

**MINUTES**  
**of the Annual General Meeting of Shareholders**  
**of “KazTransOil” JSC No.1/2017**

Full name	“KazTransOil” Joint-Stock Company
Registered address	Block B, 19, Kabanbay Batyr Ave., Yessil District, 010000 Astana, Republic of Kazakhstan
Actual address	20, Turan Ave., Yessil District, 010000 Astana, Republic of Kazakhstan
Venue	conference-hall on the 3 <sup>rd</sup> floor, Block B, 19, Kabanbay Batyr Ave., Yessil District, 010000 Astana, Republic of Kazakhstan
Date	May 24, 2018
Beginning of registration	10:00 a.m.
Finishing of registration	01:00 p.m.
Beginning of the General Meeting of Shareholders	03:00 p.m.
Finishing of the General Meeting of Shareholders	04:10 p.m.

The Annual General Meeting of Shareholders of “KazTransOil” JSC (hereinafter - the Company) was convened by the resolution of the Company’s Board of Directors as of April 9, 2018 (Minutes No.5/2018) with the following agenda:

1. On confirmation of annual financial statements and annual consolidated financial statements of “KazTransOil” JSC for 2017.

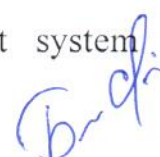
2. On confirmation of the procedure of distribution of “KazTransOil” JSC net income for 2017, retained earnings for past years, decision-making on payment of dividends on common shares and confirmation of the amount of a dividend per one common share of “KazTransOil” JSC.

3. On confirmation of the Annual Report of the Board of Directors of “KazTransOil” JSC on its performance in 2017.

4. On addresses of shareholders of “KazTransOil” JSC against actions of “KazTransOil” JSC and its officials for 2017 and results of their consideration.

5. On changes and additions to the Charter of “KazTransOil” Joint-Stock Company.

6. On changes and additions to the integrated management system.



document of “KazTransOil” JSC – Regulations on General Meeting of Shareholders of “KazTransOil” JSC.

7. On confirmation of the integrated management system document of “KazTransOil” JSC – Regulations on Board of Directors of “KazTransOil” JSC.

The information on holding the Annual General Meeting of Shareholders (hereinafter – the AGM) was published in the republican print media on April 12, 2018 and on the Company’s website.

In accordance with paragraph 39 of Article 9 of the Company’s Charter, the Secretary of the AGM is Corporate Secretary of the Company A. Shmanov.

The Counting Commission performing the functions referred to in Article 46 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies” was elected by the resolution of the Annual General Meeting of Shareholders on May 20, 2015 (Minutes No.1/2015).

General Director (Chair of the Management Board) of the Company D. Dossanov gave the floor to R. Bigzayev, the Counting Commission Chair.

R. Bigzayev reported that, in accordance with the Company’s list of shareholders presented by “United Registrar of Securities” JSC, the Company’s registrar, the total number of the Company’s voting shares is 384,066,567 (three hundred eighty four million sixty six thousand five hundred sixty seven) as of May 10, 2018.

According to the data provided by the Counting Commission at the end of the registration of shareholders to participate in the AGM, six (4) shareholders and their representatives were registered holding in aggregate 346,340,973 (three hundred forty six million three hundred forty thousand nine hundred seventy three) voting shares, or 90,18% of the total voting shares.

Pursuant to paragraph 1 of Article 45 of the Law of the Republic of Kazakhstan “On Joint-Stock Companies”, the General Meeting of Shareholders shall be entitled to consider and decide on the agenda issues, if at the end of the participants registration the shareholders or their representatives included in the list of shareholders and entitled to participate in the meeting and vote holding in aggregate fifty percent or more of the voting shares of the Company were registered.

The quorum to hold the meeting and vote on the agenda items is available.

All the attending shareholders were registered, and the powers of their representatives were duly checked. All the shareholders and their representatives present at the meeting received the materials on the agenda items and voting papers, and also got clarifications on the procedure of exercising their rights at the AGM and the order of voting.

D. Dossanov informed the shareholders about the absence of proposals for amending the AGM agenda.

D. Dossanov proposed an open voting at the AGM.

The proposal was put to vote on the principle of “one shareholder - one vote”.

