

Law No.159/1981

On Joint Stock Companies, Partnerships Limited By Shares & Limited liability Companies As Amended By Laws N0s.212/1994,3/1998 And 159/1998

THE PRESIDENT OF THE REPUBLIC THE PEOPLE'S ASSEMBLY
SANCTIONED THE LAW HERETO AND WE PROMULGATED IT:

Article 1

The provisions of the law hereto are applicable on shareholder companies, joint stock companies with shares, and limited liability companies. Law no. 26/1954 embodying certain provisions relating to shareholder companies, limited liability companies and joint stock companies with shares, and also law no.244/1960 relating to incorporation in shareholder companies, and law no.137/1961 concerning the formation of administrative Boards of shareholder companies, as well as any provisions discord with the provisions of the law hereto, are abrogated.

Article 2

The provisions of the present law are not prejudicial to any provisions of the special laws concerning the public sector companies, or the investment of Arab and foreign funds, and free zones, or organizing the situations of certain companies. The provisions of the present law are applicable on the companies referred to, where there are no provisions relating to them in the laws organizing them.

Article 3

The provisions of law 113/1958 relating to appointment in the posts of shareholder companies and public organizations, and of law 113/1961, prescribing that what any person receives should not surpass L.E 5000 annually, and law no.73/1973 laying down the conditions, and procedures of selection of representative of the workers in the administrative boards, are not applicable to the companies ruled by the provisions of the present law; furthermore the provisions of law no.9/1964 reserving a ratio of profits to workers in public organizations and other establishments, are not applicable on the offices and branches pertaining to foreign companies in Egypt.

The council of ministers is empowered to lay down the rules defining the maximum limit of wages in the companies subjected to the provisions of the present law.

Article 4

The competent minister shall issue the executive regulation of the present law and all the decisions of organizations and forms of contracts and statutes referred to in the present law after taking the advice of the general organization for the money market, within a period of six months from the date of publication of the present law.

Article 5

The president of the republic shall determine by a decision issued by him, the relevant minister and the competent administrative authority concerned with the application of the provisions of the present law.

Article 6

This law shall be published in the official journal and enters in application after 6 months from the date of its publication. This law shall be stamped with the seal of the state and executed as one of its laws.

17th September 1981, ANWAR EL SADAT

(Published in the official on October 1981)

Part 1

General Provisions

Chapter 1

Companies Ruled by the Provisions of the Present Law

Article 1

The provisions of the present law are applicable on Shareholder companies, joint stock companies with shares and limited liability companies having their head offices in Egypt or exercising in it their principal activities. Every Company founded in the republic of Egypt is required to establish in it its main centre.

Article 2

The shareholder company is a company the capital of which is divided into shares of equal values and which are to be negotiated in the method prescribed in the present law.

The liability of the shareholder is confined to the value of the shares he subscribes in, and he is not answerable on the debits of the company except within limit of the shares he subscribes in.

The company shall have a commercial name deriving from the purpose of its foundation. The company is not allowed to take from the name of its parties or of any one them, an address for it.

Article 3

The joint stock company with is a company the capital of which consists of the part or more than what belongs to one or more joint partners, and of shares of equal values subscribed in by one or more shareholders, and are negotiable in the manner demonstrated by the law.

The partner or joint partners are answerable for the liabilities of the company in unlimited responsibility, but the shareholder partner is only responsible within the

value of the shares he is subscribing in. The address of the company will consist of the name or names of one or more of the joint partners, in exclusion of others.

Article 4

The limited liability company is one the number of partners in it do not exceed fifty, each of them is only responsible within limit of his part. The foundation of the company, or increase of its capital or borrowing to its account, is not permissible through public subscription; and it is not allowed to it to issue negotiable shares or bonds.

The transfer of partners' parts shall be ruled by recovery from the partners, in the company, in addition to the conditions included in the act of the company, in addition to the conditions laid down in the present law.

The company may adopt a particular name which may be driving from its purpose; and its address may include the name of one or more of its partners.

Article 5

Joint stock companies with shares and limited liability companies are not allowed to undertake insurance businesses, or banking functions or savings, or receive deposits, or invest funds to the account of other parties.

Article 6

All contacts, bills, trade-names and addresses, notices and all papers and printed matters issued by companies must bear the address of the company, preceded or followed by its kind, in clear letters coupled with the indication of the seat of its head office, the amount of its paid capital, as shown in its last budget.

Any one who intervenes, under the name of the company, in any act of disposal in which the provisions of the preceding paragraph have not been complied with, will be responsible, in his private assets, for all obligations resulting from such disposal.

If the statement relating to the capital is exaggerated on it, other parties may consider, any one who intervenes, in the name of the company, as responsible for payment of the difference between the real amount of the capital and the estimation included in such a statement, within the amount necessary for acquittal of the rights of third parties.

Chapter 2

The FOUNDATION

1st- The FOUNDERS

Article 7

Everyone who effectively takes part in the foundation of the company with an intention of shouldering the responsibility arising from this, is to be considered a founder of the company, and the provision of article 89 of the present law is applicable on him.

Everyone, in particular, who subscribes the primary act, or demands a license for formation of the company, or who subscribes a share in kind on its foundation , will be deemed a founder.

Notwithstanding , whoever takes part in the foundation, on behalf of practitioners of free profession or others, will not be considered a founder.

Article 8

The number of founder partners in shareholder companies should not be less than three, and not less than two, with regard to other companies coming under the provisions of the present law.

If the number of partners is below the quotas mentioned in the preceding clause, the company will be considered legally dissolved unless it proceeds within the space of 6 months to completion of this quota. The remaining partners will be responsible for the liabilities of the company during this interval, on all their assets.

Article 9

The primary act to be drawn by the founders shall be in conformity with the model to be laid down by a decision of the relevant minister.

The act shall not include any provisions the founders or certain of them, from the responsibility arising from the foundation of the company or from any other conditions enacting their application on the company after its foundation unless they are included in the act of foundation or in its principal statutes.

Article 10

The partners are jointly responsible on the obligations they undertake.

Any founder who assumes an obligation on behalf of another is to be deemed personally obliged, unless he mentions the name of his author in the act of foundation of the company or unless the power of attorney presented by him is found to be null.

Article 11

The founder should observe in his dealings the company under foundation or to its account, the care of the conscient person. The founders shall be obliged, jointly, for any harms occurring to the company or to others, resulting from inobservance of the obligation.

If the founder receives any assets or data concerning the company under foundation, he should refund such assets to it, as well as any profit which devolved to him as a result of his exploitation of these funds or data.

Article 12

Any disposal taking place between the company under foundation and its founders will not be applicable to the founded company unless such disposal is approved by its administrative board this disposal of the founders or had no concern in it, or is of the group of the founders, or in virtue of a decision of the general assembly of the company in a meeting in which the interested founders have only limited votes.

In all cases the interested founder must put under, the consideration of the authority which sanctions the disposal, all the data connected with the said disposal.

Article 13

In observance of the provisions of the preceding article, all contracts and disposals effected by the founders in the name of the company under foundation, become of the right of the company after its foundation where they are necessary for its functioning in all other cases, such contracts or disposals will not be binding to the company after its foundation, unless they are sanctioned by the authority mentioned in the preceding article.

Article 14

If the foundation of the company is not effected, on account of mistake of its founders, within 6 months from the date of notification for its foundation, every subscriber will be entitled to demand from the judge of the referee court, the designation of the person who will undertake the refund of the funds paid, and their distribution on the subscribers.

The subscriber may also take recourse against the founders in joint manner, for compensation, where necessary, and he may demand the restitution of his subscription in the capital of the company under foundation, if a period of one year elapses since the date of subscription, without the procedures of foundation of the company being started on.

Second – procedures of foundation

Article 15

The primary act of the company and its statutes, or the act of its foundation, must be authentic, or the signatures on it, legalized. With respect to every kind of the companies, it should comprise all the data prescribed in the executive to be annexed with the act of the company and also the forms of legalization of the signatures, by the relevant administrative authorities.

Article 16

The model of the act of constitution of every type of the companies or of their statutes will be laid down by a decree of the relevant minister. Every model shall comprise all data and conditions prescribed by the law or the regulations to this effect, and will specify the conditions and forms which the founder partners are to observe, or to delete from the form, and they may add any other provisions not in discord with the provisions of the law or the regulations.

No departure from the provisions of this model is permissible in other cases than those aforementioned.

Article 17

The founders or their delegated assignees shall notify the competent administrative authority of the company's foundation. The following written documents shall be attached to the notification:

A-the memorandum of association, and the company's articles of association, regarding joint stock, and partnership limited by shares companies, or the deed of association with regard to limited liability companies.

B-the cabinet's approval of the foundation of the company, if its purpose, or part of its purposes, is to work in the activity fields of satellites, issuing newspapers, remote sensing systems, or any activity fields of satellites, issuing newspapers, remote sensing systems, or any activity comprising one of the purposes or works prescribed in the law on private societies and institutions.

C- A certificate from one of the banks authorized to issue certificates attesting total subscription of all stocks or shares of the Company, and that the value that should at least be settled of the stocks or cash portions has been paid and placed at the Company's disposal until it acquires its legal personality.

D- The (receipt which indicates settling fees at the rate of 0.1 % of the Company's issued capital, concerning joint stock and partnership limited by shares companies, and of the Paid up capital regarding limited liability companies, up to a minimum of one hundred Egyptian pounds and a ceiling of one thousand Egyptian pounds.

The competent administrative Authority shall deliver to the person submitting the notification a certificate to testify the foregoing once all the written documents prescribed in the foregoing items are attached to the notification and are duly fulfilled. The Company shall, then, be recorded in the Commercial Register by virtue of this certificate without need to fulfill any other condition or procedure, and whatever is the percentage of participation therein by non-Egyptians.

The Company shall then be registered publicly and acquire the legal personality following the lapse of fifteen days from the date of recording it in the commercial Register.

Article 18

The competent administrative Authority may within ten days from the date of the notification delivered thereto concerning the establishment of the company object to its foundation, by virtue of a registered letter mailed to the Company at its address as mentioned in the papers attached to the notification, along with sending a copy of that letter to the Commercial Register to mark an annotation thereof on the data of the company as recorded. The objection which shall be justified shall comprise the procedures that have to be adopted for removal of the causes of the said Authority's objection.

The administrative Authority shall not object to the foundation of the Company except for any of the following causes:

(A) In case the Memorandum of Association, the Deed of Association or the or the Articles of Association of the Company contradict and violate the mandatory data set forth in the form, or include law violating matters.

(B) If the purpose of the Company constitutes a violation of the Law or Public Order.

(C) In case one of the founders does not fulfill the legal capacity requirements as a promoter of the Company.

Article 19

Within fifteen days from the date it is notified of the objection of the Authority, the Company shall remove the causes thereof, or complain against this objection to the Minister of Economy; otherwise, the competent administrative Authority shall issue a decision deleting the company's inscription from Commercial Register.

The lapse of fifteen days from the date of lodging the complaint without final decision being issued in respect thereof shall be considered as acceptance of the complaint and the effects of the objection shall thus be considered as removed accordingly.

In case the Company's complaint is rejected, it shall be notified thereof by registered mail in order to remove the causes of the objection, and if it fails to remove the causes within ten days from the notification date, the competent Administrative Authority shall issue a decision deleting the company's inscription from the Commercial Register.

In all cases, the legal personality of the Company shall cease to exist from the date the decision of deleting its registration is issued. Interested parties shall have the right to contest the decision before the Administrative Court within sixty days from the date of the notification or of learning of the decision, and the Court shall thus pass its ruling in the contestation summarily.

