

SHAREHOLDERS COMMUNICATION PROCEDURE

1. GENERAL PROVISIONS

1.1. Purpose

This Shareholders communication procedure (“**Procedure**”) aims to regulate relations connected to the transparency, type, format and frequency of information needed for authorized organizations and shareholders and investors to make investment decisions by Central Express CVS JSC (the “**Company**”) and communication of such information to the public.

1.2. Scope

This Procedure shall be complied by the Board of Directors of the Company (the “**Board**”), Company Secretary, senior management, authorized officials and insiders of the Company.

This Procedure may be shared to interested parties at request and shall be posted on the Company’s website.

1.3. Review and Amendments

Senior management and Company Secretary shall review this Procedure every three years and submit necessary changes or amendments to the Board for approval. Any changes or amendments shall enter into force upon approval by the Board.

1.4. Provisions of the TOR

In the event of a conflict between this Procedure and charter of the Company (the “**Charter**”), the Charter shall prevail. In the event that the Procedure is in compliance with the governing laws and regulations of Mongolia, the respective latest updated law shall prevail accordingly. Any uncertainty or disagreement regarding the interpretation of the provisions of the Procedure or any issues or matters not specified in this Procedure shall be regulated by applicable laws and regulations.

1.5. Terms and Interpretation

Terms used in this Procedure shall be interpreted as follows:

- 1.5.1. **Inside information** refers to information which, not disclosed to the public, would be likely to have a significant effect on price of listed securities of the Company.
- 1.5.2. **Insider** means that bodies or officials as specified in Section 1.5.2 of Procedure on inside information and activities of insider of the Company.
- 1.5.3. **Disclosure to the public** means that communicating information specified in this Procedure and applicable laws and regulations through websites of the Company and Stock Exchange and other public media if required by the Financial Regulatory Commission (“**FRC**”).
- 1.5.4. **Prior to public disclosure** means that prior date to disclose information specified in Section 2 of this Procedure and Section 4 of Procedure on inside information and activities of insider of the Company through means specified in Section 1.5.3 of this Procedure.
- 1.5.5. **Substantial shareholder** refers to a person or company individually or together with its associate who is entitled to exercise in accordance with applicable law and agreement, or control the exercise of 5 percent or more of the issued voting shares of the Company.
- 1.5.6. **Timely disclosure** refers to communicating information specified in this Procedure as “to be disclosed timely” through websites of the Company and Stock Exchange and other public media if required by the FRC;

- 1.5.7. **Periodic report** refers to documents containing information related to operation of the Company to present at the shareholders' meeting and to investors of the Company;
- 1.5.8. **Controlling shareholder** is a shareholder who owns more than one third of issued shares of the Company; and
- 1.5.9. **Authorized officials** refer to the Directors of the Board, Chief Executive Officer, Company Secretary and such other officers as the Board may appoint.

2. INFORMATION DISCLOSED TO THE PUBLIC

2.1. Periodic report

- 2.1.1. The periodic report of the Company refers to interim and annual operational and financial reports. Annual report of the Company containing information specified in Section 2.1.2 of this Procedure and interim report containing information specified in Section 2.1.3 of this Procedure shall be communicated to the public through websites of the Company and Stock Exchange by April 30 of coming year and 20th day of next month, respectively.
- 2.1.2. Annual report of the Company shall contain the following information:
 - 2.1.2.1. Financial information of the Company
 - (i) Annual financial statement and notes;
 - (ii) Independent auditor's report;
 - (iii) Information about loan repayment and guarantee; and
 - (iv) Information required for investors and shareholders to make investment decision including financial condition and liquidity;
 - 2.1.2.2. Management discussion and analysis
 - (i) Information about impact of internal and external environmental factors on income of the Company;
 - (ii) Solvency and liquidity ratio for short, mid and long term, the Company's financial ability to be fully responsible for operational loan and possibility to get financing from domestic and foreign source;
 - (iii) Impact of external and internal environmental factors on the Company's operation, market share, development and classification of products and services, and the Company's planned measures related to changes; and
 - (iv) Detailed information about transactions not recorded in financial statement and brief information about accounting policy.
 - 2.1.2.3. Information related to connected and major transactions including outcome of concluding such transactions and information about connected party.
 - 2.1.2.4. Remuneration package provided to the directors of the Board, executive management, number of options and shares owned and policy related to compensations, incentives and rewards.
 - 2.1.2.5. Corporate governance report
 - (i) Information about Chairman and directors of the Board, executive management;
 - (ii) Changes in governance structure and composition;

