

IN THE HIGH COURT OF JUSTICE

Claim no. CL-2023-000262

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

COMMERCIAL COURT (KBD)

BETWEEN:

YERMEK ALIMOV

Claimant

- and -

(1) ABDUMALIK MIRAKHMEDOV

(2) RASHIT MAKHAT

(3) ANDREY KIM

(4) GENESIS DIGITAL ASSETS LIMITED

(a company incorporated in Cyprus)

Defendants

FIRST WITNESS STATEMENT OF ASSET BEGALIYEV

I, ASSET BEGALIYEV, of [REDACTED] WILL SAY as follows:

1. I am a founder of Adal Works, a co-founder of Beksar Ltd and former business assistant of the Claimant, Yermek Alimov. I was involved in the negotiations between KKS Karagandy LLP (“**KKS Karagandy**”) and Hua Tun (Central Asia) Cable LLP (“**Hua Tun**”) between 2016 and 2017.
2. For the avoidance of doubt, when I refer to “**Hua Tun**” I also include its Chinese parent company, Hebei Huatong Wires and Cables Group Co., Ltd., where the context so requires. Where I need to distinguish between the companies I refer to this company as “**Hua Tun China**”.
3. I make this witness statement in support of Mr Alimov’s case and in response to a letter from Hua Tun dated 23 May 2024 sent in reply to questions posed of Hua Tun by Withers LLP, the First and Third Defendants’ solicitors.

4. This statement has been prepared following discussions with Mr Alimov's solicitors by Zoom video conferencing.
5. The facts and matters set out in this statement are within my own knowledge unless otherwise stated, and I believe them to be true. Where I refer to information supplied by others, the source of the information is identified; facts and matters derived from other sources are true to the best of my knowledge and belief.
6. There is now produced and shown to me a paginated bundle of true copy documents marked "**AB1**". All references to documents in this statement are to Exhibit AB1 unless otherwise stated.

The beginning of negotiations between KKS Karagandy and Hua Tun

7. As stated above, I was employed by Mr Alimov, and worked as his business assistant across all his ventures, including KKS Karagandy.
8. The initial negotiations between KKS Karagandy and Hua Tun for the sale of the Vtorprom Factory and the Stal sub-station began around April-May 2016. I oversaw all negotiations between KKS Karagandy and Hua Tun regarding the purchase of the Vtorprom Factory and Stal sub-station, acting upon instructions given to me by Mr Alimov.
9. I recall that in or around April 2016, I received a call from a woman from the Akimat (City Hall) in Karagandy, informing me of a potential investor from China who was interested in purchasing the Vtorprom Factory.
10. Following this communication, around the same time, I was approached by Askar Orazbekov to discuss the potential deal.
11. Mr Orazbekov was the representative of Hua Tun China in Kazakhstan. As far as I am aware, Mr Orazbekov studied in China, where he became acquainted with the Hua Tun group and its shareholders. He was considering how to attract Hua Tun and its shareholders to invest in Kazakhstan. Mr Orazbekov's father, Begaly Orazbekov, was appointed as the director of Hua Tun, the Kazakhstan subsidiary, once it was incorporated in Kazakhstan. (I will refer to Askar Orazbekov as "**Mr Orazbekov**"). Mr

Orazbekov is fluent in Mandarin and was responsible for translating, interpreting, and structuring the sale of the Vtorprom Factory.

