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| **"APPROVED"**    **Joint Stock Company** **"** **Kvarts** **"**  **Decision** **N of the** **Supervisory Board**  **September 15,** **201** **7,** **Minutes №** **15**    **Chairman of the Supervisory Board**    **\_\_\_\_\_\_\_** **\_\_\_\_\_\_\_\_\_\_\_\_\_** **Khimmatov A.Kh.**  Date 15.09.2017 №15 | **"REGISTERED"**    **Center for Coordination and Development of the Securities Market of the Republic of Uzbekistan**    **General director**    **\_\_\_\_\_\_\_\_\_\_\_\_\_\_ B.** **Atakhanov**    Date 02.10.2017 й. РО413-8 |  |
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**DECISION**

**on** **additional** **share issue of**

**Joint Stock Company «Kvarts»**

**Identification number assigned:**

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| ***Shares of ordinary registered non-documentary*** | R | U | 1 | 0 | 8 | P | O | 4 | 1 | 3 | T | O |

**The action is simple registered non-documentary -** **4**  **574 934** **pieces.**

**Nominal** **value** **for per share** **-** **1715** **sum.**

**Shares of this** **additional** **issue** **are placed for** **public** **subscription.**

**This share issuing is the eighths release.**

Approved by Supervisory Board of «Kvarts» company, holding on September 15  2017  (Minutes № 15)

**Location of the issuer, mailing address, contact phone numbers and e-mail** :

150900 , Republic of Uzbekistan, Fergana region, Kuvasai, ul. Mustakillik, 2a. **Phones:** (373) 373-27-64 , faks: (373) 373-37-14

**e-mail:** qvartznew[@ mail.ru](mailto:feres.utkir@yandex.com)

Head of the issuer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Pulatov A.A.

Chief accountant \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A Isaboev. A.

Stamp \_\_\_\_\_\_\_\_\_\_\_\_  Date : \_\_\_\_\_\_\_\_\_\_\_\_

Recommendations in preparing securities issuance documents were provided to the issuer by the State Enterprise "Central Securities Depository".

Contract on providing advisory services: No. 126 / K of 12 June 2017

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| **General Director of SE "Central Securities Depository"**  M.P. | **Sh. Abdujabbarov**  «\_\_\_» \_\_\_\_\_\_\_\_\_\_\_ 2017 |

1. **Type of registered shares (simple or preferred):**simple shares.

**2. Form of issuing share:** uncertificated.

**3.** **Nominal value of the shares of this issue** **(UZS):** 1715 soums.

**4. Number of shares of this issue** **(pcs.):** 4 574 934 pieces.

**5.** **Total amount of shares issue** **(UZS)** **:** 7 846   011 810 soums.

**6.** **Rights of holders:**

- inclusion in the register of shareholders of the company;

- receipt of an extract from the depo account;

- receiving part of the profit of the Company as dividends;

- Obtaining part of the property of the Company in case of Company liquidation, in accordance with owned shares;

- participation at the management of the Company through voting at general meetings of shareholders;

- Obtaining full and reliable information about the results of the Company's financial and economic activities on a set order;

- free usage of the dividend received;

- protection of their rights in the authorized government body for regulation of the securities market, as well as in court;

- require compensation for caused losses in the established order;

- unite to associations and other non-profit organizations for representing and protecting their interests;

- insurance of risks associated with possible losses, including lost profits when acquiring securities.

Shareholders may have other rights in accordance with the law and the Charter of the company.

**7. Any restrictions on the acquisition of shares of this issue in the company's charter** **and / or in the decision to issue**:

The decision of the Supervisory Board of Kvarts JSC on September 15, 2017 (Minutes No. 15 ) made a decision on the implementation of this additional share issue, according to which the following restriction was established: the acquisition by one person (other than the underwriter) of the shares of the additional issue of Kvarts, according to the Decree of the Cabinet of Ministers of the Republic of Uzbekistan of May 10, 2017 No. 268 "On the organization of the public offering of shares on the stock exchange," should not be more than 0.05% of the total number of placed securities.

