:

1. make donations, other than donations of small value and customary, which the interest of the business requires.
2. create a mortgage or a pledge on the assets of the company, except for securing its debts incurred in the ordinary course of its business.
3. guarantee the debts of third parties, with the exception of the guarantees that are entered into in the ordinary course of business with the object of achieving the company's objectives.

Article 186

The chairman of the board of directors is the representative of the company before third parties and before the courts. He/she shall implement the resolutions of the board and he/she may delegate some of his/her functions to other members. The deputy chairman shall act for the chairman in the event of his/her absence.

Article 187

The membership of any person who is elected in violation of the provisions regulating the membership of the board of directors, shall be invalid from the date of his/her election. Such person shall be liable for any damage sustained by the company as a result of such invalid election.

The resolutions which the member participated in voting thereon after his/her election in violation of the provisions regulating the election, shall be invalid unless such resolutions were passed by a percentage of the votes required for their validity without counting the vote of such member.

Article 188

The membership shall cease to be valid by virtue of law, if a member of the board of directors loses any of the conditions required for membership. A member shall promptly inform the

board of the loss of such condition and the resolutions in which the member participated in voting thereon after cessation of the membership shall be invalid, unless such resolutions were passed by a percentage of the votes required for their validity without counting the vote of such member.

Article 189

The board of directors shall, upon the request of its chairman, convene at least (4) four meetings each year provided that the period between any two meetings shall not exceed one hundred and twenty (120) days, and the chairman of the board may convene the board whenever the need arises for convening it.

Article 190

The chairman of the board of directors shall convene the board upon request of one or more members. If the chairman fails to do so within three (3) working days at most, the board shall be convened pursuant to a notice sent by the members who requested convening thereof.

Article 191

The board of directors may, by unanimous agreement of the members, convene its meetings through the use of appropriate means of communication which facilitate simultaneous verbal and visual communication between the members without their attendance in one place, provided that the secretary of the board is able to identify them and to record the discussions made.

Article 192

Convening of the board of directors shall not be valid unless the meeting is attended by two thirds of the members or their representatives. Resolutions shall be adopted by a simple majority unless the articles of association of the company provide for a higher percentage.

Article 193

The board of directors may, in the circumstances and subject to the rules specified by the Regulations, adopt any of its resolutions by way of minutes by circulation.

In such a case, the secretary of the board shall record the resolutions that have been adopted by circulation, in the minutes of the meeting of the board of directors following the adoption thereof.

Article 194

The secretary of the board of directors shall prepare the minutes of the meetings, which shall be signed by the members who attended the meeting, and the secretary. A member who does not agree to a resolution adopted by the board, shall record his/her objection in the

minutes of the meeting and the signatories of these minutes shall be responsible for the correctness of the data set forth therein.

Article 195

A member of the board of directors may appoint in writing another member to represent him/her in attending one or more meetings of the board; however, a member shall not represent more than one member, or appoint another member to represent him/her more than two (2) consecutive times.

A member shall be deemed to have resigned by virtue of law if he/she does not attend in person three (3) consecutive meetings of the board without a reason acceptable to the board.

Article 196

The company shall form an audit committee from among the members of the board of directors and appoint a legal consultant and an internal auditor in accordance with the conditions and the rules specified by the Regulations.

Article 197

The general meeting shall determine the remuneration and the sitting fees of the members of the board of directors in accordance with the rules set forth in the Regulations.

The company shall disclose the privileges obtained by its directors whether in this capacity or in any other capacity whatsoever, and the financial statements must contain all the amounts received by each director in any capacity, during the financial year.

Article 198

The ordinary general meeting may resolve to remove all or some of the members of the board of directors, regardless of any provision set forth in the articles of association of the company to the contrary and the removal shall be pursuant to a proposal recorded in the agenda.

The membership shall cease from the date of adoption of the resolution of removal.

A member of the board who has been removed shall not be re-elected when the vacant seats in the board are filled or when the first new board of directors is constituted.

Article 199

Subject to the provisions of Article 198 of this Law, the ordinary general meeting which resolved the removal of a director, shall in the same meeting elect a new board of directors or the replacement of the removed member, as the case may be.

Article 200

A member may resign from membership of the board of directors by a written notice addressed to the chairman of the board. If the resignation is made by the chairman of the board, the notice shall be addressed to the secretary of the board and the membership shall cease from the date specified in the notice.

All the board of directors may resign by a written notice addressed to the ordinary general meeting. The membership in this case shall cease upon election of a new board of directors.

Article 201

If for any reason a seat of a member of the board of directors falls vacant during the period between two ordinary general meetings, the board may, unless the articles of association of the company provides otherwise, take the following:

1. fill the vacant seat from the list of nominees who have not entered the board according to the last elections conducted before the ordinary general meeting of the company and according to the order of the highest votes obtained by each of them. If two nominees have equal votes, one of them shall be appointed by the board of directors.

If no names are available in the list of the nominees, the board may appoint a person to fill the vacant seat until the next ordinary general meeting is convened.

2. if the vacant seats or the number of the members appointed by the board of directors pursuant to the provisions of the preceding paragraph reaches half of the elected members of the board, the board must convene the ordinary general meeting within a period of sixty (60) days of the date of the vacancy of the last seat, for election of new members for filling the vacant seats.

In all circumstances, the members who have been elected for filling the vacant seats shall serve for the remaining period applicable to their predecessors.

Article 202

Any member of the board of directors or of the Executive Management shall not take advantage of his/her post for obtaining benefits to himself/herself or to any other person, and anyone who violates this obligation shall be liable to the company, the shareholders and third parties for the damages resulting from taking advantage of his/her post and he/she shall be obliged to return to the company the benefits obtained by him/her as a consequence of such violation, even if the company has not sustained any damage.

Article 203

A member of the board of directors of the company shall not participate in the management of any other company which carries out similar businesses.

