

# **ARTICLES OF ASSOCIATION**

**JOINT STOCK COMPANY**

**«BATYS TRANSIT»**

**Almaty**

## **1. General provisions**

1. This Articles of Association of JSC Batys Transit (hereinafter referred to as the Company) determines its name, location, incorporation procedures and competence of its bodies, reorganization conditions and termination of its business and other provisions which are not contradicting the laws of the Republic of Kazakhstan.
2. Full name of the Company:
  - 1) in the state language: JSC Batys Transit;
  - 2) in Russian: Joint Stock Company Batys Transit.
3. Abbreviated name of the Company:
  - 1) in the state language: JSC Batys Transit;
  - 2) in Russian: JSC Batys Transit.
4. Location of executive body of the Company:  
45, 22 line street, Bostandyksky district, 050060, Almaty, Republic of Kazakhstan

## **2. Legal Status of the Company**

5. The Company is the legal entity in accordance with the laws of the Republic of Kazakhstan, it has independent balance, bank accounts and it can on its own behalf obtain and enforce property and personal non-property rights, perform duties, be claimant and respondent in a court.
6. The Company has a stamp, letterheads with its name and other details required for implementation of its business.
7. The Company in its business shall be governed by the Constitution of the Republic of Kazakhstan, Civil Code of the Republic of Kazakhstan, Law of the Republic of Kazakhstan «Of Joint Stock Companies» (hereinafter referred to as the Law), other laws of the Republic of Kazakhstan as well as by this Articles of Association.
8. The Company shall be entitled in the manner determined by the laws of the Republic of Kazakhstan to participate in authorized capital of legal entities.
9. In the manner stipulated by legislative acts of the Republic of Kazakhstan the Company shall be entitled to incorporate branches (representative offices) located beyond its location which are not legal entities and which are operating for and on behalf of the Company based on their Provisions.

## **3. Responsibility of the Company and shareholders**

10. The Company shall bear responsibility under its obligations within the limits of its property.
11. The Company shall not bear responsibility under obligations of its shareholders. Shareholders shall not bear responsibility under obligations of the Company and shall bear risk of losses associated with business of the

Company, within the limits of the cost of their shares except for cases stipulated by legislative acts of the Republic of Kazakhstan.

12. The Company shall not bear responsibility under obligations of the state likewise the state shall not bear responsibility under the Company's obligations.

#### **4. Basic Business of the Company**

13. The following is the basic business of the Company:

- 1) construction, reconstruction, repair and operation of electric power lines and electric substations of all types and classes of voltage;
- 2) rendering of services related to electric power transmission;
- 3) assembly, welding and electrotechnical works;
- 4) construction, earth, repair-building, finishing and installation works;
- 5) construction of power plants;
- 6) commissioning and start-up;
- 7) Other activities not forbidden by the current legislation.

For implementation of activities subject to licensing the Company shall be obliged to obtain a license in the manner determined by the legislation.

#### **5. Property and Capital of the Company**

14. Property of the Company shall be formed for account of:

- 1) property transferred by shareholders in payment of the Company's shares;
- 2) income received as a result of its business;
- 3) other property purchased on conditions not forbidden by legislation of the Republic of Kazakhstan.

15. The size of the authorized capital paid by the founders of the Company shall be KZT 300 000 000 (three hundred million tenge).

16 Increase in the authorized capital of the Company shall be performed by offering of declared shares of the Company.

#### **6. Shares, Bonds. Securities Offering Conditions. Rights of the Company's Shareholders.**

17. The Company shall be entitled to issue common shares or ordinary and preference shares. Shares shall be issued as book-entry shares.

18. The number of declared shares of the Company shall be 30 000 (thirty thousand) shares, from them:

- common shares - 30 000 (thirty thousand) shares;
- preference shares - 0 shares.

19. The number of the Company's shares placed among founders of the Company:

- common shares – 30 000 (thirty thousand) shares,

preference shares - 0 shares;

face-value shares placed among founders of the Company shall be KZT 300 000 000 (three hundred million tenge)

Face-value of one shares shall be KZT 10 000 (ten thousand tenge).