- (iii) Roles and responsibilities of committees and name, education, experience of committee members;
 - (iv) Implementation of code of conduct and risk management;
 - (v) Shareholders' meeting decision on performance evaluation of the Board and its Committees;
 - (vi) Board's decision on performance evaluation of executive management;
 - (vii) Board's decision on performance evaluation of internal audit; and
 - (viii) If required, corporate governance evaluation report in accordance with evaluation method approved by FRC.
- 2.1.2.6. Market risks information
- (i) Derivative financial instruments and other instruments in order to manage market risks incurred in foreign trade; and
 - (ii) Market risks evaluation method and risk management strategy.
- 2.1.2.7. Shareholders information
- (i) Name of beneficial owner and substantial shareholders and number of shares owned;
 - (ii) Subsidiary information; and
 - (iii) Number of shareholders sold their shares in accordance with Company Law of Mongolia and information about total price.
- 2.1.2.8. Dividend information
- (i) Dividend Policy;
 - (ii) Amount of dividend to be distributed, distribution method and dates and reason when dividend is not distributed; and
 - (iii) If dividend is distributed in previous year, distribution report and information of such dividend.
- 2.1.2.9. Social responsibility report
- 2.1.2.10. Other required information
- (i) Information to be disclosed timely as specified in Section 2.2 of this Procedure; and
 - (ii) Other required information.
- 2.1.3. Interim report of the Company shall include the following information:
- 2.1.3.1. Interim financial statements and notes;
 - 2.1.3.2. Impact of internal and external factors on financial operations of the Company, financial statement analysis and management report including revenue, costs and income ratio analysis;
 - 2.1.3.3. Information related to connected and major transactions made for the reporting period;
 - 2.1.3.4. Audit committee recommendation on the accuracy of interim reports;
 - 2.1.3.5. Information about transactions not recorded in financial statement;

- 2.1.3.6. Information about process of the project and expenditure report of capital raised from public offering If shares are issued to the public in order to implement projects; and
- 2.1.3.7. Information about the Company's shares hold by the directors of the Board, executive management and authorized officials, changes in governance structure and composition, Board's decision on performance evaluation of internal audit and executive management and beneficial owner and substantial shareholders' information.
- 2.1.4. The Company, the Board and Company Secretary shall be responsible for collection, accuracy and completeness of information specified in Section 2.1.1-**Error! Reference source not found.** of this Procedure; approval of disclosure of information to the public; and timely disclosure of information to the public and posting on websites of the Company and Stock Exchanges, respectively.
- 2.2. **Timely disclosure**
 - 2.2.1. The Company shall timely disclose information listed below to the public within 1 working days after it is occurred.
 - 2.2.1.1. Agreements and transactions showing significant effect on the Company's operations;
 - 2.2.1.2. Administration and criminal cases related to authorized officials and subsidiaries of the Company and appointment of cessionary by court in accordance with Law on Bankruptcy;
 - 2.2.1.3. Agreements and transactions related to transferring or pledging immoveable property valuing over 25% of total assets, purchasing controlling shares of other companies;
 - 2.2.1.4. Off-balance sheet items;
 - 2.2.1.5. Asset reevaluation;
 - 2.2.1.6. Compliance of related obligations during listing period;
 - 2.2.1.7. Changes in external auditor;
 - 2.2.1.8. Errors in previous years' financial reports;
 - 2.2.1.9. Information related to transferring controlling shares of the Company to other parties;
 - 2.2.1.10. Changes in directors of the Board, chairman of the Board and authorized officials;
 - 2.2.1.11. Changes in Charter of the Company;
 - 2.2.1.12. Measures to prohibit executive management and authorized officials to sell the Company's shares on exchange and other stock markets within 1 year after resigned from positions;
 - 2.2.1.13. Changes in code of ethics;
 - 2.2.1.14. Introduction of new advanced technologies and products, product license, patent, operation rights and trademarks;
 - 2.2.1.15. Changes in name and address of the Company and information about affiliated companies and representative offices;

