

STATUTE SAMPLE - 2

Statute of a Joint Stock Company

Pursuant to Article 35 of the Law No. 02/L-123, "*On Business Organizations*" and the provisions of the Law No. 04/L-006 on amending and supplementing the basic Law on Business Organizations in Kosovo, the Founders of the Joint Stock Company on . issue the :

STATUTE

OF

“ ” J.S.C..

(name of the Company)

(headquarter)

I. GENERAL PROVISIONS

Article 1.

The Statute regulates general issues of importance to the status, organization and operations of the joint stock company "**name**" in “headquarter” and the:

- Name and headquarter ;
- Founders of Company;
- Shares;
- Activity;
- Initial Capital and property;
- Sharing of profits;
- Bodies of the Company;
- Duty not to compete;
- Reserves and property;
- Employees;
- Dissolution of the Company;
- Final Provisions.

Article 2.

The company was founded with the Agreement on the establishment of the Joint Stock Company” “ j.s.c., approved by the founders on . .

Article 3.

The company is a legal person which is presented independently and has all powers in legal relations with third persons.

Article 4.

In compliance with it, the Company has the right to conclude contracts and perform other legal works and undertake actions in the framework of its legal and business abilities.

Article 5.

The company, in legal transactions is presented on behalf and account of itself, whereas for its own actions is liable by its all property.

II. NAME AND HEADQUARTER

Article 6.

The Company operates under the name: “ ” j.s.c. (Place).

Article 7.

Abbreviated name is: “ ” j.s.c. (place).

Article 8.

Headquarter of the company is in (place), street “ ” no. .

Registered agent of this business organization is (name and surname), who is a legal agent to receive services, notices, requests and other acts sent by public authorities.

III. COMPANY FOUNDERS

Article 9.

The founders of the Company are:

1. Name surname/or designation, with 60% of capital,
2. Name surname/or designation, with 30% of capital and
3. Name surname/or designation, with 10% of capital.

IV. SHARES

Article 10.

The share is an entirety of all the rights and obligations belonging to a member of the Company based on the initial capital.

The amount of shares

Article 11.

Shares are determined by the following percentages:

1. Name surname / or designation, with 60% of shares
2. Name surname / or designation, with 30% of shares
3. Name surname / or designation, with 10% of shares.

The register of shares

Article 12.

The register of shares is kept by the Chairman of the Board of Directors in such manner as provided by law. In relation to the Company, a member of the Company is only he who is registered in the Register of shares. The chairman of the Board is obliged to issue to any member of the Company, upon request, a Certificate on membership in the Company with the data which are subject of the registration in the Register of shares. Prior to the Assembly meeting of the Company, the chairman of the Board of Directors is obliged to issue to any member, the certificate with data on the number of votes he is entitled to, before issuing the Decisions in the Assembly.

Disposing of shares

Article 13.

Shares may be transferred and inherited. It is allowed to transfer a part of shares, provided that the shares were firstly offered to the members of the Company under the value of that time registered in the accounts.

If a member of the Company creates new shares, each part of shares of that member retains the independence.

In order to transfer of share or part of share it is necessary to sign a contract.

Transfer of shares or a parts of shares between members of the Company is free. A member may transfer the part of its shares to the Company if the conditions for acquisition of its own shares have been fulfilled.

To transfer shares or a part of shares to third persons who are not members of the Company, it is required the consent of the Company. The consent on behalf of the Company is provided by Assembly which may stop the consent on separation and transfer of shares or a part of shares.

Transfer of shares which is carried out contrary to the provisions of this Statute does not produce any legal effect and as such is null.

V. ACTIVITY OF THE COMPANY

Article 14.

The Company performs the activity as follows:

Example as follows:

4521-High and low construction,

4522-Establishment and construction of roof structures,

4523-Construction of highways, roads, airports and sports facilities,

4525-Other constructions specialized work,

Article 15.

The company has the right under the registered activity to perform also works of foreign trade.

VI. INITIAL CAPITAL AND PROPERTY OF THE COMPANY

Article 16.

Initial capital of the Company is in financial means, in the amount of 10,000 Euro (ten thousand euro).

1. Name surname/or designation with 60% respectively EUR 6.000,00 (six thousand euro),
2. Name surname/or designation with 30% respectively EUR 3.000,00 (three thousand euro) and
3. Name surname/or designation with 10% respectively EUR 1.000,00 (one thousand euro).

All future investments by the founders shall be in proportion with the percentage of the capital they have deposited in the Company.

A founder has the right to return the capital deposited in the Company in case of cessation of the activity of the Company as well as in other cases stipulated by the law and general acts of the Company.

Increase of initial capital

Article 17.