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**Voted:****“Pro”** – 4 shareholders**“Contra”** – no**“Abstained”** – no

**The simple majority decision was taken under the principle of “one shareholder – one vote”:**

To define an open voting on the agenda items at the Company’s Annual General Meeting of Shareholders.

D. Dossanov proposed to elect Nurtas Shmanov as the AGM Chair.

The issue was put to vote.

**Voted:****“Pro”** – 346,340,973 votes**“Contra”** – no**“Abstained”** – no

**The simple majority decision was taken, given the total number of the Company’s voting participating shares:**

To elect Nurtas Shmanov as the Chair of the Annual General Meeting of Shareholders of the Company.

Further on, N. Shmanov announced the AGM time-limit, and put the following agenda to vote:

1. On confirmation of annual financial statements and annual consolidated financial statements of “KazTransOil” JSC for 2017.

2. On confirmation of the procedure of distribution of “KazTransOil” JSC net income for 2017, retained earnings for past years, decision-making on payment of dividends on common shares and confirmation of the amount of a dividend per one common share of “KazTransOil” JSC.

3. On confirmation of the Annual Report of the Board of Directors of “KazTransOil” JSC on its performance in 2017.

4. On addresses of shareholders of “KazTransOil” JSC against actions of “KazTransOil” JSC and its officials for 2017 and results of their consideration.

5. On changes and additions to the Charter of “KazTransOil” Joint-Stock Company.

6. On changes and additions to the integrated management system document of “KazTransOil” JSC – Regulations on General Meeting of Shareholders of “KazTransOil” JSC.

7. On confirmation of the integrated management system document of “KazTransOil” JSC – Regulations on Board of Directors of “KazTransOil” JSC.

**Voted:****“Pro”** – 346,340,973 votes**“Contra”** – no**“Abstained”** – no

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**The simple majority decision was taken, given the total number of the Company's voting participating shares:**

To confirm the following agenda of the Company's Annual General Meeting of Shareholders:

1. On confirmation of annual financial statements and annual consolidated financial statements of "KazTransOil" JSC for 2017.
2. On confirmation of the procedure of distribution of "KazTransOil" JSC net income for 2017, retained earnings for past years, decision-making on payment of dividends on common shares and confirmation of the amount of a dividend per one common share of "KazTransOil" JSC.
3. On confirmation of the Annual Report of the Board of Directors of "KazTransOil" JSC on its performance in 2017.
4. On addresses of shareholders of "KazTransOil" JSC against actions of "KazTransOil" JSC and its officials for 2017 and results of their consideration.
5. On changes and additions to the Charter of "KazTransOil" Joint-Stock Company.
6. On changes and additions to the integrated management system document of "KazTransOil" JSC – Regulations on General Meeting of Shareholders of "KazTransOil" JSC.
7. On confirmation of the integrated management system document of "KazTransOil" JSC – Regulations on Board of Directors of "KazTransOil" JSC.

On the **first agenda item** N. Shmanov gave the floor to Zh. Makhin, the Deputy General Director of the Company.

Zh. Makhin presented the key indicators of the annual financial statements and annual consolidated financial statements of the Company for 2017 with the analysis of the main items.

The presented statements were audited by "Ernst & Young" LLP determined as an audit organization of the Company in 2016-2018 following the resolution of the Company's Extraordinary General Meeting of Shareholders as of January 14, 2016 (Minutes No.1/2016).

N. Shmanov put the issue of confirmation of annual financial statements and annual consolidated financial statements of the Company for 2017 to vote.

**Voted:**

**"Pro"** – 346,340,973 votes

**"Contra"** – no

**"Abstained"** – no

**The simple majority decision was taken, given the total number of the Company's voting participating shares:**

To confirm:

- 1) the annual financial statements of the Company for 2017 with the following main financial indicators:

