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**Finance House P.J.S.C**

**Provisions of the Articles of Association**

**October 2017**



أنا الموقع على هذا المستند ، بصفتي مترجماً قانونياً مرخصاً ومعتمداً لدى وزارة العدل بدولة الإمارات العربية المتحدة ، أشهد أن الترجمة المرفقة صحيحة ومطابقة للنص الأصلي.  
I, the signatory to this document, as a legal translator duly licensed and sworn in by the UAE Ministry of Justice, do hereby certify that the enclosed translation is correct and identical to the original text

**Provisions of the Articles of Association**

**Finance House P.J.S.C**

**Index of Contents**

**Chapter I – Incorporation of the Company**

- Introduction
- Definitions
- Company's Name
- Company's Headquarters
- Company's Duration
- Company's Purposes

**Chapter II – Company's Capital**

- Company's Capital
- Ownership of UAE Citizens
- Disposition of Shares
- Liability of Shareholders
- Consequences of Title in a Share
- Division of a Share
- Shareholding Rights



- Shareholder's Heirs and Creditors
- Entitlement to Profits
- Changing Company's Capital

### Chapter III – Loan Bonds

- Issuances of Loan Bonds

### Chapter IV – Company's Board of Directors

- Election of Directors
- Membership Duration and Vacant Offices
- Board Chairman
- Delegated Director, Board Committees, and Board Rapporteur
- Authorities of the Board of Directors
- Authorized Signatories
- Board Meetings
- Quorum of Board of Directors' Meetings, and Resolutions
- Losing Board Membership
- Director's Participation in a Business Competing to the Company's Business
- Conflict of Interests
- Granting Loans to Directors
- Related Parties' Dealing in Company's Securities





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# يونك للترجمة القانونية UNIQUE LEGAL TRANSLATION

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- Personal Liability
- Liability for Violations
- Remuneration of Directors

## **Chapter V – General Assembly**

- Place of Meeting
- The Right to Attend
- Invitation to the Meeting
- Agenda
- Registration
- Quorum and Voting
- Meeting Chairmanship, Rapporteur, and Vote Collectors
- Method of Voting
- Annual General Meeting
- Meeting Based on the Auditor's or Shareholders' Requisition
- Amendment of Articles of Association
- Deliberating Matters Outside the Agenda
- The Binding Effect of Resolutions

## **Chapter VI – The Auditor**

- Appointment
- Auditor's Authorities and Responsibilities



- Auditor's Report

#### Chapter VII – The Finances of the Company

- Company's Financial Year
- Company's Financial Statements
- Deductions
- Allocation of Profits
- Disposition of Optional Reserve

#### Chapter VIII – Disputes

- Obsolescence
- Reimbursement of Directors

#### Chapter IX – Liquidation and Dissolution of the Company

- Reasons of Company's Dissolution
- Loss of Half of the Capital
- Appointment of Liquidator

#### Chapter X – Closing Provisions

- Applicable Law
- Validity of Texts
- Publication





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## Articles of Association

of

## Finance House P.J.S.C

(Public Joint Stock Company)

## Chapter I

## Incorporation of the Company

### Introduction

Finance House, a public joint stock company, has been incorporated in the Emirate of Abu Dhabi, United Arab Emirates, after the approval of the competent authorities and under the Trade License No. CN-1002115, dated 25/07/2004, issued by the Department of Economic Development in the Emirate of Abu Dhabi, and the resolutions of His Excellency the Minister of Economy No. 231 of 2004, and under the memorandum of association and the articles of association of the company, legalized on 12 July 2004 before the Notary Public in the Emirate of Abu Dhabi, and in accordance with the provisions of the Federal Law No. (8) of 1984 concerning commercial companies, and the laws in amendment thereof, the Federal Law No. (10) of 1980 concerning the Central Bank, the monetary system, and the regulation of the banking profession, and the resolutions of the Board of Directors of the UAE Central Bank, concerning finance companies.

As the Federal Law No. (2) of 2015 concerning commercial companies, dated 25/3/2015, has provided for the revocation of the Federal Law No. (8) of 1984 concerning commercial companies, and the laws in amendment thereof, and has



required existing public joint stock companies to amend the articles of association thereof to become in line with the provisions thereof.

On 18/4/2016, the general meeting of the company was convened, and the company resolved by a special resolution to approve the amendment of the provisions of the articles of association of the company to be in line with the provisions of the Federal Law No. (2) of 2015 concerning commercial companies, as follows:

### Article (1)

#### Definitions

The expressions stated below shall have the meanings shown on the opposite to each one of them, unless anything in the context indicates otherwise:

- "State" / "UAE"** : Means the United Arab Emirates.
- "Authority"** : The Securities and Commodities Authority (SCA).
- "Central Bank"** : The Central Bank of the United Arab Emirates.
- "Company"** : Finance House "Public Joint Stock Company".
- "Central Bank Law"** : The Federal Law No. (10) of 1980 concerning the Central Bank, the monetary system, and the regulation of the banking profession, and the amendments thereof.





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- “Competent Authority”** : The Department of Economic Development in the Emirate of Abu Dhabi.
- “Exchange”** : Abu Dhabi Securities Exchange.
- “Central Bank Resolutions”** : The resolutions, instructions and regulations issued by the Central Bank’s board of directors or the Central Bank’s governor in regard to finance companies incorporated in the UAE, which are subject to the control of the Central Bank.
- “Commercial Companies Law”** : Federal Law No. (2) of 2015 concerning commercial companies and any laws in amendment or replacement thereof.
- “Articles of Association”** or : These articles of association.
- “Board of Directors”** : The company’s board of directors, and director shall be any member of the board of directors.
- “Board Chairman”** : The chairman of the company’s board of







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directors.

