

VERANNEMAN TECHNICAL  
TEXTILES

Naamloze vennootschap  
(public limited company under  
Belgian law)

Fabriekstraat 31, 8850 Ardoorie

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SIOEN INDUSTRIES

Naamloze vennootschap  
(public limited company under  
Belgian law)

Fabriekstraat 23, 8850 Ardoorie

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Company number 0429.387.623

Registry of the Court of  
Commerce of Brugge (Bruges)

Company number 0441.642.780

Registry of the Court of  
Commerce of Brugge (Bruges)

## ***Merger proposal***

***within the framework of the  
transaction considered as equivalent to a merger through  
acquisition of  
NV VERANNEMAN TECHNICAL TEXTILES***

***by  
NV SIOEN INDUSTRIES***

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## ***I. - INTRODUCTION***

The board of directors of “naamloze vennootschap” (public limited company under Belgian law) VERANNEMAN TECHNICAL TEXTILES (hereinafter referred to as “**Veranneman TT**” or “**the acquired company**”) and the board of directors of “naamloze vennootschap” (public limited company under Belgian law) SIOEN INDUSTRIES (hereinafter referred to as “**Sioen Industries**” or “**the acquiring company**”) have agreed after mutual consultation to prepare a merger proposal in accordance with the provisions of articles 671, juncto 676 and 719 of the Belgian Companies Code.

The boards of directors of the companies concerned undertake to make every possible effort in order to perform a *transaction considered equivalent to a merger through acquisition* (hereinafter referred to as “**silent merger**”) in accordance with the provisions of articles 719 et seq. of the Belgian Companies Code, whereby the entire capital, the rights as well as the obligations, and all assets and liabilities, without any exceptions, of the company “Veranneman TT” to be acquired will be transferred to “Sioen Industries” under the conditions stated below as a result of dissolution without liquidation.

As soon as the merger proposal is validly approved by both boards of directors of the merging companies, “Veranneman TT” will automatically cease to exist as a result of these decisions, and the capital of “Veranneman TT”, including all assets and liabilities, will be transferred to “Sioen Industries”.

This merger proposal will be submitted to the approval of the board of directors of the acquiring company “Sioen Industries” and of the extraordinary general meeting of the acquired company “Veranneman TT”, and will be filed and published at the registry of the competent Court of Commerce by each of the companies concerned separately, in accordance with the provisions of articles 671, juncto 676 and 719 of the Belgian Companies Code.

The target date for the legal completion of the silent merger via decision of the respective boards of directors is the second half of the month of December 2012. Consequently, the present merger proposal will have to be filed at the registries of the competent Courts of Commerce at the latest on 19 October 2012 (preferably earlier).

The merger will be preceded by a silent merger between Belgian Scrim Development BVBA and Veranneman Technical Textiles NV, whereby the entire capital, the rights as well as the obligations, and all assets and liabilities, without any exceptions, of Belgian Scrim Development BVBA will be transferred to Veranneman Technical Textiles NV as a result of dissolution without liquidation.

## ***II. - ADVISABILITY OF THE MERGER, BOTH FROM A LEGAL AND FROM AN ECONOMIC POINT OF VIEW***

The parent-subsiary merger will take place within the context of a global reorganisation of the group, involving a major streamlining of the legal structure of the coating companies. The merger will eliminate intra-group transactions.

Veranneman TT will be incorporated into a larger and financially stronger concern, which has access to the capital markets thanks to Sioen Industries' stock market quotation. In addition, the outstanding debts to Sioen Industries will disappear.

The merger stresses the strategic importance of the coating activities for the Sioen group, as both companies, who are established at the same site in Ardoorie, are active in the group's coating division. Consequently, the legal structure will be adjusted to the economic reality and the strategy of the group.

As a result of the merger, significant savings (including compliance costs related to the intra-group transactions) will be possible with respect to administrative costs, audit expenses,...

The transaction will also enable the continuation of the centralisation process and the creation of synergies, especially for the research and development and sales departments. The integration of these departments should ensure the further development of the group. Research and development in particular are becoming increasingly important for Sioen and are the driving force for further growth in the sector.

The merger will make the implementation of a uniform and centralised structure possible, enabling a more efficient deployment of human and other resources.

On the basis of these considerations, the boards of directors of "Veranneman TT" and of "Sioen Industries" have decided that this silent merger is in the interest of both companies.

## ***III. - IDENTIFICATION OF THE COMPANIES INVOLVED***

### ***A. - The acquired company***

Legal form – name – objects – registered office

"Naamloze vennootschap" (public limited company under Belgian law) VERANNEMAN TECHNICAL TEXTILES, with registered office at 8850 Ardoorie, Fabriekstraat 31 (company number 0429.387.623- Registry of the Court of Commerce at Brugge (Bruges))

The objects of "Veranneman TT" are the following:  
(verbatim quotation from article 3 of the co-ordinated text of the articles of association of 5 September 2002)

"The production, transformation of, the trade in and the sales mediation as commission agent, of all natural and synthetic textile products.

