

27th of July, 2017

The transaction between NC KazMunayGas and China Energy Company Limited received the approvals from the Romanian state

KMG International Group (KMG) welcomes the recent decisions of the Romanian authorities approving the transaction signed at the end of 2016 between its main shareholder – national company KazMunayGas Kazakhstan (KMG) and China Energy Company Limited (CEFC).

"Completion of the transaction will create a solid foundation for cooperation between KMG and CEFC, which will further expand the activities of KMG in Eastern and Western Europe, as well as in other regions of the world. The joint venture will be able to take advantage of the energy potential of Kazakhstan and China's financial resources to expand its activities throughout the area of the global project "One Belt - One Way". The project represents exceptional opportunities for expanding the activities of KMG in the territory of the Republic of Kazakhstan, which in turn will ensure the implementation of the Government's programs to attract investment in our country. Particular attention will be paid to projects in Romania - as the country where the main assets of the KMG Group are located. In general, it should be noted that such a global project will have a multiplicative socio-economic effect for all the participating countries - Kazakhstan, Romania and China", Zhanat Tussupbekov, KMG International CEO, stated.

The transaction allows for the creation of an important strategic partnership in the energy field which will be based on the assets and operations of KMG for the future development and investments of KMG - CEFC in the Black Sea region and in Europe. This will ensure the increase of operational and financial performance of KMG and the expansion of the activities and operations performed by CEFC at international level.

The shares of KMG and CEFC in the new joint-venture KMG will be 49%, and 51%, respectively.

In December 2016, KMG and CEFC signed an agreement of buying 51% of KMG Group shares, which owns and carries out operations refining, trading and distribution of oil products through the Rompetrol gas stations in Romania, Bulgaria, Moldova, Georgia, as well as through its partners in the Black Sea region.

CEFC company has received the agreement of the Supreme Council of National Defense and acknowledged by the Competition Council for the completion of the transaction for the takeover of the majority interest in KMG International. The approvals received from the Romanian state's competent authorities represent an important milestone for the transaction completion process, thus, after all the legal formalities will be performed, the deal is expected to be finalized this fall.

According to the agreement between KMG and CEFC, the Chinese company undertakes a series of obligations and investments in the development of new projects in Romania, the European Union and Silk Route neighboring countries. At the same time, KMG will continue to deliver crude oil to the KMG subsidiaries in order to support and expand its core operations in Europe.

Public Relations and Communications Department

KMG International