

## **Statute of Electronics Support Fund for Research & Development**

**(Specialized parent company - Private Joint Stock (PJS))**

**Approved on May 18, 2003**

The law on establishment of Electronics Support Fund for Research & Development  
Approved on March 12, 1997

Approval of the Council of Ministers

At a meeting on May 18, 2003, according to a joint proposal by the Ministries of Industry, Mine and Trade, Economic Affairs and Assets and Management and Planning Organization, the issue of letter No. 102161, dated on May 10, 2003, by the Ministry of Industry, Mine and Trade, and by virtue of Article (4) of the Third Plan of Economic, Social and Cultural Development of Islamic Republic of Iran - Approved in 2001- the Council of Ministers approved the statute of the Electronics Support Fund for Research & Development (Specialized parent company) with the adoption of No. 19679 /T 28641H, dated July 22, 2003 as follows:

Chapter I: Overview

Article 1 - Electronics Support Fund for Research & Development (Specialized parent company), which is called Company in this statute, is affiliated to the Ministry of Industry, Mine and Trade and headquartered in Tehran. The Fund can establish a branch or agency anywhere in the country for implementing the operations stipulated in the statute proposed by the Board of Directors and approved by the General Assembly.

Article 2 – The type of company is a joint-stock (JC) and its duration is unlimited.

Article 3 - The Company has a legal personality with financial and administrative independence, and is managed and handled according to its constitution and bylaws

commercially, and would be subject to law of focused issues of industry and mines and the establishment of Ministry of Industries and Mines - approved in 2001.

## Chapter II - Duties, powers and capital of the Company

Article 4 - The subject of the company includes venture capital and services expertise, issuance of guarantee and financial and credit support for the research and development of electronic industry in the private sector and cooperatives as facilities or awarding grants to natural or legal persons in the following areas:

1. Purchase, transfer, attraction and development of advanced technologies
2. Studies and research, including fundamental, applied and development studies
3. Short-term specialized trainings
4. Engineering and design services
5. Semi-industrial and large-scale manufacturing and service-providing projects
6. Participation in domestic and international tenders, conferences and exhibitions
7. Preparing the grounds for information-providing, compilation, accumulation and dissemination of technical knowledge
8. Expanding international economic and technical cooperation and export promotion
9. Attracting domestic and foreign investments

Note – The electronics industries refer to communication and computer industries, automation, optical electronics, electronic components, consumer electronics and applied electronics ranging from software and hardware.

Article 5 - The Company's capital consists of the sum of five hundred billion Riyals (500 billion riyals), which is divided into one million 500,000 Rials shares in name, and the all is state-owned.

Note 1 - The Company's shares are not transferable.

Note 2 - Capital increase is done with proposal by the Board of Directors and extraordinary General Assembly approved by the Council of Ministers.

### Chapter III – Company's organs

Article 6 - The Company has the following organs:

A - General Assembly

B - Board of Directors

C – Auditor and Inspector

Article 7 - The General Assembly of the Fund consists of the Ministers of Industry, Mine and Trade (President of the General Assembly), ICT, Economic Affairs and Assets, Science, Research and Technology, Defense and Armed Forces Logistics, Energy and the President of the Management and Planning Organization.

Note 1 - The Minister of Industry, Mine and Trade is the President of the General Assembly.

Note 2 - The General Assembly will recognize by the presence of at least 4 members, and its decisions by majority vote of the General Assembly members will be binding.

Article 8 – The General Assembly is normally held at least twice a year; once in the first half of the year for consideration and making decisions on the Financial Statements of the last year, and once in the second half of the year to investigate and make decision on the budget and plans of the next year at the invitation of the President of the General Assembly or by request of the chairman of the board of directors or the inspector. The meeting will continue until making decisions about the issues listed on the agenda.

Article 9 – The written invitations to the convening of the General Assembly should be sent to the members of the General Assembly with mentioned the date and place and the agenda at least 10 days before the meeting along with the attached relevant documents.

Article 10 - The duties and powers of the General Assembly are as follows:

1. Addressing and making decisions on the annual operations report of the Board of Directors and Company's financial statements according to the reports by the independent auditor and inspector

2. Considering and approval of the Company's annual plan and budget general policies
3. Review and approval of the Company's overall policy
4. Setting the bylaws on investment, financial, employment and company's deals and trade and the process of awarding grants and loans by the Board of Directors proposal and providing to the Council of Ministers for approval
5. Election the members of the Board of Directors
6. Making decision to appoint and dismiss the independent auditor and legal inspector
7. Changing and reforming the statute to be presented to the Council of Ministers as well as taking decision on the increase and decrease in capital amount of the company and proposals to the Council of Ministers for approval
8. Making decisions about doubtful receivables and not-receivable loans
9. Determining the widely circulated newspaper to register the Company's ads
10. Determining the remuneration and reward of the Company's board members, in the case of remuneration, within the limits prescribed by the Council of salary and wage, and in case of bonus in accordance with the quorum stipulated in Article (241) amended the Commercial Code
11. Adoption of policies related to the support of research and development of electronic industry
12. Making decision on any other issue raised by the General Assembly President or the Company's Board of Directors, which addressing occurs within the competence of the General Assembly according to the law or the statute

Article 11 – The members of the company Board of Directors consists of five executive members, one of which is elected by the board of directors as the chairman. The board of directors elect a person from themselves or outside of the board as the CEO. The company's members of the board are appointed from highly educated people with records of management for two years, and their re-election is permitted.

