



# CORPORATE ISSUES

## INDUSTRY AND LEGAL UPDATE

**KALIKOVA &**  
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## Industry Update

15 September 2016

### Alfa Telecom shares may drop 25%

Alfa Telecom share price may fall 25%. This information was shared with 24.kg news agency by a source from the State Property Management Fund.

It is noted that the Government is preparing to announce the repeated auction for the sale of the mobile operator. According to law, at the repeated auction, the selling price of the property from which the bidding starts must be 25% lower than at the first auction. However, the final decision on the discounted price at which Alfa Telecom will be offered is yet to be made.

Initially, the Government expected to earn KGS 19 billion from the sale of Alfa Telecom. However, though the deadline for submission of bids has been extended several times, no bidder has indicated any interest in buying the country's largest mobile operator.

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23 August 2016

### National Energy Holding Company announced increase in its authorized capital

The National Energy Holding Company announced an increase in its authorized capital.

As reported by the press service of the company, pursuant to the minutes of the extraordinary general meeting of shareholders, the capital increase was achieved through the transfer by the State Property Management Fund of the Government of the Kyrgyz Republic of the state shareholdings in the following public companies:

## Legal Update

1 July 2016

### Financial Supervisory Authority proposes amendments relating to issuance and circulation of bonds

On July 1, 2016, the State Service for Regulation and Supervision of Financial Market under the Government of the Kyrgyz Republic (KR) (Financial Supervisory Authority) proposed for public comment a draft resolution of the Government of the KR "On Amendments and Additions to Some Decisions of the Government of the Kyrgyz Republic" such as: the Resolution of the Government of the KR "On Approval of the Regulation on Issuance and Circulation of Bonds in the Kyrgyz Republic" dated July 1, 2011 No.275" and the Rules of state registration of rights and encumbrances (restrictions) on rights to immovable property and transactions therewith, approved by the Resolution of the Government "On Approval of Rules on State Registration of Rights and Encumbrances (Restrictions) on Rights to Immovable Property and Transactions therewith" dated February 15, 2011 No.49.

According to the explanatory note, the draft resolution was developed in aid of enforcement of the Law "On Amending Certain Legislative Acts of the Kyrgyz Republic (such as the Laws of the Kyrgyz Republic "On Business Partnerships and Companies", "On Joint Stock Companies", "On Securities Market")" dated May 20, 2016 No. 68, as well as the Law "On Amendments to the Law of the Kyrgyz Republic "On Pledge" dated April 22, 2016 No.49.

As indicated in the explanatory note to the draft resolution, the amendments to the above laws were proposed to reduce the risks involved in the issuance of bonds by introducing additional requirements for issuers such as:

- financial stability (not be operating at a loss);
- reliability (having a continuous and uninterrupted existence);
- proper corporate governance.

It is proposed to amend paragraph 8 of the Regulation on Issuance and Circulation of Bonds in the Kyrgyz Republic by

- National Electrical Networks of Kyrgyzstan OJSC;
- Electrical Power Plants OJSC;
- Bishkekteploset OJSC;
- Severelectro OJSC;
- Vostokelektro OJSC;
- Oshelectro OJSC;
- Jalalabatelectro OJSC;
- Chakan HEPP OJSC;
- Kyrgyz Energy Payment Processing Center OJSC.

Following the transfer, the authorized capital of the National Energy Holding Company totaled KGS 6,245,574,500.

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28 July 2016

## Ten bankrupt factories put up for sale at about KGS 4.4 billion

Ten bankrupt factories have been put up for sale at about KGS 4.4 billion. This was confirmed by the Ministry of Economy of the Kyrgyz Republic to 24.kg news agency.

The Government proposes to sell Crystal OJSC at 486.5 million, Mailu-Suu Lamp Factory LLC at 1.4 billion, and Kyrgyz-Chinese Paper Factory at 293.2 million Kyrgyz soms. The date of the sale is not appointed yet.

Oremi OJSC was proposed for sale at 516 million soms on August 16. Electrotechnical Factory was proposed for sale at 8.5 million soms on August 2.

Ak-Suu Vita OJSC was disposed at 1.3 billion soms and Yelimai was disposed at 366.8 million soms against payment owed to Bank Center Credit OJSC (Kazakhstan).

Karakol Distillery SE was proposed for sale at 5.2 million soms, but no bids were submitted.

The Ministry of Economy of the Kyrgyz Republic sold Asia-Dan LLC at 5.5 million soms and Kara-Balta Experimental Factory at 7.2 million soms.

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26 July 2016

## Canadian Court lifts injunction on Kyrgyzaltyn's shares in Centerra Gold Inc.

Canadian court lifted injunction on Kyrgyzaltyn's shares in Centerra Gold Inc. This was confirmed to 24.kg news agency by the press-service of the company.

According to it, the injunction over assets of Kyrgyzaltyn was ordered in aid of enforcement of arbitral awards against the Kyrgyz Republic. However, the Ontario Superior Court of

adding a definition of the Corporate Governance Code and to amend paragraph 37 by adding a list of additional documents required for registration of issuance of bonds.

In addition, it is proposed to amend the Regulation by adding Chapter 6 "Peculiarities of issuance and circulation of secured bonds."

It is also proposed to amend the requirements for state registration of pledge (mortgage) over immovable property in case of the issuance by the issuer of mortgage-backed securities.

According to the Financial Supervisory Authority, the draft resolution is now being discussed at the Executive Office of the Government of the KR.

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Justice (Canada), having considered Kyrgyzaltyn's motion and the judgment on the merits dated July 11, 2016, ordered to lift the injunction on 11,253,655 shares and dividends declared thereon.

The injunction was imposed by the court order dated February 25, 2015 at the request of Valery Belokon (on 3,787,879 shares) and by the court order dated October 15, 2016 at the request of Entes Industrial Plants Construction & Erection Contracting Co. Inc. (on 7,465,776 shares).

Currently, Kyrgyzaltyn's shares in Centerra Gold and dividends are released from restrictions.

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