

**Resolution of the Cabinet of Ministers of Ukraine**  
**On Adopting Articles of Association**  
**of the State Joint-Stock Company “Khib Ukrainiy”**

**No.1375**

**November 12, 1996**

Cabinet of Ministers RESOLVES:

To adopt enclosed Articles of Association of the state joint-stock company “Khib Ukrainiy”

Adopted by the Resolution of the Cabinet of Ministers of Ukraine of November 12, 1996 No.1375

Articles of Association of the state joint-stock company “Khib Ukrainiy”

I. General Provisions

1. State joint-stock company “Khib Ukrainiy” (hereinafter referred to as Company) was established according to the Resolution of the Cabinet of Ministers of Ukraine of August 22, 1996 No.1000 “On Establishing State Joint-Stock Company “Khib Ukrainiy”.

2. Name of the Company:

Full:

In Ukrainian – Derzhavna aktsionerna kompaniya “Khib Ukrainiy”;

In English – The state joint-stock company “Khib Ukrainiy”;

Abbreviated:

In Ukrainian – DAK “Khib Ukrainiy”;

In English – SJSC “Khib Ukrainiy”;

3. Location of the Company:

Ukraine, 252033, city of Kyiv, 1, Saksaganskogo Str.

I. Legal Status of the Company

1. Company is a legal entity starting from the day of its state registration.

Company has a seal with its name, trade mark adopted by the Management Board of the Company and registered according to the current legislation, independent balance, settlement and other accounts with banking institutions.

2. Company has a right to open accounts (in the currency of Ukraine and foreign currency) to deposit funds and to perform all types of the settlement, credit, cash operations in any banking institution both at the place of the Company’s registration and at the place of location of its branches and representative offices according to the current legislation of Ukraine.

3. Company shall carry out its activity according to the legislation of Ukraine and these Articles of Association.
4. Company is a legal successor of the rights and obligations of the Main Department on Bread-Stuffs and Main Department of the Mixed Feed Industry of the Minsil' gospprod and is included into the agroindustrial complex of Ukraine.
5. Property of the Company includes capital assets and working capital and also valuables which value shall be reflected in the Company's balance.

Property of the Company is owned by the state and belongs to the Company on the full economic control basis.

6. Company owns the following:

property, turned over by the establisher;

stocks of the open joint-stock partnerships, included into its registered fund according to the Resolution of the Cabinet of Ministers of Ukraine of August 22, 1996 No.1000;

grain, products of its processing, non-grain raw materials, obtained by the Company as a result of its commercial activity, and products manufactured from the above indicated raw materials;

another property, securities purchased on the basis not prohibited by the current legislation;

profits received from the own economic activity.

Company shall bear a risk of the accidental destruction or damage of property that belongs to the Company or that was given for its utilization.

7. Company shall independently possess, utilize and dispose of the property in accordance with the purpose of its activity, these Articles of Association and current legislation.
8. Company has the right to conclude agreements (contracts) namely, agreements for purchase and sale, property insurance, transportation, storage, commission, etc. Company also has the right to obtain property and personal non-property rights, to undertake obligations, participate in the hearings, court of arbitration and also in the courts of other states.
9. Company has the right in accordance with the determined by the legislation procedure for the following:

to issue securities;

to establish at the territory of Ukraine and abroad branches, representative offices and affiliates;

to establish associations and to enter into associations with other economic agents;

to perform another activity that does not contradict with current legislation.

10. Established by the Company branches, representative offices and affiliates may receive fixed assets and working capital belonging to the Company. Their activity shall be managed by the directors appointed by the Company's Management Board. Candidates for the directors of branches, representative offices and affiliates shall be agreed by the Management Board of the Company with the Rada of Ministers of the Autonomous Crimean Republic or with respective regional state administration.
11. Company shall incur liabilities only within the limits of its property.
12. After transformation of the state and rental enterprises into open joint-stock ventures Company shall receive from the State Property Fund for the trust management blocks of shares belonging to the government.
13. Company shall independently determine structure, personnel arrangements, procedures for remuneration and stimulation of labor of the Company's employees including employees of the branches, representative offices and affiliates.