12. During our conversation, Mr Orazbekov informed me that his cousin, Berik Zhakenov, a government official with sufficient authority and connections, could assist with this transaction. When Askar mentioned his brother's name, Mr Alimov told me that he knew Mr Zhakenov. Shortly thereafter, a meeting was held between me, Mr Alimov, Mr Zhakenov and Mr Orazbekov. Mr Orazbekov was also insisting on a commission for him in order for him to persuade Hua Tun to proceed with purchasing the Vtorprom Factory from Mr Alimov. He described this request as being a matter of motivating him to get Hua Tun China to purchase the Vtorprom Factory. In doing so, he mentioned that he had already inspected more than 20 different sites throughout Kazakhstan for manufacturing of steel billets from ferrous metal for subsequent production of final products, and that if they receive a good commission proposal, they would be able to lobby Hua Tun's main shareholders to proceed with purchasing Vtorprom Factory and Stal sub-station.
13. I recall that there was urgency from Mr Orazbekov's side, as he informed me that his son required an expensive medical surgery in Germany, costing approximately \$400,000. Askar told me that we needed to expedite the deal to ensure that we were moving forward and that he would receive his commission from the transaction.
14. I recall that Mr Alimov's position in the market was that the purchase price of the Vtorprom Factory should be set at \$5,000,000. Mr Alimov was prepared to pay a 20% commission on a sale price of up to \$5,000,000, and 50% commission on any part of the sale price which exceeded \$5,000,000. During another meeting with Mr Orazbekov in Astana, it was agreed that the price for the Vtorprom Factory and the Stal substation would be set at \$7,500,000. Effectively, it meant that once the deal between KKS Karagandy and Hua Tun was signed, \$2,250,000 in total would be paid to Askar and Berik as commission from the sale proceeds, i.e. \$1,000,000 (as 20% commission on the part of the sale price up to \$5,000,000) and \$1,250,000.00 (as 50% commission on the \$2,500,000 sum by which the purchase price exceeded \$5,000,000).
15. Following our discussions, we commenced the first round of information exchange, and the initial file was sent by email from me to Mr Orazbekov on 24 May 2016. After that,

the deal between KKS Karagandy and Hua Tun started to progress by exchanging different technical documents regarding the assets, which then led to a signed memorandum of understanding between Mr Alimov and Zhan Wendong (the majority shareholder of Hua Tun China) dated 7 December 2016, where both parties indicated their intentions to sell and purchase the aforementioned assets. As I explain below, at the time this sale was structured by way of a purchase of 100% of the shares in KKS Karagandy [Exhibit 1, pages 3-9].

Meeting between Mr Alimov and Mr Zhan

16. I was present at the meeting between Mr Alimov and Mr Zhan, when the signing took place on 7 December 2016 in the InterContinental Hotel in Astana, Kazakhstan. From our side, there were me, Mr Alimov and a lawyer, Daria Isayeva from Moving law firm (now MG Partners Law Firm), whom we instructed at that time. From Hua Tun's side, there were Mr Zhan, Mr Orazbekov, Li Shan (Hua Tun's lawyer) and couple of other people.
17. The original plan was to execute the deal within two months following the signing of the memorandum of understanding, i.e. by the end of February 2017; however, because of the legal formalities, on which Hua Tun insisted, it took more time. From our side, we proposed that KPC Solutions Limited, the BVI company owned by Mr Alimov which was then the beneficial owner of KKS Karagandy, would just transfer 100% of its shares in KKS Karagandy to Hua Tun's parent company. Hua Tun firstly agreed to the proposed plan.
18. However, the Hua Tun's delegation, after consulting with local lawyers, decided to incorporate a subsidiary in Kazakhstan and acquire the assets through the newly established subsidiary. Therefore, we changed the original plan to finalise the deal within two months after the signing of the memorandum of understanding.
19. By the memorandum of understanding, Mr Alimov and Mr Zhan expressly agreed in writing that, for the purchase price of \$7,500,000.00, Hua Tun would acquire all of the shares in KKS Karagandy, which would include its assets, the Vtorprom Factory and the Stal-substation. [Exhibit 1, page 5]