To increase the initial capital it is required the Decision of the Assembly on amending this Statute.

The Initial Capital can be increased by paying new shares or increasing the existing shares, but also by depositing assets and rights or reserves and profit of the Company in the initial capital.

Decrease of the initial capital

Article 18.

The reduction of the initial capital can made only based on a Decision of the Assembly of the Company on amending this Statute.

VII. PROFIT SHARING AND THE MANNER FOR THE TRANSFER OF RISKS AND COVERAGE OF LOSSES

Article 19.

The profit of the Company is determined at the end of a fiscal year, which means the calendar year, in accordance with the applicable provisions and those defined by the general acts of the Company.

Article 20.

The profit of the company is determined by the Assembly, that pursuant to the results of business of the Company within a fiscal year covers all business expenses including all the incomes of employees and other payments for contributions, taxes and other fiscal obligations.

Sharing of the profit is made after the approval of final account and after the report on the business operations by the Board of Directors.

Article 21.

On the use of the profit made and coverage of losses decides the Assembly in accordance with law and this Statute.

Article 22.

The profit made belongs to the founders who freely own and share in proportion to their shares.

Article 23.

Any founder has the right to withdraw the profit made completely, and to reinvest in whole or in part respectively to decapitalize it in the Company after the end of the fiscal year.

Article 24.

If the Company end the year in loss, it is compensated by the profit of the Company if such a profit is available.

If the Company has no profits, the losses shall be compensated by the initial capital, which is determined by a Decision, upon the approval of the final account where that loss was presented.

If the Company under the annual accounts presents a loss, it will be covered by resources provided by the applicable provisions.

Article 25.

The expenses of work and business operations of the Company shall be covered by funds in the current account.

Article 26.

The founders carry the risk of business operations of the Company through all the property that have.

VIII. BODIES OF COMPANY

Article 27.

The company has the following bodies: the Assembly as an autonomous body and the Board of Directors as a business executive body.

The Assembly

Article 28.

The Assembly consists of all members of the Company.

Powers of the Assembly

Article 29.

The Assembly decides on the following issues:

- amending and supplementing the Statute or normative acts of the Company;
- selection or dismissal of Directors;
- authorization for merger or major transactions under the law provisions (Article 211 of the Law on Business Organizations);
- dissolution of the Company under article 229 of the Law on Business Organizations;
- designation of independent auditors of the Company;
- approval of annual financial statements of the Company and which shall be prepared in accordance with international financial reporting standards and shall be published annually in the mass media and
- other issues of special importance.

Meetings of the Assembly

Article 30.

The Assembly holds the following types of meetings:

- a) annual meeting of Shareholders;
- b) extraordinary meeting of Shareholders and
- c) meeting under an order of the Court.

a) Annual meeting of Shareholders

Article 31

The company must hold a meeting of the Assembly (annual meeting) of Shareholders which shall be held within 30 days after the Board receives the financial audit report for the financial year but not later than 90 days after the end of the financial year of the Company.

The board must be assured that Shareholders have been provided with the Audited Financial Statement of the Company at least 30 days before the annual meeting.

The meeting of the Assembly of Shareholders is held in: the place to be determined

The meeting convened by the Board of Directors.

Notification for the meeting of the Assembly (annual meeting) and Proceedings

Article 32

The notice for the meeting of the Assembly of shareholders must be sent to each shareholder at least thirty (30) days earlier, to the addresses listed in the register of shareholders for each shareholder, as well as to each member of the Board of Directors. Moreover, the notification must be made by publication as required by law.

The notice must include the time and place of the Assembly and agenda. The notice shall state that if any party will not be present in the Assembly then the latter can be delayed for a suitable date, specifying the time and place: such a date can not be earlier than fifteen (15) days after the date set for the meeting or thirty (30) days after it.

Failure to notify each shareholder for the Assembly meeting may be eliminated if the person participates in the Assembly meeting personally or through his authorized representative. Failure to notify for the Assembly meeting each Member of the Board of Directors may be eliminated if most of the members of the Board of Directors personally participate in the Assembly meeting.

Any requirement for notification shall be considered abandoned if the Assembly acts according to the writing decision and if it is signed by all Members present.

The chairman of the Assembly must be able to chair the Assembly, to determine and declare the voting results;

Participants must be able to participate in discussions and vote on agenda items, also to read, receive or send any related document (if any).

The quorum of the Assembly

Article 33

The Assembly meeting may be held only if there is a quorum. The quorum is determined when the shareholders or their representatives are present. The quorum is attainable if the shareholders (or their authorized agents) representing at least fifty (50%) percent of the voting shares of the Company are identified as present in the Assembly meeting.