**“Special Resolution”** : A resolution made with the majority of the votes of shareholders owning not less than three quarters of the shares represented in the company’s general assembly meeting.

**“Accumulative Voting”** : That every shareholder will have a number of votes that is equal to the number of shares owned thereby, so that he would vote for a single candidate for membership of the board of directors or distribute these votes among whomever he selects of candidates, provided that the number of votes he gives to candidates selected thereby shall not exceed the number of votes in his possession in any case whatsoever.

**“Related Parties”** : The chairman and the members of the board of directors, the company’s workers, and the members of the senior executive management of the company and the companies in which any of those are a shareholder owning not less than 30% of the capital thereof, as well as the subsidiary, sister or affiliated companies.



The words denoted in the singular form shall also include the plural form and vice versa, and the words denoted in the male gender shall include the female gender and vice versa, unless the context indicates otherwise.

**Article (2)**

**Company's Name**

2-1 The name of the company is "Finance House", a public joint stock company.

**Article (3)**

3-1 The main headquarters and legal domicile of the company shall be in the city of Abu Dhabi in the Emirate of Abu Dhabi, the United Arab Emirates. The board of directors may create branches, offices or agencies for the company within the UAE or abroad after obtaining the approval of the Central Bank and the other competent governmental authorities.

**Article (4)**

**Company's Duration**

4-1 The duration of the company is one hundred (100) calendar years, starting on 18 July 2004, which shall be automatically renewed thereafter for similar consecutive durations unless a resolution is passed by the general assembly in termination of the duration of the company.

**Article (5)**

**Company's Purposes**

5-1 The main purposes for which the company has been incorporated are:



- 5-1-1 To undertake all finance activities and business permitted in accordance with the law and the resolutions of the Central Bank applicable from time to time.
- 5-1-2 To open documentary credits and issue letters of guarantee.
- 5-1-3 To contribute or participate in the incorporation of operating companies and enterprises or those investing in the activities and companies above, all without prejudice to the rules and regulations of the Central Bank applicable from time to time.
- 5-1-4 To manage the aforementioned activities and projects.
- 5-1-5 To undertake any business or activity and to perform anything of any nature whatsoever that shall be, in the opinion of the company's board of directors, associated with or subsidiary to any of the purposes of the company, or what would directly or indirectly enhance the value or increase the profitability of all or any of the company and the properties and assets thereof, and to support the interests of the company or the shareholders thereof, all without prejudice to the rules and regulations of the Central Bank applicable from time to time.
- 5-1-6 The company may have an interest or may participate in any form with other entities or companies that undertake business that is similar to the business thereof or that may assist it in the attainment of the purpose thereof, whether within the UAE or abroad, and it may purchase such entities or companies or annex the same thereto, all without prejudice to the rules and regulations of the Central Bank applicable from time to time.



5-1-7 The purposes and authorities of the company provided for in the paragraphs above shall be interpreted in an ample and unrestricted manner. The company may attain the purposes thereof and exercise the authorities thereof mentioned in the UAE and in the other places throughout the world, and it may also expand, change and modify the same in any manner whatsoever from time to time under a resolution of the general assembly in accordance with the provisions of the Commercial Companies Law, all without prejudice to the rules and regulations of the Central Bank applicable from time to time.

## Chapter II

### Company's Capital

#### Article (6)

### Company's Capital

6-1 The capital of the company has been determined to be in an amount of 310,049,961 Dirhams (Three Hundred Ten Million, Forty-Nine Thousand, Nine Hundred Sixty-One UAE Dirhams), divided into 310,049,961 shares (Three Hundred Ten Million, Forty-Nine Thousand, Nine Hundred Sixty-One shares) in a nominal value of (1) Dirham per share, all of which are fully paid-up cash shares.

#### Article (7)

### Ownership of UAE Citizens

7-1 All shares of the company are nominal and the percentage of shares owned by UAE citizens in all cases shall not be less than (80%) Eighty



percent of the total paid-up capital of the company. The expression "UAE Citizens" shall be limited to the natural persons having the citizenship of the UAE and the companies and establishments incorporated in the UAE and owned in full by natural persons having the citizenship of the UAE or the departments or authorities of the federal government or one of the Emirates thereof or the authorities or companies owned in full by one of the Emirates.

#### Article (8)

##### Disposition of Shares

- 8-1 The company shall follow the laws, regulations and resolutions in force in the stock exchange in which it is enlisted as in regard to the issuance and registration of the shares of the company and the circulation, title transfer and mortgage of such shares and the accrual of any rights thereon. No assignment of the shares of the company may be registered and such shares may not be disposed or charged in any form whatsoever if such assignment, disposition or charge will lead to the violation of the provisions hereof or the provisions of the laws and regulations applicable and in force.

#### Article (9)

##### Liability of Shareholders

- 9-1 Shareholders shall only bear any liabilities or losses of the company within the limits of the amount of the shares owned thereby. The liabilities of shareholders may only be increased with their unanimous consent.



**Article (10)**

**Consequences of Title in a Share**

- 10-1 Title in a share indicates a shareholder's acceptance of the company's articles of association and the resolutions of the general assembly thereof. A shareholder may not request the redemption of what he had paid to the company as a share in the capital.

**Article (11)**

**Division of a Share**

- 11-1 1. A share of the company shall be indivisible.
- 11-2 2. If title in a share inures by inheritance to several heirs or if a share becomes by several persons, they shall select among themselves who shall represent them as against the company.

