

## **CIRCULAR OF THE MANDATORY NON-COMPETITIVE TENDER OFFER TO BUY THE REMAINING VOTING SHARES IN AB SNAIGĖ**

### **1. Terms of the tender offer:**

Following paragraph 44 of Article 2 and paragraph 1(2) of Article 24 of the Law of the Republic of Lithuania on Securities, shareholders of public limited liability company AB Snaigė (the "Company" or the "Offeree Company"): KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Aurora Fund, Ltd. and Amber Trust S.C.A. (the "Group"), by signing the Shareholders Agreement on 7 February 2011 became persons acting in concert and acquired shares in the Company that jointly entitle to more than 1/3 of votes in the general meeting of shareholders of the Company.

Following provisions of Article 31 of the Law of the Republic of Lithuania on Securities and the Agreement on Initiation and Implementation of Mandatory Tender Offer made on 7 February 2011 (the "Agreement"), KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Aurora Fund, Ltd. (the "Offerors") submit and implement the tender offer to buy the remaining voting ordinary registered shares of the Company LTL 1 (one litas) par value each on behalf of the Group according to the proportions given in item 19 of this circular.

Following Clause 4.3 of the Agreement, Martynas Česnavičius is authorised to sign this circular and other tender offer documentation on behalf of the Group.

The Offerors submit the tender offer regarding the remaining 18,859,920 (eighteen million eight hundred and fifty nine thousand nine hundred and twenty) shares of the Company.

The tender offer price is EUR 0.33 (thirty three euro cents) for 1 (one) share (the equivalent in litas is LTL 1.139424).

The payment for the purchased shares of the Company shall be effected in euros.

### **2. Name, legal form, legal entity code, address of the registered office, telephone and fax numbers, e-mail address, website address of the Offeree Company:**

Name of the Company: AB Snaigė;  
Legal form: public limited liability company;  
Legal entity code: 249664610;  
Address of the registered office: Pramonės g. 6, LT-62175 Alytus, Lithuania;  
Tel.: (+370 315) 56 206;  
Fax: (+370 315) 56 207;  
E-mail address: [snaige@snaige.lt](mailto:snaige@snaige.lt);  
Website address: [www.snaige.lt](http://www.snaige.lt).

### **3. Particulars of the Offerors:**

#### **3.1. first name, last name, residence address, telephone and fax numbers of the Offeror (where the Offeror is a natural person):**

Not applicable.

#### **3.2. name, legal form, legal entity code, address of the registered office, telephone and fax numbers, e-mail address, website address of the Offeror (where the Offeror is a legal entity):**

- KJK Fund SICAV-SIF, Luxembourg investment company *Société d'investissement à capital variable – fonds d'investissement spécialisé* with its registered address at 412F, route d'Esch L-1030 Luxembourg, registered under number B 86 729, tel.: (+358) 10 279 0050, fax: (+358) 10 279 0059, e-mail address: [kjk@kjkcapital.fi](mailto:kjk@kjkcapital.fi), website address: [www.kjkcapital.com](http://www.kjkcapital.com);
- Firebird Republics Fund, Ltd., investment company with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman,

Cayman Islands, tel.: (+212) 6989260, fax: (+212) 6989266, e-mail address: [LKostyukova@fbird.com](mailto:LKostyukova@fbird.com), website address: [www.fbird.com](http://www.fbird.com);

- Firebird Avrora Fund, Ltd., investment company with its registered address at c/o Trident Trust Company (Cayman) Ltd., One Capital Place, P.O. Box 847 Grand Cayman, Cayman Islands, tel.: (+212) 6989260, fax: (+212) 6989266, e-mail address: [LKostyukova@fbird.com](mailto:LKostyukova@fbird.com), website address: [www.fbird.com](http://www.fbird.com).

