

CHARTER OF GOBI JOINT STOCK COMPANY

Charter renewal

One. General provisions

- 1.1. Gobi company (hereinafter referred to as "Company") is an open joint stock company ("JSC").
- 1.2. Business of the company shall be regulated in compliance with Civil Code, Company Law and other law and regulations of Mongolia as well as the charter.
- 1.3. Official proper name of the company shall be:
 - 1.3.1. In Mongolian: **ГОВЬ ХУВЬЦААТ КОМПАНИ (ХК)**
 - 1.3.2. In English: **Gobi Corporation (JOINT STOCK COMPANY).**
- 1.4. Address of the company: own building, Industrial Street, 3rd khoroo, Khan Uul district, Ulaanbaatar city, Mongolia.
- 1.5. The company may establish its dependent and affiliates, representative's offices and branches under resolution of the Board of Directors ("BoD").
- 1.6. The company shall have own official letter and stamp.
- 1.7. The company shall have own symbol and brand name as well as these models should be registered to the Authority for Intellectual Property after approved by the BoD. The authority to use the company's symbol and brand name only enjoyed by the Gobi JSC.

Two. Mission of the company and its basic direction of business

- 2.1. The company's mission is to work on being respect-worthy of shareholders' interests by way of sale and produces high-quality products for having competitiveness in the market and met with customer needs.
- 2.2. The Company's basic direction of business:
 - 2.2.1. Company shall produce goat cashmere and camel wool as well as semi- finished products and ready-made products competitiveness on the similar raw materials with the cashmere and wool above. Moreover, sale the products directly to domestic and foreign markets and import technologies, spare parts and materials related to its operation;
 - 2.2.2. Company shall carry out its basic goods shopping and service branches and units by itself or carry out trade and service for cooperating with other organizations;

2.2.3. Company shall opt all beneficial ways of cooperation such as mediating to others, organize collaborated production, cooperate, exchange employees, specialists, information and technologies as well as cooperate with companies and organizations in domestic and abroad;

2.2.4. Shall carry out other service, production and service without forbidding by the law under permission of the BoD.

Three. Company's shares and joint capital

- 3.1. Company's announced shares shall be each 1 tugrik and it divided into nominal 780,112,500 (seven hundred eighty million one hundred twelve thousand and five hundred) pieces in ordinary shares. Company's joint capital shall be 780,112,500 tugriks.
- 3.2. Company may issue privileged shares. In the decision for issuing the shares, included number of the privileged shares, nominal price, and purpose, privileges for the type of shareholders, terms and conditions of the shareholders, who will have rights to vote in the meeting.
- 3.3. Payment of the issued shares may in type of non-cash in case BoD shall be determined the evaluation of intellectual property, rights of property and property, which received on the shares payment, based conclusion of organizational evaluation and authority.

Four. Shareholders' rights and responsibilities

- 4.1. The body that purchased and became holder the ordinary shares of the company shall be the shareholder of the company.
- 4.2. Holder of the ordinary shares, shall be enjoyed rights as follow:
 - 4.2.1. The body that holds company's shares shall have rights to vote equal with the holding shares through all problems in the discussion for participating to shareholders' meeting on the date of registration defined by the BoD when declared the company's general meeting of shareholders;
 - 4.2.2. Shall have rights to demand pay undue losses in case company did not provided the dividend of holding shares after announced to issue dividend of the shares and allocated it to privileged shareholders when decided to issue dividend by the BoD under period indicated in the law and regulations cause of company's faulty operation;
 - 4.2.3. Shall have rights to receive proper per cent in the holding shares from income of sold remained property after reimbursed debt under procedure indicated in company law when liquidate the company;
 - 4.2.4. Shall purchase priority the convertible bond to shares and shares issued additionally by the company.
- 4.3. Every shareholder shall have rights to demand return back the holding shares to the company in case the shareholder did not participated to general meeting or has negative vote to make decision by the problems below in the shareholders' meeting. Herein:

- 4.3.1. To join, merge, separate and change the company into limited liability company;
- 4.3.2. Make agreement in quantity;
- 4.3.3. Amended rights of limitation for the company's shareholders or approved charter renewal of company with similar meaning above;
- 4.4. If the shareholder holds sole or with body that joint interest hold more than 75 per cent of ordinary shares of the company, other shareholders shall have rights to demand return back the shares to the company. The BoD shall be determined the shares price of return back based on the average rate of the last 6 months of the stock exchange. In case, shall be governed related sub-clauses of the Company Law.
- 4.5. The shareholder, who holds more than 5 per cent of ordinary shares, may apply his/her proposal to executive administrative or BoD within 60 days after finished the prior financial year for including a person to nominate as a member of census commission, BoD to the list of agenda of the general meeting of shareholders and problems related to full authority of the general meeting of shareholder.
- 4.6. The shareholder, who holds more than 5 per cent of issues shares in total sole or with others, shall have obligation to inform in written form the ownership to the company within 30 days after arisen the ownership. This notice shall be confirmed to enjoy rights indicated in sub-clause 4.5 of the charter about indicate a problem to the company's general meeting of shareholders.
- 4.7. The company shall not bear responsibility on behalf of shareholders.
- 4.8. The shareholder shall not bear the responsibilities of the company and only bear responsibilities through the holding shares.
- 4.9. The shareholder shall be responsible for company in case damaged property cause of his/her faulty operation to company.
- 4.10. The authority of shareholder's property, provided to company is not properly divided from personal property, the shareholder shall be double responsibilities the debt of company through his/her all properties.

Five. Bonds and other issued securities of the Company

- 5.1. Company shall issue ordinary shares and may issue open and close bond related to the shares, notes payable and preferred shares.
- 5.2. If decided to sale the bond as offer to public, it shall be executed under the law on bond market.
- 5.3. General meeting of Shareholders shall decide change debt of company as shares, reissue shares, and numbers of these shares. BoD may offer suggestion regarding this issue.
- 5.4. BoD shall be decided to issue notes payable for mortgaging as own assets of the company. The decision of BoD shall be specified the number of notes payable, nominal price, purpose, size of interest, due interest, period to return, price to return and possibility to convert to ordinary shares.
- 5.5. Company may buy-back its issued bond for mutual agreement with the holder. Company may buy-back all or part of bond other than the ordinary shares. In addition, the

ordinary shares should be not more than 25 per cent in average of total shares in the transaction of the year.

- 5.6. BoD shall be decided to buy-back its bond issued the company in other case than buy-back per cent more than 5 of the ordinary shares and the decision shall be specified procedure to utilize, due payment, price, number and type of the bond.

Six. Administrative of company

6.1. General Meeting of Shareholders

- 6.1.1. The General Meeting of Shareholders shall be the supreme governing body of the Company.
- 6.1.2. Shareholders shall carry out two types of meetings: general meeting and extraordinary general meeting.
- 6.1.3. BoD must hold General Meeting of Shareholders within 4 months after finished the financial year.
- 6.1.4. BoD shall be decided to hold general meeting of shareholders and the decision shall be covered problems as follow. Herein:
- 6.1.4.1. Date, time-schedule and place to hold the meeting;
 - 6.1.4.2. Agenda in the meeting;
 - 6.1.4.3. Date of registration for making the list of shareholders have rights to participate the meeting;
 - 6.1.4.4. Procedure and inform date of holding meeting to shareholders;
 - 6.1.4.5. List of documents that possible to introduce by shareholder during process preparation in the meeting;
 - 6.1.4.6. Content of ballot;
 - 6.1.4.7. Deadline to receive the ballot;
 - 6.1.4.8. Chairman of the meeting;
 - 6.1.4.9. Char and members of the calculation commission.
- 6.1.5. General meeting of shareholders shall be held after not less than 40 days after made the decision above.
- 6.1.6. Company shall be announced the meeting to public within 5 days after made the decision
- 6.1.7. BoD shall be held extraordinary general meeting of shareholders as following conditions. Herein:
- 6.1.7.1. Per cent more than half of members in total of BoD impossible to work or not worked;
 - 6.1.7.2. Shareholder, who holds 10 or more than 10 shares to vote, as well as independent member equal with 2 of BoD or more than it, applied proposal or demanded;
 - 6.1.7.3. If company's undue losses exceeded more than 30 of its assets at the end of statement year;
 - 6.1.7.4. If company's debt became negative for exceeded from own assets for 2 years term;
 - 6.1.7.5. BoD made decision;
 - 6.1.7.6. Audit Commission demanded to hold extraordinary general meeting.