I. Purpose and directions of the Company's activity

1. Company has the following purposes of its activity:

to satisfy needs of the state regarding the purchase for the state resources in accordance with state orders of grain, elite and selected seeds, their storage and distribution between consumers by the consent of the Cabinet of Ministers of Ukraine;

participation in the intermediary operations on the purchase of grain, products of its processing, non-grain raw materials, agricultural products for the national, regional and other needs at the domestic market to earn profit;

fulfillment of the export and import operations with grain, products of its processing, non-grain raw materials, agricultural products and technological equipment according to both own and intergovernmental agreements.

2. There are following directions of the Company' activity:

development of balances of the state resources of grain and seeds for the Autonomous Crimean Republic and regions, organization of the execution of the state order and utilization of the state resources of grain and seeds by the consent of the Cabinet of Ministers of Ukraine;

storage of the purchased for the state resources grain and seeds, elite and selected seeds;

fulfillment of the intermediary, trade and procurement activity directed to satisfy needs of enterprises and regions regarding food and fodder grain, products of grain processing, non-grain raw materials, elite and selected seeds, studying of the market conditions and organization of advertisement;

production of flour, cereals, bread and macaroni products, mixed feed and other food and feed products;

determination and studying of the main methods for improving technologies of transportation, processing and storage of grain, grain grinding and cereals, mixed feed and macaroni products;

investing into the scientific, research and production activity from the sectoral non-budget special purpose fund;

fulfillment of the functions of the authorized entity in utilizing rights for the participation in management of the joint-stock ventures, performed by shares owned by the state;

conduction of the unified scientific, research and investment policy in the area of grain products;

performance of the foreign economic activity according to the current legislation of Ukraine based on the principles of currency self-accounting and self-financing;

issuance of securities, their sale and purchase at the domestic and foreign markets;

rendering of the informational, methodological, marketing and consulting services;

rendering services in organization of the supply of raw materials, equipment, spare parts, package materials;

ensuring execution of the state orders in the area of the civil defense and mobilization training;

methodological assistance in labor protection, fire and explosive safety;

performance of other types of activity that do not contradict with current legislation in accordance with the objectives of the Company, determined by these Articles of Association;

#### IV. Shareholders of the Company

3. Legal and natural entities of Ukraine, foreign states and persons without citizenship may become shareholders of the Company.

4. Shareholder of the Company has following rights:

to participate in the general meetings of the shareholders;

to be elected to the Supervising Council, Revision Commission and other bodies of the Company. Moreover, before the first general meeting of the shareholders members of the Supervising Council, Head of the Management Board and his deputies shall be adopted by the Cabinet of Ministers of Ukraine;

to participate in the management of the Company according to the procedure determined by these Articles of Association;

to participate in the distribution of profit of the Company and to receive its share (dividends);

to receive information about the Company's activity. Company is obliged to submit shareholders by their request with annual balances, protocols of the general meetings;

to receive part of the value of the Company's property proportional to the value of his shares in case of the Company's liquidation;

to transfer his shares according to the procedure determined by the current legislation and these Articles of Association and to bequeath them;

for the preferable right to purchase additionally issued shares of the Company.

Shareholders may also have other rights provided by the current legislation.

5. Shareholder of the Company has following obligations:

to observe requirements of the statute documents of the Company, fulfill decisions of the general meetings and other bodies of the Company's management;

not to disclose commercial secrecy and undisclosed information about Company's activity;

to fulfill other obligations provided by the current legislation of Ukraine.

6. Shareholders shall meet liabilities of the Company within the limits of the their stocks.

#### V. Authorized fund of the Company

7. Authorized fund of the Company equals to 366 million hrivnas.

8. Authorized fund of the Company is subdivided into 1465300 common registered stocks with the face value of 250 hrivnas each. 100 per cent of the Company's shares are owned by the government until the special decision of the Cabinet of Ministers of Ukraine about privatization of the Company's property.

9. Procedure of the operations with stocks (registering of the shareholders, placing of stocks, their purchase and sale, etc.) shall be determined by the Supervising Council of the Company in accordance with the current legislation.

10. Company has the right to change (increase or decrease) amount of the authorized fund;

11. Amount of the authorized fund may be increased by the following ways:

issuing and selling new stocks in accordance with the procedure provided by the current legislation;

increasing face value of the issued stocks;

converting Company's bonds into stocks.

12. Amount of the authorized fund may be decreased by the following ways:

decreasing nominal(face) value of the issued stocks;

annulment of stocks purchased by the Company from shareholders.