The members of the board of directors and the Executive Management of the company shall not perform for their benefit or for the benefit of third parties any business similar to the company's business, or to use assets or funds of the company for their benefit or for the benefit of third parties without the prior approval of the ordinary general meeting, and whoever violates the provisions of this Article shall be liable to the company for any damage sustained by it.

Article 204

A member of the board of directors or any related parties to the company shall not have any direct or indirect interest in the transactions or contracts entered into by the company or for the company's benefit. As an exception to the foregoing, some transactions or contracts may be concluded with them provided that such transactions or contracts are in accordance with the rules issued by the Concerned Body. The Regulations shall define the related parties, the transactions, rules and the disclosure principles of such transactions and contracts.

The company must keep a register for recording the names of members of the board of directors and the Executive Management who have interests, the nature of such interests and the approvals or resolutions passed in respect thereof.

Article 205

A member of the board of directors and the Executive Management must notify the company in writing of the interests he/she has with the company and the securities held by him/her therein, within five (5) days at most from the date of his/her gaining the membership or appointment and he/she shall notify the company of any change thereof.

Article 206

The members of the board of directors shall be jointly liable to the company, the shareholders and third parties for the damage resulting from their acts in violation of the law, or acts which are beyond the scope of their authorities, or for any fraud, forgery or negligence committed by them during the performance of their duties, and also for their failure to act as prudent persons under certain circumstances.

Article 207

If one or more shareholders who own at least five percent (5%) of the company's shares, are of the opinion that the management of the company's affairs has been performed, or is being performed in a manner which is detrimental to the interests of its shareholders or some of them, or that the company intends to take an act or omit to take an act, which is likely to cause damage to him/her, he/she shall have the right to submit a request to the Concerned Body, supported by documentary evidence for issuing the decisions it may deem appropriate in this respect.

If the Concerned Body rejects the request, or fails to take a decision thereon within (30) thirty days, the shareholder or shareholders shall be entitled to take legal proceedings before the competent court, within ten (10) days of the date of rejection of the request or the lapse of the aforementioned period, as the case may be.

The Concerned Body shall be entitled to take legal proceedings before the competent court, if it is of the opinion that the management of the company's affairs has been performed, or is being performed in a manner which is disadvantageous to the interests of the shareholders or some of them, or that the company intends to take an action or omit to take an action, which is likely to cause damage to them.

The competent court shall decide on an urgent basis, the case instituted by the shareholder or the Concerned Body in the two cases set forth in the second and third paragraph of this Article. The court may also pass a judgement of the invalidity of the action or omission to take action, the subject of the claim, or order the continuation of performance of an action which the company omitted to perform.

Article 208

The board of directors or the ordinary general meeting, may adopt a resolution to institute legal proceedings against any member of the board of directors who is considered responsible for the damage sustained by the company, pursuant to the provisions of Article 206 of this Law. However, if the company is under liquidation, the liquidator of the company shall be entitled to institute the legal proceedings.

Any shareholder may propose commencement of legal proceedings against the members of the board of directors. If his/her proposal is not adopted by the ordinary general meeting, he/she shall be entitled to institute the legal proceedings on behalf of the company. If a judgement is passed in his/her favour, he/she shall be entitled to claim from the company the payment of all the expenses incurred by him/her.

In all circumstances, a claim of liability shall be prescribed after the lapse of five (5) years of the date of the board of directors' meeting.

CHAPTER FIVE

The Accounts

Section One

Financial Records and Statements

Article 209

A company shall keep financial records showing its transactions and financial status, provided that the financial statements shall be prepared according to international financial reporting standards, and shall be audited according to international audit standards, and the Concerned Body may add any other standards which shall not be inconsistent with these standards.

Article 210

The financial statements shall include the budget, profit and loss account, a statement of the cash flow, the changes in the property rights and explanations accompanying the aforementioned.

A company shall, at the end of each financial year, prepare the financial statements in a manner that reflects the actual position of the company and the actual profit and loss in particular.

Article 211

The articles of association of a company shall specify the beginning and end of the financial year. However, if a company is established during the first half of the calendar year, its financial year shall end by the end of such year, but if the company is established during the second half of the calendar year, its financial year shall end by the end of the following year.

Article 212

A company shall put the financial records at the disposal of the auditor to the extent that enables him/her to perform his/her duties in accordance with the law.

A shareholder may peruse such records after submission of a request to that effect to the Executive Management. If the request is rejected, the reasons of such rejection must be stated.

Article 213

A company must keep its financial records for a period of ten (10) years commencing from the end of the financial year, and the Regulations shall specify the method of keeping such records.

Article 214

The board of directors of a company shall, within sixty (60) days of the end of the financial year, prepare a report on the position of the company and its performance. Such report shall particularly contain the financial status of the company and its subsidiary companies, if any, the net profits proposed to be distributed to the shareholders, and any changes in the activities of the company or the subsidiary companies, any matter that has affected the position of the company, the justifications of its ability to continue the performance of all its activities and achievement of its objectives, and any other data specified by the Regulations, in addition to a report on the extent of the company's compliance with the requirements of governance and sustainability. Such report must be signed by the chairman of the board or his/her deputy, a member of the board of directors and the chief executive officer or the general manager.

Article 215

The auditor shall prepare a report according to international financial reporting standards, showing the actual financial position of the company. Such report shall include, in addition to the data specified by the Regulations, a statement on whether the financial statements reflect the true financial position of the company.

Article 216

The financial statements and the reports provided for in the preceding Articles of this Section, shall be submitted to the annual ordinary general meeting, and a copy of such financial statements and reports shall be sent to the Concerned Body prior to the approval of the agenda of the general meeting.

If the financial statements and the aforementioned reports were not submitted to the general meeting, the resolution approving the accounts submitted thereto shall be null and void.

Article 217

The board of directors shall send to each shareholder and anyone who is entitled to attend the annual ordinary general meeting, along with the invitation for attendance, a summary of the audited financial statements, and copies of the reports of the board and the auditor related thereto, at least fifteen (15) days prior to the general meeting. Copies of the aforementioned statements and reports, and the resolution of the general meeting in respect thereof, shall be filed with the Registrar within seven (7) days of the date of convening the general meeting.

