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Myanmar Highlights

October 2017

MyTel to launch Myanmar's first '4G-only services' in 2018

The Viettel Group's ("**Viettel**") Myanmar subsidiary, Telecom International Myanmar Company Limited – operating under the business name MyTel ("**MyTel**") - plans to launch Myanmar's first '4G-only services' in the first quarter of 2018. MyTel intends to provide coverage to 90% of Myanmar, construct 7,200 base stations and lay 33,000 km of fiber. MyTel is a joint-venture between Vietnamese military-run Viettel and a consortium of local information and communications technology companies including Myanmar National Telecom Holding Public Limited and Star High Public Company Limited. MyTel was awarded Myanmar's fourth telecoms license in January 2017, and currently employs approximately 2,000 employees in branches throughout Myanmar. MyTel intends to offer its Myanmar customers roaming services in Vietnam, Laos and Cambodia at prices equivalent to local prices in Myanmar. (Source: <https://www.telecomasia.net/content/myanmars-mytel-launch-4g-1h18>, 30 August 2017)

Environmental management plans completed in respect to mines located in Lonkhin - Hpakant Gems Tract

Environmental management plans ("**EMP**") have been completed in respect to jade mines located in the Lonkhin - Hpakant Gems Tract in Kachin State. The EMP's were drafted by Coffey Myanmar Limited and Valentis Services Limited ("**Coffey-Valentis**"), in partnership with

local company Geosystems Engineering Myanmar Limited. The EMPs were submitted to the Ministry of Natural Resources and Environmental Conservation Department ("**Ministry of Natural Resources**") through the Myanmar Gems Enterprise. The EMP's set out a framework in respect to sustainable mine development and mining practices and are a step towards ameliorating the negative effects of gem mining on the local environment and communities. The Ministry of Natural Resources' stated goal is to ensure harmony between mining development and environmental conservation to achieve the long term sustainability of natural resource production in Myanmar. The EMP's apply to all activities of mining participants including mining companies, as well as 'casual' or small scale miners and mining communities. (Source: <http://www.elevenmyanmar.com/business/11418>, 3 September 2017)

DICA announce YSX-listed companies to benefit from reduced rate of income tax

Myanmar's Ministry of Planning and Finance has announced that companies listed on the Yangon Stock Exchange ("**YSX**") will benefit from a reduced income tax rate of 20% as opposed to the current rate of 25%. The reduced rate is intended to encourage new companies to list on the YSX. In addition, YSX-listed companies will benefit from reduced fines and

tax penalties. Separately the Directorate of Investment and Company Administration (“**DICA**”) has released a list of 55 public companies which have been permitted to sell their shares on the over the counter market (“**OTC**”). Pursuant to the Myanmar Securities Exchange Law companies must receive prior permission from the Securities and Exchange Commission if they wish to participate on the OTM. (Source: <http://www.mmtimes.com/index.php/business/27312-ysx-listed-firms-to-enjoy-5pc-tax-reduction.html>, 17 August 2017) and <http://www.mmtimes.com/index.php/business/27313-shares-of-55-companies-can-soon-be-traded-locally.html>, 17 August 2017)

SafeBiz Engineering enters into franchise agreement with Malaysia’s IPM Engineering

Myanmar engineering company SafeBiz Engineering Co. Limited (“**SafeBiz**”) has entered into a franchise agreement with Malaysian IPM Engineering Sdn. Berhad (“**IPM**”). Incorporated in 2015, SafeBiz provides construction consulting and related services in Mandalay, Yangon, and Tanintharyi. The franchise agreement will enable SafeBiz to acquire technical expertise and better implement international best practices. Under the agreement, SafeBiz will second a number of its Myanmar employees to IPM’s headquarters in Malaysia to receive training in ASEAN and international engineering standards. SafeBiz will commence operations in early 2018. (Source: <https://www.mmbiztoday.com/articles/local-engineering-company-signs-franchise-agreement-malaysian-firm>, 23 August 2017)

International Finance Corporation enters into advisory agreement with Myanmar’s Ministry of Agriculture, Livestock and Irrigation

