

## **DIVIDEND PROCEDURE**

### **1. GENERAL PROVISIONS**

- 1.1. This Dividend Procedure (the "**Procedure**") shall be a key document of Central Express CVS JSC (the "**Company**") that defines and determines the amount of dividends to be distributed to the shareholders of the Company, the terms and conditions of dividend distribution and other matters related to making decisions on distributing, informing and reporting of dividends.
- 1.2. This Procedure shall be in compliance with the Company Law, the Law on the Securities Market and rules and regulations of the regulatory bodies and dividends shall be paid and distributed in accordance to these laws and regulations.
- 1.3. This Procedure shall take effect upon the approval by the Board of Directors of the Company (the "**Board**") and amendments shall enter into force upon approval by the Board.
- 1.4. The Procedure may be shared at request and shall be posted on the Company's website.

### **2. DIVIDENT POLICY**

- 2.1. The Company shall comply with requirements of applicable laws, the Charter of the Company and implement the optimal and sound management practices for maximizing the earnings per share and return on equity. It should have the proper policy to maintain a reasonable rate of dividends.
- 2.2. The dividend calculations shall be made by the Board annually and the Chief Executive Officer of the Company may propose dividend calculations.
- 2.3. Dividends shall be allocated from the Company's net profit after tax and distributed after the release of the Company's annual financial statements upon fulfilment of all of the following conditions:-
  - 2.3.1. The Company was profitable;
  - 2.3.2. The investment required to implement the business plans and projects developed by the Board for the purposes of expanding the operations and profitability of the Company and increasing shareholder values;
  - 2.3.3. The Company is financially solvent after dividend payment;
  - 2.3.4. After dividend payment, the equity capital of the Company is greater than the sum of the share capital, unpaid dividends of preferred shares, liquidation price and the minimum amount of equity as specified in the law;
  - 2.3.5. The Company is in a position to repurchase its shares at the request of its shareholders or able to fully repurchase its securities during the redemption period or has the assets required to fully repurchase its securities; and
  - 2.3.6. The Company fully redeemed its securities.
- 2.4. The Company distributes the same amount of dividends per one type of shares.

### **3. DECISION ON DIVIDEND DISTRIBUTION**

- 3.1. The Board shall make a decision on distribution of dividends of the Company and inform its decision to shareholders at the general meeting. The Board shall discuss and decide on dividend payment within 50 days after the financial year end.
- 3.2. If the Board decides to distribute dividend, the decision shall specify the amount of dividends to be paid per share, the registration date for the list of shareholders entitled to receive dividend, the date of dividend payment and the form and method of dividend payment.
- 3.3. If the Board decides not to distribute dividends, the reasons, plan of further actions and measures shall be communicated to shareholders at the annual annual meeting.
- 3.4. Dividends shall be distributed in agreed form or methods by the Board and may be paid in cash or in assets, as well as in the form of the Company's or other entity's securities.
- 3.5. The decision made the Board shall specify the following information:
  - 3.5.1. Amount of dividends per share;
  - 3.5.2. Date of dividend payment;
  - 3.5.3. Form or methods of dividend payment;
  - 3.5.4. Registration date for the list of shareholders entitled to obtain the dividends; and
  - 3.5.5. Other.
- 3.6. The Board shall set the dividend payment date in accordance with the approved business plan of the Company.
- 3.7. The Board decision on dividend distribution shall be announced to the public and copy of such decision shall be submitted to the Financial Regulatory Commission and information database of the Mongolian Stock Exchange.
- 3.8. The Board shall post its decision on dividend distribution on the Company's website and inform the public in accordance with regulation on shareholders meeting notice.

### **4. DISTRIBUTION, PAYMENT AND REPORTING OF DIVIDENDS**

- 4.1. The Board shall set the registration date for the list of shareholders entitled to receive dividends in accordance with the Company Law and obtain the list of shareholders from the Mongolian Central Securities Depository LLC
- 4.2. When distributing dividends, the Company shall comply with the terms and conditions set forth in the Company Law. The form and method of dividend distribution shall be in compliance with the interests of the shareholders and in accordance with applicable laws and regulations.
- 4.3. In case of dividends distribution in cash, the dividends shall be allocated in name account of each shareholder through the Mongolian Central Securities Depository LLC.
- 4.4. The Company shall prepare the dividend distribution report within 15 (fifteen) business days after the end of dividend distribution in accordance with Article 46.14 of the Company Law and submit it to the Financial Regulatory Commission and the Mongolian Stock Exchange within the specified time. The dividend distribution report should also be presented to shareholders at the regular meeting.

- 4.5. Dividends not paid to a shareholder shall be allocated as payable in the accounting reports and dividends to pay at the initial request of the shareholder.

**5. MISCELLANEOUS**

- 5.1. The Company is obligated pay the dividend on agreed timeline and pay dividends with undue loss based on claim of shareholders in case of failure to pay it on the specified time. The Chief Executive Officer shall be solely responsible to compensate the undue loss or damages suffered by the Company.
- 5.2. Failure to receive dividends within agreed timeline by the Board shall not be subject to denying the right to receive dividends or not paying dividends to the shareholder.
- 5.3. In the event that the shareholder transfers the owned shares to others from registration date to the dividend payment date, the right to receive the dividend shall remain with former shareholder of the Company.