



Based on Article 28 of the Law on Privatization ("Official Gazette of the Republic of Serbia" nos. 38/2001, 18/2003, and 45/2005),

Privatization Agency Republic of Serbia

(hereinafter: "the Agency")

hereby announces:

PUBLIC INVITATION

For participation in the Public Tender for sale of 100% of the socially owned capital of

**Akcionarsko društvo «ELEKTROPORCELAN»
Industrija elektroporcelana, Arandjelovac – u restrukturiranju**
(hereinafter: Entity undergoing privatization)

Tender Code: **ELP 29/07**

1. The total registered capital of the Entity undergoing privatization consists of 99.15723% of the socially owned capital and 0.84277% of the share capital.
2. The Agency is offering for sale 100% of the socially owned capital, which represents 99.15723% of the total registered capital of the Entity undergoing privatization.
3. Details about the Entity undergoing privatization:
Address: Put 1300 kaplara bb, Arandjelovac, Serbia
Phone: +381 34 724 003, 713 111
Fax: +381 34 723 702
Activity: Production of ceramic insulators and insulation equipment

More details on the Entity undergoing privatization is available at:

http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_3404.pdf

Detailed information about the Entity undergoing privatization, along with the Instructions to Bidders (hereinafter "Tender Documents"), will be made available to all interested tender participants upon signing of the Confidentiality Agreement and payment of the Tender Documents Fee.

The Tender Documents Fee is EUR 8,000.00 (Euro eight thousand).

The Agency has appointed Consortium VOLKSBANK AD, Belgrade, and CONZIT d.o.o. Belgrade, to act as advisor in this privatization procedure (hereinafter: Advisor).

4. A bid may be submitted by:
 - A) Interested bidder that fulfils the following requirements:
 - It has purchased the Tender Documents; and
 - It fulfils at least one of the following requirements:
 - a) it has been engaged in the activity – production of ceramic insulators and/or insulation equipment for at least the last 3 (three) consecutive business years, and achieved operating revenues of at least EUR 5,000,000.00 (Euro five million) in 2006;



or

- b) is a financial investor (a legal entity whose core activity is investing money, which exists at least the last 3 years and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 20,000,000.00 (Euro twenty million) in 2006;

or

- c) is an investor who achieved operating revenue in excess of EUR 8,000,000.00 (Euro eight million) in 2006;

If the interested bidder is a parent company that does not meet the requirements from this clause of the Public Invitation, its subsidiary has the right to submit a bid, if it fulfils the requirements. The subsidiary that fulfils the above stated requirements also has the right to submit a bid if the parent company purchased the Tender Documents.

If the interested bidder is a subsidiary that does not meet the requirements from this clause of the Public Invitation, the Parent company has the right to submit a bid, if it fulfils the requirements. The parent company that fulfils the above stated requirements also has the right to submit a bid if its Subsidiary purchased the Tender Documents.

B) If an interested bidder is a Consortium, it is necessary that it fulfils cumulatively the following requirements:

- All Consortium members have made the decision on organizing and entering the Consortium;
- All Consortium members have concluded a written Consortium Agreement and notarized it in Court or other competent body (in case of foreign legal entities and/or individuals);
- Each member of the Consortium assumes unlimited joint and several liability by provisions of the Consortium Agreement;
- The Consortium Agreement specifies each member's percentage in the acquisition of capital of the Entity undergoing privatization, provided that one consortium member must have at least 51% of the total share in the Consortium (hereinafter: "Consortium Leader");
- All Consortium members have signed a notarized Power of Attorney for the representing member of the Consortium;
- All Consortium members have signed a Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents;
- The Consortium Leader fulfills at least one of the following requirements:
 - a) it has been engaged in the activity – production of ceramic insulators and/or insulation equipment for at least the last 3 (three) consecutive business years, and achieved operating revenues of at least EUR 5,000,000.00 (Euro five million) in 2006;

or

- b) is a financial investor (a legal entity whose core activity is investing money, which exists at least the last 3 years and includes investment companies, mutual funds, insurance companies, pension funds, and investment banks) with total operating assets in excess of EUR 20,000,000.00 (Euro twenty million) in 2006;

or

- c) is an investor who achieved operating revenue in excess of EUR 8,000,000.00 (Euro eight million) in 2006;

5. The Agency hereby invites all parties interested in participating in the tender to submit a written request for the purchase of the Tender Documents for the Entity undergoing privatization by **December 28, 2007**.

Tender Documents will be made available to the interested parties from **November 26, 2007**.



The request for purchasing the Tender Documents shall be submitted to the Advisor by mail, e-mail or facsimile, clearly marked with "Request for the purchase of Tender Documents – Tender Code **ELP 29/07**".

Upon receiving the request, an invoice for payment of the Tender Documents Fee and the Confidentiality Agreement for signature, shall be forwarded to the applicant's authorized representative by mail, e-mail or facsimile. Signed Confidentiality Agreement shall be immediately faxed and mailed back to the Advisor to the addresses below.

Upon receipt of the signed Confidentiality Agreement, the proof of authorization for the person who signed the Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Advisor shall immediately send the relevant Tender Documents to the Tender Participant by mail/e-mail or hand it to its authorized representative.

The Advisor and the Agency shall not be held liable for any loss or delay that may occur in the delivery of any document.

6. The deadline for submission of binding bids for acquisition of 100% of the socially owned capital of the Entity undergoing privatization by interested bidders is **February 1, 2008, at 16:30 hours (Belgrade time)**.

The Agency reserves the right to amend any and all elements, i.e. requirements and deadlines from the Public Invitation, if necessary.

As a prerequisite for bid submission, it is necessary to pay a deposit or to submit a Bid Bond in the amount of **EUR 50,000.00** (Euro fifty thousand).

7. All communications or inquiries relating to this Public Invitation should be directed to the contact persons at the address bellow, in Serbian or English:

<p>Privatization Agency</p> <p>Terazije 23 11000 Belgrade Serbia</p> <p>Aleksandar Velkovski Project Manager</p> <p>E-mail: avelkovski@priv.co.yu Tel: +381 11 3029 911 Fax: +381 11 3020 816</p>	<p>VOLKSBANK AD, Beograd Bulevar Mihajla Pupina 165 11000 Belgrade, Serbia</p> <p>Svetlana Ristić E-mail: svetlana.ristic@volksbank.co.yu Tel: +381 11 20 17 02 Fax: +381 11 20 132 70</p> <p>CONZIT d.o.o. Beograd Kralja Milana 10 11000 Belgrade, Serbia</p> <p>Tomislav Milovanović E-mail: office@conzit.co.yu Tel: +381 11 361 51 13 Fax: +381 11 268 63 93</p>
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