**Article (12)**

**Shareholding Rights**

- 12-1 Every share gives the owner thereof the right to an equal share to the share of others, without discrimination, in the ownership of the assets of the company at the time of the liquidation thereof and in the profits distributed among shareholders and to attend the sessions of the general assembly and vote on the resolutions thereof.

**Article (13)**

**Shareholder's Heirs and Creditors**

- 13-1 A shareholder's heirs or creditors may not, on any grounds whatsoever, request to affix seals on the company's books or property or request to



divide or sell the same in whole due to indivisibility, and may not intervene in any way whatsoever in the management of the company, and they shall, when using their rights, rely to the company's stock lists and closing accounts and on the resolutions of the general assembly meetings thereof.

#### Article (14)

##### Entitlement to Profits

- 14-1 1. The general assembly of the company shall determine the percentage that shall be allocated to the shareholders of net profits after the deduction of the legal reserve and the optional reserve.
- 14.2 2. A shareholder shall be entitled to his share of profits in accordance with the regulations issued vide a resolution by the Authority.

#### Article (15)

##### Changing the Company's Capital

- 15-1 The capital of the company may be increased by the issuance of new shares in the same nominal amount of the original shares, and it may also be reduced after obtaining the approval of the Authority and the Central Bank.

The capital of the company shall be increased by one of the following ways:

1. The issuance of new shares.
2. The merger of the reserve into the company's capital.
3. The conversion of bonds that are issued by the company into shares.



- 15-2 New shares may not be issued in less than the nominal value thereof and if issued in more than such value, the difference shall be added to the statutory reserve even if such reserve will exceed by such half of the company's capital.
- 15-3 The increase or reduction of the company's capital shall be made under a special resolution that is passed by the general assembly based upon the suggestion of the board of directors in either case and after hearing the auditor's report in case of any reduction, provided that the special resolution shall state in case of the increase of capital the amount of such increase and the issue price of shares and the preemptive right and priority of existing shareholders to subscribing in such increase, and shall state in case of capital reduction the amount of such reduction and how is it to be implemented.

### Chapter III – Loan Bonds

#### Article (16)

#### Issuance of Loan Bonds

- 16-1 Subject to the regulations, controls and provisions stated in the resolutions of the board of directors of the Central Bank, the company may, under a special resolution, issue loan bonds of any kind or Islamic bonds. The resolution shall state the value of the bonds, the issuance conditions thereof, and their convertibility to shares. The company may issue a resolution in authorizing the board of directors to determine a time for the issuance of the bonds, provided that it shall not exceed one year from the





approval date of the authorization. Furthermore, the company may, by a resolution of the board of directors, issue debt instruments, deposit certificates, securities or bonds on behalf of the clients thereof or to finance them in attainment of the purposes thereof as a specialized company in undertaking the finance business, in what does not contradict with the observed laws and regulations. Except this, the company may, when issuing loan bonds, follow the provisions stated in Articles (229) and (230) of the Commercial Companies Law.

#### Chapter IV

#### Company's Board of Directors

#### Article (17)

#### Election of Directors

17-1 The company shall be managed by a board of directors consisting of seven (7) members who shall be elected by the general assembly by accumulative secret voting. In all cases, the majority of board's members, including the board's chairman, shall be citizens of the UAE.

#### Article (18)

#### Duration of Membership and Vacant Positions

18-1 Every director in the board of directors shall hold his office for a term of three (3) years. At the end of such duration, the board will be reconstituted and the directors whose terms of office has expired may be reappointed.



The board of directors may appoint members to the positions that become vacant during the year, provided that such appointment shall be presented to the general assembly in the first meeting thereof to approve their appointment or appoint others. If the number of vacant positions during the year reach one quarter of the number of board's members or more, the board of directors shall invite the general assembly to convene within a maximum period of thirty (30) days from the date of vacancy of the last position in order to elect persons to fill the vacant positions. In all cases, the new director shall resume the term of office of his predecessor and such member may be reelected again.

### Article (19)

#### Board Chairman

- 19-1 The board of directors shall elect from its members, by secret voting, a chairman and a vice chairman in the first meeting convened thereby after the election or appointment of the board of directors. The vice chairman shall act in place of the chairman in case of his absence or inability to perform his duties.
- 19-2 The board's chairman shall be the legal representative of the company before the judiciary and in the relations thereof with others.

### Article (20)

#### Delegated Director, Board Committees, and Board Rapporteur

- 20-1 The board of directors may appoint from its members a delegated director or more for management, and the board shall determine his competencies



and remuneration. Furthermore, the board may constitute from its members a committee or more granting some of its competencies thereto or vesting therein to monitor work progress in the company and to implement the resolutions of the board. The company shall have a rapporteur for the board of directors from other than the directors.

### Article (21)

#### Authorities of the Board of Directors

21-1 The board of directors shall have all the authorities to manage the company and to perform all proceedings and actions on behalf of the company as it is authorized for the company to perform, and to undertake the required authorities to attain the purposes thereof. Such powers and authorities shall only be limited by what is provided for in the Commercial Companies Law, the Central Bank Law, the Central Bank's resolutions, the articles of association, or an issue for which a resolution has been passed by the general assembly. Subject to the provisions of the Companies Law and the resolutions in implementation thereof as passed by the Authority, the board of directors shall be expressly authorized to enter loan agreements for a duration not exceeding three (3) years, and to grant facilities and to invest in the fields set out in the declared purposes thereof in Article (5) hereof and to charge the assets and the moveable and immovable property of the company and to release company's debtors from their liabilities and to perform conciliations or agree on arbitration.



