

KAZAKHSTAN

LAW ON JOINT STOCK COMPANIES

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Law No. 415-II of 13th May 2003 of the Republic of Kazakhstan

On Joint Stock Companies

This Law defines the legal status, the procedure for the formation, functioning, restructuring and liquidation of joint stock company; the rights and obligations of shareholders, as well as measures for protection thereof; competence, procedure for the formation and function of the bodies of joint stock company; the powers, procedure for the election and liability of its officers.

CHAPTER 1. GENERAL PROVISIONS

Article 1. Basic terms used in this Law

1) qualified majority - a majority in a number of no less than three fourth of the total number of voting shares in a joint stock company;

2) convertible security - a security of a joint stock company that is subject to exchange to its security of another type on the terms and conditions and in accordance with the procedure determined by the issue prospectus;

3) shareholder - a person which is the owner of a share;

4) share - a security that is issued by a joint stock company and certifies the rights to participate in management of the joint stock company, to receive dividends on the share and a part of assets of the company in case of its liquidation, and also other rights provided for by this Law and other legislative acts of the Republic of Kazakhstan;

5) major shareholding - a shareholding which grants the right to determine decisions that are passed by the joint stock company;

6) par value of the share - a price at which shares are placed among founders (paid for by the sole founder) that is the same for all ordinary and preference shares and that is determined in the foundation agreement (sole founder's decision) of a joint stock company;

7) affiliates - individuals or legal entities (except for state authorities performing controlling and supervisory functions within the powers granted to them) which have possibility to directly and/or indirectly determine the decisions and/or exert the influence on the decisions passed by each other (one of the persons), including by virtue of a concluded transaction. The list of affiliates of the company is established by Article 64 of this Law;

8) voting shares - outstanding ordinary shares, and preference shares the voting right under which is granted in the cases provided for by this Law. The shares redeemed by the company, and the shares which are in nominee holding and held by an owner the information of which is not given in the accounting system of the central depository, shall not be recognised as voting shares;

9) dividend - shareholder's income on the shares held by the shareholder that is paid by the joint stock company;

10) declared shares - shares the issue of which is registered by the authorised agency in accordance with the legislation of the Republic of Kazakhstan concerning the securities market;

11) corporate web-site - an official electronic site in the Internet network that is held by a company and meets the requirements established by the authorised agency. The public companies must have the corporate web-sites;

12) corporate secretary - an employee of the joint stock company who is not a member of the board of directors or executive body of the company, but is appointed by the board of directors of the company and reports to the board of directors of the company, and within his/her own activity supervises preparation and conducting of the shareholders meetings and meetings of the board of directors of the company, ensures formation of materials on items of the agenda for the general shareholders meeting, and materials for the meetings of the board of directors of the company, supervises access to the same. The scope and activity of the corporate secretary shall be determined by internal documents of the company;

13) cumulative voting - a method of voting according to which each share participating in voting has a number of votes that is equal to the number of elected members of the company's body;

14) the company's corporate management code - the document approved by the general shareholders meeting of the company which regulates relations arising in the process of management of the company, in particular relations between shareholders and bodies of the company, between bodies of the company, the company and concerned persons;

15) registrar of the company - an organisation carrying out professional activity associated with maintenance of the system of securities holders registers of the company;

16) officer - a member of the board of directors of the joint stock company, its executive body, or a person who solely performs functions of the executive body of the joint stock company;

17) minority shareholder - a shareholder that holds less than ten per cent of voting shares in the joint stock company;

18) placing price - a price of a share that is determined when the shares are placed in the primary securities market;

19) outstanding shares - shares in a joint stock company which are paid for by founders and investors in the primary securities market;

20) independent director - a member of the board of directors who is not an affiliate of the said joint stock company, and who was not an affiliate within three years preceding his/her election to the board of directors (except for the case where he/she held the position of the independent director at the said joint stock company), who is not an affiliate to affiliates of the said joint stock company; who is not bound with subordination to officers of the said joint stock company or organisations which are affiliates of the said joint stock company, and who was not bound with subordination to the said persons within three years preceding his/her election to the board of directors; who is not a state official; who is not an auditor of the said joint stock company and who was not the same within three years preceding his/her election to the board of directors; who does not participate in audit of the said joint stock company as an auditor working with an auditing organisation, and who did not participate in such audit within three years preceding his/her election to the board of directors;

21) payment agent - a bank or organisation carrying out certain types of banking transactions;

22) authorised agency - a state authority which regulates and supervises the securities market;

23) major shareholder - a shareholder or several shareholders which act on the basis of the agreement among them, that owns (own in aggregate) ten and more voting shares in the joint stock company.

Article 2. The legislation of the Republic of Kazakhstan concerning joint stock companies

1. The legislation of the Republic of Kazakhstan concerning joint stock companies shall be based upon the Constitution of the Republic of Kazakhstan and shall consist of the Civil Code, this Law and other regulatory legal acts of the Republic of Kazakhstan.

2. The provisions of this Law shall apply subject to special considerations set forth by the legislative acts of the Republic of Kazakhstan.

3. Where an international treaty ratified by the Republic of Kazakhstan establishes the rules other than those contained in this Law, the rules of the international treaty shall apply.

Article 3. Joint stock company

1. A legal entity which issues shares for the purpose of raising funds for performance of its activity shall be recognized as a joint stock company (hereinafter - the company).

A company shall have the capital separate from the capital of its shareholders, and shall not be liable for the shareholders' obligations.

A company shall be liable for its obligations within the amount of its equity.

2. The company's shareholder shall not be liable for the company's obligations, and shall not bear the risk of losses associated with the company's business, within the value of the shares the shareholder holds, except for the cases specified by the legislative acts of the Republic of Kazakhstan.

3. In the cases provided for by the legislation of the Republic of Kazakhstan, non-profit organisations may be established in the legal form of a joint stock company.

4. A company (except for a non-profit organisation established in the legal form of a joint stock company) shall have the right to issue debentures and other types of securities.

5. The legislative acts of the Republic of Kazakhstan may establish the obligatory legal form of joint stock company for the organisations engaged in certain types of activities.

6. A company shall have its business name which must include indication of the legal form of ‘ joint stock company’ and its name. It is allowed to have an abbreviated business name with the ‘JSC’ in front of the company's name.

Article 4-1. Public company

1. The company, which meets the following criteria, shall be recognised as a public company:

1) the company shall place its ordinary shares in the non-organised and/or organised securities markets having offered the said shares to an unlimited circle of investors;

2) not less than thirty per cent of the total amount of the company’s outstanding ordinary shares shall be held by the shareholders, each holding no less than five per cent of the company’s ordinary shares out of the total amount of the company’s outstanding ordinary shares;

3) the volume of tendering in the company’s ordinary shares shall meet the requirements established by the regulatory legal act of the authorised agency;

4) the company’s shares shall be listed at the stock exchange functioning in the Republic of Kazakhstan in the category for entering into and being in which the internal documents of the stock exchange establish special (listing) requirements to securities and their issuers, or they shall be listed at the special trading floor of the regional financial centre of the city of Almaty.

2. The charter of the public company shall demand that the company have:

1) corporate management code;

2) corporate secretary position;

3) corporate web-site;

4) ‘golden share’ prohibition.

3. The recognition of the company as a public company or recall of the public company status from it shall be done by the authorised agency on the basis of the company's application in accordance with the procedure established by the authorised agency.

4. The company shall lose its public company status in the following cases:

1) the non-compliance within three sequential months with the requirements of subparagraphs 2) and/or 3) of paragraph 1 of this Article;

2) the non-compliance with subparagraph 4) of paragraph 1 of this Article.

CHAPTER 2. FORMATION OF COMPANY

Article 5. Founders of company

1. Individuals and/or legal entities, which have taken the decision to form a company, shall be recognised as its founders.

2. The state authorities of the Republic of Kazakhstan and state institutions may not be the founders or shareholders of a company, except for the Government of the Republic of Kazakhstan, local executive bodies and the National Bank of the Republic of Kazakhstan, in accordance with the legislative acts of the Republic of Kazakhstan.

Upon the resolution of the Government of the Republic of Kazakhstan the authorized agency for state property management shall be the founder of joint stock companies.

Upon the resolution of the local executive body the executive body financed from the local budget and authorized to dispose of the municipal property shall the founder of joint stock companies.

A state enterprise shall have the right to be the founder of a company and to buy its shares only with the consent of the state authority which exercises the functions of the owner and state administration in respect of such enterprise.

3. A company may be founded by a sole person.

4. The founders of the company shall bear joint liability for payment of costs associated with establishment of the company and those incurred prior to its state registration. The company shall compensate to its founders the said costs only when such costs are subsequently approved by the general shareholders meeting of the company.

Article 6. The founders meeting. The sole founder

1. A company shall be founded pursuant to the decision of the meeting of its founders (foundation meeting). Where a company is founded by a single founder, the decision to establish the company shall be taken by such person at its sole discretion.

A company may be formed by way of reorganisation of an existing legal entity in accordance with the procedure established by this Law and other legislative acts of the Republic of Kazakhstan.

2. At the first foundation meeting the founders shall:

1) take decision on foundation of the company and define the procedure for joint activities with regard to the formation of the company;

2) enter into the foundation agreement;

3) establish amount of prepayment by the founders for the shares;

4) establish the number of the declared shares, including the shares to be paid out by the founders;

4-1) establish the terms and conditions and the procedure for conversion of the company's securities to be exchanged to the company's shares;

4-2) approve the pricing method for determination of the shares value for redemption by the company in accordance with this Law;

5) take decision on state registration of the shares announced to be issued;

6) elect the registrar of the company;

7) elect the persons authorised to sign the documents for the state registration on behalf of the company;

8) appoint the persons who, in accordance with the legislation of the Republic of Kazakhstan, will valuate the assets contributed as payment of the authorised capital by the founders of the company;

9) elect the persons authorised to carry out financial and operational activities of the company and represent its interests before third parties until the bodies of the company are formed;

10) approve the company's charter.

3. Prior to the shares placement it shall be allowed to hold several subsequent foundation meetings. The amendments and additions to the decisions taken at the first foundation meeting shall be allowed only in case all the parties to the foundation agreement are present at the foundation meetings.

4. At the first foundation meeting of the company, each founder shall have one vote. At subsequent foundation meetings, each founder shall have one vote, unless otherwise is established by the foundation agreement.

5. Decisions of the foundation meeting (sole founder) shall be executed as the minutes to be signed by all founders (sole founder) of the company.

Article 7. Foundation agreement. Sole founder's decision

1. The foundation agreement (sole founder's decision) shall contain the following:

1) information about founders (sole founder) of the company, in particular:

with regard to an individual, name, nationality, place of residence and details of the identification document;

with regard to a legal entity, its business name, address, details of state registration;

2) record of formation of the company, full and abbreviated business names of the company, as well as the procedure for its formation;

3) amount of prepayment for the shares by founder, as well as timing and procedure for payment;

4) number, types and par values of the company's declared shares, which will be allocated to its founders (acquired by the sole founder) after the state registration of the shares issue;

5) the rights and obligations of its founders and distribution of the costs associated with the company's establishment, as well as other terms of the founders' activities associated with establishment of the company;

6) authorities of the persons to whom representation of the company's interests is entrusted in the course of its establishment and state registration;

7) the procedure for convening and conducting of subsequent meetings of the company's founders, as well as the number of votes of each founder of the company at subsequent foundation meetings;

8) record of approval of the company's charter;

9) other provisions which are subject to inclusion into the foundation agreement (sole founder's decision):

by the decision of the founders;

in accordance with the legislative acts of the Republic of Kazakhstan.

2. During the effective period of the foundation agreement (sole founder's decision) its signatories (sole founder) shall have the right to introduce to it amendments and additions, provided the requirements established by Article 6.3 of this Law are met.

3. The information given in the foundation agreement (sole founder's decision) shall be deemed the commercial secret, unless otherwise is specified in the agreement (sole founder's decision). The foundation agreement (sole founder's decision) shall be subject to submission to state authorities as well as third parties only pursuant to the company's decision or in the cases specified by the legislative acts of the Republic of Kazakhstan.

4. The effect of the foundation agreement (sole founder's decision) shall be terminated from the date of state registration of the declared shares issue.

Article 8. The procedure for entering into the foundation agreement (execution of the sole founder's decision)

1. The foundation agreement shall be entered into in writing by each founder or its representative by way of signing thereof.

The sole founder's decision shall be executed in writing and signed by the founder or its representative.

The foundation agreement (sole founder's decision) shall be subject to notarisation.

2. Representatives of founders (sole founder) must have appropriate powers executed in accordance with the legislation of the Republic of Kazakhstan, authorizing them to establish the company, including the right to participate at the foundation meeting and sign the foundation agreement.

Article 9. The company's charter

1. The charter of the company is a document which defines the legal status of the company as a legal entity. The charter of the company shall be signed by the founders (sole founder) or their representatives (representative), except for a new version of the charter (amendments and additions thereto) of the operating joint stock company, which is to be signed by a person authorised by the general shareholders meeting. The charter of the company as well as all amendments and additions thereto shall be subject to notarisation.

2. The charter of the company must contain the following provisions:

1) full and abbreviated business names of the company;

2) address of the company's executive body;

3) information on shareholders' rights including the scope of the rights certified by the company's preference shares;

5) procedure for formation and competence of the company's bodies;

6) procedure for organisation of activities of the company's bodies, including:

procedure for convening, preparation and conducting of the general shareholders meeting and meetings of the company's collective bodies;

procedure for adoption of decisions by the company's bodies, in particular the list of items on which decisions shall be adopted by a qualified majority of votes;

7) procedure for disclosure of the information on the company's business to its shareholders with indication of the mass media to be used for publication of the information on the company's activities;

7-1) the procedure for disclosure of the information on affiliates by shareholders and officers of the company;

8) where a company is non-profit organisation, the mention that the company is non-profit organisation, regulations on the voting procedure, non-payment of dividends and other requirements established by this Law and other legislative acts of the Republic of Kazakhstan;

9) provisions on termination of the company's activities;

10) other provisions in accordance with this Law and other legislative acts of the Republic of Kazakhstan.

3. Any interested persons shall have the right to examine the company's charter. At request of the interested party the company must give it the access to examine the company's charter, including subsequent amendments and additions thereto. Within three business days the company must satisfy the request of a shareholder to provide with a copy charter of the company. The company shall have the right to collect a fee for providing a copy charter to the shareholder, which shall not exceed the costs of making copy and delivery, where needed, thereof.

4. A company shall have the right to carry out its activities on the basis of the model charter as approved by the Government of the Republic of Kazakhstan.