**8.** **The size of the authorized capital of the company** **(** **sum)** **:** 78   460   118 100 (seventy eight billion four hundred sixty million one hundred eighteen thousand hundred) soums.

**9. Number of** **previously placed** **shares** **(shown by type):** The total number of previously placed shares is 45   749 340 (forty-five million seven hundred forty-nine thousand three hundred forty) ordinary registered non-documentary shares.

**10. Number of previously placed corporate securities** **(indicated by type and type):** Corporate bonds were not issued by the Company.

**11.** **Terms and procedure for issuing this shares**

**11.1.** **Placement method of this shares** (public or private subscription) *(In case of a closed subscription, the circle of potential purchasers of shares is also indicated* :

All shares of this issue are placed by open subscription among unlimited range of investors by conducting an initial public offering ( IPO ) of shares in accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of May 10, 2017 No. 268 "On the organization of the public offering of shares on the stock exchange."

**11.2.** **The term of placing shares** *(There should be included: Start date and end date of the placement of shares or the procedure for determining the term of the placement of shares* *If the share placement period is determined by reference to the date of disclosure of any information on the issue of shares, also indicates the procedure for disclosure of such information) :*

Term of placement of shares is determined according to Regulations on the procedure for the primary  public offering(IPO) of shares on the stock exchange, approved by the Cabinet of Ministers № 268 from 05.10.2017.

Placement start date - not earlier than 180 (one hundred eighty) days from the date of state registration of the additional issue of shares.

End of placement - the date on which will be posted the latest share of the additional issue, but not later than the date of placement, as defined in accordance with the Regulations on the procedure for the primary (IPO) public offering of shares on the stock exchange, approved by the Cabinet of Ministers № 268 dated 05/10/2017.

**11.3.** **The procedure for placing shares of this issue** *(there is specified: the procedure and terms for concluding civil transactions during the placement of shares, the markets through which the placement will take place.*

*In the event* *that the* *placement of shares is carried out by the issuer with the involvement of professional participants of the securities market that provide services to the issuer for the placement of shares (underwriters), for each such person additionally stated:*

*full and abbreviated company name, location;*

*number, date of issue and period of validity of the license for the conduct of professional activities, the authority that issued the license;*

*the main functions of this person, and if the contract between the issuer and the person rendering services for the placement of shares provides for the acquisition by the latter of shares at their own expense that are not placed within the time period established by such agreement - also this period or the procedure for determining it.)* **:**

All shares of this issue are placed by open subscription among an unlimited range of investors by conducting an initial public offering ( IPO ) of shares in accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of May 10, 2017 No. 268 "On the organization of the public offering of shares on the stock exchange."

The shares of this issue are sold by conducting a subscription campaign and collecting applications for purchasing shares. During subscription campaign carrying by underwriter (organizer IPO), working conditions are created for receiving applications for shares, order of which is determined by the stock exchange.

Offering is carried out on the stock exchange by registration of exchange transactions with announcing quotation price of placement in accordance with the Rules of Exchange Trading in Securities on the Republican Stock Exchange "Toshkent" .

The placement of shares of this issue is carried out with the involvement of underwriters.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 268 of May 10, 2017 "On the organization of the public offering of shares on the stock exchange", underwriter (the organizer) of the initial public offer ( IPO ) of shares of JSC "Kvarts" is the National Bank for Foreign Economic Affairs of the Republic of Uzbekistan.

**Information about the underwriter of this additional issue:**

***Full  name:*** The National Bank for Foreign Economic Activity of the Republic of Uzbekistan

***Brief brand name:*** Uznatsbank

***Location:*** Tashkent, ul. Istiklol , 23

***Number, date of issue and license validity for carrying out professional activities, authority which issued the license:*** License for the right to conduct banking operations, No. 22 dated October 25, 1991, issued by the Central Bank of the Republic of Uzbekistan, unlimited.