- 21-2 The board of directors shall set out the regulations related to the administrative and financial affairs and to employees' affairs and their financial dues. The board shall also set out a special bylaw in regulation of its proceedings and meetings and to allocate competencies and responsibilities to the members thereof.
- 21-3 Furthermore, the board of directors shall, subject to the resolutions and circulations made by the Central Bank and subject to all the laws and regulations applicable and in force, exercise the following authorities:
1. To set out administrative regulations or to form temporary or permanent committees and to delegate one of the members thereof for a certain task.
  2. To appoint a CEO or a general manger for the company and a head of financial affairs, a head of company's operations, a head of risks, an internal auditing director, a human resources director, and other employees and workers for the company, and to determine their salaries and wages, and terminate their services and replace them with others.
  3. To permit the creation or the cancelation of a subsidiary company, branch or agent, and to determine management expenses for every subsidiary company, branch or agency, and to perform all necessary transactions to subject the company to the laws of the country in which it is operating and to appoint all the representatives, agents and officials abroad as provided by such laws.



4. To appoint, remove and replace the agents and representatives of the company in the UAE and abroad and to determine the conditions of contracting with them.
5. To resolve how to employ monies of any kind and amount whatsoever, and to withdraw and transfer all value and rights of the company and to subscribe in establishments that are undertaking the same purposes of the company.
6. To perform all the contracts related to the subject of the company of any kind whatsoever in the conditions deemed appropriate thereby.
7. To determine the administrative and general expenses for the progress of the company.
8. To purchase, assign, sell and mortgage all moveable rights and properties and all immovable rights and real estate properties.
9. To acknowledge all loans, and it may borrow all amounts necessary for the needs of the company and the business thereof in the manner, interest and conditions deemed appropriate thereby.
10. To enter, terminate, revoke and assign lease contracts in the manner it deems appropriate.
11. To procure insurances on all properties of the company and the moveable and immovable properties thereof.
12. To acknowledge all ordered bonds and withdrawal bonds, cheques and commercial bonds, and to circulate and endorse the same and guarantee the makers thereof.



13. To barter, compromise, conciliate and agree on arbitration as in relation to all interests of the company.
14. To authorize the receipt of any amount whatsoever and the values of financial and commercial bonds to the company's account from any general institution, bank or private institution, and from any natural or moral person, and to give necessary receipts and releases.
15. To permit all contracts and waive every right and assign every right belonging to the company with or without guarantee, and to retreat from insurances and advantages and lift attachments and request or approve the deletion of every entry, lawsuit or arbitration.
16. To permit the payment of aids and provisions of any kind whatsoever.
17. To participate in tenders and auctions and to submit all bonds.
18. To authorize whomever it wishes with some of the authorities thereof and to give the attorney(s) the right to authorize others.
19. To set out the bylaws related to the administrative and financial affairs and the personnel affairs and their financial dues. The council shall also set out a special bylaw for the regulation of the proceedings and meetings thereof and to allocate competencies and responsibilities.

The aforementioned authorities are mentioned as example without limitation, as the board of directors has an authority to perform all the other acts not expressly stated herein.

### Article (22)

#### Authorized Signatories



- 22-1 The chairman of the board of directors shall be the legal representative of the company before the judiciary and in the relations thereof with others, and he may delegate to others some of his authorities.

### Article (23)

#### Board Meetings

- 23-1 Without prejudice to what is resolved by the Authority in regard to the meetings of the boards of directors of the public joint stock companies, the board of directors shall meet at least four (4) times in a year or whenever needed by an invitation of the chairman thereof or upon the requisition of at least two directors at the main headquarters of the company or any other place in the world. The board meetings may be convened through audio or visual means of telecommunication according to the regulations made by the Authority in this regard.

### Article (24)

#### Quorum of Board of Directors' Meetings, and Resolutions

- 24-1 A meeting of the board of directors shall only be valid after the invitation of all the members thereof and with the personal attendance of the majority of the members thereof. Attendance shall be in person by actual presence or by presence through any audio means (like telephone) or visual means (like video phone) as permitted by the Authority. A director may delegate any other director to attend and vote on his behalf, provided that a director may not act on behalf of more than one director.



- 24-2 The resolutions of the board of directors shall be made by the majority of votes of attending and represented directors. In case of the equality of votes, the vote of the chairman or whomever is acting on his behalf shall be a casting vote.
- 24-3 In the minutes of meetings of the board of directors or the committees thereof, the details of the matters considered thereby shall be recorded, along with the resolutions passed, including any reservation of the directors or opinions expressed in opposing the same, provided that copies of such minutes shall be sent to the directors after approval for keeping the same. The minutes of the meetings of the board of directors and the committees thereof shall be kept by the rapporteur of the board of directors and in case a director declines to sign, his objection shall be evidenced in the minutes with mentioning the reasons of objection in case given. The directors signing on such minutes shall be responsible for the correctness of the details mentioned therein, and the company shall comply with the regulations made by the Authority in this regard.
- 24-4 Without prejudice to the requirement that the board of directors shall meet at least four (4) times in a year. The board of directors may issue some of the resolutions thereof by circulation in accordance with the regulations made by the Authority in this regard.
- 24-5 Any director who has a special interest in a transaction or a matter presented to the board for the discussion and approval thereof shall inform the council of such interest, and this shall be recorded in the minutes of





the meeting, and such director may not vote on the resolution concerning such certain transaction or matter.