5. The mass media that may be used for publication of the information on the company's activities and requirements to the same shall be established by a regulatory legal act of the authorised agency.

CHAPTER 3. THE AUTHORISED CAPITAL OF COMPANY

Article 10. The minimum size of the authorised capital of the company

The minimum size of the authorised capital of a company shall be 50,000 monthly calculation indices as established by the law of the Republic of Kazakhstan concerning the Republican Budget for the relevant financial year.

The requirements to the minimum size of the authorised capital of the company as established by the first part of this Article shall not apply to the company which operates as an investment privations fund.

Article 11. The authorised capital of the company

1. The authorised capital of the company shall be formed by way of payment for the shares by founders (sole founder) at par value, and by investors - at the placing price to be determined in accordance with the requirements established by this Law, and shall be denominated in the national currency of the Republic of Kazakhstan.

The authorised capital of the company formed as a result of reorganisation shall be formed in accordance with the requirements established by this Law.

2. The amount of prepayment for the shares to be contributed by founders shall be not less than the minimum amount of the company's authorised capital and shall be fully paid by the founders within thirty days from the date of state registration of the company as a legal entity.

3. The authorized capital of the company shall be increased by placing the declared shares of the company.

CHAPTER 4. SHARES AND OTHER CORPORATE SECURITIES

Article 12. General provisions on corporate securities

1. A company shall have the right to issue ordinary shares or ordinary and preference shares. The shares shall be issued in a non-documentary form.

2. Non-profit organisations established in an organisational legal form of joint stock company shall have no right to issue preference shares.

3. Shares shall be indivisible. Where a share is held by several persons on the right of joint ownership, they all shall be recognised as a sole shareholder and they shall exercise the rights certified by the share through their common representative.

4. Shares of a certain class shall grant each holder with the same rights as the rights of other holders of the same class shares, unless otherwise is specified by this Law.

5. Legislative acts of the Republic of Kazakhstan may establish restrictions on:

- 1) transactions with the company's shares;
- 2) maximum number of the company's shares to be held by one shareholder;
- 3) maximum number of votes on the company's shares that one shareholder may have;

6. A company shall have the right to issue other securities for which the terms and procedure of issue, placement, circulation and redemption shall be established by the legislation of the Republic of Kazakhstan concerning securities market.

Article 13. Types of shares

1. An ordinary share shall grant its holder with the right to participate at the general shareholders meeting with the right to vote on any matter that is put on the vote, the right to receive dividends when the company has net income, as well as a part of the company's capital in case of its liquidation, in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

2. Holders of preference shares shall have the preference over the ordinary shareholders, to receive dividends in a previously guaranteed fixed amount as established by the company's charter and a part of the capital in case of liquidation in accordance with the procedure established by this Law.

The number of the company's preference shares shall not exceed twenty five per cent of the total number of its declared shares.

3. A preference share does not grant its holder with the right to participate in management of the company, except for the cases set forth by paragraph 4 of this Article.

4. A preference share shall grant its holder with the right to participate in the management of the company when:

1) the general meeting of the company's shareholders considers the matter a decision on which may restrict the rights of preference shareholder. A decision on such matter shall be deemed to be adopted only provided that no less than two thirds of the total number of the outstanding (except for the redeemed) preference shares voted for such restriction;

2) the general meeting of the company's shareholders considers the matter of restructuring or liquidation of the company;

3) the dividend on preference shares is not paid in full for three months from the date of expiry of the period established for its payment.

4-1. In the case described in paragraph 4.3 of this Article, the right of shareholder, owner of preference shares, to participate in the management of the company shall cease from the day of payment in full of the dividend on preference shares it holds.

5. The foundation meeting (sole founder's decision) or general shareholders meeting may introduce one 'golden share' which does not participate in formation of the authorised capital and receipt of dividends. The holder of a 'golden share' shall have the right to veto decisions of the general shareholders meeting, board of directors and executive body on the matters specified in the company's charter. The right of veto certified by the 'golden share' shall be unassignable.

Article 14. The rights of the company's shareholders

1. A company's shareholder shall have the following rights:

1) to participate in the management of the company in accordance with the procedure established by this Law and the company's charter;

2) to receive dividends;

3) to receive information on the company's business, in particular to examine the financial statements of the company in accordance with the procedure defined by the general shareholders meeting or the company's charter;

4) to receive extracts from the registrar of the company or nominee holder confirming its right of ownership to securities;

5) to propose to the general shareholders meeting the candidates to the board of directors of the company;

6) to challenge through the court the decisions adopted by the company;

7) when owning on its own or together with other shareholders five and more per cent of voting shares of the company to apply to the courts on its own behalf in the cases provided in Articles 63 and 74 of this Law for compensation by the company's officers of the losses caused to the company, and repayment by the company's officers and/or their affiliates of the profit (income) received by them as a result of decisions on entering (offers to enter) into major interested-party transactions;

8) to apply to the company with written inquiries as to its activity, and to receive motivated responses within thirty calendar days from the date of receipt of such inquiry by the company;

9) to a part of the company's equity in case of its liquidation;

10) to pre-emptive purchase of the company's shares or other securities, which are convertible into its shares, in accordance with the procedure established by this Law, except for the cases stipulated by legislative acts.

2. A principal shareholder shall also have the following rights:

1) to demand convening of an extraordinary general shareholders meeting, or to apply to the court with a lawsuit to convene the same in case the board of directors refuses to convene the general shareholders meeting;

2) to propose to the board of directors to include additional issues into the agenda of the general shareholders meeting in accordance with this Law;

3) to demand convening of the board of directors meeting;

4) at its expense, to request the audit by an auditors' company.

3. It shall not be allowed to restrict shareholders' rights established by paragraphs 1 and 2 of this Article.

The company's charter may specify other rights of shareholders.

Article 15. The obligations of the company's shareholders

1. A company's shareholder shall:

1) pay for the shares;

2) within ten days notify the registrar of the company and the nominee holder of the shares owned by such shareholder, of any changes in the information which is required for maintenance of the system of registers of the company's shareholders;

3) not to disclose the information concerning the company and its business, which constitutes the proprietary, commercial or any other legally protected secret;

4) to perform other duties in accordance with this Law and other legislative acts of the Republic of Kazakhstan.

2. The company and registrar of the company shall not be liable for consequences of non-compliance by shareholders with the requirements established by paragraph 1.2 of this Article.

Article 16. The pre-emptive right for purchase of the company's securities

1. A company that intends to place declared shares or other securities convertible into ordinary shares, and also sell the said securities that were previously redeemed, shall be obliged within ten days from the date of the decision of that, to invite its shareholders by way of a written notice or publication in mass media to purchase securities on the equal terms in proportion to the number of the shares they hold, at the price of placement (sale) as established by the company's body which adopted the decision on placement (sale) of securities. Within thirty days from the date of notice on the shares placement (sale) by the company the shareholder shall have the right to give an application for purchase of shares or other securities convertible into the company's shares in accordance with the pre-emptive rights for purchase.

In that respect a shareholder holding the company's ordinary shares shall have the pre-emptive right for purchase of ordinary shares or other securities convertible into ordinary shares of the company, and a shareholder holding preference shares of the company shall have the pre-emptive right for purchase of the company's preference shares.

2. The procedure for exercise of the pre-emptive right of the company's shareholders for purchase of securities shall be established by the authorised agency.

Article 18. Placement of the company's shares

1. The company shall have the right to place its shares after state registration of issue by way of one or several placements within the declared number of shares.

The decision on placement of the company's shares within the number of its declared shares shall be adopted by the company's board of directors, except for the case where the company's charter refers that matter to the competence of the general shareholders meeting.

The shares shall be placed by way of underwriting or auction to be held in an unorganized securities market, or subscription or auction to be arranged in the organised securities market.

1-1. Where the shareholder alienates a share or another security convertible into the company's ordinary shares within thirty days given to it for an application for purchase of the share or another security convertible into the company's ordinary shares in accordance with the pre-emptive right for purchase, the said right shall pass to the new holder of the share or other security convertible into the company's ordinary shares in case when the former holder made no such application.

2. The shares placed by the company by way of subscription, shall be sold at the same price for all persons which purchase the shares within this placement, except for the shareholders which purchase the shares in accordance with the pre-emptive right for purchase.

The shareholders shall purchase the shares in accordance with the pre-emptive right for purchase at the standard placing price as established by the company's body which passed the decision on placement.

3. The placing price of the shares as established for the said placement by the company's body which passed the decision of placement of the shares, shall be the least price for which the said shares may be sold.

4. In case of adoption by the company's body authorised to pass the decision on placement of the declared shares, of the decision to increase the number of outstanding shares and/or to decrease the placing price, that placement shall be undertaken subject to Article 16.1 of this Law.

Article 19. The system of registers of the company's shareholders

1. The system of registers of the company's shareholders may be maintained only by the company's registrar which shall not be an affiliate of the company or of its affiliates.

2. The procedure for maintenance of the system of registers of the company's shareholders as well as for disclosure of the information relating thereto to the authorised agency shall be governed by the legislation of the Republic of Kazakhstan concerning securities market.

3. A company must conclude an agreement with the company's registrar for the services of maintenance of the system of registers of the company's shareholders prior to submission of documents to the authorised agency for the purposes of state registration of the company's shares issue.

4. A company shall have no right to instruct on registration of a given share on the personal account of its buyer in the system of registers of the company's shareholders (accounting system of a nominee holder), until the share to be placed is fully paid out.

Article 20. The report on results of placement of the company's shares

1. A company shall submit to the authorised agency the reports on results of its shares placement based on the results of each six months (within one month upon expiry of the reporting half year), until all the declared shares have been placed, or upon completion of their full placement.

2. The contents and procedure for submission of the report on results of shares placement as well as the procedure for consideration and approval of the report shall be established by the authorised agency.

Article 21. Payment for the company's outstanding shares

1. The outstanding shares of the company may be paid out by cash, property rights (including rights to intellectual property) and other assets, except for the cases specified in this Law and other legislative acts of the Republic of Kazakhstan.

Payment by the property other than cash shall be at a price to be determined by appraiser acting on the basis of the licence issued in accordance with the legislation of the Republic of Kazakhstan.

2. Where the outstanding shares are paid out by the property use right, the valuation of such right shall be on the basis of the fee for that property use for the entire period of its use by the company. Withdrawal of such property prior to expiry of the said period without consent of the general shareholders meeting shall be prohibited.

3. It shall not be allowed for the company to purchase its declared shares if they are placed in the primary securities market.

Article 22. Dividends on the company's shares

1. Dividends on the company's shares shall be paid in cash or securities on the condition that decision on payment of dividends was adopted by the general shareholders meeting by a simple majority of the company's voting shares, except for the dividends on preference shares.

It shall not be allowed to pay dividends on the company's preference shares by securities.

Payment of dividends on the company's shares by its securities shall be allowed only in case such payment is made by the declared shares of the company and debentures issued by it, with the written consent of the shareholder.

The list of shareholders entitled to receive dividends shall be compiled as of the date preceding the date of commencement of dividends payment.

Alienation of shares with unpaid dividends shall be carried out with the right of a new shareholder to receive the dividends, unless otherwise is stipulated by the share alienation agreement.

2. Periods for payment of dividends on the company's shares shall be governed by the company's charter and/or prospectus of shares issue.

3. Payment of dividends on the company's shares may be made through the financial agent. The fee for the financial agent's services shall be paid at the expense of the company.

4. Dividends shall not accrue and shall not be paid on the shares which have not been placed or have been redeemed by the company itself, and also in the event the court or general shareholders meeting of the company decided to liquidate the company.

5. It shall not be allowed to pay dividends on ordinary and preference shares of the company in the following cases:

1) where the equity capital is negative, or where the value of the equity capital would become negative as a result of payment of dividends on its shares;

2) where the company falls under the definition of insolvency or bankruptcy in accordance with the legislation of the Republic of Kazakhstan concerning bankruptcy, or such signs will emerge as a result of payment of dividends on its shares;

6. A shareholder shall be entitled to demand payment of outstanding dividends irrespective of the time of origin of indebtedness by the company.

In case of non-payment of dividends within the period established for their payment, the principal amount of dividends and penalty which is accrued on the basis of the official refinancing rate of the National Bank of the Republic of Kazakhstan shall be paid to the shareholder as of the day of execution of the financial obligation, or a part thereof.

7. Non-profit entities established in the legal form of joint stock company shall not accrue and pay dividends on their shares.

Article 23. Dividends on ordinary shares

1. The dividends on the company's ordinary shares according to the results of the quarter or half-year shall be paid only based on the decision of the general shareholders meeting, in case that such payment is required by the charter of the company. The decision of the general meeting concerning payment of dividends on ordinary shares according to the results of the quarter or half-year shall indicate the dividend amount per ordinary share.

A decision to pay dividends on ordinary shares upon the results of the year shall be adopted by the annual general shareholders meeting.

The general shareholders meeting of the company shall have the right to make decision on non-payment of dividends on the company's ordinary shares, with obligatory publication of announcement thereof in mass media within ten business days from the date of the decision adoption.

2. The decision to pay dividends on ordinary shares of the company shall be published in mass media within ten business days from the date of the decision adoption. Public companies shall also publish the said decision at their corporate web site as well.

3. The decision to pay dividends on ordinary shares of the company shall contain the following information:

1) business name, address, bank details and other details of the company;

2) period for which the dividends are paid;

3) amount of dividend per one ordinary share;

4) date of beginning payment of dividends;

5) procedure and method of payment of dividends.

Article 24. Dividends on preference shares

1. Payment of dividends on preference shares of the company shall not require decision of the body of the company, except for the cases specified in Article 22.5 of this Law.

The periods for payment of dividends and amount of dividend per preference share shall be set forth in the company's charter. The amount of dividends which are calculated on preference shares may not be less than the size of the dividends assessed upon ordinary shares for the same period.

Payment of dividends on the company's ordinary shares shall not be made until the dividend on its preference shares is paid in full.

2. The guaranteed amount of dividends on preference shares may be established as a fixed value, or indexed against a certain parameter on the condition of regularity and availability of its value.

3. Five business days prior to the date of payment of dividends on preference shares, the company must publish in mass media the information on payment of dividends and give the information listed in Articles 23.3.1, 23.3.2, 23.3.4, 23.3.5 of this Law, as well as the amount of dividend per the company's preference share.

