

Korean investment 'positive catalyst' for Mongolian stock market

By Son Ji-hyoung

The Mongolian Stock Exchange chief hailed South Korean financial companies' engagement with its fledgling stock market as a "positive catalyst" in its search for increased attention from foreign investors.

HERALD INTERVIEW

Speaking in an interview with The Korea Herald, Altai Khangai, chief executive officer of the MSE, cited the initial public offering of LendMN, Mongolia's first financial technology company that began trading in March, as well as another upcoming IPO involving Korean investments.

Seoul-based institutional investor Rhinos Asset Management carried out a strategic acquisition of 4.5 percent of LendMN shares worth some \$370,000 in the \$2 million IPO deal, while Korean securities firm Mirae Asset Daewoo's Mongolian underwriter unit led the listing procedure of the company.

Such an example of institutional capital investment played a pivotal role in the market that has sought to invite more divergence, the top

market operator said in the telephone interview.

"(Rhinos Asset Management's investment) was a positive catalyst to bring in international investors into the Mongolian market," Khangai said, adding that the underwriter, Mirae Asset Securities Mongolia, "served as the ground" for more Asian investments.

Both firms marked the first Korean entities to be engaged in a Mongolian IPO.

LendMN is an instant lending service provider run on artificial intelligence through smartphones. After gaining regulatory approval in February, the company began trading on the tier-three market of the MSE on March 14.

Since then, LendMN has been one of the most actively traded stocks on the MSE. Each week since going public, LendMN has been picked as one of the top-five stocks with the highest weekly trading volume out of all 218 listed companies.

"The IPO of LendMN was a great addition to the MSE pool of stocks as the first fintech company to be listed on MSE," Khangai said.

In addition, Khangai said he was



Mongolian Stock Exchange CEO Altai Khangai MSE

pinning hopes on another IPO of a manufacturer led by local underwriter Gauji Investment Securities, involving an undisclosed amount of Korean investment. He declined to comment on details because the IPO has yet to gain financial authorities' approval.

Korean institutional investors' shift in focus — from bonds to equi-

ties in Mongolia — came as a surprise to Khangai.

"Korean investors are among the most active investors for local government bonds," he said. "However, their participation in the equities market (had) been relatively limited."

With a few market heavyweights

holding sway, a boom in the Mongolian stock market re-emerged in 2017, after years of ups and downs since its heyday in 2011.

Leading the stock bull run in the landlocked country were partially state-owned coal miner Tavantolgoi and alcohol beverage maker APU.

If combined, the two account for nearly half of the total market cap made up of 218 constituents. The combined market cap of all MSE-listed firms came to some 2.5 trillion Mongolian tugrik (\$1 billion) as of late April.

Both companies' stock prices nearly doubled, while the MSE's benchmark top-20 index surged over 50 percent. Total market cap topped the 2 trillion-tugrik mark in September 2017, for the first time in 5 1/2 years.

The renaissance of the market, on the other hand, exposed the stock markets' chronic reliance on the performance of a few giants dedicated to the nontertiary sector, leaving the market susceptible to price volatility in commodity prices and the volume of resources exports to the adjacent China.

"As a country dependent on coal exports, the performance (of giants) had the most impact on the growth

of the Mongolian capital market," Khangai said.

In the long term, the market operator found it vital to boost the confidence of foreign investors through market diversification.

"We are working toward diversification of the listed companies, and LendMN (IPO) was a big step," Khangai said. "(The LendMN IPO) may inspire other similar companies to come on to the market."

To draw more attention from foreign investors, carrying out a trading system overhaul is crucial, he added, so that it can re-enter the Frontier Markets Watchlist of FTSE Russell.

The MSE was removed from the watchlist in September, due to a delay in compliance with the requirements in the trading system, such as adopting the T+2 settlement system, payment mechanism and global custodian presence.

"We are aware of the need to facilitate the post-trading environment for market players, both foreign and local ... in order to bring in more investors and make the standards more international," he said.