13. Decision about changing (increasing or decreasing) amount of the authorized fund shall be made by the highest body of the Company.

Changes in the Articles of Association connected with increasing or decreasing Authorized fund shall come into force from the moment when they are made in the national register.

#### VI. Stocks of the Company

14. Company shall issue common registered shares in the amount of its authorized fund and register them according to the procedure provided by the current legislation.

15. Until the special decision of the Cabinet of Ministers of Ukraine about privatization of the Company's property State Property Fund cannot alienate stocks of the Company owned by the government.

16. After the special decision of the Cabinet of Ministers of Ukraine shareholders of the Company may dispose of the Company's stocks at their own discretion without restrictions, namely, sell or otherwise alienate in favor of the legal and natural entities unless otherwise is provided by the legislation.

#### VII. Profit of the Company and its distribution procedure

33. Profit of the Company is received from incomes from economic and commercial activity after covering material and other expenses for the remuneration of labor, allocations to the budget and other obligatory payments determined by the legislation. Net profit received after above-mentioned settlements shall remain at full disposal of the Company.

34. Loss compensation procedure from the net profit shall be determined by the highest body of the Company according to these Articles of Association and current legislation of Ukraine.

Company shall establish:

Reserve (Insurance) Fund;

Accumulation Fund;

Material Incentive Fund and other funds.

Reserve (Insurance) Fund of the Company shall be established by annual payments in the amount equal to 5 per cent of the net profit of the Company and shall be utilized to cover expenses connected with compensation of losses and additional expenses.

Assets of the Reserve (Insurance) Fund shall be transferred to the special account in the banking institutions. The highest body of the Company shall make decision on utilization of fund's assets.

Accumulation Fund shall be established from the net profit of the Company by annual payments amounting to not less than 30 per cent of the net profit and utilized for the strengthening of the material and technical base of the Company. Fund's limits, procedure and direction of the fund's utilization shall be adopted by the Management Board of the Company.

Material Incentive Fund shall be established from the net profit of the Company by annual payments amounting to not less than 20 per cent of the net profit and utilized for the social security and material incentive of the Company's employees.

Other funds can be also established by the decision of the highest body of the Company. The highest body of the Company shall adopt their utilization procedure by the request of the management Board.

#### VIII. Managerial bodies of the Company

35. There are following bodies managing and controlling activity of the Company:

general meetings of the shareholders of the Company;

Supervising Council;

Management Board of the Company;

Revision Commission.

36. The highest body of the Company is general meeting of the shareholders.

Before the first general meeting of the shareholders functions of the highest body of the Company shall be performed by the Supervising Council (except powers regarding reorganization, liquidation of the Company and changes of the amount of the authorized fund).

Powers of the general meeting and their decisions, procedure and terms of their convocation shall be determined according to the current legislation of Ukraine and these Articles of Association.

37. Highest body of the Company has the following competence:

to determine main directions of the Company's activity;

to determine organizational structure of the Company;

to adopt Articles of Association of the Company and to amend them.

to elect and recall members of the Supervising Council of the Company (except period before the first general meeting of the Company's shareholders when members of the Supervising Council of the Company shall be adopted by the Cabinet of Ministers of Ukraine);

to elect and recall members of the Management Board and Revision Commission (except period before the first general meeting of the Company's shareholders when Head of the Management Board and his deputies shall be adopted by the Cabinet of Ministers of Ukraine);

to confirm annual results of the Company's activity, reports and summaries of the Revision Commission, profit distribution procedure;

to determine loss compensation procedure;

to make decision on property accountability of the officials of the Company;

to confirm rules, procedures and other internal documents of the Company;

to make decisions on acquisition by the Company of the own stocks (after the special decision of the Cabinet of Ministers of Ukraine about privatization of the Company's property State Property Fund cannot alienate stocks of the Company owned by the state);

to adopt agreements concluded for the amount that do not exceed 20 per cent of the authorized fund of the Company;

to make a decision about terminating activity of the Company, appoint liquidation commission, adopt liquidation balance.

The highest body may also consider other issues of the Company's activity.

38. Before the first general meeting of the Company's shareholders Supervising Council shall control activity of the Management Board of the Company.