Article 25. Consummation of transactions with the company's shares

1. A person which intends, independently or together with its affiliates, to purchase in the secondary securities market thirty and more per cent of the company's voting shares, must deliver appropriate notice to the company and authorised agency in accordance with the procedure established by it. A notice shall contain the information on the number of shares purchased, supposed purchase price and other information set forth by the regulatory legal acts of the authorised agency.

2. The company shall not have the right to impede sale of shares by its shareholders. The company shall have the right to make an offer to a person who wishes to sell the company's shares, to purchase them by the company or by third parties at a price exceeding the offered price. The purchase offer shall contain the information on the number of shares, price and details of the buyers in the event the shares are purchased by third parties.

3. A person which purchased, independently or together with its affiliates, in the secondary securities market thirty and more per cent of the company's voting shares, within thirty days from the purchase date shall publish in mass media the offer to other shareholders to sell the company's shares they hold. The offer to shareholders of the public company shall also be published at the corporate website. A shareholder shall have the right to accept the offer and sell its shares within thirty days from the date of publication of the offer to sell the same.

The offer to shareholders to sell the shares they hold shall contain the information on the person and its affiliates which purchased thirty and more per cent of the company's voting shares, including the names (business names), places of residence (addresses), numbers of shares held, and the recommended price for purchase of shares, to be determined in accordance with Article 69.2 of this Law.

In case of the written consent of the shareholder to sell the shares it holds, the person which published the offer to purchase, shall pay for the shares within thirty days.

In case of failure to comply with the procedure for purchase of shares as specified by this paragraph, the person (persons) holding thirty and more per cent of the company's voting shares, shall alienate the number of shares to non-affiliates, in excess of twenty nine per cent of the company's voting shares.

4. A company's shareholder who filed an application in response to the proposal to sell his shares, shall have the right to challenge the refusal of a person who published such proposal to purchase shares, through the court procedure.

Article 26. Purchase of outstanding shares upon the company's initiative

1. The outstanding shares may be purchased with consent of the shareholder upon the company's initiative in accordance with the method of determination of the price for shares at the moment they are redeemed by the company, as approved in accordance with the procedure established by this Law, for the purpose of their subsequent sale or for other purposes which do not contradict the legislation of the Republic of Kazakhstan and the company's charter.

2. The outstanding shares of the company shall be purchased by the company upon the company's initiative on the basis of resolution of the board of directors, unless otherwise is specified by this Law and/or the company's charter.

3. The company shall not have the right to purchase its outstanding shares:

- 1) prior to the first general shareholders meeting;
- 2) prior to approval of the report on the shares placement results;
- 3) where as a result of the shares purchase the size of the company's equity will be less than the minimum authorised capital established by this Law;
- 4) where at the time of the shares purchase the company satisfies the definition of insolvency or bankruptcy in accordance with the legislation of the Republic of Kazakhstan concerning bankruptcy or it acquires such signs as a result of purchase of all shares claimed or offered for sale;
- 5) where the court or general shareholders meeting of the company takes a decision on its liquidation.

4. Where the number of the company's outstanding shares to be purchased upon the initiative of the company exceeds one per cent of their total number prior to the conclusion of the shares purchase and sale transaction (transactions), the company shall announce such purchase to its shareholders.

The announcement by the company of the outstanding shares purchase shall contain the information as to the types, number of the shares to be purchased by it, price, period and conditions of purchase, and shall be published in mass media .

5. Where the number of outstanding shares of the company, claimed by its shareholders for redemption is in excess of the number of shares which is announced as purchased by the company, those shares shall be purchased from shareholders in proportion to the number of shares they hold.

Article 27. Purchase by the company of outstanding shares at request of shareholder

1. The outstanding shares shall be purchased out by the company at request of the company's shareholder, which may be delivered by the shareholder in the following cases:

1) adoption by the general shareholders meeting of a decision on restructuring of the company (if the shareholder participated in the general shareholders meeting at which the issue of the company's reorganisation was considered, and the shareholder voted against it);

1-1) passing by the general shareholders meeting of a decision concerning delisting of the company's shares (if the shareholder did not participate in the general shareholders meeting or if the said shareholder participated at the said meeting and voted against the said decision);

1-2) passing decision by an organiser of delisting bidding for the company's shares;

2) disagreement with the decision to conclude a major transaction and/or interested-party transaction by the company, which were taken in accordance with the procedure established by this Law and the company's charter;

3) adoption by the general shareholders meeting of the decision on amendments and additions to the company's charter, which restrict the rights on shares held by the shareholder (if the shareholder did not participate in the general shareholders meeting at which the decision was taken and if he participated in that meeting and voted against the said decision).

1-1. The outstanding shares shall be purchased by the company at request of the shareholder in accordance with the method for determination of price for shares when they are redeemed by the company, as approved in accordance with the procedure established by this Law.

2. Within thirty days from the day of the decision specified in paragraph 1 of this Article or from the day of the decision by the organiser of bidding concerning delisting of the company's shares, shareholders shall have the right to present to the company the request for redemption of shares held by them by delivery to the company of a written application.

Within thirty days from the date of receipt of the said application, the company shall purchase the shares from the shareholder

3. Where the number of the company's outstanding shares, claimed by its shareholders for redemption is in excess of the number of shares which may be purchased by the company, those shares shall be purchased from shareholders in proportion to the number of shares they hold.

Article 28. Restrictions on purchase by the company of its outstanding shares

1. The number of the outstanding shares to be purchased by the company shall not exceed twenty five per cent of the total number of its outstanding shares, and the costs associated with purchase of the company's outstanding shares shall not exceed ten per cent of its equity:

1) when purchasing the outstanding shares at request of the shareholder - as of the date of adoption of the decision of the general shareholders meeting as indicated in Article 27.1 of this Law;

2) when purchasing the outstanding shares upon the initiative of the company - as of the date of the decision to purchase the company's outstanding shares.

2. The shares which have been purchased by the company shall not be taken into account when establishing the quorum of the general shareholders meeting and shall not participate in the voting at such meeting.

Article 30. Convertible securities

1. A company shall have the right to issue convertible securities only in case such issue is permitted by its charter.

Non-profit organisations established in the legal form of joint stock company shall have no right to issue convertible securities.

2. Issue of the company's securities to be convertible into shares, shall be allowed within the amount of difference between the declared and outstanding shares of the company.

3. The terms and procedure for conversion of the company's securities shall be determined in the prospectus of the convertible securities issue.

Article 31. Pledge on the company's securities

1. The right to pledge the company's securities may not be restricted or excluded by provisions of the company's charter.

A shareholder shall have the voting right and the right to receive dividends on its pledged share, unless otherwise is set forth by the terms of the mortgage.

2. A company may accept as pledge its outstanding securities only in the event:

1) so pledged securities are fully paid;

2) the total number of shares to be pledged to the company and held at pledge by the company is not more than twenty five per cent of the company's outstanding shares, except for the shares purchased by the company.

3) the pledge agreement is approved by the board of directors, unless otherwise is specified by the company's charter.

3. The voting right on the shares placed by the company and held at pledge by the company, shall be granted to the shareholder, unless otherwise is established by the terms and conditions of pledge. The company shall not have the right to vote on its shares which it holds in pledge.

4. The procedure for registration of the company's securities pledge shall be determined in accordance with the legislation of the Republic of Kazakhstan concerning securities.

Article 32. Payment of tax arrears by the company whose interest in the authorised capital is held by the state, by the company's declared shares

1. In the event the tax arrears of the company whose interest in the authorised capital is held by the state, are overdue for more than three months (hereinafter the "overdue arrears"), the state authority of the Republic of Kazakhstan which exercises the tax supervision over compliance with tax obligations to the state (hereinafter the "state authority") shall have the right for the purpose of repayment of overdue arrears of the company:

1) to take the decision on restriction of disposal of the company's declared shares in accordance with the tax legislation of the Republic of Kazakhstan;

2) in case there are no the company's declared shares or their number is insufficient for repayment of the company's overdue arrears, the application to the court with lawsuit for repayment of the company's overdue arrears by way of enforced issue of the company's declared shares with their subsequent placement.

2. The company's declared shares, the disposal of which has been restricted, and the declared shares of enforced issue, shall be placed in accordance with the procedure established by the tax legislation of the Republic of Kazakhstan for sale of restrained property.

In the event that a company carries out business in the strategic sectors of the economy of the Republic, the state authority, pursuant to the decision of the Government of the Republic of Kazakhstan, shall have the right to place the company's declared shares, the disposal of which disposal is restricted, and the declared shares of the enforced issue, by way of their seizure into the state ownership in return of repayment of the company's overdue arrears.

3. Seizure into the state ownership of the company's declared shares restricted in disposal, and of declared shares of enforced issue, shall be carried out by way of registration of the state ownership right thereto in the system of registers of the company's shareholders. The state ownership right shall be registered with the state authority empowered by the Government of the Republic of Kazakhstan to manage the Republic's state-owned property.

4. The state registration of the enforced issue of the declared shares pursuant to the court judgment shall be carried out in accordance with the procedure and on the terms and conditions specified by the legislation of the Republic of Kazakhstan.

5. The use of proceeds from placement of the company's declared shares with restricted disposal, and declared shares of enforced issue, for the purposes other than repayment of the company's overdue arrears, shall be prohibited.

Where the amount of proceeds from placement of the company's declared shares with restricted disposal, and of declared shares of enforced issue, exceeds the amount of the overdue arrears, then the difference shall be recognised as the company's income.

6. The placing price and number of shares required for repayment of the company's overdue arrears shall be determined by the state authority in coordination with the company. Upon the initiative of the state authority the placing price for shares may also be determined by an appraiser in accordance with the legislation of the Republic of Kazakhstan.

In case the placing price for shares is determined by an appraiser, the costs associated with such valuation shall be paid by the company.

7. Overdue arrears of the company shall be deemed to be repaid in accordance with the legislation of the Republic of Kazakhstan in case the overdue arrears are repaid at the expense of the proceeds from placement of the company's declared shares with restricted disposal, and declared shares of enforced issue, or from the time of registration of the state ownership right with regard to the company's declared shares restricted in disposal, and declared shares of enforced issue, in the system of registers of the company's shareholders.

CHAPTER 5. MANAGEMENT OF THE COMPANY

Article 33. Bodies of the company

1. The following shall be recognised as bodies of the company:

- 1) supreme body — general meeting of shareholders (in a company where all voting shares are held by one shareholder, that shareholder);
- 2) management body — board of directors;
- 3) executive body — a collegial body or a person who solely exercises functions of an executive body a name of which is defined by company's charter.
- 4) other bodies in accordance with this Law, other regulatory legal acts of the Republic of Kazakhstan and company's charter.

3. An individual who is a former state official authorized to supervise and monitor company's activities on the part of the state due to his service functions may not be elected to governing bodies of such company within one year from the date of termination of such powers, except for the governing body of a company of which at least ten percent of voting shares are held by the state or by national management holding.

Article 34. Specifics in managing company with participation of the state in the authorised capital

1. Specifics in managing company with participation of the state in the authorized capital shall be identified by the Law of the Republic of Kazakhstan *On the State Property*.

Article 34-1. Specifics in procurement of goods, works and services

1. Procurement of goods, works and services by national management holding, national holdings, national companies and organizations fifty and more percent of shares (participatory interest in authorized capital) in which directly or indirectly owned by national management holding, national holding, national company shall be conducted on the basis of rules for procurement of goods, works and services approved by the Government of the Republic of Kazakhstan.

Indirect ownership shall mean ownership by each subsequent organization of fifty and more percent of shares (participatory interest in authorized capital) in other organization on the right of ownership or trust management.

2. Unless as otherwise is provided for by the legislative acts of the Republic of Kazakhstan when procuring goods, works and service persons enlisted in paragraph 1 of this Article shall:

1) provide for requirements on conditional decrease of prices of tender participants – Kazakhstan manufacturers of goods, works and services in tender documentation presented by tender participants;

2) apply conditional decrease of prices when considering offers of Kazakhstan manufacturers of goods, works and services;

3) when offers of tender participants are equal give preference to Kazakhstan manufacturers of goods, works and services.

3. Persons enlisted in paragraph 1 of this Article shall be obliged to provide information on Kazakhstan content in goods, works and services to the authorized agency on state regulation of trade and industrial policy in forms and deadlines established by it.

Kazakhstan content shall be identified according to single methodology for calculation of Kazakhstan content in goods, works and services by organizations approved by the Government of the Republic of Kazakhstan.

Article 35. General meeting of shareholders

1. General meetings of shareholders shall be subdivided into annual and extraordinary.

A company shall be obliged to hold annual general meeting of shareholders annually. Other general meetings of shareholders shall be recognised as extraordinary.

The first general meeting of shareholders may be convened and held after the state registration of issue of declared shares and formation of system of registers of shareholders.

2. At annual general meeting of shareholders:

1) company's annual financial reports shall be approved;

2) procedure for distribution of net income of the company for the expired financial year and dividend amount per one ordinary share of the company shall be determined;

3) an issue concerning appeals of shareholders against actions of the company and its officers shall be considered and results of consideration thereof.

Chairman of the board of directors shall inform the company's shareholders of amount and composition of remuneration to members of the board of directors and executive body of company.

Annual general meeting of shareholders shall have the right to consider other issues as well, decision of which is assigned to the competence of the general meeting of shareholders.

3. Annual general meeting of shareholders must be held within five months upon expiry of financial year.

The said period shall be deemed to be extended up to three months where it is impossible to complete company's audit for the reporting period.

4. A company of which all voting shares are held by one shareholder shall not hold general meetings of shareholders. Decisions on issues which according to this Law are within the competence of the general meeting of shareholders shall be taken by such shareholder at his sole discretion and shall be made in writing provided that such decision do not infringe or restrict rights certified with preference shares.

5. Where in the cases specified by paragraph 4 of this Article the sole shareholder or person who holds all voting shares in a company is a legal entity, then decisions on issues, which according to this

Law and company's charter fall within the competence of the general meeting of shareholders, shall be taken by body, officers or employees of legal entity, who are entitled to take such decisions in accordance with the legislation of the Republic of Kazakhstan and legal entity's charter.