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Indicator	2017	2016
Revenue	208 606 879	191 869 628
Cost of sales	(134 081 624)	(118 701 922)
<b>Gross profit</b>	<b>74 525 255</b>	<b>73 167 706</b>
Administrative expenses	(12 037 532)	(11 075 450)
Other income	2 397 469	2 883 115
Other expenses	(987 477)	(9 322 063)
<b>Total operating profit</b>	<b>63 897 715</b>	<b>55 653 308</b>
Other non-operating expenses	(597 171)	(1 438 984)
Financing income	4 869 730	7 603 565
Financing expenses	(6 721 805)	(2 448 901)
<b>Profit before tax</b>	<b>61 448 469</b>	<b>59 368 988</b>
Income tax expenses	(15 793 678)	(12 525 227)
<b>Net profit for the year</b>	<b>45 654 791</b>	<b>46 843 761</b>
<i>Earnings per share, tenge</i>	<i>119</i>	<i>122</i>
<b>Total assets</b>	<b>698 167 815</b>	<b>691 872 944</b>
<b>Total liabilities</b>	<b>149 400 028</b>	<b>141 300 479</b>
<b>Total equity</b>	<b>548 767 787</b>	<b>550 572 465</b>
<i>Book value of a share (tenge)</i>	<i>1 423</i>	<i>1 428</i>

2) the annual consolidated financial statements of the Company for 2017 with the following main financial indicators:

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Indicator	2017	2016
Revenue	222 449 954	207 107 815
Cost of sales	(146 598 531)	(129 861 783)
<b>Gross profit</b>	<b>75 851 423</b>	<b>77 246 032</b>
Administrative expenses	(16 020 923)	(15 653 399)
Other income	2 446 962	3 939 775
Other expenses	(1 000 544)	(15 080 724)
<b>Total operating profit</b>	<b>61 276 918</b>	<b>50 451 684</b>
Other non-operating expenses	(651 952)	(1 611 563)
Financing income	4 937 555	6 190 905
Financing expenses	(6 721 805)	(2 459 837)
Share in income/(loss) of joint ventures	7 101 470	2 336 465
<b>Profit before tax</b>	<b>65 942 186</b>	<b>54 907 654</b>
Income tax expenses	(15 824 330)	(10 379 736)
<b>Profit for the year</b>	<b>50 117 856</b>	<b>44 527 918</b>
<i>Earnings per share (tenge)</i>	<i>130</i>	<i>116</i>
<b>Total assets</b>	<b>764 227 005</b>	<b>744 975 997</b>
<b>Total liabilities</b>	<b>164 535 958</b>	<b>157 000 715</b>
<b>Total equity</b>	<b>599 691 047</b>	<b>587 975 282</b>
<i>Book value of a share (tenge)</i>	<i>1 542</i>	<i>1 512</i>



On the **second agenda item** N. Shmanov gave the floor to Zh. Makhin, the Deputy General Director of the Company.

Zh. Makhin informed the shareholders that, in accordance with the Dividend Policy and the Procedure on distribution of net income of the Company, the amount of dividends accrued by the Company for the reporting period shall be calculated at the rate of not less than 40% of consolidated or separate net income for a past year depending on which one is the highest.

Based on the audited financial statements of the Company for 2017, the consolidated net income is equal to 50,117,856,000 (fifty billion one hundred seventeen million eight hundred fifty six thousand) tenge, while the separate net income comprised 45,654,791,000 (forty five billion six hundred fifty four million seven hundred ninety one thousand) tenge. 40% of the separate net income is 20,047,142,200 (twenty billion forty seven million one hundred forty two thousand two hundred) tenge.

At the same time, the Company's Board of Directors decided on April 9, 2017 to recommend:

paying dividends in the amount of 50,117,856,000 (fifty billion one hundred seventeen million eight hundred fifty six thousand) tenge that is 100% of the Company's net income received for 2017, and 11,422,639,840 (eleven billion four hundred twenty two million six hundred thirty nine thousand eight hundred forty) tenge from retained earnings for past years;

confirming the amount of one dividend for 2017 - 160 (one hundred sixty) tenge for a share.

The list of shareholders entitled to receive dividends on common shares of the Company for 2017 will be recorded as at 12:00 a.m., June 12, 2018. It is therefore proposed to start paying dividends on the Company's common shares for 2017 from June 26, 2018.

The dividends will be paid by due cash transfer to the accounts of the Company's shareholders.

N. Shmanov put the issue of confirmation of the procedure on distribution of the Company's net income for 2017, retained earnings for past years, adoption of the decision on payment of dividends on common stock and confirmation of the amount of dividends per one common share of the Company to vote.

