

According to the Decision of the Meeting of shareholders of the Holding Company in mixed ownership Industrija viskoznih proizvoda i celuloze „Viskoza“ a.d. u restrukturiranju, Loznica, Gradilište bb (hereinafter: HK „Viskoza“ A.D. Loznica) no. 017/123 dated 21 December 2006 and the Agreement on Power of Attorney, closed between HK „Viskoza“ A.D. Loznica, as the Ordering Party and the Privatization Agency of the Republic of Serbia, dated 22 December 2006, as the Holder of the Power of Attorney, Privatization Agency of the RS is announcing:

**PUBLIC INVITATION FOR PARTICIPATION IN PUBLIC BIDDING FOR PURCHASE  
OF THE SHARE OF THE HOLDING KOMPANIJA MEŠOVITE SVOJINE INDUSTRIJA  
VISKOZNIH PROIZVODA I CELULOZE „VISKOZA“ A.D. U RESTRUKTURIRANJU (HOLDING  
COMPANY IN MIXED OWNERSHIP – INDUSTRY OF VISCOUS PRODUCTS AND CELLULOSE  
„VISKOZA“, JOINT-STOCK COMPANY IN RESTRUCTURING, WITHIN THE ENTERPRISE  
„KORD“ D.O.O. („KORD” Ltd.) LOZNICA, WHICH IS 100% OF CAPITAL OF THE  
„KORD“ D.O.O.**

**Sale Code: 130207-R-1842**

**1. Subject of sale**

Subject of sale is the share of the Holding kompanija mešovite svojine Industrija viskoznih proizvoda i celuloze „Viskoza“ a.d. u restrukturiranju, Loznica, Gradilište bb, in the enterprise „Kord“ d.o.o. Loznica, which is 100% of capital of the „Kord“ d.o.o., the initial price of which amounts to RSD 87.398.000,00.

**MANDATORY CONDITIONS OF PUBLIC SALE:**

The initial price at the Public Bidding amounts to **RSD 87.398.000,00**.

The Sales-Purchase price is to be paid off AT ONCE.

Means of payment for the Sales-Purchase price can be SOLELY in domestic currency or foreign convertible currency.

If a declared buyer is a foreign legal entity or individual, it can pay the Sales-Purchase price in the counter-value of the foreign convertible currency, calculated according to the official intermediate exchange rate of the National Bank of Serbia (NBS) on the payment date.

**PARTICIPATION REQUIREMENTS:**

Right of participation in the Public Bidding have parties, which have cumulatively fulfilled the requirements as follows:

- have purchased Bidding Documents;
- have signed the Agreement on Keeping the Confidential Information;
- have submitted the Application for participation in the Public Sale;
- have paid in the deposit for participation in the Public Bidding at the amount of **RSD 8.739.800,00**, which can also be paid in the counter-value of the foreign convertible value calculated according to the official intermediate exchange rate of the NBS, current on the announcing date of the Public Invitation or have submitted, along with the Application for participation in the Public Bidding, the Bid Bond at the amount of **RSD 8.739.800,00**, what can also be paid in the counter-value of the foreign convertible currency, calculated according to the official intermediate exchange rate of the NBS, current on the announcing date of the Public Invitation for participation in the Public Bidding, and
- have registered for participation in the Public Bidding.

As a bidding participant may apply also a Consortium consisted of domestic and/or foreign legal entities and/or individuals (hereinafter: Consortium). Through the provisions of the Agreement on Consortium, members of Consortium must authorize one of their members to represent the Consortium (hereinafter: Authorized Representative of the Consortium) to act on behalf of and for the account of Consortium. The Consortium Agreement must stipulate unlimited joint and several liabilities of all members of the Consortium. The Agreement on Consortium has to be submitted along with the Application for participation in the Public Bidding.

**Selling (bidding) documents:**

Selling documents include:

- Confidentiality Agreement;
- Application Form for participation in Public Bidding;
- Draft SPA on sale of shares;
- Rules on the Public Bidding procedure – Instructions to Bidders;
- Relevant documents related to property – legal matters.

Interested parties can purchase selling documents at the price of **RSD 40.000,00** without VAT, after the invoice by the Privatization Agency has been issued.

After payment evidence has been submitted, selling documents can be collected at the following address: Privatization Agency, Belgrade, 23 Terazije St., 5<sup>th</sup> floor, office 511.