If there is no quorum within a reasonable period of time after the time set for the beginning, the annual meeting must be adjourned or delayed for a suitable date that is specified in the notice. In order to delay such an annual meeting, the quorum must have twenty-five percent (25%) of the Company's voting share. If in the delayed Assembly meeting there is no quorum within a reasonable period of time, the meeting shall be cancelled.

Chairman of the Assembly

Article 34

Chairman of the Board of Directors or person chosen by the majority of those present in the Assembly meeting shall be the Chairman of the Assembly. The Chairman of the Assembly shall, acting reasonably and in accordance with law and this statute, ascertain the presence of the quorum, manage the debate, keep the minutes of the meeting, ascertain and declare voting results.

b) Extraordinary meeting of shareholders

Article 35

The Company holds an extraordinary meeting of shareholders:

- a)** at the request of the Board of Directors or at the request of an authorized person for the intended purpose or
- b)** if the owners of at least 10% of all shares entitled to vote on a matter at the proposed meeting, sign and set the date and submit to the Company a written request for a meeting where the request shall contain: name, address, number of shares which they hold, purpose and agenda of the meeting.

Within 15 days after receiving the request by the Company, the Board of Directors must approve the Decision to hold or refuse the meeting. Within 5 days after approving the Decision, the Board of Directors shall send the Notice for the meeting to those persons who have submitted the request to the address noted in the request along with a copy of the Decision. A decision to refuse the meeting can be approved only if the procedures set forth in the point b of this article are not met, or if the shareholders who have submitted the request do not possess a sufficient number of votes required under this point, or if none of the issues proposed in the meeting request is not within the powers of the shareholders meeting.

Extraordinary meeting shall be held at the place specified in the statute of the Company or (if not specified therein) in a place determined by the Board of Directors in accordance with the statute of the Company. If the place of the meeting is not determined by the statute and neither by the Board of Directors, then the meeting is held at the registered office of the Company (Company Headquarters).

Only the issues highlighted within the purpose or purposes stated in the notice of the meeting may be discussed at the extraordinary meeting.

c) Meeting of Shareholders under the Order of Court

Article 36

If the annual meeting of shareholders is not held within the first 6 months after completion of the financial year the Company, or fourteen (14) months after the last annual meeting of shareholders (or twelve (12) months after initial registration of the Company, if any earlier meeting was not held), the competent court may issue a decision to have a meeting after a request made by shareholder or director who is eligible to participate and vote at the meeting in question.

If an extraordinary meeting is not held within thirty (30) days after submission of the request under the provisions of this Statute, or the date set for the meeting, the court may issue a decision on holding an extraordinary meeting upon request of any shareholder who has signed the request.

The court may issue other relevant decisions necessary to achieve the purpose of the meeting, including also the decision to hold the meeting and appointment of persons who will chair the meeting if the board refuses to do so, or decisions on the place and time of the meeting, setting the date for determination of shareholders entitled to vote, or to determine the form and content of the notice of the meeting.

Shareholder Votes

Article 37

Each shareholder whose name appears in the register of shareholders, thirty (30) days before the date when the annual meeting is called, shall have one vote for each share for which he is a registered holder in the register of Shareholders of the Company.

Each authorized shareholder will be appointed in writing by the relevant shareholder and must be received by the officer before the annual meeting.

A vote given by the authorized representative shall be valid regardless of the earlier dismissal of the authority of the person voting, unless the notice of dismissal was received by Officer prior to the Annual Meeting where the vote was given.

A decision place for voting at the annual meeting must be decided by a public vote counting. The counting must begin immediately when the chairman of the annual meeting instructs, in a way that enables the pro or against votes belonging to each share to be counted accurately. In case there is a even voting, the Chairman of the Assembly (if he or she is a shareholder) may have a crucial vote

The Assembly can only approve only decisions about issues summarized on the agenda for any special meeting, unless shareholders representing all shares of the Company and who are entitled to vote are present and agree otherwise.

The written decision signed by all shareholders of the Company shall have the same effect same as the decision that was passed at the Annual Meeting that was called and held. Any such decision may consist of several documents having identical content and form, each signed by one or more shareholders.

Board of Directors

Article 38

The business operations and obligations of the Company will be managed by the Board of Directors, as defined in this statute and the law.

