



**Material for the 25<sup>th</sup> regular General Meeting of  
Shareholders of the ISTRABENZ Holding Company, d.d.**

June 2016

## **INFORMATION FOR THE SHAREHOLDERS**

### **1. Total number of shares and voting rights as of the day of the convocation of the General Meeting of Shareholders;**

As of the day of the convocation of the General Meeting of Shareholders, the Company holds 5,180,000 ordinary registered no-par-value shares. As provided by law, each share grants to its holder one vote at the General Meeting of Shareholders. As of the day of convocation of the General Meeting of Shareholders, the Istrabenz Holding Company holds 978 own shares with no voting rights.

### **2. Information on additional items of the agenda;**

Shareholders whose total interest accounts for one-twentieth of the subscribed capital may request in writing that an additional item be placed on the agenda. The request must be accompanied in writing by a proposed resolution to be decided upon by the General Meeting of Shareholders or, if the General Meeting of Shareholders will not adopt a resolution on an individual agenda item, an explanation of that item. The request must be sent to the Company within seven days at the latest following the publication of the convocation of the General Meeting of Shareholders.

In line with paragraph 3, Article 298 of the Companies Act (ZGD-1), the Management Board will publish those additional agenda items whose publishing has been requested within seven days at the latest following the publication of this notice to convene the General Meeting of Shareholders.

The shareholders may submit their request to place additional items on the agenda also via e-mail to [info@istrabenz.si](mailto:info@istrabenz.si). The requests to place an additional item on the agenda, sent to the Company via e-mail, have to be scanned, submitted in attachment form and must contain the personal signature of the natural person or, in case of legal persons, the personal signature of the representative and the seal/stamp of that legal person, if applied. The Company has the right to prove the identity of the shareholder or the party that authorised the submitting of the request or the proposal via e-mail, and to verify the authenticity of the signature.

The additional item of the agenda shall be dealt with at the General Meeting of Shareholders only if published in the same manner as the notice of convening the General Meeting of Shareholders, i.e. at least 14 days prior to the meeting. In the opposite case, the additional item of the agenda shall be dealt with at the first subsequent General Meeting of Shareholders. The Management Board shall publish the consolidated version of the agenda in the same manner and within the same period of time as this notice to convene the General Meeting of Shareholders.

### **3. Information on shareholders' resolution proposals;**

Shareholders may submit resolution proposals (i.e. counter proposals) with respect to each item of the agenda. The Management Board shall publish the resolution proposal of a shareholder only if such proposal is sent to the Company within 7 (seven) days from the notice to convene the General Meeting of Shareholders. Such a proposal shall be reasonably argued and the shareholder shall give notification that he will oppose the proposal of the Management Board or the Supervisory Board at the General Meeting of Shareholders, and that he will prevail upon other shareholders to vote for his proposal. The shareholder is not obliged to justify the electoral proposal.

Shareholders may send their resolution proposals and electoral proposal also by e-mail to the following address: [info@istrabenz.si](mailto:info@istrabenz.si). Resolution proposals or electoral proposals to be submitted by e-mail shall be sent in a scanned form, as attachment, and must contain a personal signature of a

natural person or, in the case of a legal entity, a personal signature of a representative and a stamp/seal, if used by such legal entity. The Company is entitled to verify the identity of the shareholder or a person who submits a request or proposal by e-mail, as well as the authenticity of their signatures.

The Management Board shall not publish a shareholder's counter proposal and the justification of it:

- if the publication of the counter proposal would constitute a criminal offence or an economic infringement;
- if the counter proposal would lead to a resolution by the General Meeting of Shareholders that would be in violation of the law or the Articles of Association;
- if the justification of the counter proposal in points of substance contains clearly incorrect or misleading information or insults;
- if a shareholder's counter proposal containing the same content has already been reported to the General Meeting of Shareholders of the Company;
- if during the last five years the same shareholder's counter proposal containing essentially the same justification has already been reported to at least two general meetings of the company and less than one-twentieth of the subscribed capital represented at the General Meeting of Shareholders voted in favour of it;
- if the shareholder makes it known that he will not attend the General Meeting of Shareholders and has not made arrangements to be represented, or
- if during the last two years the shareholder has not presented a counter proposal to the General Meeting of Shareholders which he has reported or has not had it presented.

The justification for a counter proposal need not be reported by the Management Board if it contains more than 3000 characters. The Management Board may report in summary the counter proposals and their justification of several shareholders on the same subject.

The proposals of the shareholders that have not been sent to the Company within 7 (seven) days of the notice of convening the General Meeting of Shareholders and have been submitted no later than at the General Meeting of Shareholders itself, shall be discussed at the General Meeting of Shareholders.

#### **4. Information on shareholder's right to be informed;**

At the General Meeting of Shareholders, the Management Board must give the shareholders reliable information on matters concerning the Company where it is important for an assessment of the agenda. The questions of the shareholders with the same content may be answered by the Management Board with one joint answer. The Management Board must give the shareholders also the information in respect of the Company's legal and business relations with affiliated companies where it is important for an assessment of the agenda.