The founders shall be responsible jointly, with their private properties and funds, for the effects and damages resulting to or attaining third parties consequent upon deleting the Company's inscription from the Commercial Register, without derogation to the criminal penalties prescribed.

Article 20

The amounts paid to the account of the company under foundation should be deposited in one of the banks designated by a decree of the relevant minister.

The company is not allowed to make withdrawals from these amounts except after proclamation of its regime or its act of constitution in the Commercial Register

Article 21 (*) The Executive Statutes shall regulate the procedures of publication of the Company deed and articles of association in the Egyptian Wakayeh/Government Bulletin, or in the special bulletin to be issued for the purpose, or in other publication methods.

The publication in all cases will be at the charge of the company. The duties of legalization of the signatures regarding the needs of the companies ruled by the provisions of this law shall be of an amount of 1/4% of the capital with a maximum of

LE 1000, whether the legalization is effected in Egypt or at an Egyptian Authority Abroad.

The acts of constitution of such companies are exempted from stamp, and notarial and legalization duties and also the contracts of loans, and mortgages relating to the activities of these companies during one year from the date of legalization of the act of the company and its record in the Commercial Register.

Article 21 (Bis)

Cancelled As Per Law No. 3/1998

Article 22

Cancelled As Per Law No. 3/1998

Article 23

Cancelled As Per Law No. 3/1998

Article 24

The conditions and procedures relating to the foundation of the Company are to be observed in case of modification of its statutes in the cases defined by the executive regulation.

THIRD: REGULATIONS _CERNING THE FOUNDATION OF THE DIFFERENT KINDS OF COMPANIES

1- SHAREHOLDER AND JOINT STOCK COMPANIES WITH SHARES

Article 25

If estate shares or shares in kind enter in the formation of the capital of a shareholder or Joint Stock Company with shares, or on the increase of capital, the founders, or the administrative board are required to demand from the relevant administrative authority to ascertain if these shares have been correctly estimated.

Such assessment is to be effected by a committee to be formed in the administrative authority concerned, headed by a counsellor from one of the judicial organs, and four members at most from experts of the economic, and legal and professional accountancy organs to be chosen by the said authority.

If the estate's share is owned by the state on any public organisation or public sector company, it is requisite that the said committee should include representatives of the ministry of finance and the National Investment bank. The said committee is required to present its report within a period not exceeding 60 days from the date of communication of the documents to it.

The founders or the board of administration shall distribute the decision of the committee on the partners and on the Central Organisation for accountancy, in case the share in third is owned by one of the parties mentioned, in the preceding clause, prior to the meeting to be held for its discussion by two weeks at least.

The assessment of these parts will not become final except after its approval by the group of subscribers or the partners, in their numerical majority, owning two thirds of the shares or monetary parts, after exclusion of what is belonging to the owners of the aforesaid parts. The subscribers of these parts shall not be entitled to vote with regard to the declaration, if they are owners of the shares with regard to which they are presented, the company should reduce its capital in equivalence to this. If it appears that the assessment of the share in kind is less by more than one fifth of the amount they are presented with regard to it, the company should reduce its capital in equivalence with this decrease.

Nevertheless, the subscriber with this part may fill up the difference in cash, and he may also withdraw. The parts in kind should represent only the shares or parts, of which the value is settled in full.

Exceptionally from the provision of this article, if the part in kind is 'presented by the totality of the subscribers or partners, their assessment of it will be final. However, if it appears that the estimated value is higher than the real value of the subscribed part in kind, these will be jointly responsible in front of other parties for the difference between the two values.

Article 26

The meeting of the founders assembly will be held on the demand of their group or their attorney within a month from closure of the door of subscriptions, or the elapse of the period fixed for participation, or on the presentation of a report on assessment of all the subscriptions in kind whichever is nearer.

All partners are entitled to attend such a meeting whatever be the number or value of their parts. The executive regulation will determine the procedures and times of convocation, and the requisite data therefore and the mode of its publication and the organs to which they should be communicated.

The presidency of the founders assembly will be to biggest shareholder, or owner of the biggest part, and the assembly will select its secretary, and recorder of votes.

The president, the secretary and recorder of votes will sign the minutes of the meeting.

Article 27

It is required for the validity of the meeting of the founders' assembly that it be attended by a number of partners representing half the issued capital at least.

If the quorum mentioned in the foregoing clause is not available in the meeting, a new invitation should be issued for a second meeting to be held within 15 days from the first meeting. The executive regulation will prescribe the procedure and data relating to the second convocation.

The second meeting will be valid if attended by a number of partners representing one quarter of the issued capital. The decision of the founders' assembly. The decision of the founders' assembly will be taken according to the majority of votes representing the shares or parts of the attendants, unless the law prescribes a special majority in respect of certain matters.

Article 28

The founders' assembly is concerned with the consideration of the following matters:

- 1- Assessment of the parts in kind in the manner prescribed by the present law.
- 2- The founders report on the operation of foundation of the company and the expenses entailed by it.
- 3 - Approval of the statutes of the Company. The Assembly is not entitled to introduce any modifications on them except by agreement of the founders, and the numerical majority of the partners representing at least two thirds of the capital.
- 4 - Sanction of the selection of the members of the first board of administration and the auditor of accounts.

2 - LIMITED.LIABILITY COMPANIES

Article 29

The foundation of the limited liability Company will not be complete unless all the cost shares are distributed in the act of constitution of the company between the partners, and their amounts are paid in full.

If the subscription of the part in kind will be responsible in front of the others in respect of its assessed value in the act of the company. If an increase is observed in this estimate, the difference should be paid in cash to the company. The rest of the joint partners will be responsible for payment of such difference unless they prove their ignorance of this.

Article 30

The founders of the Company as well as the managers shall be responsible, in case of increase of the capital, jointly in front of any concerned party, with respect to the following, even if it is otherwise agreed. :

- (a) The part of the capital subscribed in an incorrect manner. They are to be deemed responsible, by order of the law, as subscribing in it and are required to pay it immediately upon discovery of the cause of invalidity.
- (b) Any increase in the amount of the parts in kind assessed differently from the actual value, in the act of foundation of the Company, or of increase of the capital. They are to be deemed by the force of law as subscribers of the increase which they are required to settle, when such an event is proved.

PART II - PROVISIONS RELATING TO

THE KINDS OF COMPANIES

CHAPTER 1 - SHAREHOLDER COMPANIES

FIRST: - THE FINANCIAL SCOPE

1- THE CAPITAL AND THE PROFITS

Article 31

The Capital is divided into nominal shares of equal values. The statutes fix the nominal value of the share provided that it be not less than L.E. 5 and not exceeding L.E. 1000. This provision is not applicable on standing companies on the date of promulgation of this law and its entry in application.

The share is indivisible and cannot be issued at less than its nominal value except in the cases and on the conditions prescribed in the executive regulation. In all cases, the increases are to be added to the reserves. The expenses of issue should not in any case surpass the limit laid down by a decision of the general organisation of the money market.

The executive regulation organises the data in the certificates of the shares and the means of replacement of lost or deteriorated certificates, and what is to be adopted with regard to these certificates in cases of modification of the statutes.

Article 32 (*)

The Company shall have an Issued Capital. The articles of association may determine an authorized capital exceeding the issued capital by not more than ten times the amount thereof. The Executive Statutes may determine a minimum limit for the Issued capital concerning the companies exercising specific kinds of activities, as well as a minimum limit of the amount paid up thereof when founding the company.

The issued capital shall, conditionally, be fully subscribed, and each subscriber shall pay at least (10%) of the nominal value of the cash shares, to be increased to (25%) within a period not exceeding 3 months from the date of founding the company, providing the balance of that value shall be settled within a period not exceeding five years from the date of the company's foundation.

The executive statutes shall determine the procedures of circulation/assignment of the stocks before payment of their full value.

Article 33

A resolution of the extraordinary general assembly may be issued increasing the issued or authorized capital. The Board of Directors may also issue a decision increasing the issued capital within the limits of the authorized capital in case it exists. In all cases, the issued capital may not be increased before its settlement in full, except by virtue of a resolution from the extraordinary general assembly, providing the subscribers of the Increase shall pay not less than the percentage determined for payment out of the issued capital before increasing it, and they shall pay the balance

of the subscribed increase at the same dates to be determined for settling the balance of the value of the issued capital.

Increasing the issued capital shall actually take place completely within three years from issuing the decision authorizing the increase, or within the period determined for settling the issued capital before its increase, whichever is longer, otherwise the resolution authorizing the increase shall be nullified

Article 34

No foundation or profits parts can be created except on surrender of the right accorded by the Government, or of one of the moral rights.

The statutes of the company should comprise a statement of the counterparts of the parts and the rights relating to them. The General Assembly of the Company has the authority of canceling them against a just compensation to be fixed by the committee alluded to in article 25, after lapse of one third of the period of the company or of ten financial years almost from the date of institution of these parts, unless the statutes of the company prescribe a shorter period, or at any time thereafter.

No more than 10 % of the net profits could be assigned to these parts after deduction of the legal reserve and accord of at least 5% as profits of the capital. On dissolution and liquidation of the company, the owners of these parts shall have no share in the balance of the liquidation. The provisions of this paragraph are not applicable on companies standing on date of application of this law.

Article 35

The issue of enjoyment shares is not allowed except by companies the statutes of which provide the consumption of their shares before expiration of the period of the company, on account of the dependence of the activity on a concession of exploitation of one of the sources of natural wealth, or of one of the public utilities assigned to it during a limited period, or of any of the phases of exploitation that are consumable by use, or after a certain period.

The statutes may prescribe the accord of certain privileges to certain kinds of shares, in the course of voting or with regard to profits, or balances of liquidation, provided that shares of the same type, should be accorded equal treatment in advantages or restrictions. The modification of such rights or advantages or restrictions, concerning any kind of shares, cannot be modified except by a decision of the extraordinary general assembly and by the agreement of two thirds of the bearers of the kind of shares which will be subject to modification.

In all cases, the statutes of the company should include on its foundation, the rules and conditions of the privileged shares. No increase of the capital by privileged shares is allowed unless the statutes allow this to begin with, and after sanction of the extraordinary general assembly.

The executive regulation comprises the restrictions, forms and conditions relating to issue of privileged shares.

Article 36

Cancelled As Per law No. 3/1998

Article: 37 (*)

If the company's stocks are floated for public subscription, this shall be done through one of the banks authorized by a decree of the Minister of Economy to receive the subscriptions, or through the companies established for that purpose, or the companies authorized to deal in securities and after approval from the money Market Authority

In case the subscription is not covered within the period determined there for, the banks or companies that received the subscriptions may cover the whole or part of the floated shares that have not been covered, if the banks or companies are authorized to do that. They may also re-float the stocks subscribed thereby, for subscription by the public, without being restricted by the procedures and limitations on circulation of stocks as prescribed in this law.

The executive statutes shall determine the procedures of and conditions for application of the provisions of this article.

Article 38

If the subscriptions exceed the number of shares offered for it, they should be distributed on the subscribers in the manner specified the statutes of the company, provided that this involves the elimination of the part subscribed in the company, whatever be the number of shares subscribed in, with approximation of fractions in favour of minor subscribers.

Article 39 (*)

The company shall have a financial year to be determined by the articles of association, and for which financial statements shall be prepared according to the accounting criteria as shall be issued by a decree of the minister of Economy.

The Company's articles of association may provide for preparing periodical financial statements for it of which the' period covered thereby shall not be less than three months providing that the company whose purpose is to participate in the foundation of other companies or to participate in these companies in any aspect shall prepare accumulated financial statements (balance sheet inventories) for these companies.