- 6.1.8. Amendment shall not be in the agenda of the meeting after announced the meeting.
- 6.1.9. General meeting of shareholders shall be settled the problems as follow. Herein:
 - 6.1.9.1. Approve renewed content or amendment to the charter of company;
 - 6.1.9.2. Reestablish company in type of change or joint, merge and separation;
 - 6.1.9.3. Change debt of company as shares;
 - 6.1.9.4. Change type of company;
 - 6.1.9.5. Liquidate the company or assign the commission to liquidate;
 - 6.1.9.6. Merge and separate the shares;
 - 6.1.9.7. Issue additional shares within size and type of announced shares of company;
 - 6.1.9.8. Opt members of BoD and terminate their authorities prior the time;
 - 6.1.9.9. Enjoy rights to purchase of bond at first to shareholders;
 - 6.1.9.10. Approve after discussing the summary of BoD about statements of annual finance and operation of the company;
 - 6.1.9.11. In case BoD cannot settled decision about making discussion of conflict of interest, settle it;
 - 6.1.9.12. Approve annual budget of the BoD as well as discussing on statements, determine size of bonus and salary issue to members of the BoD;
 - 6.1.9.13. Other problems, involved to discuss through the general meeting of shareholders under decision of BoD.
- 6.1.10. A share shall be a vote right to solve the agenda by the general meeting of shareholders.
- 6.1.11. Cumulative method shall be used to vote may opt for the members of BoD.
- 6.1.12. Shareholders may participate as his/her proxy to the general meeting of shareholders based power of attorney in written form. The proxy shall be informed about it to BoD prior start the general meeting of shareholders.
- 6.1.13. The power of attorney of proxy shall be effective only in the general meeting of shareholders. If postponed the general meeting of shareholders but unchanged the determined problem to discuss through the meeting, the power of attorney shall be effective in the next meeting.
- 6.1.14. The general meeting of shareholders will be effective after participation by shareholders, who hold more than 51 per cent of vote.
- 6.1.15. If provided vote in written form to project of decision for the general meeting of shareholders, it shall be considered to participation of the general meeting of shareholders. In addition, the shareholders shall be participated in person or through the power of attorney to the extraordinary general meeting of shareholders.
- 6.1.16. The problems, indicated sub-clauses 62.1.1-62.1.6 of article 62 of the Company Law, shall be settled through majority of authorized shareholders vote as well as unless otherwise stated, decision for of other problems shall be considered effective through majority of the participation in the general meeting of shareholders.
- 6.1.17. The minute of the general meeting of shareholders shall be kept for confirmed and recorded under procedure indicated in the Company law.

- 6.1.18. Person indicated sub-clause 61.2.1 of the Company law is entitled to demand and suggest about the extraordinary general meeting of shareholders to BoD.
- 6.1.19. The demand and suggest indicated sub-clause 61.2 of the Company Law shall be written form and this form shall be covered full name of the shareholder, demanded or suggested, and his/her reason why to hold the extraordinary general meeting of shareholders as well as agenda, project from meeting decision, type and number of his/her holding shares.
- 6.1.20. The Shareholders, who might have negative vote or absent in the meeting about the shareholders meeting and its decision, can make complaint to court.

6.2. **Board of Directors**

- 6.2.1. The Board of Directors /hereinafter referred to as "BoD"/ shall be the supreme governing body of the general meeting of shareholders.
- 6.2.2. BoD shall be members more than 9 and not less than 1/3 of them shall be independent members.
- 6.2.3. Member of the BoD shall be person, who respectful at first the interest of the company, without penalty, met with requirements of ethical code and profession as well as chairman and member of the BoD shall not be participated to daily operation of the company that only carry out operation through procedure to take control on the implementation and observe after made decision of the BoD. Authority of the BoD's member shall be 3 years.
- 6.2.4. Chairman of BoD may be full-time. The members of BoD shall be elected the chairman of BoD among themselves.
- 6.2.5. If cannot elect independent member from shareholders meeting in the BoD, it shall be considered that BoD incapable to implement its authority. In case above, BoD shall be re-discussed to elect the members of BoD for determining the date of next shareholders meeting within working 5 days after held general meeting of shareholders.
- 6.2.6. Secretary and member of BoD shall be received certificate for participated to trainings in governing of company.
- 6.2.7. BoD shall be implemented authorities as follow other than relevant with authority of shareholders meeting through the Company Law and the Charter.
- 6.2.7.1. Determine basic business operation of company;
 - 6.2.7.2. Approve an annual business plan of company and plan of measure to implement it;
 - 6.2.7.3. Make decision to call for the general and extraordinary general meeting of shareholders;
 - 6.2.7.4. Settle other problems related to call for the shareholders meeting and registration date to determine shareholders have vote rights and agenda through the shareholders meeting;
 - 6.2.7.5. Take summary about an annual financial statement and operation of company and approve them through shareholders meeting;
 - 6.2.7.6. In accordance with article 55 of the Company Law, determine market price of property and property rights;

