

Dated _____

RPG Industries Public Limited

And

Charles Capital, a.s.

And

KARBON INVEST, a.s.

DRAFT TERMS OF MERGER

Ref: COM/JSP/406412

ANDREAS NEOCLEOUS & CO
Neocleous House
199 Arch. Makarios III Avenue
PO Box 613
CY- 3608
Limassol
Cyprus

		into Surviving Company, i.e. the merger by acquisition in accordance with Article 17(2)(a) of SE Statute;
“Effective Date”		Day on which, upon the registration of RPG Industries SE by the Cypriot Registrar of Companies (in accordance with the SE Statute), the Merger occurs;
“Boards of Directors”		The boards of directors of the Surviving Company, Charles Capital and Karbon Invest;
“Merging Entities”		Collectively, Charles Capital and Karbon Invest;
“RPG Industries SE”		Surviving Company after its transformation from a Cypriot public limited liability company into a Cypriot registered SE, which transformation takes place on the Effective Date;
“Concerned Subsidiary”		Concerned subsidiary or establishment of the Surviving Company, Charles Capital or Karbon Invest which is proposed to become a subsidiary or establishment of the RPG Industries SE upon its formation;
“Cypriot Law”		Laws of Cyprus;
“Czech Law”		Laws of the Czech Republic;
“Laws”		Collectively, the laws of the Cyprus, the Czech Republic and Acquis Communautaire;
“SE Statute”		Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company, as amended by Council Regulation (EC) No. 885/2004 of 26 April 2004;
“Employees”		Employees of the Surviving Company, Merging Entities and Concerned subsidiaries
“Employee Directive”	Participation	Council Directive 2001/86/EC supplementing the Statute for a European Company with regard to the involvement of employees, as implemented in the relevant jurisdictions;
Cypriot Law 277(I)/2004		“The Law Supplementing the Statute for a European Company with Regard to the Involvement of Employees with the Purpose of the Establishment of the Rights of Employees to Partake in the Handling of Issues and in the Decision Making Process which is Relevant to the Existence of a Societas Europaea” which is the Cypriot

4. DECISIVE MERGER DATE

- 4.1. The date from which the transactions of the Merging Entities shall be treated for accounting purposes as those of RPG Industries SE shall be 1 October 2005.

5. SPECIAL RIGHTS, MEASURES AND ADVANTAGES

- 5.1. The Surviving Company, by virtue of its transformation into the SE has not and shall not issue any shares to which special rights are attached nor shall it issue any securities other than shares. Therefore, there shall not be any rights conferred by the SE on the holders of such shares or securities or any measures proposed concerning them.
- 5.2. There shall be no special advantage granted to the experts who examine the draft Terms of Merger, the Boards of Directors or other members of the administrative, management, supervisory or controlling organs of the Merging Entities or Surviving Company due to the reasons set out in 5.3 and 5.4 below.
- 5.3. In accordance with Article 31(1) of the SE Statute, neither Article 20(1)(b), (c) and (d), Article 29(1)(b) nor Article 22 shall apply to the Merger and therefore:-
- 5.3.1 Independent experts are not required to examine the draft Terms of Merger; and
- 5.3.2 The draft Terms of Merger does not have to include the:-
- 5.3.2.1 Share exchange ratio and the amount of any compensation;
- 5.3.2.2 Terms for the allotment of shares in the SE; and
- 5.3.2.3 Date from which the holding of shares in the SE will entitle the holders to share in profits and any special conditions affecting that entitlement.
- 5.4. In accordance with both Czech law (Section 220b, subs. 4 of the Commercial Code) and Cypriot law (Section 201C(2)(a) and (b) of Cap. 113), neither the Boards of Directors nor the supervisory boards of the Merging Entities are required to produce reports on the Merger nor reports on examination of the Merger.
- 5.5. As the registered capital of the Surviving Company shall not be increased upon the Merger, in accordance with both Czech law (Section 69a, subs. 6 of the Commercial Code) and Cypriot law (Section 201C(3)(d) of Cap. 113), asset and liabilities to be transferred under the Merger do not have to be valued by an expert.

6. PROCEDURES FOR THE DETERMINATION OF ARRANGEMENTS FOR EMPLOYEE INVOLVEMENT

- 6.1. The Merging Entities and the Surviving Company acting together shall seek to establish the arrangements with the Employees with respect to the Merger and in compliance with the Laws, particularly the Employee Participation Directive.
- 6.2. For the purpose of seeking agreement on arrangements for employee involvement, a special negotiating body representing the Employees shall be created in accordance with Cypriot Law 277(I)/2004.
- 6.3. The laws of the Member States of the European Union where the Surviving Company, Merging Entities and Concerned Subsidiaries have Employees shall apply to the election or appointment of the members of the special negotiating body who are to be elected or appointed in their territories.
- 6.4. Upon its creation, the special negotiating body and the Boards of Directors shall negotiate arrangements for the involvement of employees within the RPG Industries SE in accordance with Cypriot Law 277(I)/2004.
- 6.5. Except where otherwise provided in the Employee Participation Directive, the legislation applicable to the negotiation procedure shall be the legislation of the Republic of Cyprus.

7. THE STATUTES OF THE SE

- 7.1. The Surviving Company shall amend its Articles of Association so that the Articles of Association comply with Title III of the SE Statutes and with Cypriot law.
- 7.2. The amended Articles of Association, as set out in Schedule attached hereto and incorporated into these Terms of Merger, shall become effective on the Effective Date.

8. MISCELLANEOUS

- 8.1. In the context of Article 24(1) of the SE Statute, the Merging Entities and the Surviving Company:-
- 8.1.1 Do not have any current or outstanding bonds or bondholders;
- 8.1.2 Have not issued any securities other than shares.
- 8.2. Immediately after the Effective Date:-

8.2.1 SE shall procure publication of the Merger in Cyprus and the EU in accordance with the Laws;

8.2.2 Agents acting on behalf of the extinct Merging Entities shall procure publication of the Merger in the Czech Republic in accordance with the Laws.

9. RPG INDUSTRIES SE SHARES

9.1. As upon registration of the Surviving Company as an SE by the Cypriot Registrar of Companies the Surviving Company shall change its legal form into an SE, such change shall also be reflected in the shares issued by the Surviving Company. The board of directors of the Surviving Company shall without undue delay after the Effective Date issue new shares (i.e. shares in RPG Industries SE) and exchange them to its shareholders for their shares in the Surviving Company issued prior to the Merger (i.e. for shares in RPG Industries Public Limited). The shareholdings of shareholders in the Surviving Company shall not be affected thereby.

SIGNATURES

Signed..... Signed.....
For and on behalf of RPG Industries Public Limited For and on behalf of Charles Capital, a.s

Signed.....
For and on behalf of KARBON INVEST,
a.s.

SCHEDULE

Statutes of RPG Industries SE