



Petrokemija, d.d. Fertilizer Company  
Aleja Vukovar 4, 44320 Kutina, Croatia  
Ordinary share, PTKM-R-A ISIN HRPTKMRA0005  
listed on the Official Market of the Zagreb Stock Exchange  
Notice pursuant to the Capital Market Act

Pursuant to the provisions of Article 277 of the Companies Act and Article 13 of the Articles of Association of Petrokemija, d.d., on 27 October 2017 the Management Board of Petrokemija, d.d. passed a decision on the convocation and invites you to participate in the work of

### **EXTRAORDINARY GENERAL MEETING**

**of Petrokemija, d.d. Kutina, Aleja Vukovar 4, OIB: 24503685008, to be held  
at the Petrokemija, d.d. headquarters in Kutina, Aleja Vukovar 4  
on Monday 11 December 2017 at 12.00 hours**

The Extraordinary General Meeting proposes **the Agenda** as follows:

1. Opening of the Extraordinary General Meeting and establishment of the quorum
2. Report of the Supervisory Board on the supervision of the Company management
3. Report of the Management Board on the reasons for the complete exclusion of pre-emptive rights of existing shareholders when subscribing for new shares of the Company
4. Decision on the complete exclusion of priority rights of existing shareholders when subscribing for new shares of the Company
5. Adopting the Decision on the increase of the Company share capital in cash and issuance of new shares with complete exclusion of pre-emptive rights of existing shareholders when subscribing for new shares, pursuant to Article 308, paragraph 4 of the Companies Act, with the exception of prior publication of the Prospectus regarding the offer of securities referred to in Article 351, paragraph 1, item 3 of the Capital Market Act
6. Decision on granting approval to acquire shares without obligation to publish a takeover bid, in accordance with the provisions of Article 14, paragraph 1, item 3 of the Act on the Takeover of Joint Stock Companies.

#### **DECISION PROPOSALS**

Ad 2

To be noted

#### **Supervisory Board Report on Supervision of the Company Management**

Report of the Supervisory Board on the Supervision of the Company Management for 2016 was presented to the Company shareholders at the Annual General Meeting held on 9 June 2017.

The Report states that in the course of 2016, the Supervisory Board held 28 meetings in which it discussed matters related to the business provided for by the law and the Company Articles of Association.

In the course of 2016, the changes made to the Supervisory Board were as follows:

- 8 February 2016 Member of the Supervisory Board Tomislav Pokaz resigned as Supervisory Board President and member;

- 19 February 2016 Branimir Fleković was elected President and Sonja Ivoš Vice President of the Supervisory Board;
- 11 May 2016 Members of the Supervisory Board Branimir Fleković, Sonja Ivoš and Krešimir Huljev were recalled by the Company General Meeting, and Marijan Kuprešak, Ladislav Turčinović, Mladen Novak and Mijo Šepak, were appointed new members;
- 12 May 2016 Marijan Kuprešak was elected President and Željko Klaus Vice President of the Supervisory Board;
- 31 July 2016 Mladen Novak resigned from the Supervisory Board.
- In the course of 2017, prior to the preparation of this Report, the changes in the Supervisory Board were as follows:
  - 6 February 2017 Mijo Šepak was elected President of the Supervisory Board,
  - 23 March 2017 The General Meeting appointed Robert Blažinović a member of the Supervisory Board.

According to the Report, the Supervisory Board performed its duties and made decisions in line with the law and the Articles of Association, in particular as regards the Management Board business reports and Management Board Reports as well as the Company financial statements, and concluded that the Management Board had reported to the Supervisory Board in accordance with the law and the Company Articles of Association.

In the course of 2016, two working bodies of the Supervisory Board were active, the Audit Committee, which held five meetings, and the Appointment and Remuneration Committee, which did not hold a single meeting.

The Supervisory Board reviewed the Report of the Auditors KPMG Croatia d.o.o. Zagreb, which had audited the annual financial statements of Petrokemija d.d. for the year ended on 31 December 2016 and adopts them with no objection.

The Supervisory Board reviewed the annual financial statements for the year 2016 compiled by the Company Management Board as well as the consolidated financial report for 2016 and notes that they have been done correctly and accurately record the assets and the business in the business books.

The Supervisory Board has also considered the implementation of the Company's restructuring process, which has been underway since 2014.

In its 2016 report, the Supervisory Board concludes that the Management Board has acted in accordance with the law, the Company by-laws and the decisions of the Company General Meeting.

Ad 3.