### Article (25)

#### Losing Membership in the Board

- 25-1 Should any director be absent from attending more than three consecutive sessions or five separate sessions without an excuse accepted by the board, he shall be deemed as has resigned from his position.
- 25-2 The position of a director shall also become vacant and the director shall be removed in one of the following cases:
- 25-2-1 If a director dies or loses his capacity or becomes unable in a form or another to perform his duties as a director.
- 25-2-2 If he is convicted of a crime of dishonesty or dishonor under a conclusive court judgment.
- 25-2-3 If he declares his bankruptcy or stops paying his commercial debts even if this is not associated with the declaration of his bankruptcy.
- 25-2-4 If he resigns of his position under a written notice sent by him to the company in this regard.
- 25-2-5 If a resolution is made by the general assembly in removal thereof.
- 25-2-6 If his membership is in violation of the provision of the Commercial Companies Law, the provisions of the Central Bank, or the resolutions of the Central Bank.



- 25-3 If a director is removed for one of the reasons stated in the preceding paragraphs, he may not be re-nominated for membership in the board prior to the elapse of three years from the issuance of the resolution of his removal.

#### Article (26)

#### Director's Participation in a Business Competing to the Company's Business

- 26-1 Without an approval of the general assembly of the company, that shall be renewed annually, a director may not participate in any business competing to the business of the company or trade for his account or for the account of others in one of the branches of the activity undertaken by the company, and he may not divulge any information or details of the company. Otherwise, the company may claim damages from him or deem the profitable transactions he undertook for his account as if they have been undertaken for the account of the company.

#### Article (27)

#### Conflict of Interests

- 27-1
- Every director of the company who shall have for himself or for the entity he is representing a joint or conflicting interest in a transaction or a dealing presented to the board of directors for a resolution to be passed as in relation thereto, shall inform the board of such interest and shall evidence his acknowledgment in the minutes of the session, and he may



not participate in the voting on the resolution passed as in regard to such transaction.

- b. If a director fails to inform the board in accordance with the provision of clause (a) of this article, the company or any of the shareholders thereof may apply to the competent court for the nullification of the contract or to obligate the violating director to pay and return back to the company any profit or benefit earned thereby from such contracting.

#### Article (28)

##### Granting Loans to Directors

- 28-1 The company is prohibited to offer loans or advances or to grant credit facilities to the directors or managers thereof or alike, or to offer any guarantees as in relation to loans granted thereto, unless the laws, regulations, legislations and resolutions of the Central Bank permit so. Such prohibition shall not include the discount of commercial bonds, giving guarantees, or opening documentary credits.

#### Article (29)

##### Related Parties' Dealing in Company's Securities

- 29-1 The related parties are prohibited to exploit whatever information any of them has received due to his membership in the board of directors or his employment position in the company, to achieve an interest for himself or for others as a result of dealing in the company's securities and other transactions. Furthermore, none of them may have a direct or an indirect interest with any entity that undertakes transactions for the purpose of causing an impact on the prices of the securities issued by the company.



### Article (30)

#### Deals with Related Parties

30-1 The company may only enter deals with the related parties with the approval of the board of directors in what shall not exceed 5% of the company's capital, and with the approval of the general assembly of the company in what is in excess of such percentage. The deals shall be appraised by an approved appraiser of the Authority.

### Article (31)

#### Personal Liability

31-1 The directors shall be not assume any personal liability as in relation the company's undertakings due to their performance of the tasks of their positions within the limits of their competencies.

### Article (32)

#### Liability for Violations

32-1 The chairman and members of the board of directors shall be liable toward the company, shareholders and others for all acts of fraud and misuse of the authority vested in them and for any violation of the Commercial Companies Law, the Central Bank Law, the resolutions of the Central Bank concerning finance companies, any other law, or these articles of association. They shall also be liable for any mistake in management.

32-2 The liability provided in the preceding paragraph shall fall on all members of the board of directors so that if a mistake is committed as a result of a resolution made by unanimous consent, but if the resolution subject of



accountability is made by majority, the members who objected the same shall not be accountable therefore as long as they evidenced their objection in the minutes of the session. If a member is absent from the session in which the resolution was passed, his liability shall only be negated if it was proven that he was not aware of the resolution or that he was aware of the resolution but he was unable to object against the same.

### Article (33)

#### Remuneration of Directors

- 33-1 The remuneration of directors shall consist of a percentage of net profit, provided that it shall not exceed 10% of such profits for the ending financial year after the deduction of all consumptions and reserves. The company may also pay additional expenses or fees or a monthly salary or annual fees in a lump sum that is resolved by the board of directors for any member thereof if such member is serving in any committee or is exerting special efforts or performing additional works in service of the company in addition to his ordinary duties as a member in the company's board of directors.
- 33-2 The penalties that might have been imposed on the company due to the board of directors' violations of law or the articles of association of the company during the ending financial year, shall be deducted from the remuneration of the board of directors. the general assembly may resolve to not deduct such penalties if it becomes clear thereto that such penalties are not as a result of a default or mistake by the board of directors.



### Chapter V

#### General Assembly

#### Article (34)

##### Place of Meeting

34-1 A validly constituted general assembly shall represent all shareholders and may only be convened in the city of Abu Dhabi.