Article 218

If it appears to the board of directors prior to the convening of the annual general meeting that there are errors in the financial statements, it shall correct such errors and send a notice thereof to the shareholders and the persons entitled to attend the general meeting, prior to the convening of the general meeting. If the board could not make the correction prior to convening of the general meeting, the general meeting shall postpone the consideration of the report to another meeting, unless the error is material.

The board shall send a copy of the report after it has been corrected, to the Concerned Body and file a copy thereof with the Registrar within seven (7) days of the date of sending it to the Concerned Body.

Section Two

The Auditors

Article 219

A company shall have one or more auditors from among those who are licensed to practice the profession of audit and accounting approved by the Concerned Body. The appointment of the auditor and determination of his/her fees shall be made by a resolution adopted by the annual ordinary general meeting. The auditor shall assume his/her duties from the date of his/her appointment until the convening of the following annual ordinary general meeting, and his/her appointment may be renewed annually, provided that the conditions and rules of appointment of auditors must be observed.

Article 220

The Regulations shall specify the conditions and rules of appointment of auditors, their qualifications, rights and duties and the benefits they may obtain from the company in any capacity.

Article 221

In all circumstances, the Concerned Body may object to any of the auditors appointed by the general meeting, by a reasoned decision, within fifteen (15) days of the date of the minutes of the annual ordinary general meeting in which the auditor has been appointed, have been filed with the Concerned Body, and the company shall convene another general meeting for the appointment of another auditor.

Article 222

A company may remove the auditor by a resolution adopted by the ordinary general meeting and the general meeting must appoint another auditor in the same meeting. The Regulations shall set forth the provisions of termination of the relationship of the auditor with the company.

Article 223

The auditor shall not be a founder, a member of the board of directors or of the Executive Management, or from the employees of the company or its subsidiary companies.

The auditor shall not provide to the company or its subsidiary companies any technical, administrative or consultancy services, other than the services specified by the Concerned Body.

Article 224

The company's auditor shall assume his/her professional and technical duties and preserve the confidentiality of the company's secrets. In all circumstances, the auditor shall be liable to the company, the shareholders and third parties for the damage resulting from any fraud, forgery or negligence committed by him/her during the course of performance of his/her duties.

Article 225

The auditor shall examine the company's books and ascertain that they are prepared according to international financial reporting standards and the financial data correspond with such books. The auditor shall have the right to obtain the information which he/she considers necessary for performance of his/her duties, and the board of directors of the company shall enable him/her to do so.

The auditor shall attend the general meetings and express his/her opinion on matters related to his/her duties.

Article 226

When the auditor is preparing the reports entrusted to him/her, he/she shall observe all the changes occurring in international financial reporting standards which must be followed in the preparation of the financial statements which are not inconsistent with the laws and the regulations approved by the Concerned Body.

If the report is prepared in violation of the requirements imposed by such laws and regulations, the resolution of the annual ordinary general meeting approving it shall be null and void.

If more than one auditor of the company is appointed, they shall be jointly liable for any damage resulting from the violations committed by either of them.

CHAPTER SIX

Holding Company and Subsidiary Company

Article 227

A holding company is a joint stock company exercising financial and administrative control over one or more joint stock or limited liability companies, which become its subsidiaries through the holding of at least fifty one percent (51%) of the shares of each of such companies.

A holding company shall invest its funds through its subsidiary companies.

A holding company shall not acquire shares in general partnerships or limited partnerships, or own any shares in other holding companies.

The provisions related to the joint stock company shall apply to the holding company to the extent that is not inconsistent with the provisions of this Chapter.

Article 228

The objects of the holding company shall be as follows:

1. manage its subsidiary companies or to participate in the management of the other companies in which it is a shareholder.
2. participate in the establishment of joint stock companies or limited liability companies.
3. provide guarantees, loans and finance to its subsidiary companies.
4. invest its funds in shares, bonds and other securities.
5. acquire the movable and immovable properties necessary for carrying out its activity within the limits permitted by law.
6. acquire patents, trademarks, concessions and other intangible rights and to utilize and license them to its subsidiary companies and to others.

Article 229

A holding company shall be established by either of the following methods:

1. establishing a joint stock company whose objectives shall be determined by one or more of the objectives provided for in Article 228 of this Law.
2. amending an objective of a joint stock company to an objective of a holding company.

3. conversion of a limited liability company into a holding company.

Article 230

A holding company shall adopt a commercial name, provided that the expression “holding company” shall be added beside such name.

The issued share capital of the holding company shall not be less than two million (2,000,000) Omani Rials.

Article 231

A subsidiary company is a joint stock company or a limited liability company, which is subject to the control of another company that owns at least fifty one percent (51%) of its shares.

Each of the holding company and its subsidiary company shall enjoy an independent legal personality. The holding company shall not be liable for the debts of the subsidiary company.

Article 232

A subsidiary company of any of the holding companies, shall not hold shares in such holding companies. If the subsidiary company has held shares therein prior to the date on which its position as a subsidiary has been established, the subsidiary company shall dispose of such shares within a period not exceeding one year of the date its position as a subsidiary has been established and such shares shall not have a voting right during such period.

Article 233

The board of directors of a holding company may invite the chairman of the board of directors of any of its subsidiary companies to attend the meetings of the board of directors of the holding company, when considering matters related to the subsidiary company, for expressing his/her remarks or opinions, or to give any explanations or statements requested from him/her. He/she may participate in the discussions without having a countable vote on the resolutions.

PART FOUR
LIMITED LIABILITY COMPANY

CHAPTER ONE

General Provisions

Article 234

A limited liability company shall consist of natural or juristic persons whose number shall not be less than two (2) and not more than fifty (50) persons, and their liability for the company's debts shall be limited to the value of their shares in the share capital.

The share capital of the company shall be divided into shares of equal value and fully paid on registration.