- 6.2.7.7. In accordance with proposal sent by the company's candidature commission, assign and determine authority of Chief Executive Officer under making agreement with the Chief Executive Officer;
 - 6.2.7.8. In the agreement shall be specified problems such profit, expense and delivery level of basic indicators of finance and economics of the company for determining the limitation of responsibilities, bonus and issue award, terms and conditions to make agreement with the company's chief executive officer;
 - 6.2.7.9. Determine terms and conditions of contract for electing the company's auditor;
 - 6.2.7.10. Determine dividend size and its payment procedure;
 - 6.2.7.11. Approve internal procedure of the company's governing and operation of board and Executive administration;
 - 6.2.7.12. Establish affiliate and representative's office of the company;
 - 6.2.7.13. Implement the made decisions and prepare the project of decision byshareholders meeting about re-establishing the company;
 - 6.2.7.14. Permit to make in quantity of agreement;
 - 6.2.7.15. Permit to make agreement with person, who have conflict of interest;
 - 6.2.7.16. Determine the limitation of damage reimbursement occurred to the company from the authorized person;
 - 6.2.7.17. Make guarantee for pledging as company's assets as well as make investment and cooperate with bank and organizations in domestic and abroad;
 - 6.2.7.18. Other problems authorized by the shareholders meeting.
- 6.2.8. Board general meeting of shareholders shall be called for once 2 months. If necessary,possible to call for additional meeting any time. The meeting decision of board shall be resolution. The resolution shall be confirmed by signature of the chairman of the board. The secretary of board shall be recorded the minute and shall be signed after revised and certified the proposal and speaking of all members participated to the meeting.
- 6.2.9. Meeting of board may call for requirements and initiatives of board's chairman and itsmembers as well as executive administrative of the company and other person indicated in the charter.
- 6.2.10. Meeting arrangement of board shall be in charge of secretary. In addition, secretary shall he delivered invitation of meeting and its related documents to the members under working procedure of board.
- 6.2.11. Chairman shall chair a board's meeting. In the case where the Chairman is incapable to act. proxy or the remaining Board Members shall select one of them to chair the meeting.
- 6.2.12. Meeting shall be effective after participation of the majority of the board members.
- 6.2.13. If some board members no rights to vote under the Company Law through the discussing problems: it shall be settled by vote of the majority by members who have rights to vote. If member has negative vote, shall have rights to note to the minute.

- 6.2.14. If board members incapable to act a long-term or passed away, board may assign temporal person to the position until elect a proper member.
- 6.2.15. If number of board members in total less than halve, the company shall be called for extraordinary general meeting of shareholders to elect the board members within 3 months.
- 6.2.16. Proper bonus shall be issued to the board members and it shall be determined by the meeting.
- 6.2.17. Chairman shall be nominated by majority of all members from the initial meeting of the Board of Directors. Authority of the board chairman shall be 3 years.
- 6.2.18. Board chairman shall be executed roles such organize board operation, call its meeting, chair the meeting and let record the meeting and take control on it.
- 6.2.19. In the case where the Chairman is absent, his/her role shall be executed by a board member, who assigned by chairman or the Board of Directors.
- 6.2.20. If necessary, Board of Directors may establish under its standing committee and temporary committee.
- 6.2.21. The Governing board shall have 3 committees of audit, salary & incentives and nomination affairs and 2/3 of the committee's members should be independent people. These committees shall have own certain functions and shall have right to make conclusion on such matter, introduce it to the Governing board and make decision about some issues indicated in the Company law .
- 6.2.22. Head of Audit Committee shall be independent member of the Governing board and the committee shall make the conclusion in following lines and submit them to the Governing board. Including:
 - 6.2.22.1. shall meet accounting policy and record of the Company with requirements of the international standards and control accuracy on activities of internal supervision and risk management, financial statement and other financial information
 - 6.2.22.2. shall elaborate suggestion on appointment of management team and staff of internal audit and determination of their salary and incentives
 - 6.2.22.3. shall elaborate suggestion about selecting audit organization and its work cost
 - 6.2.22.4. Shall supervise the agreements with more and interest conflict and make conclusion about it
- 6.2.23. The Nomination affairs Committees shall enjoy following rights. Including;
 - 6.2.23.1. shall determine requirements on nominee of position of member of the Governing board and Executive Director and shall make key criteria about competency, education level and work experience
 - 6.2.23.2. shall make conclusion and evaluation whether nominee of member of the Governing board and executive director meet with the criteria of competency, knowledge, work experience and independent member should satisfy the appropriate requirements
 - 6.2.23.3. shall register nominee of member of the Governing board and executive director, select them and submit directly them to meeting of the shareholders