20. Ordinary share shall provide a shareholder with the right to participate in the general meeting of shareholders with vote during decision-making of all issues brought for voting, the right for getting dividends in case if the Company has net profit based on decision of the corresponding body of the Company as well as the right for a portion of the Company's property in case of its liquidation in the manner determined by the legislation of the Republic of Kazakhstan.

Payment of dividends under common shares of the Company shall be made following the results of a year, quarter or half-year.

21. Preference share of the Company shall give the right for:

priority right to shareholders, holders of common shares, for getting dividends at the rate of KZT 500 (five hundred tenge);

a portion of property in case of liquidation of the Company in the manner determined by the legislation of the Republic of Kazakhstan.

Periodicity of dividends payment under preference shares is once a year.

Preference share shall not provide a shareholder with the right to participate in management of the Company except for the following cases:

- 1) General meeting of shareholders of the Company is engaged in decision-making of an issue where decision may limit the rights of shareholder owning preference shares. Decision under such issue is deemed approved provided that not less than two thirds of total preference shares voted for such restrictions;
- 2) General meeting of shareholders of the Company reviews issues related to reorganization or liquidation of the Company;
- 3) Dividend under preference shares has not been paid in full within three months from expiry of the period determined for its payment.

22. Conditions and order of issue, offering, shares circulation as well as payments of dividends under common shares shall be determined established by prospectus of issued shares.

23. Shareholder of the Company shall be entitled to:

- 1) participate in management of the Company in the manner stipulated by the present Law and this Articles of Association of the Company;
- 2) get dividends;
- 3) receive information related to business of the Company including financial statements of the Company in the manner determined by the General meeting of shareholders or by this Articles of Association of the Company;
- 4) receive extracts from the registrar or nominal holder confirming its property right for securities;
- 5) offer nominees for election in the Board of Directors of the Company to the General meeting of shareholders of the Company;

- 6) contest in the courts decisions approved by the bodies of the Company;
- 7) send to the Company written requests of its business and to get reasoned replies within thirty days from the date of receipt of request by the Company;
- 8) for a portion of property in case of liquidation of the Company;
- 9) primary purchase of shares or other securities of the Company, convertible in it shares, in the manner determined by the Law;
- 10) require convocation of extraordinary General meeting of shareholders or appeal to the court with claim for its convocation in case of refusal by the Board of directors for convocation of the General meeting of shareholders;
- 11) offer the Board of directors inclusion of additional issues in agenda of the General meeting of shareholders according to the Law;
- 12) require convocation of meeting of the Board of directors;
- 13) require implementation by auditor organization of audit of the Company at own expense.

24. The Company shall be entitled to issue convertible securities.

25. For raising of additional funds the Company shall be entitled to issue bonds according to the legislation of the Republic of Kazakhstan.

Conditions and issue procedures, offering, bonds circulation, payments of remuneration, repayments of bonds and use of proceeds from sale shall be determined by the legislation of the Republic of Kazakhstan and prospectus bonds issue.

## **7. Net income distribution. Dividends under shares**

26. Net income of the Company (after payment of taxes and other obligatory payments into the budget) shall be at the disposal of the Company and shall be distributed in the manner determined by the decision of the General meeting of shareholders, including payment of dividends. Remained portion shall be directed for development of the Company or other purposes stipulated by the decision of the General meeting of shareholders.

General meeting of shareholders shall be entitled to make a decision on inexpediency of dividends payment under common shares following the results of the year.

Payment of dividends under preference shares of the Company does not require decision of the Company's body except for the cases specified in Para. 27 of this Articles of Association.

27. Payment of dividends under common and preference shares of the Company is not admitted:

- 1) in case of negative amount of own capital or if the amount of own capital of the Company becomes negative as a result of payment of dividends under its shares;
- 2) if it satisfies features of insolvency or inconsistency according to the legislation of the Republic of Kazakhstan of bankruptcy, or the Company shall face with specified features as a result of payment of dividends under its shares.