The number of the shareholders in some of the companies may be increased above the maximum number referred to in the preceding paragraph by a decision of the Minister, pursuant to the public interest, and for considerations taken into account by him/her.

The companies established by the State alone shall be exempt from the provision of this Article.

Article 235

Subject to the provision of Article 256 of this Law, if the number of the shareholders at any time after the establishment, exceeds the maximum number prescribed in Article 234 of this Law, the Ministry shall give a notice to the company to correct its position within one hundred and eighty (180) days following the date of the notice. If the company does not comply with the notice, it shall be considered dissolved, and the shareholders thereof shall be personally and jointly liable for the company's obligations resulting from the increase from the date of occurrence thereof.

Article 236

The name of a limited liability company may consist of the name of one or more shareholders, or any word or expression, provided that the name shall not be misleading as to its objectives, its identity or the identity of its shareholders.

The name of the company shall, wherever it appears, be followed by the phrase "limited liability company" or the expression "LLC".

If as a result of violation of the provisions of the preceding paragraph, a bona fide third party commits an error with respect to the extent of liability of the shareholders, the person who has committed such violation shall be liable to the third party to the extent of his/her personal property, for the damage suffered by such third party as a result of such violation.

Article 237

The shares of shareholders in the share capital of a limited liability company shall not be tradable and the company shall not resort to subscription for raising or increasing its share capital.

Article 238

A limited liability company shall be established with a share capital specified in its Constitutive Documents and shall be divided into shares of equal nominal value.

Article 239

Contributions to the share capital of a limited liability company may be made in cash or in kind, but they shall not consist of services or labour. The one-person company established for the purpose of issuing bonds or securities on behalf of the joint stock company, shall be exempt pursuant to the procedures and rules specified by the Regulations.

Article 240

A limited liability company shall be established under a contract signed by all shareholders and it must contain the data specified by the Ministry, particularly the following:

1. the name of the company and the principal place of its business.
2. the amount of its share capital and a statement of the shares in cash or in kind and their value.
3. the names of shareholders, their nationalities and addresses and the number of their shares.
4. the company's objectives.
5. the date of establishment of the company and its duration.
6. the name of the company's manager, his/her personal data and authorities.
7. the beginning and end of the company's financial year and the date of its first financial year.
8. the bodies which have jurisdiction to resolve disputes between the shareholders.
9. the percentage for adoption of resolutions of the general meeting of shareholders in every meeting to be convened, with the exception of resolutions, the percentage for which has been provided by law.

Article 241

An account for a company (under establishment) shall be opened with a bank licensed to operate in the Sultanate in which the value of the shares subscribed for by shareholders shall be deposited, provided that each shareholder shall deposit in cash the full value of his/her shares in the share capital.

The bank shall not release such deposits to any person whatsoever, unless the shareholders present a certificate to prove registration of the company with the Registrar, or if the shareholders resolve to abandon establishment of the company.

Article 242

If one or more shareholders offer contributions in kind, the shareholder shall specify its kind, place and value in a report prepared by a valuation office or an auditor licensed to practice in the Sultanate.

The Ministry may estimate the value of such contribution by itself or by referring it to one or more experts. If the incorrectness of the estimation of the contribution has been established the provider of the contribution, valuator and the auditor, as the case may be, shall be responsible to the Ministry and to the third parties for correctness of the estimation of the value of the contribution. However, if it has been established that the value of the contribution was estimated at more than its real value, the provider of the contribution must pay the difference in cash to the company and he/she shall be liable to the extent of his/her personal property for payment of the difference.

Article 243

If the company is not registered with the Registrar within a period of one hundred and eighty (180) days from the date of depositing the first contributions therein, any one of the shareholders who have deposited their contributions shall be entitled to consider the Constitutive Documents cancelled by giving a written notice to the other shareholders and the concerned bank, and thereupon, he/she and any other shareholder shall be entitled to recover the value of their respective contributions already made in the share capital of the company.

Article 244

Shares in a limited liability company shall not be divisible, but a share may be owned by more than one person, provided that the several owners shall be represented by one person to be chosen from among them, who will be considered by the company as the owner of the jointly owned share. Such representative of the several owners shall be the person whose name will be entered in the register of shareholders.

The company may specify to the joint owners of the share a date for choosing their representative, and it shall be entitled after the expiry of such date, to sell the share to the benefit of its owners and in such a case, the shareholders shall have priority to buy it.

In all circumstances, the disposal of a jointly owned share will be conditional upon presentation of an official instrument in writing to that effect by the owners thereof.

Article 245

Joint owners of a share shall be jointly liable for any obligations arising from such ownership and shall be deemed to be one person, when the number of the shareholders in the company is determined.

Article 246

Shareholders or the manager appointed by them under the Constitutive Documents, as the case may be, shall within a maximum period of thirty (30) days of the date of completion of the procedures of establishment of the company, submit an application to the Registrar for registration of the company. The originals and copies of the company's Constitutive Documents and other documents specified by the Regulations shall be attached to the application.

Any amendment to the Constitutive Documents shall be registered in the same manner and within the period set forth in the preceding paragraph, from the date of making such amendment.

Article 247

A company shall prepare a register of its shareholders in which the name of each shareholder, his/her nationality, his/her domicile of choice and his/her address, his/her age and the number of shares owned by him/her and any legal disposal of such shares, shall be recorded in the shareholders' register. The ownership of any share by any shareholder shall not be recognised unless it is registered in the shareholders' register. The managers of the company shall be jointly responsible for such register and the correctness of its data, and the shareholders and any interested person shall be entitled to peruse such register.

CHAPTER TWO

Disposal of the Shares

Article 248

Subject to the restrictions prescribed by law or the provisions set forth in the Constitutive Documents, each shareholder of the company shall be entitled to dispose of his/her shares whether for a consideration or not, to any shareholder of the company or to a third party by an official instrument in writing.

Such disposal shall not be raised as a defence against the company or a third party except from the date of its registration with the Registrar and after publication thereof in accordance with the provisions of this Law.

In all circumstances, the disposal shall not result in an increase of the maximum number of shareholders.