Article 40

The net profits are those realised from operations exercised by the company after deduction of all expenses needed for their realisation, and after accounting for all consumptions and allocations, which the accountancy rules impose and putting them aside before proceeding on any distribution in whatever way.

The administrative board shall put aside from the net profits mentioned in the preceding clause, a twentieth part at least for formation of a legal reserve. The general assembly may stop this reserve, if it reaches one half of the capital. The legal reserve may be used in covering the losses of the company and in increase of its capital.

The statutes of the company may authorise putting aside of a Special ratio of the profits for formation of a regular reserve.

If the regular reserve is not assigned for definite purposes prescribed in the statutes of the company, the ordinary general assembly may, on the proposal of the administrative board, decide its utilisation in affairs profitable to the company or to the shareholders.

The General Assembly may also, on the proposal of the administrative board create other reserves.

The General Assembly may approve the distribution of a ratio of the net profits realised by the company from sale of any of its permanent assets or compensation for it, provided that this does not result in disabling the company from restoration of its assets to their previous state, or purchase of new permanent assets.

(*) The Company's Articles of Association may provide that the General Assembly shall have the right to distribute all or part of the profits displayed and revealed by the periodical financial statements as prepared by the company, providing a report thereon from the auditor shall be attached thereto.

Article 41

Workers in the Company shall have a share in the distributable profits to be fixed by the General Assembly on the proposal of the administrative board, at not less than 10 % of these profits and not surpassing the total of the annual wages of workers in the company. The executive regulation defines the mode of distribution of any excess above the said 10 % of the profits on the workers and services that are profitable to them.

The foregoing clause does not prejudice the system of distribution of profits presently applied by the companies on the date of application of the law if it is preferable to the provisions referred to.

Article 42

The General Assembly shall decide the mode of utilisation of the remaining part of net profits after payment of the amounts mentioned in the preceding articles, and the ratio reserved to allocations of the members of the administrative board from the net profits.

No disposals should be made of the reserves and allocations mentioned in the foregoing articles in other purposes than those assigned for them, except by approval of the General Assembly.

Article 43

No distribution of profits is allowed if it culminates in disabling the Company from confronting its cash liabilities in due time.

Creditors of the company may demand from the competent Court the invalidation of any decision issued in contravention to the provisions of the preceding clause. The members of the Administrative Board who approved the distribution will be jointly responsible in front of the creditors, within limit of the amount of the profits the distribution of which has been prevented.

Recourse may also be had on the shareholders who know that the distribution was effected in contravention of this article within limit of the profits they obtained.

Article 44

Both the shareholder and the workers will deserve, each his part in the profits, immediately upon issue of the decision of the General Assembly for distribution.

The Administrative board should proceed to the execution of the decision of the General Assembly for distribution of profits to Shareholders and workers, within one month at most from the date of issue of the decision. The Shareholder or worker cannot be forced to reconstitute the profits he received in compliance with the provisions of the law, even if the Company sustains losses in subsequent years.

2 - Negotiation of Shares

Article 45

The negotiation of founders parts and shares issued against shares in kind are not negotiable, and also the shares subscribed in by the founders of the company before publication of the budget and profits and losses account and all kinds of vouchers annexed to them relating to two-full years, each of them not less than 12 months from the date of foundation of the Company.

In course of this period, it is not permissible to detach the sheets of the shares and parts from their counterfoils, and a stamp is to be put on them indicating their kind, the date of foundation of the company and the payments effected in virtue of them.

Nevertheless, exceptionally from these provisions, the transfer of the ownership of the shares subscribed in by the founders of the company from one of them to another or to a member of the administrative board may be effected, if they are to be presented by way of security for his faculty of management, or from his heirs to third parties in case of his decease.

The provisions of this article are applicable on what the founders of the company subscribed in, in increases of the capital prior to the expiration of the period stated in this paragraph.

Article 46 (*)

Subject to the provisions of the previous article, neither the subscription certificates nor the stocks shall be negotiated for more than their value of issue plus - when necessary - the charges for their cost of issue during the period prior to recording the Company in the Register of Commerce concerning the Subscription Certificates or the period subsequent to the date of recording the Company until publishing the balance sheet inventories (financial statements) for a complete financial year, with regard to the stocks, except according to the conditions and procedures for which a decree shall be issued by the Minister of economy.

Article 47

The shares and stocks of shareholder companies issued through public subscriptions, should be presented, in course of one year from the date of closure of subscriptions, to

all stock exchanges in Egypt for their insertion in their price lists in conformity with the forms and conditions laid down in the regulation of these stock exchanges.

The delegated member of the administrative board will be responsible for the fulfillment of the provisions of this article, and for the penalty to be due on account of its contravention when necessary.

Article 48 (*)

If the Company obtains in any way part of its stocks, it shall dispose thereof to third parties within a period of not more than one year from the date of obtaining them otherwise it shall reduce its capital by the equivalent of the nominal value of these stocks, by following the procedures prescribed therefor. The company may buy some of its stocks for distribution to its workers as part of their share in the profits.

3- Issue of stocks

Article 49

The Company may issue nominal stocks that are negotiable subject to their issue being by a decision of the General Assembly and after full payment of the capital and provided that their value does not exceed the net assets of the company, as determined by the auditor of accounts according to the last budget approved by the General Assembly.

If a part of the stocks to be issued by the company is put to public subscription, this should take place after approval of the General Organisation of the Money Market, through one of the banks authorised by a decision of the relevant minister, for collection of subscriptions, or by one of the companies founded for this purpose or which are authorised to deal in stocks.

The call of the public for general subscription in stocks will be by a notice including the data and proceedings and manner of publicity defined by the executive regulation.

In case of contravention of the provisions of the preceding paragraph any interested party may demand from the competent court the invalidation of the subscription and obliging the company to refund immediately the value of the stocks, in addition to its responsibility for compensation of the harm caused to him.

The executive regulation defines the data to be contained in the stocks certificate and the mode of replacement of lost or deteriorated certificates or what is to be followed with regard to these certificates on modification of the statutes of the Company.

Article 50

Exceptionally from the provisions of the preceding article, the company may issue stocks before fulfillment of the issue capital in full, in the following cases:

(a) If the stocks are guaranteed for their full amounts by a mortgage having priority on the properties of the company.

(b) Stocks guaranteed by the state.

(c) Stocks completely subscribed in by banks or companies operating in the domain of stocks, even if they resell them.

(d) Estate, and estate credit-companies and companies authorised in these domains by a decision of the competent minister. The issue of stocks for values exceeding the net amounts of their assets, may be authorised by a decision of the relevant minister, on a proposal of the general organisation of the money market, within the limits fixed by the said decision.

Article 51

The conditions of issue of stocks may lay down their liability to conversion to shares after lapse of the period fixed by the company in the notice for subscription. Such conversion shall be by approval of the holder of the stock. The application of the provisions of this article must be in observance of the rules laid for increase of the capital.

Article 52

A Society for holders of stocks is to be formed embodying all stockholders of the same emission of the company, the object of which is the protection of the joint interests of its members.

The Society will have a legal representative from its members, the selection or dismissal of whom will be under the conditions and modes defined in the executive regulation, provided that he has not any direct or indirect relation with the company, or any interest discording with that of the stock holders.

The relevant administrative organisation should be notified of the formation of the society and the name of its representative, and copies of its decisions should be communicated to the said authority. The representative of the society should attend to the protection of its joint interests, whether in front of the company or others, or before the Courts, within limit of the decisions taken by the society in a valid assembly.

The executive regulation lays down the forms and proceedings and the convocation of the society to meeting, and those entitled to attend, and the manner and place of the meeting, and of voting in it and relation of the society with the company and the administrative authorities.

The representative of the society is entitled to attend the meetings of the General Assembly of the Company, and expression of his remarks without having a countable vote. He may also present decisions and recommendations of the Society to the Administrative Board or to the General Assembly of the Company.

SECOND - THE MANAGEMENT OF THE COMPANY

1 - THE COMPETENCE FOR MANAGEMENT AND PROTECTION OF DEALERS WITH THE COMPANY

Article 53

The General Assembly and the Administrative Board and the workers or the deputies appointed by these bodies have the authority of affecting the legal disposals on behalf of the company, within limit of the provisions of the law, the act of the company and its internal regulation.

Article 54 The Board of Administration has all powers concerning the management of the company and undertaking all the business necessary for fulfilling its object; with the exception of such matters as are excluded by a special provision of the law or the statutes of the General Assembly.

Nevertheless, the General Assembly may oppose any of the affairs of management if the board of administration was unable to statute on it, on account of the absence of the quorum of the board by reason of the lack of competence of a number of its members or their intentional in attendance, or the inability of ensuring a majority in support of the decision.

The Assembly may ratify any action emanating from the Administrative Board, and may issue recommendations on the works falling within the competence of the board.

Article 55

Any action or disposal emanating from the General Assembly or the board of Administration or any of its committees, or its representations in the management, in course of exercise of the business of management, will be obliging to the company in the ordinary way. Third parties, of good intention, may protest on such action in front of the Company, even if the disposal is in excess of the authority of an issue organ, or if the legally prescribed formalities have not been observed in it.

In all cases, the Company is not allowed to take on its responsibility any works or activities practised by it effectively while its statutes do not allow it to undertake such works or actions.

Article 56

Any disposal effected by every employer or agent of the company will not be binding to it unless it is expressly or conclusively licenced by the General Assembly or the Administrative Board or whomsoever of their members is vested with it, as the case may be.

Nevertheless, a well-intentioned third party may, invoke, in confrontation of the company, any act perpetrated by one of the staff or agents of the company, with regard at any action exercised by him if any of the authorities alluded to assert that he disposes of the power for action on its behalf, and other parties depend on such declaration in their dealings with the Company.

Article 57

The Company cannot invoke, in confrontation of will-intentioned third parties of dealers with it, that the provisions or regulations of the company have not been observed with regard to such act.

It should not also, protest that its administrative board or some of its members, or of the managers of the company or others of its staff or agents have not been appointed in

the manner requisite by the law or the statutes of the company, so long as their actions have remained within the normal limits, in analogy with those in similar situations in companies exercising the same type of activity practised by the company.

Article 58

Whoever his situation of the action considered of these articles effectively knows or is in a position to know through or relations with the company, the defects or deficiencies addicted to, in confrontation of the company, cannot be well-intentioned, under the provisions of the preceding articles.

A person is not considered aware of the contents of any act or voucher, merely by reason of its publication or registration by any of the methods prescribed in the present laws.

2- The General Assembly

Article 59

Every Shareholder is entitled to attend the General Assembly of Shareholders, personally or by proxy. No Shareholder other than members of the Administrative Board is allowed to charge any member of the Administrative Board to replace him in the attendance of General Assemblies. In order that attendance by proxy may be valid, it is essential that it be confirmed in a written power of attorney, and that the mandated person be a shareholder.

Article 60

The board of administration must be represented in the General Assembly by not less than the number requisite for forming a quorum for its meeting, except in the cases in which the number of the members of this board is less than this. It is not allowed to abstain from attendance of the meeting without a plausible excuse.

In all cases the meeting will not become invalid if it is attended by three at least of the members of the administrative board including the chairman of the board, or his deputy, or one of the members delegated for management, and if the meeting fulfils the other conditions stipulated by the law and the executive regulation.

If the quorum of the shareholders meeting is legal but the quorum of the administrative-board in it is not extant, the assembly may in this case consider the infliction of a monetary penalty on the members of the board of administration who did not attend, without an admissible excuse. If their non-attendance recurs, the assembly may consider their dismissal and selection of others and then convoking the assembly to another meeting.

