

**Attn: KEGOC's shareholders**

**EXPLANATORY NOTE regarding the agenda item of the extraordinary General meeting of KEGOC's shareholders: "Placement within the limits of the authorized shares of KEGOC"**

1. In accordance with subparagraph 6) of paragraph 1 of Article 18 of the Charter of KEGOC, making a decision on placement (sale), including the number of placed (sold) shares of KEGOC within the limits of the authorised shares, method and price of their placement (implementation), refers to the exclusive competence of the General Meeting of Shareholders of KEGOC.

KEGOC was included in the list of large subsidiaries, affiliates of national management holdings, national companies, and other legal entities affiliated with them proposed for transfer to a competitive environment in priority order by Decree of the Government of the Republic of Kazakhstan No. 908 "On Certain Issues of Privatisation for 2021-2025" dated December 29, 2020.

On April 19, 2023, by the Law of the Republic of Kazakhstan dated April 19, 2023 No. 223-VII ZRK "On Amendments to Certain Legislative Acts of the Republic of Kazakhstan on Administrative Reform in the Republic of Kazakhstan", the minimum number of shares that should be owned by Samruk-Kazyna (hereinafter referred to as the "**Fund**") was reduced from 90%+1 share to 85%.

In order to implement these decisions, on April 26, 2023, the State Commission for the Modernization of the Economy of the Republic of Kazakhstan approved the method of transferring KEGOC to the competitive environment through sale on the stock exchange (alienation / placement of shares on the organized securities market).

Since May 2023, KEGOC, together with the Fund, has been working to prepare for the placement of KEGOC shares on the organized securities market. In particular, as of the date of preparation of this explanatory note, financial, legal, PR consultants have been engaged, and all necessary preparatory actions are being taken, including corporate actions to increase the number of authorised shares of KEGOC, preparation of transaction documentation (state approvals and corporate decisions, prospectus for listing and admission to trading on the stock exchange, necessary changes in internal regulation documentation), determination of the market value of KEGOC, etc.

At present, KEGOC is planning to place ordinary shares of KEGOC within the limits of the authorised shares of KEGOC (*cash-in*) on the stock exchanges of Kazakhstan Stock Exchange (KASE) and the Astana International Financial Centre (AIX) (hereinafter referred as the "**SPO**").

Please note that in accordance with paragraph 1 of Article 16 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415 "On Joint Stock Companies" (hereinafter to as "**Law on Joint Stock Companies**"), within 10 calendar days after the date of adoption of the decision by the Extraordinary General Meeting of Shareholders on the placement (sale) of shares, KEGOC is obliged to offer its current shareholders, in accordance with the established procedure, to

purchase these placed (sold) shares on equal terms in proportion to the number of shares they have at the placement (realization) price established in the decision on placement (implementation).

Accordingly, the offer to current shareholders to purchase the placed shares in accordance with their pre-emption right, shall include conditions such as: number of KEGOC shares to be placed, price and method of their placement.

In accordance with subparagraph 19) of paragraph 3 of Article 8 of the Law of the Republic of Kazakhstan dated February 1, 2012 No. 550-IV "On the Sovereign Wealth Fund" (hereinafter referred to as the "**Law on the Fund**"), making a decision on the price, quantity, structure of placement of shares of organizations that are part of the Fund's group, placed on the organized securities market in order to implement the decision of the Government of the Republic of Kazakhstan, is within the exclusive competence of the Board of Directors of the Fund. Further, in accordance with subparagraph 13) of paragraph 2 of Article 7 of the Law on the Fund, the said decision of the Board of Directors of the Fund is subject to approval by the Government of the Republic of Kazakhstan, the Sole Shareholder of the Fund.

Thus, the final conditions for the placement of KEGOC shares, i.e. the price, the exact number and structure of placement, within the framework of the SPO, will be determined by the decision of the Board of Directors of the Fund, followed by the approval of such a decision by the Government of the Republic of Kazakhstan in accordance with the procedure established by law.