Article 249

If any shareholder intends to dispose of all or some of his/her shares to a person who is not a shareholder, he/she shall send a written notice to the manager of the company, together with a number of copies equal to the number of the shareholders of the company and he/she shall specify in such notice the number of the shares he/she intends to dispose of, the name, nationality and address of the person to whom the disposal is intended to be effected and the terms of the disposal.

Article 250

The manager of the company shall promptly confirm to the shareholder who intends to dispose of his/her shares, the receipt of the notice and the date of such receipt, and shall promptly send a copy thereof to each shareholder of the company at his/her address entered in the shareholders' register and advise him/her in writing of his/her pre-emptive right against non-shareholders to purchase the offered shares and of the terms set forth in the notice.

Article 251

Any shareholder who intends to purchase, shall inform the manager of the company who sent the notice to him/her, in writing of his/her intention to purchase the offered shares or any number thereof, with all the terms set forth in the notice, and deposit the full price of the shares he / she intends to purchase within forty five (45) days of the date the manager of the company has been notified of the intention to dispose of the shares.

If the period mentioned in the preceding paragraph has expired without any intent to exercise the pre-emptive right to purchase the shares is received by the manager of the company from any shareholder, the shareholder who owns the offered shares shall be free to dispose of the shares to the intended person named in the notice.

Article 252

If notices of intent to purchase the shares are received from more than one shareholder, during the period specified in Article 251 of this Law, which are compliant with the terms and the total number of the shares intended to be purchased is greater than the number of the shares offered for sale, the following shall be observed:

1. the shares offered for sale shall be allocated among the shareholders in proportion to their shares in the share capital of the company. In the event of existence of fractions, the nearest whole number to the fractions shall be considered.
2. If a shareholder requests to purchase less than the proportion of the shares to which he/she is entitled, the number of the shares he/she has requested to purchase shall be allocated to him/her and the remaining shares shall be divided among the other shareholders in accordance with the provisions of the preceding paragraph.

Article 253

If no notice of intent to purchase the shares which is compliant with the terms is received from any shareholder, or if the notices received are compliant with the terms, but they are in total less than the number of the shares offered for sale, the manager of the company may purchase such shares in the name of the company on the terms set forth in the notice of intent of disposal, unless he / she is prohibited by the Constitutive Documents or any resolution adopted by the shareholders' meeting from the purchase of such shares, provided that the purchase price shall be paid out of the company's share capital or from its legal reserve.

Article 254

Shares purchased in the name of the company pursuant to Article 253 of this Law shall be jointly owned by all the shareholders in proportion to the number of shares owned by each of them. Such shares shall not be counted in determining the quorum required for convening the shareholders' meeting or for adoption of its resolutions, nor shall such shares be considered in the distribution of dividends or the assets of the company, and if such shares are sold, the proceeds of their sale shall be paid to the company and shall be added to its reserve.

Article 255

If the shareholders or the company have decided to purchase the offered shares, the manager of the company shall send a written notice to the selling shareholder of the intention to purchase and to exercise the pre-emptive right, accompanied by the price as specified in the notice of disposal.

If the selling shareholder does not receive the aforementioned notice and the purchase price within a period of fifty (50) days of the date on which the notice was sent to him/her by the manager of the company, such shareholder shall be free to dispose of his/her shares, provided that the disposal shall be effected within the thirty (30) days following the expiry of

the aforementioned period of fifty (50) days and in accordance with the terms specified in the notice of disposal.

Article 256

The pre-emptive right shall not apply to the purchase of shares which are transferred by inheritance or will. If the shares are transferred by inheritance or will to more than one person and such transfer results in the increase of the number of shareholders above the maximum limit provided for in Article 234 of this Law, the approval of the Minister of such transfer must be obtained, failing which, the shares of all the heirs and legatees shall be considered a joint ownership unless they agree to the transfer of the shares to a number of them, so that the number of the shareholders will remain within the prescribed maximum number.

CHAPTER THREE

Increase and Reduction of the Company's Share Capital

Article 257

Increase or reduction of the share capital of a limited liability company shall be effected by a unanimous resolution adopted by the shareholders' meeting.

Article 258

Upon the increase of the share capital, each shareholder shall be entitled to subscribe for a number of the new shares proportionate to the number of shares owned by him/her. If a shareholder subscribes for less than the proportion he/she is entitled to subscribe for, the other shareholders may subscribe for the remaining shares in proportion to the number of shares owned by them.

Article 259

The amounts of the increase of the share capital shall be deposited in one of the banks that are licensed to operate in the Sultanate and shall not be withdrawn until the price of the shares is fully paid and the increase of the share capital is registered with the Registrar and published in accordance with the provisions of this Law.

Article 260

If the increase of share capital is effected by contributions in kind, such contributions shall be evaluated in accordance with the provisions of Article 242 of this Law.

Article 261

Subject to the provision of Article 238 of this Law, the share capital of a company may be reduced if it exceeds the company's needs or if the company has incurred any losses.

Article 262

The resolution of reduction of the company's share capital shall be published in accordance with the provisions of this Law, accompanied by a notice inviting all the creditors to submit their objections within a period of thirty (30) days of the date of the publication.

A resolution of reduction shall not become effective except after the lapse of the aforesaid period without any objection or after a discharge has been provided by the objecting creditors either by payment of their debts or by giving them appropriate securities.

CHAPTER FOUR

Management of the Limited Liability Company

Article 263

The management of a limited liability company shall be entrusted to one or more managers from the shareholders or from others, who are natural persons. The managers shall be appointed for a definite or an indefinite period pursuant to the Constitutive Documents or under a resolution of the shareholders' meeting.

Article 264

The managers of the company may perform all the actions necessary for achieving the company's objectives and they shall enjoy all the necessary authorities for the management of the business of the company regularly unless a provision to the contrary is stated in the Constitutive Documents.

Any resolution adopted by the company for limitation of the managers' authorities or for changing them, must be registered with the Registrar and published in accordance with the provisions of this Law. Such resolution shall not be effective with respect to third parties except from the date of its registration.