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Attendees including Lim Sung-nam, first vice minister of foreign affairs (sixth from left), Kim Jae-hyun, minister of the Korea Forest Service (sixth from right), Park Eun-sik, acting executive director of AFoCO (fifth from right), and Lee Hyuk, secretary-general of the ASEAN-Korea Center (far right), pose at AFoCO's inauguration ceremony in Seoul on Thursday. AFoCO

Asian forest ministries link up to fight climate change

By Kim Da-sol

Ministries and government bodies in charge of forest preservation in South Korea and ASEAN member countries have launched an intergovernmental platform to strengthen regional cooperation regarding forests and address the impacts of climate change.

The new Asian Forest Cooperation Organization (AFoCO) will boost cooperation in the Asian region that is vulnerable to forest degradation and take concerted actions against climate change by sharing technological efforts and policies, officials said at AFoCO's inauguration ceremony in Seoul on Thursday.

Some 90 officials from South Korea and ASEAN member coun-

"Taking on the best practices and lessons learned over the years, the entry into force of the AFoCO will open a new phase of forest cooperation in Asia with broader regional scope and specific priority areas."

tries attended, including First Vice Minister of Foreign Affairs Lim Sung-nam, Minister of Korea Forest Service Kim Jae-hyun, academia and other organizations.

The establishment of AFoCO was first proposed by Korea at the ASEAN-Korea Commemorative Summit in 2009. AFoCO officially entered into force on April 28 this year. The organization also invited other Asian countries, expanding its membership to 14 nations including Korea, Bhutan and Brunei.

During the six years of preparation, officials involved in the intergovernmental project conducted regional forestry activities and projects related to ecosystems and biodiversity conservation. They also conducted forest resources as-

essment, the management and distribution of seed sources, the domestication of threatened species in disturbed ecosystems, and capacity building on forest rehabilitation.

"Taking on the best practices and lessons learned over the years, the entry into force of the AFoCO will open a new phase of forest cooperation in Asia with broader regional scope and specific priority areas. It is also expected to become a practical channel to realize the new southern policy," said the AFoCO in a statement.

AFoCO invited beneficiaries of its scholarship program to its inauguration ceremony to celebrate the birth of the organization and form a network of future partners, the organizer said.

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AFoCO to lead growth with green forests

The efforts for the establishment of the AFoCO started in a simple but desperate attempt to do what we can to save our forests and help the people live better lives in Asia.

The AFoCO is opening a door to unfold 'Asia nestled in forest' where people lead more prosperous lives with healthier forests. This paves the way to better contribute and think more proactively in tackling climate change — a global challenge of this age.

All too often, forestry and other environmental issues are considered less urgent than other sectors. I hope that through AFoCO we get



Kim Jae-hyun, minister of Korea Forest Service AFoCO

to further explore and know by heart the needs to restore and sustainably manage our valuable forests and the significance of transboundary cooperation among nations working together to that end.

The AFoCO is unique and significant in the sense that it is an international organization specifically for forest sector where projects are developed and implemented based on the actual needs and policies in the mem-

ber countries. This will certainly contribute to strengthening the role of Asia in the international arena.

AFoCO to play crucial role in Moon's 'New Southern Policy'

Last year, President Moon Jae-in announced the New Southern Policy. Under this policy direction, Korea is looking beyond Northeast Asia to deepen bonds of cooperation with ASEAN and beyond. By forging a mutually beneficial partnership, the policy's ultimate goal is to contribute to an even better quality of life for the peoples of both ASEAN and Korea — and in so doing fostering a peaceful community of prosperity. In this vein, AFoCO will be an important



Lim Sung-nam, first vice minister of foreign affairs AFoCO

channel for us to translate this policy into real action. Cooperation under the AFoCO framework will take us a step closer to realizing the Future Community of ASEAN and Korea as envisioned by President Moon. And the cooperation with Mongolia, Kazakhstan, East Timor and Bhutan will also serve as a valuable basis for the organization to reach out to other parts of Asia, meaning that the AFoCO will truly emerge as a regional institution.

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