Irrespective of all stated above, the Management Board shall not be obliged to provide data:

- if reasonable business judgement suggests that the provision of information could cause damage to the Company or an affiliated Company;
- on the method of compiling the balance sheet and on making estimates, if stating these methods in a supplement is sufficient for an assessment of the property and the financial and profit position of the Company which conforms with the actual circumstances; or
- if disclosure of the information would constitute a criminal offence or an economic infringement or would be in breach of good business practices;

- if the information is published in form of questions and answers on the Company's web page at least seven days prior to the session of the General Meeting of Shareholders.

If a shareholder is given information outside a session of the General Meeting of Shareholders, that information must be passed on to every other shareholder upon request even if it is not necessary for an assessment of an item on the agenda.

If a shareholder is not given the requested information at the General Meeting of Shareholders, he may require that his/her question and the reason why the information was refused be entered in the record.

## **5. Conditions for participation at the General Meeting of Shareholders and the exercising of voting rights;**

Only those shareholders who have registered for the General Meeting of Shareholders and whose application has been received by the Management Board at least by the end of the fourth day prior to the meeting, i.e. by 21 July 2016 inclusive, and who are entered as holders of the shares in the Central Book-Entry Securities Register as of the end of the fourth day prior to the meeting, namely on 21 July 2016, shall be entitled to participate and exercise their voting rights at the General Meeting of Shareholders. The application, i.e. "Registration of participation" form, shall be sent by post to the following address: Istrabenz, d.d., Secretariat of the Management Board, Cesta Zore Perello-Godina 2, Koper. Applications cannot be sent through electronic media. The Company will consider valid only the registration forms undersigned with original signatures of the shareholders or their proxies. The registration forms are available on the Company's website and shareholders can obtain them free of charge from the Secretariat of the Management Board of the Company in Koper, Cesta Zore Perello Godina 2, every working day from 9 a.m. to 12 a.m., from the day the notice of convening the General Meeting of Shareholders is published up until and including the day it is held.

Each shareholder entitled to participate at the General Meeting of Shareholders has the right to authorise a natural or legal person to exercise the voting right on his/her behalf. The written authorisation must be sent to the Company and shall be kept by the Company. The registration form for exercising the voting right through an authorised representative is available on the Company's website and can also be obtained free of charge from the Secretariat of the Management Board of the Company in Koper, Cesta Zore Perello Godina 2, every working day from 9 a.m. to 12 a.m., from the day the notice of convening the General Meeting of Shareholders is published up until and including the day it is held. The shareholders can send the authorisation to the Company also by e-mail, to the e-mail address [info@istrabenz.si](mailto:info@istrabenz.si). The authorisation which is sent via e-mail has to be in a scanned form as attachment, and must contain a personal signature of the natural person, or, in the case of legal entity, a personal signature of a representative and a stamp/seal if used by such a legal entity. The Company is entitled to verify the identity of a shareholder or a person who submits the power of attorney by e-mail, as well as the authenticity of their signatures. A shareholder is entitled to revoke the power of attorney as when submitting it, at any time before the day of the General Meeting of Shareholders.

Upon request, shareholders and/or their representatives must produce a personal identity document and written representation; a statutory representative must also produce an Extract from the Companies' Register.

The shareholders are kindly asked to come to the General Meeting of Shareholders an hour prior to the commencement of the meeting so that a record of their attendance may be established and preparation for voting carried out.

To the General Meeting of Shareholders of  
the ISTRABENZ Holding Company, d.d.

**ITEM 1 OF THE AGENDA  
FOR THE 25<sup>th</sup> REGULAR GENERAL MEETING OF  
SHAREHOLDERS**

**OPENING OF THE GENERAL MEETING OF SHAREHOLDERS AND THE ELECTION OF ITS  
WORKING BODIES**

The Management Board hereby proposes to the General Meeting of Shareholders to adopt the following resolution:

**The following are elected:**

- **Chairman of the General Meeting of Shareholders: Stojan Zdolšek, attorney-at-law;**
- **the Credentials Committee, composed of:**
  - **Chairman: Robert Ernestl,**
  - **Vote Counters: Klavdija Primožič, Sonja Long.**

**The meeting will be attended by the invited notary public Mojca Tavčar Pasar.**

**Arguments for the proposal:**

The Management Board is authorised and responsible for proposing to the General Meeting of Shareholders the appointment of the General Meeting's bodies, i.e. the Chairman of the General Meeting of Shareholders and two vote counters, and to provide that the General Meeting of Shareholders is attended by a notary public.

Andrej Laznik  
President of the Management Board  
of the ISTRABENZ Holding Company, d.d.

