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Myanmar Highlights

January 2018

South Korea's HUBS MK Co to invest US\$98 million as part of joint-venture development of Yangon logistics hub

South Korea's HUBS MK Co. Ltd ("**HUBS MK**") and The Myanmar Trade Promotion Organisation ("**MTPO**") (the trade promotion arm of Myanmar's Ministry of Commerce) have entered into a memorandum of agreement ("**MOA**") in respect to the development of a US\$98 million logistics hub at the Shwe Lin Ban Industrial Zone in Yangon. According to MTPO's director-general, U Aung Soe, an international-standard logistics hub will improve the quality of Myanmar's exports and reduce production and transportation costs. Pursuant to the MOA, the Myanmar Government will provide a 59.1 acre development site. (Source: <https://www.mmtimes.com/news/south-korea-build-98-million-logistics-hub-yangon.html>; 25 January 2018)

Myanmar Government lifts restriction on gold exports

The Ministry of Commerce ("**MOC**") has announced the lifting of restrictions on the export of Myanmar produced gold and gold products. Gold producers and traders will now be able to sell Myanmar-mined gold to buyers overseas. The Myanmar Government has struggled to regulate and develop Myanmar's domestic gold industry, prevent illegal mining operations and stem the informal cross-border gold trade. According to MOC assistant secretary U Khin Maung Lwin, the Government hopes the measure will result in improved tax revenues and attract international gold trading companies to the Myanmar gold market. The Myanmar Government has been considering the lifting of export restrictions as part of its reforms of Myanmar's mining industry. The announcement coincides with rising domestic and international gold prices. Gold prices are

regaining from five-month lows in December 2017 on the back of a weaker US dollar. (Source: <https://www.mmtimes.com/news/gold-exports-now-permitted-myanmar.html>; 24 January 2018)

TMH Telecom becomes fifth company to list on Yangon Stock Exchange

On 26 January 2018, TMH Telecom Public Co., Ltd. ("**TMH Telecom**") became the fifth company to list on the Yangon Stock Exchange ("**YSX**") Founded in 2007; TMH Telecom provides fixed and mobile network engineering services, fiber turnkey projects, fiber installation and maintenance services, is engaged in the manufacture and distribution of mobile top-up-cards; and the provision of tele-conference systems. In 2016, it established Myanmar GT Broadband Co., Ltd. ("**GT Broadband**") in partnership with GCI Science & Technology Co., Ltd to engage in the construction and operation of telecommunication infrastructure and provide broadband. According to its prospectus filed with the YSX, TMH Telecom is also considering expanding into the installation of metro fiber networks in Myanmar. The listing was been underwritten by Myanmar Securities Exchange Centre Co., Ltd. The entirety of TMH Telecom's 12,212,906 issued shares has been listed and is tradable on the YSX. 544,537 ordinary 'Offering Shares' was made available to the public for Kyats 3,000 per share ("**Offering Price**"). Based on the Offering Price the gross proceeds from the listing and allotment of the Offering Shares are expected to be Kyats 1,633,611,000 (or approximately US\$1.2 million). (Source: <https://ysx-mm.com>, 26 January 2018)

Upper Namhtwam hydro-power station to be operational before the end of April 2018

The Department of Electric Power (a department of Myanmar's Ministry of Electricity and Energy) has announced the Upper Namthwan hydro-power station will be operational before the end of April 2018. The station will initially deliver 800 KW to targeted areas in the Putao and Machanbaw Townships in Kachin State. Construction work on the project is now approximately 70% complete. The facility will have a generating capacity of 3.2 MW when fully operational. The original facility, built in 1987, could generate a mere 200 KW. Four new Austrian-made generators have been installed and works on the water control gate is nearing completion. The upgrade is being implemented according to developments plans produced by engineers from The Department of Electric Power working in partnership with engineers from Swiss Company STUCKY SA in 2014. (Source: <https://www.mmbiztoday.com/articles/upper-namhtwam-hydropower-project-deliver-800-kilowatt-electricity-2018-april>; 22 January 2016)

Myanmar, Denmark launch new SME fund

The Embassy of Denmark in Yangon and The Department of SME Development (a department of Myanmar's Ministry of Industry) have launched a 'Responsible Business Fund' aimed at improving the productivity and competitiveness of Myanmar's small and medium enterprises ("SMEs"). The Kyat 12.5 billion (or approximately US\$1 million) fund will provide assistance to Myanmar SME's with projects in seven selected areas: energy efficiency, water efficiency, waste treatment and recycling, occupational safety and health, food safety, managerial and supervisory skills and practical and technical skills. Backed by capital and technical assistance from the new fund, it is hoped that eligible SMEs will adopt innovative and responsible management practices. However participating SMEs must have a minimum of a two year track record and two years' accounts produced by an independent auditor. In addition, they must have 600 or less permanent employees or less than Kyats 1 billion in paid-up capital. Funds have been approved to 18 SMEs initially. Two more funding rounds are scheduled for 2018 and a further three for 2019. (Source: <https://www.mmtimes.com/news/myanmar-denmark-launch-new-sme-fund.html>; 26 January 2018)

Surbana Jurong to design offshore supply base in Myanmar for Singapore-Myanmar joint-venture firm

The Singaporean infrastructure consultancy group Surbana Jurong Pte. Ltd ("**Surbana**") has entered into an agreement with MOSB Limited ("**MOSB**") to design an offshore supply base in Mon State, Myanmar. Surbana is one of the largest Asia-based urban, industrial and infrastructure consulting firms. It has been operating in Myanmar for five years through its local subsidiary Surbana International Consultants (Myanmar) Co., Ltd. Pursuant to the agreement Surbana will provide engineering and marine consultancy as well as project management services. MOSB is a joint venture between the Myanmar's Two Fish Supply Base Ltd (20%) and 2Fish (SG) Pte. Ltd (80%). The establishment of a supply base will support the fast-growing oil and gas industry in Myanmar and provide necessary infrastructure, health, education and employment opportunities to those in the region. (Source: <http://www.straitstimes.com/business/companies-markets/surbana-jurong-to-design-offshore-supply-base-in-myanmar-for-singapore>; 25 January 2018)

Work on stalled Dawei SEZ set to resume in second half of 2018

Development work on the stalled Dawei Special Economic Zone ("**Dawei SEZ**") is set to resume in 2018. Development work on the Dawei SEZ has not progressed due to a lack of transport infrastructure in the Tanintharyi region, where the Dawei SEZ is to be developed. Thailand has offered to provide Myanmar with a development loan of Bhat 4.5 billion to construct a two-lane highway connecting the two countries and providing access to the Dawei SEZ development site. Once transport infrastructure is developed, work on the before the initial phase of the Dawei SEZ can commence. In 2008, Myanmar and Thailand entered into a memorandum of understanding in respect to the development of the Dawei SEZ. In 2010 Myanmar granted a 60-year concession to the Italian-Thai Development Public Co. Ltd to develop a deep-sea port, industrial estate, and road and rail links to Kanchanaburi Province in western Thailand. The company withdrew from the agreement in 2013 citing financial difficulties, before resigning the concession agreement in 2015. A number of foreign companies, from Thailand, Japan and China, have shown interest in investing in the Dawei SEZ, and the committee often received visits from potential investors. (Source: <http://www.elevenmyanmar.com/business/13252>; 24 January 2018)

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