Article 265

With respect to the liability of the company's managers, they shall be subject to the provisions applicable to the members of the board of directors of the joint stock company. Any provision stated in the Constitutive Documents or a subsequent agreement which requires otherwise shall be null and void.

Article 266

The company's managers shall inform the shareholders' meeting of any conflict between their interest and the company's interest in any of the transactions intended to be carried out.

Article 267

The managers of a company shall not perform the following actions unless they are expressly authorized to do so by the Constitutive Documents or by an unanimous resolution adopted by the shareholders' meeting:

1. make donations, other than the donations, which the interest of the business requires as long as they are of small amounts and customary;

2. sell all or a substantial part of the company's assets;
3. create a mortgage or a pledge on the company's assets except for the purpose of securing the company's debts incurred in the ordinary course of the company's business;
4. guarantee debts of third parties other than the guarantees made in the ordinary course of business for the purpose of achieving the company's objectives; and
5. discharge the company's debtors from their debts, make conciliation or enter into an agreement with them for arbitration.

Article 268

A limited liability company shall be bound by all the acts and actions performed by the managers in the name of the company. A bona fide third party shall be entitled to assume that any act or action performed by the company's managers in the course of performance of its activities is within the authorities vested in the managers and the company shall be bound by such act or action, unless the limitation of such authorities is registered with the Registrar.

Article 269

The managers shall be severally or jointly liable, as the case may be, to the company and third parties for their violation of the provisions of this Law and the provisions of the Constitutive Documents, and for their negligence in the management of the company.

If more than one manager participate in the same acts which subject them to liability, the percentage of the compensation to be borne by each of them for the damage shall be according to the judgment of the competent court.

Article 270

Any shareholder who is not a manager, may at any time, request any information about the company and to inspect by himself or through a specialized expert appointed by him/her, the company's books, records, accounts and other papers.

The shareholders or one of them shall be entitled to institute legal proceedings on behalf of the company against the directors based on their responsibility for the damage sustained by the company and to claim full compensation therefor. Any provision to the contrary, stated in the Constitutive Documents or in any subsequent agreement shall be null and void.

Article 271

Subject to the provision of Article 18 of this Law, legal proceedings for responsibility pursuant to the provisions of Articles 269 and 270 of this Law, shall be instituted within five (5) years of the date the injurious acts or actions have become known.

Article 272

The managers and shareholders are prohibited from obtaining loans or sureties from the company for themselves, their spouses or relatives up to the third degree and any action to the contrary shall be null and void.

Article 273

A manager or managers may be removed by a resolution adopted by the shareholders' meeting with the approval of the majority of the shareholders who own three quarters of the share capital, provided that such resolution shall appoint a manager or managers to replace those who have been removed. If the manager is a shareholder of the company, he/she shall not participate in the voting on the resolution related to his/her removal. One or more shareholders may also submit a petition to the court for removal of the manager or managers, and the decision of removal shall be published in accordance with the provisions of this Law.

Article 274

The manager or managers of the company shall set aside ten percent (10%) of the net profits of the company of each financial year, after deduction of taxes, as a legal reserve until such legal reserve amounts to one third of the company's share capital.

The legal reserve shall not be distributed to the shareholders by way of dividends but it may be used to cover the accumulated losses.

The manager or managers of the company may set aside a percentage which shall not exceed twenty percent (20%) of the annual net profits of the company for an optional reserve account.

Article 275

Within ninety (90) days of the end of each financial year, the manager or managers shall prepare the financial statements and a report on the activities of the company, its financial status and their proposals in respect of the distribution of dividends, provided that they shall put their report at the disposal of the company's auditor, if any. The auditor shall prepare his/her report and submit it to the shareholders' meeting and submit a copy thereof to the manager or managers within sixty (60) days of the date of his/her receipt of the aforementioned documents.

Article 276

Within one hundred and eighty (180) days of the end of the financial year, the manager or managers shall send to each shareholder of the company a copy of the financial statements, the managers' report and the auditor's report related to the expired financial year, together with a notice for convening the shareholder's meeting for approval of such documents.

Article 277

All the original documents set forth in Article 276 of this Law shall be deposited in the company's principal place of business at least fourteen (14) days prior to the date set for convening the shareholders' meeting and each shareholder shall be entitled to peruse such documents.

Any shareholder may whenever he/she wishes, make a request for perusal of the records and documents related to the business during the past ten (10) years, and any provision stated in the Constitutive Documents or in a subsequent agreement which is inconsistent with the provisions of this Article, shall be null and void.

CHAPTER FIVE

The Company's Auditor

Article 278

A limited liability company shall have an auditor to be appointed by the shareholders' meeting for one financial year in any of the following circumstances:

1. the number of the company's shareholders exceeds seven (7) persons;
2. the company's share capital exceeds fifty thousand (50,000) Omani Rials;
3. the Constitutive Documents provide for the appointment of an auditor; and
4. one or more shareholders representing at least one fifth of the company's share capital request appointment of an auditor.

Article 279

Whoever was a manager of the company shall not be appointed as an auditor thereof prior to the lapse of five (5) years of the end of the duties of his/her work with the company, nor shall any person who was an auditor of the company be appointed as a manager thereof prior to the lapse of five (5) years of his/her last appointment as an auditor.

Article 280

Subject to the provisions of Articles 278 and 279 of this Law, the same conditions and rules prescribed for the appointment of the auditors of the joint stock company shall apply to appointment of the company's auditors and determination of the periods of their work, their rights, duties, authorities and liabilities.

CHAPTER SIX

Shareholders' Meeting

Article 281

A limited liability company shall convene a shareholders' meeting at least once a year within one hundred and eighty (180) days of the end of the financial year, at the time and place specified in the Constitutive Documents or by the company's manager.