On 25 August 2017, the International Finance Corporation (“**IFC**”), a member of the World Bank Group, entered into a technical assistance agreement and advisory agreement (“**Technical Assistance Programme**”) with Myanmar’s Ministry of Agriculture, Livestock and Irrigation (“**MOALI**”) to support its efforts to boost the productivity, product quality and know-how in Myanmar’s agricultural sector. The Technical Assistance Programme is supported by the

Department of Foreign Affairs and Trade of Australia, the Department for International Development of the United Kingdom and the Government of Japan. Myanmar’s agricultural sector is central to Myanmar’s economy and provides employment to approximately 53% of Myanmar’s labour force. The Technical Assistance Programme will focus on improving seed quality and promoting the use of fertilizer and other crop protection products and methods. The ultimate goal of the scheme is to increase agricultural productivity, improve international-market access and the competitiveness of Myanmar’s agricultural sector. (Source: <http://www.mizzima.com/business-domestic/ifc-supports-myanmar%E2%80%99s-agricultural-sector>, 26 August 2017)

Ministry of Electricity and Energy state three new natural gas-fired power plants will have the capacity to meet all of Yangon’s energy demands

Three new natural gas-fired power plants with a combined production capacity of in excess of 450 megawatts are expected to commence operation before the end of May 2018. According to U Khin Maung Lay, deputy managing director of the Ministry of Electricity and Energy (“**MOEE**”) the additional output will be sufficient to meet Yangon’s energy demands. The power plants are located in Thadon in Mon State, Thaketa in the Yangon Region and Myingyan near Mandalay. The state-owned Thadon power plant, which is currently being constructed by China Energy Engineering Group Co. Limited, is expected to have the capacity to generate approximately 120MW and is estimated to be about 80% complete. The Thaketa power plant, a joint-venture between China’s Union Resources and Engineering Limited and the MOEE, is more than 75% complete. The plant will be powered by GE’s renowned F-class gas turbines. According to the Yangon Electricity Supply Corporation the Thaketa power plant is expected to have the capacity to generate approximately 106MW of power will supply most of Yangon’s electricity demands. Construction of the third and largest plant, the 225MW Myingyan

plant has yet to commence. When completed, it is anticipated the Myingyan plant will have the capacity to generate sufficient power to meet the long term energy demands of the Mandalay Region the Myingyan plant is being constructed by Singapore's Sembcorp Industries Limited pursuant to a build-operate-transfer agreement entered into with the MOEE. The new plants will enable the Government's reduce household energy subsidies, which are expected to be in the region of US\$400 million in the year ending 31 March 2018. (Source: <https://www.mmtimes.com/news/three-gas-turbine-power-plants-expect-generate-sufficient-electricity-supply-next-year.html>, 19 September 2017)

Metro Cash & Carry to build wholesale facility in Thilawa SEZ

The Metro Group ("**Metro**"), which operates the wholesale and retail chain Metro Cash & Carry internationally, has commenced construction on a wholesale warehouse facility in the Thilawa Special Economic Zone ("**Thilawa SEZ**"). According to Metro's deputy CEO Ms. Tiparayath Kaewsringarm, Metro's Thilawa SEZ facility will be operated by Myanmar Wholesale Myanmar Limited ("**Metro Myanmar**"), the company's Myanmar subsidiary. Metro believes Myanmar offers significant 'B2B' wholesale opportunities and plans to open additional wholesale outlets throughout Myanmar as the economy develops but does not plan to enter Myanmar's retail market. Metro Myanmar has entered into a joint venture agreement with Singapore-listed Yoma Strategic Holdings in respect to wholesale distribution throughout Myanmar. A wholesale distribution platform is expected to be established by the end of 2018. Ms. Kaewsringarm said that Metro Myanmar will offer professional service solutions, high quality and safe products. Construction on the 28,368 square metre facility is expected to be completed by the end of 2018. Metro will make an initial investment of approximately US\$10 million. Metro Myanmar will implement global best practices in supply chain management. The facility will be equipped with modern international logistic systems, refrigerated rooms to maintain product freshness and quality, processing and

cleaning laboratories for fresh meat, fish, fruit and vegetables, plus storage space and offices. (Source: <http://www.nationmultimedia.com/detail/business/30326945>; 18 September 2017)

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