**3.3. first name, last name, residence address, telephone and fax numbers of the Offeror's representative (where the Offeror's representative is a natural person):**

Martynas Česnavičius, residing at B. Sruogos g. 21, Vilnius, Republic of Lithuania, tel.: +370 5 260 9032, fax: +370 5 260 9031.

**3.4. name, address of the registered office, legal entity code, telephone and fax numbers of the Offeror's representative (where the Offeror's representative is a legal entity):**

Not applicable.

**4. Consultant of the Offerors (company name, first name, last name, address of the registered office, telephone and fax numbers of the consultant):**

Law firm Tark, Grunte, Sutkienė ir partneriai TARK GRUNTE SUTKIENE, registered office at Didžioji g. 23, Vilnius, tel.: (+370 5) 2514444, fax: (+370 5) 2514455. The consultant's representative is attorney-at-law Vidmantas Drizga.

**5. The implementation term of the tender offer (in days):**

14 (fourteen) calendar days.

**6. Number of the outstanding shares of the Offeree Company according to type and class, ISIN code, their par value and the number of treasury shares held:**

On the date of signature of this circular, the Company has outstanding 30,735,715 (thirty million seven hundred and thirty five thousand seven hundred and fifteen) ordinary registered shares LTL 1 (one litas) par value each (ISIN code LT0000109274), with the total par value of LTL 30,735,715 (thirty million seven hundred and thirty five thousand seven hundred and fifteen litas).

On the date of signature of this circular, the Company holds no treasury shares issued by itself.

**7. Information about admission of securities issued by the Offeree Company to trading on a regulated market:**

The ordinary registered shares of the Company (ISIN code LT0000109274) are admitted to the Secondary List of AB NASDAQ OMX Vilnius.

The bonds of the Company (ISIN code LT1000401315) are admitted to the Bond List of AB NASDAQ OMX Vilnius.

**8. Minimum and maximum number of the Offeree Company's securities intended to be purchased by type and class, ISIN code; if the owners of the securities issued by the Offeree Company do not sell the number of securities intended to be purchased, the tender offer is deemed failed (to be reported in case of a voluntary tender offer):**

Not applicable.

**9. Number of the outstanding securities of the Offeree Company according to type, class and ISIN code, specifying the number of votes (%) attaching to such securities, which:**

**9.1. were (are) held by the Offeror by the right of ownership at the time the threshold of 1/3 of votes at the general meeting of shareholders of the Offeree Company was**

exceeded and on the day of signing this circular (to be reported in case of a mandatory tender offer); are held by the Offeror by the right of ownership on the day of signing this circular (to be reported in case of a voluntary tender offer):

At the time the threshold of 1/3 of votes at the general meeting was exceeded (07-02-2011)		On the day of signing this circular	
Number of shares	Votes, %	Number of shares	Votes, %
11,875,795	38.64	11,875,795	38.64

9.2. were (are) held by each of the persons acting in concert by the right of ownership at the time the threshold of 1/3 of votes at the general meeting of shareholders of the Offeree Company was exceeded and on the day of signing this circular (to be reported in case of a mandatory tender offer); are held by each of the persons acting in concert by the right of ownership on the day of signing this circular (to be reported in case of a voluntary tender offer):

Name	At the time the threshold of 1/3 of votes at the general meeting was exceeded (07-02-2011)		On the day of signing this circular	
	Number of shares	Votes, %	Number of shares	Votes, %
KJK Fund SICAV-SIF	5,666,350	18.44	5,666,350	18.44
Firebird Republics Fund, Ltd.	2,456,253	7.99	2,456,253	7.99
Firebird Aurora Fund, Ltd.	661,567	2.15	661,567	2.15
Amber Trust S.C.A.	3,091,625	10.06	3,091,625	10.06
<b>Total:</b>	<b>11,875,795</b>	<b>38.64</b>	<b>11,875,795</b>	<b>38.64</b>

9.3. may be acquired by persons referred to in items 9.1 - 9.2 hereof, who have the right to acquire securities of the Offeree Company on their own initiative according to an effective agreement:

Not applicable.