Supervising Council has following functions:

adopts Head of the Management Board of the Company (except the period before the first general meeting of the shareholders when the head of the Management Board of the Company shall be adopted by the Cabinet of Ministers of Ukraine);

adopts by the request of the Head of the Management Board members of the Management Board of the Company and Revision Commission;

arranges operations with the real estate of the Company which balance value exceeds 20000 minimum wages on the date of the above-mentioned operations;

analyses activity of the Management Board on Company's management, fulfillment of the investment, technical and pricing policy;

initiates, if necessary, special revisions and audit examinations of the financial and economic activity of the Company;

submits to the Cabinet of Ministers of Ukraine proposals regarding Company's activity;

arranges establishment, reorganization, liquidation of branches, representative offices and affiliates of the Company.



Supervising Council has the right to receive information about Company's activity, consider reports of the Management Board and officials of the Company regarding certain issues of their activity. It also has the right to terminate authorities of the members of the Management Board, adopted by the Supervising Council, to invite experts to study definite issues of Company's activity.

Supervising Council shall conduct meetings on the quarterly basis. Special meetings shall be conducted by the request of the Head of the Supervising Council or one third of the total amount of its members and also Management Board or Revision Commission of the Company. Members of the Supervising Council shall be informed about special meeting not less then 20 days before the appointed date of the meeting.

Supervising Council is competent to resolve issues submitted for its consideration if not less then  $\frac{2}{3}$  of its members are present at the meeting (during the period when Supervising Council performs functions of the highest body of the Company -  $\frac{3}{4}$  of its members).

Decisions of the Supervising Council shall be made by the majority of its members. In the case of equality of voices, voice of the Head of the Council shall be deciding.

During the period when Supervising Council performs functions of the highest body of the Company, decisions in its competence shall be made by the  $\frac{3}{4}$  of voices of the Supervising Council present at the meeting.

39. Management Board of the Company is an executive body managing its current activity. Management Board shall act based on the provisions adopted by the Supervising Council.

Members of the Management Board shall include:

Head of the Management Board;

First Deputy to the Head of the Management Board;

Deputies to Head of the Management Board;

Chief Accountant of the Company.

Meetings of the Management Board of the Company shall be conducted not less then one time per month and shall be considered lawful if  $\frac{2}{3}$  of members of the Management Board are present. Decisions of the Management Board shall be made by the majority of voices. In the case of equality of voices, voice of the Head of the Management Board shall be deciding.

Special meetings of the Management Board shall be conducted by the request of the Head of the Management Board or by the request of the  $\frac{1}{3}$  of the total amount of its members.

Management Board shall adopt rules and time limits for conducting meetings of the Management Board.

Management Board is competent to consider all issues of the Company's activity except issues which according to the current legislation, theses Articles of Association or

decision of the highest body of the Company shall be considered exclusively by another body of the Company, namely:

organization of the economic, commercial and foreign economic activity, financing, accounting and reporting, operations with securities, participation of the Company in other associations, purchase of stocks of other joint-stock ventures;

issues connected with control over branches, representative offices and affiliates, established by the Company, ensuring execution of their duties;

determining authorities of the representatives of the Company for the participation in the general meetings of the shareholders of enterprises which stocks (shares) are owned by the Company;

preliminary discussion of the issues subject to the consideration at the meetings of the Supervising Council, preparation of the respective documents, ensuring execution of the decisions of the Supervising Council;

ensuring observance by the Company, its branches, representative offices and affiliates of the current legislation of Ukraine;

selection of personnel;

adoption of instructions and other normative documents of the Company within its competence;

consideration of the revision and examination documents and also reports of the heads of branches, representative offices and affiliates established by the Company, making decisions regarding respective issues;

development of the annual reports and balances of the Company;

other issues of the Company's activity. The highest body of the Company can make decisions regarding partial transfer of its duties to the Management Board.

Management Board shall independently resolve issues regarding management of the Company's property except those that according to the current legislation and these Articles of Association or decision of the highest body of the Company are related to the competence of the other bodies of the Company's management.

Management Board shall be elected for 5 years and accountable to the highest body and Supervising Council of the Company. Management Board shall organize execution of the made decisions.

40. Head of the Management Board performs current management of the Company's activity and bears responsibility for the fulfillment of the tasks and functions of the Company.

Head of the Management Board shall act in accordance with current legislation and these Articles of Association.