The proceedings concerning the attendance of Shareholders in the meeting of the General Assembly are demonstrated in the executive regulation.

Article 61

The General Assembly of Shareholders is to be convoked by an invitation from the chairman of the board of administration, at the time and place designated by the

statutes of the company. The Assembly should be held at least once in the year, in course of the six months succeeding the end of the financial year of the Company.

The Board of Administration, may decide the convocation of the General Assembly whenever a necessity arises for this.

The board is called upon to convoke the ordinary General Assembly if the auditor of accounts demands this from it, or at least 4 number of shareholders representing 5% of the capital of the company at least, provided that they express the motives of the demand, and that they deposit their shares in the headquarters of the company or at one of the approved banks; of and such shares are not to be withdrawn except after dissolution of the General Assembly.

The executive regulation defines the proceedings of convocation of the General Assembly and the contents of the invitation and the mode of its notification, and publication, and its times, and the parties to be thereof notified.

Article 62

The auditor of accounts or the relevant administrative authority may call the General Assembly to meeting in the cases in which the administrative board relaxes from its convocation, in spite of the necessity for doing this and the lapse of one month since the occurrence of the necessity or the commencement of the period in which the address of the invitation for the meeting should be effected.

The relevant administrative Authority may also convoke the General Assembly if the number of members of the board of administration falls below the minimum limit which must be available for the validity of the meeting, or if the members completing this limit refrain from attendance. In all cases the expenses of the invitation will be at the charge of the Company.

Article 63

With observance of the provisions of the present law, and the statutes of the company, the ordinary General Assembly will be concerned with the following

- (a) Selection of the members of the administrative board and their dismissal.
- (b) Control of the works of the Administrative Board and considering its liberation from responsibility.
- (c) Sanction of the budget and the profit and loss account.
- (d) Approval of the report of the Administrative board on the activities of the Company.
- (e) Approval of the distribution of profits.
- (f) All what the board of administration or the relevant administrative authority or the shareholders possessing 5% of the Capital of the Company, consider that it be submitted to the General Assembly.

It is also concerned with all what the laws and the statutes of the company prescribe.

Article 64 (*)

The Board of Directors shall prepare for each financial year within a date allowing for holding a meeting of the General Assembly of Stockholders at most within three months from the date of the end of the financial year the financial statements of the Company (balance sheet inventories), and a report on its activity during the financial year as well as its financial situation at the end of the year itself.

Article 65

The Board of Administration is called upon to publish the budget, the profit and loss account and a complete summary of its report, and the full text of the report of the auditor of accounts, before the meeting of the General Assembly. The executive regulation defines the means of publication and its times.

In case the statutes of the company allow, a copy of the vouchers mentioned in the first paragraph may be dispatched by registered letter, or by any other means indicated by the executive regulation, to every Shareholder, and the times of their dispatch.

Article 66

The executive regulation indicates what should be brought to the knowledge of shareholders, before the meeting of the general assembly, of data concerning the allocations and salaries of the chairman and members of the board of administration and all advantages or other allowances they obtained and the operations in which any of them is interested, in discord with the interest of the company, and any other data relating to subventions or expenses of propaganda. The executive regulations will indicate the modes and times relating to this.

Article 67

The ordinary meeting of the General Assembly will not be valid unless it is attended by shareholders representing at least one quarter of the capital unless the statutes of the company stipulate a higher proportion, provided that it does not surpass half the capital. If this minimum is not extant in the first meeting, the General Assembly will be called to a second meeting within the 30 days subsequent to the first meeting. The statutes of the company may contain a provision for contenting with the invitation to the first meeting if the date of a second meeting is fixed in them.

The second meeting will be deemed valid whatever the number of shares represented in it may be.

The executive regulation determines the proceedings of the invitation and its means and the data it contains. The decisions of the General Assembly are to be taken by the absolute majority of the votes represented in the meeting. The regulation also lays down the proceedings of meeting of the General Assembly, its chairmanship and manner of selection of its Secretariat and the collectors of votes, and the methods of their collection.

Article 68 (*)

The extraordinary General Assembly is concerned with the modification of the statutes, of the company with observance of the following:

(a) It is not permitted to increase the liabilities of Shareholders. Any decision issued by the General Assembly, of a nature to affect the basic interests of the shareholder derived from his quality of partner, will be null.

(b) It is allowable to add purposes complimentary to the main purpose of the company or near to it, and it is not permitted to change the original purpose of it, except for reasons to be approved by the Competent Administrative.

(c) The Extraordinary General Assembly has the faculty or considering the prolongation of the period of the company or shortening it, or its dissolution before the expiration of its term, or changing the ratio of loss which entails its dissolution forcibly, or its amalgamation, whatever the provisions of the statutes may be.

Article 69

If the losses of the company reach half the issued capital, the board of administration should promptly convoke the extraordinary General Assembly for consideration of the dissolution of the company or its continuance.

Article 70

The provisions relating to the ordinary General Assembly are applicable to the extraordinary General Assembly, with observance of the following:

(a) The extraordinary General Assembly meets upon an invitation of the board of Administration. The board should address the invitation if it is asked by a number of Shareholders representing one tenth of the capital at least, on account of serious reasons, and subject to the applicants depositing their shares at the head office of the company or in any approved bank. The shares should not be withdrawn except after dismissal of the Assembly. If the board does not convoke the assembly during one month from the date of presentation of the demand, the applicants may have recourse to the relevant administrative authority which will assume addressing the invitation.

(b) The meeting of the extraordinary General Assembly will not be valid unless it is attended by Shareholders representing at least half the capital. If this minimum quorum is not present in the first meeting, the Assembly is invited to a second meeting to be held within 30 days from the date of the first meeting. The second meeting will be considered valid if attended by a number of Shareholders representing at least one quarter of the capital.

The executive regulation indicates the proceedings of the invitation and its times, and method of publicity and advertising thereof, and those who are entitled to attend it other Shareholders.

(c) The decisions of the extraordinary General Assembly are issued by a majority of two thirds of the shares represented in the meeting, unless in case of the decision being relative to increase or diminution of the capital or dissolution of the company before its term, or changing the original purpose of its foundation, or its amalgamation. In these cases, the validity of the decision necessitates that it be issued by three quarters of the shares represented in the meeting.

Article 71

The General Assembly is not allowed to debate on other questions than those appearing in the agenda. However, in case of grave matters being disclosed in course of the meeting, the debate may take place on them.

The decisions of the General Assembly legally constituted and in compliance with the law are obliging to all the shareholders whether they were present in the meeting in which they were taken, or absent from it, or dissenters'. The board of administration is called upon to execute the decisions of the General Assembly.

Article 72

Every shareholder who attends the meeting of the General Assembly has the right of discussing the questions included in the Agenda of the meeting, and calling the members of the Administrative board, and the auditors of accounts to answer on questions relating to them. He may also present any question before the meeting of the General Assembly, at the time fixed by the regulation. Any provision depriving the shareholder from exercise of this right will be invalid.

The Administrative Board answers the shareholders' questions and interrogations in the extent which does not cause any harm to the interests of the company or the public interest. If the questioner finds that the answer is insufficient, he may appeal to the General Assembly, the decision of which will be due for execution.

Article 73

Voting in the General Assembly will be in the manner laid down by the statutes. The voting should be by secret ballot if the decision is relating to selection of the members of the administrative board or their revocation or bringing action on them for responsibility or if the chairman of the board of administration or a number of shareholders representing one tenth of the attending votes in the meeting demand.

Article 74

Members of the Board of Administration should not take part in voting on the decision of the General Assembly concerning the fixation of their allocations or gratification or discharging their responsibilities on management.

Article 75

Minutes are to be drawn with a full summary on the debates of the General Assembly and of all what takes place in course of the meeting, with mention of the quorum of attendance, the decisions taken in the assembly, the number' of agreeing and discount votes, and all what the Shareholders demand its mention in the minutes.

The manner of attending shareholders should be recorded in a special register confirming their attendance either personally or by proxy. The register is to be subscribed, before the beginning of the meeting, by the auditor of accounts and the censor of votes.

The minutes of the meetings of the General Assembly are to be recorded in regular manner, after each meeting, in a special register. the keeping of these registers and books, the provisions concerning commercial registers are to be followed, as regards the absence of vacant spaces, or of writing in the margins, or erasures or overloads.

The pages of these registers must be numerated in serial manner and before the register is put to use, each leaf thereof should be stamped by the seal of notarial publicity and legalisation and shall be initialed by the competent notary. The numeration and placing of the seal of the department of registration and legalisation shall be in the afore-said manner.

No new book should be presented for legalisation before presentation of the prior book to the competent notary, for voting its closure and record of this in the books ad hoc, in the department.

These provisions concerning legalisation are applicable on the records of shareholders, and of attendance of the General Assembly as well as on the main and auxiliary books of accounts.

The company is called upon to preserve all the vouchers confirming the contracts of the books and registers.

The signatories of the minutes of the meetings are responsible for the correctness of the data of the books of the company alluded to and whoever of them is of the members of the administrative board, will be answerable for their compliance with the provisions of the law and the statutes of the company.

A copy of the minutes of the meeting of the General Assembly should be forwarded to the competent administrative authority within one month from the date of its meeting.

Without prejudice to the rights of well-intentioned persons, any decision of the General Assembly issued in contravention to the provisions of the law or the statutes of the Company will be void.

Likewise any decision issued in favour of a certain group of the shareholders, or in their prejudice, may be nullified, or if it aims at procuring special advantage to the members of the board of administration or others, in disregard to the interests of the company.

The demand of nullification in this case can only be made by shareholders who had protested against the decision in the minutes of the meeting. The relevant administrative authority may replace them in the application for nullification, if they invoke serious reasons.

The decision of nullification involves the consideration of the decision as inexistent with respect to all shareholders. The board of administration shall publicise the decision of nullification in one of the daily newspapers and in the paper of the companies.

The action for nullification will be foreclosed by the lapse of a year. The bringing of a law suit does not entail stoppage of the execution of the decision unless this is ordered by the Court.

3 - THE BOARD OF ADMINISTRATION

Article 77

The management of the Company will be undertaken by a board of Administration composed of an odd number of members not less than three to be chosen by the General Assembly for a period of three years in the manner determined in the statutes of the Company; exceptionally from this rule, the first board of administration will be appointed by the founders for a maximum period of five years.

The General Assembly may, at any time, revoke the board of administration or any of its members, even if this is not mentioned in the agenda.

The meeting of the board will not be valid if it is not attended by three members at least, unless the statutes of the Company stipulate a higher, number.

The members of the board may replace one another in attending the meeting, provided that number of votes of the representing members does not surpass one third of the votes of the attendants. No member of the administrative-board can replace more than one member.

Article 78

The statutes of the company may determine the mode of appointment of reserve members in the board of administration, to replace the original members in cases of absence or occurrence of an obstacle, as defined in the executive regulation.

Article 79

The Board of Administration may divide the work between its members in accord with the nature of the Company's business. The board may also exercise the following:

(a) Delegating one or a committee of its members for conducting a specific business or more, or exercise of supervision over one kind of the activities of the company or assumption of the authorities or attributes assigned to the board.

(b) Delegating one or more members for effective management. The assembly may define the attributes of the delegated member. The delegated member must be fully occupied with the management.

Article 80

The board of administration will meet on a call of its chairman, or of one third of its members and whenever a need arises.

Article 81

The minutes of the meetings of the boards of administration must be recorded in regular manner after each meeting in a special register, to be subscribed by the president and secretary. The rules and forms relating to the books of the General Assembly are applicable on this register.

