

# AS Rīgas kuģu būvētava

## Prospectus of a Mandatory Share Buy-Back Offer

pursuant to Section 70.2.1 and Section 71 of the Financial Instrument Market Law

Riga, October 12<sup>th</sup>, 2021

### 1. Target Company

AS “Rīgas kuģu būvētava”, registration Number 40003045892, registered address: Gāles iela 2, Riga, LV-1015, Latvia; e-mail: office@riga-shipyard.com; website: http://www.riga-shipyard.com; LEI code 48510000DWPOBMQCTM64, hereinafter the “Target Company”.

### 2. Offeror

2.1. **Irina Melņika**, address: Pils iela 16–1, Riga LV-1050, Latvia; e-mail: [i.m@ltk.lv](mailto:i.m@ltk.lv), (the “Offeror”). The Offeror holds the voting rights arising from the shares of the Target Company on the basis of the indirectly obtained shareholding representing 49.8556% of the total number of shares of the Target Company with the voting rights, including the voting rights arising from 5,819,194 shares of the Target Company held by AS “Remars – Rīga”, registration Number 40003197429, and representing 49.8556% of the total number of shares of the Target Company with the voting rights.

### 3. Type of the Offer

3.1 The Offeror makes a mandatory offer of share buy-back (the Offer) in compliance with the requirements of Section 66.4.1 of the Financial Instruments Market Law (FIML) based on that the Offeror has gained control over AS “Remars-Riga” and thus indirect major shareholding in the Target Company at the same time.

### 4. ISIN Code of the shares

4.1 The ISIN code of the shares of the Target Company recorded at the Latvian Central Depository Nasdaq CSD SE, registration number 40003242879, registered address at Vaļņu iela 1, Riga LV-1050, (CSD) and placed on the Second Baltic List of the regulated market organiser Nasdaq Riga, is LV0000100378.

### 5. Buy-back price of one share and the methods used for computing it

5.1. The buy-back price is **EUR 0.027** for one share.

5.2. The Legal Protection Proceedings (LPP) of the Target Company were declared on August 16<sup>th</sup>, 2019 by the judgement of Riga City Vidzeme District Court in case C30516819.

In compliance with the provisions of Section 74.7 of the Financial Instrument Market Law (FIML), *if a court has initiated a case regarding legal protection proceedings, the share buy-back price in the mandatory share buy-back offer shall be determined by dividing the liquidation value of the target company by the number of issued shares. The liquidation value shall be calculated as an estimated value which could be obtained by selling assets of the target company, except those non-material assets which cannot be sold as separate assets. Asset selling costs and liabilities of the target company shall be deducted from the obtained value. The liquidation value shall be determined by an expert in material investment evaluation included in the list of material investment evaluators of the Register of Enterprises as on the day when the circumstances have occurred which impose a duty on the offeror to express a mandatory share buy-back offer.*

According to the Offeror's assignment, on July 29<sup>th</sup>, 2021 "Grant Thornton Baltics" SIA determined the liquidation value of the Target Company. It was determined equal to EUR 103,000 as on March 31<sup>st</sup>, 2021. The liquidation value for one share of the Target Company was determined to be equal to EUR 0.009 (0.9 cents) for one share.

According to the Offeror's assignment, on March 15<sup>th</sup>, 2021 "Grant Thornton Baltics" SIA within the scope of market assessment of the Target Company determined the market value of 1 share within the package of minority shares equal to EUR 0.027 (2.7 cents) for one share.

**Thus, the liquidation value is lower than the market value.**

On September 13<sup>th</sup>, 2021 the Offeror signed the administrative agreement with the Financial and Capital Market Commission (the Commission) assuming the obligation to within one month from the date of signing the agreement, by obtaining control over AS "Remars-Rīga" and thus indirect major shareholding in the Target Company at the same time, to submit the Prospectus for Mandatory Offer of Share Buy-Back to the Commission and, in compliance with the provisions of Chapter V of Part D of the FIML to present the mandatory offer of the buy-back of the shares of the Target Company within the term defined by Section 70.1 of the FIML, by determining the price of the one share of the Target Company to be bought-back equal to minimum EUR 0.027 (2.7 cents).

Considering that the price of one share subject to the buy-back, which is determined in compliance with the market value of the Target Company, is higher than the price of a share determined in compliance with the liquidation value of the Target Company, it would be compliant with the best interest of the shareholders to apply the market price of the Target Company by determining the price of one share subject to the buy-back in compliance with the assessment of "Grant Thornton Baltics" dated March 15<sup>th</sup>, 2021 and the conditions of the administrative agreement of September 13<sup>th</sup>, 2021 equal to **EUR 0.027 (2.7 cents)**.