***Main function of*** ***underwriter:***

- Carrying out a pre-study of the joint-stock company in order to create objective understanding about the company, in the course of which may be involved audit, evaluating, consulting and insurance companies, banks and other experts;

- Conducting marketing studies, including, by the way of examining conditions and market size on the basis of pre-subscriptions from potential investors for the right to purchase shares of the estimated production volume;

- Preparing and giving investment memorandum by the buyers on the basis of information, provided by the joint-stock company;

- identifying a range of prices and offerings for share purchases by the results of a preliminary study of the Company;

- giving every potential buyers the opportunity to become familiar with conditions of sale and prospectus before the purchase of the placed shares;

- offering shares by the way of their alienation from investors on the basis of an agreed document with the Company;

- placing Company's shares in quantity, at a price and within the terms determined by the conditions of this additional issue;

- carrying out subscription to shares;

- redemption of untraded shares.

***Time for redemption of untraded shares*** is no later than 1 0 days after the registration of transactions by the stock exchange.

**11.4.** **Full company name, including organizational and legal form, location, postal address, telephone number of the** **Central Securities Depository and investment intermediary that records the rights to securities:**

Registering the rights to shares of this additional issue are done in the Central Depository and with investment intermediaries who have accepted applications for the purchase of shares.

**Information about SE "Central Securities Depository":**

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| ***Full name*** : | State enterprise "Central Securities Depository" |
| ***Organizational and legal form*** : | State Unitary Enterprise |
| ***Location:***  ***Mailing address*** ***:*** | 100 000, Tashkent, Bukhoro st., 10  100 000, Tashkent, Bukhoro st., 10 |
| ***Phone fax:*** | 236-14-34; 233-13-57 |
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**11.5.** **Procedure of exercising the priority rights to purchase the placed shares of this issue** *(In case of giving priority right to purchase, the followings should be indicated:*

*date (procedure for determining the date) of made list of persons who have such preferential rights;*

*notification procedure of possible exercising the preferential right to purchase placed shares;*

*procedure for exercising the preferential right to purchase shares being placed.)*

preferential right to acquire the placed shares is not provided in this issue.

The Extraordinary General Meeting of Shareholders of Kvarts JSC dated August 11, 2017 (Minutes No. 2 of August 17, 2017) decided not to exercise the preferential right of the Company's shareholders to purchase shares of this additional issue placed through an initial public offering (IPO) of shares "Kvarts" in accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of May 10, 2017 No. 268 "On the organization of the public offering of shares on the stock exchange."

Time for the decision of not using preferential right to purchase shares by shareholders during the initial public offer (IPO) of the shares of JSC "Kvarts" is one year from the date of such decision**.**

**11.6.** **Price (s) or procedure for determining the offering price of the shares of this issue** *(Set the price (s) or procedure for determining the price of the shares.* *In the case* *when placing the stock is given a preferential right to acquire, shares should be additionally indicated the price or procedure for determining the price of the shares to persons having such privilaged right)***:**

The offering price for shares of this issue is determined in the following order:

the price range for the offer to collect applications and to purchase of shares, the conditions for its determination are established by the underwriter (the IPO organizer) in agreement with the issuer (initiator of the IPO) under the agreement between the issuer and the underwriter based on the preliminary study of Kvarts JSC and conducting an assessment to determine the market value of shares JSC "Kvarts" an independent appraisal organization.

The shares placement price of this issue on the stock exchange will be set at the prices offered by investors, taking into account the priority of the highest bid price.

Unplaced part of the issue of shares sold through the IPO, acquired  underwriter (organizer IPO ) at a quoted price determined by the stock exchange, unless otherwise provided in the contract between the underwriter (the organizer IPO ) and the issuer (the initiator of the IPO).

