



# E-Newsletter

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ALTAI KHANGAI AND SARUUL GANBAATAR RESIGNS AS CEO AND DEPUTY CEO OF THE MONGOLIAN STOCK EXCHANGE



FINANCIAL REGULATORY COMMISSION DECISION



D.BOLORMAA, HEAD OF STATE MANAGEMENT DEPARTMENT AT STATE PROPERTY COMMITTEE, HAS BEEN APPOINTED AS AN ACTING CEO OF THE MONGOLIAN STOCK EXCHANGE

“HAI BI OIL JSC ANNOUNCES CONVERSION OF ITS SHORT TERM CONVERTIBLE LOAN NOTES



MONGOLIAN STOCK EXCHANGE HAS LISTED "MEREX" JSC



**SHARYN GOL JSC**

SHARYN GOL MINE TO PRODUCE CLEAN COAL BRIQUETTES

TO THE ATTENTION OF ‘GENCO TOUR BUREAU’ SHAREHOLDERS



## Events

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- MONGOLIAN STOCK EXCHANGE HAS LISTED "MEREX" JSC
- SHARYN GOL MINE TO PRODUCE CLEAN COAL BRIQUETTES

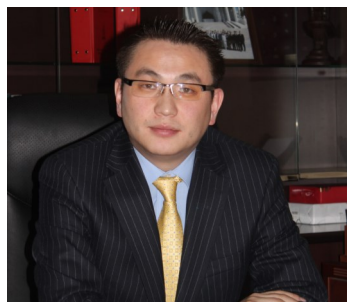
## STATISTICAL INFORMATION OF SECURITIES MARKET

- Trading information of January

## TRAINING

- Capital markets training will start from 3th of March.

For detailed information  
Tel: 11-313747  
[www.mse.mn](http://www.mse.mn)



ALTAI KHANGAI AND SARUUL GANBAATAR  
RESIGNED AS CEO AND DEPUTY CEO OF THE  
MONGOLIAN STOCK EXCHANGE



Altai Khangai and Saruul Ganbaatar resigned as the CEO and the deputy CEO of the Mongolian Stock Exchange, based on their requests of resignation on January 15, 2014. They started working as executive management of MSE since January 2011, and during the time of their service, they set the foundation of the initiative to create a world class capital market in Mongolia and reached the following milestones within the initiative:

1. MSE has played a significant role in drafting Mongolian Securities Markets Law which took effect on January 1, 2014. This law will help bring the actual benefits of capital market reform initiative and introduce international market standards. For instance, the law will create an environment to allow for the dual listing of Mongolian companies listed abroad as well as the listing of foreign-listed companies in Mongolia and help introduce new products and new services such as custodian services in the market.
2. To create a legal environment to establish institutional investor base, MSE participated actively in drafting the Investment Fund Law which entered into force on January 1, 2014. It will intensify the market development through promoting foreign indirect investments as well as increasing the participation of citizens in the market.
3. MSE has revised over 10 market rules and regulations in accordance with the newly adopted laws with collaboration of Financial Regulatory Commission.
4. They started the work of market reform in accordance with international standard, based on the Strategic Partnership Agreement concluded between the State Property Committee (SPC) and the London Stock Exchange Group (LSEG), and the Master Service Agreement concluded between SPC, LSEG and MSE in 2010 and 2011 respectively. Within the framework of the reforming the market infrastructure-one of the fundamental factors to effectively implement the revised Securities Law, the Millennium IT system was launched successfully on 2<sup>nd</sup> of July, 2012. The system has also provided brokers with opportunities such as remote trading.
5. Securities trading, clearing and settlement has shifted from prepaid system to international practice of T+3 rolling settlement system and new risk management mechanism has been introduced to the market with participation with other market participants. This is an indispensable move to attract international investors and remove impediments to participate in market, hence increasing liquidity of the Mongolian financial market.
6. MSE signed the “Cooperation Agreement for Introduction of Financial Index” with the UK’s FTSE group, a world-leader in the provision of global index and analytical solutions in 2013. Moreover, Mongolian capital market was placed on FTSE’s Watch List for possible promotion to Frontier market status. Having a Frontier market status within FTSE indices is an invaluable chance for Mongolian market to gain international recognition, to attract international qualified investors, improve the market activity and liquidity, speed up the market development and provide relatively cheap, long term financing to companies in rapidly growing sectors.
7. With the purpose of improving knowledge and skills of market professionals, which is one of the key factors to reach the goal of reform, 120 market professionals attended training of London Stock Exchange Academy. In addition, MSE has played a leading role in introducing and explaining the new market structure and technology to other market participants.