**To the General Meeting of Shareholders of  
the ISTRABENZ Holding Company, d.d.**

**ITEM 2 OF THE AGENDA  
FOR THE 25<sup>th</sup> REGULAR GENERAL MEETING OF  
SHAREHOLDERS**

**ACQUAINTANCE WITH AND APPROVAL OF THE SALE AND PURCHASE AGREEMENT BY THE  
GENERAL MEETING OF SHAREHOLDERS**

The Management Board and the Supervisory board hereby propose to the General Meeting of Shareholders to adopt the following resolution:

"The General Meeting of Shareholders has been acquainted with the content of the Sale and Purchase Agreement referring to the business share in the company Istrabenz plini, plini in plinske tehnologije, d.o.o. and approves that ISTRABENZ Holding Company, d.d. sells to the company SIAD Societa' Italiana Acetilene & Derivati S.p.A., I-24126 Bergamo – Via San Bernardino 92, Italy, the business share with nominal value of EUR 1,675,880.10 corresponding to a 51.0001-percent of the share capital of the company Istrabenz plini d.o.o. at the purchase price of EUR 24,200,000.00, all in line with the Sale and Purchase Agreement dated 10 June 2016."

**Arguments for the proposal**

Pursuant to first paragraph, Article 330 of the Companies Act (Official gazette of the RS no. 42/2006 with subsequent changes and amendment until the Official Gazette of the RS no. 55/2015 inclusive, in the following text "ZGD-1") the contracts under which a joint stock company undertakes to transfer at least 25% its assets, which does not represent a transfer in accordance with the provisions of the legal form transformation act, shall be subject to a resolution of the general meeting of shareholders.

On the basis of the Sale and Purchase Agreement executed on 10 June 2016 between ISTRABENZ Holding Company, d.d. as Seller and the company SIAD Societa' Italiana Acetilene & Derivati S.p.A., Bergamo, Italy, as Buyer (in the following text "SPA"), the company ISTRABENZ d.d. undertook to sell and transfer its 51.0001-percent business share in the company Istrabenz plini, plini and plinske tehnologije, d.o.o. Sermin 8a, 6000 Koper (in the following text "Istrabenz Plini Business Share") providing that certain conditions will be met.

According to the position as per 31 December 2015, the book value of the Istrabenz Plini Business Share amounted to EUR 22,368,000.00. By considering the last audited balance sheet of ISTRABENZ d.d. as per 31 December 2015, published in the annual report of the Istrabenz Group and the ISTRABENZ d.d. company for 2015, the book value of all assets of the company ISTRABENZ d.d. totalled EUR 58,292,612.00. As a matter of fact, the business share held in the company IB Plini

represents more than 25-percent of all assets of ISTRABENZ d.d. Therefore, pursuant to Article 330 of the ZGD-1, the Sale and Purchase Agreement needs to be approved by the Company's general meeting of shareholders.

The sale of the Istrabenz Plini Business Share has been already anticipated and is an important step in the Company's Financial Restructuring Plan which was re-defined together with the Lenders on 28 February 2013 by means of execution of the Appendix 1 to the Side Agreement on 17 December 2009. With the purchase price of EUR 24,200,000.00 to be settled by the Buyer for the Istrabenz Plini Business Share, as ensues from the SPA, ISTRABENZ d.d. will obtain the cash required to repay its liabilities towards the creditors that according to the Financial Restructuring Plan will mature at the end of 2016. In addition, the remaining assets will enable a partial repayment of the ISTRABENZ d.d. liabilities maturing at the end of 2017.

In line with the usual practice applied in this type of transactions, the Sale and Purchase Agreement (also SPA) anticipates a certain period of time between its signing and the final execution. During this period of time, determined conditions have to be fulfilled in order to have all prerequisites from the SPA duly met. The final execution depends on the following conditions precedent: (i) on the obtaining of required approvals by the Company's Lenders, (ii) on the obtaining of Lenders' approvals for the cancellation of pledges and other encumbrances existing in relation to the Istrabenz Plini Business Share, (iii) on the obtaining of approval for the transfer of the Istrabenz Plini Business Share by the Company's general meeting of shareholders, and (iv) on the appropriate decision to be adopted by the Slovenian Competition Protection Agency. The content of the conditions precedent is presented in greater detail in the Sale and Purchase Agreement. In the Sale and Purchase Agreement, the seller and the buyer agreed on a 3-month deadline for the meeting of the conditions precedent. After their fulfilment and after the execution of some other activities more precisely defined in the SPA, the Sale and Purchase Agreement will be considered finally executed: the buyer will settle the purchase price and the Istrabenz Plini Business Share will be transferred from ISTRABENZ d.d. as seller to the buyer.

On the basis of the Sale and Purchase Agreement, ISTRABENZ d.d. produced to the buyer the usual warranties related to the signing and validity of the SPA and the warranties regarding the legal status of the Istrabenz Plini Business Share. The warranties of the company ISTRABENZ d.d. in relation to the financial and legal position of the company Istrabenz plini, plini in plinske tehnologije, d.o.o., Sermin 8a, 6000 Koper were excluded.

Andrej Laznik  
President of the Management Board  
of the ISTRABENZ Holding Company, d.d.

Milan Marinič  
President of the Supervisory Board  
of the ISTRABENZ Holding Company, d.d.

Attachments to the item 2 of the agenda:

- Sale and Purchase Agreement dated 10 June 2016 on the sale of a 51.0001-percent business share in the company Istrabenz plini d.o.o., Sermin 8a, 6000 Koper.