#### Article (35)

##### The Right to Attend

- 35-1 Every shareholder shall have the right to attend the general assembly of shareholders and shall have a number of votes equal to the number of his shares. A shareholder may delegate another person other than the directors to attend the general assembly. For such delegation to be valid, it is conditional that it shall be evidenced by a written special instrument of proxy.
- 35-2 The number of shares held by the proxy in such capacity may not exceed (5%) of the shares of the company's capital. Incompetent persons and persons of incomplete capacity shall be represented by their legally agents acting on their behalf.
- 35-3 A legal person may delegate one of the representatives thereof or the persons in charge of the management thereof or one of the employees thereof under a resolution of the board of directors thereof or whomever is acting on behalf thereof to represent it in attending any general assembly



of the company. The delegated person shall have the authorities resolved under the resolution of delegation.

### Article (36)

#### Invitation to the Meeting

36-1 An invitation shall be served to shareholders to attend general assembly meetings by an announcement made in two daily local newspapers, at least one of which is in Arabic, and by registered letters or according to the method of notice determined by the Authority in this regard, at least fifteen (15) days prior to the appointed date for the meeting. The invitation announcement shall include the agenda of such meeting and a copy of the invitation papers shall be sent to the Authority and the competent authority.

### Article (37)

#### Agenda

37-1 The board of directors shall set out the agenda of the general assembly. In cases in which the general assembly may be convened based upon the requisition of shareholders, auditors or the Authority, the party who requested the convention of the assembly meeting shall set out the agenda for the same.

### Article (38)

#### Registration

38-1 The shareholders who wish to attend general assembly meetings shall register their names in a special register prepared for such purpose at the



company's headquarters prior to the appointed time for the convention of the general assembly. The register shall include the shareholder's name or whomever is acting on his behalf, the number of shares owned thereby, the number of shares represented thereby and the names of the owners thereof.

The shareholder or proxy will be given a card to attend the meeting, mentioned therein the number of votes he is entitled to in person or in proxy.

### Article (39)

#### Quorum and Voting

39-1 The provisions of the Companies Law shall apply as in regard to the quorum that should be met for the valid convention of the general assembly and the necessary majority for passing resolutions.

### Article (40)

#### Meeting Chairmanship, Rapporteur, and Vote Collectors

40-1 The general assembly shall be chaired by the chairman of the board of directors and in case of his absence, it shall be chaired by the vice chairman of the board of directors and in case of their absence both, it shall be chaired by any shareholder selected by the shareholders by voting in any method determined by the general assembly. The meeting chairperson shall suggest the appointment of a rapporteur for the meeting and two scrutinizers to reckon votes provided that the general assembly shall approve their appointment. If the assembly is discussing a matter





that is related to the meeting chairperson, the assembly shall select one of the shareholders to chair the meeting during the discussion of this matter.

- 40-2 The company shall record minutes of the general assembly meetings and evidence attendance in books that are kept for such purpose and signed by the concerned meeting chairperson, the assembly's rapporteur, votes collectors, and auditors. The persons signing on the minutes of meetings shall be responsible for the correctness of the details mentioned therein.

#### Article (41)

##### Method of Voting

- 41-1 Voting in the general assembly shall be in the manner appointed by the assembly chairperson, unless if the general assembly resolves a certain manner of voting. Voting shall be confidential if related to the election or the removal of directors or holding them accountable, subject to what is provided in Article (178) of the Companies Law.
- 41-2 Directors may not participate in voting on the resolutions of the general assembly meeting concerning releasing them from liability for their management or relating to a special interest for them, or related to the conflict of interests or a disagreement existing between them and the company.
- 41-3 If a director is a legal person, the shares of such legal person shall be disqualified from voting.

#### Article (42)

##### Annual General Assembly



- 42-1 The board of directors may summon the general assembly to convene whenever it deems necessary to do so in the time and place determined thereby. The general assembly shall be convened at least once a year based upon the invitation of the board of directors within the four months following the end of the financial year in the place and time appointed in the invitation announcement to the meeting.
- 42-2 The annual general assembly shall convene to discuss and study the board of directors' report about the company's activity and financial position during the year to discuss and study the auditor's report and to certify the balance sheet and profit and loss account of the financial year and to approve the distribution of profits and to elect directors when necessary and to appoint auditors and determine their fees and to release directors from liability or resolve to file a case of liability against them as the case shall be.

#### Article (43)

##### Meeting Based on the Auditor's or Shareholders' Requisition

- 43-1 The board of directors shall invite the general assembly to meet whenever it is requested to so by the Authority, the auditor or a shareholder or more owning shares representing at least twenty percent (20%) of the company's capital. The invitation to the convention of the general assembly shall be served in both cases within five (5) days from the submission date of the request.

#### Article (44)



### Amendment of the Articles of Association

Subject to the provisions of the Companies Law and these articles of association, and after the approval of the Central Bank, the Authority and the competent authority, the general assembly, by a special resolution, amend the articles of association of the company, whatever are the provisions thereof, in what is not inconsistent with the laws and regulations applicable and in force.

### Article (45)

#### Deliberation of Matters Outside the Agenda

45-1 Subject to the provision of Article (180) of the Commercial Companies Law, the general assembly may not deliberate in other than the matters enlisted in the agenda enclosed along with the invitation announcement.

45-2 The general assembly shall be entitled to deliberate the serious incidents that are discovered during the meeting. If the Authority or a number of shareholders representing at least (10%) of the company's capital, prior to the commencement of the discussion of general assembly's agenda, request(s) to enlist certain matters in the meeting's agenda, the board of directors shall honor such request failing such, the general assembly shall be entitled to resolve to discuss such matters, subject to any resolution passed by the Authority as in regard to the conditions to be observed for entering a new item to the agenda of the general assembly meeting.

### Article (46)

#### The Binding Effect of Resolutions

The resolutions of the general assembly that are passed in accordance with the provisions of the Commercial Companies Law, the Central Bank Law, resolutions



of the Central Bank, and these articles of association are binding on all shareholders including those who were absent and those who had an opposing opinion.