To be noted

**Report of the Management Board on the reasons for completely excluding the pre-emptive rights  
of the existing shareholders when subscribing for new shares of the Company**

Acting in accordance with Article 277, paragraph 1 of the Companies Act and in view of the interests of the Company, the Management Board has convened the Company Extraordinary General Meeting where it proposed adopting the decision to increase the share capital by issuing ordinary shares with the use of the right of exception from the obligation to publish the Prospectus concerning the public offer in accordance with Article 351, paragraph 1, item 3 of the applicable Capital Market Act.

The use of the above exemption from making, approving and publishing a Prospectus would by itself not be possible if the shareholder's pre-emptive rights to subscribe for new shares were not completely excluded, since the said exception only includes the offers of securities addressed to investors who will pay for the subscribed securities an amount of at least EUR 100,000.00 (one hundred thousand) in kuna equivalent per investor for each individual bid. Additionally, the proposed minimum amount that an individual investor may pay for the subscribed new registered shares amounts to HRK 780,000.00 (seven hundred and eighty thousand kuna), whereas the investor can not subscribe for less than 78,000 (seventy-eight thousand) new shares.

If all existing shareholders were granted the right to subscribe for new shares, the process would be time-consuming and would affect the new capital infow, taking into account the statutory deadlines

that must be observed in the pre-emptive right of subscription and the deadlines for the Prospectus approval in a public offering.

Accordingly, in order to maximally accelerate the process of collecting fresh capital, the Management Board has made a decision on the use of the right to the said exception from the requirement of making a Prospectus by excluding the pre-emptive right to subscription and payment to the Company shareholders. Although the existing shareholders are excluded from the pre-emptive rights to subscribe this does not mean that they cannot participate in the process with other investors in subscribing and paying for the new shares. Namely, the existing shareholders can participate if each of them pays a minimum of HRK 780,000.00 (seven hundred and eighty thousand) and subscribes for at least 78,000 (seventy-eight thousand) new shares.

As already indicated in this Report, by the proposed use of the right to exclude the pre-emptive rights to subscribe and pay to the existing shareholders, the Management Board wishes to avoid a more demanding, long-lasting and expensive public offering procedure that would prevent the Company from timely improving its financial situation.

A successful and timely completion of the increase in share capital would undoubtedly allow creating preconditions and raising funds for the development of new investments, upgrading of the existing technology and improvement of the Company liquidity.

Success in implementing the share capital increase would significantly increase the key balance indices and create positive effects for the continued operations of the Company.

Delaying the start of the recapitalization process could affect the Company financial position and its competitiveness on the domestic and foreign markets, and due to the adverse effect of the prolongation of the recapitalization process, consequently also the implementation of the Company business plans. Finally, a possibly prolonged process could ultimately have a negative impact on the financial performance of recapitalization if it were delayed.

The increase of the Company share capital will be effected by cash payment by issuing new shares up to a maximum of 45,000,000 (forty-five million) of ordinary, registered shares of HRK 10.00 (ten kuna) nominal value. The final price at which new shares are issued, will depend on the demand of the investors and will be determined on the basis of the investor' submitted bids, pursuant to the provisions of Article 164 paragraph 2 of the Companies Act. Within two business days after the completion of the bid-collecting for subscription and payment for new shares in the process of offering New Shares, the Management Board shall, with the consent of the Company Supervisory Board, determine the final price of the new shares and publish it on the web pages of the Zagreb Stock Exchange and on the Company website not later than on the next business day.

It is important to emphasize that the Management Board, by the proposed recapitalization procedure, wishes to collect new fresh capital through a substantial capital investment in the Company as soon as possible, and the Management considers that the full exclusion of pre-emptive rights of the existing shareholders in subscribing for the Company new shares, under the conditions described above, is in the best interest of the Company.

Ad 4.

It is adopted as follows:

**Decision on full exclusion of the pre-emption rights of the  
existing shareholders when subscribing for new shares of the Company**

**Article 1**

In order to implement the decision on the share capital increase of the company Petrokemija d.d. Kutina, Aleja Vukovar 4, OIB: 24503685008 (hereinafter: the Company), pursuant to Article 308, paragraph 4 of the Companies Act, the pre-emption rights in subscribing and paying for the Company new shares are excluded for all existing Company shareholders. It applies to the new Company shares to be issued in the course of a corporate action of share capital increase pursuant to the Decision on the increase of the Company share capital in cash and issuance of new shares with the full exclusion of the pre-emptive rights of the existing shareholders when subscribing for new shares in accordance with Art.

308, paragraph 4 of the Companies Act, with the use of exception of previous publication of the Prospectus regarding the offer of securities referred to in Art. 351 paragraph 1, item 3 of the Capital Market Act.