To that effect the company can purchase or sell all movable and immovable goods, perform financial, industrial and commercial transactions that are directly or indirectly connected with all or part of the company's objects or that may facilitate their realisation and/or extend their scope, both in Belgium and abroad.

The company is authorised to realise its objects in Belgium or abroad, for its own account or for the account of third parties, in any way and using the methods which they deem most appropriate.

The company is also authorised to open branches.”

### Capital

The total capital of this company amounts to ninety-five thousand euro (95,000 EUR). It is divided into one hundred and fifty-six (156) shares without indication of nominal value. The capital is paid up in full.

The board of directors of this company is composed as follows:

- Ms Michèle Sioen, managing director and chairwoman of the board of directors
- Ms Daniëlle Parein-Sioen, director
- Ms Pascale Sioen, director
- Mr Geert Asselman, director

The shareholders' structure of this company is as follows:

Sioen Industries NV: 156 shares (100%)

### ***B. - The acquiring company***

Legal form – name – objects – registered office

“Naamloze vennootschap” (public limited company under Belgian law) SIOEN INDUSTRIES, with registered office at 8850 Ardoorie, Fabriekstraat 23 (company number 0441.642.780 - Registry of the Court of Commerce at Brugge (Bruges))

The objects of “Sioen Industries” are the following:  
(verbatim quotation from article 3 of the co-ordinated text of the articles of association of 16 December 2011)

“The company's objects consist of the following activities, to be performed in Belgium or abroad, on its own behalf or on behalf of third parties, for its own account or for the account of third parties :

1. spinning yarns and threads of all kinds, weaving threads of all kinds, coating and printing fabric and any other material, manufacturing plastic and plastic-coated materials, manufacturing, purchasing and selling, both in Belgium and abroad, materials that are useful for or relate to the above-mentioned products and raw materials, and producing chemicals and pigments;

2. manufacturing ready-to-wear outer clothing made of woven fabric, manufacturing all types of made-to-measure clothing and embroidery; manufacturing outer clothing made of knitted fabrics, as well as household linen and upholstery materials; manufacturing wall-covering materials; printing and finishing all fabrics; manufacturing ready-made articles and outfits for men and women; knitwear, embroidery, household and table linen, children's clothing. Manufacturing safety and signposting materials. Wholesale and retail trade in all of the above products;

3. investing in, subscribing for, taking over, issuing, buying, selling and trading in shares, share certificates, bonds, depositary receipts, claims, funds and other securities issued by Belgian or foreign companies, either or not being commercial companies, administrative offices, institutions or associations and either or not (semi-)governed by public law;

4. managing investments and participating interests in subsidiaries, holding managerial positions, providing advice, management and other services to or in line with the activities performed by the company itself. These services can be provided pursuant to a contractual appointment or an appointment in accordance with the provisions of the articles of association, as well as in the capacity of external advisor or body of the client.

The company can realise these objects provided that it meets the legal requirements.

The company can perform, both in Belgium and abroad, all industrial, commercial, financial, movable and immovable activities which may either directly or indirectly extend or promote its business. It can acquire all movable and immovable goods, even if they are not related to the company's objects, neither directly nor indirectly.

The company can in any manner whatsoever acquire interests in all associations, businesses, undertakings or companies that have the same, similar or related objects or that may promote the company's business or facilitate the sale of its products or services; the company can cooperate or merge with such associations, businesses, undertakings or companies.”

## Capital

The total capital of this company amounts to forty-six million euro (46,000,000 EUR). It is divided into twenty-one million three hundred and ninety-one thousand and seventy (21,391,070) shares without indication of nominal value.

The capital is paid up in full.

The board of directors of this company is composed as follows:

- LMCL Comm. VA, having as permanent representative Mr L. Vansteenkiste, chairman
- M.J.S. Consulting BVBA, having as permanent representative Ms M. Sioen, managing director
- Ms J.N. Sioen-Zoete, director
- D-Lance BVBA, having as permanent representative Ms D. Parein-Sioen, director
- P. Company BVBA, having as permanent representative Ms P. Sioen, director
- Louis Verbeke ebvba, having as permanent representative Mr L.H. Verbeke, director
- Mr L. Vandewalle, director
- Lemon Comm. VA, having as permanent representative Mr J. Noten, director
- Philippe Haspeslagh BVBA, having as permanent representative Mr Ph. Haspeslagh, director

The shareholders' structure of this company is as follows:

Sihold NV and the companies/parties connected with the Sioen family; 12.906.212;  
Shell Pensioenfonds: 726.320;  
ING Groep NV: 680.000;  
General public: 7.078.538, including 67,669 shares purchased by the company and not yet destroyed.

