

In accordance with the Article 28 of the Law on Privatization (“Official Gazette of the Republic of Serbia” nos. 38/2001, 18/2003 and 45/2005),
the Privatization Agency of the Republic of Serbia (hereinafter: “the Agency”) hereby announces:

PUBLIC INVITATION

For participation at a Public Tender for divestment of 98.97% of total registered capital in the entity undergoing privatization:

AD Hemijska industrija "Hipol", Odžaci – in restructuring process
Tender Code: **HIP 06/05**

1. The total registered capital of **AD Hemijska industrija "Hipol"**, Odžaci in restructuring process (hereinafter “entity undergoing privatization”) consists of 98.97% of socially owned capital and 1.03% of share capital.

The Agency offers for sale 100% of socially owned capital of the entity undergoing privatization, a single domestic producer of polypropylene.

2. Details about the Company:

Address: Industrijska zona bb, 25250 Odzaci, Serbia & Montenegro

Phone: +381 25 743 221

Fax: +381 25 743 191

Industry: Production of primary-shaped plastic substances – polypropylene;
Production of plastic products.

More details about the entity undergoing privatization are available at

http://www.priv.yu./pregled_preduzeca/pdf/e-teaser_274.pdf

Detailed information on the entity undergoing privatization along with the Information Memorandum (hereinafter “the Tender Documents”) will be made available to all interested parties after signing the Confidentiality Agreement and purchasing the Tender Documents.

3. The Agency has appointed Consulting company **FACTIS d.o.o.** (hereinafter “the Consultant”) to act as Consultant in this privatization process.

4. Following parties may submit a bid:

(i) A potential bidder that fulfills the following requirements:

- Has purchased the Tender Documents; and
- That it:
 - a) has either been engaged in production and/or sale of plastic substances and/or manufacture and/or sale of plastic products for at least the last 3 fiscal years, and has achieved with this business activity a total operating revenue in excess of EUR 20 million (Euro twenty million) in 2004;
 - b) or is a Financial Investor (legal entity whose core business is investment of money existing for at least the last 3 fiscal years and including investment companies, mutual funds, insurance companies,

pension funds and investment banks) with a minimum of EUR 50 million (Euro fifty million) in operating assets in 2004;

- c) or is an Investor that achieved a total operating revenue of more than EUR 30 million (Euro thirty million) in 2004.

If a Potential Investor is a subsidiary that does not fulfill the requirements of this Clause of the Public Invitation, their parent company has the right to submit a bid if they fulfill the stated requirements. The parent company has right to submit the bid even though the subsidiary has purchased the Tender Documents.

If a Potential Investor is a parent company that does not fulfill the requirements of this Clause of the Public Invitation, their subsidiary has the right to submit a bid if they fulfill the stated requirements. The subsidiary has right to submit the bid even though the parent company has purchased the Tender Documents.

(ii) If a Potential Investor is a Consortium, it is necessary that they fulfill the following requirements:

- All Consortium members have made the decision on organizing and entering into the Consortium;
- All the Consortium members have made a written Consortium Agreement and notarized it at the Court or other competent legal body (if foreign legal or private entity);
- Each member of the Consortium assumes a several and joint unlimited liability by the provisions of the Consortium Agreement;
- The Consortium Agreement specifies each member's percentage in the acquisition of the capital of the entity undergoing privatization, where at least one of the members should be engaged with 51% ("Consortium Leader");
- All Consortium members have signed a Notarized Power of Attorney for the representing member of the Consortium;
- All Consortium members have signed the Confidentiality Agreement;
- At least one of the Consortium members has purchased the Tender Documents;
- The Consortium Leader (a member of Consortium with the share in the Consortium of not less than 51%) fulfills at least one of the following requirements:
 - a) It has been engaged in production and/or sale of plastic substances and/or manufacture and/or sale of plastic products for at least the last 3 fiscal years, and achieved with this business activity a total operating revenue in excess of EUR 20 million (Euro twenty million) in 2004;
 - b) It is a Financial Investor (legal entity whose core business is investment of money existing for at least the last 3 fiscal years and including investment companies, mutual funds, insurance companies, pension funds and investment banks) with a minimum of EUR 50 million (Euro fifty million) in operating assets in 2004;
 - c) It is an Investor that achieved a total operating revenue of more than EUR 30 million (Euro thirty million) in 2004.

5. The Agency hereby invites all the interested parties to submit a written request for purchase of Tender Documents of the entity undergoing privatization, by **August 15th 2005**;

The Tender Documents shall be available to all the interested parties starting from July 28th 2005.

The Tender Documents fee is EUR 5,000.00 (Euro five thousand) converted into dinars at the average exchange rate given by the National Bank of Serbia on the date of issuing the invoice.

The written request for purchasing the Tender Documents shall be sent by post, e-mail or facsimile to the Consultant and shall clearly display the reference "Request for Purchase of Tender Documents – Tender Code: **HIP 06/05**."

Upon receiving the request, an invoice for paying the Tender Documents Fee as well as the Confidentiality Agreement for signature shall be forwarded to the Tender Participant's authorized representative by post, e-mail or facsimile. The signed Confidentiality Agreement shall be immediately faxed and mailed back to the Consultant to the address below.

Upon receiving the signed Confidentiality Agreement and evidence of payment of the Tender Documents Fee, the Consultant shall, upon expiration of deadline stated in paragraph 2 of this Article, immediately forward the relevant Tender Documents to the Tender Participant by mail / e-mail or hand it to their authorized Representative.

The Consultant 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 the final binding offers for purchase of the capital is **September 15th 2005, by 05:00 p.m.** (Belgrade time). If necessary, the Agency reserves the right to amend the deadlines of this Public Announcement. As a prerequisite for submitting a bid, it is necessary to pay a deposit or submit a Guarantee in the amount of EUR 50,000.00 (Euro fifty thousand).

7. All the questions relating to this Public Invitation should be directed to the Consultant at the addresses below:

Dr Živana Olbina or Dr Nikola Zelić
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