## **6. Procedure and time limits for payment for the shares**

### **6.1. Procedure and Time Limits for Payment for the Shares of the Target Company in Public Circulation**

6.1.1. Payment for the shares of the Target Company in public circulation will be made through CSD according to the procedure defined by CSD within 5 (five) days following the expiring of the term of Offer defined by Clause 7. If the payment term expires on a day off or a public holiday, the following business day is deemed to be the payment day.

6.1.2. The funds necessary for the buy-back of the shares will be transferred from the Offeror's current account opened with Luminor Bank AS (reg. No. 11315936, address: Liivalaia 45, 10145, Tallin, Republic of Estonia, represented in Latvia by the Latvian branch of Luminor Bank AS, reg. No. 40203154352, address: Skanstes iela 12, Riga, LV-1013, Republic of Latvia) to the current account defined by the CSD from where funds will be transferred to the shareholders according to the procedure defined by CSD. The shareholders who accept the Offer will receive the payment for the sale of the shares of the Target Company via the bank or the investment brokerage company where the shareholder has opened the account of financial instruments. Simultaneously with transfer of money to the shareholders, CDS will transfer the shares offered within the scope of the Offer to the Offeror's account of financial instruments. Both processes will be performed at the same time by not allowing the possibility that shares or money can be transferred without the execution from the other side.

## 6.2. Procedure and Time Limits for Payment for the Shares of the Target Company not in Public Circulation

6.2.1. Payment for the shares of the Target Company not in public circulation will be made within 5 (five) days following the expiring of the term of Offer defined by Clause 7. If the payment term expires on a day off or a public holiday, the following business day is deemed to be the payment day. The Offeror will transfer the funds necessary for buying back the shares to the current account defined by the shareholder.

6.2.2. Within three business days following the expiring of the term referred to in Clause 6.2.1, the Offeror submits a request to the Management Board of the Target Company containing the request to register the shares not in public circulation offered and paid within the scope of the Offer on its name in the Register of Shareholders of the Target Company, at the same time attaching documents attesting payment for the shares to the above application. The Management Board of the Target Company reviews the Offeror's application and registers the shares not in public circulation bought within the scope of the Offer on its name in the Register of Shareholders of the Target Company within three business days.

## **7. Term of the Offer of buy-back of the shares**

7.1. The term of the Offer is **30 (thirty) days** as from the moment of expressing it and it starts on the next business day after the Offeror has published information on the offer of buy-back of the shares in the official publisher "Latvijas Vēstnesis [Official Journal] in compliance with Section 73.4 of the FIML.

7.2. A shareholder may accept the mandatory offer of buy-back of the shares until 1600 hours on the last day of the term of the offer of buy-back of the shares.

7.3. The Offeror publishes the announcement of the results of the Offer in the official publisher "Latvijas Vēstnesis [Official Journal] within 5 (five) business days following the end of the term of the mandatory offer of buy-back of the shares.

7.4. The Offeror will submit the report on the results of the offer to the Financial and Capital Market Commission, Nasdaq Riga and the Target Company within 5 (five) business days following the expiring of the term of the mandatory offer of buy-back of the shares.

## **8. Procedure according to which the shareholders of the Target Company may accept the offer**

### 8.1. Procedure according to which the offer may be accepted and the accepted offer may be recalled by persons who own the shares of the Target Company in public circulation:

8.1.1. The shareholder who wishes to accept the Offer, issues the application of sale of the shares through the credit institution or the investment brokerage company where the shareholder has opened the account of financial instruments by stating that the transaction should be concluded outside the regulated market (the stock exchange). The following information about the seller of the shares, the buyer and the shares to be sold should be stated in the application which has to be submitted to the credit institution or the investment brokerage company:

- Information about the seller: regarding a natural entity - the name, surname, Personal ID Code, the birth date if the person does not have the Personal ID Code; regarding a legal entity - the name, registration number and registered address;
- the buyer's name, surname: Irina Meļņika, address: Pils iela 16-1, Riga LV-1050, Latvia;
- the number of the buyer's account of financial instruments: 150013545 and the name of the credit institution where the buyer has opened the account of financial instruments: Luminor Bank AS (reg. No. 11315936, address: Liivalaia 45, 10145, Tallin, Republic of Estonia, represented in Latvia by the Latvian branch of Luminor Bank AS, reg. No. 40203154352, address: Skanstes iela 12, Riga, LV-1013, Republic of Latvia);
- the number of the seller's account of financial instruments and the name of the credit institution or the investment brokerage company where the seller has opened the account of financial instruments;
- the number of the seller's current account for receiving payment for the sold shares, and the credit institution where the seller has opened this account;
- the ISIN Code of the shares to be sold LV0000100378;
- the number and price of the shares to be sold (which is equal to the buy-back price of the shares stated in the present prospectus);

The settlement date - the fifth day following the end of the term of the Offer specified by Clause 7;

the reason of submission of the application - the acceptance of the mandatory offer of buy-back of the shares of JSC „Rīgas kuģu būvētava”.

