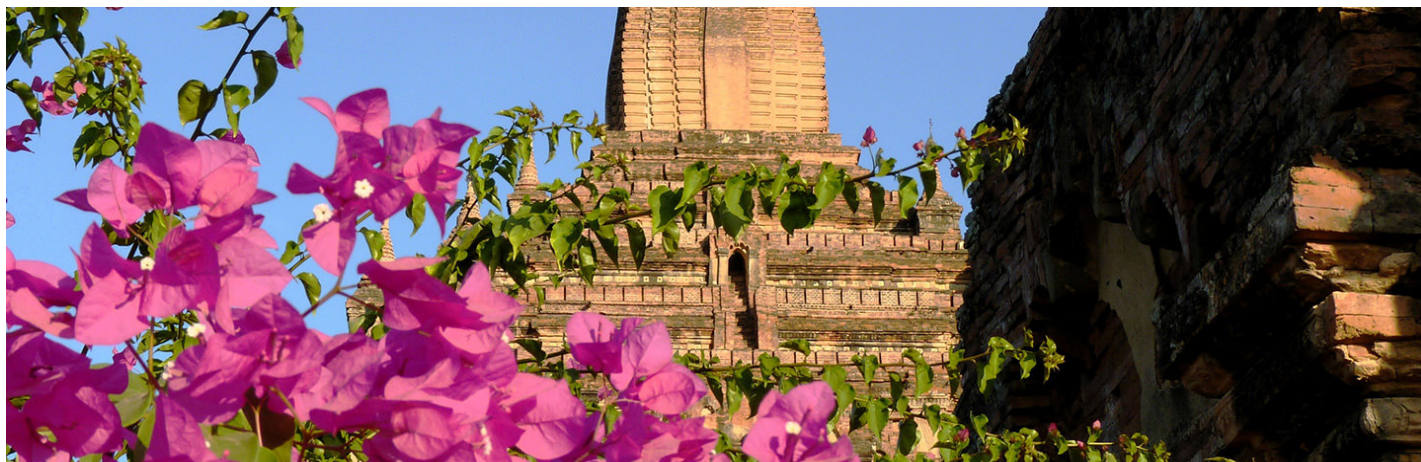


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Myanmar Highlights

August 2016

Golden Rock Capital raises US\$20 million of its US\$100 million target for Myanmar-focused fund

Golden Rock Capital Pte Ltd (**Golden Rock**) has raised approximately US\$20 million of its US\$100 million target for a Myanmar focused fund. The fund will make individual investments of between US\$7 million and US\$10 million in the services and consumer sectors. It has already invested in Myanmar Personal Care Co. Pte Ltd, a Singapore-registered perfume seller. Golden Rock is a PE fund registered with the Monetary Authority of Singapore. According to Golden Rock's founding partner, Thura Soe Paing, Golden Rock has no intention of adopting short term exit strategies in respect of its Myanmar investments and instead is investing in the "long term potential" of the country. (Source: <http://www.irrawaddy.com/business/the-irrawaddy-business-roundup-july-30-2016.html>, 30 July 2016)

Myanmar Citizens Bank to become third company to list on the Yangon Stock Exchange

The Myanmar Citizens Bank (**MCB**) will become the first Myanmar bank to list on the Yangon Stock Exchange (**YSX**). According to a notice issued by the YSX, the MCB is expected to list on 26 August 2016. The offering price or 'base price' for shares will be announced by the YSX immediately prior to the listing date. The securities company, Myanmar Securities Exchange Centre, is providing ongoing advice to MCB. All firms listing on the YSX are required to publish disclosure documents in advance of their initial public offering. The disclosure document must include details of the listing applicants recent financial results, business strategy and ownership structure. MCB published its disclosure document on 12 August 2016. MCB was founded in 1991, and as of 31 July 2016, had an issued share capital of 10.4 million shares

and total paid-up capital of Kyats 52 billion (or approximately US\$43.7 million). Its authorised share capital is Kyats 75 billion (or approximately US\$63 million). MCB will join First Myanmar Investment Ltd and Myanmar Thilawa SEZ Holdings Ltd to become the third company to list on the YSX, which opened in 2015 replacing Yangon's outdated over-the-counter market. (Source: <http://www.mmtimes.com/index.php/business/21947-date-set-for-first-bank-listing-on-yangon-stock-exchange.html>; 15 August 2016)