- 6.2.23.4. shall make evaluation and conclusion on activities of member of the Governing board and executive director
- 6.2.23.5. shall draw agreement conditions which is done with Executive director
- 6.2.23.6. shall make conclusion on evaluation of the high official of the company besides of the Governing board by executive director
- 6.2.23.7. shall make refusal for nominating former member of Governing board during the term indicated by the law due to expiry of right caused by not declaring meeting of shareholders
- 6.2.24. The committee of salary and incentives should make conclusions in following lines and submit them to the Governing Board. Including:
 - 6.2.24.1. approve pursuing policy of salary and incentives of members of the Governing board, Executive director and other high officials and supervise their implementation
 - 6.2.24.2. Determine the maximum amount of salary and incentives of members of the Governing board, Executive director and other high officials and elaborate suggestion issuing salary and incentives within the fixed amount.
 - 6.2.24.3. Determine and evaluate purpose of the Company incentive system related to the work result which is effective in the Company
- 6.2.25. The Nomination affair Committee should submit the person as an independent member of the Governing board who satisfies following requirements. Including:
 - 6.2.25.1. person who doesn't possess more than 5 percent simple shares of company based on cooperating other entities amicably or yourself
 - 6.2.25.2. Self and amicable entity should not be high titles in the company or company joint
 - 6.2.25.3. Should not relate to other state official besides state service
 - 6.2.25.4. Should not be business connection to the company
- 6.2.26. Independent member should enjoy the rights same as other members and should have following extra duties. Including:
 - 6.2.26.1. Control whether activity, approved policy and decision approved by the Governing Board and Executive director meet or affect negatively interest of the Company and its activities should be done in accordance with the requirements of the law, regulation and charter,
 - 6.2.26.2. If there is found any breach, the members should have right inform about it to the Governing Board, furthermore, set up meeting of the Shareholders
 - 6.2.26.3. Impose duty about ensuring openness of the activity of the company, control its implementation and make its evidence from the related staff

- 6.2.26.4. participate personally in the meeting of the Shareholders and if he/she doesn't agree with the decision of the Governing Board, inform about it, respond questions by shareholders, clarify them.
- 6.2.27. The Governing board has got a secretary appointed by the Board who is suggested by the head of the Board and the secretary should bear the duties indicated in the sub-clause 82.2 of Company law.
- 6.2.28. Appointment of the secretary of the Governing Board should be 3/three/years term.