## **Article 2**

The decision shall come into force on the date of its adoption.

Ad 5

It is adopted as follows:

**Decision on the Company share capital increase in cash and issuance of new shares, with full exclusion of the pre-emptive rights of existing shareholders when subscribing for new shares, pursuant to Article 308, paragraph 4 of the Companies Act, with the use of exception of prior publication of the Prospectus regarding the offer of securities under Article 351, paragraph 1, item 3 of the Capital Market Act**

## **Article 1**

The share capital of Petrokemija, d.d. Kutina, Aleja Vukovar 4, OIB: 24503685008 (hereinafter: the Company) amounts to HRK 42,903,930.00 (forty-two million nine hundred and three thousand nine hundred and thirty kuna) and is divided into 4,290,393 (four million two hundred and ninety thousand three hundred and ninety-three) ordinary, registered shares, of HRK 10.00 (ten kuna) nominal value each.

By this Decision, the Company share capital is increased from HRK 42,903,930.00 (forty-two million nine hundred and three thousand nine hundred and thirty kuna) by a maximum amount of 450,000,000.00 (four hundred and fifty million kuna), to a maximum amount of 492,903,930.00 (four hundred and ninety-two million nine hundred and three thousand nine hundred and thirty kuna).

## **Article 2**

The Company share capital increase from Article 1 of this Decision shall be effected by payment in cash, by issuing a maximum of 45,000,000 (forty-five million) new ordinary, registered shares of HRK 10.00 (ten kuna) nominal value (hereinafter: New Shares).

## **Article 3**

New Shares are issued in dematerialized form, as an electronic record in the computer system of the Central Depository and Clearing Company (hereinafter: CDCC) with the designation assigned by the CDCC.

New Shares are entered in a written statement (Subscription Note). The payment for the New Shares will be made to the account specified in the Public Invitation for Subscription for New Shares which will also be given in the Subscription Note.

Each New Share shall be entitled to one vote at the Company General Meeting and to all other rights equal to the rights conferred on the Company existing shares, in accordance with the law and the Company Articles of Association. The New Shares are registered and shall give the shareholders all the rights provided by the law and the Company Articles of Association as from the date of the incorporation of the share capital increase in the Court Register of the Commercial Court in Zagreb.

## **Article 4**

The Company share capital increase under this Decision will be made by public offering of the New Shares in a single round without prior publication of the Prospectus under the conditions set out below.

## **Article 5**

The Company share capital increase, pursuant to this Decision, is carried out by public offering, with full exclusion of the pre-emption rights of the existing Company shareholders when subscribing for the New Shares.

## **Article 6**

The subscription of the New Shares will be conducted through the procedure of public offering by subscription and payment in one round.

The right to subscribe for the New Shares belongs to all interested investors up to a maximum of 45,000,000 (forty-five million) New Shares or up to HRK 450,000,000.00 (four hundred and fifty million kuna) of the Company registered capital. The period of subscription will last for five business days from the date stated in the Public Invitation.

#### **Article 7**

In the Public Invitation to subscribe for New Shares, the exact place and time will be indicated for the subscription of New Shares by Subscription Notes. The subscribed New shares are to be paid by investors within the deadline to be set by the Company Management Board in the Public Invitation to Subscribe for New Shares.

#### **Article 8**

Investors may subscribe and pay for the total number of the New Shares offered.

#### **Article 9**

The minimum amount that each investor can pay for the New Shares subscribed is HRK 780,000.00 (seven hundred and eighty thousand kuna); while doing so, the investor cannot subscribe for less than 78,000 (seventy-eight thousand) New Shares (hereinafter: Minimum Amount). All Subscription Notes for subscription and payment for less than the Minimum Amount will not be considered. The maximum number of New Shares that each investor can subscribe for is not specified, but is limited to the total number of New Shares offered (hereinafter: Maximum Amount). Subscription Notes and payments subscribing and paying for more than the Maximum Amount will be taken into account to the latter amount.

#### **Article 10**

Allocation of the New Shares will be made in accordance with the rules for the allocation of New Shares approved by the Company Management Board with the consent of the Supervisory Board that will be published in the Public Invitation for Subscription of New Shares.

#### **Article 11**

New shares will be subscribed and paid for in the manner specified in the Public Invitation to Subscribe for New Shares. The Company Management Board is authorized to make an independent decision when to publish the Invitation. The Company Board will publish the Invitation to Subscribe for New Shares on the web pages of the Zagreb Stock Exchange and on the Company web site.