Preliminary agreement between KKS Karagandy and Hua Tun dated 12 March 2017

20. It took approximately three months for Hua Tun to comply with all legal formalities and incorporate the Kazakhstan subsidiary, which became Hua Tun (Central Asia) Cable LLP. That company was only incorporated on 10 March 2017 [**Exhibit 2, pages 10-14**] shortly before it initialled the preliminary agreement with KKS Karagandy on 12 March 2017.
21. Once the company was incorporated, Hua Tun promptly informed us that they were ready for the preliminary agreement dated 12 March (“**12 March 2017 Agreement**”) to be initialled [**Exhibit 3, pages 15-30**].
22. I also remember that there was a rush in initialling the 12 March 2017 Agreement, because Mr Orazbekov was asking us to expedite the deal and he was negotiating the agreement prior to the incorporation of the Kazakhstan subsidiary.
23. I remember that the 12 March 2017 Agreement was initialled by Mr Orazbekov for Hua Tun, and by me for my and Mr Alimov’s side. Mr Alimov did not initial the 12 March 2017 Agreement, as it was always understood that he would only sign the final deal between KKS Karagandy and Hua Tun.
24. As I oversaw all negotiations and was involved in the deal in greater detail, it was my responsibility to ensure that the final deal, which Mr Alimov would sign, was fully compliant with all necessary formalities, Mr Alimov instructions, and his interests.
25. I understand that Hua Tun has denied that the 12 March 2017 Agreement existed and denied that its signatories were authorised. That is completely false. The copy of the 12 March 2017 Agreement at [**Exhibit 3, pages 15-30**] is a scan of the initialled Agreement which I received from Hua Tun.
26. I also attach emails between me, Mr Alimov and Mr Li (Hua Tun’s lawyer, who spoke Russian) by which we negotiated the 12 March 2017 Agreement and then arranged to meet on 12 March 2017 in Astana to sign it [**Exhibit 4, pages 31-192**]. These emails show:
 - (a) On 7 March 2017 at 11.38, Mr Li (from his address lishan125@hotmail.com) a draft of the agreement (with file name ‘Draft sale and purchase agreement

07.03.2017) to me (at my email address, abko186@gmail.com), copying in Mr Orazbekov (at his email address, kzoskar@mail.ru) (**Exhibit 4, page 31-51**):

- (b) I replied the same day at 16.56 with changes, attaching an amended draft (**Exhibit 4, page 52-57**).
- (c) On 8 March 2017, at 15.17, Mr Li sent a revised drafted (**Exhibit 4, page 58-64**).
- (d) I replied the same day at 17.04, making changes to certain clauses (4.2.8, 5.3, and 5.4 and 5.6) as set out in the body of the email (**Exhibit 4, page 65-73**).
- (e) Mr Li replied at 17.55 agreeing to some of those changes on clause 5.3 and making a counter-proposal on clauses 4.2.8, 5.4 and 5.6, and proposing deleting clause 5.7 (**Exhibit 4, page 74-84**).
- (f) I replied at 20.16 with further changes and rejecting certain counterproposals on those clauses (**Exhibit 4, page 74**).
- (g) On 10 March 2017 at 23.35, Mr Li sent me a revised draft of the agreement with further changes (**Exhibit 4, page 85-108**).
- (h) On 11 March 2017 at 10:24 I replied to Mr Li, copying in Mr Orazbekov, with further changes to the revised draft of the agreement (**Exhibit 4, page 109**).
- (i) On 11 March 2017 at 15.26 I sent Mr Lia final agreed version (**Exhibit 4, page 122-146**).
- (j) Mr Li sent back an amended version on 11 March 2017 at 22.29 (**Exhibit 4, page 147-177**).
- (k) On 12 March 2017 at 10.56 Mr Li emailed me, copying in Mr Orazbekov, to confirm that they were at the hotel waiting for me, for our meeting at around 11.00 (**Exhibit 4, page 177-192**).

27. The Agreement was then initialled at our meeting at InterContinental hotel at around 11.00 that day. I have searched my hard copy files and do not have an original hard copy of the initialled Agreement, only the scan of the initialled as attached as **Exhibit**

3, pages 15-30. I can only conclude that Hua Tun took away the hard copy and sent me the scan for my records.

28. Those emails show that Hua Tun was fully aware that the 12 March 2017 Agreement was being negotiated between me (for KKS Karagandy) and Mr Li (for Hua Tun) and Mr Orazbekov (also for Hua Tun) was copied into each round of emails. I do not understand how Hua Tun can now tell Withers LLP that the Agreement does not exist, that they do not recognise it and that the signatures on it were not authorised. Those denials are false.