9.4. are deposited by third persons with persons referred to in items 9.1 - 9.2 hereof, who have the right to exercise the voting rights attaching to these securities at their own discretion:

Not applicable.

10. Type, class and ISIN code (if any) and the number of the securities issued by the Offeror and held by the Offeree Company by the right of ownership, also the number of votes at the general meeting of shareholders of the Offeror held by the Offeree Company:

The Company does not hold either any securities issued by the Offerors or any votes at the general meetings of shareholders of the Offerors.

11. Manner of settlement for the Offeree Company's securities being purchased (cash, securities or a combination of cash and securities):

Shares purchased in the implementation of this tender offer shall be paid in cash. The payment for the shares purchased in the implementation of this tender offer shall be effected in euros.

12. Price (the exchange rate in case the settlement is effected in securities or a combination of cash and securities, i.e. the whole number of cash and securities offered for exchange per one security of the Offeree Company being purchased), at which the

**Offeree Company's securities will be purchased (tender offer price). In case of a voluntary tender offer, where the settlement is effected in securities, the price must also be indicated in cash:**

The tender offer price is EUR 0.33 (thirty three euro cents) for 1 (one) share (the equivalent in litas is LTL 1.139424).

**13. Methods of pricing the Offeree Company's securities being purchased, substantiation of the price:**

Paragraph 1 of Article 34 of the Law of the Republic of Lithuania on Securities establishes that the price of the mandatory tender offer must be not less than the highest price paid for the securities acquired by the offeror within 12 months before the date of exceeding the threshold of 1/3 of votes and not less than the average weighted market price on a regulated market within 6 months before the indicated date of exceeding the threshold of votes when the securities are traded on a regulated market.

The Group exceeded the threshold of 1/3 of votes at the general meeting of shareholders of the Company on 7 February 2011 on the basis of the Shareholders Agreement.

Within 12 (twelve) months before the date of exceeding the threshold, transactions for acquisition of shares of the Company were conducted by the following Group members:

- KJK Fund SICAV-SIF, which converted bonds of the Company (ISIN code LT1000401174) with the value of EUR 210,000 (two hundred and ten thousand euros) into 724,500 (seven hundred and twenty four thousand five hundred) shares of the Company (ISIN code LT0000109274) on 25 March 2010. At the time of the conversion of the Company bonds the price of 1 (one) ordinary registered share of the Company was LTL 1 (one litas) or EUR 0.29 (twenty nine euro cents);
- Amber Trust S.C.A., which converted bonds of the Company (ISIN code LT1000401174) with the value of EUR 104,000 (one hundred and four thousand euros) into 358,800 (three hundred and fifty eight thousand eight hundred) shares of the Company (ISIN code LT0000109274) on 25 March 2010. At the time of the conversion of the Company bonds the price of 1 (one) ordinary registered share of the Company was LTL 1 (one litas) or EUR 0.29 (twenty nine euro cents);

The average weighted market price of the shares within 6 (six) months before 7 February 2011 (this date exclusive) is EUR 0.28 (twenty eight euro cents) (the calculation of the average weighted market price of the shares is attached, annex No. 7 to the application for approval of the tender offer circular).

The Offerors, acting in compliance of the Law of the Republic of Lithuania on Securities, decided to pay the price for the purchased shares of the Company which is above the price required by the Law of the Republic of Lithuania on Securities. Taking this into account, the tender offer price is fixed as EUR 0.33 (thirty three euro cents) for 1 (one) share (the equivalent in litas is LTL 1.139424).

**14. Information about securities offered in exchange:**

**14.1. name, legal form, legal entity code, address of the registered office, website address of the issuer of the securities:**

Not applicable.

**14.2. characteristics of the securities (type, class, ISIN code, par value, etc.):**

Not applicable.

**14.3. the number of securities offered in exchange held by the Offeror:**

Not applicable.