Article 36. Competence of the general meeting of shareholders

1. The following issues shall be within the exclusive competence of the general meeting of shareholders:

1) introduction of changes and amendments to the company's charter or approval of its new edition;

1-1) approval of the code of corporate management, as well as changes and amendments thereto where adoption of such code is provided for by the company's charter;

2) voluntary reorganisation or liquidation of the company;

3) adoption of a decision on increasing the number of the company's declared shares or alteration of type of non-outstanding declared shares of the company;

3-1) determination of terms of and procedure for conversion of the company's securities as well as modification thereof;

4) determining number and term of office of the counting commission, election of its members and premature termination of their powers;

5) determining number, term of office of the board of directors, election of its members and premature termination of their powers as well as determining amount and terms of payment of remuneration to the board members;

6) appointment of auditors to carry out company's audits;

7) approval of annual financial statements;

8) approval of procedure for distribution of the company's net income for the reporting fiscal year, adoption of a decision on payment of dividends on ordinary shares and approval of amount of dividends per one ordinary share of the company;

9) adoption of a decision on non-payment of dividends on ordinary and preference shares of the company where the events specified by paragraph 5 of Article 22 hereof take place;

9-1) adoption of a decision concerning voluntary delisting of company's shares;

10) adoption of a decision on company's participation in formation or activities of other legal entities by way of transfer of part or several parts of assets constituting in aggregate twenty-five and more per cent of all the assets owned by the company;

13) defining form of company's notice to shareholders for convening the general meeting of shareholders and adoption of a decision on placement of such information in mass media;

14) approval of amendments to methodology (approval of methodology, unless it is approved by foundation meeting) for valuation of shares when such shares are purchased by the company;

15) approval of agenda of the general meeting of shareholders;

16) determining procedure for disclosure to shareholders of information on company's activities, in particular, selection of mass media, unless such procedure is defined by company's charter;

17) introduction and annulment of "golden share";

18) other issues adoption whereof fall under the exclusive competence of the general meeting of shareholders according to this Law and company's charter.

1-1. Provisions of paragraph 1 of this Article shall not apply when defining the competence of the sole shareholder of national management holding. Competence of the sole shareholder of national management holding shall be determined in the Law of the Republic of Kazakhstan *On the National Welfare Fund*.

Provisions of this paragraph shall not apply to national management holding in the agricultural sector.

Specifics of competence of the sole shareholder of national management holdings, national holdings shall be established by the Law of the Republic of Kazakhstan *On the State Property*.

2. Decisions of the general meeting of shareholders on the issues indicated in subparagraphs 1)-3) of paragraph 1 of this Article shall be taken by a qualified majority of the total number of voting shares of the company, and in a company formed as a result of transformation of a privatisation investment fund - by a qualified majority of company's voting shares present at the meeting.

Decisions of the general meeting of shareholders on other issues shall be taken by a simple majority of votes of the total number of company's voting shares participating in vote, unless this Law and company's charter specify otherwise.

Company's charter may not establish a greater number of votes which are needed for adoption of decisions on premature termination of the board members' powers, than it is indicated in the second part of this paragraph.

3. Unless otherwise specified by this Law and other legislative acts of the Republic of Kazakhstan, it shall not be allowed to delegate issues within the exclusive competence of the general meeting of shareholders to other bodies, officers and company's employees.

4. The general meeting of shareholders shall have the right to abolish any decision of other company's bodies on the issues which are recognised as company's internal affairs, unless otherwise specified by charter.

Article 37. Procedure for convening the general meeting of shareholders

1. Annual general meeting of shareholders shall be convened by the board of directors.

2. An extraordinary general meeting of shareholders shall be convened upon an initiative of the following:

- 1) the board of directors;
- 2) the principal shareholder.

Extraordinary general meeting of shareholders of a company which is in the process of voluntary liquidation, may be convened, prepared and conducted by company's liquidation commission.

The legislative acts of the Republic of Kazakhstan may set forth the situations where convening of an extraordinary general meeting of shareholders shall be obligatory.

3. Preparation and conducting of a general meeting of shareholders shall be carried out by the following:

- 1) the executive body;
- 2) the company's registrar in accordance with an agreement concluded with registrar;
- 3) the board of directors;
- 4) the company's liquidation commission.

4. Costs associated with convening, preparing and conducting of the general meeting of shareholders shall be borne by the company, except for the cases, set forth by this Law.

5. Annual general meeting of shareholders may be convened and conducted on the basis of a court decision adopted pursuant to a claim of any interested person where company's bodies violate the procedure for convention of the general meeting of shareholders, which is established by this Law.

An extraordinary general meeting of company's shareholders may be convened and conducted on the basis of a court decision, adopted pursuant to a lawsuit of a company's principal shareholder, where the company's governing bodies failed to implement his requirements to convene an extraordinary general meeting of shareholders.

Article 38. Specifics of convening and conducting an extraordinary general meeting of shareholders under initiative of a principal shareholder

1. Principal shareholder's request concerning convention of an extraordinary general meeting of shareholders shall be presented to the board of directors by delivery to place of location of company's executive body of an appropriate written communication, which must comprise an agenda of such meeting.

2. Company's board of directors shall have no right to introduce amendments to formulation of agenda's items and change the offered sequence for conduction of an extraordinary general meeting of shareholders which is called under request of principle shareholder.

Where an extraordinary general meeting of shareholders is called in accordance with presented request, the board of directors shall have the right to add any items to agenda of general meeting under its discretion.

3. Where a request concerning convention of extraordinary general meeting of shareholders is presented by a principle shareholder (shareholders), it shall include names (official business names) of shareholders (shareholder) demanding performance of such a meeting and indicate number, type of shares held by him.

Request seeking convention of extraordinary general meeting of shareholders shall be signed by person (persons) who demand convention of extraordinary general meeting of shareholders.

4. The board of directors shall be obliged to take a decision within ten business days from the day of reception of the said request and not later than in three business days from the moment of adoption of such a decision to deliver a communication concerning the adopted decision on convention of extraordinary general meeting of shareholders or rejection to convene it to a person who presented the said request.

5. Decision of the company's board of directors concerning rejection to convene an extraordinary general meeting of shareholders under request of principle shareholder may be passed in case:

1) procedure for presentation of request concerning convention of an extraordinary general meeting of shareholders as established by this Article has not been observed;

2) items proposed to be entered into agenda of extraordinary general meeting of shareholders are inconsistent with provisions of the legislation of the Republic of Kazakhstan.

The decision of the company's board of directors concerning the rejection to convene an extraordinary general meeting of shareholders may be contested before the court.

6. Where within the time established by this Law the board of directors has not passed a decision concerning convention of extraordinary general meeting of shareholders under the presented request, person who demands to call it shall have the right to apply to court with a claim seeking to compel company to conduct an extraordinary general meeting of shareholders.

Article 39. The list of shareholders entitled to participate in company's general meetings

1. The list of shareholders entitled to take part in the general meeting of shareholders and vote at it shall be compiled by company's registrar on the basis of information of company's system of registers of shareholders. The date of compilation of said list may not be established prior to the date when a decision was taken to hold a general meeting.

Information to be included into list of shareholders shall be specified by the authorised agency.

2. In the event that after the completion of a list of shareholders entitled to participate in the general meeting of shareholders and vote at it, a person included into that list sold company's voting shares which that person held, right to participate in the general meeting of shareholders shall be acquired by a new shareholder. In that case, documents must be submitted to confirm the right of ownership of shares.

Article 40. Date, time and place for holding a general meeting

1. Date and time for holding a general meeting of shareholders must be established in such a manner that a greatest number of persons entitled to participate in it, may take part.

A general meeting of shareholders must be held in a populated area where the executive body of company is situated.

2. Time of beginning of registration of participants of a meeting and time of meeting must provide the counting commission with enough time for performance of registration, counting number of meeting participants and determining whether the quorum is present.

Article 41. Information on holding a general meeting of shareholders

1. Shareholders (owner of 'the golden share') must be notified of a forthcoming general meeting not later than thirty calendar days in advance and in case of an absentee or mixed voting, not later than forty-five calendar days prior to the date of the meeting.

2. Notice concerning conduction of the general meeting of shareholders must be published in mass media or be delivered to them. Where the number of company's shareholders does not exceed fifty shareholders, notification to a shareholder must be made by delivery of a written notice to him.

3. A notice of the general meeting of shareholders must include the following:

- 1) full business name and address of the executive body of the company;
- 2) information concerning initiator of the meeting;
- 3) date, time and place for holding a general meeting of company's shareholders, time when registration of participants begins, as well as date and time for holding adjourned general meeting of company's shareholders which should be held if meeting does not take place;
- 4) date for compilation of list of shareholders entitled to participate in the general meeting of shareholders;
- 5) agenda of the general meeting of shareholders;
- 6) procedure for review of agenda materials of the general meeting of shareholders, by shareholders;
- 7) where such company is a privatisation investment fund or was formed as a result of transformation of a privatisation investment fund - full business name of fund and license number issued to it.

4. Minority shareholder shall have the right to apply to company's registrar for the purposes of joining with other shareholders in passing decisions on issues indicated in agenda of the general meeting of shareholders.

Procedure for minority shareholder's application and distribution of information by the company's registrar among other shareholders shall be established by agreement for maintenance of the system of registers of securities' holders.

Article 42. Adjourned general meeting of shareholders

1. Adjourned general meeting of shareholders may be appointed not earlier than the next day following the date established for holding an original (might have been) general meeting of shareholders.

2. Adjourned general meeting of shareholders must be held in the same place where might have been general meeting of shareholders was to take place.

3. The agenda of adjourned general meeting of shareholders must be the same as agenda of an original general meeting of shareholders.

Article 43. Agenda of the general meeting of shareholders

1. Agenda of the general meeting of shareholders shall be formed by the board of directors and must contain an exhaustive list of specifically formulated issues proposed for discussion.

Agenda of the general meeting of shareholders may be added to by a principal shareholder or the board of directors provided that company's shareholders notified of such additions not later than fifteen days prior to the date of the general meeting or in accordance with the procedure established by paragraph 4 of this Article.

2. When a general meeting of shareholders which is held in accordance with the standard procedure is opened, the board of directors must report on proposals submitted to it for alteration of agenda.

3. Approval of agenda of a general meeting of shareholders shall be carried out by the majority of votes of the total number of company's voting shares present at the meeting.

4. Changes and/or amendments may be introduced to an agenda where a majority of shareholders (or their representatives) participating in the general meeting of shareholders and holding in total not less than ninety-five per cent of company's voting shares voted for their introduction.

Agenda may be appended with an item, decision on which may restrict rights of shareholders holding preference shares, in the event that not less than two thirds of the total number of outstanding (with the exception of redeemed) preference shares have voted for it.

Where a decision is passed by the general meeting of shareholders through absentee voting, agenda of the general meeting of shareholders may not be modified and/or amended.

5. The general meeting of shareholders shall not have the right to consider issues which are not included in its agenda nor take decisions on them.

6. It shall be prohibited to use wide meaning wording including “miscellaneous”, “other”, “others” and similar wording in agenda.

Article 44. Materials concerning issues on agenda of the general meeting of shareholders

1. Materials concerning issues on agenda of the general meeting of shareholders must contain information in volume sufficient for adoption of motivated decisions on those issues.

2. Materials concerning issues related to election of the bodies of the company must contain the following information on proposed candidates:

- 1) surname, name, patronymic where appropriate;
- 2) information on education;
- 2-1) information on affiliation with company;
- 3) information on places of employment and positions held for the last three years;
- 4) other information confirming qualifications, work experience of the candidates.

Where an agenda of the general meeting of shareholders includes an issue concerning election of company's board of directors (election of a new member of the board of directors), materials shall indicate whose representative the proposed candidate for members of the board of directors is and/or if he is a candidate for position of an independent director of company. In case candidate to members of the board of directors is a shareholder or an individual as set forth in Article 54.3 hereof, these information shall be provided in materials as well as including information concerning voting shares held by such shareholder as of the date of compiling a list of shareholder.

3. Materials concerning issues on agenda of the general meeting of shareholders must comprise the following:

- 1) annual financial statements of the company;
- 2) auditors' report to annual financial statements;
- 3) proposals of the board of directors concerning the procedure for distribution of company's net income for the expired financial year and amount of dividend for the year as per one ordinary share of the company;

3-1) information concerning appeals of shareholders as related to actions of company and its officers and results of such appeals' consideration;

3-2) in public companies – report of the board of directors on its activity for the reporting period;

4) other documents at the discretion of initiator of the general meeting of shareholders.

4. Materials on agenda issues of the general meeting of shareholders must be prepared and be available in place of location of company's executive body for review of shareholders not less than ten days before the date of conducting a meeting; in case of shareholder's request to do so, they must be delivered to him within three business days from the day of reception of a request; costs of making copies of documents and for delivery of documents shall be born by shareholder, unless it is stipulated otherwise by charter.

Article 45. The quorum of the general meeting of shareholders

1. The general meeting of shareholders shall have the right to consider and take decisions on agenda issues if by the time of participants' registration completion, shareholders or their representatives included in the list of shareholders entitled to participate and vote, holding in aggregate fifty and more percent of company's voting shares, have been registered.

2. Adjourned general meeting of shareholders which is held instead of a failed one, shall have the right to consider agenda issues and adopt decisions on them, provided:

1) procedure for convening a general meeting of shareholders has been complied with and it was adjourned due to absence of quorum;

2) by time of registration completion, shareholders (or their representatives) holding an aggregate of forty and more percent of company's voting shares, including shareholders voting in absentee, were registered.

Charter of company consisting of ten thousand and more shareholders may specify a smaller (not less than fifteen per cent of the company's voting shares) quorum for holding of an adjourned general meeting of shareholders.

3. Adjourned general meeting of company formed as a result of reorganisation and re-registration of a privatisation investment fund shall have the right to consider issues and take decisions on agenda items, provided at time when meeting participants been registered for participation in it, not less than five hundred shareholders (or their representatives) holding voting shares of company, were registered.

4. Where ballots for absentee voting are forwarded to shareholders, votes provided by the said ballots and received by the company by the time when participants of the general meeting been registered, shall be taken into account in calculation of quorum and drawing results of the vote.

No adjourned general meeting of shareholders shall be held where a general meeting is conducted in absentee and there is no quorum present.

Article 46. The counting commission

1. The counting commission shall be elected at company's general meeting, number of shareholders of which comprises one hundred shareholders and more.

Functions of the counting commission in a company comprised of less than one hundred shareholders shall be exercised by the secretary of the general meeting of shareholders. At the first general meeting of shareholders function of counting commission shall be exercised by company's registrar.

Pursuant to a decision of the general meeting of shareholders functions of counting commission may be entrusted to company's registrar.

2. The counting commission must consist of not less than three persons. Members of the company's collegial bodies, person who solely exercises function of an executive body of the company may not be on the counting commission.

Where a counting commission member is absent from the general meeting of shareholders, it shall be allowed to elect additional counting commission member for the time of meeting.