Apart from the cases of distribution of dividends, approval of the balance sheet, profit and loss account and reports of the managers and auditor, the shareholders' meeting may, pursuant to a provision in the Constitutive Documents or a subsequent agreement registered with the Registrar, be convened by way of meeting through the use of appropriate means of communication, which facilitate simultaneous verbal and visual communication between the members without their attendance in one place, or through minutes to be signed by circulation by all the shareholders.

Article 282

The company's managers may convene a shareholders' meeting at any time and they shall convene a shareholders' meeting when the law or the Constitutive Documents so require, or pursuant to a request of one or more shareholders who represent at least one fifth of the company's share capital, and publish the notice pursuant to the provisions of this Law.

Article 283

If the managers fail to convene the shareholders' meeting, any shareholder shall be entitled to request the competent court to appoint a person to convene the shareholders' meeting and prepare its agenda.

Any provision in the Constitutive Documents, or a subsequent agreement which is inconsistent with the aforesaid, shall be null and void.

Article 284

A notice for attending the shareholders' meeting shall be sent to each shareholder at his/her address registered with the company at least fifteen (15) days prior to the date set for convening such meeting.

The notice shall not be valid unless it contains the agenda and the time and place of the meeting.

Article 285

A shareholders' meeting shall not consider matters which are not listed in its agenda. However, it may, in exceptional circumstances, consider an urgent and unanticipated matter that arises during the meeting.

Article 286

Any shareholder shall have the right to attend the shareholders' meeting and shall have one vote for each share owned or represented by him/her.

Any shareholder may give a written proxy to another shareholder to attend the shareholders' meeting and vote on its resolutions as his/her representative, unless otherwise provided by the Constitutive Documents or an agreement signed by all the shareholders which is registered with the Registrar.

A shareholder shall not represent more than one shareholder in one meeting.

Article 287

Shareholders and their representatives who represent all the shares of the company may convene a shareholders' meeting without observing the formalities prescribed for convening it, and such shareholders' meeting may deal with all matters the resolution of which is within the authority of the shareholders' meeting.

Article 288

A shareholders' meeting shall not be valid unless it is attended in person or by proxy, by a number of shareholders representing at least half of the company's share capital. The proxy must be made in writing, failing which it will not be valid. If such quorum is not present, the shareholders shall be invited for a second shareholders' meeting for discussing the same agenda. The notice for the second shareholders' meeting shall be sent to the shareholders at least seven (7) days prior to the date set for its convening.

Resolutions of the second shareholders' meeting shall be valid irrespective of the amount of the share capital represented in such meeting, provided that the second shareholders' meeting shall be convened within thirty (30) days of the date of convening the first shareholders' meeting.

Article 289

Resolutions of the shareholders' meeting shall be adopted by simple majority of the votes cast in respect of a specific resolution, unless the Constitutive Documents provide for a higher majority.

Article 290

A company shall not be converted to a general partnership or a limited partnership except by a unanimous resolution adopted by the shareholders. However, conversion of a company to a joint stock company or amendment of any of the clause of the Constitutive Documents may be effected by a resolution adopted by a majority of the shareholders representing at least three fourths ($\frac{3}{4}$ th) of the share capital of the company.

CHAPTER SEVEN

The One-Person Company

Article 291

A one-person company is a limited liability company whose share capital is wholly owned by one natural or juristic person.

A natural person shall not establish more than one limited liability company comprised of one person, nor shall a limited liability company established by one person (of a natural or juristic capacity), establish another limited liability company comprised of one person.

Article 292

A one-person company shall be established in accordance with the procedures and rules specified by the Regulations.

Article 293

The owner of the company shall not be liable for its debts except to the extent of the share capital allocated to such company.

Article 294

The company shall be managed by the owner of the share capital. The owner may appoint one or more managers for the company to represent it before the courts and third parties, and be responsible to the owner for its management.

Article 295

The company shall cease to exist upon the death of the owner of the share capital unless the shares of the heirs are held by one person, or the heirs opt for its continuity in another legal form, within one hundred and eighty (180) days at most of the date of the death..

The company will also cease to exist if the juristic person which owns the share capital ceases to exist.

Article 296

If the owner of the company, in bad faith, liquidates it, discontinues its activity before the expiry of its duration or before achieving the objective of its establishment or does not separate the company's business from his/her other private business, he/she shall be liable for its obligations to the extent of his/her private property.

Article 297

Apart from the provisions of the preceding Articles, the provisions regulating the limited liability company shall apply to the one-person company to the extent they are not inconsistent with its nature.

PART FIVE

Inspection, Penalties and Final Provisions

CHAPTER ONE

Inspection

Article 298

The Concerned Body may at any time carry out an inspection of the company and its subsidiary companies to supervise the extent of their compliance with the provisions of the law.

The officials of the Concerned Body who are designated by a decision issued by the concerned authority in coordination with the head of the Concerned Body shall be vested with judicial investigations authority with respect to the offences committed in violation of the provisions of this Law and the implementing regulations and decisions thereof.

Article 299

The officials of the Concerned Body who are vested with the judicial investigation authority shall have all the powers that enable them to perform the duties assigned to them including the right to enter the place of the company and its subsidiary companies, peruse and obtain copies of all the records, books, documents, data and other matters. They shall also have the right to inspect such documents in the company's place or in another place and to take precautionary measure with respect thereto, if necessary.

The managers of the company and the auditor shall provide to such officials the necessary facilities for the performance of their duties.

Article 300

The partners or shareholders who own twenty percent (20%) of the share capital of the company, may submit an application to the Concerned Body for carrying out an inspection of the company concerning serious violations attributed to the managers, the members of the board of directors, the Executive Management or the auditor in the performance of their duties.

The Concerned Body may also carry out the inspection of its own accord or upon an application by the interested parties.

Article 301

The application provided for in Article 300 of this Law must contain significant evidence of the existence of the violations which justify carrying out of such action.

The Concerned Body shall refer the application to whoever is appointed by it for hearing the statements of the applicants for inspection, the managers of the company and the auditor and any persons the hearing of whose statements he/she considers necessary, provided that he/she shall prepare a report on the result of his/her work containing his/her opinion and present it to the head of the Concerned Body.