**11.7.** **Terms and payment procedure:** *(Conditions, procedure for payment of shares, including the form of payment, full and abbreviated names of credit institutions, their location, bank details of accounts, to which funds of receiving shares must be transferred, addresses of payment points (in case of a cash form payment for shares should be indicated).*

*In case of cash payment for shares, property that can be paid for shares, payment terms, including documents to be issued with such payment (acts of acceptance and transfer of property, etc.), as well as the following information about the appraiser (appraisers) determination of the market value of such property:*

*full and abbreviated company name, location of the appraiser;*

*number, date of issue and period of validity of the license to perform valuation activities, authority that issued the license.)*

Payment for shares of this issue is carried out in cash in a non-cash form.

In order to purchase shares, investor makes a payment on a separate account of an investment intermediary during filing an application for the purchase of shares, recruited by the underwriter (IPO organizer) to record the pre-deposited funds of investors.

In case of dissatisfaction with applications, investors' money must be returned to them within 15 days from the date of registration of transactions in accordance with the procedure established by law.

**11.** **8** **.** **The procedure for the return of funds received by the issuer as payment for shares in case of recognition of this** **issue of shares failed** **:**

In case of that issue of shares is considered as invalid, funds allocated to pay for the shares of this additional issue will be returned to investors in accordance with the procedure established by law within no more than 10 days from the date of recognition of the additional issue of shares as failed by transferring money to the bank details specified in the application to purchase shares of this additional share issue.

**12. Procedure for disclosure of information on the issue (additional issue) of securities by the issuer** **in accordance with the legislation of the Republic of Uzbekistan:**

Information on this additional issue of shares of JSC "Kvarts " will be disclosed in the manner and terms established by law, to a unified corporate information portal  [www.openinfo.uz](https://translate.google.com/translate?hl=en&prev=_t&sl=ru&tl=en&u=http://www.openinfo.uz) , OnlineRepublican Stock Exchange "Toshkent"   [http://www.uzse.uz](https://translate.google.com/translate?hl=en&prev=_t&sl=ru&tl=en&u=http://www.uzse.uz) and on the official corporate website of the Company [www.](https://translate.google.com/translate?hl=en&prev=_t&sl=ru&tl=en&u=http://www.kvarts.uz) [kvarts.uz](https://translate.google.com/translate?hl=en&prev=_t&sl=ru&tl=en&u=http://www.kvarts.uz) :

by the way of publishing material fact about the state registration of this additional issue;

by publishing information about the place and order of familiarization with the text of the securities issue prospectus, as well as the following information:

- full and abbreviated name of the issuer, location (postal address), bank details, registration and identification numbers assigned by the bodies that carry out state registration of legal entities, state statistics and tax service bodies;

- main activities and products (services);

- terms and conditions for the issue and placement of securities in accordance with the decision to issue securities.

Any interested person can get acquainted with the original decision on this additional issue of shares and the issue prospectus to the address: 150900, Republic of Uzbekistan, Fergana region, Kuvasai city, ul. Mustakillik, 2a.

A copy of the decision on this additional issue of shares and the issue prospectus can be found on the official corporate website of the Company : [www.](https://translate.google.com/translate?hl=en&prev=_t&sl=ru&tl=en&u=http://www.kvarts.uz) [kvarts.uz](https://translate.google.com/translate?hl=en&prev=_t&sl=ru&tl=en&u=http://www.kvarts.uz) , and also on request by contacting: 150 900, 2a, Mustakillik street, Kuvasai, Fergana region, Republic of Uzbekistan.

**13. Other information** **:** Information on a legal entity from the Unified State Register of Enterprises and Organizations:

JSC «the Kvarts » originally registered 05.07.1995 by the local administration of Kuvasai for number 001.

JSC "Kvarts" was re-registered at the Center of "single window" of the regional department of the Ministry of Justice of Uzbekistan, state registration number: № 284802.

INN - 200124765

Codes assigned to the state of RGANI statistics:

BPA - 1150

CFS - 144

OKPO - 05576905

SOATO - 1730408

NCEA - 23130

JBCO - 07154