

Sale of a going concern of the Debtor VÍTKOVICE HEAVY MACHINERY a.s.

Legal conditions of the transaction:

The sale of the Debtor's business entitled VÍTKOVICE HEAVY MACHINERY, defined based on Sec. 502 of the Civil Code as an organized set of assets used to operate the Debtor's business, which has been written down as a set into the Debtor's Insolvency Assets pursuant to Sec. 205 et seq. and Sec. 217 et seq. of the Act No. 182/2006 Coll., of the Insolvency Act, as later amended (hereinafter also referred to as the "Insolvency Act") under item V. Other Assets, seq. No.1 and the individual components of which are published in the Debtor's Insolvency Register in the annexes of the Insolvency Assets Inventory (hereinafter referred to only as the "Plant"), i.e. by one Agreement pursuant to Sec. 290, Sec. 291, et seq. of the Insolvency Act.

Description of the form of sale:

Three-round selection procedure at the address <https://www.verejnedrazby.cz/A5700/>, the last round in the form of an online auction at the address <https://www.verejnedrazby.cz/A5701/>

Chronology of the sales process of the selection procedure:

1st round - qualification

2.12.2020 at 12.00 a.m. - opening the registration for the bidders, opening the DATA ROOM, publication of NDA

5.1.2021 – DATA ROOM closing

6.1.2021 at 10:00 a.m. – End of 1st round – closing the registration of bidders in the selection procedure

2nd round – bids

6.1.2021 at 10:00 a.m. – 4:00 p.m. – it is possible to place bids after the registration conditions are fulfilled electronically at this site, whereas the minimum bid price is CZK 400,000,000.

6.1.2021 at 4:30 p.m. – announcing the highest bid for the 2nd round + notice on advancement or non-advancement to the 3rd round

3rd round - final auction

7.1.2021 10:00 a.m. – 4:00 p.m. Final round in the form of auction for 5 highest bids from the second round. The auction takes place at the address <https://www.verejnedrazby.cz/A5701/>

12.1.2021 – deadline for the notification of the consent with the results of the auction by the Creditor's committee

DATA ROOM

Online form of dropbox, access is granted after NDA is signed by a guaranteed electronic signature and delivered electronically to machacek@gaute.cz or after NDA is physically signed, certified and delivered to the mediator's address: GAUTE, a.s., Lidická 26, 602 00 Brno, reception, 5th floor + payment of DATA ROOM fee of 150.000 Kč on account nr. IBAN CZ32 5500 0000 0028 1999 3628, BIC RZBCCZPP

Conditions for the participation in the selection procedure:

1. Signing and delivering NDA including the certified signature or a guaranteed electronic signature + payment of DATA ROOM fee of 150.000 Kč on account nr. IBAN CZ32 5500 0000 0028 1999 3628, BIC RZBCCZPP
2. Signing and delivering the Agreement on the payment of the deposit, including the certified signature or a guaranteed electronic signature
3. Payment of the deposit in the amount of CZK 50,000,000 to the Insolvency Assets Account No. IBAN CZ32 5500 0000 0028 1999 3628, BIC RZBCCZPP

All the mentioned conditions must be fulfilled by the bidder interested in the auction cumulatively by 10.00 a.m. on 6.1.2021

Personal visit of the Debtor's premises:

Upon previous agreement with Mgr. Luboš Macháček at +420 605 341 674 or machacek@gaute.cz

Brief description of the Debtor's business

The subject of the Debtor's business is metallurgic and machining production of steel structures. The production portfolio of the company includes, thanks to the own production of steel products for wide range of industrial fields, the delivery of complete engineering solutions for steel plants, rolling mills, special heavy machinery, or surface mines, castings and precision-machined forged parts for energetics, marine, steel, cement and mining industry, up to delivery of raw ingots, forged rods or rolled rings for rail and tram transport.

The Plant is operated in their own property and with their own machine equipment.