## 8. BODIES OF THE COMPANY

28. The following are the Bodies of the Company:

- 1) Supreme body - General meeting of shareholders;
- 2) Management body - Board of directors;
- 3) Executive body –Board headed by the Chairman of the Board.  
General director of the Company is the Chairman of the Board;
- 4) body monitoring financial and economic activity of the Company - internal audit service.

29. The following issues refer to exclusive competence of the General meeting of shareholders:

- 1) entering of changes and additions into the Articles of Association of the Company or its approval in new edition;
- 2) voluntary reorganization or liquidation of the Company;
- 3) decision-making on increase of declared shares of the Company or change of the class of non-offered declared shares of the Company;
- 4) determination of quantitative structure and periods of authority of counting commission, election of its members and prescheduled termination of their powers;
- 5) determination of quantitative structure, periods of authority of the Board of directors, election of its members and prescheduled termination of their powers as well as determination of the size and payment conditions of remuneration to members of the Board of directors;
- 6) determination of auditor company engaged in audit of the Company;
- 7) approval of annual financial reporting;
- 8) approval of procedures for distribution of net profit of the Company for the accounting fiscal year, decision-making on payment of dividends under common shares and approval of the size of dividends following results of the year per common share of the Company;
- 9) decision-making on nonpayment of dividends under common and preference shares of the Company in the events stipulated by Para. 5 of Article 22 of the Law;
- 10) decision-making on participation of the Company in incorporation or activity of other legal entities by transfer of a part or several parts of assets amounting to twenty five and more percent of all assets of the Company;
- 11) determination of notification form by the Company of shareholders regarding convocation of the General meeting of shareholders and decision-making on placement of such information in mass media;
- 12) approval of the method for determination of the shares cost in case of repurchase of shares by the Company according to the current Law;
- 13) approval of the agenda of the General meeting of shareholders;
- 14) determination of procedures for provision of shareholders with information related to the business of the Company, including determination of mass media if such procedures are not defined by this Articles of Association of the Company;

- 15) introduction and cancellation of "gold shares";
- 16) approval of the corporate management code as well as entering of changes and additions in it;
- 17) other issues upon which decision-making is referred by the Law and by this Articles of Association to exclusive competence of the General meeting of shareholders.

Decisions of the General meeting under issues:

- 1) modification and additions in the Articles of Association of the Company or its approval in new edition;
- 2) voluntary reorganization or liquidation of the Company;
- 3) decision-making upon change of quantity of declared shares of the Company;

are approved by qualified majority from total number of voting shares of the Company.

Decisions of the General meeting under other issues are approved by simple majority of votes from total number of voting shares of the Company participating in voting.

30. The persons not being shareholders of the Company can participate and have speeches during discussion of issues that are not trade secret of the Company on the General meeting of shareholders conducted in presence of all shareholders. Such persons shall not be entitled to take part in voting under agenda of the General meeting of shareholders.

31. Procedures for convocation and conducting of the General meeting of shareholders including the procedures for:

- 1) convocation of annual, extraordinary and second meetings of shareholders;
- 2) drawing up of list of persons entitled right to take part in the general meeting of shareholders;
- 3) informing of shareholders regarding conducting the General meeting of shareholders;
- 4) Preparation of the agenda of the General meeting of shareholders and preparation of materials under issued;
- 5) determination of quorum of the General meeting of shareholders;
- 6) forming and activity of the counting commission;
- 7) conducting the General meeting of shareholders;
- 8) decision-making by the General meeting of shareholders;
- 9) voting on the General meeting of shareholders;
- 10) drawing up of minutes of the General meeting of shareholders,

are determined by the Law.

32. Results of voting under agenda of the General meeting of shareholders shall be published in newspapers «Egemen Kazakhstan» and «Express K».

33. The general management of the business of the Company except for the issues referred by the Law and by this Articles of Association to the competence of the General meeting of shareholders shall be carried out by the Board of directors of the Company.