Article 82

The board of administration may appoint a general manager for the company, who will head the executive organism in it. He maybe called to attend the meetings of the board of administration without having a countable vote in it.

The General Manager will perform his duties under the supervision of the delegated member or the chairman of the board of Administration, if he is exercising the effective duties of management and he shall be responsible before him.

Article 83

Without prejudice to the provisions relating to the participation of the manpower in the management, a director or employee in it can not be appointed as member in its board of administration unless he had been occupying a main post in the company during a period not less than two years.

Article 84

Workers in shareholder companies founded according to the provisions of this law will exercise a role in the management of these companies. The executive regulation defines the methods and conditions of participation of the manpower in the management. The statutes of the Company must indicate one of the modes of participation in the management included in the executive regulation.

Article 85

The board of Administration shall select one of its members as chairman and may also designate a deputy of the chairman to replace him in his absence.

The board may entrust to the chairman the duties of the delegated member; and it may charge the chairman with the duties of the said member. The Chairman of the Board represents the Company before the judicature. The Statutes and regulations of the Company define the other functions assigned to the Chairman and the members of the board and the staff.

Article 86

In case of vacancy of the position of a member of the board of administration, he will be replaced by the member next to him in the number of votes in the latest election of the board. The term of the new member will be complementary to that of his antecedent. In other cases, the board may nominate the one who replaces him until the first meeting of the General Assembly.

The nomination of one who replaces a member of moral personality in the administrative board will be on the proposal of the one whom he is representing. Such proposition should take place within a month from the date of vacancy of this position.

Article 87

Every company should dress annually a detailed list approved by its board chairman and the delegated member, with the name of its president and the members of the board and their qualities and nationalities.

The Company shall keep a copy of this list and forward the original to the relevant administrative authority, before the beginning of January every year.

The company must advise the relevant administrative authority of every change which occurs in the aforesaid list immediately on its occurrence.

Article 88

The statutes of this company define the method of fixing the allocations of the members of the board of administration which should not be on a percentage ratio of the profits, exceeding 10% of the profits after deduction of depreciations, the legal and statutory reserve, and the distribution of profits less than 5% of the capital on the shareholders and the manpower, unless the statutes of the CullIpdny fixed a higher proportion.

The General Assembly shall fix the definite salaries, the allowances of attendance and the other advantages assigned to the members of the board of administration. Exceptionally of this, the fixation of the allocations, salaries and allowances of the delegated member shall be by a decision of the board of administration.

Article 89

A person who had been subject to a penalty for a crime or delinquency relating to theft or abuse of trust, or forgery or bankruptcy or any of the penalties specified in articles 162, 163, and 64, of the present law, cannot be a member of the board of administration of a shareholder company.

Article 90

No person can be selected as member of the board of administration of a shareholder company except after he declares in writing his acceptance of such selection. The declaration should contain his age and nationality and names of the companies in which he exercised any work before, in the last three years preceding this selection with statement of the kind of such work.

No person can also be selected as member of the executive board of a company undertaking the management or exploitation of a public utility except after obtaining the approval of the minister supervising the said utility or of the minister attending over the supervision of the organisation administering it. The decisions of the General Assembly or of the Administrative - Board must be notified by a registered letter within the succeeding 15 days of the issue of the decision of the minister. The lapse of 30 days from the date of receipt of the notification without expression of any objection to the appointment, is to be deemed analogous to a conclusive approval.

Article 91

The members of the board of administration must be in possession of a number of the shares of the company, of a value not less than the limit specified in the statutes of the company, provided that this limit be not less than what is prescribed in the executive regulation. Recourse, in this respect should be made to the prices on which transactions are conducted in the stock exchange or to the value of the nominal shares if the company's shares have not been recorded in the said exchange. Shares of guarantee of the moral personality of the board member are to be presented from the said moral personality.

Nevertheless, it is allowed to prescribe in the statutes of the company, the adjunction of two members, at most, of experts to the board of administration who do not fulfill the limit of ownership alluded to. However, contrary documents presented on account of application of the provisions of this article are to be void and not probative.

The aforesaid limit of the shares owned by the member of the board of administration, or which should be presented by the mandator whom he represents, are to be assigned for guarantee of his management and they must be deposited within one month from the date of his selection, in one of the banks assigned for this purpose. The deposit of shares which are not negotiable, should continue until the expiration of the period of the mandate and the sanction of the budget of the last financial year in which he exercised his business.

If the member does not present the security aforementioned in this article, his membership will be null.

Article 92

Cancelled As Per law No. 3/1998

Article 93

No delegated member is allowed to be delegated in the administrative board of more than one shareholder company ruled by this law. This prohibition is applicable on the chairman of the Board of Administration if he is effectively exercising this management, the director general or whoever effectively exercises it, if he is not a member of the board of administration is to be considered in the quality of the delegated member of the board of administration. However, no one of them is allowed to occupy the position of delegated member in a shareholder company in another company except by the approval of the General Assembly of each of the two companies.

Moreover, no one in his personal quality or as representative of another one, is allowed to combine between the membership of the boards of administration of more than two shareholder companies falling under the rule of the law.

This membership of anyone who contravenes these provisions inboards, of administration, surpassing this prescribed limit, in consequence of his recent selection, will become null.

Nevertheless, exceptionally from the foregoing, the combination between memberships in shareholder companies is which the member possesses 10 % at least of the capital shares of each of them whatever be the number of these companies is permissible as long as his membership is confined to them.

Article 94

Without prejudice to the exemptions accorded to representatives of the banks of the public sector a member of the board of administration of a bank exercising its activity in Egypt is now allowed to combine his membership in the board of administration of another bank or of an insurance company conducting activities in Egypt, or undertaking any management or advice functions in any of them.

Article 95

It is not permissible to any member of the board of administration of a company to exercise in permanent manner any technical or administrative work in a shareholder

company in any way except by an authorization of the General Assembly of the company in which he assumes the membership of its board of administration.

Article 96

The company is not allowed to extend a monetary loan of any kind to any member of its board of administration or to guarantee any loan contracted by any of them with other parties.

Insurance companies are exonerated from this restriction as they may exercise such affairs as enter in their purpose and in the modes and conditions adopted by them with the group of their clients, and hence they may extend loans to a member of its board of administration or open a credit for him or guarantee the loans he contracts from others.

Before the convocation of the ordinary General Assembly by five days, a statement from the auditor of account should be placed under disposal of shareholders, for their personal knowledge, declaring that the loans, credits or guarantees mentioned in the preceding paragraph have been fulfilled in compliance with their provisions.

Any contract entered into in discord of the provisions of this article will be deemed void without prejudice to the company's right for claim of compensation from the infractor, when necessary.

Article 97

Any member of the board of administration of the company and any director in it, having an interest opposing the interest of the Company in any operation presentable to the board of administration for approval, should notify the board about it and record such notification in the minutes of the meetings. He should not participate in the votes relating to the decision to be issued on this operation.

The board of administration should inform the first General Assembly of the operations mentioned in the preceding article, before voting on the decisions.

Article 98

A member of the board of administration of a shareholder company or a director of it, is not allowed, without a special authorisation of its general assembly, to trade to his own account on that of any of the branches of activities practised by the company. Else the Company will be entitled to claim compensation from him, or to consider the operations practised to his private account as conducted to the company.

Article 99

It is not allowed to anyone of the founders of the company, during the five years subsequent to its foundation, or to anyone of the members of its board of administrative, at any time, to be a party in any contract of compensation to be presented to its board for approval, unless the General Assembly had approved of this action beforehand; any contract concluded in discord with the provisions of this article will be considered null.

Article 100

The board of administration or any director is not allowed to enter in a contract of compensation with another Company in which any of the members of the board or of the directors, is a member in its board of administration, or in its management; and it is equally not permitted to shareholders of the company to possess the major part of its capital of such contract is liable to nullification under the provisions of the following paragraph.

Any of the contracts in which the extent of harm surpasses one fifth of its value at the time of its conclusion will be void, without prejudice of the company's right for demand of compensation from the infractor.

Article 101

No shareholder company is allowed to offer any subvention of any kind to a political party. Else the subvention will be null. The company is not allowed to contribute in any financial year, more than 7% of the average of its profits during the precedent five years, unless such contribution is for social purposes for the manpower in it, or a government organ, or a public organisation.

For purpose of the validity of the contribution, a decision of the board of administration should be issued on basis of a permission of the General Assembly, if it surpasses L.E. 1000.

Article 102

No decision issued by the General Assembly will entail the foreclosure of the lawsuit on Civil responsibility against the members of the board of administration on account of mistakes perpetrated in their exercise of activities.

If the matter putting under responsibility had been submitted to the General Assembly by a decision of the board of administration or the auditor of accounts, the lawsuit will lapse after one year from the date of the decision of the General Assembly sanctioning the report of the board of administration. Nevertheless if the action imputed to the members of the board of administration constitutes a crime or delinquency, the lawsuit will not be foreclosed except by foreclosure of the public prosecution.

The competent administration authority and also every Shareholder allowing the surrender of the lawsuit or depending it on a previous license of the General Assembly or adoption of any other measure, will be null.

Third : The Auditors Of Accounts

Article 103

The Shareholders Company shall have one or more auditors of accounts fulfilling the stipulations contained in the law of exercise of the accountancy and auditing profession, to be appointed by the General Assembly and their remuneration fixed by it. In case of multiplicity of auditors, they will be responsible jointly. In exception to this rule, the founders of the Company shall nominate the first auditor.

The first auditor of the Company shall exercise his function until the meeting of the first General Assembly, and the auditor nominated by the General Assembly shall

carry on his duties from the date of his nomination up to the subsequent date of meeting of the Assembly and he shall audit the accounts of the financial year in which he is nominated.

It is not permitted to vest the board of administration with the nomination of the auditor or fixing his remuneration without deciding a maximum. If the company has no auditor, at any time, for whatever reason, the board of administration shall take steps for immediate nomination of an auditor and this will be submitted to the General Assembly at its first meeting.

The General Assembly may, in all cases, change the auditor of accounts on the proposal of one of its members, and in such case, the author of the proposal should notify the company with his wish and the motives of his demand, before the meeting of the General Assembly by at least 10 days. The Company shall inform the auditor, forthwith, with the text of the demand and its motives, and the auditor may discuss the demand by a written note which should reach the company at least 3 days prior to the meeting of the General Assembly. The Chairman of the Board of Administration shall read out the auditor's note to the General Assembly, and the auditor may, in all cases, reply to the proposal and its motives, before the General Assembly taking its decision.

Any decision taken for nomination of the auditor or his replacement differently from the provisions of this article will be null.

Article 104

It is not permitted to combine between the function of the auditor and participation in the foundation of the company and membership of its board of administration, or working permanently in any technical, administrative or consultant duties in it.

The auditor is not permitted to be in association with anyone who exercises an activity of the kind mentioned in the preceding paragraph, or to be an employee under his authority, or of relationship with him up to the fourth degree. Any nomination effected in discord with the preceding provisions of this article will be null.

Article 105

The auditor has, at all times, the right of examination of all the books, registers, and documents of the company and to demand information and explanations which he deems essential for the fulfillment of his duties. He is also entitled to check the assets and liabilities of the company and the board of administration is called upon to facilitate his mission.

In Case, the auditor is disabled to practise his stated rights, he should affirm that in a written report, which he has to submit, to the board of administration, and to be referred to the General assembly, in case the board of administration shall not facilitate his task.

Article 106

The board of administration is called upon to furnish the auditor with a copy of the notices and data it communicates to the shareholders invited to attend this General Assembly.