#### ***IV. - ACCOUNTING DATE***

In terms of accountancy, the transactions performed by the acquired company will have retroactive effect and will be deemed performed on behalf of the acquiring company as from 1 July 2012.

#### ***V. - GRANTING OF RIGHTS TO SHAREHOLDERS CONTAINING SPECIFIC RIGHTS and OTHER MEASURES***

The *acquired* company "Veranneman TT" does not have any shareholders holding capital shares granting specific rights. Consequently no special measures need to be taken in this respect within "Sioen Industries".

In addition, the *acquired* company "Veranneman TT" does not have any holders of securities other than capital shares, nor any holders of securities granting preferential rights. Consequently, the *acquiring* company "Sioen Industries" will not issue this type of shares or other securities as a result of the merger, and no special measures need to be taken.

#### ***VI. - SPECIFIC BENEFITS FOR DIRECTORS***

No special benefits are granted to the directors of the companies involved in the merger.

#### ***VII. - REAL ESTATE – LEASE AGREEMENTS – SOIL REMEDIATION DECREE***

##### ***Real rights***

The acquired company "Veranneman TT" does not own any real estate.  
The acquired company "Veranneman TT" has assumed the soil remediation obligation imposed by OVAM with respect to the soil remediation and possible subsequent treatment of the premises owned by Sioen Industries NV. Sioen Industries in turn has provided surety in favour of OVAM for payment of all invoices presented by OVAM with regard to the above-mentioned soil remediation.

### ***Lease agreements***

The acquired company “Veranneman TT” has entered into a leasing agreement with ING Lease Belgium with respect to the buildings and the premises used within the framework of its activities and situated at 8850 Ardoorie, Fabriekstraat 31.

### ***VIII. - LEGAL EFFECT***

The silent merger between the acquired company “Veranneman TT” and the acquiring company “Sioen Industries” will take legal effect on 31 December 2012. However, the merger will take effect vis-à-vis third parties only as from the date of its publication in the *Annexes to the Belgian Official Gazette*.

### ***IX. - TAX CONSEQUENCES***

The boards of directors of both companies involved in the merger declare that the intention is to make the planned silent merger tax-neutral. Consequently the planned silent merger will take place pursuant to:

- articles 117 and 120 of the Belgian Code of Registration Duties;
- article 211 of the Belgian Code of Income Tax (1992);
- articles 11 and 18, paragraph 3 of the Belgian VAT Code.

### ***X. - COSTS***

The costs resulting from the merger will be paid by the acquiring company.

### ***XI. - POWER OF ATTORNEY FOR FILING WITH THE COURT REGISTRY***

Mr Robrecht Maesen and Ms Anouchka Vlaminck, both qualified to act separately with power of subrogation, hereby receive a power of attorney from each of the companies involved in the merger, in order to file the merger proposal at the registries of the competent Courts of Commerce.

### ***XII. - EXCHANGE OF INFORMATION and CONFIDENTIALITY***

In order to have the planned silent merger take place in accordance with the applicable legal provisions and the provisions of the articles of association, the managing bodies of the companies concerned will inform each other and provide their shareholders with all useful information in the manner described in the Belgian Companies Code.

The information exchanged between the companies involved in the merger within the framework of this proposal are confidential. The undersigned undertake to respect the confidential nature of this information.



***XIII. APPLICATION OF ARTICLE 722 § 6 OF THE BELGIAN COMPANIES CODE***

Pursuant to article 722 § 6 of the Belgian Companies Code and taking into account the fact that the acquiring company owns 100% of the shares of the acquired company, the approval of the general meeting of the acquiring company for the above-mentioned merger is not required, except if one or several shareholders of the acquiring company, holding shares representing 5% of the subscribed capital, request that a general meeting of the acquiring company be convened in order to take a decision with respect to the proposal, at the latest six weeks after the publication of the present merger proposal at the registry of the competent court of commerce. The completion of the merger will be determined by authentic deed by the board of directors of the acquiring company.

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Thus prepared in 4 originals at

Ardoonie, 17/10/2012

Ardoonie, 17/10/2012

On behalf of VERANNEMAN TECHNICAL  
TEXTILES NV

On behalf of SIOEN INDUSTRIES NV

*(signed)*

*(signed)*

Michèle Sioen  
managing director

M.J.S. Consulting BVBA,  
represented by its permanent  
representative Michèle Sioen  
managing director

*(signed)*

*(signed)*

Geert Asselman  
director

Jacqueline Sioen-Zoete  
director