Article 302

The head of the Concerned Body or whoever is authorized by him/her, may appoint at the expense of the applicants for inspection, an auditor from among the registered auditors to carry out the inspection of the business of the company and its books. The managers of the company shall provide to the auditor, facilities for perusal of the books, documents and papers which they keep or have the right to obtain, and everything that is related to the affairs of the company.

The auditor must submit a detailed report on his/her task to the head of the Concerned Body within the time frame specified in the decision of appointment.

Article 303

If it becomes clear to the head of the Concerned Body from the facts of the auditor's report that what has been attributed to the managers of the company is untrue, he/she may issue an order for publication of all or part of the report or the result thereof in accordance with the provisions of this Law and oblige the applicants for inspection with the expenses of publication, without prejudice to their liability for compensation, if required.

If it becomes clear to the head of the Concerned Body that the violations are true, he/she must take the necessary arrangements, convene the general meeting to discuss the violations and adopt a resolution in respect thereof and designate the person who will chair its meeting in this case.

Article 304

The ordinary general meeting may remove the members of the board of directors or the auditor or terminate the service of any staff of the Executive Management, upon establishment of commission by any of them of the violations set forth in the auditors report, without prejudice to the consequent liability of any of them.

Whoever has been removed pursuant to this Article shall not be re-elected before the lapse of five (5) years of the date of removal.

CHAPTER TWO

The Penalties

Article 305

Without prejudice to any more severe punishment provided for in any other law, the offences set forth in this Law shall be punishable with the penalties provided for herein.

Article 306

The punishment with imprisonment for a period from one year to three (3) years and with a fine from ten thousand (10000) Omani Rials to fifty thousand (50000) Omani Rials, or with either of these two penalties shall be imposed on:

1. any person who intentionally records incorrect data or information in the Constitutive Documents, or in the application for obtaining approval of the company's establishment, or in a document which is necessary for obtaining the approval or its registration with the Registrar, or intentionally omits a material fact in any of the aforementioned and the recording of the data or information, or the omission of the fact is likely to deceive a third party or to cause damage thereto.
2. any person who uses fraudulent methods for inducing another person to take shares or to contribute in any of the companies.
3. any founder of the company, member of its board of directors or auditors, who intentionally issues an invitation for subscription for the shares, bonds or other securities of the company in violation of the provisions of the law, and any person who knowingly offers such shares, bonds or other securities for subscription.
4. any person, who with intention of cheating, estimates the value of a contribution in kind in the share capital of the company at more than its real value.
5. whoever intentionally distributes dividends on the basis of incorrect financial statements or without financial statements.
6. any manager or a member of the board of directors of the company or of the Executive Management, an auditor, liquidator or a person entrusted with the management of the company, intentionally records incorrect data or information in the company's budget or the profit and loss account or in a report prepared to the ordinary or extraordinary general meeting or intentionally conceals a material fact in any of the aforementioned, which is likely to conceal the actual financial position of the company from the shareholders, creditors and third parties.
7. whoever commits a forgery in the company's records or records therein incorrect facts and whoever prepares or presents to the ordinary or extraordinary general meeting

reports containing incorrect data which are likely to influence the resolutions of the general meeting.

8. whoever of the managers or members of the board of directors of the company or of the Executive Management who intentionally use the property of the company for their personal benefit or for the benefit of a company or another establishment in which they have an interest.
9. any liquidator who uses the property of the company to his/her personal benefit or intentionally relinquishes the property of the company in violation of provisions of law.

Article 307

The punishment with imprisonment for a period from six (6) months to three (3) years and with a fine from three thousand (3000) Omani Rials to twenty thousand (20000) Omani Rials or with either of these two penalties shall be imposed on:

1. whoever records, or negligently overlooks incorrect data or information in the Constitutive Documents, or in the application for the company's establishment, or in a document which is necessary for the establishment or registration thereof with the Registrar, and such recording of the data or information is likely to deceive third parties and cause damage to them.
2. any manager or member of the board of directors or of the Executive Management who prevents or hinders the auditors from performing their duties.
3. any expert who negligently estimates the value of a contribution in kind in the share capital of the company at twenty five percent (25%) more than its real value.
4. whoever of the members of the first board of directors of the company intentionally fails to register the company with the Registrar.

Article 308

The punishment with a fine from (5000) five thousand Omani Rials to ten thousand (10000) Omani Rials shall be imposed on:

1. whoever of the members of the board of directors of the company, auditors or liquidators, fails to convene the ordinary or extraordinary general meeting whenever the law requires so.
2. whoever in respect of whom a cause of loss of membership exists, and fails to give notice to the company upon the cause becoming a fact.
3. whoever as a result of whose fault, the registration of the company with the Registrar has been rejected.
4. whoever submits an application for registration of data, information, resolutions or documents in violation of the provisions of the law.

5. whoever refrains from facilitating the persual by the shareholders or others who are entitled to peruse the books and other documents of the company.

Article 309

Whoever commits a violation of a provision of this Law or the Regulations for which no punishment is prescribed therein, shall be punished with a fine from one hundred(100) Omani Rials to three thousand (3000) Omani Rials.

Article 310

The Concerned Body may conclude conciliation of the offences provided for in this Law or the Regulations at any stage of the public prosecution, and before a judgment is passed thereon, in consideration of payment of a financial amount which is not less than double the minimum limit of the fine prescribed for such an offence, and does not exceed double the maximum limit thereof, and the public prosecution of the offence will lapse as a consequence of the conciliation.

Article 311

The fines which may be imposed on the company as a result of violations of the law or the articles of association of the company by the board of directors during the expired financial year, shall be deducted from the remunerations of the board of directors or from the remuneration of the member who causes the violation. The general meeting may resolve not to deduct these fines if it is clear thereto that such fines are not due to the negligence or fault of the board of directors.

Article 312

Whoever commits a violation of this Law or the Regulations shall be liable to indemnify any person for the damage sustained by him/her as a consequence of his/her violation.

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