2.2.1.16. Changes in business activities or temporary or long-term suspension or halt of operation; and

2.2.1.17. Information about decision related to insolvency and liquidation of the Company.

2.2.2. The Company, the Board and Company Secretary shall be responsible for collection, accuracy and completeness of information specified in Section 2.2.1 of this Procedure; approval of disclosure of information to the public; and timely disclosure of information to the public and posting on websites of the Company and Stock Exchanges, respectively.

3. INFORMATION DISCLOSURE TO THE PUBLIC

3.1. The Company shall simultaneously post the information to be communicated to the public on websites of the Company and Stock Exchange within the set period of time. Information shall be presented in website section named “Investors relation” and kept there for up to 5 years.

3.2. Information communicated to the public through websites of the Company and Stock Exchanges shall be considered as the official information of the Company. The Company may communicate the information through public media.

3.3. The Company shall communicate additional information or clarification to the public in case of rumors, lies and fake news, except the information posted on websites of the Company and Stock Exchange, spread through public and social media which have effect on share price of the Company.

3.4. The company shall disclose inside information to the public through following means;

3.4.1. Websites of the Company and Stock Exchanges;

3.4.2. Printing or publishing the information in accordance with procedures approved by the FRC; and

3.4.3. Other means that can be disclosed to interested parties without any delays.

3.5. Documents specified in Section 2.1 and 2.2 of this Procedure shall be kept for 10 years and transferred to Archive in accordance with Archiving procedure of the Company.

3.6. The information specified in Section 2.1 and 2.2 of this Procedure shall be communicated to the public in accordance with template, forms and guidance approved by the FRC and MSE.

4. ACCESS TO COMPANY INFORMATION

4.1. The Company shall provide the information including annual operational and financial reports, name of related parties of the Company, type and amount of shares owned by such related parties, and other information required by policies and procedures of FRC and securities trading organizations at the request of shareholders of the Company.

4.2. Company Secretary shall ensure that shareholders of the Company have access to or right to copy without any charges the documents including book-keeping and accounting records; minutes, orders and resolutions of senior management; and other documents except restricted to disclose to the public in accordance with relevant laws and regulations.

4.3. If a shareholder sends his/her request to obtain information which is not restricted by this Procedure via e-mail, the requested information shall be provided through the e-mail.

4.4. A shareholder owning 10 percent or more of total common shares of the Company shall have the right to obtain shareholders’ records including full name, address and amount of owned shares.

- 4.5. Senior management or authorized organization to maintain share registration of the Company is responsible to provide shareholders' record as of the requested date within 5 days after receipt of the request specified in Section 4.4 of this Procedure. The shareholder requested to obtain such records shall be responsible for related costs.

5. LIMITATION AND PROHIBITION ON PUBLIC DISCLOSURE

- 5.1. The Company is prohibited to disclose misleading, false or incomplete information to the public.
- 5.2. The insider shall be prohibited to inform, transfer, use or provide access to others the information incidentally or intentionally prior to disclosing such information to the public in accordance with this Procedure and Procedure on inside information and activities of insiders of the Company.
- 5.3. Company Secretary is prohibited to transfer, allow other to use or use for personal purposes the right to submit information provided by the MSE without approval of the Board.
- 5.4. Any information provided by the Company shall be in accordance with the legal documents specified in Section 1.4 of this Procedure.

6. LIABILITIES

- 6.1. The breach of this Procedure shall be addressed to the relevant state authority in case of a breacher held liable in accordance with Law on the Securities Market and other relevant laws and regulations.
- 6.2. Apart from liabilities specified in Section 6.1 of this Procedure, the breacher shall be liable in accordance with internal procedures of the Company (if applicable) and other relevant agreements.
- 6.3. Without considering the liabilities imposed, the breacher shall be responsible to indemnify any damages or loss caused by breach of this Procedure.