The auditor or whomsoever he delegates of the accountants who took part in the operations of auditing with him, should attend the meeting of the General Assembly and to investigate the correction of the proceedings adopted in calling for the meeting. He should express his opinion on all what concerns his business as auditor of the company, in the meeting, and particularly with regard to approval of the budget with or without any reserves, or on its return to the, board of administration.

The auditor shall read his report to the General Assembly and it should comprise all the data prescribed by the law and the executive regulation in addition to the following.

(a) Whether the auditor has obtained all the data and explanations he deemed necessary for satisfactory fulfillment of his duty.

(b) If he is of the opinion that the company is keeping regular accounts for it, and in case there are branches to it which he did not visit, whether he had taken cognizance of adequate summaries of their activities. With regard to industrial companies, whether they keep accounts for the costs which have been found by him to be regular.

(c) Whether the budget and the profit less accounts reviewed in the report are in accord with the account and summaries.

(d) Whether, in the light of the data and explanations presented to him, it is his opinion that the accounts include all what the provisions of the law, the statutes and the organisation of the company prescribe, regarding all what should be recorded in them, and the budget expresses, in clarity, the real financial situation of the company at the end of the financial year, and the profit and loss account soundly reflect the true situation of the company at the end of the expiring year.

(e) Whether the inventory has been made in conformity with the adequate principles, and with what modifications were adopted on the mode of the stock-taking applied in the preceding year, if any.

(f) Whether the data contained in the report of the board of administration alluded to in the law and the executive regulation are in accord with the entries in the books of the Company.

(g) Whether any infractions have occurred in course of the financial year to the provisions of the statutes of the company, or of the law in a manner affecting the activity of the company or its financial situation, with indication whether these infractions were standing at the time of preparation of the budget, within limit of the data and indications which were available according to the provisions of this article.

The auditor is to be asked about the correctness of the data recorded in his report, in his quality of attorney for the group of shareholders, each of whom is entitled, in the meeting of the general assembly to discuss the auditor's report and demand explanations on its contents.

Article 107

An auditor of accounts of a shareholder company is not allowed, before the lapse of three years from leaving his work in it to work as director, or board member, or

undertake in permanent or provisional way, any technical, administrative or consultant work in the company he was working in.

Any action in discord with the provisions of this article will be deemed null and the infractor will be obliged to refund to the Treasury of the State the allocations and salaries paid to him by the company.

Article 108

Without prejudice to the basic obligations of the auditor of accounts, it is forbidden to him to declare to the shareholders in the main centre of the general assembly or elsewhere, or to other parties, the data he knew of about the company in course of his service, else he should be dismissed and subjected to payment of compensation.

Article 109

The auditor of accounts will be responsible in front of the company for compensation of the harm caused to it on account of the mistakes which occurred in fulfilling his duties. If the Company has more than one auditor and they are all parties in the mistake, they shall be jointly responsible, in front of the company.

The lawsuit for Civil responsibility mentioned in the preceding paragraph will be foreclosed by the lapse of one year from the date of meeting of the General Assembly in which the auditor's report was read.

If the act imputed to the auditor involves a crime the lawsuit for the responsibility will not be foreclosed except on foreclosure of the public prosecution. The auditor will be also liable to compensation of the Shareholder or other well-intentioned parties for the harms caused by his mistake.

CHAPTER 11 - COMMANDITE COMPANIES WITH SHARES

Article 110

Besides the provisions of articles 37, 77, 91, 92 and 93, commandite companies with shares are ruled by all the provisions of Shareholder companies in the present law, subject to observance of the rules contained in this chapter.

Article 111

The management of a commandite company with shares must be entrusted a joint partner or more. The act of foundation of the company should contain the names and powers of those to whom its management is entrusted. The position of those to whom the management is entrusted, as responsibility, will be analogous to that of the founders and of boards of administration in shareholder companies with reapplication of the provisions of this law.

Article 112

Every commandite company with shares shall have a board of control composed of at least three of the shareholders or others.

This board is entitled to demand of the directors, in the name of the company, the presentation of accounts on their administration; and, with the object of achieving this purpose, the books and documents of the company may be checked, and an inventory of the treasury and the stocks and the vouchers proving the rights of the company and the goods extant in it may be investigated.

Article 113

The board of auditors is allowed to express its opinion on the questions presented to it by the directors of the company, and it may authorise the practice of the disposals which the deed of the company demands its approval thereof.

Article 114

The General Assembly of the shareholders should not exercise or approve the affairs relating to the dealings of the company with other parties, or modify the act of the company except by approval of the directors, unless the act of the company prescribes a different action. The General Assembly of shareholders represents them in front of the directors.

Article 115

The Company is dissolved on the decease of the partner charged with its management unless it is prescribed otherwise. If the act of the company is deplete of what should be effected in this case, the board of control may appoint a provisional director to it to undertake the urgent business thereof pending the meeting of the general assembly. The provisional director shall convoke the General Assembly within 15 days from his nomination, according to the formalities prescribed in the deed.

The provisional manager will only be responsible for accomplishing his delegation.

CHAPTER 111 - LIMITED LIABILITY COMPANIES

1 - THE FINANCIAL CADRE

Article 116

The capital of the limited Company should not be less than the minimum fixed by the executive regulation. It should be divided into equal parts, the value of each of them not less than LE 100 paid in full. This provision is not applicable on companies standing at the date of execution of the law. The parts and balance of the liquidation will be equally divided between them unless the act of the company prescribes a different arrangement.

The parts are to be indivisible. If a number of owners possess one part, the company may put off the application of the rights pertaining to it, until the owners choose one of them to be considered single owner, in confrontation of the company.

Article 117

A register should be kept at the head office of the company, comprising all the data defined by the executive regulation. Every partner or any interested party other than partners may take cognizance of this register during the office hours of the Company.

In the month of January, every year, a statement of the data contained in the register, and of every change occurring on it are to be forwarded to the competent administrative authority, and the data are to be published in the notice issued to this affect.

The managers of the company will be jointly answerable with regard to any harm caused on account of incorrect keeping of this register or of preparation of the lists in a defectives manner or of incorrectness of the data recorded in the register or the lists.

Article 118

The parts may be sold in virtue of an authentic deed or an act the signatures in which are legalized, unless the act of foundation of the company prescribes a different process. In such case, the rest of the partners may recover the sold part, on the same conditions.

Anyone who intends to sell his part, must acquaint all the other partners through the directors, with the offer made to him. After the lapse of one month from notifying the offer, without any of the partners using his right for its acquisition the partner will be free to dispose of his part.

If more than one partner exercises their rights for recovery of the part, it shall be divided between them in ratio of the part of everyone of then The part of every partner will devolve to his heirs. The situation of the legated party will be that of the heirs. The application of this article does not prejudice the provisions laid in article 116.

Article 119

If a creditor of one of the partners takes proceedings for sale of the part of his debtor by compulsion for recovery of his debt, the creditor in this case shall notify the company with the conditions of the sale, the time of the audience to be fixed, for publicising the oppositions to it. If the creditor and debtor do not agree with the company on the sale of the part it will be sold by auction.

The decision for sale will not be executory if the company introduces another purchaser on the same conditions with which the auction was adjudicated, within ten days from the date of issue of this adjudication. These provisions should be applied in case of the partner's bankruptcy.

II - Management of the Company

Article 120

The company shall be managed by one or more directors from among the partners or others.

The partners shall nominate the director for a limited period or without determination of a period.

The managers nominated in the act of foundation of the Company by the partners or other ones, without a determined period, are to be considered as nominated for the period of existence of the company unless it is prescribed differently in the contract.

In all cases, the manager or managers may be revoked by agreement of the numerical majority of the members in possession of three quarters of the capital.

Article 121

The managers of the company shall have full authority for representing it unless its act of foundation prescribes a different arrangement. The issue of any decision issued by the company restricting the authority of the managers or changing them, after the company is recorded in the commercial register shall not be opposable to others except after five days from its record in the said register.

The provision relating to the security of dealers with the company, prescribed in articles 53 to 58 of this law will be applicable on the limited liability companies within the extent in accord with their nature.

Article 122

The situation of the managers with regard to responsibility will be the same as that of members of boards of administration of shareholder companies. The executive regulation will define the conditions to be fulfilled by the managers.

If the management is assigned to a sole person, it is imperative on him to inform the assembly of all partners, of every discord between his interests and that of the company in any of the operations he intends to effect for the purpose of authorising the operation or adoption of any other action the Assembly will deem adequate.

Article 123

If the number of partners is more than ten, the control must be entrusted to a board consisting of three of the partners at least. This board shall be nominated in the act of foundation of the company, and its members may be reelected after the lapse of a certain period mentioned in the act:

The board of control may require the directors at any time to present reports, and it may check the books and vouchers of the company and to make an inventory of the Treasury and the financial stocks and the documents in proof of the rights of the company and the goods existing in it. The board controls the budget, the annual report and the plan of distribution of the profits and shall present its report in this respect to the assembly of shareholders, before its convocation by 15 days at least.

Article 124

The members of the board of control are not answerable about the actions of the directors or their results unless they were conscious of the mistakes which occurred in them and they evaded the mention of these mistakes in their report presented to the group of shareholders.

Article 125

Partners other than the directors in companies in which there is no control board of the joint partners will assume the control afforded to the joint partners in joint stock companies.

Article 126

The decisions in a General Assembly are to be taken on a majority of votes unless the law or contract stipulates otherwise.

Every part will have a vote even if it is differently prescribed in the contract. Absent partners may vote in writing or delegate substitutes for them for attending the General Assembly by special mandate, unless the deed of the company enacts otherwise.

The convocation of the General Assembly and its debates will be effected according to the rules laid down with regard to shareholder companies.

Article 127

The modification of the act of the company or the increase of its capital or its decrease can only be effected in virtue of a numerical majority of partners possessing three quarters of the capital unless the deed of the company prescribes something else.

Article 128

The provisions relating to the auditor of accounts and affecting the stock taking and the budget in shareholder companies are applicable in limited liability companies. The budget shall include in particular, and on partners and those of partners on it.

The budget shall be lodged after 15 days of its preparation, in the office of commercial registration and any interested party may demand taking knowledge of it.

3 - Dissolution of the Company

Article 129

In case of loss of half the capital of the company, the directors are required to submit to the General Assembly an order for dissolution of the Company. It is requisite for the issue of an order of dissolution that the majority needed for the modification of the company's act be available.

If the loss attains three quarters of the capital, partners in possession of a quarter of the capital may demand the dissolution.

If the loss entails the decrease of the capital below the limit prescribed by the executive regulation, any interested party may demand the dissolution of the company.

PART III - INCORPORATION AND CHANGE OF THE FORM OF THE COMPANY.

1 - INCORPORATION

Article 130

It is allowable, in virtue of a decision of the relevant minister, to permit shareholder, and commandite companies of the two kinds, and the limited liability companies, and the joint stock companies whether Egyptian or foreign, exercising their main activities in Egypt, to be incorporated in Egyptian shareholder companies or to create with such companies a new Egyptian Company, to be considered analogous to incorporated companies in the application of the provisions of this law, as branches, agencies, or foundations of these companies.

The executive regulation defines the method of evaluation of the assets of the companies seeking incorporation and the processes and forms and conditions of incorporation.

Article 131

In the issue of shares given as counterpart of the capital of the incorporated company, mention is to be made of the assets of each of the incorporating companies and those incorporated in them

Article 132

The Company incorporated in, or the Company resulting from the incorporation is to be considered successor to the incorporated Company and is legally substituted to it in its assets or liabilities within limit of what is agreed on in the act of incorporation without harm to the rights of creditors.