8.1.2. The application for acceptance of the Offer should be submitted within the term of the Offer latest by 1600 hours of the last date of the offer of the term of the Offer. Latest on the next date following the end of the term of the Offer defined by Clause 7.1, the credit institution or the investment brokerage company where the shareholder has opened the account of financial instruments should enter the investor's application in the CSD settlement system.

8.1.3. The shareholder whose shares of the Target Company are stored in the Initial Register maintained by CSD and who wishes to accept the Offer, prior to the sale should open an account of financial instruments with a credit institution or an investment brokerage company and deregister (transfer) shares to this account of financial instruments according to the procedure defined by CSD. The list of credit institutions and investment brokerage companies where it is possible to open the accounts of financial instruments is available on the website of CSD: <https://nasdaqcsd.com/lv/depozitarija-dalibnieki/>.

8.1.4. The shareholder who has decided to accept the offer of buy-back of the shares and has submitted the relevant application within the term of buy-back of the shares, has the right to withdraw the accepted offer latest 3 (three) business days prior to the end of the Offer term defined in compliance with Clause 7.1 of the present document by notifying the the credit institution or the investment brokerage company where the shareholder has opened the account of financial instruments.

## 8.2. Procedure according to which the offer may be accepted and the accepted offer may be recalled by persons who own the shares of the Target Company not in public circulation:

8.2.1. The shareholder who wishes to accept the Offer, submits the application of sale of the shares to the Management Board of the Target Company by stating that the transaction should be concluded outside the regulated market (the stock exchange). The following information about the seller of the shares, the buyer and the shares to be sold should be stated in the application which has to be submitted to the Management Board of the Target Company:

- Information about the seller: regarding a natural entity - the name, surname, Personal ID Code, the birth date if the person does not have the Personal ID Code; regarding a legal entity - the name, registration number and registered address;
- the buyer's name, surname: Irina Meļņika, address: Pils iela 16-1, Rīga LV-1050, Latvia;
- the number of the current account of the seller;
- the number and price of the shares of the closed issue to be sold (which is equal to the buy-back price of the shares stated in the present prospectus);
- the objective of submission of the application as the acceptance of the mandatory offer of buy-back of the shares of JSC „Rīgas kuģu būvētava”.

8.2.2. The application for acceptance of the Offer should be submitted within the term of the Offer latest by 16:00 hours of the last date of the offer of the term of the Offer.

8.2.3. The shareholder who has decided to accept the offer of buy-back of the shares and has submitted the relevant application within the term of buy-back of the shares, has the right to withdraw the accepted offer latest 3 (three) business days prior to the end of the Offer term defined in compliance with Clause 7 of the present document by notifying the Management Board of the Target Company thereof.

8.3. All the expenses related to acceptance of the mandatory offer of buy-back of the shares, i.e. the fees collected by the credit institution or the investment brokerage company where the seller (the shareholder) has opened the account of financial instruments, are covered by the seller (the shareholder).

## **9. The Offeror's intentions regarding further operation of the Target Company**

9.1. The Offeror plans to continue the current operation of the Target Company and does not envisage any changes in the type of operation, the Target Company will continue operating in the current field. It is envisaged to continue employment legal relationship with the employees of the Target Company based on the signed employment contracts. It is not envisaged to change the location of the Target Company.

## **10. Other relevant information**

10.1. The prospectus in compliance with the provisions of the FIML will be published on the website of Nasdaq Riga.

10.2. The Offeror herewith points out that prior to adoption of any resolutions concerning the acceptance of the Offer, it is important to perform independent analysis of the transaction as regards the personal and specific circumstances of every current shareholder, by evaluating the financial conditions, the investment goals, possible risks and other circumstances.

## **11. Sources of financing of the Offer**

11.1. The Offeror has deposited funds with the Bank and it will only be possible to use these funds for financing the Offer.

11.2. The possible number of shares in public circulation bought in the result of the mandatory buy-back of the Target Company – **5,326,243 shares**.

11.3. The possible number of shares not in public circulation bought in the result of the mandatory buy-back of the Target Company – **526,670 shares**.

11.4. The amount of **EUR 158,028.65** will be required for the buy-back of the shares of the Target Company and this amount is computed by multiplying the number of shares subject to the buy-back with the buy-back price for one share.

**12. Legislation governing the agreements entered by and between the Offeror and the shareholders of the Target Company in relation to the Offer and information on the courts resolving mutual disputes**

12.1. The agreements entered by and between the Offeror and the shareholders of the Target Company in relation to the Offer will be governed by the laws and regulations of the Republic of Latvia in force, and mutual disputes will be resolved by the courts of the Republic of Latvia in compliance with the procedure defined by the laws and regulations.

**Irina Meļņika**