

Pursuant to the Decision of the Assembly of the Holding Company in mixed ownership – Industry of viscose products and cellulose „Viskoza“ a.d. in restructuring, Loznica, Gradilište bb (hereinafter HK „Viskoza“ A.D. Loznica) no. 017/121 dated 21.12.2006 and the Contract of Power of Attorney between HK „Viskoza“ A.D. Loznica, as a Principal and Serbian Privatization Agency dated 22.12.2006, as a Holder of Power of Attorney, Serbian Privatization Agency announces

**PUBLIC INVITATION FOR PARTICIPATION IN THE PUBLIC BIDDING FOR
PURCHASE OF THE SHARE OF THE HOLDING COMPANY IN MIXED OWNERSHIP –
INDUSTRY OF VISCOSE PRODUCTS AND CELLULOSE „VSKOZA“ A.D. IN RESTRUCTURING,
LOZNICA, IN ENTERPRISE „LOZOFAN“ D.O.O. LOZNICA, WHICH AMOUNTS TO 100% OF
THE CAPITAL OF
“LOZOFAN“ D.O.O.**

Sale Code: 130207-R-1845

1. Subject of Sale

The subject of sale is a share of the Holding Company in mixed ownership – Industry of viscose products and cellulose „Viskoza“ a.d. in restructuring, Loznica, Gradilište bb, in the enterprise „Lozofan“ d.o.o. Loznica, which amounts to 100% of the capital of „Lozofan“ d.o.o., whose initial price amounts to CSD 40.913.000,00.

Mandatory Terms of Sale:

The initial price at the public bidding amounts to CSD **40.913.000,00**.

The purchase price is to be paid AT ONCE.

Means of payment for the purchase price can be SOLELY in domestic currency or foreign convertible currency. If the declared buyer is a foreign legal entity or natural person, the purchase price can be paid in foreign convertible currency equivalent calculated according to the official average exchange rate of NBS on the payment day.

Participation Requirements:

Participation in the public bidding is open to all domestic and foreign legal entities and individuals that have:

- purchased the bidding documents,
- signed the Confidentiality Agreement,
- submitted the application for participation in the bidding;
- paid the public bidding deposit amounting to CSD **4.091.300,00**, or to the foreign convertible currency equivalent calculated according to the official average exchange rate of NBS valid on the day of public invitation's announcement or that have submitted, along with the application for participation, the bid bond amounting to CSD **4.091.300,00**, or to the foreign convertible currency equivalent calculated according to the official average exchange rate of NBS valid on the day of public invitation's announcement, and
- that have been registered for the participation in the public bidding.

The bidding participant may also be a consortium of domestic and/or foreign legal entities and/or individuals (hereinafter: Consortium). The Consortium Agreement shall give authorization to one Consortium member to represent the Consortium (hereinafter: Authorized representative of the Consortium) and to act on behalf and for the Consortium. The Consortium Agreement must stipulate unlimited joint and several liabilities of all Consortium members.

The Consortium Agreement has to be submitted together with the application for participation in the public bidding.

Sale (Bidding) Documents:

Sale Documents include:

- Confidentiality Agreement,
- Application form for participation in the public bidding;
- Draft Agreement on Sale of the Share,
- Rules of the public bidding procedure – Instructions to Participants in the public bidding,
- Relevant property–legal documents,

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

Upon submitting the payment evidence, the sale documents can be collected at the following address: Privatization Agency, Belgrade, 23 Terazije St., 5th floor, Room 511.

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

Sale Documents shall be available to the interested parties starting from 08.01.2007 to 05.02.2007, from 09:00 to 16:00.

Visits to the subject of sale shall be available to the parties that have purchased the sale documents and signed the Confidentiality Agreement.

The periods of the visits to the subject of the public sale shall be determined in accordance with the Rules of public bidding procedure – Instructions to Participants in public bidding.

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Submission of Applications for Participation in the Public Bidding:

The applications shall be submitted directly to the Privatization Agency Belgrade, Terazije 23, 5th Floor, office 511, in a sealed envelope marked with:

Auction Sale Code: **130207-R-1845**
APPLICATION FOR PARTICIPATION IN PUBLIC BIDDING
Privatization Agency of the Republic of Serbia
Terazije 23/V, office 511
Belgrade

The Deadline for submission of application for participation in the public bidding is 06.02.2007 at 15:00.

The application for participation in the public bidding shall be completed in a separate form, which is an integral part of the Bidding Documents. Along with the application for participation in the public bidding, it is mandatory to submit Draft Purchase and Sale Agreement and the deposit payment receipt, that is, the bid bond. Incomplete and late applications will not be taken into consideration.

The Commission for the conduct of the public bidding will inform the applicants on the approval of their applications no later than one day prior to the date of the public bidding.

The participants whose applications for participation in the public bidding have been approved, but who have not been registered, lose the right to be returned the deposit, i.e. the bid bond. Even the participants who have been registered for the public bidding, but who have not attended the bidding, lose the right to be returned the deposit, i.e. the bid bond.

Public Bidding

The public bidding for the purpose of public sale will be held on 13.02.2007, at 11:00, at the following address: the Privatization Agency, Belgrade, 23 Terazije St., 2nd floor, Large Hall.

Registration of the participants in the public bidding will be held on 13.02.2007 at the same address, starting two hours before the public bidding, and finishing ten minutes prior to the public bidding, that is, from 09:00 to 10:50.

The method of public bidding is described in detail in the Rules of public bidding procedure.

The deposit, i.e. the bid bond, is to be returned to the participants not having been declared a buyer within the period of 10 working days after the conclusion of the public sale, except for the participant having bid the second best offer at the public bidding.

Conclusion of Share Sale Agreement:

The texts of the Draft Share Sale Agreement and the Text of Share Sale Agreement are not changeable.

The participant having been the first to bid the highest offer at the public bidding and having been declared a buyer, shall sign the Share Sale Agreement.

The participant having been the first to bid the highest offer at the public bidding, and having submitted the bid bond to the Agency, along with the application for participation in the public bidding, is obliged to pay the amount of the deposit into the account of the Agency two days after the public bidding has been held at the latest.

If the declared buyer refuses to sign the public bidding minute or the Share Sale Agreement or does not pay the purchase price within the stipulated period, it loses the right to be returned the deposit, i.e. the bid bond is to be cashed.

If the declared buyer refuses to sign the public bidding minute or the Share Sale Agreement or does not pay the purchase price within the stipulated period, and there were other offers, the Share Sale Agreement is to be concluded with the participant having bid the second best offer at the price offered by that participant.

If the participant which has bid the second best offer at the public bidding refuses to sign the public bidding minute or the Share Sale Agreement or does not pay the purchase price within the stipulated period, it loses the right to be returned the deposit, i.e. the bid bond is to be cashed.

Right to Amend the Public Invitation:

The Privatization Agency and HK „Viskoza“ AD, Loznica reserve the right to change dates, deadlines and/or terms of this public invitation, and shall bear no liability for potential costs or damages suffered by potential participants in the public bidding as a result of such amendments.

Potential participants will be informed on the amendments to the Public Invitation no later than by the date of the public bidding.