## Chapter VI

### The Auditor

#### Article (47)

#### Appointment

47-1

- a. The company shall have an auditor or more that shall be nominated by the board of directors and presented to the general assembly for approval.
- b. The auditor shall be appointed for a duration of one year that shall be renewable and he shall audit the accounts of the financial year for which he was appointed, provided that the renewal duration of his appointment shall not exceed three consecutive years.
- c. The auditor shall undertake his duties from the end of the meeting of such assembly till the end of the meeting of the following annual general assembly.
- d. The general assembly shall determine the fees of the auditor and the board of directors may not be delegated in this regard, provided that such fees shall be explained in the accounts of the company.

47-2 Subject to the resolutions of the Authority's board of directors regarding the accreditation regulations of auditors of public joint share companies, the auditor shall observe the following:



- a. Compliance with the provisions stated in the Commercial Companies Law, and the regulations, resolutions and circulations in implementation thereof.
- b. To be independent from the company and its board of directors.
- c. To not combine the profession of an auditor with the capacity of a partner in the company.
- d. To not combine the profession of an auditor with the capacity of a partner in the company and to not occupy the position of a director or any technical, administrative or executive position thereat.
- e. To not be a partner or an agent of any of the company's founders or any director, or a relative of any of such persons up to the second degree.
- f. His name shall be accredited at the Authority.
- g. He shall be licensed to practice the profession in the UAE, and he shall have an experience of not less than five years in auditing shareholding companies.
- h. His name shall be accredited at the Central Bank.

#### Article (48)

#### Auditor's Authorities and Obligations

48-1

- a. The auditor shall have the authorities and obligations provided for in the Commercial Companies Law, the Central Bank Law, and the resolutions of the Central Bank, and he may in particular inspect anytime all the books,



records and documents of the company and any other documents and he may requests the clarifications he deems necessary for the performance of his assignment and he may also verify the assets and liabilities of the company. Should he be unable to exercise such authorities, he shall evidence this in writing in a report that is submitted to the board of directors. If the board does not enable the auditor to perform his assignment, the auditor shall send a copy of the report to the Authority and the competent authority and shall present the same to the general assembly.

- b. The auditor shall audit the accounts of the company, inspect the balance sheet and the profit and loss account, review the company's deals with the related parties, and observe the implementation of the provisions of the Companies Law and the provisions hereof, and he shall submit a report in the result of such inspection to the general assembly, and send a copy thereof to the Authority and the competent authority. The auditor, when preparing his report, shall verify the following:
- The correctness of the auditing records being kept by the company.
  - The extent of the compliance of the company's accounts with the accounting records.
- c. If facilities are not offered to the auditor to perform the tasks thereof, he shall evidence this in a report he shall submit to the board of directors. If the board of directors defaults in facilitating the auditor's assignment, he shall send a copy of the report to the Authority.



- d. The subsidiary company and the auditor thereof shall submit the information and explanations requested by the auditor of the holding company for auditing purposes.

**Article (49)**

**Auditor's Report**

49-1

- a. Subject to the provisions of the federal law in regulation of the auditing profession and the amendments thereof, the auditor shall submit to the general assembly a report that shall include the details that are provided for in Article (250) of the Commercial Companies Law, and he shall attend the general assembly meeting and give his opinion in the meeting in all what is related to his work and in particular, to the balance sheet of the company.
- b. The auditor shall attend the general assembly meeting and read his report in the general assembly, explaining any obstacles or interventions by the board of directors as he faced during the performance of his duties, and his report shall be independent and neutral, and he shall give in the meeting his opinion in everything that is related to his job, and in particular, in the company's balance sheet and his remarks on the company's accounts and financial position and any discrepancies therein. The auditor shall be liable for the correctness of the details mentioned in his report. Every shareholder during the convention of the general meeting may discuss the auditor's report and request clarifications from the auditor for what is mentioned therein.



- 49-2 The auditor may receive all other notices and correspondences that are related to any general assembly and which every shareholder is entitled to receive.

### Chapter VII

#### The Finances of the Company

##### Article (50)

##### Company's Financial Year

- 50-1 The financial year of the company begins on 1<sup>st</sup> January and ends on 31<sup>st</sup> December of every year.

##### Article (51)

##### Company's Financial Statements

- 51-1 The board of directors shall prepare for every financial year, at least one month prior to the annual meeting of the general assembly, the company's balance sheet and the profit and loss account. The board shall also prepare a report about the company's activity during the financial year and its financial position at the end of the same year and the method proposed thereby for the distribution of net profits. A copy of the balance sheet, the profit and loss account, and the report of the board of directors shall be sent to the shareholders with the agenda of the annual general assembly or shall be uploaded on the company's website for the inspection thereof by the shareholders.

##### Article (52)

##### Deductions





- 52-1 A percentage to be determined by the board of directors shall be deducted from the gross annual profits for the depreciation of the assets of the company or for compensation for the reduction in their value. Such funds will be disposed based upon a resolution of the board of directors and they may not be allocated on the shareholders.

**Article (53)**

**Allocation of Profits**

- 53 The net annual profits of the company shall be distributed, after the deduction of all overhead expenses and other costs, as follows:
- 53-1 Ten percent (10%) of net profits shall be deducted to be allocated for the statutory reserve account. Such deduction shall be suspended whenever the total of such reserve reaches an amount equal to (50%) of the company's paid-up capital. If the amount of reserves become less than such percentage, deduction shall be resumed. The statutory reserve may not be distributed to shareholders, but instead, any amount thereof in excess of half the paid-up capital at the time of the distribution of profits among the shareholders may be used in the years in which the company does not achieve sufficient net profits for distribution among them.
- 53-2 The general assembly of the company shall determine the percentage that is to be distributed among the shareholders of the net profits after the deduction of the statutory reserve, provided that if the net profits in a year do not permit the distribution of profits, the same may not be claimed from the profits of following years.