**Voted:**

**"Pro"** – 346,340,973 votes

**"Contra"** – no

**"Abstained"** – no

**The simple majority decision was taken, given the total number of the Company's voting participating shares:**

1. To confirm:

1) the following procedure of distribution of the 2017 net income earned by the Company located at the following address: 20, Turan Ave., Yessil District, 010000 Astana, Republic of Kazakhstan, BIN 970 540 000 107, VAT Registration Certificate dated August 29, 2012, Series 62001 No.0015217, Beneficiary

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Code 16, “Halyk Bank of Kazakhstan” JSC, SWIFT BIC: HSBKKZKX, KZ536010111000012185 (KZT), in the amount of 50,117,856,000 (fifty billion one hundred seventeen million eight hundred fifty six thousand) tenge – to pay dividends in the amount of 50,117,856,000 (fifty billion one hundred seventeen million eight hundred fifty six thousand) tenge, or 100% of the KTO net income;

2) the following procedure of distribution of retained earnings for past years - to pay dividends in the amount of 11,422,639,840 (eleven billion four hundred twenty two million six hundred thirty nine thousand eight hundred forty) tenge;

3) the amount of a dividend for 2017 per one common share of KTO to be 160 (one hundred sixty) tenge.

2. To fix the list of shareholders entitled to receive dividends on common shares of the Company for 2017 as of 12:00 a.m., June 12, 2018.

3. To determine the date of starting payment of dividends on the KTO common shares for 2017 - June 26, 2018.

4. To pay dividends in cash by transferring to the accounts of the Company’s shareholders:

1) on common shares of the Company being in nominal holding of “Central Securities Depository” JSC through a paying agent represented by “Central Securities Depository” JSC;

2) on common shares of the Company not being in nominal holding of “Central Securities Depository” JSC by the Company itself.

5. General Director (Chair of the Management Board) of the Company D. Dossanov to duly take necessary measures to bring this resolution into effect.

On the **third agenda item** N. Shmanov gave the floor to S. Primbetov, the Independent Director of the Company.

S. Primbetov informed the shareholders about the work done by the Board of Directors in 2017, the composition and structure of the Board of Directors, the most important decisions taken by the governing body within the reporting period and the work of its committees.

N. Shmanov put the issue of confirmation of the Annual Report of the Company’s Board of Directors on its performance in 2017 to vote.

**Voted:**

“Pro” – 346,340,973 votes

“Contra” – no

“Abstained” – no

**The simple majority decision was taken, given the total number of the Company’s voting participating shares:**

To confirm the enclosed Annual Report of the Company’s Board of Directors on its performance in 2017.

A. Massalin, the IR Service Head, delivered his speech on the **fourth agenda item**. He noted that, in accordance with the Law of the Republic of Kazakhstan “On Joint-Stock Companies” and the Company’s Charter, the AGM



shall consider the issue of addresses of shareholders against actions of the Company and its officials for the reporting period and results of their review.

As part of the issue, it was noted that there were no any addresses of shareholders against actions of the Company and its officials in 2017.

N. Shmanov put the issue of addresses of shareholders of the Company against actions of the Company and its officials for 2017 and results of their consideration to vote.

**Voted:**

**“Pro”** – 346,340,973 votes

**“Contra”** – no

**“Abstained”** – no

**The simple majority decision was taken given the total number of the Company’s voting participating shares:**

To take into account the information on absence of addresses of the Company’s shareholders against actions of the Company and its officials for 2017.

On the **fifth agenda item** N. Shmanov gave the floor to Zh. Issakov, the Managing Director of the Company.

Zh. Issakov informed that the amendments to the Company’s Charter had been drafted in order to include the new types of activities into the Company’s scope, and bring it in line with the changes and additions made in the RoK Law “On Joint-Stock Companies” in 2016-2017 (hereinafter – the Law).

Also, the draft changes and additions imply the following:

changes in location of the Company and its executive body;

the Company’s Management Board competence now includes decision-making on the Company’s investment projects, the full implementation of which means that the Company should make investments over 8,000,000,000 (eight billion) tenge.

the Company’s obligation is now to agree with “KazMunayGas” NC JSC the investment projects, the full implementation of which means that the Company should make investments over 8,000,000,000 (eight billion) tenge, and deals, as a result of which the Company acquires or alienates property (may be acquired or alienated), the cost of which exceeds 20,000,000,000 (twenty billion) tenge, as well as supplementary agreements to such deals implying changes in a cost of property.