8. To improve market transparency and protect investors' interests, MSE has been publishing registered companies' financial statements, shareholders meeting announcements, statements and decisions in a timely manner. As a result of the effort, the number of companies that submitted their financial statements increased by 2.23 times from 97 to 217 in 2013 compared to the previous year.
9. During the years of his work, securities trading volume reached its highest historical record of 113.5 billion tugriks in 2011, 145.0 billion tugriks in 2012, and Mongolian capital market was considered as the highest performing market. However, because of various reasons such as more than 50 percent decrease in foreign investment, which makes up around 90 percent of total trading on MSE, and economic hardships in the country in 2012-2013, and recession in global economy and financial markets etc., 98.6 billion tugriks trading has taken place in 2013. Still, this was 60 percent higher than 2008 and 4 times higher than 2009, or years before the appointment of Chief Executive Officer Kh.Altai. We are confident that measures of the State to recover foreign investment will have a positive impact on future market performance.
10. MSE has also worked towards delivering market information to the public in a timely manner as well as improving public knowledge about capital market. Namely, in recent years 1,500 people participated in the training course to provide basic knowledge about securities market. We have organized 3 major investment summits, and organized investment road shows in 4 financial centres to more than 20 international investment funds, as well as meeting more than 600 other investors on the stock exchange promoting the market.

All the staff of MSE would like to wish success to our CEO Kh.Altai and deputy CEO G.Saruul to their future endeavours, who worked with great effort to implement the goal of creating a world class market and successfully laid the foundation for its vibrant development.

SPC will be responsible for running the operation of the company's executive management until the results of the competitive selection, which is organized by SPC openly, is announced.



**12 JSC's DELISTED FROM MSE SECURITIES LISTING**

Based on Financial Regulatory Committee decree no.:500 from 12 December 2013, and 58 and 59.1 of MSE "Securities Listing Rule", and by "Mongolian Stock Exchange" SOJSC Chief Executive Officer's decree no.:14 from 14 January 2014, following 12 joint stock companies and their securities were delisted from MSE securities listing.

These companies made breaches such as not implementing 10.1.3, 10.1.4, 10.1.5 of Article 10 of "Securities Market Law", not delivering information that must be delivered to the shareholders in accordance with approved rules of the Stock Exchange and Financial Regulatory Committee on legally stated time, not fulfilling duties and tasks given from the Committee repeatedly, and did not fully satisfy the

criteria set by MSE "Securities Listing Rule"

No	Company name
1	"Torgo ur" JSC
2	"Dornod noos" JSC
3	"Altai khaniin material" JSC
4	"Dar zam" JSC
5	"Mandal Orgil" JSC
6	"Ulbaa" JSC
7	"Sumber-Ulzii" JSC
8	"Teever tuv" JSC
9	"Govi sumber" JSC
10	"Ulaan khotgor" JSC
11	"Jinchin" JSC
12	"Ariljaa" JSC

These companies can operate as a closed joint stock companies in the future.



**MONGOLIAN STOCK EXCHANGE HAS LISTED "MEREX" JSC**

Based on Financial Regulatory Committee decree no.:514 from 18 December 2013, Mongolian Stock Exchange has listed "Merex" (MSE:MRX) JSC publicly offered 65,005,000 shares with face value of 100 tugriks to Mongolian Stock Exchange securities listing by 14 January 2014 according to "MSE" SOJSC Chief Executive Officer's decree. "Merex" JSC was established in 2012 to operate in foreign trade and construction materials field, and it is building a concrete mix factory with a mark of TW-2500, which was manufactured in Republic of Korea and with a capacity of producing 150 cubic meters concrete per hour, in Songinokhairkhan district.

The company plans to raise 2.6 billion tugriks from the market or will offer 40% of its total company's shares, which is 26,000,000 common shares to the public, and the funds will be used to smoothen its production and fully implement its business plan in the future and to successfully execute the company's operation. "Standard Investment" LLC is working as an underwriter for the company.

Par value:	100 tugrik
Number of shares publicly offered:	26,000,000
Percentage of shares publicly offered:	40%
Offer price :	100 tugrik
Offer method:	fixed price
Commencement of subscription:	3th of March, 2014

"www.standardinvestment.mn"

