

# CHARLTONS

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## Myanmar Highlights

October 2016

### International Finance Corporation to provide US\$13.5 million loan to United International Group Ltd

The International Finance Corporation has announced that it will provide the United International Group Ltd (**United Group**) with a loan of US\$13.5 million. The United Group - which trades as Amata Hotel Group - will use the funds to expand its existing operations and to part-fund the construction of a new 114-room hotel in Bagan and a new 110-room hotel in Nyaungshwe, Shan State. The loan will be provided in two tranches of US\$8.5 million and US\$5 million respectively. The United Group operates the Amata Ngapali Beach Resort in Thandwe, the Amata Garden Resort in Nyaungshwe, Hsipaw Resort in north-eastern Shan State and Amata Boutique House in Bagan. It also has ballooning operations in Bagan, Mandalay, Inle, Pingdaya and Ngapali. (Source: <http://www.elevenmyanmar.com/business/5906>, 10 September 2016)

### USAID guarantees US\$10 million in microfinance loans to the agricultural sector

The United States Agency for International Development (**USAID**) has initiated a seven-year 'loan guarantee programme' whereby it will guarantee in excess of US\$10 million in microfinance loans to Myanmar's agricultural sector. The initiative is part of the U.S. Government's commitment to offer increased economic support to Myanmar. USAID has signed a multi-bank loan portfolio guarantee with five local microfinance institutions (**MFIs**), pursuant to which it will guarantee 50% of losses on 'qualified loans'. The five MFIs participating in the guarantee programme are ASA Microfinance Ltd, LOLC Myanmar Micro-Finance Company Ltd, Myanmar Development Partners Company Ltd, Pact Global Microfinance Fund Ltd and Proximity Designs Ltd. As part of the programme the

participating MFIs will provide loan-finance to small and medium sized enterprises in the agricultural sector without relying on the group-guarantee model, under which lenders serve as collective guarantors for loans. (Source: <http://www.mmimes.com/index.php/business/22637-usaid-backs-mfis-with-10m-guarantee.html>, 21 September 2016)

### KBZ Group to list IKBZ Insurance on Yangon Stock Exchange

The KBZ banking group (**KBZ**) has announced that it plans to list its insurance arm, IKBZ Insurance Co., Ltd. (**I-KBZ**) on the Yangon Stock Exchange (**YSX**) by the end of 2017. The details of the listing have not yet been finalized, but I-KBZ is expected to have a market capitalization of between US\$500 million – US\$750 million. Currently I-KBZ has paid-up capital of US\$55 million. KBZ plans to list 40% of I-KBZ. The volume of trading on the YSX has exceeded Kyats 63 billion in its first seven months of operation. However, the share prices of the three YSX-listed companies – First Myanmar Investment Co., Ltd, Myanmar Thilawa SEZ Holdings Public Ltd and Myanmar Citizens Bank Ltd. – have declined below their opening prices. (Sources: <http://www.irrawaddy.com/business/the-irrawaddy-business-roundup-october-8.html>, 8 October 2016, and <http://www.elevenmyanmar.com/business/6184>, 11 October 2016)

### PTTEP enters into engineering, procurement, construction and installation agreements with PT Gunanusa Utama Fabricators

Thailand's Exploration and Production Public Company Limited (**PTTEP**) has entered into engineering, procurement, construction and installation agreements with Indonesian oil and gas platform builder PT Gunanusa Utama Fabricators (**PTG**) in respect to its Zawtika Development Project offshore

Myanmar. Singapore-listed Federal International (2000) Ltd, which holds a 20.66% interest in PTG, has announced that it would support PTG in terms of procurement, management and other ancillary support services for the project. The Zawtika project is due to be completed before the second quarter of 2018. (Source: <http://www.offshorepost.com/offshore-gas-project-awards-epci-deal-myanmar/>, 10 October 2016 )

### Singapore's Group Lease to partner with Myanmar's AMK to provide financial services

Bangkok-listed Group Lease Plc (**Group Lease**) has announced that it will enter into a partnership with Myanmar's AMK Consortium (**AMK**) in respect to the provision of financial services in Myanmar. The joint venture partners will support the AMK-owned Century Finance Company Ltd (**Century Finance**) to provide a range of financial services, focusing especially on rural markets. Century Finance currently provides car leasing services and its offerings under the joint venture will expand its services to cover the leasing of motorcycles, agricultural machinery, solar panels and other forms of consumer finance credit. (Source: <http://www.mmtimes.com/index.php/business/23092-group-lease-eyes-myanmar-jv.html>, 15 October 2016)

### Myanma Oil and Gas Enterprise to engage Roland Berger to draft offshore supply base tender

The Myanma Oil and Gas Enterprise (**MOGE**) has entered into a draft agreement with consulting firm Roland Berger Holding GmbH in respect to the drafting of a planned tender for offshore oil and gas supply bases. The finalised agreement will need to be approved by the Office of the Attorney General. Under the proposed tender, MOGE will invite bids from private firms to build and operate offshore supply bases. MOGE operates Myanmar's only existing supply base located at Thaketa near Yangon. Oil and gas firms operating offshore rely on supply bases in Thailand and Singapore. The lack of supply bases makes Myanmar operations less efficient and deprives the country of valuable economic activity. Myanmar Offshore Supply Base Ltd, a subsidiary of Singaporean firm 2 Fish (SG) Pte. Ltd, has applied to the Myanmar Investment Commission to construct a supply base in Mawlamyine. (Source: <http://www.mmtimes.com/index.php/business/23128-moge-approaches-roland-berger.html>, 20 October 2016)

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