Head of the Management Board has the following rights:

to represent without instructions interests of the Company and to act on its behalf;

to manage property and assets of the Company within limits determined by the Articles of Association of the Company and decisions of the Supervising Council;

to open accounts in the banking institutions of Ukraine and abroad to deposit assets and to perform all types of settlements, credit and cash operations of the Company;

to issue instructions;

to determine labor remuneration procedure for the officials of the Company, its affiliates, branches and representative offices;

to adopt staff, appoint and discharge employees of the Company;

to encourage employees and place disciplinary penalties;

Head of the Management Board based on the decisions made by the Management Board:

issues orders regarding Company's activity;

confirms provisions regarding structural subdivisions of the Company;

with the purpose of protecting interests of the Company determines contest and scope of the information classified as commercial secrecy of the Company and its protecting procedure;

participates in the meetings of the Supervising Council with the right of deliberative voice;

performs other functions in accordance with the current legislation of Ukraine and these Articles of Association.

41. Revision Commission consisting of three people performs control over financial and economic activity of the Company.

The highest body of the Company shall elect members of the Revision Commission for the period of two years.

Revision Commission shall be accountable only to the highest body of the Company.

Revision Commission shall perform its activity based on the Provisions on Revision Commission adopted by the Supervising Council.

Revision Commission has the right to invite for its purposes experts and representatives of the audit organizations.

Members of the Revision Commission have the right to participate in the meetings of the Management Board of the Company with the right of the deliberative voice.

Revision Commission shall develop summaries based on the annual reports and balances. Supervising Council has no right to adopt annual balance without summaries of the Revision Commission.

Members of the Revision Commission receive award and compensation from the funds of the Company for performing their duties.

42. Employees of the Company shall perform control over financial and economic activity of the branches, representative offices and affiliates of the Company.

#### IX. Accounting of the Company

43. Company performs routine and business accounting of the results of its activity according to the current legislation of Ukraine and also statistical accounting and submits it in accordance with determined procedure and scope to the State Statistic bodies.

44. First financial year shall start from the date of Company's registration and end on December 31 of the same year; next financial years shall coincide with calendar ones.

45. Full documentation shall be executed by the place of location of the executive body of the Company.

46. Balance, loss and profit account shall be calculated in the national currency of Ukraine.

47. Financial results of the Company's activity shall be determined based on the annual accounting balance sheet.

#### X. Procedure of amendments to the Company's Articles of Association

48. Amendments to the Company's Articles of Association shall be in competence of the highest body of the Company.

49. Decision of the general meeting regarding amendments to the Company's Articles of Association shall be made by 3/4 of the shareholders' voices participating in the meeting (during the period when Supervising Council performs functions of the highest body of the Company - 3/4 voices of the members of the Supervising Council participating in the meeting).

#### XI. Termination of the Company's activity

50. Activity of the Company shall be terminated by its reorganization (amalgamation, joining, division, separation, transformation) or liquidation.

51. Reorganization of the Company shall be made by the decision of the highest body of the Company.

52. After reorganization of the Company all its rights and obligations shall be transferred to the assignee.

53. Company may be liquidated in the following cases:

by the decision of the Cabinet of Ministers of Ukraine - before the decision of the Cabinet of Ministers of Ukraine about privatization of the Company' property;

by the decision of the highest body of the Company - after the decision of the Cabinet of Ministers of Ukraine about privatization of the Company' property;

based on the decision of the court or arbitration court.

54. Liquidation of the Company shall be performed by the Liquidation Commission appointed by the body that made a decision on liquidation.

55. Starting from the date of appointment of the Liquidation Commission it shall receive authorities to manage Company's activity. Liquidation Commission shall inform through one of the official mass media authorities about beginning of the Company's liquidation and terms for submitting claims.

56. Liquidation Commission shall evaluate available property of the Company, determine its creditors and debtors, settle them up, take measures to pay debts of the Company to the third persons, execute liquidation balance and submit it to the highest body of the Company or to the body appointing Liquidation Commission.

57. Available funds of the Company including assets received after the sale of its property shall be directed to the labor remuneration of the employees of the Company and also to the settlements with budget, banks and other creditors.

58. If assets of the Company do not cover all liabilities to creditors they shall be subdivided between creditors proportionally to the amounts of claims of creditors in order of priority according to the current legislation.

59. Company shall be considered liquidated from the moment when respective entry is made in the State Register.