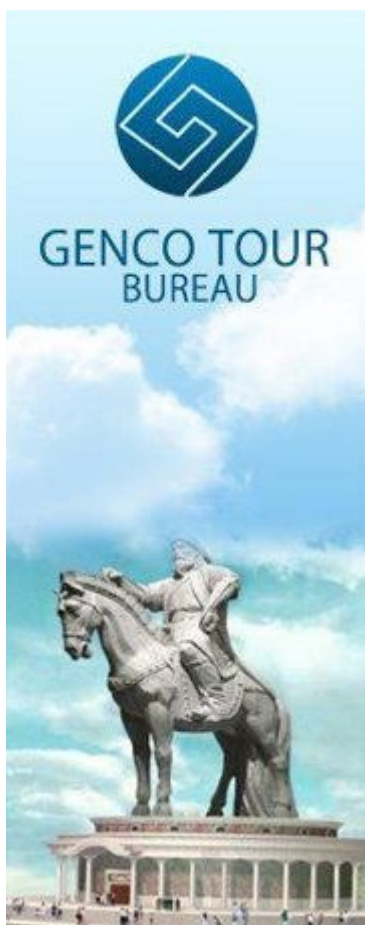


**D.BOLORMAA, HEAD OF STATE MANAGEMENT DEPARTMENT AT STATE PROPERTY COMMITTEE, HAS BEEN APPOINTED AS AN ACTING CEO OF THE MONGOLIAN STOCK EXCHANGE**

Based on part 1 of clauses 9, 18 of Article 11 of “Law on State and Local Property”, 76.1.8 of clause 76 of the “Company Law”, request of Kh.Altai to the Chairman of the Board of Directors of “Mongolian Stock Exchange” SOJSC (MSE), by decrees of State Property Committee and MSE BoD decree no.:1 of 13 January 2014, MSE Chief Executive Director Kh.Altai has been released from his official duty effective from 15 January 2014. Until the Chief Executive Officer’s competitive selection’s official results are announced, State

Property Committee’s Head of State Management Department D.Bolormaa has been appointed as an Acting Chief Executive Officer of MSE, for the purpose of ensuring the uninterrupted operations of the company.

The State Property Committee’s Working Group received Kh.Altai’s work and Mongolian Stock Exchange Chief Executive Officer’s competitive selection will be announced to the public and will be organized openly.



#### **ATTENTION TO “JENCO TOUR BUREAU” JSC’S SHAREHOLDERS**

The company has decided to distribute dividends at the company’s venue due to the new rates imposed by the MSCHCD, although the Board of Directors of Genco Tour Bureau (MSE:JTB) decided to distribute dividends to their shareholders through MSCHCD.

Please click [here](#) to view the detailed information on dividend distribution.

#### **“KHOROL-ERDENE” JSC’S SECURITIES WERE DELISTED**

According to FRC Resolution No.546 of December 18, 2013, Decree No. 58 and 59.1 of MSE ‘Listing Rules’, and MSE Chief Executive Officer’s Decree No.23 of January 24, 2014, ‘Khorol-Erdene’ JSC’s total of 86,850 shares were delisted from the MSE securities list.



### HAI BI OIL JSC ANNOUNCES CONVERSION OF ITS SHORT TERM CONVERTIBLE LOAN NOTES

HBOil JSC (MSE: HBO; Bloomberg Code: HBO MO; “HBOil”), is pleased to announce that its Board of Directors has unanimously voted to issue HBOil common shares, in consideration for the short term Convertible Loan Agreement (CLA), which was used to acquire 100% of Ninox Hydrocarbons (L) Berhad (now known as “HBOil [L] Berhad”), a private Malaysian company which holds 20% of the share capital of KOEC International, Inc. (“KOECII”). The remaining 80% of the share capital of KOECII, is held by HBOil’s Joint Venture partner Korea Oil Exploration Corporation (“KOEC”), which is the national oil company of the Democratic People’s Republic of Korea (“DPRK” or “North Korea”).

HBOil also has the pleasure of announcing that it has acquired roughly 12% of the capital of Ninox Energy Limited, a Singaporean entity that owns through Korex Ltd.; 100% of the Production Sharing Contract (“PSC”), which covers the offshore territory of DPRK in the East Sea. This acquisition by HBOil, via the redemption of its convertible notes in Ninox Energy Limited, now provides HBOil and its shareholders with an approximate 12% indirect interest in the potential hydrocarbons resources in the East Sea of DPRK; effectively, concluding HBOil’s previously announced option to acquire up-to 51% of Ninox Energy’s interest in the East Sea PSC.



### **SHARYN GOL JSC**

### SHARYN GOL MINE TO PRODUCE CLEAN COAL BRIQUETTES

One of the oldest open-cut mine in Mongolia, Sharyn Gol mine signs a contract to receive a debt financing package of 10 million USD from the EBRD to support its project to develop an environment friendly mine and to produce clean fuel briquettes for Mongolians.

The debt financing package, a contract signed between parties of EBRD and Sharyn Gol JSC (MSE:SHG), is to be spent for the acquisition and installation of a de-stoning plant and the upgrade and expansion of a coal enrichment and briquetting plant. These plants will supply washed coal and smokeless coal briquettes.

The washed coal and coal briquettes from these facilities will go to industrial consumers for use in processes such as smelting and cement production, and to households for domestic heating. The expanded facilities following completion of the first phase of the project are expected to produce over 75 thousand tons of semi-coke and briquetting products per annum.