34. The following issues are referred to exclusive competence of the Board of directors:

- 1) determination of priority business trends of the Company;
- 2) decision-making upon convocation of annual and extraordinary general of meeting of shareholders;
- 3) decision-making upon offering (sale) including upon quantity of offered (sold) shares within the limits of quantity of declared shares, method and price of their offering (sale);
- 4) decision-making upon repurchase by the Company of offered shares or other securities and price of their repurchase;
- 5) preliminary approval of annual financial reporting of the Company;
- 6) decision-making upon payment of dividends under common shares and determination of the size of dividends per one common share except for dividends paid for accounting fiscal year;
- 7) determination of issue conditions of bonds and derivative securities of the Company;
- 8) determination of quantitative structure, periods of authority of executive body, election of its head and deputies as well as prescheduled termination of their powers;
- 9) determination of the size of official salaries and conditions of payment and payment of premiums to head and deputies of executive body;
- 10) determination of quantitative structure and operating procedure of the internal audit service, size and conditions of payment and payment of premiums to employees of internal audit service;
- 11) determination of the size of payment to appraiser and auditor company;
- 12) approval of documents regulating internal activity of the Company (except for the documents approved by executive body with a view of organization of the Company's business);
- 13) Decision-making on creation and closing of branches and representations Of the Company and approval regulations about them;
- 14) decision-making upon participation of the Company in incorporation and activity of other companies;
- 15) increase in obligations of the Company by the size equal to ten and more percent of the its own capital;
- 16) selection of registrar of the Company in case of cancellation of the contract with former registrar;
- 17) determination of information related to the Company or its activity being service, commercial or other secret protected by the law;
- 18) decision-making upon conclusion of large transactions and transactions where the Company is interested in;
- 19) other issues stipulated by the Law and by this Articles of Association of the Company, not referred to exclusive competence of the General meeting of shareholders.

35. Election of the Board of directors shall be conducted according to the Law.



36. An individual may be elected as a member of the Board of directors who is not a shareholder of the Company and who is not offered (not recommended) for election into the Board of directors as the representative of interests of shareholder. Quantity of such persons cannot exceed fifty percent of the Board of directors' structure.

37. Members of the Board except for its head cannot be elected into the Board of directors. The head of the Board cannot be elected as the Chairman of the Board of directors.

38. The Board of directors of the Company shall consist of 5 (five) members of the Board of directors and its chairman, each of which during voting has one vote.

The quorum for conducting the Board of directors is 50 and more percent of total members of the Board of directors.

In case of equal quantity of votes the Chairman's votes of the Board of directors shall be prevailing.

39. A person can not be a member of the Board of directors who:

Has no highest or secondary special education;

Has outstanding or not quashed conviction in the manner determined by the law;

Was earlier a top manager of legal entity which has been recognized as a bankrupt or was subject to preservation, sanitation, compulsory liquidation during management of such person within five years after the date of decision-making upon bankruptcy, preservation, sanitation, compulsory liquidation.

The head of executive body cannot be elected as the Chairman of the Board of directors.

40. Procedures for election and activity of the Board of directors shall be determined according to the Law including:

1) structure and period of its powers;

2) procedures for convocation and conducting of meetings;

3) procedures for voting and registration of the minutes of a meeting.

41. Decisions of the Board of directors may be approved by absent voting under issues offered for review by the Board of directors.

Absent voting is carried out under the initiative of persons entitled to initiate convocation of the Board of directors. The requirement for carrying out of absent voting is presented to the Chairman of the Board of directors (and in case of its refusal for carrying out of absent voting - to executive body) in written and it should contain precisely and unequivocally formulated issuer (issues) offered for voting.

During absent voting the same bulletins for voting and materials under issue (issues) offered for voting shall be distributed to all members of the Board of directors not later than ten days from the date of receipt of requirement for voting.

A bulletin should contain:

1) full name of the Company;

- 2) data related to initiator of a meeting session;
- 3) final date for presentation of bulletins for voting;
- 4) precisely and unequivocally formulated issue (issues) offered for voting;
- 5) variants of voting expressed by words "yes", "no", "has refrained";
- 6) Explanations under the procedures for filling in of bulletin.

Decision of absent meeting of the Board of directors is executed in written form with attached bulletins from members of the Board of directors.

42. The management of current business of the Company shall be carried out by the executive body – the Board which shall make decision regarding activity of the Company not referred to the competence of other bodies and officials of the Company.