World Bank to provide US\$100m in funding for financial sector development in Myanmar

The World Bank has offered to provide Myanmar with US\$100 million in funding to help the country develop its financial sector. The funds will be divided between the Ministry of Planning and Finance (**Ministry**) and the Myanmar Central Bank (**MCB**). Deputy Minister of Planning and Finance U Maung Maung Win said if the Government agrees to the funding terms, the Ministry will receive US\$75 million and the MCB US\$25 million of a 38-year interest-free loan. Of the Ministry's share, US\$60 million will be allocated towards normal budgeted expenditures including projects, staff salaries and pensions. The remaining US\$15 million will be invested in financial sector development. US\$7 million of the US\$15 million earmarked for investment in financial sector development will be spent on restructuring and reforming the country's four uncompetitive state-owned banks, with another US\$5 million being used to develop legal frameworks and invest in IT for the microfinance and insurance sectors; the remaining US\$3 million will be spent on capacity building for Ministry staff. The MCB will spend the US\$25 million allocated to it on four separate projects. US\$6 million will be used to establish an accounting and finance training school; US\$2 million will be spent on IT and capacity building; US\$2 million on capacity building for MCB

staff, and US\$15 million on upgrading payment systems and financial infrastructure. In order to draw down the US\$60 million earmarked for operational support, the Ministry will need to meet several disbursement-linked indicators. While the 38-year loan is interest-free, the Government will pay an annual service charge of 0.75%, following an initial six-year grace period. According to the World Bank, the funding will expand access to finance in Myanmar by improving the competitiveness of the banking sector through state-owned bank reform, and the upgrading of Myanmar's legal, regulatory and supervisory framework. (Source: <http://www.mmtimes.com/index.php/business/21936-world-bank-offers-100m-loan-for-financial-sector-development.html>; 12 August 2016)

Government to offer tax exemptions to export businesses in an effort to reduce Myanmar's current-account deficit

The Government intends to offer a tax exemption to businesses that produce solely for export. This measure is intended to boost Myanmar's exports and reduce the country's current-account deficit. Aung Naing Oo, Director-General of the Directorate of Investment and Company Administration (**DICA**) announced that the exemption would be granted permanently to export companies under new investment policies. Exporters will also be entitled to a refund of customs duties paid on imported raw materials used in the production process of goods to be exported. The DICA has stated that exemptions would be extended to both local and foreign-owned businesses. Exporting businesses approved by the Myanmar Investment Commission will be allowed to enjoy multiple tax exemptions i.e. 'exporter exemptions' and exemptions available to them under Myanmar's Foreign Investment Law 2012 (Source: <http://www.nationmultimedia.com/business/Myanmar-offers-indefinite-tax-waiver-to-export-bus-30292927.html>; 15 August 2016)

AEON Group and Creation Myanmar form new joint-venture retail-company

Leading Japanese retail operator the AEON Group (**AEON**) has entered into a joint-venture agreement with the Yangon-headquartered Creation Myanmar Group of Companies (**CMGC**). The newly formed joint-venture company, AEON Orange Co. Ltd, (**AEON Orange**) has acquired a number of CMGC's assets including 14 supermarkets operated by CMGC-affiliate Hypermart Asia Co. Ltd. CMGC is heavily invested in Myanmar's retail sector as well as a limited number of property projects. CMGC is a licenced reseller for more than 20 foreign brands, including Adidas and Mango. In a statement

AEON said the joint-venture brings together CMGC's retail business infrastructure and knowledge of the local market and AEON's logistics, human resources and IT know-how as well as global sourcing strength and quality control. AEON will contribute approximately US\$8.1 million in capital to the joint venture project. AEON Orange intends to open its first supermarket in Myanmar by the end of 2016. (Source: <http://www.irrawaddy.com/business/the-irrawaddy-business-roundup-august-6-2016.html>, 6 August 2016)

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