**14.4. regulated markets of the European Union Member States at which the securities in question are traded:**

Not applicable.

**14.5. the place at which the prospectus of and other information about the securities offered can be accessed:**

Not applicable.

**15. Information about the sources of financing the tender offer (whether own funds or borrowed funds will be used for the implementation of the tender offer; the manner of securing repayment of borrowed funds: guarantee, suretyship or pledge/mortgage of assets, indicating the lender, guarantor, surety, pledgee/mortgagee (mortgage creditor), etc.):**

All the Offerors will use borrowed funds to pay for the shares. The borrowed funds for payment for the shares will be lent by AS LHV Pank, code 10539549, registered office located at Tartu mnt 2, 10145 Tallinn, Republic of Estonia, which has given a guarantee securing payment for the shares of the Company purchased by the Offerors in the implementation of this tender offer.

Repayment of funds borrowed by the Offerors is not secured with any additional security and the borrowed funds will be repaid from own funds of the Offerors.

**16. Compensation offered for all losses of right holders arising from the satisfaction of the requirements of paragraphs 1 – 5 of Article 36 of the Law (compensation establishment method, manner of payment):**

Not applicable.

**17. Circumstances which do not directly depend on the Offeror but which cause the tender offer to take place:**

The tender offer will be considered as having taken place no matter whether or not there are any holders of shares accepting the offer.

**18. The Offeror's plans and intentions with regard to the Offeree Company if the tender offer is implemented:**

**18.1. continuity of the Offeree Company's business lines:**

The Offerors have no intention of changing business lines of the Company.

**18.2. restructuring (change of the management structure), transformation, reorganisation or liquidation:**

The Offerors have not taken any decisions on restructuring, transformation, reorganisation and/or liquidation of the Company and are not going to take such decisions in the near future.

**18.3. personnel policy:**

The Offerors are not going to change the personnel policy in the near future.

**18.4. policy with regard to management staff:**

The Offerors are not going to change the policy with regard to management staff in the near future.

**18.5. fundraising policy:**

The Offerors are not going to change the existing fundraising policy of the Company in the near future.

**18.6. dividend policy:**

The Offerors are not going to change the dividend policy in the near future.

**18.7. planned amendments to the Articles of Association of the Offeree Company:**

The Shareholders Agreement concluded between the shareholders of the Company on 7 February 2011 establishes that the Articles of Association of the Company will have to be amended no later than within 90 (ninety) calendar days after the signature of the said agreement in accordance with the annex attached to the agreement. The Articles of Association will provide for additional competence of the Board of the Company added to that prescribed by the Law of the Republic of Lithuania on Companies, also for granting the right of access to all documents of the Company to a shareholder or a group of shareholders of the Company holding more than 1/4 of the shares of the Company and having presented a written undertaking to the Company in the form established by the Company not to disclose commercial (industrial) secrets, confidential information, some other amendments will be made as well.

**18.8. special bonuses, incentive schemes, etc. for the managers of the Offeree Company:**

No special bonuses are going to be paid to the managers of the Company; the incentive schemes, as currently in place, are not going to be changed as a result of the outcome of this tender offer.

**19. A written agreement providing for the rights and mutual obligations of persons acting in concert, as well as their liability for default on obligations in compliance with the Rules for Preparation, Approval of the Tender Offer Circular and Implementation of the Tender Offer:**

On 7 February 2011, the Group entered into the Agreement on Initiation and Implementation of Mandatory Tender Offer, pursuant to which the Offerors undertook to submit and implement this tender offer to buy the remaining voting ordinary registered shares of the Company LTL 1 (one litas) par value each. By the Agreement KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd. and Firebird Avrora Fund, Ltd. undertook to submit and implement this tender offer to buy the remaining voting ordinary registered shares of the Company LTL 1 (one litas) par value each on behalf of all the Group members.