Note 1 - The Company's CEO and board members, in addition to comply with the law on prohibiting the intervention of ministers and MPs and staff in national and state deals-adopted in 1959- are not allowed to directly or indirectly participate in the company's trading and deals.

Note 2 – The members of the board of directors are not allowed to accept any position (bound and non-executive) in other specialized holding companies and their subsidiaries.

Article 12 - Functions and Powers of the Board of Directors are as follows:

1. Follow-up of approved programs and projects by the company's target range
2. Implementation of the resolutions and decisions of the company's General Assembly
3. Review, preparation and setting the company's detailed budget and plan to be presented to the General Assembly for approval and supervision of the execution of the approved budget and program
4. Evaluation and approval of the Board of Directors annual operations report and company's financial statements for submission to the independent auditor and legal inspector
5. Preparation and developing investment, financial, trading, and employment bylaws and the process of awarding grants and loans to propose to the General Assembly for approval
6. Preparation of the company formation and structure and proving it to the Management and Planning Organization for approval
7. Making decision on the contracts that must be approved by the Board of Directors according to the company's internal regulations
8. Referral of the under dispute claims to arbitration as well as offering peace on claims to the General Assembly in compliance with Article Thirty-Nine constitution of the Islamic Republic of Iran
9. Approval of internal regulations and operating instructions and submission them to the General Assembly for approval
10. Proposal regarding internal and external borrowing and use of the facilities of banks and non-bank credit institutions and other needed methods of financing to the General Assembly
11. Considering the proposals on the establishment of branches or representatives of the company for decision-making and submission to the General Assembly

Article 13 – The CEO is the highest executive authority in the company that shall be elected by the Board of Directors, who has the necessary authorities to do all the company's affairs within the framework of the approved budget and program, statute and bylaws related to the General Assembly resolutions and decisions of the Board of Directors. He will also have the following duties and authorities:

1. Implementation of the resolutions and decisions of the General Assembly and the Board of Directors and performing all administrative and executive affair of the company within the approved budget
2. Provision and procurement for performing the approved programs
3. Designing and planning for the Company's approved programs
4. The company's representatives in judicial and administrative authorities and also against other natural and legal persons with the right behalf of others
5. Addressing and deciding on all administrative, training, employment and layoffs of the employees according to the company's internal regulations
6. Preparing and setting of financial statements and annual performance reports of the company
7. Plan a lawsuit against natural and legal persons and governmental and non-governmental institutions and companies in cases of necessity and defending all claims brought against the company and making mutual lawsuits, third party intervention, and defending the mutual claims in all bodies
8. Performing other tasks necessary to advance the company's goals

Note - The CEO can delegate part of his authorities by written notice to each member of the board of directors or other senior executives by his recognition and responsibility.

Article 14 - The members of the General Assembly, in case of not using the Audit Organization, shall select one or more people annually from the official accountants as auditor and inspector for the period of one year.

The auditor shall comment on the accuracy of financial statements prepared by the managers for submission to the General Assembly as well as on the accuracy of the information and content provided by the managers to the General Assembly, and needs to submit a comprehensive report on the situation of the company to the usual General Assembly. The

inspector's report should be sent to members of the general assembly at least ten days before the holding of the general assembly.

The decisions made about the company's financial statements by General Assembly without the inspector's report will be void.

Article 15 – The independent auditor and inspector can do any necessary inspection and investigation at any time, and ask for the documents and information related to the company for assessment.

Article 16 - If the independent auditor and inspector comes to any drawbacks during the inspection, he is required to notify the CEO in writing; if no action were taken to fix the problem, he can report the matter to the General Assembly.

Article 17 – The independent auditor and legal inspector have no right to intervene in the current affairs of the company, and shall perform their duties without disrupting the company's ongoing work.

Article 18 – The Company's fiscal year is from the beginning of April until the end of March of each year. The Company's financial statements together with the annual report of the Board of Directors should be given to the independent auditor and legal inspector in due course, and the auditors are required to submit their reports to the General Assembly at legal deadlines.

Article 19 – The financial resources of the company are provided from the following sources:

1. General budget
2. Gifts from natural and legal persons in compliance with applicable laws and regulations
3. Payment by units that operate with financial assistance and concessional loans by the Company according to mutual agreements
4. Raising the capital from internal and external sources
5. Other authorized routes

Article 20 - The Company's net profit will be always added the company's capital after legal deduction to strengthen the fund's activity.

Article 21- The Company is required, within six months from the date of notification of this Statute, to develop the relevant bylaws and submit them to the General Assembly for approval. As long as the regulations are not approved, the current regulations will be implemented.

This Statute has been approved by the Guardian Council pursuant to letter No. 80/30/3505 dated on July 5, 2003.

Mohammad Reza Aref

First Vice President