

In accordance with Article 28 of the Law on Privatization (as published in the Official Gazette of the Republic of Serbia Nos. 38/2001 and 18/2003), **the Privatization Agency of the Republic of Serbia** (hereinafter "**Agency**") hereby issues a:

**PUBLIC INVITATION**

for participation in a Tender Process for the acquisition of a controlling interest in:

**Sever Holding International a.d. Subotica**

Tender Code: SEV01/04

1. Total registered capital of the Company consists of CSD (YUM) 333,975,000 (or USD 56,488,000), with the following structure:
  1. socially owned capital in the amount of YUM 301,145,000.00 (USD 50,935,000.00) – representing 90.17% of the total capital of the Company;
  2. shareholders' capital (shareholders natural persons- employees) in the amount of YUM 5,978,300.00 (USD 1,011,000.00) –representing 1.79% of the total capital;
  3. Vojvodjanska banka A.D. Novi Sad - in the amount of YUM 2,662,500.00 (USD 450,000.00) – representing 0.79% of the total capital of the Company Continental banka A.D. Novi Sad – in the amount of YUM 9,688,100.00 (USD 1,639,000.00), representing 2.9% of the total capital of the Company;
  4. Akcionarsko drustvo za osiguranje i reosiguranje "DDOR Novi Sad" Novi Sad – in the amount of YUM 453,100.00 (USD 77,000.00), representing 0.14 % of the total capital of the Company; and
  5. Fond za razvoj Republike Srbije – in the amount of YUM 14,048,000 (USD 2,376,000.00) representing 4.21% of the total capital of the Company.

The Agency is offering for sale 70% of the socially owned capital of Sever Holding International a.d. Subotica, Subotica, Magnetna polja br. 6 (hereinafter: the "**Company**").

2. Details about the Company:

Address:	Magnetna polja br. 6, Subotica
Phone Number:	+ 381 24 548 405
Fax Number:	+ 381 24 546 893
Industry:	Electromechanical components
Tender Code:	SEV01/04

Basic data about the Company is available at:

[http://www.priv.yu/pregled\\_preduzeca/pdf/e-teaser\\_389.pdf](http://www.priv.yu/pregled_preduzeca/pdf/e-teaser_389.pdf)

<http://www.mpriv.sr.gov.yu/>

Detailed information about the Company, along with the Information Memorandum (hereinafter "the Tender Documents"), will be made available to all buyers of the Tender Documents, upon payment of the Tender Documents Fee in the amount of EUR 5,000 (five thousand Euros), plus EUR 1,000 (one thousand Euros) of sales tax.

3. The Agency has appointed Société Générale to act as the advisor in the privatization procedure (hereinafter: “**Advisor**”).

4. A bid may be submitted by the potential Buyer that fulfils the following requirements:

- Has purchased the Tender Documents;
- Has been engaged in production, and/or processing, and/or trade of electromechanical components (such as motors or pumps) for the last 24 months;

If the potential Buyer 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 may submit a bid if the Parent company has purchased the Tender Documents.

If the potential Buyer is a subsidiary that does not meet the requirements referred to by this clause of the Public Invitation, the Parent company has the right to submit a bid, if it fulfils the requirements.

The Parent company may also submit a bid if its Subsidiary has purchased the Tender Documents.

If the potential Buyer is a Consortium, the following requirements have to be fulfilled:

- All Consortium members have made the decision on organizing and entering the Consortium;
- All Consortium members have signed the Consortium Agreement and such Agreement has been court authenticated;
- Each member of the Consortium assumes an unlimited joint and several liability;
- The Consortium Agreement specifies each member’s percentage in the acquired company’s capital;
- All Consortium members have signed Power of Attorney for the representing member of the Consortium, and such Power of Attorney has been court authenticated;
- All Consortium members have signed a Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents;
- At least one of the Consortium members have been engaged in production, and/or processing, and/or trade of electromechanical components (such as motors or pumps) for the last 24 months.

5. The Agency hereby invites all interested parties to submit a written request for the purchase of the Tender Documents for the Company by February 16<sup>th</sup>, 2004. Tender Documents will be made available to interested parties starting from January 05<sup>th</sup>, 2004.

The request for purchasing the Tender Documents shall be submitted to the Advisor by mail, to the addresses stated below, or by e-mail or facsimile, and shall clearly display the reference "Request for the purchase of Tender Documents - Tender Code SEV01/04".

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

6. Upon receipt of the signed Confidentiality Agreement and confirmation 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 the 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.

7. The deadline for submission of the bids for acquisition of the capital is March 05<sup>th</sup>, 2004, **at 17:00 hours (Belgrade time)**.

8. The Agency reserves the right to amend the requirements and the deadline from the Public Invitation, if necessary.

9. The Bid bond for participating in the Public Tender will be EUR 50,000 (fifty thousand Euros).

10. All communications or inquiries relating to this Invitation should be directed to the Advisor in Serbian or English language at the address bellow:

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Tel.: + 33 1 42 13 79 40  
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