



Credit Report

Your reference : XXXX
Total number of pages : 11

Subscriber No. : XXXX
Our reference No. : 10XXXXXX
Type of report : Standard

Enquiry on : CXX LXX
Mongolia
UXXXXXXXXXX
14XX UX TXXXXX OXX, MXXXXXXXXXX
DXXXXXXXXXX SX

Report Date : April 17, 2023

REPORT ON : CXX LXX
UX Txxxx, Bxxxxxxxx Dxxx,
Wxxx Ox Nxxxxx Cxxxxx, 1X/X,
Uxxxxxxxx, Mongolia



Score: 6 (out of 10)

Score Explanation:

It is a financial rating which assesses the probability of companies defaulting within one year.

The assessments are presented over ten distinct positions, each reflecting an average default rate in the coming year: the lower a company's credit score is, the riskier its situation is; the higher its score is, the less risky its situation is.

Different levels and description:

Default	Very high risk			Medium high risk		Low risk				
0	1	2	3	4	5	6	7	8	9	10

0: Insolvency/preliminary/debt regulation proceedings

1: Extremely high risk of insolvency

2: Very high risk of insolvency

3: High risk

4: Significant risk

5: Medium high risk

6: Acceptable risk

7: Moderate risk

8: Low risk

9: Very low risk

10: Excellent risk

CREDIT RECOMMENDATION WITHOUT OBLIGATION

Recommended maximum credit: USD 200,000.00/-

**SUMMARY**

Founded	: 20XX
Legal form	: Private Limited Company
Registration date	: 2X.X6.20XX
Activity	: Importer, Stockist, Distributor, Agents, Supplier And General Merchant of Medical and Hospital equipment's, Accessories, Diagnostics, Imaging, Resuscitation, Emergency Machines, Operating Room Equipment and Households. Engineering Maintenance and Installations of Medical Instruments. Mammography, Ultrasound, X-Ray Apparatus, Angiography And All Health Sector Public And Private Hospital Supplies Etc.
Staff	: 65 +
Paid Up Capital	: MNT 0.95 bil (2020)
Annual revenue	: N/A
Total assets	: MNT 102.90 bil (2020)
Payments	: Prompt
Litigation record	: No Legal Actions Heard

All figures are shown in MNT unless otherwise stated.

**IDENTIFICATION**

Company name : CXX LXX
UX Txxxx, Bxxxxxxxx Dxxx,
Wxxx Ox Nxxxxx Cxxxxx, 1X/X,
Uxxxxxxxx, Mongolia

Tel. : 9XX 7XXXXXXXX, 7XXXXXXXX, 9XXXXXXXX, 9XXXXXXXX
Fax : 9XX 7XXXXXXXX
Email : ixxx@cxx.mx

Registered address : UX Txxxx, Bxxxxxxxx Dxxx,
Wxxx Ox Nxxxxx Cxxxxx, 1X/X,
Uxxxxxxxx, Mongolia

LEGAL FORM

Subject is established as Private Limited Company on June 2X, 20XX.

Registered Co Style	Cxx Lxx
Company Status	Active
Incorporation No	714XXXX Dated 2X 06 20XX
Legal Status	Private Limited Company

NATURE OF BUSINESS

Importer, Stockist, Distributor, Agents, Supplier And General Merchant Of Medical And Hospital Equipments, Accessories, Diagnostics, Imaging, Resuscitation, Emergency Machines, Operating Room Equipment And Households. Engineering Maintenance and Installations of Medical Instruments. Mammography, Ultrasound, X-Ray Apparatus, Angiography and All Health Sector Public and Private Hospital Supplies Etc.

CAPITAL

Paid Up Capital : MNT 0.95 bil (2020)

SHAREHOLDER

Sxxxxx Cxxxxxxxx Gxxxx 100%

BOARD OF DIRECTORS

Gxxxxxxxx Nxxxxxxxx	– President
Gxxxxx. X	– Director General
Dxxxxxx Bxxxxxx	– Ceo
Tx Lx	
Mxxxxxxxxxxxxxx Dxxxxxxxxxx	

MEMBER

Of A Local Chamber Of Commerce and Other Trade Association

HISTORY

Awarded, ISO Certified and Reputed Co.

**ACTIVITY**

Importer, Stockist, Distributor, Agents, Supplier And General Merchant Of Medical And Hospital Equipment's, Accessories, Diagnostics, Imaging, Resuscitation, Emergency Machines, Operating Room Equipment And Households. Engineering Maintenance and Installations of Medical Instruments. Mammography, Ultrasound, X-Ray Apparatus, Angiography and All Health Sector Public and Private Hospital Supplies Etc.