#### **Article 12**

In case a custodian bank is invited to subscribe and pay for the New Shares, the Subscription Note can be filled in and sent by either the custodian bank or the end-investor, where the custodian bank must state the name and surname (company), residence address (headquarters) and OIB (personal ID number) of the end-investor. Otherwise, the investor will not be entitled to participate in the subscription for the New Shares.

#### **Article 13**

New shares are issued for an amount equal to or greater than their nominal amount.

#### **Article 14**

Within two business days after the collection of bids for subscription and payment for the New Shares in the process of offering New Shares, the Management Board shall, with the consent of the Company Supervisory Board, determine the final price of the New Shares and publish it on the Zagreb Stock Exchange and the Company websites.

#### **Article 15**

The final price of New Shares will be the same for all investors, i.e. for each of the investor's Subscription Notes.

#### **Article 16**

Pursuant to Article 351, paragraph 1, item 3 of the Capital Market Act, the Company is issuing New Shares with the exception of the Prospectus publication. Accordingly, the Company will not publish a Prospectus for the purpose of issuing New Shares.

#### **Article 17**

The final amount of share capital increase will depend on the success of the issue. The issue of New Shares will be considered successful if, within the deadline, New Shares are subscribed and paid for in the amount of not less than HRK 400,000,000.00 (four hundred million).

#### **Article 18**

Depending on the fulfillment of the conditions referred to in Article 17 of this Decision, the Company Management Board shall, with the consent of the Supervisory Board, determine the success of the New Shares issue, the exact amount of share capital increase and the exact number of New Shares. The General Meeting hereby authorizes the Company Supervisory Board, after the share capital increase, to amend the Articles of Association in accordance with this Decision in order to align its text in the provisions on the amount of share capital and the number of shares, with the changes that have been made by the increase of the share capital and the issue of New Shares.

#### **Article 19**

If the subscription of the New Shares is not successful, as well as in case of overpayment by certain investors in the successful subscription, appropriate amounts of (over)paid funds will be returned to the investors within seven working days after the expiry of the deadline for subscription and payment of the New Shares, to the account that the investors have specified in the Subscription Note. In this case, the Company will not incur payment transaction costs or any other costs incurred by the investor for the transaction, nor will it pay interest on the investor's funds for the period from the payment of funds to the Company account to the time of returning the funds to the investor.

#### **Article 20**

New shares will be included in the official market of the Zagreb Stock Exchange in accordance with the relevant regulations.

#### **Article 21**

Multiple subscriptions of New Shares by the same investor at different prices are permitted. However, only those subscriptions will be accepted that contain the price of the New Shares subscription which is equal to, or greater than the finally defined price of the New Shares issue.

#### **Article 22**

If the share capital increase is not incorporated in the Court Register within twelve months of the date of this Decision, the Subscription Note ceases to oblige the subscriber and the payment made will be returned to the investors without delay. In that case, the share capital increase will be considered to have not been successful.

#### **Article 23**

Article 7 of the Company Articles of Association shall be amended in such a way that after the issue of the Company New Shares on the basis of this Decision and the implementation of the Company share capital increase, in accordance with this Decision and with the result of the subscription of the Company New Shares, the Company share capital amount is changed in Article 7 paragraph 1 of the Company Articles of Association as well as the number of shares in Article 7 paragraph 2 of the Articles of Association. With regard to the amount of the Company registered capital increase and the number of new Company shares according to the results of the subscribed, paid for and allocated New Shares of the Company, the Company Supervisory Board is authorized and obliged to:

- harmonize the provisions of Article 7, paragraph 1 of the Company Articles of Association in the part referring to the amount of the registered capital and Article 7, paragraph 2 of the Company Articles of Association, which refers to the number of shares which the Company share capital is divided into, in the way that the previous amount of the share capital and the number of shares

of the Company shall be replaced by the number corresponding to the increased amount of share capital and the number of shares;

- establish the consolidated text of the Company Articles of Association.

The said amendments to the Articles of Association shall enter into force on the date of entry into the Court Register of the Commercial Court in Zagreb.

#### **Article 24**

For matters not regulated by this Decision, the provisions of the applicable laws and the Company Articles of Association shall apply accordingly.

#### **Article 25**

This Decision shall enter into force on the day of its entry into the Court Register of the Commercial Court in Zagreb.

The Management Board of the Company and the President of the Supervisory Board are authorized to submit the application for entry of this Decision on share capital increase into the Court Register of the Commercial Court in Zagreb.