3. The counting commission shall:

1) review powers of persons arriving for participation in the general meeting of shareholders;
2) register participants of the general meeting of shareholders and issue materials on agenda items of the general meeting of shareholders;

3) establish validity of ballots received through absentee vote and count the number of valid ballots and votes on each agenda item stated therein;

4) establish whether a quorum is present for the general meeting of shareholders, in particular during the entire time of meeting, and announce whether quorum is present or absent;

5) explain issues relating to shareholders exercising their rights at the general meeting of shareholders;

6) count votes on issues that have been considered by the general meeting of shareholders and draw results of voting;

7) compile protocol on results of votes at the general meeting of shareholders;

8) pass voting ballots and protocol on results of voting to company's archives.

4. The counting commission shall ensure confidentiality of information contained in the completed vote ballots of the general meeting of shareholders.

Article 47. Representation at the general meeting of shareholders

1. Shareholder shall have the right to participate in the general meeting of shareholders and to vote on issues being considered in person or through his representative.

Members of the company's bodies as well as other employees shall not have the right to act as representatives of shareholders in the general meeting of shareholders.

Representative of shareholder shall act on the basis of power of attorney executed in accordance with the legislation of the Republic of Kazakhstan.

Where in accordance with the legislative acts of the Republic of Kazakhstan it is provided that a shareholder holding, using, disposing shares in an amount of ten and more per cent of the total number of outstanding (voting) shares in the company has to obtain a consent to acquire the status of a principal participant or another status, then a representative of principal shareholder and/or shareholders whose aggregate shareholding is ten and more per cent of shares in the company shall have the right to vote at the general meeting of shareholders only if written instructions from shareholder (shareholders) are available in respect of each issue of the general meeting in accordance with decision of shareholder (shareholders) as specified in power of attorney.

Representative of shareholder whose shareholding is less than ten per cent of the shares of company and/or of shareholders whose aggregate shareholding is less than ten per cent of shares of company, shall have the right to represent interests of shareholder (shareholders) without written indication of a decision in respect of each issue of general meeting in power of attorney.

2. No power of attorney shall be required for participation in the general meeting of shareholders and voting on issues which are considered, for a person who in accordance with the legislation of the Republic of Kazakhstan or an agreement has the right to act on behalf of a shareholder or to represent his interests without a power of attorney.

Article 48. Procedure for conducting the general meeting of shareholders

1. Procedure for conducting the general meeting of shareholders shall be determined in accordance with this Law, charter and other company documents which regulate company's internal affairs or directly by decision of the general meeting of shareholders.

2. Registration of arriving shareholders (their representatives) shall be carried out prior to opening of the general meeting of shareholders. A representative of a shareholder must present power of attorney to confirm his powers to participate and vote at the general meeting of shareholders.

A shareholder (representative of a shareholder) who failed to register shall not be counted when determining a quorum and shall not have the right to participate in voting.

A company shareholder who holds preference shares shall have the right to be present at the general meeting of shareholders which is held in accordance with the standard procedure and participate in discussion of issues considered by it.

Unless it is otherwise established by company's charter or decision of the general meeting of shareholders held in accordance with standard procedure, persons other than those invited may not be present at it. The right of such persons to speak at the general meeting of shareholders shall be established by the company's charter or by decision of the general meeting of shareholders.

3. The general meeting of shareholders shall be opened at announced time, provided a quorum is present.

The general meeting of shareholders may not be opened prior to the announced time, except for the case where all shareholders (their representatives) been registered, notified and do not object to changes in the opening time of the meeting.

4. The general meeting of shareholders shall hold elections of the chairman (presidium) and the secretary of general meeting.

The general meeting of shareholders shall determine the form of voting, by open vote or secret (by ballot). Each shareholder shall have one vote and a decision shall be adopted by a simple majority of votes of those present, unless company's charter specifies otherwise for voting on issue of electing a chairman (presidium) and secretary of the general meeting of shareholders.

Members of the executive body may not preside at the general meeting of shareholders, except for the cases where all shareholders present at the meeting are members of executive body.

5. In the course of the general meeting of shareholders its chairman shall have the right to put on vote a proposal to terminate debates on issue in consideration and on alteration of voting method for it.

Chairman shall have no right to interfere with speeches of persons entitled to participate in discussions of agenda items, except for the cases where such speeches lead to violation of the general meeting of shareholders procedural regulations, or where such debates on certain issue have been completed.

6. The general meeting of shareholders shall have the right to take a decision on a break in its work and on extending the period of its work, in particular on postponement of considering certain agenda items of the general meeting of shareholders onto the next day.

7. The general meeting of shareholders may be announced closed only when all agenda items have been considered and decisions on them have been adopted.

8. Secretary of the general meeting of shareholders shall be in charge of fullness and timeliness of information shown in the minutes of the general meeting of shareholders.

Article 49. Adoption of decisions by the general meeting of shareholders by way of absentee vote

1. Decisions of the general meeting of shareholders may be taken by way of conducting an absentee voting. Absentee voting may be used in combination with vote of shareholders present at the general meeting of shareholders (a mixed vote), or without holding a session of the general meeting of shareholders.

2. The company's charter, except for public companies, may prohibit taking decisions on all or certain agenda items of the general meeting of shareholders by absentee vote.

3. When conducting an absentee vote, uniform ballots shall be forwarded (delivered) to persons included in the list of shareholders for voting.

Company shall not have the right to forward voting ballots to selected shareholders for the purpose of exerting influence upon the results of voting at the general meeting of shareholders.

4. Voting ballot shall be forwarded to persons included in the list of shareholders, not later than forty-five days prior to the date of the general meeting of shareholders. In case of an absentee vote without conducting the general meeting of shareholders, a company number of shareholders whereof comprises five hundred and more shall be obliged to publish in mass media determined by charter, a ballot for absentee vote at the general meeting of shareholders together with notice of the general meeting of shareholders.

5. An absentee vote ballot shall contain the following:

- 1) full business name and address of company's executive body;
- 2) information on initiator of the meeting;
- 3) final date for submission of absentee vote ballots;
- 4) date of the general meeting of shareholders or date for counting absentee votes without conducting general meeting of shareholders;
- 5) agenda of the general meeting of shareholders;
- 6) names of candidates proposed to be elected where agenda of the general meeting of shareholders contains items of electing the board members;
- 7) formulation of issues to be voted on;
- 8) vote choices on each agenda item of the general meeting of shareholders, expressed with the words "for", "against", "abstained";
- 9) explanations on voting procedure (completion of ballots) on each agenda item.

6. An absentee ballot must be signed by shareholder who is an individual indicating details of document confirming identity of such person.

Absentee ballot of a shareholder which is a legal entity must be signed by its chief executive and certified with that legal entity's seal.

A ballot without a signature of shareholder who is an individual or chief executive of legal entity which is a shareholder, as well as without a seal of such legal entity, shall be recognised invalid.

When counting votes only the votes on items where shareholder observed the voting procedure as defined in ballot, and where only one of the vote's multiple choices was marked shall be taken into account.

7. Where an agenda of the general meeting of shareholders contains items of electing board members, absentee vote ballot must contain fields for indication of number of votes given for individual candidates.

8. Where a shareholder, who forwarded an absentee vote ballot, has arrived for participation and voting at the general meeting of shareholders, where mixed voting is to be used, his ballot shall not be

counted in deciding whether a quorum of the general meeting of shareholders is present and when counting votes on agenda items.

Article 50. Voting at the general meeting of shareholders

1. Voting at the general meeting of shareholders shall be carried out on the principle of ‘one share — one vote’, except for the following cases:

- 1) where there is a restriction of the maximum number of votes on shares granted to one shareholder in the cases specified by the legislative acts of the Republic of Kazakhstan;
- 2) cumulative vote in electing members of the board of directors;
- 3) where one vote is granted to each person who has the right to vote at the general meeting of shareholders for voting on procedural issues of conducting the general meeting of shareholders.

2. In case of a cumulative vote, votes conferred by shares may all be given by shareholder in favour of one candidate for the board member or distributed by him between several candidates for the board members. Candidates at head of poll shall be elected to the board of directors.

3. Where voting at the general meeting of shareholders which is held in accordance with standard procedure is carried out by secret ballot, ballots for such voting (further in this Article, ballots for secret voting) must be prepared for each individual issue which is subject to secret voting. In that case ballot for secret voting must contain the following:

- 1) wording of an issue or its order number on agenda of the meeting;
- 2) voting options in regards to an item, expressed with the words “in favour”, “against”, “abstained” or voting options in regards to each candidate to company bodies;
- 3) number of votes held by shareholder.

4. Secret vote shall not be signed by shareholder, except for the case, where that shareholder himself expressed the desire to sign ballot, in particular for the purposes of filing a claim to company to repurchase his shares in accordance with this Law.

When calculating votes on secret vote ballots, votes on those issues for which the voting procedure defined in ballot was observed by voter, and only one voting choice was marked shall be counted .

Article 51. Protocol on results of voting

1. Upon results of voting counting commission shall compile and sign a protocol on results of voting.

2. Where a shareholder has a special opinion on a voted issue, counting commission of company must make appropriate entry into protocol.

3. After compilation and signing of protocol on results of voting, the completed secret vote ballots and absentee vote ballots (including the ballots which were recognised as invalid), on the basis of which a protocol was compiled, shall be bound together with protocol and submitted to company's archives for storage.

4. Protocol on results of voting shall be attached to the minutes of the general meeting of shareholders.

5. Results of voting shall be announced at the general meeting of shareholders where the voting took place.

6. Results of voting of the general meeting of shareholders or results of absentee voting shall be communicated to shareholders by way of their publication in mass media or by forwarding a written notice to each shareholder within ten days after the closure of the general meeting of shareholders.

Procedure for notifying shareholders of voting results shall be defined in the company's charter.

Article 52. Minutes of the general meetings of shareholders

1. Minutes of the general meeting of shareholders must be compiled and signed within three business days after the closure of the meeting.

2. The following shall be mentioned in the minutes of the general meeting of shareholders:

- 1) full name and address of company's executive body;
- 2) date, time and place of the general meeting of shareholders;

- 3) information on the number of company's voting shares present at the general meeting of shareholders;
- 4) quorum of the general meeting of shareholders;
- 5) agenda of the general meeting of shareholders;
- 6) procedure for voting at the general meeting of shareholders;
- 7) chairman (presidium) and secretary of the general meeting of shareholders;
- 8) speeches of persons participating in the general meeting of shareholders;
- 9) total number of shareholders' votes on each issue of agenda of the general meeting of shareholders, put to vote;
- 10) issues put to vote, results of voting;
- 11) decisions adopted by the general meeting of shareholders.

Where the general meeting considers an issue concerning election of company's board of directors (election of a new member of the board of directors), minutes of the general meeting shall state a representative of which shareholder an elected member of the board of directors is and/or who is an independent director out of the elected members of the board of directors.

3. Minutes of the general meeting of shareholders shall be signed as follows:

- 1) by the chairman (presidium members) and secretary of the general meeting of shareholders;
- 2) by members of counting commission;
- 3) by shareholders who hold ten and more percent of company's voting shares, who participated in the general meeting of shareholders.

Where it is impossible for a person who is to sign the minutes, to sign them, minutes shall be signed by his representative on the basis of power of attorney issued to him.

4. In the event that a person indicated in paragraph 3 of this Article, disagrees with content of minutes, that person shall have the right to refuse signing by submitting a written explanation of reasons for such refusal, which shall be attached to minutes.

5. Minutes of the general meeting of shareholders shall be bound together with protocol on results of voting, powers of attorney for participation in voting at the general meeting, as well as for signing of minutes and written explanations on the reasons to refuse from signing of minutes. The said documents shall be kept by an executive body and presented to shareholders for review at any time. Pursuant to demand of a shareholder, copy of minutes of the general meeting of shareholders shall be issued to him.

Article 53. The Board of Directors

1. The board of directors shall exercise general guidance of company's activities, except for deciding the issues which according to this Law and company's charter are within an exclusive competence of the general meeting of shareholders.

2. Unless otherwise specified by this Law and company's charter, the following issues shall be within an exclusive competence of the board of directors:

- 1) determining priority areas of company's business;
- 2) taking decision on convening annual and extraordinary general meeting of shareholders;
- 3) adoption of a decision on placement (sale), including the number of shares to be placed (sold) within the number of declared shares, method and price of their placement (sale);
- 4) adoption of a decision concerning buyout of outstanding shares and other securities by company and buyout price;
- 5) preliminary approval of company's annual financial statements;
- 7) defining conditions for issuing debentures and derivative securities of company;
- 8) determining number, term of office of an executive body, election of its chief and members (person who solely exercises functions of an executive body), as well as premature termination of their office;
- 9) defining amounts of salaries and terms of labour remuneration and bonus plan for chief executive and members of executive body (person who solely exercises functions of an executive body);
- 10) determination of a number of members, term of office of internal audit service, appointment of its chief executive and members, and also premature termination of their powers, determination of working procedure of internal audit service, amounts and conditions of labour remuneration and bonus plan to employees of internal audit service;

10-1) appointment, determination of term of office of corporate secretary, premature termination of his powers, as well as determination of an amount of official wage rate and labour remuneration terms for corporate secretary;

11) determination of an amount for payment for services of an auditing organisation, as well as of appraiser of market value of assets transferred in payment for shares in company or being a subject-matter in a major transaction;

13) approval of documents regulating company's internal activities (except for documents adopted by executive body for the purposes of organising company's business), in particular internal document establishing terms of and procedure for conducting of auctions and subscription to company's securities;

14) adoption of decisions on formation and closure of affiliates and representations of company and approval of their provisions;

15) passing of a decision concerning purchase by company of ten per cent of shares and more (participatory interest in authorised capital) in other legal entities;

15-1) passing of decisions on issues of activity related to competence of general meeting of shareholders (participants) of legal entity ten and more per cent of shares in (participatory interest in the authorised capital of) which is held by the company;

16) increase of company's liabilities by an amount in excess of 10 and more percent of its equity capital;

17) selection of company's registrar in the event that agreement with former registrar of company is terminated;

18) defining information on company or its activities which is recognised as service, commercial or other type of secret protected by law;

19) adoption of a decision on conclusion of major transactions and interested party transactions;

20) other issues specified by this Law and company's charter, which are not recognised as the exclusive competence of the general meeting of shareholders.

3. Issues of which the list is established by paragraph 2 of this Article may not be delegated to an executive body for decision.

3-1. Provisions of paragraphs 1, 2 and 3 of this Article shall not apply when defining the competence of the national management holding's board of directors, which competence shall be determined in the Law of the Republic of Kazakhstan *On the National Welfare Fund*.

