

Rights Issue Prospectus

Methanol Chemicals Company

Methanol Chemicals Company is a Saudi joint-stock company established under the Ministry Decision No. (Q/286) dated 04/11/1428H (corresponding to 11/14/2007G) and with Commercial Registry No. (2050057828) issued from Jubail on 28/12/1409H (corresponding to 08/01/1989G).

Offering of (48,000,000) ordinary shares at an offering price of 10 Saudi Riyals per share through the issuance of Right Issue shares with a total value of (480,000,000) Saudi Riyals, which represents an increase in the company's capital by about (71.16%) so that the company's capital becomes (1,154,508,630) Saudi Riyals.

Trading period: starts on **/~/**H (corresponding to **/~/****G) and ends on **/~/****H (corresponding to **/~/****G).**

Subscription period: starts on **/~/**H (corresponding to **/~/****G) and ends on **/~/****H (corresponding to **/~/****G).**



Methanol Chemicals Company ("Chemanol" or "the Company") is a Saudi joint-stock company, which was initially established as a limited liability company with commercial registration No. (205001870) and dated 28/12/1409H (corresponding to 08/01/1989G) under the name "Saudi Formaldehyde Chemical Company Limited". On 20/7/1427H (corresponding to 08/15/2006G), the company's Articles of Association were changed so the name of the company becomes "Methanol Chemicals Company Ltd.", then it was transformed into a Saudi joint-stock company according to the Ministry Decision No. (Q / 286) dated 04/11/1428H (corresponding to 11/14/2007G) and its new commercial registration was issued (2050057828). On 20/09/1441H (corresponding to 05/13/2020G), the extraordinary general assembly of the company agreed to move the main headquarters of the company from Dammam to Jubail Industrial City. The company's capital is six hundred seventy-four million, five hundred eight thousand, six hundred thirty (674,508,630) Saudi Riyals, divided into sixty-seven million, four hundred fifty thousand, eight hundred and sixty-three (67,450,863) ordinary shares ("the shares") with a nominal value of ten (10) Riyals per share paid in full value (referred to individually as "current share" and collectively as "current shares"). As at the date of this prospectus (the "prospectus"), the major shareholders in the company (who own 5% or more of the company's shares) are: Mohammed Jalal and Sons Company Ltd. which owns (5%). The company's board of directors recommended in its decision on 24/02/1442H (corresponding to 10/11/2020G) to increase the company's capital by offering Right Issue shares of four hundred and eighty million (480,000,000) Saudi Riyals conditional on the approval of the extraordinary general assembly to reduce the company's capital from one billion, two hundred and six million (1,206,000,000) Saudi Riyals to six hundred seventy-four million, five hundred eight thousand, six hundred and thirty (674,508,630) Saudi Riyals.

On **/~/****H (corresponding to **/~/****G), the extraordinary general assembly of the company agreed to increase the company's capital through the issue of Right Issue shares ("subscription") to offer forty-eight million (48,000,000) new ordinary shares ("Right Issue Shares" or "new shares") at an offer price of ten (10) Saudi Riyals per share (with a nominal value of ten (10) Saudi Riyals), in order to increase the company's capital from six hundred seventy-four million, five hundred and eight thousand, six hundred and thirty (674,508,630) Saudi Riyals divided into sixty-seven million, four hundred fifty thousand, eight hundred and sixty-three (67,450,863) ordinary shares to one billion, one hundred fifty-four million, five hundred and eight thousand, six hundred and thirty (1,154,508,630) Saudi Riyals divided into one hundred fifteen million, four hundred fifty thousand, eight hundred and sixty-three (115,450,863) ordinary shares, after the approval of the extraordinary general assembly at the same meeting to reduce the company's capital from one billion, two hundred and six million (1,206,000,000) to six hundred seventy-four million, five hundred and eight thousand, six hundred and thirty (674,508,630) Saudi Riyals.

Right Issue will be issued as tradable securities (collectively referred to as "Rights Shares" and separately as "Rights Share") to shareholders who own shares at the end of trading on the extraordinary general assembly that includes approval of the capital increase (the "eligibility date") and who are registered on the register of the company's shareholders with the Depository Center by the end of the second trading day following the day of the extraordinary general assembly meeting that includes the approval of the capital increase on **/~/****H (corresponding to **/~/****G) (collectively referred to as "registered shareholders" and individually as "registered shareholder") provided that those rights are deposited in the portfolios of registered shareholders after the extraordinary general assembly meeting, taking into account the settlement procedures of approximately 0.712 rights for each (1) share of the company's shares, each right shall grant its holder eligibility to subscribe for new share at the offer price.

Registered shareholders and other general investors ("new investors") - who may trade rights and subscribe to new shares - will be able to trade and subscribe to right issue shares in the Saudi Stock Exchange ("Tadawul" or "Stock Exchange"). The trading period and the subscription period begin on **/~/****H (corresponding to **/~/****G), provided that the trading period ends on **/~/****H (corresponding to **/~/****G) ("trading period"), while the subscription period continues until the end of **/~/****H (corresponding to **/~/****G) ("Subscription Period"). It should be noted that the trading period and the subscription period will start on the same day, while the trading period will continue until the sixth day of the beginning of the period, while the subscription period will continue until the end of the ninth day from the beginning of the same period.

The registered shareholders will be able to trade the right issue during the trading period, by selling the acquired rights or part thereof, or buying additional rights through the stock exchange. They also have the right not to take any action regarding the rights they own. Also, new investors during the trading period will be able to buy rights through the market and sell the rights that are bought during the trading period.

The subscription for the new shares will be available in one stage as follows:

- 1- During this period, all registered shareholders and new investors will be able to subscribe to the new shares.