Import From Hongkong, Singapore USA Korea and Worldwide
Trade Suppliers As Above

PREMISES

Rented Basis

Registered Address Ax Ux Txxxx, 1Xth Fxxxx, Bxxxxxxxx Dxxx, Wxxx Ox Nxxxxx
Cxxxx, Ux–Mongolia.

Operating Address Ax Ux Txxxx, Bxxxxxxxx Dxxx, Wxxx Ox Nxxxxx Cxxxx, 1Xth
Fxxxx, Ux–Mongolia.

Branches Ax Bxxxxxxxx_Dxxxxx, 2Xth Kxxxx, 6Xrd Bxxxxxxxx, Xst Fxxxx, Ux,
Mongolia.

Factory Ax Mongolia Sxxxx, Uxxxxxxxx, Mongolia
None

STAFF

The number of staff is given to be 65 +.

PARENT COMPANY

Sxxxx Cxxxxxx Gxxxx

ASSOCIATES

Sxxxx Cxxxxxx Cx Lxx / Px-Mxxx Total Over 10

AGENCY/BRANDS

Sxxxxxx Cxxxxxxxx, Japan

Fxxxxxx Cxxxxxxxx, Japan

Cxxxx Japan

**FINANCE**

Financial Position Very Good Adequate Resources Available
Financial Info Bxxxxx Pxxxxxx Lxxxxxx Cxx Financial Statement Need Not Be Filed

Capital As At	31 12 2020 in MNT/Billion [Un-Audited]
Property, Plant/Equipment	36.50
Total Non-Current Assets	36.50
Receivables	42.75
Inventories	6.80
Other Current Assets	11.20
Cash/Cash Equivalents	5.65
Total Current Assets	66.40
Total Assets	102.90
Borrowings	10.65
Trade Payables	33.15
Total Current Liabilities	43.80
Total Non-Current Liabilities	15.25
Paid Up Capital	0.95
Reserves/Surplus	42.90
Total Liabilities	102.90

PAYMENT

Prompt

Buying/Selling Term
Per 100% Irrevocable and Confirmed L/C at Sight Drawn Basis.

Precaution -
If it's An Open Account XX/XX Days Term, It Should Be Covered By an Export Credit Insurance Or Int'l Insurance Or A Factoring Guarantee.[Suggest]

MORTGAGE RECORD

No Record

LITIGATION

Court, Bad Credit	No Court Arbitration, Non-Payment/Dispute Are Learnt
Public Record	Nothing Detrimental Noted
Litigation Record	No Legal Actions Heard

BANKER

Mxxxxxxxx Fxxxxxx Txxxx Bxxx Uxxxxxxxxx

Subject and Banks Are Learnt To Be Good Related.

CHARGES

None reported

**CREDIT OPINION WITHOUT OBLIGATION**

Subject is considered good for short-term credit. Normal business is carried out with sufficient resources. Financial conditions are generally healthy and capable of meeting obligations satisfactorily. General unfavorable conditions are unlikely to cause fatal effects. Unsecured credit can be granted in medium amount under the usual trade terms.



MAJOR MACRO ECONOMIC INDICATORS OF Mongolia *

COUNTRY RISK ASSESSMENT*

Country Risk Assessment: D

MAJOR MACRO ECONOMIC INDICATORS

	2020	2021	2022 (e)	2023 (p)
GDP growth (%)	-4.6	1.6	2.0	5.5
Inflation (yearly average, %)	3.7	7.1	14.6	10.5
Budget balance (% GDP)	-9.3	-3.1	-4.5	-2.7
Current account balance (% GDP)	-5.1	-12.8	-20.5	-14.9
Public debt (% GDP)	83.4	67.7	74.2	75.7

(e): Estimate (f): Forecast

STRENGTHS

- Development of colossal mining resources (coal, copper, gold) with investment reaching 40% of GDP
- Strategic geographical position between China and Europe/Russia (Silk Road Development Project)
- Potential for diversification of production, including agribusiness (livestock, dairy products, meat, cashmere) and tourism
- Important donor support (4.8% of GDP in 2019)

WEAKNESSES

- Small economy vulnerable to changes in commodity prices and Chinese demand
- Landlocked country
- Internal political dissensions
- Massive land degradation, 90% of the vast grasslands prone to desertification (frequent occurrence of dust storms)
- Alarming level of corruption and fragile governance (justice, public expenditure, SOEs, mining licenses and procurement)
- Risks associated with rising inequalities (28% of the population living in poverty in 2018) due to less inclusive mining development
- Insufficient foreign exchange reserves to absorb external shocks