6.3. **Executing management**

- 6.3.1. Executing management of the Company shall be individual/hereinafter referred as a "Executive director". Executive director of the Company shall manage Company daily activities within the power limit indicated in the charter and contract.
- 6.3.2. The Governing Board shall appoint the Executive director of the company based on signing agreement.
- 6.3.3. The Executive director shall be member of the Governing Board and shall be managing member of the other companies. The Executive director shall not be head of the Governing Board. The Executive director shall not get special proxy when he/she sign agreement on behalf of the company name and representing other company and shall enjoy following rights. Including:
 - 6.3.3.1. Organize actions on drawing suggestions about company prospects, policy and line of activity, introduce them to the meeting of Governing Board and approve them and implement decision of the meeting
 - 6.3.3.2. Submit suggestion about appointment of directors of Dependent company/subsidiary company, branch and Representative office to the meeting of Governing Board and make agreement with them on behalf of the company
 - 6.3.3.3. Shall spend assets of company within the limit approved by the Governing Board
 - 6.3.3.4. Shall approve internal regulation, activity charter, principle and instruction of the company and shall demand pursue them
 - 6.3.3.5. Shall make order within his/her power limit
 - 6.3.3.6. Shall communicate directly and make contract with the domestic and oversea organizations and individuals representing the company within his/her power limit assigned by the Governing Board.
 - 6.3.3.7. Shall issue proxy of the Company
 - 6.3.3.8. Shall approve price standard of the Company product in domestic and oversea market and demand following them
 - 6.3.3.9. Shall organize pursuance of the resolution of the Governing Board and decision and decree of Mongolian law. Shall approve personally structure and workforce of the Company within the Budget limit approved by Governing Board,
 - 6.3.3.10. Shall be responsible for accuracy and truth of Company activity and financial statements.

- 6.3.3.11. Shall provide shareholders having information about decision of meeting of the Governing Board and financial statement of the company
- 6.3.3.12. shall report semi and full year activity statement of the company in the meeting of the Governing Board.

6.3.4. The Executive director shall report his/her activity to the Governing Board and the Governing board shall have right to make decision on termination of appointment of Executive director.

6.3.5. In the case of termination of contract with the Executive Director and submitting proposal termination his/her appointment, appointed person by the Governing Board shall bear duties of executive director till appointing new executive director.

6.3.6. The Executive Director shall propose setting up meeting of the Governing Board to head of the Board and members.

Seven. High officials of the Company and their responsibilities

- 7.1. High officials of the Company shall be head and members of the Governing Board, secretary, Executive director, vice-directors, department heads and legal consultant.
- 7.2. The high officials of the company shall have following duties.
 - 7.2.1. shall execute his/her duties within the power limit indicated in the Company law, this charter and internal regulation of the Governing Board and shall prioritize interest of the company.
 - 7.2.2. Unless acceptance of the Governing Board, shall not disclose information related to company's confidential media, report, contract and materials to the third party and shall not use for own interest
 - 7.2.3. When the high officials involve in the making decision and process, shall introduce fully related information and shall have full confidence in the decision based on factual evidence
 - 7.2.4. Shall avoid conflict of interests for decision and in the case of interest conflict, shall inform about it and shall not participate in decision making procedure
 - 7.2.5. Shall not get any gifts or incentives from third party and shall not be influenced by the other people for performing duties or functions
 - 7.2.6. After 10 days appointment of the high officials, they shall give their cooperated entities' list to the secretary of the Governing Board and in the case of change in the list, the changes shall be informed within 10 days of the change.
- 7.3. After 3 years change of the position, the high officials shall bear the duties indicated in the clause 7.2.2 of the charter.
- 7.4. In the case of failure of duties indicated in the clause 7.2 and 7.3 of the charter, several times violations caused by the acted or no acted activity, if company, its shareholders,

lenders and other parties bear damage or loss these incurred damage shall be compensated by their own property. Including:

- 7.4.1. used the company name for personal interest
- 7.4.2. Give falsified/incorrect information to shareholders, lenders and other parties
- 7.4.3. Violate duty providing information to the high officials
- 7.4.4. shall not keep the documents of the company indicated in the clause 97 of Company law
- 7.4.5. shall not provide the information indicated in the clause 98 of the Company law to the shareholders or caused by delay of providing information, shall compensate incurred damage and caused by them the company bear penalty or pay interest, the officials shall pay the penalty or interest.

7.5. If the high officials violates the duties indicated in the sub-clause 84.4 and 84.5 of clause 84 of Company law and repeated violations cause company damage, the official shall pay it by his/her own property.

7.6. The responsibilities and their limit of the high officials shall be indicated in the activity rule of the Governing Board, labor contract and internal regulation of the company and in case of disagreement; this shall be settled by the Court.

Eight. Financial activity, accounting of the Company and dividend distribution

- 8.1. The company shall record accounting, make financial statement in accordance with the regulation of the related law and inform them to shareholders and other powerful entities or individuals. The company shall have duty to provide financial statement and extra information determined by the Financial regulatory committee and stock exchange to the authorities within the fixed terms.
- 8.2. The beginning of the financial year shall be 1st of January and shall finishes at Dec 31.
- 8.3. The Company shall record accounting, make financial report and head of finance and accounting section and the Executive director shall be responsible for their accuracy and correctness.
- 8.4. The company shall record following documents/accounting. Including:
 - 8.4.1. The company shall be responsible for record of bonds/securities possessors
 - 8.4.2. Record of the shareholders shall be made by the entity with related special permission based on signing contract.