The board shall consist of 3 (three) members.

Meetings of the Board are convoked as required but not less often than once a week, under the initiative of any members of the Board.

Decisions of the Board shall be approved by simple majority of votes of members of the Board and shall be filed in the minutes. The minutes shall be signed by all members of the Board participating in this meeting.

The Board is appointed by the Board of directors. Period of its powers shall be determined by the Board of directors after its appointment. Numerous appointment of members of the Board for the next term is possible. Powers of the Board as a whole or its separate members may be at any time terminated by the Board of directors of the Company subject to available grounds.

The direct management of activity of the Board is carried out by the Chairman of Board.

Chairman of the Board shall:

- 1) organize enforcement of decisions of the General meeting of shareholders and the Board of directors;
- 2) without the power of attorney operate on behalf of the Company in relations with the third parties;
- 3) grant powers of attorney for the right of representation of the Company in its relations with the third parties;
- 4) appoint, move and dismiss the Company's employees (except for employees who are in the structure of internal audit service), applies encouragement measures and imposes summary punishments, determine sizes of official salaries of Company's employees and personal extra charges to salaries in conformity with the staff list of the Company, determine the sizes of premiums of Company's employees except for employees who are in the structure of internal audit service of the Company;
- 5) distribute duties as well as spheres of powers and responsibility among deputies;
- 6) in case of its absence assign execution of duties to one of deputies;
- 7) carries out preparation of necessary materials and offers for consideration by the General meeting of shareholders and the Board of directors and provides enforcement of decisions approved by these bodies;

8) carries out any other measures required for achievement of purposes of the Company except for measures which are directly referred to the General meeting of shareholders, Board of directors according to this Articles of Association;

9) carries out other functions determined by this Articles of Association of the Company, decisions of the General meeting of shareholders and the Board of directors.

Chairman of the Board shall be responsible for strict performance of decisions of the Board of directors and the General meeting of shareholders.

43. For control of financial and economic activity of the Company the internal audit service shall be formed.

Employees of the internal audit service of the Company shall consist of 3 (three) members and shall be isolated division of the Company.

Employees of the internal audit service may not be elected into the structure of the Board of directors and Executive body of the Company.

Internal audit service shall directly submit to the Board of directors and reports of its activity.

## **9. Disclosure of information by the Company**

44. The Company shall bring to the notice of its shareholders the information related to its activity affecting interests of shareholders of the Company according to the Law and this Articles of Association.

Newspapers “Egemen Kazakhstan» and “Express K” shall be the mass media which shall be used by the Company and its shareholders for publication of notices and other information, subject to obligatory publication according to rules of the Republic of Kazakhstan.

45. On demand of a shareholder the Company shall be obliged to provide a shareholder with a copy of documents determined by the Law

46. A shareholder with a view of getting information shall appeal to the executive body of the Company in written. Appeal of a shareholder should be registered in the log-book of incoming documents of the Company. The Company is obliged to provide a shareholder with requested information (copy of requested documents) within thirty calendar days from the date of appeal.

The size of payment for presentation of documents copies shall be determined by the Company and cannot exceed the cost of charges for copying of documents and payment of expenses associated with delivery of documents to a shareholder.

47. The Company shall keep account of its affiliated persons based on data provided by such persons or registrar of the Company.

Shareholders and officials of the Company shall present information to the Company related to affiliated persons within seven days from the date of occurrence of affiliation.

The Company shall provide the list of affiliated persons to the authorized body in the manner determined by the legislation.

### **10. Reorganization and liquidation OF the Company**

48. The Company may be reorganized and liquidated under decision of the General meeting of shareholders or on other grounds determined by the legislation of the Republic of Kazakhstan.

49. Reorganization and liquidation procedures of the Company shall be governed by the Laws and other normative legal acts of the Republic of Kazakhstan.

### **11. Final provisions**

50. In all that provisions that are not covered by this Articles of Association the shall be governed by normative legal acts of the Republic of Kazakhstan.

51. This Articles of Association shall come into force from the date of its state registration in the manner determined by the legislation.