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Myanmar Highlights

March 2018

The Securities and Exchange Commission of Myanmar to form dedicated task force to help companies list on the Yangon Stock Exchange

The Securities and Exchange Commission of Myanmar (“**SECM**”) has announced it intends to form a special task force to assist companies list on the Yangon Stock Exchange (“**YSX**”). The task force which will be formed with the help of the Japanese International Cooperation Agency, is expected to facilitate and expedite the listing process. Listing on the YSX involves a 7-step process which, according to the YSX takes approximately two years to complete. The process can be broken down into three distinct stages. Preliminary preparations, which take approximately one year, and involve the appointment of professional parties such as the issuers underwriters and auditors as well as the development of a financial and business plan and the adopting of appropriate corporate governance and reporting procedures. The subsequent documentation, company restructuring and listing preparations can take another year. By establishing the task force, the SECM hopes to encourage more companies to consider listing on the YSX and over the longer term build up trading activity and liquidity on the exchange. The Myanmar Companies Law - which was approved in December 2017, but will not come into effect until August 2018 - will allow foreigners to participate in share trading on the YSX. According to U Yin Zaw Myo, Managing Director of the YSX, the YSX needs more institutional investors (Source: <https://www.mmtimes.com/news/secm-form-special-task-force-help-ysx.html>; 27 March 2018)

AirAsia considering partnership with a Myanmar domestic carrier

AirAsia Bhd (“**AirAsia**”) has announced it is in negotiations with an unnamed potential joint-venture partner in respect to the establishment of a new low cost airline to serve Myanmar’s domestic market. The proposed joint-venture would mean AirAsia would operate across to 95% of Southeast Asia. AirAsia’s Vietnam joint-venture is expected to be operable by the end of October 2018. Myanmar domestic market is dominated by Myanmar-owned airlines despite the fact that a number of international airlines have considered establishing operations in Myanmar since the country began to liberalize the sector. In 2017, Japan’s ANA Holdings Inc. indefinitely postponed its plan to form a joint-venture carrier with local partner Golden Sky World Limited, after it failed to obtain a local air operator’s certificate from Myanmar’s Department of Civil Aviation. AirAsia has recently begun to pursue an “asset light” model, forming joint ventures for its Singapore and Malaysian ground-handling operations and selling its leasing business in a staged process that will ultimately see 182 planes pass to established leasing portfolio manager BBAM Ltd. (Source: <https://www.businesstimes.com.sg/transport/airasia-in-talks-to-set-up-myanmar-airline>; 19 March 2018)

Sales to commence of residential units at The Peninsula Residences Yangon

Yoma Strategic Holdings Limited (“**Yoma**”) together with its joint venture partners, First Myanmar Investment Company Limited (“**FMI**”) and The Hong Kong and Shanghai Hotels Group, Limited (“**HSH**”) have jointly announced the launch of sales of properties at The Peninsula Residences Yangon. Located at the junction of Sule Pagoda Road and Bogyoke Aung San Road, The Peninsula Residences Yangon

comprises 96 luxury private apartments across approximately 10-acres within the 'Yoma Central' site. The Peninsula Residences offers the choice of two-bedroom, three-bedroom, four-bedroom, penthouse and terrace penthouse serviced residences across its 26 floors. In addition to residential space The Peninsula Residences will include extensive leisure facilities and retail space. The Peninsula Residences Yangon is collaboration between Meeyahta Development Limited and HSH, which is the world's oldest hotel group in continuous operation. Meeyahta Development Limited is a Joint-Venture company established by Yoma 48%, FMI 12%, the Mitsubishi Corporation 30% the International Finance Corporation 5% and the Asian Development Bank 5%. (Source: <http://www.mizzima.com/business-domestic/sales-peninsula-residences-yangon-announced>; 26 March 2018)

US\$2.5b Yangon railway station redevelopment to commence by June 2018

The Myanmar Government has announced that a planned US\$2.5 billion redevelopment of the six-decade-old Yangon railway station will commence in June 2018 pursuant to the completion of contract negotiations. According to permanent secretary at the Ministry of Transport and Communications, U Win Khant, negotiations with the preferred bidder for the redevelopment of the 25.7 hectare site are expected to take approximately two months. In February 2018 the Government selected a consortium comprised of local developer Min Dhama Co, Singapore's Oxley Holdings Limited and China's Sino Great Wall Co. Limited as the preferred bidder for the redevelopment. The Government's goal is to preserve the colonial feel of the old railway station while also introducing modern design and infrastructure. The redeveloped station will include as residential and commercial space. Construction is expected to take approximately eight years. (Source: <https://www.businesstimes.com.sg/transport/myanmar-to-start-us25b-yangon-station-revamp>; 16 March 2018)

Directorate of Investment and Company Administration announce total annual foreign direct investment in Yangon exceeds US\$ 54 million

As of the middle of March 2018, total annual foreign investment in Yangon had exceeded US\$ 54 million. According to the Directorate of Investment and Company Administration ("DICA") thirty-eight businesses secured foreign investment. The industrial-sector was the chief beneficiary with 34 businesses attracting over US\$50.7 million. Nationally the agricultural sector attracted three investments worth a total of US\$3.1 million and, one investment worth in excess of US\$3.3 million.

According to the DICA, foreign companies are interested in basing their operations in industrial zones in the Yangon area. The Myanmar Investment Commission ("MIC") grants MIC Permits to foreign companies based on the anticipated time it will take for a project to become profitable, job creation, the affect the project is expected to have on national income and tax revenue, technology transfer, the affect a project will have on the environment, local communities, and Myanmar society more generally. MIC offices at the state and/or regional level can issue MIC Permits in respect to investments worth up to US\$ 5 million or Kyats 6,000 million. The majority of investments in the second-half of the financial year ending 31 March 2018 was from Singapore, China, South Korea, Taiwan, Hong Kong, Japan and Malaysia and are expected to create approximately 12,399 new jobs. (Source: <http://www.elevenmyanmar.com/business/13630>; 25 March 2018)

YSX doubles daily stock trade matching

The Yangon Stock Exchange ("YSX") has announced it will double its stock trade matching times to four from two, subject to approval from the Securities and Exchange Commission of Myanmar ("SECM"). The new stock trade matching times will now be 10 AM, 11 AM, 12 PM and 1 PM. Currently, stock orders are matched at 11 AM and 1 PM. It is the second time the exchange has increased matching times, which is the process of matching buy orders to sell orders, since opening for business in 2016. It increased matching times to twice a day in August 2017. The move is aimed at boosting activity on the YSX, both in terms of the volume of shares traded and the number of investors participating on the exchange. Trading on the YSX has fallen sharply over the past year despite the listing of a fifth company, TMH Telecom Public Co. Limited on the exchange in January 2018. The Japan Exchange Group and Daiwa Institute of Research have tested the new trade matching times and analysed the results. (Source: <https://www.mmtimes.com/news/ysx-doubles-stock-trade-matching-four-times.html>; 21 March 2018)

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