- 2- The registered shareholder will be allowed to subscribe directly with the number of their shares or less than the number of their shares during the subscription period. In the event that they purchase new rights, they will be able to subscribe to them after the end of the settlement period (two working days).
- 3- New investors will be able to subscribe to the new shares immediately after the rights purchase is settled (two working days).
- 4- The subscription will be made available electronically through the investment portfolio in the trading platforms and applications through which the buy and sell orders are entered in addition to subscribing to the channels and other means available to the broker.

In the event that shares remain unsubscribed after the end of the subscription period (the "rump shares"), those shares will be offered to a number of institutional investors (referred to as "Institutional Investors") (this offering is referred to as a "Rump Offering"). These investment institutions submit their bids to purchase the Rump Shares. These offers will be received from 10:00 AM of **/~/****H (corresponding to **/~/****G) until 5:00 PM of the day of **/~/****H (corresponding to **/~/****G) ("Rump Offering Period"). The remaining shares will be allocated to the Institutional Investors with the highest offer, then the lowest and the lowest (provided that it is not less than the offering price), with shares being allocated proportionately to the investment institutions that submit the same offer. As for the stock fractions, they will be added to the remaining shares and be treated similarly, and the total offering price obtained from the remaining shares offering will be paid to the company, and the remaining proceeds of the offering process will be distributed without taking into account any fees or deductions (beyond the offering price) to the recipients of each according to what they deserve no later than **/~/****H (corresponding to **/~/****G).

In the event that the Institutional Investors do not subscribe to all the rump shares and stock fractions, the remaining shares will be allocated to the underwriter who will purchase them at the offering price (Please refer to Section (12) "Subscription terms, conditions and instructions"). The final allotment process will be announced no later than **/~/****H (corresponding to **/~/****G) ("Date of Allotment") (Please refer to Section (12) "Subscription terms, conditions and instructions"). After the completion of the subscription process, the company's capital will be one billion, one hundred fifty-four million, five hundred eight thousand, six hundred and thirty (1,154,508,630) Saudi Riyals, divided into one hundred and fifteen million, four hundred fifty thousand, eight hundred and sixty-three (115,450,863) ordinary shares. The net proceeds from the offering will be used to finance working capital, repay loans and prepare preliminary designs for future projects. (Please see Section (6) "Use of proceeds"). All shares of the company are of one class, and no share gives its holder preferential rights. The new shares will be fully value-paid and equal to the existing shares. Each share gives its holder the right to one vote, and every shareholder in the company ("the shareholder") has the right to attend the shareholders' general assembly ("the general assembly") (whether ordinary or extraordinary) and vote in it. Owners of the new shares will be entitled to any dividends that the company announces after the date of their issuance (if any).

The extraordinary general assembly of the company decided on 13/07/1429H (corresponding to 07/16/2008G) to increase the company's capital from 603,000,000 Riyals to 1,206,000,000 Riyals by issuing 603,000,000 new shares with a nominal value of 10 Riyals per share (hereinafter referred to as "subscription shares"). And the subscription was at a price of 12 Riyals per share, and the company's shares were listed and started trading in the Saudi Stock Exchange (Tadawul) on 16/09/1429H (corresponding to 09/16/2008G) after obtaining the approval of both the Ministry of Commerce and the Financial Market Authority.

The company reduced its capital on **/~/****H (corresponding to **/~/****G) from one billion, two hundred and six million (1,206,000,000) Saudi Riyals to six hundred seventy-four million, five hundred eight thousand, six hundred and thirty (674,508,630) Saudi Riyals, thus reducing the number of the company's shares from one hundred twenty million, six hundred thousand (120,600,000) shares to sixty-seven million, four hundred fifty thousand, eight hundred and sixty-three (67,450,863) shares by canceling fifty-three million, one hundred and forty-nine thousand, one hundred and thirty-seven (53,149,137) shares, with a capital reduction of (44.07%), and at a rate of reduction of one share for every (2,269) shares.

You should read this prospectus completely and study the "Important Notice" section on Page (i) and Section (2) "Risk Factors" mentioned in this prospectus before making an investment decision related to the rights or new shares.

Financial Advisor



Lead Manager



Underwriter



The offering of priority rights shares under this prospectus depends on the shareholders' approval of the capital increase in accordance with the recommendation of the Board of Directors and the company's obtaining of the regulatory approvals. A call for the extraordinary general assembly of the company has been published to approve the issue of priority rights shares on **/~/****H (corresponding to **/~/****G), and the shareholders should know that if the shareholders' consent is not obtained for the offering of the rights issue shares, the issue of these rights will automatically stop, and at that time this prospectus will be considered void and shareholders will be notified of the same.

This prospectus includes information submitted within the application for registration and securities offering according to the requirements of the securities offering rules and continuing obligations issued by the Capital Market Authority in the Kingdom of Saudi Arabia (referred to as the "CMA") and a request for acceptance of the listing of securities according to the requirements of the listing rules of the Saudi Stock Exchange. The members of the Board of Directors whose names appear on Page (iv) jointly and separately bear full responsibility for the accuracy of the information contained in this prospectus, and they confirm, according to their knowledge and belief, after conducting all possible studies and to a reasonable extent, that there are no other facts that failure to include in this prospectus could lead to making any statement in it misleading. The Authority and the Saudi Stock Exchange do not assume any responsibility for the contents of this prospectus, nor do they give any assurances regarding its accuracy or completeness, and expressly disclaim themselves of any liability whatsoever for any loss resulting from what is stated in this prospectus or relying on any part of it.

This unofficial English language translation of the official Arabic language Prospectus is provided for information purposes only. The Arabic language Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legal binding version and shall prevail in the event of any conflict between the two texts.

This prospectus was issued on 24/09/1442H (corresponding to 06/05/2021G).





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