The Board of Directors, is established pursuant to the Law No. 02/L-123, "On Business Organizations", respectively article 170, in the following composition:

Mr. name and surname,	<u>position.</u>
Mr. name and surname,	<u>position.</u>
Mr. name and surname,	<u>position.</u>
Mr. name and surname,	<u>position.</u>
Mr. name and surname,	<u>position.</u>

Powers of the Board of Directors

Article 39

Board of Directors has the following powers:

- taking Decisions on all issues except the decisions reserved for the shareholders by law or this Statute ;
- approval of strategic business plans of the Company;
- convening annual and extraordinary meetings of shareholders;
- preparation of the initial agenda of the meeting of shareholders;
- setting the date for the list of shareholders entitled to participate in the meeting of shareholders;
- emission of shares within the limits established in this Statute;
- opportunity to purchase shares or securities;
- employment of officials;
- determining the reward and other conditions of the agreement with the auditor of the Company;
- determining the amounts and setting the dates of payment and procedures for payment of dividends;
- approval of the annual report of the Company and annual assessment of profits and losses which are then submitted to shareholders for approval;
- as well as deciding for all other matters related to the exclusive powers of the Board of Directors set forth in this Statute.

Meetings of the Board of Directors

Article 40

Board of Directors holds a regular meeting which is known as the annual meeting immediately following each annual meeting of shareholders. Other regular meetings are held at the time and place set by the Board at the annual meeting or at a Board meeting, upon which all Directors were notified.

Notice of the meeting must have the agenda and must be submitted by hand at least three days before the meeting by fax or e-mail, or by any other means that ensure timely receipt. In cases of emergency, the notice of meeting must be sent in paper and delivered by hand, fax or e-mail, at least one day before the meeting.

At the meeting, the Chairman of the Board of Directors, acting reasonably and in accordance with law and this Statute, shall determine the presence of a quorum, manage the debate, and keep the minutes of the meeting, as well as determine and declare the voting results.

Meetings of the Board of Directors have validity if the majority of Directors are present and shall proceed with an affirmative vote of the majority of Directors present in the meeting. Directors who can abstain from voting and Directors who have disclosed a conflict of interest will not be included in the counting regarding the majority. In case of an even voting, the Chairman of the Board of Directors must have the crucial vote.

If, due to vacancies, the number of Directors is less than the number set as a quorum, the remaining Directors (or the Director) may act only for the purpose of calling the Assembly to fill the vacancies.

IX. DUTY NOT TO COMPETE

Article 41

The Chairman of the Board, other directors and members of the Company may not, directly or indirectly, regularly or temporarily, for their own account or else, work in other business Companies, or other works which are listed in the activities of the Company. Also, they must not have other shares in other Companies or be members of such Companies, if that activity is not allowed in advance by the Assembly.

Article 42.

If a member of the Company acts in contradiction with the previous article, the Company may be asked for compensation of damage caused.

X. RESERVES AND PROPERTY OF THE COMPANY

Article 43.

The Company is obliged to create mandatory reserves. Establishment of mandatory reserves is ensured by the Board of Directors.

Mandatory reserves consists of 5% of profits until the reserves reach the amount of 10% of the initial capital. After reaching this amount, mandatory reserves must remain at that level.

Decisions on other eventual reserves of the Company which would be established from deduction of profit are issued by the Assembly, if it considers that such reserves are necessary.

Article 44.

Property consists of the property rights in movable and immovable assets, financial means and securities and other property rights.

XI. EMPLOYEES

Article 45.

Decisions on recruiting and termination of engagement of employees and other persons for the needs of the Company are taken by the Board of Directors.

In the governance of the Company, participation in profits and exercise of other rights of employment, the employees enjoy the rights provided by law and other normative acts of the Company.

XII. DISSOLUTION OF THE COMPANY

Article 46.

The Company is founded for an indefinite period and can be dissolved only in the cases and the manner prescribed by law and this Statute.

Article 47.

The Assembly decides on dissolution. The Decision is issued in the form of a public written document. In that case, it is followed the determined liquidation procedure.

XIII. FINAL PROVISIONS

Article 48.

The duration of this Company is not limited in time. It is founded for an indefinite period of time.

Article 49.

The Company may be joined by other stakeholders by depositing certain means and by approving the Annex Agreement on the Foundation and the Annex Statute of the Company and other conditions which may be determined in the Annex Agreement respectively Annex Statute.

Article 50.

General acts of the Company must be in compliance with this Statute.

Article 51.

The Company can change its name, headquarter and activity through a Decision of the Company, in a written form.

Article 52.

This Statute shall enter into force eight days after its approval by the Assembly.

Article 53.

The Agreement on the Establishment of the Company shall enter into force on the day of registration of the Company in the KBRA.

Article 54.

The Chairman of the Board of Directors shall perform the registration of members of the Company in the Register of shares within 8 days of registering the Company in the KBRA.

Founders:

- 1. Name surname / or designation: _____
- 2. Name surname / or designation: _____
- 3. Name surname / or designation: _____

Note: After entering the data delete the text in yellow.