The property appurtenances: land plot total of 514,818 m², of which built-in land 257,550 m², utility area 241,787 m²

Machinery equipment: hydraulic presses up to 1,600 t, smelting furnace, annealing furnaces, heating furnaces, pot furnaces, CNC lathes, milling machines, carousel lathes, special machines, bridge cranes, metal cranes blaster, moll apparatuses, saws, cutting machines, QKK manipulator, grinding and cleaning machines and many others - for details see the Expert's opinion no. R44262/20

As of 1.11.2020, the Debtor employs 250 persons in the employment relationship, 6 persons based on the agreement to perform work activity and, besides, 6 persons based on the agreement to complete job. In addition, 1 member of the board of directors, 6 persons on maternity leave and 3 persons in the post of trade union official.

DETAILS ON THE DEBTOR'S BUSINESS AVAILABLE IN THE DATA ROOM, INSOLVENCY REGISTER, DEBTOR'S WEB PRESENTATION, AND PARTICULARLY IN THE EXPERT OPINION NO. R44262/20 ISSUED BY THE EXPERT INSTITUTE EQUITA Consulting s.r.o., Truhlářská 3, 110 00 Prague 1

Market value of the Plant as shown in the expert opinion No. R44262/20 – CZK 1,278,867,000

Expert opinion No. R44262/20 is available at

<https://isir.justice.cz/isir/doc/dokument.PDF?id=45075099>

Links to Insolvency Register:

Insolvency Register of the Debtor VÍTKOVICE HEAVY MACHINERY a.s.:

https://isir.justice.cz/isir/ueu/evidence_upadcu_detail.do?id=9F9CC3AC0A7D11ECE05333F21FAC4BF
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Insolvency motion connected with the proposal to permit reorganization:

<https://isir.justice.cz/isir/doc/dokument.PDF?id=42041146>

Resolution on bankruptcy:

<https://isir.justice.cz/isir/doc/dokument.PDF?id=42134155>

Withdrawal of the proposal to permit reorganization:

<https://isir.justice.cz/isir/doc/dokument.PDF?id=43475669>

Resolution on the declaration of bankruptcy:

<https://isir.justice.cz/isir/doc/dokument.PDF?id=43600735>

Resolution on the sale outside of auction:

<https://isir.justice.cz/isir/doc/dokument.PDF?id=45233211>

Reference to the Debtor's website:

<https://vhm.company/>

<https://vhm.company/en>

<https://vhm.company/de>

!!! NOTICE !!!

Sale of the Debtor's going concern within the Insolvency Proceedings KSOS 37 INS 6664 / 2020 administered by the Regional Court in Ostrava

1. Cash funds and balances at the Debtor's accounts are not subject of sale and will be settled, before the transfer of the ownership right to the Plant, to the main Insolvency Assets Account no. 2819993628/5500 kept at Raiffeisenbank a.s.
2. it is excluded to apply Article III. of the Terms and Conditions in Article III. (1), regarding the operator's account, Article III (4) completely, and Article III. (5) completely.
3. The condition for the participation in the auction is initially to sign NDA, then, when making the deposit, also sign the Agreement on making the deposit, and the Declaration that the Buyer accepts the Draft of the Agreement on Sale of the Plant (hereinafter referred to as the "Agreement on Sale"), which is given only in the DATA ROOM, all of which in the wording, as published in Annexes under the auction or in the DATA ROOM.
4. The Agreement on Sale will exclude the application of Sec. 2176 of the Civil Code, i.e. it is not possible to change the purchase price depending on the increase or decrease of the assets in the meantime.
5. Term of repayment of purchase price to the Insolvency Assets Account: 25.2.2021 incl.
6. The deadline for signing of the Agreement on Sale - no later than 26.2.2021 incl., the decisive is the delivery to the Seller's registered office at the address: KONREO, v.o.s., Dobrovského 1310/64, Brno, PSČ 612 00.
7. The purchase price reached in the auction must be paid in full to the Insolvency Assets Account before the Agreement on sale is signed by the Seller.
8. The Plant is sold and handed over "as is, with all faults" (per aversionem) pursuant to Sec. 1918 of the Civil Code, respectively this condition applies only to those parts of the Plant, where, based on the valid legal regulations, such sale is possible with respect to the nature of the assets, and the Buyer is obliged to accept the takeover of the Plant in such condition.
9. The Buyer will be obliged to buy and take over the Plant consisting of the tangible, personal, and intangible property enabling the Debtor's business in the Plant, which includes things, rights, and other values held by the Debtor used to operate the Debtor's business, or with respect to their nature designated for this purpose within the Plant, including the rights and obligations resulting from employment relations to the Debtor's employees, with the