- 8.5. The Company shall provide the annual financial statement in harmony with requirements of Accounting law.
- 8.6. The financial statement shall include following main parts. Including:
 - 8.6.1. Balance
 - 8.6.2. Income and result statement
 - 8.6.3. Cash flow statement
 - 8.6.4. Accumulated profit statement
 - 8.6.5. Agreements of reported year, list of contracts with interest conflict, their name, type and amount
 - 8.6.6. Salary and incentives issued to the executives
- 8.7. Shall indicate property evaluation, depreciation calculation methods, income coordinator, percent of financial investment to dependent and subsidiary companies, policy of dividend, accumulated profit price rate variations in the financial statement and shall amend necessary other explanations and clarification in accordance with the requirements of the related law.
- 8.8. In accordance with the Accounting law, detailed index, form and methodology of financial statement approved by the Minister of Finance shall be pursued in the statement.
- 8.9. The Governing board shall make decision whether distributing dividend or not within 50 days after end of the financial year and in case of not distributing dividend, basis of the decision shall be reported to regular meeting of the Shareholders.
- 8.10. In case the Governing board shall distribute dividend, the Governing Board shall prepare profit amount per dividend, list of shareholders who has right to get dividend, determine registration and dividend distribution date and shall inform about it to the shareholders.
- 8.11. The dividend shall be provided in way of cash, property and bond/securities of the company and other company. The Governing board shall make decision about it.
- 8.12. After annual financial statement, the Company shall distribute dividend from net profit in the following cases. Including:
 - 8.12.1. After distributing dividend, the company shall have financial capability
 - 8.12.2. After distributing dividend, the company own property/capital shall be more than sum of minimum own property indicated in the law of liquidation, unpaid superior right dividend.
 - 8.12.3. The Company shall get full bonds/securities refundable

8.13. After dividend distribution, own property of the company is decreased by more than 25 percent comparing amount the before dividend, rest amount of own property shall be informed in written to lenders within 15 days after distributing dividend. The executive director shall perform this action.

8.14. If dividend shall not be distributed, the Governing Board shall report its reason to the meeting of Shareholders. After distributing dividend, rest net profit shall be used for social, cultural measures and factory developing fund. Matter on establishing Fund shall be decided by the Governing Board. The Executive director shall draw project draft of fund establishment and property/asset spending amount and shall submit them to the Governing Board for approval.

8.15. Distribution of privileged dividend shall be issued from special fund asset.

8.16. If the company shall distribute dividend, the dividend shall be distributed within the term indicated in the decision.

8.17. This shall not be legal basis to refuse dividend receiving right or the company shall not provide dividend if the shareholders shall not get dividend within the term indicated in the sub-clause 46.10 of clause 46 of Company law.

8.18. The dividend which is not taken by the shareholders shall be record specially and kept as a loan to him/her in the accounting by name of shareholder and the company shall have duty to provide dividend to the shareholder by initial request.

8.19. Report of dividend distribution statement shall be made within 15days after end of distribution and shall be delivered to Financial Regulatory Committee and stock exchange office within the fixed term.

8.20. The Governing Board shall report statement of dividend distribution to the next meeting of the Shareholders.

8.21. If the shareholder assigned his/her own dividend to others during the term of list of dividend receiving shareholders list to date of issuing dividend, the dividend receiving right shall be kept in the former shareholder unless agreement between former and new shareholders is specially indicated.

Nine. Control to Company's finance and economic activities

9.1. The Company shall approve financial statement in accordance with Audit law of Mongolia and shall appoint auditor based on agreement in order to examined the financial statement, making guarantee and partial and complete inspection on finance and economic activities.

9.2. The examination of the Auditor on financial and economic activity shall be 2 types-regular and irregular.

9.3. The regular examination shall be made for making conclusion annual financial

statement of the company.

