

## PROCEDURE ON INSIDE INFORMATION AND ACTIVITIES OF INSIDERS

### 1. GENERAL PROVISIONS

- 1.1. **Purpose.** The purpose of this Procedure on Inside Information and Activities of Insiders (the "**Procedure**") of Central Express CVS JSC (the "**Company**") is to define the content and list of information considered as Inside Information (as defined below), to determine the persons having access to Inside Information (the "**Insider**") and to define the obligations of the Insiders and prohibited activities as well as liability incurred in case of participating in trading using Inside Information.
- 1.2. **Scope.** This Procedure shall be complied with by the directors of the Company board (the "**Board**"), the Company Secretary, executive management, authorized officials, and Insiders of the Company. The Procedure may be shared with any relevant interested party at the request and posted on the Company's website.
- 1.3. **Review and Amendments.** The executive 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 Procedure.** In the event of a conflict between this Procedure and the charter of the Company (the "**Charter**"), the Charter shall prevail. In the event that the Procedure is incompatible with the laws of Mongolia, the respective latest updated law shall prevail accordingly. Any matters not specified in this Procedure shall be regulated by the Charter, the Securities Market Law, the Company Law, the Corporate Governance Code, the List of the Securities Market Inside Information, and Procedures on Disclosure of Inside Information adopted by the Financial Regulatory Commission and other applicable legislative acts.
- 1.5. **Definitions**
  - 1.5.1. **Inside Information** means information that was not disseminated or provided, which, if disseminated or provided, may have a significant influence on the prices of the securities issued by the Company, and which is listed in Article 4 of this Procedure.
  - 1.5.2. **Insider** means any of the following persons:
    - (i) Influential Shareholders, Authorized Officials, officers of the Company and their Related Parties;
    - (ii) authorized officials of the Company's parent company, subsidiary, and controlled companies;
    - (iii) shareholders holding the controlling block of the shares issued by the Company for public trading;
    - (iv) employees of the Financial Regulatory Commission, stock exchanges, regulated securities market participants and their Related Parties who can have or had direct or indirect access to Inside Information related to any securities issuer in connection with the performance of their official duties;
    - (v) the Company's independent consultants, such as lawyers, auditors, appraisers, and other authorized officials of the financial services provider;

- (vi) any person who has entered into or is seeking to enter into an agreement that would have a material effect on the Company's assets, liabilities, shareholders' equity, or the securities issuer's operations, and if they are legal entities, its authorized officials;
  - (vii) the persons who obtained Inside Information during the preparation and execution of a contract, and their Related Parties;
  - (viii) the persons who have not been in office for a period of less than one year after being changed from the position specified in 1.5.2(i)-(vi) above; and
  - (ix) Related Parties of the Insiders specified in 1.5.2(i)-(vii) above.
- 1.5.3. **Public Disclosure** (or 'to publicly disclose') means disclosure by the Company of Inside Information specified in the applicable laws and this Procedure through the Company and the stock exchange's websites and/or through other public media means as deemed necessary by the Financial Regulatory Commission.
- 1.5.4. **Prior to Public Disclosure** means that the Company discloses the Inside Information specified in Article 4 of this Procedure and the information specified in Article 2 of the Procedure on Disclosure of Information by the means specified in 1.5.3 of this Procedure.
- 1.5.5. **Influential Shareholder** means an individual or legal entity that owns 5% or more of the Company's voting shares, either individually or jointly with Related Parties, and exercises their voting rights in accordance with the law and the relevant agreement.
- 1.5.6. **Related Party** shall mean the following:
- (i) in the case of an individual, the individual's wife, husband, son, daughter, adopted son or daughter, step-son, step-daughter, son-in-law, daughter-in-law, grandchildren, step-parents, siblings, half-siblings, and his or her spouse's parents;
  - (ii) the legal entity in which the relevant person acts as an authorized official;
  - (iii) if the person is an employer, his or her employee;
  - (iv) if it is a company, its parent, controlled, subsidiary, or parallel company;
  - (v) other persons designated by the Financial Regulatory Commission as "related parties"; and
  - (vi) legal entities, including companies in which the persons listed above hold 10 percent or more of the voting shares, either individually or jointly.
- 1.5.7. **Shareholder holding the Controlling Block of Shares** means a shareholder holding one-third or more of the Company's common shares.
- 1.5.8. **Authorized Official** means the directors of the Board, CEO, Company Secretary, and such other officers as the Board may appoint.

## 2. OBLIGATIONS OF INSIDERS

- 2.1. Complying with the securities market laws, rules, regulations, and instructions.
- 2.2. Not to involve in insider dealing before the Inside Information was made public.
- 2.3. Protecting the interests of the Company investors.
- 2.4. Informing the public about the securities market and providing the relevant information to investors in accordance with the applicable laws.
- 2.5. Performing his/her duties with respect to the securities market in good faith and in a transparent manner.
- 2.6. Prompt resolution of suggestions, applications, and complaints from organizations and individuals.
- 2.7. Ensure confidentiality of Inside Information.