RISK ASSESSMENT

Increase in private consumption and demand for minerals set to drive the economy

In 2021, economic growth was driven by a strong recovery in mining (48% of GDP) and services, supported by strong demand for mining products and high commodity prices. Turquoise Hill Resources, a subsidiary of Rio Tinto, which owns 66% of the largest copper and gold mine in Oyu Tolgoi (OT), saw its revenues rebound by 118% in the first nine months of 2021. However, despite a relatively high vaccination rate and strong demand, COVID-19 outbreaks amid new variants disrupted coal exports to the main trading partner China (92.5% of Mongolia's total exports), as restrictions reduced truck movements across the border. Going forward, the economy is expected to accelerate in 2022 and recover to its pre-COVID level as the vaccination rate was high in late 2021 (65% of the population was fully vaccinated as of December 2021), transportation issues affecting exports should be resolved with the pandemic kept under control, and domestic demand is set to increase. Strong Chinese demand should continue to stimulate mining exports (especially coking coal) to China, and, as a result, mining investments, which were delayed to some extent by the pandemic. Private consumption (60% of GDP) is expected to expand, assuming there will be no further lockdowns and that employment increases, and is still benefiting from social protection and household support that were implemented during the pandemic and extended through the second half of 2021. The support plan has included an exemption of utility bills (electricity, heat, water and waste) for households and some companies. However, - which rose sharply in the second half of 2021 due in part to supply-side factors - is expected to remain high in 2022. If it stays and hovers over the 4-8% target range, Bank of Mongolia is likely to raise its policy rate, standing at 6% since the end of 2020, but its policy would still be relatively accommodative.

Public finances will recover but remain exposed to external shocks

Despite commitments and efforts under the IMF's Extended Fund Credit Facility set up for three years in 2017 to reduce the fiscal deficit, the economy is still burdened with high debt, making it vulnerable to external shocks affecting FDI, commodity prices and Chinese demand. Furthermore, with over 90% of public debt denominated in foreign currency, the country is exposed to exchange rate depreciation. The pandemic has deteriorated the public accounts through declining revenues and support for the most affected households. That being said, the fiscal deficit should continue to narrow in 2022 with an increase in revenues, while expenditures should remain high to support the economy. The government is financing itself mostly bilaterally and multilaterally (with AIIB for 21 million in July 2021) in order to alleviate the fiscal pressure.

The current account deficit widened in 2021 due to disrupted exports to China. It is expected to widen further in 2022, with an increase in imports due to rising mining investments. However, the trade balance should remain in surplus thanks to mining exports and their high prices. The services balance will remain in deficit due to freight charges (one third of that deficit), as will the income account: foreign companies will repatriate more profits from their mining activities and interests on debt are to be paid. That said, strong mining related FDI inflows (10% of GDP), in light of high demand, should increase, and alongside bilateral and multilateral loans, will continue to finance the current account deficit. Foreign exchange reserves remain ample and stood at 6.4 months of imports as of July 2021. The bilateral currency swap agreement with China - 15 billion yuan for 6 trillion togrog (USD 2.2 billion) - was renewed on 31 July 2020 for another three years until 2023.

Corruption weakens the ruling party's credibility

The presidential election in June 2021 consolidated the power of the Mongolian People's Party (MPP) in the unicameral Parliament (62/76 seats from June 2020) with the former Mongolian Prime Minister and MPP leader, Ukhnaa Khurelsukh winning the election by a landslide. His socially oriented agenda focuses on supporting the Mongolian middle-class and the independence of the legislative and judicial systems through the Vision 2050, the long-term development policy. For instance, he proposes the



implementation of a sovereign wealth fund and equal benefits from Mongolia's mining resources to all citizens. However, those projects could face scrutiny as the country has been facing a high unemployment rate (8.8% in 2021) and corruption scandals - it is ranked 111th out of 180 countries in Transparency International's corruption perceptions index. If unfulfilled, this could fuel disillusion among the population and could pose increase risks to social stability. Externally, the country maintains good relations with the neighbouring countries, Russia and China, while seeking to diversify its ties through the "third neighbour" foreign policy, especially with India, the United States, Japan and more recently, South Korea, its 6th strategic partner.



For further information of country rating and payment experience such as Assets – weaknesses – risk outlook; Industries overview; Insolvency trend; Means of payment and collection methods; and Nonpayment index, please visit our group’s official homepage at www.coface.com or go directly to your interest at http://www.coface.com/CofacePortal/COM_en_EN/pages/home/risks_home

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