exception of employment receivables of Debtor's employees expressly excluded by the Agreement on Sale.

10. The Buyer will be bound to take over the Plant upon the Seller's notice no later than on 1.3.2021, while as of this date the risk of damage will go over, however, if the Buyer is in delay with the takeover, the risk of damage will go over to the Buyer upon the elapse of the deadline stipulated in the takeover; costs related to the takeover are born exclusively by the Buyer.
11. The Seller will not provide to the Buyer any warranty for the condition or properties of any part of the Plant or the Plant as a whole. The Buyer will waive the rights from the defective performance, particularly the right to require any repair, exchange of a thing or a discount from the purchase price or the right to withdraw from the Agreement, all of which pursuant to Sec. 1916 (2) of the Civil Code.
12. The Buyer pays fees related to the transfer of the Plant, including the fees related to the transfer/registering of its individual parts in public registries and any fees for the deletion of the limitations of the ownership rights from such lists.
13. The Seller bears any and all responsibility for the fact whether the Buyer fulfills the requirements of the Act on Protection of Economic Competition.
14. The Seller has, at any time, the right to cancel the selection procedure or reject all bids.
15. The Seller may additionally, also after 10.00 a.m. on 6.1.2021, permit the participation to the bidder who fulfills conditions in the selection procedure by 3.00 p.m. on 6.1.2021. There is no legal entitlement for the additional permitting of the participation.
16. The winner of the auction is bound by the offer no later than 90 (ninety) days after the end of the auction.
17. The achieved price and the conclusion of the Agreement on Sale is subject to approval by the Seller (insolvency administrator, creditors).
18. All the actions made at www.verejnedrazby.cz are governed by the Czech legislation. Any disputes arising out of the actions made at www.verejnedrazby.cz will be solved in front of the Czech courts. All contracting documentation is only in Czech language. The mediator in annexes to the selection procedure provides an unofficial translation of some contracting documentation into English language. However, the Czech wording is decisive.
19. Based on the provisions of Sec. 295 para. 1 of the Insolvency Act the Debtor, the related persons and persons that make a concern with them, cannot acquire the assets that are part of the Assets.

!!! RECOMMENDATION OF THE MEDIATOR !!!

1. In case of a foreign bidder we recommend legal representation by an attorney authorized to provide legal services in the Czech Republic in Czech legislation.
2. We recommend making the deposit sufficiently in advance. The decisive moment is charging to the Insolvency Assets Account. We recommend sending the deposit at least 48 hours before the end of the 1st round.
3. In case of doubt on how to proceed, contact the mediator without delay.
4. We recommend making an appointment for a personal visit of the Debtor's Plant.
5. Due to the pre-Christmas season and the loading of postal services, we recommend using the guaranteed electronic signature and sending the signed documents by electronic mail in order to fulfill the conditions for the admission to the selection procedure. If you don't have a guaranteed electronic signature, we recommend printing out the documents, signing them at the appropriate places and, where it is required, to have the signatures verified, and subsequently to have the entire document, together with the verification clause, including the verified signature, converted to the electronic form at a Czech Point or at the Public Notary. We will be glad to provide advice regarding the procedure.