- 9.4. The irregular examination shall be made whenever based on proposal made by decision of the Governing Board, shareholder who possesses more than 10 percent of simple shares and Executive director.
- 9.5. The Governing Board of the Company shall appoint auditor and approve work agreement with the auditor. Rights, duties, responsibilities of the Company and Auditor and work cost shall be indicated in the agreement.
- 9.6. Cost of regular Auditor examination shall be paid by the Company and cost of irregular examination shall be paid by the subscriber or shareholder who subscribe and make contract with the Auditor. In the case by examination result, any breaches which cause damage to the high officials and shareholders are found; examination cost shall be paid by failure party.
- 9.7. The high officials of the Company shall have the duty providing necessary documents of Company' finance and economic activities by request of the Auditor.
- 9.8. The Auditor shall participate only providing explanation to the meeting of the Shareholders.
- 9.9. Following individual shall not be appointed as a Company auditor. Including:
 - 9.9.1 Entity, the high officials of the company, corporates and hired worker of the company which runs same activity,
 - 9.9.2 Owner of property and other asset which runs same activity or cheque owner which has similar interest with the company
 - 9.9.3 Any entity which are done contract with the company except financial audit
- 9.10. It is prohibited that work cost of Auditor shall not depend on his/her audit conclusion.
- 9.11. The Auditor shall made audit conclusion in written only.

Ten. Company liquidation

- 10.1. The Company shall be liquidated by decision of meeting of Company shareholders and Court decision in accordance with basis of Civil Code and Company Law and regulations indicated in the other law.
- 10.2. Court of Mongolia shall liquidate the company based on following backgrounds. Including:
 - 10.1.1. Bankrupted
 - 10.1.2. There is no shareholder
 - 10.1.3. Other basis in the law
- 10.3. If the company is liquidated by decision of meeting of Company shareholders, the Governing Board of the company shall appoint liquidation commission, determine liquidation term, regulation and prepare distribution project of the company rest asset or property after paid all lenders invoice, submit them to the meeting of the shareholders and decision of liquidation shall be made by majority of the participants.

10.4. When liquidation commission is appointed, power of executive director of the Company shall be terminated, this shall be assigned to the liquidation commission and the Liquidation Commission shall participate in the Court on behalf of the company. The Liquidation Commission shall have following duties. Including:

- 10.4.1. Inform public about liquidation of the Company
- 10.4.2. Make end balance and financial report and shall be discussed them in the meeting of the shareholders
- 10.4.3. Approve debts or credit in appropriate order indicated in the law
- 10.4.4. Distribute rest property or asset of the company to the shareholders in compatible with the requirements of related law
- 10.4.5. Inform end of company liquidation process to the State Registration Authority and deduct name in registration

10.5. When the Liquidation commission is fulfilled its duty, caused by own innocent action, any damage to the company or the lenders shall be regulated by the law.

10.6. The liquidation Commission shall inform date or term and regulation of liquidation, making invoice to public and shareholders. Date of invoice shall be 3 months after day of liquidation announcement to public.

10.7. When decision of the Company liquidation is made, the company have no debt, announcement of company liquidation shall not be announced public.

10.8. When term of invoice is finished, temporary balance of company liquidation which includes company' property, property ownership right, invoices of lenders shall be made and this balance shall be approved by the meeting of the shareholders.

10.9. The Liquidation Commission shall inform invoice payment ways in written to the invoice making people.

10.10. Cash of the Company shall not be enough to pay the invoices the liquidation Commission shall sell company property. After paying lenders' debts, income from selling main asset or main property shall be equally distributed in regarding their dividend number.

10.11. After distributing all property or asset of the Company, the liquidation Commission shall liquidate the company , inform end of activity to the Registration Authority and shall deliver a copy of liquidation balance to the Authority.

10.12. The Company shall be changed and established another one in way of integrating with independent other company, establishing a new company or combine with other company or mixing with other company moreover, separating the company into independent several companies or establishing a new other company from the company.

10.13. In the case the liquidated company integrated other company in it, separated a

new company from it, the company shall keep full right of legal entity.

Eleven. Amendments and change

11.1. The Governing Board of the Company shall add amendments or change in the charter if necessary and in the case of making amendments to the charter, proposal of amendments shall be submitted and approved by the meeting of the shareholders.

11.12. This charter shall be effective upon date of the registration in the State Registration Authority.

Notarized by Public Notary Mongolia

April 21, 2021

Translated and verified by translation center, Valid period: without a deadline