



# **QATAR ELECTRONIC SYSTEMS COMPANY**

## **DIVIDEND DISTRIBUTION POLICY**

**JUNE 2024**



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# 1 Introduction

## 1.1 Purpose

- Disclosure and transparency of the dividend distribution (“**DD**”) is one of the key responsibilities for Qatar Electronic Systems Company (“**TechnoQ**” or the “**Company**”) and its Board of Directors’ (“**BoD**” or the “**Board**”) with support from the Audit and Risk Committee (“**ARC**”), other Board committees, Chief Executive Officer (“**CEO**”), Managing Director (“**MD**”), and Executive management team (“**EMT**”).
- The Company has an obligation to ensure that all information disclosed for dividends with the external stakeholders comprising of the investors, customers, shareholders, external auditors, regulators, and Government authorities, is accurate, clear, and credible, ensuring compliance with the regulatory directives of Qatar Stock Exchange (“**QSE**”), Qatar Financial Markets Authority (“**QFMA**” or the “**Authority**”), and other concerned regulatory bodies, as applicable in the State of Qatar.
- The Company’s Compliance Officer (“**CO**”) will be responsible to maintain and implement this Policy on behalf of the Board, with necessary support from the Board, Board committees, Board secretary, CEO, MD and EMT. The CO and/or authorised delegate will be responsible to review this Policy, on behalf of the Board, at least on an annual basis, with support from the CO, EMT, to ensure alignment with the business necessities and requirements of the compliance program.
- This DD Policy is established in accordance with the provisions of the Authority’s governance code (the “**Code**”) for companies and legal entities listed on the QSE, Company’s Articles of Association (“**AoA**”) and the Commercial Companies Law of 2015 (“**Companies Law**”).
- This Policy is applicable to all Board members, CEO, MD, EMT, employees and independent contractors of the Company, collectively to be known as “**Covered Persons**,” and mandates that these Covered Persons adopt to the highest standards of lawful conduct and diligence, in both personal and professional capacities, to ensure adequate compliance of the Policy in line with the requirements of the Code.

## 1.2 Scope and objectives

- The Company’ dividend distribution policy provides the process for determination, declaration, and distribution of Company’s dividends, in a clear and transparent manner, ensuring the best interests of both the Company and its shareholders.
- The dividend is driven by the Company’s financial performance, profitability, growth outlook, expansion strategies and capital requirements.
- In accordance with the Company’s AoA, the declaration, amount and payment of dividends is determined by majority vote of the shareholders at an annual general meeting of the Company.
- The Board resolution will specify the distribution date and it will be executed as pursuant to the rules and regulations of the Authority and Company’s legal framework.
- The shareholders will be informed of the Company’s dividend distribution process during the General Assembly (“**GA**”) and reference will be made to it in the Board report, in line with this Policy.



### 1.3 Guidelines

- Pursuant to the Companies Law and Company's AoA, the following key aspects will be considered for dividend distribution, but not limited to:
  - ✓ The Company will transfer ten percent (**10%**) of its net profits in each year to a statutory reserve until such reserve equals at least fifty percent (**50%**) of its paid-up capital;
  - ✓ In addition, the Company is obligated, in accordance with **Article (188)** of the Companies Law and the Company's AoA, to set aside, a portion of its profits to cover its liabilities towards its employees;
  - ✓ The percentage of net profit to be transferred to cover the Company's employment liabilities will be determined in the GA of the Company;
  - ✓ Up to five (**5%**) of the net profits or share capital may be distributed as dividends to shareholders after making necessary deductions;
  - ✓ The dividends will be paid to shareholders at the place and on the dates (provided within thirty (30) days of the resolution) of the GA, as determined by the Board; and
  - ✓ In case if the Company's earnings are low and cannot meet the threshold of dividend advice as per this Policy, the Board will recommend appropriate action.

### 1.4 Claims protocol

- The dividends will depend on the Company's results of operations, financial position, cash requirements, legal reserve, minimum capital requirements, future prospects and other factors deemed relevant by the Board and the shareholders.
- The Board will present its recommendation on dividend distribution at the Company's GA for shareholders' approval, for the amount or percentage of dividends to be distributed and the date of distribution.
- These dividends, whether they be in cash or bonus shares will be given to shareholders who are listed in the records kept at the depository as they appear at the end of trading session on the day on which the GA is convened.
- Shareholders will be entitled to their dividends within a specified period from the GA's approval based on the percentage of capital or net profits, to be distributed as dividends.
- The Board will ensure that the timeline is strictly adhered to and that the exact date of payment will be declared in advance. The Company will appoint an authorized local bank in the State of Qatar for processing the payment of dividends.

Mentioned below are documents required for claiming dividends.

#	RECEIVER OF DIVIDEND	DOCUMENTS REQUIRED
1	Shareholder for his own dividend <b>only</b>	<ul style="list-style-type: none"> <li>• Original valid QID of shareholder</li> </ul>
2	Shareholder for his own and his minor's dividends	<ul style="list-style-type: none"> <li>• Original valid QID of shareholder</li> <li>• Original valid QID or birth certificate of the minors or valid special power of attorney</li> </ul>
3	Representative of a shareholder to collect for shareholder <b>only</b>	<ul style="list-style-type: none"> <li>• Original valid QID of representative</li> <li>• Original copy of authority letter</li> <li>• Original valid QID of shareholder</li> </ul>



4	In case of a mother representing minors	<ul style="list-style-type: none"> <li>• Original valid special power of attorney authorizing the mother</li> </ul>
5	Representative of a shareholder to collect including minors of shareholder	<ul style="list-style-type: none"> <li>• Original valid QID of representative</li> <li>• Original copy of authority letter with names of minors, and QID number stated in the letter</li> <li>• Original valid QID or birth certificate of the minors or valid special power of attorney</li> </ul>
6	In case if shareholder is deceased	<ul style="list-style-type: none"> <li>• Original court inheritance certificate</li> </ul>
7	Corporate shareholders	<ul style="list-style-type: none"> <li>• Original copy of authority letter</li> <li>• Photocopy of commercial registration</li> <li>• Photocopy of the QID of authorized signatory</li> <li>• Original valid QID of representative</li> </ul>

- The dividend distribution policy will be reviewed by the Board and/or authorised delegate, at least on an annual, basis which it may amend, abrogate, modify, or revise any provisions pertaining to dividend distribution, as deemed necessary, to ensure alignment with the Company's objectives and requirements of the Code.