Also, the editorial changes are to be made in the Company’s Charter.

N. Shmanov put the issue of making changes and additions to the Company’s Charter to vote.

**Voted:**

**“Pro”** – 346,340,973 votes votes

**“Contra”** – no

**“Abstained”** – no

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**The majority decision was taken:**

1. To make the changes and additions to the Charter of “KazTransOil” Joint-Stock Company in accordance with the attachment to this resolution.

2. General Director (Chair of the Management Board) of the Company D. Dossanov:

1) to sign the changes and additions to the Charter of “KazTransOil” Joint-Stock Company in accordance with the attachment to this resolution;

2) to duly take other necessary measures stemming from this resolution.

On the **sixth agenda item** N. Shmanov gave the floor to A. Shmanov, the Corporate Secretary of the Company.

A. Shmanov informed that the proposed changes and additions to the Regulations on General Meeting of Shareholders of the Company (hereinafter – the Regulations) had been drafted in order to bring it in compliance with the Corporate Governance Code confirmed by the resolution of the Company’s General Meeting of Shareholders dated May 27, 2016 (Minutes No.3/2016), and changes and additions made in the Law.

Also, the editorial changes are to be made in the Company’s Regulations.

N. Shmanov put the issue of changes and additions to the Company’s integrated management system document – Regulations on General Meeting of Shareholders of “KazTransOil” JSC to vote.

**Voted:**

“Pro” – 346,340,973 votes

“Contra” – no

“Abstained” – no

**The majority decision was taken:**

1. To make the enclosed changes and additions to the Company’s integrated management system document – Regulations on General Meeting of Shareholders of “KazTransOil” JSC.

2. General Director (Chair of the Management Board) of the Company D. Dossanov to duly take necessary measures stemming from this resolution.

On the **seventh agenda item** N. Shmanov gave the floor to A. Shmanov, the Corporate Secretary of the Company.

A. Shmanov informed that the Company now uses the Regulations on Board of Directors of “KazTransOil” JSC confirmed by the resolution of the Company’s General Meeting of Shareholders dated May 28, 2014 (Minutes No.1/2014).

The Regulations drafted by the Company take into account the changes and additions made in the Law, Corporate Governance Code provisions confirmed by the resolution of the General Meeting of Shareholders dated May 27, 2016 (Minutes No.3/2016), as well as the Company’s Charter provisions.

N. Shmanov put the issue of changes and additions to the Company’s integrated management system document – Regulations on Board of Directors of

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“KazTransOil” JSC to vote.

**Voted:**

“Pro” – 346,340,973 votes

“Contra” – no

“Abstained” – no

**The majority decision was taken:**

1. To confirm the enclosed Company’s integrated management system document – Regulations on Board of Directors of “KazTransOil” JSC.

2. To acknowledge loss of effect of the Regulations on Board of Directors of “KazTransOil” JSC confirmed by the resolution of the Company’s General Meeting of Shareholders dated May 28, 2014 (Minutes No.1/2014).

**Chair**

**N. Shmanov**

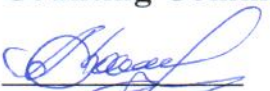


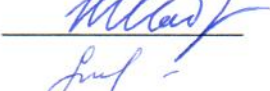
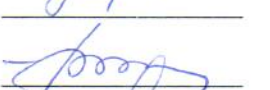


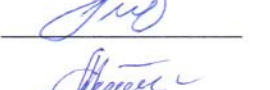


**Secretary**

**A. Shmanov**

**Counting Commission Chair**

**R. Bigzayev**

**Counting Commission members:**

	A. Baimakhanov
	A. Kabakayeva
	S. Kozhakhmetov
	Zh. Kabenov
	R. Makhambetova
	A. Kulisbayev
	B. Lesbayeva
	G. Nakisheva
	D. Nussipzhanova
	M. Temirbayeva

**Representative of the shareholder  
owning over 10% of voting shares**

**N. Shmanov**