Specifics of competence of the board of directors of national management holdings, national holdings shall be established by the Law of the Republic of Kazakhstan *On the State Property*.

Provisions of this paragraph shall not apply to the national management holding in the agricultural sector.

4. The board of directors shall not have the right to take decisions on issues which in accordance with company's charter fall under competence of its executive body, nor to take decisions that contradict decisions of the general meeting of shareholders.

5. Decisions which are adopted by the board of directors in respect of issues for which the right of veto is established, shall be subject to coordination with holder of "golden share".

6. The board of directors shall:

1) track and if possible eliminate potential conflicts of interests at the level of officers and shareholders including unlawful use of company's property and abuse in completion of interested party transactions;

2) perform control over efficiency of corporate management practice in company.

Article 53-1. Committees of the board of directors

1. Committees of the board of directors shall be formed in public companies to consider the most important issues and to prepare recommendations to the board of directors, they may be formed in other companies as well in relation to the following issues:

1) strategic planning;

2) personnel and remuneration;

3) internal audit;

4) social issues;

5) other issues stipulated by internal documents of company.

2. Committees of the board of directors shall consist of members of the board of directors and experts possessing necessary professional knowledge to work in a specific committee.

Chief executive of the executive body may not be a chairman of a committee of board of directors.

3. Procedure for formation and activity of committees of the board of directors, as well as their quantitative composition shall be established by internal document of the company to be approved by the board of directors.

Article 54. The board of directors membership

1. Only an individual may be a board member.

2. The board members shall be elected from among the following:

1) shareholders who are individuals;

2) persons proposed (recommended) to be elected to the board of directors as representatives of shareholders' interests;

3) other persons (subject to restriction specified in paragraph 3 of this Article).

Election of the board members shall be carried out by cumulative vote. A shareholder shall have the right to give votes conferred by his shares in full for one candidate or to distribute them between several board member candidates. Candidates who won the greatest number of votes shall be recognised elected to the board of directors. Where two or more board member candidates received an equal number of votes, additional vote shall be held for those candidates.

3. An individual who is not company's shareholder and who has not been proposed (recommended) to be elected to the board of directors as shareholder's representative may be elected to be a board member. Number of such persons may not exceed fifty per cent of the board membership.

4. Members of executive body, except for its chief executive, may not be elected to the board of directors. Chief executive of an executive body may not be elected to be a chairman of board of directors.

5. Number of members of the board of directors must be not less than three persons. Not less than one third of company's board of directors' members must be independent directors.

6. Requirements to persons to be elected to the board of directors shall be established by the legislation of the Republic of Kazakhstan and company's charter.

Article 55. Term of office of members of the board of directors

1. Persons who are elected to be board of directors' members may be re-elected for unlimited number of times, unless it is otherwise specified by the legislation of the Republic of Kazakhstan and company's charter.

2. Term of office of the board of directors shall be established by the general meeting of shareholders.

Term of office of the board of directors shall expire at the time when the general meeting of shareholders is held where election of a new board of directors takes place.

3. The general meeting of shareholders shall have the right to terminate prematurely the office of all or individual board members.

4. Premature termination of office of the board member upon his initiative shall be carried out on the basis of a written notice to the board of directors.

Powers of such a board member shall be terminated from the time of receipt of the said notice by the board of directors.

5. In the case of a premature termination of office of a board member, election of a new board member shall be carried out by cumulative voting of shareholders present at general meeting, in that respect the office of a newly-elected board member shall expire simultaneously with the expiry of the board of directors' office as a whole.

Article 56. Chairman of the board of directors

1. Chairman of the board of directors shall be elected from among its members by a majority of votes of the total number of board members by secret ballot, unless it is otherwise specified by company's charter.

The board of directors shall have the right to elect another chairman, unless it is otherwise specified in company's charter.

2. Chairman of the board of directors shall organise activity of the board of directors, conduct its sessions, as well as exercise other functions as defined by company's charter.

3. In case of absence of the board chairman, his functions shall be exercised by one of the board members pursuant to board's decision.

Article 57. Convening a board of directors meeting

1. A board meeting may be called up upon the initiative of its chairman or executive body, or pursuant to demand of:

- 1) any board member;
- 2) internal audit service of company;
- 3) company's auditors;
- 4) principal shareholder.

2. The demand to call up a board meeting shall be submitted to a chairman of board by way of forwarding appropriate written notice containing the proposed agenda for the board meeting.

In the case the board chairman refuses to call up a meeting, person who initiated it shall have the right to apply with the said claim to executive body which shall be obliged to call up the board meeting.

The board meeting must be called up by the board chairman or by executive body not later than ten calendar days from the day of receipt of claim to call up the meeting, unless another period is established by company's charter.

Meeting of the board of directors shall be held by obligatory invitation of person who filed the said claim.

3. The procedure for delivery of a notice to members of the board of directors concerning conduction of a meeting of the board of directors shall be determined by the board of directors, as for holder of "the golden share" it shall be determined by charter of company.

4. Agenda materials shall be provided to the board members at least seven calendar days prior the date of meeting unless other deadline is specified for in company's charter.

In case an issue on entering into a major transaction and/or interested party transaction is being considered, information on transaction shall include details on parties to transaction, terms and conditions for performance of transaction, character and volumes of participatory interests of persons involved as well as report of assessor (in case provided for in Article 69.1 hereof).

5. The board member shall be obliged to notify executive body in advance if he is not able to participate in meeting of board of directors.

Article 58. The board of directors meeting

1. Quorum for conducting a board meeting shall be determined by company's charter but it shall not be greater than half of the board members. Meeting of the board of directors of public company in the obligatory procedure must be attended by independent directors whose number shall not be less than half of the total number of independent directors.

Where the total number of the board members is insufficient for a quorum to be present as determined by charter, the board shall be obliged to convene an extraordinary general meeting of shareholders to elect new board members. Remaining board members shall have the right to take a decision only on convening such extraordinary general meeting of shareholders.

2. Each board member shall have one vote. Decisions of the board of directors shall be taken by a simple majority of votes of board members present at the meeting, unless it is otherwise specified by this Law and company's charter.

Company's charter may set forth that in case of equality of votes the vote of the board chairman or person presiding at the board meeting, is recognised as the casting vote.

3. The board of directors shall have the right to take a decision on conducting its closed meeting, where only board members may participate.

4. Company's charter and/or internal documents of company may provide for possibility of adopting decisions by the board of directors by way of absentee voting on issues submitted to the board of directors for its consideration and procedure for adoption of such decisions.

A decision by way of absentee voting shall be recognised as adopted, provided there is a quorum in ballots received within the established period.

A decision of absentee vote of the board of directors must be formulated in writing and signed by the secretary and chairman of the board of directors.

Within twenty days from the date of formulating a decision it must be forwarded to the board of directors' members with attached ballots on the basis of which a given decision was taken.

5. Decisions of the board of directors which were adopted at its meeting held in standard procedure shall be formulated as minutes to be compiled and signed by person who presided at the meeting and secretary of the board of directors within three days from the date of the meeting and contain the following:

- 1) full name and address of company's executive body;
- 2) date, time and place of the meeting;
- 3) information on persons having participated in the meeting;
- 4) agenda of the meeting;
- 5) issues put to vote and results of voting reflecting results as per each member of board of directors on each issue of meeting's agenda;
- 6) adopted decisions;
- 7) other information at the board's discretion.

6. Minutes of the board meetings and decisions of board of directors which were adopted by way of absentee voting, shall be kept in company's archives.

Secretary of the board, pursuant to a request of a board member shall be obliged to present to him minutes of a board meeting and decisions adopted by way of absentee voting for review and/or issue extracts from minutes and decisions to be certified with signature of company's authorised employee and company's seal.

7. Member of company's board of directors who did not participate in the meeting of board of directors or who voted against a decision passed by board of directors of company in violation of the procedure established by this Law and charter of company shall have the right to appeal it in accordance with judicial procedure.

8. Shareholder shall have the right to appeal in court a decision of company's board of directors which has been passed with violation of provisions of this Law and charter of company where the said decision has infringed rights and legal interests of company and/or the said shareholder.

Article 59. Executive body

1. The management of current activities shall be carried out by the executive body. The executive body may be collective or individual.

The executive body shall have the right to make decisions on any issues of the company's activities which are not recognised by this Law, other legislative acts of the Republic of Kazakhstan and the company's charter as jurisdiction of other bodies and officers of the company.

Any resolution of the collective executive body shall be executed in the form of minutes to be signed by all members of the executive body attending the meeting, and shall contain the issues to be voted on and the results of voting specifying the voting results for each member of the executive body regarding each issue.

Assignment of the voting right by a member of the company's executive body to another person, including another member of the company's executive body, shall not be allowed.

The executive body shall implement resolutions of the general meeting of shareholders and the board of directors.

Decisions of the executive body on the issues subject to the right of veto shall be coordinated with the holder of the "golden share".

The company shall have the right to challenge the validity of any transactions entered into by its executive body in violation of the restrictions established by the company, provided that it proves that at the time of entering into such transactions the parties were aware of the restrictions.

2. Company's shareholders and employees, who are not its shareholders, may be members of the collective executive body.

A member of the executive body shall have the right to work for other organisations subject to the approval of the board of directors.

The head of the executive body or the person solely performing the functions of the executive body of the company shall not hold the position of the head of the executive body or of the person solely performing the functions of the executive body in another legal entity.

The functions, rights and obligations of an executive body member shall be defined by this Law, other legislative acts of the Republic of Kazakhstan, company's charter, as well as employment agreement to be concluded by such member with the company. An employment agreement on behalf of the company with the head of the executive body shall be signed by the board chairman or the person appropriately authorised by the general meeting or board of directors. Employment agreements with other members of the executive body shall be signed by the head of the executive body.

Article 60. Powers of the head of the executive body

The head of the executive body shall:

- 1) ensure implementation of resolutions of the general meeting of shareholders and the board of directors;
- 2) without a power of attorney act on behalf of the company in its relations with third parties;
- 3) issue powers of attorney for the right to represent the company in its relations with third parties;
- 4) hire, transfer and dismiss the company's employees (unless otherwise provided by this Law), apply to them the measures of encouragement and impose disciplinary punishments, fix their salaries and premiums in accordance with the staff schedule of the company, determine the bonuses of the company's employees, except for the employees who are members of the executive body and internal audit function of the company.
- 5) in case of his absence, delegate his duties to one of the executive body members;
- 6) allocate the duties and scope of authority and responsibilities between the members of the executive body; and
- 7) exercise other functions provided by the company's charter and resolutions of the general meeting of shareholders and the board of directors.

Article 61. The internal audit function

1. In order to exercise the supervision of the financial and operational activities of the company, the company may establish an internal audit function.

2. The employees of the internal audit function may not be elected to the board of directors and to the executive body.

3. The internal audit function shall be directly subordinated to the board of directors and shall report to it with regard to its activities.

Article 62. The functioning principles of the company's officers

1. The company's officers shall:

- 1) perform in good faith the duties entrusted to them and use the methods which to the maximum extent meet the interests of the company and shareholders;
- 2) not use the company's assets or not allow for their use in contradiction with the company's charter and resolutions of the general meeting of shareholders and the board of directors or for any personal gain, and shall not abuse in transacting with their affiliated persons;
- 3) provide for the integrity of accounting and financial reporting systems, including independent auditing;
- 4) supervise the disclosure and presentation of the information on the company's activities in accordance with the requirements of the legislation of the Republic of Kazakhstan; and

5) keep the information on activities of the company confidential, in particular during the period of three years after the company winding up, unless otherwise provided by the internal documents of the company.

2. The members of the board of directors shall:

1) act in accordance with the requirements established by the legislation of the Republic of Kazakhstan, the company's charter and internal documents, and labour agreements based on the principles of awareness and transparency and in the interests of the company and its shareholders; and

2) treat all shareholders fairly and make unbiased and independent estimates with regard to any corporate issues.

Article 63. Liability of the company's officers

1. The company's officers shall be liable, in accordance with the laws of the Republic of Kazakhstan, to the company and shareholders for any harm inflicted by their actions and/or omissions and for any losses incurred by the company including, but not limited to, the losses resulting from the following:

1) presentation of any misleading or deceptive information;

2) violation of the procedure for presentation of information as established by this Law; and

3) proposals to enter into and/or decisions on entering into major transactions and/or non-arm's length transactions causing losses for the company due to their unfair actions and/or omissions, including those which are aimed at realization by them or their affiliated persons of profits (income) through such transactions with the company.

When provided by this Law and/or the company's charter, adoption by the general meeting of shareholders of the resolutions on closure of major and/or non-arm's length transactions shall not exempt from liability the officers who proposed such transactions or the officers who unfairly acted or omitted actions at a meeting of the company's body of which they are members, including those which are aimed at realization by them or their affiliated persons of profits (income), if they entailed losses for the company.

2. The company, based on the resolution of a general meeting of shareholders, or the shareholder(s) holding (holding in aggregate) five or more percent of voting shares of the company, may, in their own name, file with a court an action against a certain officer for recovery of the company's losses or damages caused by such officer and for return by such officer and/or his affiliated persons of the profits (income) gained as a result of resolutions on closure (proposal to close) of major and/or non-arm's length transactions entailing losses for the company, provided that the officer acted unfairly and/or omitted an action.

The company, based on the resolution of a general meeting of shareholders, or the shareholder(s) holding (holding in aggregate) five or more percent of voting shares of the company, may, in their own name, file with a court an action against a certain officer and/or third party for compensation of the company's losses resulting from a transaction between the company and such third party, provided that in closure and/or performance of the transaction such officer in agreement with such third party violated the laws of the Republic of Kazakhstan, the company's charter and internal documents and his labour agreement. In such case, the third party and officer of the company shall act as joint and several promissors of the company in relation to the compensated losses.

Before filing an action with a court, the shareholder(s) holding (holding in aggregate) five or more percent of voting shares of the company shall submit a request to the chairman of the board of directors on consideration by the board of directors of the issue regarding compensation of the company's losses caused by the company's officers and return by the company's officers and/or their affiliated persons of the profits (income) gained as a result of the resolutions on closure (proposal to close) of major and/or non-arm's length transactions.

The chairman of the board of directors shall convene a meeting in presentia within ten calendar days from the date of the request described in item 3 of this paragraph.

The resolution of the board of directors regarding the request of the shareholder(s) holding (holding in aggregate) five or more percent of the company's voting shares shall be communicated to them within three calendar days from the date of the meeting. Upon the receipt of the above-mentioned resolution of the board of directors, or if the resolution is not received within the term established by this paragraph, the shareholder(s) holding (holding in aggregate) five or more percent of the company's

voting shares may, in their own name, file with a court an action to protect the company's interests, provided that the shareholder(s) has(ve) the documents proving that they addressed the chairman of the board of directors with regard to such issue.