13 June 2017 Agreement between KKS Karagandy and Hua Tun

29. Once the 12 March Agreement was initialled, the formal work required for signing the agreement between KKS Karagandy and Hua Tun dated 13 June 2017 (“**13 June 2017 Agreement**”) began. It took three months to conduct all necessary due diligence checks, prepare all legal documents, and inspect the assets on-site to be confident in signing the 13 June 2017 Agreement.
30. I would like to note that the initialling of the 12 March 2017 Agreement was necessary so that all parties understood each other’s intentions and felt confident in the deal, given the size and sum involved.
31. It should be noted that on 13 June 2017, two agreements between KKS Karagandy and Hua Tun were signed—the 13 June 2017 Agreement [**Exhibit 5, pages 193-200**] and an agreement for the sale of tangible property between KKS Karagandy and Hua Tun [**Exhibit 6, pages 201-208**].
32. The 13 June 2017 Agreement was signed to secure Hua Tun’s interest in KKS Karagandy’s assets as the main deal for transferring the intangible assets between KKS Karagandy and Hua Tun was being notarised. The notarisation of the 13 June 2017 Agreement was of paramount importance as otherwise the KKS Karagandy’s intangible assets would not be transferred under the Kazakh law. It is also worth noting that the 13 June 2017 Agreement was made to give Hua Tun additional confidence in the deal, considering the advanced stage of the process, when everything had already been formalised and all necessary due diligence checks had been completed.

33. I also remember that in June 2017, I was informed by Mr Alimov that we needed to cancel the deal with Hua Tun for the Stal sub-station. He informed me that he had been contacted by Abdumalik Mirakhmedov, Rashit Makhat, and Andrey Kim, who asked him to cancel the deal for Stal sub-station and use it for their common project with Mr Alimov. Mr Alimov did not specify what common project they had together, but he instructed me to remove the Stal sub-station from the deal with Hua Tun.
34. It is also worth noting that the Stal sub-station is quite an old asset. I remember that once we received instructions to remove the Stal sub-station from the deal, I had a meeting with Mr Orazbekov and Mr Zhakenov, where we announced that the deal regarding the Stal sub-station must be cancelled because of Mr Alimov's interest in his common project with Mr Mirakhmedov, Mr Makhat, and Mr Kim. Mr Zhakenov, being a government official who understood how everything works in Kazakhstan, agreed to cancel the Stal sub-station from the deal if we provided him and Mr Orazbekov with letters explaining the unsatisfactory quality of the Stal sub-station, along with an additional personal consideration of some value to him and Mr Orazbekov, so that they both would be motivated to successfully lobby Hua Tun to remove the Stal sub-station from the deal.
35. However, they informed us that we needed to devise a plan to sell the Vtorprom Factory to Hua Tun without the Stal sub-station. As I mentioned earlier, they asked us to provide them with written evidence that the technical condition of the Stal sub-station was unsatisfactory, so that Mr Orazbekov and Mr Zhakenov could persuade Hua Tun to refuse to purchase the Stal sub-station. We were able to contact the relevant authorities, with whom Mr Alimov had personal connections, and asked them to provide us with confirmation that the Stal sub-station was of unsatisfactory quality and cannot be sold because it would be non-operational and that it was impossible to transfer this asset to them.
36. Several letters were prepared, which we then provided to Hua Tun, outlining the unsatisfactory condition of the Stal sub-station and stating that we were unable to transfer this asset to them. **[Exhibit 7, pages 209-220]**
37. It should be noted that it was Mr Orazbekov and Mr Zhakenov's idea and proposal for us to obtain these letters and provide them to Hua Tun, so that Hua Tun would at least

proceed with purchasing the Vtorprom Factory. Mr Orazbekov and Mr Zhakenov wanted that part of the deal to go ahead because they still had an interest in getting their commission from the deal. Therefore, they asked us to provide these letters so they could lobby for the cancellation of the deal regarding the Stal sub-station to Hua Tun.

38. The additional personal consideration to Mr Orazbekov and Mr Zhakenov, to motivate them to lobby Hua Tun to remove Stal from the deal, was provided by way of transfer of tangible assets, namely Mr Alimov's son's apartments in Astana, Mr Alimov's black Mercedes and Mr Makhat's white Mercedes.
39. In fact, the Stal sub-station was of satisfactory quality, and in our internal meetings, it was never discussed that the Stal sub-station was of unsatisfactory quality or that it should not be sold to Hua Tun. This was done solely because of Mr Alimov's common project with Mr Mirakhmedov, Mr Makhat, and Mr Kim, and their request to stop the deal regarding the Stal sub-station so that it could be used in that common project.

Statement of Truth

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed:  _____

Name: Asset Begaliyev

Dated: 16 August 2024