Article 133

The shares of the company emanating from the incorporation or the shares issued as counterpart of the capital of the incorporated company may become negotiable directly on their issue.

Article 134

The incorporated companies and their shareholders, as well as the companies incorporated in, and the resultant company are to be exempted from all taxes and duties due on account of this incorporation.

Article 135

Without prejudice to the provisions of article 130, the incorporation may be effected by a decision of the extraordinary general assembly of both the incorporated and incorporating companies, or the group of partners possessing the majority of the capital.

Shareholders who contested the decision of incorporation in the meeting or who did not attend in it for a plausible cause may demand extradition from the company and recovery of the value of their shares by a written demand which should reach the company within 30 days from the date of publicising the decision of incorporation.

The executive regulation indicates the other forms and procedures of this demand, and the mode of deciding on it.

The value of the shares or parts will be decided according to agreement or by the Courts, Consideration being taken of the current value of all the assets of the company.

The uncontested value of the shares or parts disposed of is to be settled to their owners before completion of the formalities of the incorporation. The Courts will decide the compensations due to the concerned parties, if there is a justification for it.

The decided amounts will have a priority on all the standing assets of the Company.

2 - Change of the Form of the Company

Article 136

Vue legal form of the company of limited liability with shares or the commandite company may be changed by a decision issued by the extraordinary general assembly, or the group of partners, with a majority of three quarters of the capital, as the case may be.

The change may be effected in observance of the proceedings and forms of foundation of the company to which the change will be made, in limit of the provisions of the executive regulation to this effect.

The change of the form of the company should not entail prejudice of the rights of its creditors. The shareholders, partners, or those who contested the decision for change or who did not attend the meeting on which the decisions was taken on account of a plausible cause, may demand extradition from the company under the conditions and forms defined in article 135. Companies the change of the legal form of which is affected and the partners in them are exempted from all taxes and duties due on account of the change of form of the company.

PART IV - Liquidation of the Company

Article 137

Every company after its dissolution is considered to be in a state of liquidation.

The liquidation should take place in compliance with the terms of the present law unless its statutes or act prescribes other terms.

Article 138

The company shall conserve, during the period of its liquidation its moral personality within the extent required by the proceedings of liquidation. The term (under liquidation) is to be added to the title of the company, and its organs will remain standing during the period of liquidation, but its powers will be confined to the affairs which are not in the competence of the liquidators.

Article 139

The General Assembly will nominate one or more liquidators and fix their remunerations, and their nomination will be from the shareholders, partners or others.

In case a sentence is issued ordering the dissolution or invalidity of the status of the company, the Court shall indicate the mode of liquidation and will nominate the liquidator and fix his remuneration.

The activity of the liquidator does not end on the decease of partners, or publicising their bankruptcy or inability to pay or practice of seizures on them, even if the liquidator is appointed on their part.

Article 140

The name of the liquidator and the partners' agreement on the mode of liquidation, or the sentence issued in this respect will be published in the commercial register and in the companies magazines, and the liquidator shall fulfill the formalities of publicity.

No protest against third parties on the nomination of the liquidator or the mode of liquidation except starting from the date of publicity in the Commercial Register.

Article 141

The revocation of the liquidator should be affected according to the procedure of his nomination.

The Court may at the demand of a shareholder or partner and for plausible reasons, decide the revocation of the liquidator. Every decision or sentence revoking the liquidator should comprise the nomination of another in his place.

The revocation of the liquidator will be published in the Commercial register and in the Companies magazine, and it will not be opposable to third parties except from the date of publicity in the Commercial Register.

Article 142

The liquidator, directly after his nomination and in agreement with the board of administration or the directors, shall make a stocktaking of all the assets and liabilities of the company and draw a detailed list of them and a budget to be subscribed by the liquidator, and the directors or the administrative board members. The board of administration or the directors shall present their account to the liquidator and shall deliver to him the funds of the company and its books and vouchers.

The liquidator shall hold a register for record of the works regarding the liquidation, and the holding of this register will be in compliance with the provisions of the law on commercial registers.

Article 143

The liquidator shall excite all what is needful for conservation of the funds and rights of the company. He should take all actions needful for acquisition of all the company's rights from others. Nevertheless the partners should not be claimed the remainder of their parts except if the works of liquidation necessitate this, subject to observance of equality among them.

The liquidator shall deposit the amounts he collects, in a bank to the account of the company under liquidation, this deposit shall be within 24 hours from the time of reception.

Article 144

The liquidator is not allowed to start on new business except if they are requisite for previous affairs. If he conducts new works not needed by the liquidation, he shall be responsible in these works on all his assets and if the liquidators are numerous, their responsibility will be a joint one.

The liquidator is not allowed to sell the assets of the company in block except by a permission of the General Assembly or partners as the case may be.

Article 145

The liquidator shall fulfill all the duties requisite for the liquidation, and in particular:

- 1) Paying off all the debts on the company.
- 2) Sale of the assets of the company whether moveable or immovable properties, by public auction or in any other manner unless it is indicated in the document of nomination of the liquidator that the sale should be effected in a specific manner.
- 3) Representing the Company in front of the Courts and acceptance of compromise.

Article 146

If there are numerous liquidators, their acts will not be sound except if they are conducted by their joint agreement unless it is indicated otherwise in the order of their appointment. This condition is not opposable to others, except from the date of its publicity in the commercial register.

Article 147

The company is bound by every disposal the liquidator fulfils under its name if it is needed for the business of liquidation even if it surpasses the restrictions included in the authority of the liquidator or if the liquidator utilises the subscription of the company to his personal account unless those who contracted with the liquidator are ill-intentioned.

Article 148

Any debt arising from the works of liquidation shall be paid from the assets of the company, with priority on other debts.

Article 149

The remuneration of the liquidator will be defined in the act of his nomination; else it is to be determined by the Court.

Article 150

The liquidator must terminate the liquidation in the period fixed for it in the document of his nomination. If this period is not fixed, every shareholder or partner may put up the matter before the Court, for fixation of the period in which the liquidation should be ended.

The period decided for the liquidation may be prolonged by a decision of the General Assembly or the Group of partners after taking knowledge of a report of the liquidator mentioning the reasons which impeded the completion of the liquidation in the period fixed for it.

If the period of liquidation is fixed by the Court, it cannot be prolonged except by an order from it.

Article 151 The liquidator shall present to the General Assembly or to the group of partners, a provisional account on the works of the liquidation. He should respond to all what the shareholders or partners may demand information or data, in a manner not causing harm to the interest of the company and not conducing to delay of the business of the liquidation.

Article 152

The liquidator shall present to the General Assembly or to the group of partners a final account on the business of the liquidation. This business is to be concluded by ratification of the final account. The liquidator shall publicise the termination of the liquidation in the commercial register and in the company's magazine. No protest on others can be made by the termination of the liquidation except from the date of publicising this in the Commercial register. The liquidator shall after termination of the liquidation, demand the radiation of the Company from the Commercial Register.

Article 153

The books and vouchers of the company are to be conserved during 10 years from the date of its radiation from the Commercial register, in the office of the register within the perimeter of which the main centre of the company is situated, unless the General Assembly or the group of partners designate another place for conservation of the books and vouchers.

Article 154

The liquidator will be responsible in front of the company if he mishandled its affairs during the period of the liquidation. He shall also be responsible for compensation of the harm caused to the Shareholders or partners or others by reason of his mistakes.

P A R T V

1 - Control

Article 155

The relevant administrative authority assumes the charge of execution of the provisions contained in this law and its executive regulation Technical staff of grade

III at least in this section and others defined by the executive regulation and those chosen by a decision of the relevant minister jointly with the minister of Justice shall have the quality of judiciary officers for proof of crimes taking place in contravention of this law and its executive regulation.

In this connection they are empowered to investigate the registers, books and vouchers in the office of the company or elsewhere, and the directors and responsible persons or its management must present to them all the data, extracts and copies of documents they demand for this object.

The relevant administrative authority must examine any complaint of the shareholders or others, with regard to execution of the provisions of the law and its executive regulation.

Article 156

The staff of the relevant administrative authority alluded to in the preceding article will have the right to attend the meetings of the General Assemblies of the Companies by a special Authorisation of the Chief of these Authorities, but shall not have the right to express their views or to vote. Their charge will be only to record the actions of the meetings and expressing their remarks in writing.

The executive regulation lays down the manner and measures of attendance of the delegates of the administrative authority and the modes of expression of remarks and what is to be followed on them.

Article 157

The shareholders are entitled to take knowledge of the registers of the company and obtain copies and extracts there from and from its vouchers, according to the conditions and procedures defined by the executive regulation. Any interested party may demand inspection of the registers, documents, minutes, and reports relating to the company, at the premises of its relevant administrative authority, and take extracts there from, legalised by the said authority.

This demand may be refused if it is of a nature to cause harm to the company or to others through publicising these data, or to any other organisation. The executive regulation indicates the forms for this and determines the dues for such investigation of the data, within an amount of L.E.100.

INSPECTION

Article 158

The competent administrative authority, and the partners possessing at least 20 % of the capital of banks, and 10 % of the capital of shareholder companies are entitled to demand the inspection of the company with regard to any grave infractions imputed to the members of the administrative boards, or to the auditors of accounts, in the fulfillment of their functions prescribed by the law or system, if any reasons are extant demonstrating the existence of such infractions.

The request shall be submitted to the Minister of Economy, and a committee shall be formed by a decree of the Minister to consider and examine the request, and an auditor from the Central Audit Agency shall be joining its membership.

The demand should contain all the evidences demonstrating that the applicants have serious motives justifying the adoption of this measure. The demand presented by the shareholders must be coupled with the deposit of the shares in possession of the applicants, which deposit shall continue until a decision is taken on the demand.

The committee, after hearing the assertions of the applicants, the members of the board of administration, and accounts auditors, in a closed sitting, may order the inspection of the actions and registers of the company and may delegate one or several experts for this purpose, with fixing the amount the shareholders who demanded the inspection are required to deposit, to the account of these expenses, if it is found that there is a necessity for taking this measure before the meeting of the General Assembly. The inspection should not start before the deposit of this amount.

The permit for inspection should also specify the examination of any documents or registers in another company which is on relations with the company subject to inspection.

Article 159

The members of administrative boards, and the staff and controllers of accounts of the company are required to put under the inspection, all the books, documents and vouchers concerning the company, and which they are charged with keeping, or are entitled to obtain them, and to impart to them all the data and explanations needed. Whoever refuses to respond to what the person charged with the inspection demands in this respect, will be liable to the penalties set forth in article 163.

The person charged with the inspection may question any person who has any relation with the affairs of the company after tendering of oath.

Article 160

Whoever is charged with inspection must present a detailed report on his mission to the committee within the period mentioned in the decision, or within one month at most from the deposit of the amount mentioned in paragraph 4 of article 158.

If it appears to the committee that what the applicants for inspection have attributed to the members of the board of administration or to the controllers of accounts is incorrect, it may order the publicity of the report in full or part of it, or the publicity of its results in a daily newspaper, and the applicants for the inspection will sustain its expenses, without discharge of their responsibility for the compensation, if there is any motive for it.

If the committee discovers the correctness of the infractions attributed to the members of the board of administration or the controllers, it shall order the exercise of prompt measures and call of the General Assembly urgently.

Its meeting in this case will be headed by the Chief of the relevant administrative authority or one of the staff of this organisation to be selected by the committee.

The company, in such case, will support the costs and expenses of the inspection and will have the right of recourse against the perpetrator of the infraction, for these expenses and costs in addition to the compensations.