3. The company's officers, except for the officers interested in a certain transaction or proposing the closure of a certain transaction entailing losses for the company, shall be exempt from the liability if they voted against the resolution adopted by the company's body causing losses for the company or shareholder, or if they did not participate in the vote for good reasons.

An officer shall be exempt from compensation of the losses resulting from a commercial (business) decision, when it is proven that such officer acted in the proper way and complied with the functioning principles of the company's officers provided by this Law, based on the actual (proper) information as at the date of the decision, and fairly assumed that such decision served the company's interests.

4. The company's officers recognized by the court guilty in crimes against property, economic activity or employment with business or other entities, who are exempt on non-rehabilitative grounds from the criminal liability for such crimes, shall not perform the functions of the company's officers and shareholders' proxies in general meetings of shareholders within five years from the date when the criminal record is cancelled or cleared in accordance with the procedure established by law or when such officers are exempt from the criminal liability.

5. When financial statements of the company misstate the company's financial position, the company's officers signing such financial statements shall be liable to the third parties incurring material losses due to the misstatement.

6. For the purposes of this Article the following terms shall have the following meanings:

"unfair action" shall mean adoption of a resolution (proposal) on closure of major and/or non-arm's length transactions contradicting the interests of the company and violating the functioning principles of the company's officers provided by this Law entailing losses for the company not covered by the inherent business risk; and

"omission" shall mean the event when the company's officer abstained from adoption of the resolution on closure of the major and/or non-arm's length transaction resulting in the losses not covered by the inherent business risk of the company, or when such officer did not participate in the vote without a reasonable excuse.

CHAPTER 6. AFFILIATED PERSONS OF THE COMPANY

Article 64. The company's affiliated persons

1. The following shall be recognised as affiliated persons of the company:

- 1) a major shareholder;
- 2) an individual who is in close kinship (parent, brother, sister, son or daughter), marriage, as well as in-laws (brother, sister, parent, son or daughter of the husband (wife)) with the individual being a major shareholder or officer of the company, except for an independent director;
- 3) an officer of the company or a legal entity specified in items 1) and 4)-9) of this paragraph, except for an independent director;
- 4) a legal entity controlled by the person being a major shareholder or officer of the company;
- 5) a legal entity in relation to which the person being a major shareholder or officer of the company is a major shareholder or is entitled to the respective interest in its assets;
- 6) a legal entity in relation to which the company is a major shareholder or is entitled to the respective interest in its assets;
- 7) a legal entity which together with the company is controlled by a third party;
- 8) a person related to the company under an agreement according to which such person may determine the decisions made by the company;
- 9) a person who independently or together with his affiliated persons owns, uses or disposes of ten or more percent of the voting shares (interests) of the company or the legal entities specified in items 1) and 4)-8) of this paragraph; and
- 10) any other person being an affiliated person of the company in accordance with the legislative acts of the Republic of Kazakhstan.

2. The right to determine decisions adopted by the company or another legal entity shall be recognised as the control over the company or such legal entity.

3. The provisions of this Article shall not cover the companies being non-profit organisations and credit bureaus.

The following persons shall not be recognised as affiliated:

1) the persons being major shareholders (participants) of a non-profit organisation or credit bureau; and

2) disabled or impaired persons.

Article 66. Special considerations of transactions closed in participation with affiliated persons

1. Special considerations of transactions closed by the company in participation with its affiliated persons shall be established by this Law and other legislative acts of the Republic of Kazakhstan.

2. Non-compliance with the requirements established by this Law and other legislative acts of the Republic of Kazakhstan with regard to the procedure for closure of a transaction in participation with affiliated persons shall be recognised as the ground for invalidation of such transaction by the court upon a claim from any interested party.

3. The person who deliberately enters into a transaction in violation of the requirements to the procedure for closure of a transaction in participation with affiliated persons, as established by this Law, may not demand invalidation of the transaction if the demand is caused by material interests or an intention to evade liability.

Article 67. Disclosure of information on the company's affiliated persons

1. The information on the company's affiliated persons shall not be recognised as the information that constitutes an official, commercial or any other secret to be protected by the law.

2. The company shall account for its affiliated persons on the basis of the information provided by those persons or by the company's registrar (only with regard to the persons who are recognised as major shareholders in accordance with the procedure established by the authorised agency).

The procedure for disclosure by the company's shareholders and officers of the information on their affiliated persons shall be established by the charter.

3. The individuals and legal entities being affiliated persons of the company shall present to the company the information on their affiliated persons within seven days from the date when such affiliation arises.

4. The company shall submit the list of its affiliated persons to the authorised agency in accordance with the procedure established by such agency.

CHAPTER 7. THE COMPANY'S TRANSACTIONS THE CLOSURE OF WHICH IS SUBJECT TO PARTICULAR COVENANTS

Article 68. Major transactions

1. The following shall be recognised as major transactions:

1) a transaction or a range of related transactions resulting in the acquisition or disposal (actual or potential) by the company of any assets the value of which is twenty five or more percent of the asset value of the company;

2) a transaction or a range of related transactions resulting in the potential repurchase by the company of its outstanding securities or sale of the securities repurchased by the company in the amount of twenty five and more percent of the total number of the outstanding securities of one type; and

3) any other transaction recognised by the company's charter as a major transaction.

2. The following transactions shall be recognised as related:

1) a range of transactions performed with one and the same person or a group of affiliated persons in relation to acquisition or disposal of one and the same asset;

2) the transactions executed in the form of one agreement or several related agreements; and

3) other transactions recognised as related by the company's charter or resolution of the general meeting of shareholders.

Article 69. Value of the assets subject to a transaction

1. Any resolution on closure of a transaction resulting in the acquisition or disposal of the assets in the amount of ten or more percent of the asset value of the company shall be adopted in consideration of the market value of such assets determined by an appraiser in accordance with the legislative act of the Republic of Kazakhstan concerning valuation activities.

No valuation is required when the subject matter of a transaction is cash and/or securities issued (placed) in the primary market.

2. When the assets, the market value of which needs to be determined, are the securities circulating on the regulated stock market, their market value shall be determined on the basis of the prices typical for transactions with such securities in the market or on the basis of the demand and buying prices of such securities. When the assets, the market value of which needs to be determined, are the shares of the company, their market value shall be determined on the basis of the company's equity, the prospects for its changing in line with the company's development plans and other factors important for the person determining the market value.

Article 70. Closure of a major transaction by company

1. The board of directors shall decide on the closure of a major transaction.

Within five business days from the resolution of the board of directors on the closure of a major transaction by company, the company shall publish in mass media an announcement on the transaction, in the state and other languages, in order to inform the company's creditors and shareholders.

2. In its charter the company may list the major transactions resolutions on which shall be adopted by the general meeting of shareholders, as well as determine the procedure for their closure.

3. When a shareholder does not agree with the company's resolution on the closure of a major transaction adopted in accordance with the procedure provided by this Law and the company's charter, he may demand that the company repurchase his shares in compliance with the procedure established by this Law.

Article 71. Interest in a transaction closed by company

1. The company's affiliated persons shall be recognized interested in the closure of a transaction by the company (the "interested parties"), when:

- 1) they are a party to the transaction or participate in it as a representative or intermediary; and
- 2) they are affiliated persons of the legal entity being a party to the transaction or participating in it as a representative or intermediary.

2. The following transactions of the company shall not be recognised as the transactions in the closure of which there is an interest:

- 1) transactions associated with the purchase by a shareholder of shares or other securities of the company, as well as the repurchase by the company of its outstanding shares;
- 2) transactions for assumption of the obligations on non-disclosure of the information containing banking, commercial or law-protected secrets;
- 3) restructuring of the company in accordance with this Law; and
- 4) any company's transactions with its affiliated persons performed in accordance with the legislation of the Republic of Kazakhstan concerning state procurement.

Article 72. Disclosure of the interest in a transaction closed by the company

The persons specified in Article 71.1 of this Law shall inform the board of directors about the following:

- 1) whether they are a party to such transaction or participate in it as a representative or intermediary;
- 2) the legal entities to which they are affiliated, in particular, the legal entities in which they independently or together with their affiliated persons hold ten and more percent of the voting shares

(interests or corporate stock), and the legal entities in the management bodies of which they hold positions; and

3) the known current or intended transactions in which they may be recognised as interested parties.

Article 73. Requirements to the procedure for closure of a non-arm's length transaction

1. A resolution on closure by the company of a non-arm's length transaction shall be adopted by a simple majority of votes of the members of the board of directors who are not interested in the closure of such transaction.

2. A resolution on closure by the company of a non-arm's length transaction shall be adopted by the general meeting of shareholders, by the majority of votes of the shareholders who are not interested in the closure of such transaction, when:

1) all members of the company's board of directors are the interested parties; and

2) it is impossible for the board of directors to adopt a resolution on the closure of such transaction due to the shortage of votes needed for the adoption of the resolution.

3. A resolution on closure by the company of a non-arm's length transaction shall be adopted by the general meeting of shareholders, by a simple majority of votes of the total number of the company's voting shares, when all members of the company's board of directors and all ordinary shareholders are the interested parties.

Besides, the general meeting of shareholders shall be provided with the information (and the documents) required for adoption of a reasonable resolution.

4. The company's charter may provide for a different procedure for the closure of certain non-arm's length transactions.

Article 74. Consequences of the closure by the company of the transactions subject to particular covenants

1. The failure to comply with the particular covenants provided by this Law in relation to the closure of a major transaction and a non-arm's length transaction, shall entail invalidation of such transactions through the court procedures on claims from the interested parties.

2. A person interested in the closure by the company of a transaction violating the requirements to the procedure for its closure and the functioning principles for the company's officers provided by this Law shall be liable to the company in the amount of the losses caused by him to the company. When a transaction is closed by a number of persons, their liability to the company shall be joint and several.

3. A person who knowingly closed a major transaction in violation of the requirements established by this Law and the company's charter shall not have the right to demand invalidation of such transaction, if his demand is caused by material interests or an intention to evade liability.

4. The provisions of this Chapter shall not apply to the transactions subject to the particular covenants provided by this Law and closed between any entities falling under a group of the national management holding in pursuance of the Law of the Republic of Kazakhstan *On the National Welfare Fund*.

CHAPTER 8. FINANCIAL STATEMENTS AND AUDIT OF THE COMPANY

Article 75. Financial statements of the company

2. The procedure for accounting and preparation of financial statements of the company shall be established by the legislation of the Republic of Kazakhstan concerning accounting and financial reporting.

Article 76. Annual financial statements of the company

1. The executive body shall annually present to the general meeting of shareholders, for discussion and approval, the annual financial statements for the expired year which shall be audited in accordance with the legislation of the Republic of Kazakhstan concerning auditing activities. Apart

from the financial statements, the executive body shall present an audit opinion to the general meeting of shareholders.

3. The annual financial statements are subject to the prior approval of the board of directors at least thirty days before the annual general meeting of shareholders.

The company's annual financial statements shall be ultimately approved by the annual general meeting of shareholders.

4. The company shall annually publish in mass media its consolidated annual financial statements and, when the company does not have any subsidiary(ies), it shall publish non-consolidated annual financial statements and audit opinion within the term established by the authorised agency or in accordance with the procedure and the terms established by the National Bank of the Republic of Kazakhstan in coordination with the authorised agency, when it is provided by the laws of the Republic of Kazakhstan.

The information on a major transaction and/or non-arm's length transaction shall be disclosed in the notes to the annual financial statements in compliance with the international financial reporting standards. The information on a transaction resulting in the acquisition or disposal of assets in the amount of ten or more percent of the asset value of the company shall contain the information on the parties to the transaction, the terms and conditions of the transaction, the nature and scope of participatory interests of the involved parties and other information about the transaction.

Article 78. Audit of the company

1. The company shall arrange for the audit of its annual financial statements.

2. The company may be audited on the initiative of the board of directors, executive body at the company's expense or a major shareholder at his expense, where the major shareholder shall have the right to independently appoint an audit firm. When the audit is performed at the request of a major shareholder, the company shall provide the audit firm with all the required documentation (materials).

3. When the company's executive body evades the audit of the company, such audit may be imposed by the court decision on a claim from any interested party.

CHAPTER 9. DISCLOSURE OF INFORMATION BY THE COMPANY. DOCUMENTS OF THE COMPANY

Article 79. Disclosure of information by the company

1. The company shall inform its shareholders about its activities affecting the shareholders' interests.

The following information shall be recognised as the information affecting the company's shareholders interests:

1) resolutions adopted by the general meeting of shareholders and board of directors, and the information on implementation of the adopted resolutions;

2) issue of shares and other securities by the company and approval by the authorised agency of reports on the results of the company's securities placement, reports on the results of the company's securities redemption, and cancellation of the company's securities by the authorised agency;

3) closure of major transactions and non-arm's length transactions by the company;

3-1) charge (surcharge) of the company's assets in the amount of five or more percent of the asset value of the company;

4) receipt by the company of a loan in the amount of twenty five or more percent of the company's equity;

5) obtaining of licences for certain activities of the company, suspension or termination of the previously obtained licences for certain activities of the company;

6) participation of the company in the establishment of a legal entity;

7) seizure of the company's assets;

8) occurrence of any force majeure events resulting in destruction of the company's assets the balance value of which is ten or more percent of the total asset value of the company;

9) institution of administrative proceedings against the company and its officers;

9-1) initiation of judicial procedures in connection with a corporate dispute;

10) decisions on enforced restructuring of the company; and

11) any other information affecting the interests of the company's shareholders under the company's charter and prospectus of the company's share issue.

2-1. A public company shall publish the information described in items 1), 2), 3), 4), 5), 6), 7), 9) and 9-1) of paragraph 1 of this Article on its corporate website.

3. The information on the company's activities affecting the interests of the company's shareholders shall be disclosed in accordance with this Law and the company's charter.

Unless this Law and other legislative acts of the Republic of Kazakhstan provide for the timing of such information publishing (communication to the shareholders), the information shall be published (communicated to the shareholders) within five business days from the date when it arises.

Any information on the initiation of court proceedings in connection with a corporate dispute shall be presented to the shareholders within seven business days from the date when the company is served the respective writ (summons) with regard to the civil procedures on the corporate dispute.

The company shall ensure the maintenance of a list of the company's employees having access to the information constituting the company's official or commercial secrets.