- 53-3 The directors shall receive a remuneration that is determined by the general assembly annually, provided that such remuneration shall not exceed 10% of the net profit of the ending financial year after the deduction of depreciation and the reserve.
- 53-4 The remaining net profits or a part thereof shall be thereafter distributed among the shareholders or shall be carried forward to the next year or allocated for the creation of an optional monetary reserve, as shall be resolved by the board of directors.
- 53-5 The company may distribute annual, biannual or quarterly profits among shareholders in accordance with the profits distribution policy and/or resolutions suggested by the board of directors. The shareholder shall be entitled to his share of profits according to the regulations made by a resolution of the Authority.

#### Article (54)

##### Disposition of Optional Reserve

- 54-1 Disposition of the optional reserve shall be done based upon a resolution passed by the general assembly in the manners that achieve the interests of the company and the statutory reserve may not be distributed among the shareholders, but instead, the excess amount thereof more than half of the capital may be applied to distributed as profits among the shareholders for the years in which the company does not achieve adequate net profits to be distributed among them.

#### Chapter VIII

##### Disputes



**Article (55)**

**Obsolescence**

- 55-1 A resolution passed by the general assembly in releasing the board of directors shall not lead to the termination of a case for civil liability against the directors due to the faults committed thereby in undertaking their competencies. If the act leading to raise of liability was presented to the general assembly in a report by the board of directors or the auditor and it was certified thereby, the case of liability shall terminate on the elapse of one year from the convention date of the assembly.
- 55-2 Nevertheless, if an act attributed to the directors constitutes a criminal act, the case for liability shall only terminate by the termination or withdrawal of the general case.

**Article (56)**

**Indemnification of Directors**

- 56-1 The company shall be liable within the limits of its assets to indemnify any director and any manger in the company for any liability incurred thereby (except criminal liability) as a result of his performance of his duties or in relation thereto, provided that such person had done so in good faith and as a result of his reasonable belief that what he did is in service of, or at least does not contradict with, the interests of the company, subject to that such person shall not be entitled to any indemnification for any claim for which he is proven to be liable toward the company under a judgment made by a competent court.



56-2 The company shall pay and shall be liable to indemnify for all the expenses, fees and costs incurred by any director as a result of what is mentioned in clause (56-1) in relation to any claim, case, legal proceedings, or otherwise, in which it is confirmed that he is liable therefore and that he is entitled to be indemnified therefore according to the aforementioned (including for example but without limitation, those arising from the criminal cases in which he is acquitted or the accusation made against him is withdrawn).

#### Chapter IX

#### Dissolution and Liquidation of the Company

#### Article (57)

#### Reasons for the Dissolution of the Company

57-1 The company shall be dissolved for one of the following reasons:

57-1-1 The expiration of the duration set out herein unless such duration is renewed in accordance with the rules stated herein.

57-1-2

- a. The cessation of the purpose for which the company is incorporated; or
- b. The depletion of all or a substantial part of the company's funds so that the remainder cannot be invested in a feasible manner; or
- c. Merger of the company into another company in accordance with the provisions of Commercial Companies Law; or

57-1-3 Passing a special resolution by the general assembly in dissolution of the company.



**Article (58)**

**Loss of Half of the Capital**

58-1 If the losses of the company reach half of its issued capital, the board of directors shall, within thirty (30) days from the date of disclosure to the Authority of the periodic or annual financial lists, invite the general assembly to pass a special resolution in dissolution of the company prematurely or that the company shall continue in undertaking the activity thereof.

**Article (59)**

**Appointment of Liquidator**

59-1 At the expiration of the company's duration or the dissolution of the company prematurely, the general assembly shall determine, based upon the request of the board of directors, the manner of liquidation and shall appoint a liquidator or more and determine their authorities. The authority of the board of directors shall cease by the appointment of liquidators, whereas the authority of the general assembly shall remain throughout the duration of liquidation until the liquidators are released from their tasks in this regard.

**Chapter X**

**Closing Provisions**

**Clause (60)**

**Applicable Law**

60-1 The provisions of the Commercial Companies Law, the Central Bank Law, the resolutions of the Central Bank, and the regulations, resolutions and circulations made in implementation thereof, and any amendments made



on any of the two mentioned laws, shall be applicable in all matters for which no specific provision is stated herein.

Should there be any conflict between any of the provisions mentioned herein with any of the provisions mentioned in the Commercial Companies Law, the Central Bank Law, or the regulations, bylaws, resolutions or circulations made in implementation of any of such, such provisions shall prevail and be the ones applicable.

### Article (61)

#### Validity of Provisions

61-1 Unless the context requires otherwise, the validity of any article hereof shall not be limited or restricted by referral to or conclusion from any other article. Should any article or any part thereof is resolved to be illegal or invalid, the remaining articles or the valid part of the concerned article shall not be affected in any case whatsoever.

These articles of association have been prepared and issued in Arabic and English languages, and should there be any conflict between the two versions, the Arabic version shall prevail.

### Article (62)

#### Publication

These articles of association shall be deposited and published in accordance with law.

(Stamped) Finance House

(Stamped) The Securities and Commodities Authority