Ad 6

It is adopted as follows:

**Decision to grant approval for the acquisition of shares without obligation of publication of the takeover bid, in accordance with the provisions of Article 14, paragraph 1, item 3 of the Act on the Takeover of Joint Stock Companies**

#### **Article 1**

The acquirers of the New Shares of the company Petrokemija d.d. Kutina, Aleja Vukovar 4, OIB: 24503685008 (hereinafter: the Company), who have acquired the shares in the share capital increase process pursuant to the Decision on the increase of share capital in cash and issuance of New Shares with the complete exclusion of the existing shareholders' pre-emptive rights in subscribing for the New Shares, pursuant to Article 308 paragraph 4 of the Companies Act, with the exception of the prior publication of the Prospectus regarding the offer of securities referred to in Article 351, paragraph 1, item 3 of the Capital Market Act, are allowed to acquire these shares without the obligation to publish the takeover bid if the acquirers of the New Shares of the Company were required to publish the takeover bid in accordance with the provisions of Article 14, paragraph 1, item 3 of the Law on the Takeover of Joint Stock Companies.

#### **Article 2**

This Decision shall enter into force on the date of its adoption.

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All Company shareholders are entitled to take part and vote at the Extraordinary General Meeting provided they send in their applications for participation in writing to the Company Management Board by 4 December 2017.

Applications for participation are submitted to the Board Office of Petrokemija, d.d. Aleja Vukovar 4, Kutina.

A shareholder of the Company shall be any legal entity registered in the Book of Shares as on 4 December 2017, according to the list compiled by the Central Depository and Clearing Company at the end of business hours on that day.

Shareholders – natural persons may be represented at the Extraordinary General Meeting by their proxies with full powers of attorney certified by a notary public or by an authorized person in the Department of Legal Affairs, Headquarters Building of Petrokemija, d.d., Aleja Vukovar 4, Kutina, weekdays 8:00 to 12:00 a.m.

Shareholders – legal entities shall have the power of attorney signed by an authorized person and certified by a stamp made out on the official stationery of the entity, containing the data from Article 21 of the Companies Act.

An insight into the materials for the Extraordinary General Meeting can be made in the Company Finance and Controlling Department, Ulica kralja Petra Krešimira IV, Kutina, from 8:00 to 14:00 hours on business days (Monday through Friday), starting from the date of publication of the invitation. The materials are also available on the Company website, [www.petrokemija.hr](http://www.petrokemija.hr), where the data will be published in accordance with Article 280a of the Companies Act.

In accordance with Article 277, paragraph 4 of the Companies Act, the shareholders are informed as follows:

– Shareholders who together have shares amounting to the twentieth part of the Company share capital have the right to require an item to be placed on the Extraordinary General Meeting Agenda and their request to be announced. Such a request must have an explanation and a decision proposal and must be received by the Company at least 30 days before the Extraordinary General Meeting, excluding the day of the receipt of the request by the Company;

– Each shareholder has the right to submit a counter proposal to the decision proposal which was given to the Extraordinary General Meeting by the Company Management Board and / or Supervisory Board. This includes the proposal of shareholders for appointment of a Supervisory Board member or the appointment of Company auditors. The Company must receive such a request not later than 14 days before the Extraordinary General Meeting (where not using this right does not result in the loss of the right to put up the counter proposal at the Company Extraordinary General Meeting). If the request is made within this period, the Company Management Board shall submit the request to all persons referred to in Art. 281 of the Companies Act, except in cases of Art. 282, paragraph 2 and Art. 283 of the Companies Act;

– Each shareholder has the right to request information about the business affairs of the Company from the Company Management Board at the Extraordinary General Meeting if it is necessary for their assessment of issues on the agenda of the Meeting, except in cases provided for in Art. 287, paragraph 2 of the Companies Act.

The registration of participants of the Extraordinary General Meeting will take place on 11 December 2017 in the lobby of the Headquarters Building of Petrokemija, d.d., Aleja Vukovar 4, Kutina, from 10.00 to 11.30 inclusive. After that registration will not be possible, so shareholders are asked to register on time.

If the requirements of the quorum at the Extraordinary General Meeting, required by the provisions of the Company Articles of Association are not met, the new session of the Extraordinary General Meeting with the same agenda and the same decision proposals will take place on 27 December 2017, starting at 12.00 hours.

This invitation for the Extraordinary General Meeting will be posted on the website of the Court Register of the Commercial Court in Zagreb, Zagreb Stock Exchange ([www.zse.hr](http://www.zse.hr)), via HINA, on the website of the Croatian Agency for Supervision of Financial Services ([www.hanfa.hr](http://www.hanfa.hr)) and on the Company website ([www.petrokemija.hr](http://www.petrokemija.hr)).

Each shareholder or their representative or proxy, shall bear the cost of their participation in the work of Extraordinary General Meeting.

**Source:**

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