Article 80. Documents of the company

1. The company's documents related to its business shall be kept by the company during the entire period of its operation at the location of its executive body or in any other place determined by the charter.

The following documents shall be kept:

- 1) the company's charter, and amendments and addendums thereto;
- 2) minutes of the foundation meetings;
- 3) foundation agreement (resolution of the sole founder), and amendments and addendums thereto;
- 4) certificate on state registration (reregistration) of the company as a legal entity;
- 6) licences allowing for engagement of the company in certain activities and/or commitment of certain actions;
- 7) documents confirming the title of the company to the assets carried on its balance sheet;
- 8) prospectuses of the company's securities issues;
- 9) documents confirming state registration of the company's securities issues, cancellation of securities, as well as approval of the reports on results of the company's securities placement and redemption submitted to the authorised agency;
- 10) regulations of the company's branches and representations;
- 11) minutes of the general meetings of shareholders, voting protocols and ballots (including the invalidated ballots), and materials on agendas of the company's general meetings of shareholders;
- 12) lists of shareholders presented for conducting of the general meetings of shareholders;
- 13) minutes of the board meetings (resolutions of the meetings held in absentia), and materials on agendas of the board meetings;
- 14) minutes of the executive body meetings (resolutions); and
- 15) corporate governance code, if any.

2. Other documents, in particular, financial statements of the company, shall be kept during the term established by the legislation of the Republic of Kazakhstan.

3. At the request of a shareholder, the company shall provide him with copies of the documents specified by this Law in accordance with the procedure defined by the company's charter, however, within ten calendar days from the date when the company receives such request, where it shall be allowed to introduce restrictions with regard to disclosure of the information constituting the official, commercial or other secrets protected by the law.

The fee for provision of copies of the documents shall be fixed by the company, however, it may not exceed the costs of the documents copying and the costs associated with the delivery of such copies to the shareholder.

The documents regulating certain matters of the company's securities issue, placement, circulation and conversion, containing the information constituting the official, commercial or other law protected secrets, shall be presented to any shareholder upon his request for his consideration.

Article 81. Restructuring of a company

1. Restructuring of a company (merger, acquisition, spin-off, division, transformation) shall be carried out in accordance with the Civil Code of the Republic of Kazakhstan subject to special considerations established by the legislative acts of the Republic of Kazakhstan.

2. When a company is restructured by way of division or spin-off, the creditors of the restructured company may demand early termination of the liability where the company is the debtor, and require compensation for losses.

3. When in case of restructuring the company terminates its activities, its shares issue shall be cancelled in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

Article 82. Merger of companies

1. Establishment of a new company by way of assigning all the assets, rights and obligations to such company under a merger agreement and in accordance with the deeds of transfer of two or more winding up companies shall be recognized as the merger of such companies.

2. The authorised capital of the company formed by way of merger shall be equal to the total equity of the restructured companies.

3. The shares of the newly-formed company shall be distributed among the shareholders of the restructured companies in accordance with the following procedure:

1) the number of the announced shares of the newly-formed company to be distributed among the shareholders of each restructured company shall be determined on the basis of the relation between the equities of those companies; and

2) the number of the shares to be distributed between the shareholders of each restructured company, determined in accordance with item 1) of this paragraph, shall be distributed among the shareholders of each restructured company pro rata the relation between the number of the shares held by them in the restructured company and the number of the outstanding shares (excluding the repurchased shares) in this company.

4. The board of directors of each restructured company shall submit to the general meeting of shareholders for its consideration the matter of restructuring by way of a merger, state registration of the shares issued by the company formed as a result of the merger and the procedure for their placement.

5. The resolution on a merger shall be adopted by the joint general meeting of shareholders of the restructured companies by a qualified majority of votes of the shareholders of each individual company. Such resolution of the general meeting of shareholders shall contain the following provisions:

1) approval of the merger agreement specifying the name and address of each restructured company, the procedure for shares placement and other conditions of the merger; and

2) state registration of the shares issued by the company established as a result of the merger.

6. The merger agreement shall be signed by all shareholders of the restructured companies.

The deed of transfer shall be signed by the heads of the executive bodies and chief accountants of the restructured companies and sealed by the companies.

7. The restructured companies shall notify their creditors of the restructuring in writing and publish appropriate announcements in mass media. The notice shall be accompanied by the deed of transfer.

Article 83. Acquisition of a company

1. Winding up of an acquired company and transfer of all the assets, rights and obligations of the acquired company to another company under the acquisition agreement and in accordance with the deed of transfer shall be recognised as the acquisition of such company by the other company.

The acquiring company shall acquire the shares of the acquired company by way of placing (distributing) its shares among the shareholders of the acquired company pro rata the relation between the selling price of the shares of the acquired company and the placement (distribution) price of the shares of the acquiring company determined in accordance with paragraph 2 of this Article.

After all the shares of the acquired company are purchased, such shares shall be cancelled and the assets, rights and obligations of the acquired company shall be transferred to the acquiring company under the deed of transfer signed by the heads of the executive bodies and the chief accountants of the restructured companies and sealed by the companies.

2. The selling price of the shares of the acquired company shall be based on the relation between the equity of the acquired company and the number of its outstanding shares (except for the shares repurchased by the company).

The placement (distribution) price of the shares of the acquiring company shall be based on the relation between the equity of the acquiring company and the number of its outstanding shares (except for the shares repurchased by the company).

3. The board of directors of the acquired company shall submit for consideration of the general meeting of shareholders the matter of restructuring in the form of acquisition, procedure, timing and selling price of the shares of the acquired company.

The board of directors of the acquiring company shall submit for approval of the general meeting of shareholders the matter of the company restructuring by way of acquisition of another company, procedure, timing and placement (distribution) price of the shares.

4. The resolution on acquisition shall be adopted by the joint general meeting of shareholders of both the acquiring company and the acquired company by a qualified majority of votes of the shareholders of each individual company.

The resolution on acquisition adopted by the joint general meeting of shareholders shall specify the name and address of each company involved in the acquisition, selling price of the shares of the acquired company, placement (distribution) price of the acquiring company, and other provisions and procedures for acquisition.

5. The acquired company and the acquiring company shall notify all their creditors in writing of the restructuring by way of acquisition and shall publish appropriate announcements in mass media. The notice shall be accompanied by the deed of transfer and the information on the name and location of the acquiring company.

Article 84. Division of a company

1. Winding up of a company by transfer of all its assets, rights and obligations to newly established companies shall be recognized as the division of the company. The rights and obligations of the divided company shall be transferred to the newly established companies in accordance with the dividing balance sheet.

The sum of the authorised capitals of the joint-stock companies resulting from the company division shall be equal to the equity of the restructured company.

2. All shareholders of the restructured joint-stock company shall become the shareholders of each company established as a result of the division.

The shares of the new companies resulting from the division shall be distributed among the shareholders of such companies pro rata the relation between the number of the shares of the restructured company held by a shareholder and the number of the outstanding shares of the restructured company (except for the shares repurchased by the company).

3. The board of directors of the restructured company shall submit for consideration of the general meeting of shareholders the issues regarding the company restructuring by way of division, the procedures and conditions of the division and the approval of the dividing balance sheet.

4. The general meeting of shareholders of the restructured company shall adopt a resolution on restructuring by way of division, the procedures and conditions of the division and the approval of the dividing balance sheet.

5. Within two months from the date of the resolution of the general meeting of shareholders on the division, the company shall notify all its creditors in writing of the division and publish the appropriate announcements in mass media. The notice shall be accompanied by the dividing balance sheet.

Article 85. A company spin-off

1. Formation by a company of one or several companies by way of partial transfer of the assets, rights and obligations of the restructured company (not subject to winding up) to such new companies shall be recognised as the company spin-off.

In case of spin-off, the authorised capital of the restructured company shall not be reduced.

The restructured company shall take the measures required for registration of the spin-off companies with the justice authorities.

2. The restructured company shall be a sole founder of the spin-off company.

The amount of the authorised capital of the spin-off company shall be equal to the difference between the assets and liabilities assigned to it by the restructured company in accordance with the dividing balance sheet and shall meet the requirements set out in Article 11 of this Law.

3. The restructured company shall place (distribute) the shares of the spin-off company only among its own shareholders and such shares shall be payable only by the shares of the restructured company. The number of shares distributed among the shareholders of the spin-off company shall depend on the relation between the net book value of the shares of the restructured company and the net book value of the shares of the spin-off company.

4. The board of directors of the restructured company shall submit for consideration of the general meeting of shareholders the issues of the company restructuring by way of spin-off, the placement (distribution) price of the shares of the spin-off company, the procedures and conditions of the spin-off and the draft dividing balance sheet.

5. The general meeting of shareholders of the restructured company shall adopt a resolution on restructuring of the company by way of spin-off, the placement (distribution) price of the shares of the spin-off company, the procedures and conditions of the spin-off and the approval of the dividing balance sheet.

6. Within two months from the date of the resolution on spin-off adopted by the general meeting of shareholders, the company shall notify its creditors in writing of the restructuring of the company by way of spin-off and shall publish appropriate announcements in mass media. The notice shall be accompanied by the dividing balance sheet and the information on the name and address of each spin-off company.

Article 86. Transformation of a company

1. A company (except for a non-profit organisation established in the form of a joint-stock company) may be transformed into a business partnership or production cooperative assigned all the rights and liabilities of the transformed company under the deed of transfer.

The company may be transformed into an independent educational institution in the cases provided by the Law of the Republic of Kazakhstan *On the Status of the Nazarbayev University, the Nazarbayev Intellectual Schools and the Nazarbayev Fund*.

2. The board of directors of the transformed company shall submit for consideration of the general meeting of shareholders the issue of the company transformation, the procedures and conditions of transformation, and the procedure for determination of the interests of participants of a business partnership or equities of the members of a production cooperative. The interest of a participant of a business partnership or the equity of a member of a production cooperative shall be determined pro rata the relation between the number of the company's shares held by such participant in the transformed company and the total number of the outstanding shares of the company (except for the shares repurchased by the company).

3. The general meeting of shareholders of the transformed company shall adopt a resolution on the company's transformation, the procedures and conditions of transformation, the procedure for determination of the interests of participants of a business partnership or equities of the members of a production cooperative, and approval of the deed of transfer.

4. The participants of the new legal entity established as a result of the transformation shall adopt at their joint meeting a resolution on approval of the constituent documents and election of the management bodies in accordance with the legislative acts of the Republic of Kazakhstan.

5. The persons included into the list of shareholders, compiled on the date of cancellation of the shares issue by the company's registrar, shall become the participants of the new legal entity established as a result of the joint-stock company transformation.

Article 87. Consequences of the failure to perform judicial restructuring

1. When the company's bodies authorised to perform judicial restructuring by way of division or spin-off fail to do so in due time determined by the court judgment, the court shall appoint a trust manager meeting the qualification requirements and shall entrust him with the restructuring by way of division or spin-off.

2. Upon the appointment of the trust manager, he is assigned the powers of the board of directors and the general meeting of shareholders to determine the terms and conditions of the restructuring set out in Articles 84 and 85 of this Law.

3. The trust manager acting on behalf of the company shall prepare the dividing balance sheet and shall submit it for consideration of the court together with the constituent documents of the companies established by way of division or spin-off approved by the general meeting. State registration of the companies established as a result of restructuring shall be performed on the grounds of the judgment.

Article 88. Liquidation of a company

1. A decision on voluntary liquidation of a company shall be taken by the general meeting of shareholders which shall define the liquidation procedure in agreement with the creditors and under their supervision in accordance with the legislative acts of the Republic of Kazakhstan.

2. Enforced liquidation of a company shall be carried out by the court, when it is provided by the legislative acts of the Republic of Kazakhstan.

A claim to liquidate a company may be filed with the court by interested parties, unless otherwise provided by the legislative acts of the Republic of Kazakhstan.

3. The liquidation commission shall be appointed by the court judgment or the resolution of the general meeting on the liquidation of the company.

The liquidation commission shall be empowered to manage the company during its liquidation period and to undertake the actions listed by the legislation of the Republic of Kazakhstan.

In case of voluntary liquidation, the liquidation commission shall comprise the representatives of the company's creditors, the representatives of major shareholders, and other persons in accordance with the resolution of the general meeting of shareholders.

4. The company liquidation procedure and the procedure for settlement of creditors' claims shall be regulated by the legislation of the Republic of Kazakhstan.

5. When a company is liquidated, its announced shares, including the outstanding shares, shall be cancelled in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

Article 89. Distribution of the assets of a liquidated company between shareholders

1. The assets of a liquidated company remaining after the settlement of creditors' claims shall be distributed by the liquidation commission between the shareholders in accordance with the following priority order:

- 1) the first priority - payments on the shares subject to repurchase in accordance with this Law;
- 2) the second priority - payment of the dividends accrued but not paid on the preference shares;

and

- 3) the third priority - payment of the dividends accrued but not paid on the ordinary shares.

The remaining assets shall be distributed between all shareholders pro rata the number of shares held by them subject to the requirements of Article 13.2 of this Law.

2. Each priority claim shall be satisfied after the higher priority claim is fully satisfied.

When the assets of a liquidated company are insufficient for payment of the dividends accrued but not paid and for compensation of the value of the preference shares, such assets shall be fully distributed among this category of shareholders pro rata the number of shares held by them.

CHAPTER 11. FINAL AND TRANSITIONAL PROVISIONS

Article 90. Transitional provisions

1. The companies established prior to enactment of this Law shall, within three years from the date of this Law enactment, appropriately amend their constituent documents and adjust their authorised

capitals in line with Article 10 of this Law based on the monthly calculation index established by the law concerning the republican budget for the respective financial year as at the date of this Law enactment, or restructure or liquidate the company.

2. The authorised agency may file a petition in court on enforced liquidation of a company or its restructuring by way of transformation if the company does not fulfil the requirements set out in paragraph 1 of this Article.

3. Any company which before the enactment of this Law independently formed, maintained and kept the register of shareholders shall within three months from the date of this Law enactment adopt a resolution on the selected registrar of the company and transfer to him the documents constituting the system of the company's shareholders registers.

Article 91. The Law enactment procedure

1. This Law shall be enacted starting the date of its official publication.

2. The Law of the Republic of Kazakhstan *On Joint-Stock Companies* of 10th July 1998 (The Bulletin of the Parliament of the Republic of Kazakhstan, 1998, Nos. 17-18, Article 223; 1999, No. 20, Article 727; No. 24, Article 1072; 2001, No. 23, Article 321; 2002, No. 10, Article 102) shall be recognised invalid.

President of the Republic of Kazakhstan

N. Nazarbayev