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Myanmar Highlights

March 2016

First Myanmar Investment Limited discloses risks ahead of listing on the Yangon Stock Exchange

First Myanmar Investment Limited (**FMI**) has issued a disclosure document (**FMI Disclosure Document**) setting out the risk factors associated with its forthcoming listing on the Yangon Stock Exchange (**YSX**). The FMI Disclosure Document lists a reliance on FMI's chairman Serge Pun's business relationships and the potential illegality of its existing share trading center among the risks associated with its business. FMI will be the first company to list on the YSX. Trading in FMI's shares is scheduled to commence on 25 March 2016. Myanmar's Securities and Exchange Commission has announced that Myanmar Thilawa SEZ Holdings Limited will be the second company to list on the YSX, followed by the Myanmar Citizens Bank Limited and the First Private Bank Limited. All firms planning to list on the YSX must publish disclosure documents or a prospectus in advance of their Initial Public Offering (**IPO**). Disclosure documents must be issued by companies who are listing but who are not issuing new shares as part of the IPO. Companies issuing new shares must issue a prospectus. Disclosure documents and prospectuses should include the company's recent financial results, business strategy and ownership structure. FMI is the first company to publish either a disclosure document or prospectus and the first to present the costs of listing on the YSX, which it expects to total K1 billion. This includes K700 million in advisory fees, K200 million in listing fees, and K50 million in printing and advertising. Disclosure documents should also detail the potential risks a firm faces. Disclosing these risks is key to allowing prospective shareholders evaluate a company before they consider buying shares. According to the FMI Disclosure Document a key risk for FMI is that it is "reliant" on FMI's executive chairman Serge Pun. Mr. Pun has a "direct and indirect interest" of almost 70% of FMI's shares, meaning other shareholders will have a very limited influence on the

outcome of any shareholder vote. FMI has issued 23,480,013 shares, all of which will be transferred onto the YSX. The top 10 shareholders in FMI hold 87.54% of its shares. In FMI Disclosure Document FMI states that there are no restrictions on its ability to issue shares, or on its major shareholders selling shares. Any future share issuance may adversely affect FMI's trading price. The FMI Disclosure Document also details risks unrelated to FMI's business operations. Investors of YSX-listed companies may experience problems that include a temporary closure of the YSX because of extreme market volatility, broker defaults, settlement delays and strikes by brokers. FMI also stated that there is limited access to publicly available information and statistics in Myanmar and that it may be difficult for its shareholders to gauge FMI's performance, which may lead to inefficient pricing due to incomplete market information. (Source: <http://www.mmtimes.com/index.php/business/19463-fmi-discloses-risks-ahead-of-yangon-stock-exchange-listing.html>, 15 March 2016)

Japanese tech firm MIRAIT establishes Myanmar subsidiary

Japanese engineering firm MIRAIT Technologies Corporation (**MIRAIT**) has established a Myanmar subsidiary (**MIRAIT Myanmar**) in a bid to expand its business in the Asia Pacific region. MIRAIT Myanmar has a paid-up capital of US\$20 million and will construct mobile communication equipment. It will initially employ approximately 100 people. Mr. Mamoru Tanaka, MIRAIT's head of Global Business Department, said MIRAIT Myanmar is also planning to launch an educational programme to develop engineering skills in respect of optical fiber technologies. MIRAIT is a subsidiary of MIRAIT Holdings Limited and has a presence in more than 60 countries worldwide. (Source: <http://www.mmbiztoday.com/articles/japanese-tech-firm-establishes-myanmar-subsiary>, 15 March 2016)

Volkswagen and Yoma enter into exclusive import and distribution agreement

Yoma German Motors Limited (**Yoma Motors**), a subsidiary of Singapore-listed investment company Yoma Strategic Holdings Limited (**Yoma Strategic**) has entered into an agreement with German automaker the Volkswagen AG (**Volkswagen**). Pursuant to the agreement, Yoma Motors will import and act as the official distributor of Volkswagen's cars and SUVs in Myanmar. Yoma Motors has been providing after-sales servicing and spare-parts services for Volkswagen in Myanmar since October 2013. Announcing details of the agreement Mr. Axel Oberdiek, Volkswagen's General Manager of Sales for ASEAN and Hong Kong, said "The extension of our business relationship with Yoma Strategic to become the official distributor of Volkswagen underscores our commitment to the Myanmar market. We are proud to become a part of the success story of this country and are happy to be able to offer our products to the people of Myanmar, products that were designed to make your life safer, easier and more comfortable" (Source: <http://mizzima.com/business-domestic/yoma-strategic-appointed-volkswagen-importer-distributor-myanmar>, 3 March 2016)

Myanmar Oriental Bank to issue unsecured credit cards

Myanmar Oriental Bank (**MOB**) has announced that it will issue unsecured credit cards to customers with a monthly income of more than K150,000. MOB will become the first Myanmar bank to provide such a credit facility. Card holders will be permitted to spend between K250,000 and K5 million. Pursuant to rules issued by the Central Bank of Myanmar (**CBM Rules**), banks are allowed to issue credit cards with a maximum limit of K5 million. MOB said it will increase the limits of their credit cards in line with CBM Rules changes if applicable. The cards can be used at retailers affiliated to the Myanmar Payment Union. MOB will enter into additional retail partnerships depending on customer requirements. (Source: <http://www.mmmtimes.com/index.php/business/19398-mob-to-launch-unsecured-credit-card.html>, 10 March 2016)

Thrust Maritime to provide hyperbaric recover and reception capability to SapuraAcergy in Myanmar

Thrust Maritime Limited (**Thrust Maritime**) has announced that it is to provide Malaysian offshore engineering and construction contractor SapuraAcergy Limited (**SapuraAcergy**) and its diving associate SapuraKencana Allied Marine Limited with remote hyperbaric recovery and reception capability for

its offshore gas project in Myanmar. SapuraAcergy will use Thrust Maritime's patented technology to ensure the safe recovery of saturation divers in the event of a diving incident on the Badamyar low compression platform project, which is owned by French oil and gas multinational Total S.A. The project involves installing Thrust Maritime's fully class certified man-riding A-frame and a hyperbaric reception facility, allowing immediate evacuation and treatment of a dive team. Thrust Maritime claims to be the only company in the world to provide 'for hire' man-riding A-frames which are specifically designed and used for the recovery of self-propelled hyperbaric lifeboats and hyperbaric rescue capsules. Installation of the equipment will occur in Malaysia in March 2016 with diving operations to be conducted in the Northern sector of the Andaman Sea in Myanmar in the second quarter of 2016. At the completion of installation, a drill will be conducted to ensure operational readiness. (Source: http://www.osjonline.com/news/view,thrust-maritime-claims-world-first-in-hyperbaric-rescue_41895.htm, 18 February 2016)

Central Bank of Myanmar acquires US\$40 million dollars from private banks to prevent market volatility

The Central Bank of Myanmar (**CBM**) has acquired in excess of US\$40 million dollars from private lenders between 4-9 March 2016. The CBM said the move was aimed at preventing market volatility. The funds were acquired through daily auctions. Banks have also set limits on foreign exchange transactions at certain branches. These limits varied widely from bank to bank and even day to day at the same banks. Currency auctions are one of the two main sources of currency exchange for lenders, the other being the interbank market, which is underused in Myanmar. (Source: <http://www.mmmtimes.com/index.php/business/19430-cbm-buys-dollars-to-reduce-panic.html>, 11 March 2016)

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