The funds paid for the purpose of purchase of selling documents are not refundable.

**Selling documents shall be available to interested parties commencing with 08 January 2007 until 05 February 2007, from 09:00 - 16:00.**

The parties which have purchased the selling documents and signed the Confidentiality Agreement will be enabled to visit the Subject of sale.

The site visit schedule will be determined according to the Rules on Public Bidding procedure – Instructions to Bidders.

**Contact Person:**

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**Submission of Applications for participation in the Public Bidding:**

Applications shall be submitted directly to the Privatization Agency, 23 Terazije St., Belgrade, 5th floor, office 511, in a sealed envelope, with the inscription:

Auction Sale Code: **130207-R-1842**

APPLICATION FOR PARTICIPATION IN PUBLIC BIDDING

Privatization Agency of the Republic of Serbia

23/V Terazije St, office 511

Belgrade

**The deadline for submission of Applications for participation in the Public Bidding expires on 06 February 2007, at 15:00.**

The Bidding application shall be completed in a separate form which is the integral part of the documents. Along with the Application for participation it is necessary to submit the signed and on each page initialed Draft SPA on sale and the deposit payment evidence, i.e. the Bid Bond.

Incomplete and belated applications will not be taken into consideration.

The Commission for the conduct of the Public Bidding will inform Applicants on approval of their applications at the latest until one working day prior to the Public Bidding performance.

Those participants whose applications for participation in the Public Bidding have been approved, but have failed to register, lose the right to be returned the deposit, i.e. the Bid Bond. The right to be returned the deposit, i.e. the Bid Bond will lose also those parties who have registered for the Public Bidding, but have failed to participate in that.

### **Public Bidding performance:**

**Public Bidding for the purpose of Public Sale will be held on 13 February 2007, with the beginning at 11:00, at the address: Privatization Agency, Belgrade, 23 Terazije St, II floor, Large Hall.**

Registration of participants in the Public Bidding will be held on 13 February 2007 at the same address, on the 2<sup>nd</sup> floor, in Small Hall, starting two hours prior to the Public Bidding performance, and ending ten minutes prior to the Public Bidding, i.e. in period from 09:00 to 10:50.

The method of the Public Bidding is described into detail in the Rules of the Public Bidding procedure.

The deposit, i.e. the Bid Bond, is to be returned to the participants, which have not been declared a buyer, within ten working days following the conclusion date of the Public Sale, save to the participant, which has bid the second-ranked offer in the course of the Public Bidding procedure.

### **Conclusion of Share Sale Agreement:**

The text of the Draft Share Sale Agreement and the text of Share Sale Agreement are not susceptible to change.

The participant, who has been the first to bid the best offer in the course of the Public Bidding procedure and has been declared a buyer, will sign the Share Sale Agreement.

The participant, who has been the first to bid the best offer in the course of the Public Bidding procedure and has submitted to the Agency, along with the Application for participation the Bid Bond, as the means of the deposit payment guarantee, has the obligation to pay in the deposit amount to the Agency's account at the latest until two days following the Public Bidding date.

If a declared buyer refuses to sign the Minutes on the Public Bidding or the Share Sale Agreement or fails to pay the Sales-Purchase price within the determined period, it will lose the right to be returned the deposit, i.e. the Bid Bond is to be cashed.

In case that a declared buyer refuses to sign the Minutes on the Public Bidding or the Share Sale Agreement or fails to pay the Sales-Purchase price within the determined period, but there have been other offers, the Share Sale Agreement will be signed with the participant, who has bid the second-ranked offer at the price offered by that participant.

If a Bidder, who has bid the second-ranked offer at the Public Bidding, refuses to sign the Minutes or the Share Sale Agreement or fails to pay the Sales-Purchase price within the determined period, it will lose the right to be returned the deposit, i.e. the Bid Bond will be cashed.

### **Right to amend the Public Invitation:**

Privatization Agency and HK „Viskoza“ A.D., Loznica reserve the right to change dates, deadlines and/or requirements set out in this Public Invitation, and shall bear no liability for possible costs or damages, which such corrections may cause to prospective participants in the Public Bidding.

Privatization Agency will inform prospective participants on the corrections of the Public Invitation at the latest until the Public Bidding date.