The General Assembly may decide the dismissal of the members of the board of administration and bringing an action against them for their responsibility. Its decision will be sound if approved by the partners possessing half the capital after deduction of the shares of those the dismissal of whom of the members of this assembly, is under consideration. The Assembly may equally decide the change of the auditors of accounts and bringing an action on them for responsibility.

Members of the board of administration dismissed cannot be reelected during a period of five years from the date of the decision of their dismissal.

3 - Penalties

Article 161 Without prejudice to the rights of demand of compensation where due, any disposal or negotiation or decision issued in discord with the rules prescribed by this law or issued by the administrative board or assemblies of shareholder companies instituted in discord with its provisions, will be deemed null, without prejudice to the rights of well-intentioned persons.

In case of multiplicity of those to whom the causes of nullity may be attributed, their responsibility for compensation will be joint among them. Interested persons will not be allowed to bring an action for nullity after the lapse of one year from the date of their knowledge of the decision discordant with the law.

Article 162

Without prejudice to severer penalties enacted by other laws, anyone of the following personalities will be liable to a penalty of imprisonment during a period not less than two years, and to a fine not less than L.E. 2000 and not more than L.E.10000 which the infractor should personally support, or by one of these two penalties:

- 1) Whoever mentions intentionally in publications on the issue of shares or of stocks, false data, or contradictory to this law or its executive regulation and whoever subscribes these publications, in execution of these provisions.
- 2) Any founder in the act of the limited liability company who presents false declarations relating to distribution of the parts of the capital between the partners or regarding the acquittal of their values although he is aware of the reality of the situation.
- 3) Whoever of the partners effects the valuation of parts in kind at more than their real value by fraud.
- 4) Any founder or manager who despatches an invitation to the public for subscription in stocks of whatever kind to the account of a limited liability company, or who presents such stocks for subscription in the company.

5) Any member of a board of administration who distributes profits or interests contrarily to the provisions of this law or the statutes of the company, and any controller who sanctions such distribution.

6) Any controller or worker in his office who intentionally makes a false report on the result of his verification of such facts in the report he presents to the General Assembly according to the provisions of this law.

7) Any public official who discloses a secret, known by reason of his work or intentionally mentions in his report incorrect data or purposely records or omits, in such report, facts affecting its result.

8) Whoever forges in the registers of the company or purposely records in them unsound statements or prepares or presents reports to the General Assembly containing false statements which were of a nature that affected the decision of the assembly.

Article 163

Without prejudice to severer penalties prescribed by other laws, any person who commits any of the following acts, will be penalised by a fine not less than L.E. 2000 and not more than L.E.10000.

1) Whoever disposes of foundation parts, or shares differently to the rules laid down by the present law.

2) Whoever is nominated as member in the board of administration of a shareholder company or a delegated member for its management or continues to be in its membership or be appointed controller in it in discord of the prohibitions contained in this law, and every member delegated for administration in contravention of the prohibitions enacted by this law, and every delegated member for administration in a company in which any of these contraventions occur.

3) Any member of a board of administration who is in default in the presentation of the shares concerning his eligibility for administration in the manner prescribed in this law, in course of 60 days from the date of his notification of the decision of his appointment, and also who is in default of presentation of the declarations he is bound to present, or who willfully omits some of the data which the board of administration should make reports thereon, and also any member of the board of administration who records in the reports of the company unsound data or willfully withholds their mention.

4) Whoever contravenes the provisions regarding the ratio of Egyptian boards of administration in Companies or of their workmen or of wages.

5) Whoever contravenes any of the compulsive provisions in this law.

6) Whoever willfully abstains from enabling the controllers or staff of the competent administrative authority delegated for consultation of the books or documents which they are entitled to investigate according to the provisions of this law.

7) Whoever of the members of the board of administration willfully impedes the convocation of the General Assembly.

Article 164

In case of recurrence or abstention from elimination of the contraventions upon which a final sentence has been issued in condemnations, the fines set forth in the two preceding articles will be duplicated, in their minimum and maximum levels.

PA RT VI- Branches and Offices of Foreign Companies in Egypt

1 - Branches of Foreign Companies and Analogous Establishments.

Article 165

The provisions of this part are applicable on foreign companies which do not have in Egypt the main centre of their administration or of these principal activities, but have in Egypt a centre for exercise of business whether as branch or industrial establishment or management office, or some other branch. Agencies managed by such companies in Egypt will be analogous to branches, agencies, or offices referred to in the following cases:

- a) If the Foreign company is managing them itself or entrusting the direction to its staff.
- b) If the agent has authority for conclusion of contracts on behalf of the company.
- c) If the agent has in his hands goods or products of the company of which he undertakes the disposal according to instructions of the company or in execution of its contracts.

Commercial agents, in other than the preceding cases will not be considered as branches of foreign companies.

Article 166

Foreign Companies which have centers in Egypt for exercise of business, must observe the formalities of commercial registration laid down, and should present to the sections mentioned in the executive regulation, the requisite data and the documents prescribed by it.

The branches of foreign companies must have an auditor of accounts on the conditions and forms defined in this regulation.

Article 167

Foreign Companies having a centre in Egypt for practice of business must not appoint a director for the branch or the industrial Establishment or a managing office, or other persons that do not fulfill the conditions mentioned in articles 89,177,178,179 and 180 of this law.

Article 168

The contracts or disposals concluded by the local manager of the branch of the foreign company, or who is in his position are obliging to the company, as long as such contracts or actions are in the scope of the normal actions for management of the affairs of the branch.

This provision does not benefit the one who effectively knows or was capable of knowing, by his position in the company or his relation with it, that the local manager is not concerned with making such disposal or contract.

Article 169

The executive regulation lays down the forms of presentation, by the branches of foreign companies or their similars, of their budgets to the relevant administrative authority and the documents and papers which should be annexed to the budget.

Article 170

The branches of foreign companies and their similars must abide by the provisions relating to workers, specified in articles 174, 175 and 176 of this law. Workers in these branches will have a share in the profits in the manner exposed in the executive regulation according to article 41 of this law.

Article 171

The executive regulation indicates the manners in which the branches of foreign companies and their Simi liars may publish the name of the foreign company and all other relevant data thereof.

Article 172

The executive regulation indicates the provisions applicable to branches of foreign companies and their similars in case of liquidation of the foreign company or cessation of practice of the activities of its branches in Egypt.

2_ Representative offices and their analogies

Article 173

Foreign companies may create in Egypt representative offices, or contracts, or services or technical or scientific offices, etc. the purposes of which are confined to study of the markets, or potentials of production without exercise of any commercial activity including that of commercial agents.

A special register is created for registration of these offices at the relevant administrative authority; the record in this register, and radiation from it, are to be according to the formalities and conditions laid down by the executive regulation.

The regulation further fixes the duties of registration which should not exceed L.E. 1000, and the scope of control to be exercised by the relevant administrative authority on these offices.

PART VII

Conclusive Provisions

1- Provisions concerning the workers in the Company

The number of Egyptian workers in Egypt in the Companies ruled by the present law should not be less than 90 % of the manpower in it, and their earnings not less than 80 % of the total of wages paid by the company to its workers.

Article 175

The number of professional and administrative Egyptian workers in the shareholder companies working in Egypt must not be less than 75 % of the total of workers in them and the total of their earnings not less than 70% of the total of the wages and salaries paid by the company to these categories of workers.

The provision of the preceding paragraph is applicable on commandite companies with shares, and limited liability companies, the capitals of which exceed L.E. 5000.

Article 176

Exceptionally from the provisions of the two preceding articles, the competent minister may authorise the nomination of foreign workers or advisers or specialists in case of inexistence of qualified Egyptians, and for the periods decided by him, and they do not enter in the account of the ratios laid down.

The minister or whoever is vested by him shall statute on the demands presented by the relevant authorities in which exceptions are to be made, within two months from the date of the demand. The non-issue of a reply is to be considered an approval of the exception during the period of one year, or the period expressed in the demand, whichever is shorter.

2_ Restrictions relating to workers in the State and members of the Representative Organisation

Article 177

No one is allowed to combine between work in Government or public, or private organisation, and membership of administration board in a shareholder company or participate in its foundation or casual work in it, in any function of consultation, whether this is against a salary or without it, unless he is a representative to such sectors.

Exceptionally from the provisions of the preceding paragraph and of other preventive stipulations in special laws, it is permissible to license a person for participation in the formation of a shareholder company, by special permission of the minister under whose authority the said person is working. He may also practice other works mentioned in the preceding paragraph provided that this involves his presidency of the administrative councilor undertaking the charge of the delegated member; and this is to be by special permission of the prime minister.

In all cases, the permission will only be issued after investigation of the matter and ascertaining the absence of any connection between the duties of the person and the business of the company or influence on it, and provided that such permission does not conflict with the duties of the post and their laudable fulfillment.

Article 178

It is not allowed, without special permission of the prime minister, to the minister or to any occupant of one of the superior posts of administration, to act as director or member of the board of administration, or to assume a permanent technical or administrative or consultative work in any company to which the government extends special advantages through subsidies or guarantees or which is tied by contracts or acts of monopoly, or contracts of public works or concessions of a public utility, or of exploitation of a source of natural or mineral wealth, before the lapse of three years from the date of his leaving the service of the government or of his previous function.

Any action in contravention of the aforesaid paragraph will be deemed null and the infractor will be compelled to refund all the allocations or remunerations be obtained, to the Treasury of the State.

Article 179

No member of the People's Assembly or of the consultative council is allowed to be appointed in the administrative board of a share hold company unless he is one of its founders or owner of 10 % at least of the shares of its capital, or has accomplished such membership before his election.

Any action in contravention of this article will be null and the infractor will be obliged to refund all what be received to the Treasury of the State.

Article 180

No member in any local popular council in his personal quality or as representative of others is allowed to act as director or board member or casually undertake any consultative work in a shareholder company exploiting any public utility in the perimeter of the council in which he is member, or which is connected with the local or people's council by a contract of monopoly or public works. Any action in contravention with this article will be null be obliged to refund all what he received from the company to the Public Treasury.

3- Diverse provisions and transitory article

Article 181

The Government must have two representatives at least in the Administrative boards of the company to which it guarantees a minimum of profits.

The nomination of these representatives will be by a decision of the prime minister on the proposal of the competent minister.

Article 182

Shareholder Companies, and commandite companies with shares and limited liability companies shall modify their statutes and acts of constitution in accord with the provisions of this law and its executive regulation and the objective model contracts in this respect, within a maximum period of one year from enforcement of this law.

The modification will be according to the procedures enacted by this law and its executive regulation, and the competent, Administrative Authority will present these modifications to the committee mentioned in article 18 for taking such action on them as it deems requisite.

The executive regulation will define the formalities of execution and no duties will be due on account of the modifications mentioned.

Article 183

Companies ruled by the provisions of law No. 43/1974 relating to investment of Arab and Foreign Fund will continue to enjoy the provisions related to them by the said law.

Companies founded under the provisions of this law with a capital paid in local currency and belonging to Egyptians in any of the domains specified in article 3 of law No.43/1974 referred to, will enjoy the advantages, exemptions and guarantee mentioned in it; with the exception of articles 21 and 22 of it, subject to the approval of the General Organisation of Investment and free zones, and according to the rules and formalities promulgated by it.

The advantages, exemptions and guarantees alluded to are applicable to companies ruled by it and standing on the date of its enforcement within limit of the innovations in it, through increase of their capitals, in form of constructions or projects in the domains specified in article 3 of law No.43/1974, subject to approval of the General Organisation for investment and free zones.

Article 184

The branches of foreign companies and their similars and the representative offices or connections and others are required to concord their forms in compliance with the provisions of this law within three months from the date of its enforcement