In this regard, the Extraordinary General Meeting of Shareholders of KEGOC is invited to preliminarily consider the agenda item of placing within the limits of the authorised of ordinary shares of KEGOC on the following basic conditions, and subject to subsequent adoption of a decision by the Board of Directors of the Fund on the final conditions for the placement of shares of KEGOC JSC (on the price, number, structure of placement of shares) and approval of this decision by the Government of the Republic of Kazakhstan:

1) the amount of not more than 15,294,118 ordinary shares of KEGOC, but in any case, within the limit of authorized shares of KEGOC, subject to the adoption by the General Meeting of Shareholders of an appropriate decision to increase the number of authorized shares of KEGOC;

2) through subscription on Kazakhstan Stock Exchange JSC (KASE) and the stock exchange of the Astana International Financial Centre (AIX);

3) at a price agreed by the State Commission for the Modernization of the Economy of the Republic of Kazakhstan to collect applications for 1 (one) ordinary share of KEGOC.

#### *Number of placed shares.*

Taking into account the requirement of the legislation to retain at least 85% of the total number of voting shares of KEGOC in the ownership of the Fund, as well as in agreement with the underwriters and the Fund, it is proposed to place 15,294,118 common shares of KEGOC within the SPO.

As of the date of preparation of this explanatory note, KEGOC's Management Board has initiated measures to increase the number of authorized shares by 15,294,118 ordinary shares, in connection with which the total number of authorized

shares of KEGOC will be 275,294,118 ordinary shares. According to subparagraph 5) of paragraph 1 of Article 18 of the Charter of KEGOC, the decision to increase the number of authorized shares falls within the exclusive competence of the General Meeting of Shareholders of KEGOC, the extraordinary meeting of which is tentatively scheduled for September 15, 2023.

*Placement method.*

Taking into account the placement experience of KazMunayGas National Company JSC and the recommendations of the Fund, underwriters and KPMG Tax and Advisory LLP, the independent consultant, it is proposed to place (as well as sell) shares of KEGOC by subscription on Kazakhstan Stock Exchange JSC (KASE) and the stock exchange of the Astana International Financial Center (AIX), i.e. in a local format without listing on foreign stock exchanges.

*Placement price.*

Presumably, in late August - early September 2023, a meeting of the State Commission for the Modernization of the Economy of the Republic of Kazakhstan will be held to consider a price for collecting applications for 1 (one) ordinary share of KEGOC under the SPO.

In accordance with paragraph 3 of Article 18 of the Law on Joint-Stock Companies:

- the placement price of shares set for by the company's body that made the decision to place shares shall be the lowest price at which these shares can be sold;
- shareholders shall acquire shares in accordance with the right of pre-emption at the single lowest placement price of these shares, established by the company's body that made the placement decision;
- the company's shares are subject to sale at a single price for all persons acquiring shares by subscription, within the limits of this placement.

2. If the Extraordinary General Meeting of Shareholders of KEGOC fails to adopt the proposed decision on this issue, there is a risk of violation of the rights of shareholders (in particular, the right to pre-emption when placing and selling shares of KEGOC), as well as violation of the scheduled deadlines and (or) impossibility to complete the SPO of KEGOC. If the decision is adopted, there are no risks.

3. There are no anticipated socio-economic and/or legal consequences in case the KEGOC Extraordinary General Meeting of Shareholders adopts the proposed decision on this agenda item.

4. This agenda item was earlier considered by KEGOC's Board of Directors (Minutes No. 9 dated 25 August 2023).

**Chairman of KEGOC's Management Board,  
member of KEGOC's Board of Directors**

**Nabi Aitzhanov**

**Decision regarding the agenda item of the extraordinary General meeting of KEGOC's shareholders: "Placement within the limits of the authorized shares of KEGOC"**

Having considered the agenda item and presented materials in accordance with Article 18.1.6 of KEGOC's Charter, **the extraordinary General Meeting of KEGOC Shareholders DECIDED to:**

1. Approve the placement within the limits of the authorised ordinary shares of KEGOC on the following basic conditions, subject to subsequent adoption of a decision by the Board of Directors of Samruk-Kazyna on the final conditions for the placement of shares of KEGOC (on the price, number, structure of placement of shares) and its approval by the Government of the Republic of Kazakhstan:

1) the amount of not more than 15,294,118 ordinary shares of KEGOC, but in any case, within the limit of authorized shares of KEGOC, subject to the adoption by the General Meeting of Shareholders of an appropriate decision to increase the number of authorized shares of KEGOC;

2) through subscription on Kazakhstan Stock Exchange JSC (KASE) and the stock exchange of the Astana International Financial Centre (AIX);

3) at a price agreed by the State Commission for the Modernization of the Economy of the Republic of Kazakhstan to collect applications for 1 (one) ordinary share of KEGOC.

2. The Chairman of the Management Board of KEGOC (Nabi Aitzhanov) to take actions as required by this decision.