

According to the Decision of the Assembly of the Holding Company in mixed ownership – Industry of viscose products and cellulose „Viskoza“ Joint-stock company, in restructuring, Loznica, Gradilište bb (hereinafter HC „Viskoza“ Joint-stock company, Loznica) no. 017/137 dated 12.04.2007, the Contract of Power of Attorney no. 1-2249/06-46/02 dated 22.12.2006 and Annex I of the Contract of Power of Attorney no. 1-582/07-46/02 dated 20.04.2007, between the HC „Viskoza“ Joint-stock company Loznica, as the Principal and the Privatization Agency of the Republic of Serbia as the Holder of Power of Attorney, the Privatization Agency of the Republic of Serbia announces

PUBLIC INVITATION FOR PARTICIPATION IN THE SECOND PUBLIC BIDDING FOR PURCHASE OF THE SHARE OF THE HOLDING COMPANY IN MIXED OWNERSHIP – INDUSTRY OF VISCOSE PRODUCTS AND CELLULOSE „VISKOZA“ JOINT-STOCK COMPANY, IN RESTRUCTURING, LOZNICA, IN THE ENTERPRISE „LOZOFAN“ L.L.C. LOZNICA, WHICH IS 100% OF THE CAPITAL OF „LOZOFAN“ L.L.C.

Sale code: 310507-R-1845

1. Subject of sale

The subject of sale is the share of the Holding Company in mixed ownership – Industry of viscose products and cellulose „Viskoza“ Joint-stock company, in restructuring, Loznica, Gradilište bb, in the enterprise „Lozofan“ L.L.C. Loznica, which is 100% of the capital „Lozofan“ L.L.C., whose initial price amounts to RSD 20.456.500,00.

Mandatory Terms of Public Sale:

The initial price at the Public Bidding amounts to RSD **20.456.500,00**.

The Purchase price is to be paid AT ONCE.

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

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

Participation Requirements:

Right to participate 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 Public Bidding;
- paid the Public Bidding deposit amounting to **RSD 2.045.650,00** or to the foreign convertible currency equivalent, calculated according to the official intermediate exchange rate of the NBS current on the announcing date of the Public Invitation or that have submitted, along with the Application for participation, the Bid Bond amounting to **RSD 2.045.650,00** or to the foreign convertible currency equivalent, calculated according to the official intermediate exchange rate of the NBS current on the announcing date of the Public Invitation, and
- that have been registered for 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 must contain:

- Confidentiality Agreement,
- Application form for participation in the Public Bidding;
- Draft Agreement on Sale of 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 **RSD 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 24.04.2007 to 22.05.2007, 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 schedule of visits to the Subject of Public Sale shall be determined in accordance with the Rules of the Public Bidding procedure – Instructions to Bidders.

Submission of Applications for participation in the Public Bidding:

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

Auction Sale Code: **310507-R-1845**
APPLICATION FOR PARTICIPATION IN PUBLIC BIDDING
Privatization Agency of the Republic of Serbia – Auction Center
Terazije 23/V, office 511
Belgrade

The deadline for submission of applications for participation in the Public Bidding is 23.05.2007 at 16:00.

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 the Draft Agreement on Sale and the deposit payment evidence, that is, the Bid Bond.

Incomplete and belated applications will not be taken into consideration.

The Commission for the conduct of the Public Bidding will inform the applicants on approval of their applications not later than one working day prior to the date of the Public Bidding performance.

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 failed to attend the Bidding, lose the right to be returned the deposit, i.e. the Bid Bond.

Public Bidding performance

The Public Bidding for the purpose of Public sale will be held on 31.05.2007, at 14:00, at the following address: Privatization Agency, Belgrade, 23 Terazije St., 2nd floor, Large Hall.

Registration of participants in the Public Bidding will be held on 31.05.2007 at the address: Privatization Agency, Belgrade, 23 Terazije St., 2nd floor, starting two hours prior to the Public Bidding, and ending ten minutes prior to the Public Bidding, that is, from 13:00 to 13:50.

The method of the Public Bidding performance is described in detail in the Rules of Public Bidding procedure – Instructions to Bidders.

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 text of the Draft Share Sale Agreement and the text of the Share Sale Agreement cannot be changed.

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 Minutes or the Share Sale Agreement or does not pay the Purchase price within the stipulated period, it will lose 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 Minutes or the Share Sale Agreement or does not pay the Purchase price within the stipulated period, and there have been 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 who has bid the second-ranked offer at the Public Bidding, refuses to sign the Public Bidding Minutes or the Share Sale Agreement or does not pay the Purchase price within the stipulated period, it will lose the right to be returned the deposit, i.e. the Bid Bond is to be cashed.

Right to amend the Public Invitation:

Privatization Agency and „Viskoza“ Joint-stock company, 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 at the latest until the Public Bidding date

Contact persons:

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Auction Center**

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