The following proportions of shares provided for sale in the course of the tender offer to be acquired by individual members of the Group have been established pursuant to the above-indicated Agreement:

Group member	Portion of shares to be acquired, %
KJK Fund SICAV-SIF	67%
Firebird Republics Fund, Ltd.	16.5%
Firebird Avrora Fund, Ltd.	16.5%

**20. Written agreements with other persons concerning voting at the general meeting of shareholders of the Offeree Company:**

Beside the Shareholders Agreement made among the members of the Group on 7 February 2011, where they *inter alia* agreed on voting in the general meeting of shareholders of the Company on certain specific matters, the Group members have not entered into any other agreements with any other persons regarding voting in the general meeting of shareholders of the Company.

In the above-indicated Shareholders Agreement the Group members *inter alia* agreed to jointly decide on each appointment to the position of a member of the Board of the Company, which there are 5 (five) to be elected in the Company. The Group members also agreed to vote in the general meeting of shareholders in such a manner that would be in pursuance of a certain specified purpose and that only those persons that are acceptable to all the members of the

Group be appointed as members of the Board. Besides, Group members agreed that none of them would initiate any amendments or additions to the Articles of Association of the Company and/or would vote in favour of any amendments or additions to the Articles of Association that would change the number of the Board members, unless there is a different arrangement between them. The Group members also agreed to abstain from any actions or to raise objections to actions of other persons that may result in removal of a person appointed to serve on the Board, restriction of his rights or limitation of his competence as that of a Board member, unless all the Group members consent to this.

**21. The law that will govern the agreements concluded between the Offeror and owners of the securities issued by the Offeree Company receiving the tender offer in relation to the tender offer, as well as competent courts:**

Agreements entered into by owners of the securities in relation to the tender offer will be governed by the law of the Republic of Lithuania and Lithuanian courts will be competent to settle any related disputes.

**22. Data about the Offeror:**

**22.1. whether or not the Offeror (a natural person) has been, in the course of the last five years, subject to administrative penalties for violations of legislative acts applicable to the securities market:**

Not applicable.

**22.2. whether or not the Offeror (a natural person) still has previous conviction for property crimes, business crimes, financial crimes:**

Not applicable.

**23. Information about pending proceedings in court and arbitration that have or may have a substantial effect on the business and financial situation of the Offeror:**

There are no pending proceedings in court and arbitration that have or may have a substantial effect on the business and financial situation of the Offerors.

**24. The media where the Offeror is going to publish information on the tender offer and its implementation:**

The Offerors are going to publish information on the tender offer and its implementation in the daily *Kauno Diena* indicated in the Articles of Association of the Company as the daily for making official notices by the Company, also through the information system of AB NASDAQ OMX Vilnius.

**25. Other data at the Offeror's discretion:**

None.

**26. Confirmation of the persons who prepared the tender offer circular and are responsible for the correctness of information in the circular, that the information presented in this circular is correct and that no material information which might have an impact on the securities owners' opinion on the tender offer has been omitted:**

A representative of the Offerors' consultants that prepared the circular – law firm Tark, Grunte, Sutkienė ir partneriai TARK GRUNTE SUTKIENE – signs in confirmation that they duly, following the requirements of legal acts, disclosed information referring to the material presented by the Offerors, on the basis of which the tender offer is submitted.

Attorney-at-law Vidmantas Drizga \_\_\_\_\_

The Offerors sign in confirmation that the information presented in this circular is correct and that no material information which might have an impact on the securities owners' opinion on the tender offer has been omitted.

Martynas Česnavičius, acting on behalf of the Offerors – KJK Fund SICAV-SIF, Firebird Republics Fund, Ltd., Firebird Aurora Fund, Ltd. – pursuant to Clause 4.3 of the Agreement on Initiation and Implementation of Mandatory Tender Offer, dated 7 February 2011:

**First name, last name** \_\_\_\_\_

**Signature** \_\_\_\_\_

**28 February 2011, Vilnius**