Eric Rasmussen, EBRD Director, Natural Re-

sources said: “We are delighted at the opportunity to be working with Sharyn Gol on this Project to improve air quality in Ulaanbaatar. We also value the Company’s commitment to make a very positive impact to the social and economic developments in the local region. We look forward to supporting the company’s strategic move into value-added clean coal products”.

Sharyn Gol JSC Director James Passin said: “We are honoured to receive a debt financing package from the EBRD, following deep operational, financial, legal, geological, environmental, and social due diligence by the Bank and its consultants. The long-term debt financing will enable Sharyn Gol JSC to accelerate its plans to turn its subsidiary Naco Fuel JSC into a producer of smokeless fuel for the Mongolian market. We anticipate that our products will make a material improvement in Ulaanbaatar’s air quality by the winter of 2015.”



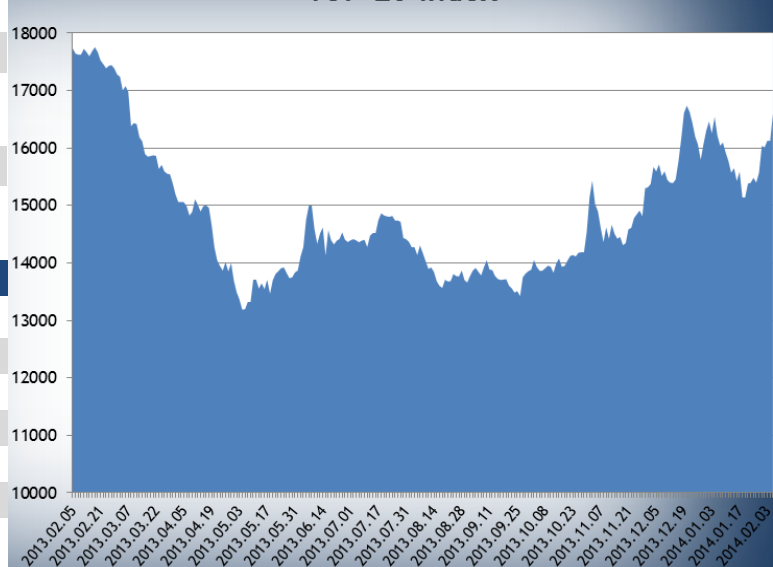
**Brief statistics**

Traded volume	1,642,134.0
Total traded value /MNT/	917,775,784.76
Number of transactions	1,674.0
Number of traded securities	92
Market capitalization /MNT/	1,623,963,751,640.0

**TOP-20 Index**

Close	16,011.96
Pre-Close	16,301.81
Change/MNT/	-289.85
Change /%/	-1.78
52 weeks High	18,301.93
52 weeks Low	13,188.46

**TOP-20 index**



**Actively traded securities:**

**By volume:**

No	Symbol	Securities name	Volume	Price
1	ETR	E Trans logistics	422 767	49,460,999.0
2	JTB	Genco tour bureau	284 496	24,481,826.0
3	HRM	Hermes centre	227 068	37,375,954.0
4	DAR	Darkhan guril tejeel	145 931	87,563,100.0
5	RMC	Remicon	139 869	21,872,963.0

**By value:**

No	Symbol	Securities name	Volume	Price
1	APU	APU	29 307	118,238,383.0
2	DAR	Darkhan guril tejeel	145 931	87,563,100.0
3	TTL	Tavan tolgoi	14 460	77,170,793.0
4	BUK	Ulaanbaatar BUK	1 731	68,329,100.0
5	TEE	Teever Darkhan	2 650	66,250,000.0

**Risers:**

No	Symbol	Securities name	Pre-close	Closing price	Change	
					MNT	%
1	UNS	Ulaansan	340.0	784.8	445	130.81
2	ALI	Ariljaa Impex	200.0	454.7	255	127.37
3	DLH	Selenge Dulaankhaan	100.0	174.9	75	74.89
4	HHC	Bishreft Industrial	3,000.0	4,550.0	1550	51.67
5	GTJ	Guril tejeel Bulgan	6,605.0	5,290.0	1685	46.74

**Fallers:**

No	Symbol	Securities name	Pre-close	Closing price	Change	
					MNT	%
1	DAR	Darkhan guril tejeel	770.0	600.0	-170	-22.08
2	MNH	Mongol nekhmel	6,200.0	5,000.0	-1200	-19.35
3	DHU	Darkhan Khuns	5,200.0	4,300.0	-900	-17.31
4	HGL	Khangal	1,300.0	1,105.0	-195	-15.00
5	KEK	Mongol Keramik	7,860.0	6,685.0	-1175	-14.95