### **3. PROHIBITED ACTIVITIES FOR INSIDERS**

- 3.1. Disclosure of Inside Information to others, except in case of fulfillment of the obligation to disclose as part of the performance of his/her duties and responsibilities.
- 3.2. To trade and buy securities through one's own account or the account of Related Parties in order to make profits using the advantage of possessing Inside Information.
- 3.3. To transfer and inform Inside Information to third parties or create conditions for third parties to obtain Inside Information.
- 3.4. To advise and offer to third parties to buy or sell securities using Inside Information.
- 3.5. To sell, buy or offer securities through his/her own or Related Parties' accounts or accounts of third parties possessing Inside Information, transfer Inside Information, and/or create conditions for obtaining Inside Information.
- 3.6. For the persons specified in Article 1.5.2 of this Procedure, during the period of possession of Inside Information, the sale and purchase of securities of the Company and the Company's Related Parties, as well as advising and persuading third parties to sell and purchase, and the transfer of information on the contracts and agreements to be entered into by the Company that has not been made available to the public.
- 3.7. To disseminate information that is likely to mislead investors.
- 3.8. Prior to Public Disclosure of the information specified in Article 4 of this Procedure, to make the information available to others by transmitting accidentally or intentionally.

### **4. LIST OF INSIDE INFORMATION**

- 4.1. Registry of the shareholders of the Company (full name of the shareholder, number of securities held, address of residence).
- 4.2. Information on clients' main and liaison accounts in custodian banks, securities settlement, and depository institutions;
- 4.3. If applicable, customer agreements concluded with the regulated entities, information, and data related to the securities holder's policy, goals, and activities to operate in the securities market;
- 4.4. Undisclosed information contained in the Company's operations inspection reports

- issued by the authorities including the Financial Regulatory Commission, and other materials;
- 4.5. Information contained in the computer memory used for securities settlement, central depository, and custodian activities;
  - 4.6. Information on the Company's securities trading transactions, account statements, customer order fund information.
  - 4.7. Changes of 25 percent or more in the value of the Company's equity.
  - 4.8. Significant changes in the Company's operations and business environment.
  - 4.9. Changes in the Company's profits and losses by 25 percent or more.
  - 4.10. Changes in liabilities and loans equal to 25 percent or more of the Company's equity.
  - 4.11. If the Company starts a new type of operation, ceases operations, and sells its business.
  - 4.12. Suspension or revocation of an operating license that accounts for more than 25 percent of the Company's sales revenue, or transfers of such license to others in any form, such as a sale or gift under relevant law.
  - 4.13. An agreement that has a significant impact on the Company's assets, liabilities, shareholders' equity, and the Company's operations is in the process of being approved or was approved.
  - 4.14. Changes in key financial statements by more than 25 percent from previous years and future estimates.
  - 4.15. The Company is liable to pay debts and liabilities equal to 15 percent or more of its equity or to pay interests, penalties, and fines of 2 percent or more of its total assets.
  - 4.16. The Company has made important investment and financing decisions (large investments, acquisitions, production of new products, implementation of new techniques and technologies).
  - 4.17. The Company has made new discoveries, obtained patents, and acquired important licenses.
  - 4.18. Significant measures that are likely to affect the Company's future operations.
  - 4.19. Changes in the Company's management structure and control.
  - 4.20. Any individual, either solely or in conjunction with its Related Party, has acquired or agreed to acquire the controlling block of shares issued by the Company.
  - 4.21. Changes of more than 5 percent in the Company's authorized officials' shareholding.
  - 4.22. A claim was filed for cease of the Company's operations, or legal proceedings were initiated by law enforcement authorities with respect to the acts of the Company's authorized officials or shareholders holding the controlling block of shares or they have been found guilty of a crime and punished in accordance with the law.
  - 4.23. If the Company decides to have a subsidiary or controlled company.
  - 4.24. Significant changes in the operations, assets, equity, liabilities, payments, and profits of the Company's subsidiaries and/or controlled companies.
  - 4.25. Decisions on dividend distribution and other information related to the distribution of dividends.

- 4.26. Decision of the Financial Regulatory Commission, stock exchange, and other authorized bodies to suspend and deregister registered securities.
- 4.27. Decision to reorganize the Company in any form.
- 4.28. Board resolution to convert the debt into shares.
- 4.29. Decision on liquidation or cessation of business of the Company; and/or
- 4.30. Laws, regulations, and decisions of other authorities that affect the Company's operations.

**5. LIABILITY INCURRED BY INSIDERS**

- 5.1. Insiders who have failed to perform their obligations set forth in this Regulation or who have carried out prohibited activities are to be held liable in accordance with the Securities Law and other relevant legislation, the issue of the violation shall be addressed to the relevant state authority.
- 5.2. A person who violates this Regulation shall be held liable in accordance with Section 5.1 and if applicable, shall also be held liable in accordance with the Company's internal rules and regulations and (if any) the relevant agreement.