

2.7. BONDS PLACEMENT ON THE PRIMARY MARKET

The 3,000,000 number of issuing bonds valid period of placement on the primary market is 12 months. When placing the bonds on the primary market it will be divided into three parts and placed by partially.

- I. After getting the permission from “Financial Regulatory Commission”, first part of the issuing bonds will be placed on the primary market within August 30th of 2011. After the placement of the first part of the issued bonds on primary market successfully send the records to competent authorities’ and announce among public within 15 working days.
- II. The second part of the issuing bonds will be placed on the primary market within August-September 2011, after the first issued bonds are successfully traded. After the placement of the secondpart of the issued bonds on primary market successfully send the records to competent authorities’ and announce among public within 15 working days.
- III. The third part of the issuing bonds will be placed on the primary market within 30th of October of 2011, after the second part of the issued bonds are successfully traded. After the placement of the third part of the issued bonds on primary market successfully send the records to competent authorities’ and announce among public within 15 working days.

Period	2011					2012								
	8	9	10	11	12	1	2	3	4	5	6	7	8	9
Cap														
MMB 1	10 Billion MNT													
MMB 2	10 Billion MNT													
MMB 3	10 Billion MNT													
Interest Payment 1				+			+			+			+	
Interest Payment 1					+			+			+			+
Interest Payment 1						+			+			+		+
Capital Payment 1													+	
Capital Payment 1														+
Capital Payment 1														+



The bonds savings, registrations and the payments of the bonds on primary and secondary markets will be done by Mongolian Securities Clearing House and Central Depository LLC.

If the issuer transferred the payments within 12 o'clock then it's considered as T+0, if transferred after 12 o'clock then it is considered T+1. In otherword if the depository receives the payments before 12 o'clock then it will transfer the payments of the bondholders within 14-16:30 PM of that day, if receives the payments after 12 o'clock then it will transfer the payments of the bondholders 9-12 AM of the next day.

Issuer will transfer the first, second, third and fourths interest payments and the capital payment of the bonds to the account of the holders at Mongolian Securities Clearing House and Central Depository LLC.

If the interest paying day is weekend then it will be transferred until the next working day.

How to buy the bonds?

The investors will buy the bonds through brokerage and dillering companies.

Before entering into exchange the investors needs to credit cash you want buy and other fees at your securities account.

Who is able to buy the bonds?

On primary market exchange all Mongolians and foreign organizations that have accounts on Mongolian Securities Clearing House and Central Depository LLC.

If you need more specific information about how to open a account please contact with brokerage firms.

Taxation and Commision

Commercial commission:

In order to participate at the exchange of the bonds you need to pay 0.1% of commission of total amount of sales.

Tax:

In accordance with "Private person income tax law", the paragraph 30.2 of Article 30 indelicate that "the taxes on the revenues mentioned in the paragraphs 13.1.3 and 13.1.4 of this law will be calculated and paid from January 01 of 2013". The paragraph 13.1.3 indicates that "dividend revenue" and the paragraph 13.1.4 indicates "interest income". Therefore, any individual who earns dividend revenue will not pay an income tax on dividends until January 01 of 2013.



The paragraph 16.3 of the “Corporate income tax law” indicates that “the following incomes will be separately determined as taxable income”, and the paragraph 16.3.1 indicates that “dividend revenue”. The paragraph 17.2 indicates that “The rates of taxes indicated in this paragraph will be defined as follow”, and the paragraph 17.2.1 indicates that “the tax rate of dividend revenue will be calculated by 10 percent”. Therefore, companies which earn dividends should be taxed by 10 percent.

To impose income tax on the sale of common stock:

The taxable income on the sale of common stock and other securities will be calculated by the difference between the income from the sales and the sum of cost for the purchase and commission paid both buy and sell side. Individuals and corporate will pay 10 percent of income tax for the income from stock sale.

Foreign exchange rate /Mongolian tugrug/

Mongolia Stock Exchange listed stocks are traded against the national currency called tugrug. /MNT/ The currency rate will be set as of the given day’s rate which is renewed on the commercial banks’ website on a daily basis.

Please follow the links below to view Mongolian largest commercial bank’s currency rates:

Golomt bank: www.golomtbank.com

Khan bank: www.khanbank.com

State bank: www.statebank.mn

Trade and Development bank: www.tdbm.mn

Savings bank: www.savingsbank.mn

How to credit cash to buy bonds?

Investors need to credit certain amount cash that is not less than a total value of the purchasing shares and the commission. A wire transfer should be sent to the Securities Clearing House and Central Depository’s bank account.

Please contact your brokerage firm to get more details on wire transfers.

The bank accounts of Mongolian Securities Clearing House and Central Depository LLC

Name of the recipient: “MSCHCD” LLC

Recipient bank: Savings Bank

Recipient account number: 10000018669





PREScription OF THE BOND

SWIFT code: SVBMMNUB

Recipient bank: Golomt Bank

Recipient account number: 1102017223

SWIFT code: GLMTMNUB

Recipient bank: Khaan Bnak

Recipient account number: 5082007254

SWIFT code: AGMOMNUB

Recipient bank: Public Bank

Recipient account number: 3413000658

SWIFT code: STBMMNUB

Recipient bank: Trade and development bank

Recipient account number: 499138239

SWIFT code: TDBMMNUB

Prejudication:

According to the collaborate agreement made between “Golomt Bank” LLC, “Just Agro” LLC and “BDSec” JSC on May 17th of 2011, Golomt Bank wants to buy from the Issuer company’s issuing bonds with the amount equal to 10 billion MNT.