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Myanmar Highlights

May 2018

Myanmar Investments International Limited secures US\$6 million loan from Yoma Bank

Myanmar Investments International Limited (**MIL** or **the Company**), the Myanmar focused investment company, has announced that its microfinance joint venture, Myanmar Finance International Limited (**MFIL**), has secured a US\$6 million, Kyat-denominated loan facility (approximately Kyat 8 billion) from Yoma Bank Limited (**Yoma Bank**), one of Myanmar's leading banks. Security for the loan was provided by the Norwegian Investment Fund for Developing Countries (**Norfund**), one of MIL's joint venture partners in MFIL, together with third parties Triple Jump B.V. (**Triple Jump**) and Developing World Markets LLC (**DWM**). Like Norfund, Triple Jump and DWM are international investors/lenders focused on lending to microfinance institutions globally. MIL has played a leading role in coordinating the activities of MFIL, Norfund, the international lenders and Yoma Bank to structure and arrange this complex facility. MFIL will use the loan to further expand its loan portfolio and open new branches in Yangon and Bago, as well as continuing to roll out its newly launched micro-business loan product. As at 28 February 2018, MFIL continued its growth trajectory with over 54,000 borrowers and a loan portfolio of MMK 11.5 billion (US\$8.6 million), being a compound annual growth rate (**CAGR**) of 62% and 114% respectively since MIL's initial investment in September 2014. Since then the average loan size provided by MFIL has increased by 164% to Kyat 211,000 (US\$158). MIL's Managing Director, Aung Htun, noted, "MIL is committed to making investments that are both profitable and also socially transformational. MFIL is not only providing MIL with a great return on capital but has helped to increase the income and opportunities of over 50,000 families. This back-to-back facility led by Norfund will allow MFIL to accelerate its lending." Norfund cooperates with and invests in financial institutions to strengthen their ability

to supply capital and financial services to microbusinesses and the unbanked. MFIL is a joint venture between MIL (37.5%), Myanmar Finance Company Limited (37.5%) and the Norwegian Investment Fund for Developing Countries ("Norfund") (25%), with total paid up capital of approximately US\$6 million. (Source: <http://myanmarinvestments.com/wp-content/uploads/2018/04/MIL-RNS-April-2018-MFIL-Norfund-Yoma-Loan-v2.6-FINAL.pdf>; 23 April 2018)

Asia World Port Terminal seeking to boost capacity by one third

With a view to boosting capacity by a third, Asia World Port Terminal (**Asia World Port**), one of Yangon's main city terminals, has purchased new equipment that will enable containers to be stacked seven high as opposed to the current maximum of five high which. The Asia World Port was developed, and is managed and operated by Asia World Port Management Company Limited (**AWPM**). According to AWPM, the Asia World Port handled approximately 40% of Myanmar's throughput in 2017 and it is optimistic that container traffic will continue to grow in the next few years. AWPM became the port operator in 1996 and has recently invested in mobile container handling equipment, a sign of its strong confidence in the future of Myanmar's economy, the overall macro-economic development of the country as well as the strong policies of the Government. The purchase of new stacking equipment represents AWPM's largest single recent investment in technology as it strives to evolve into a technology-led port operator, aiming for higher productivity levels and faster turnaround times. (Source: <http://www.seatrade-maritime.com/news/asia/new-investment-to-boost-capacity-at-myanmar-city-terminal.html>; 30 April 2018)

Myanmar Government to hold consultation meeting on the new Myanmar Insolvency Bill

The Myanmar Government is to hold a public consultation on Myanmar's new draft Insolvency Bill (**Myanmar Insolvency Bill**). It is anticipated the Myanmar Insolvency Bill will replace three older laws and introduce a new regime for corporate and personal insolvency in Myanmar. The legislation and includes separate 'corporate rescue' and insolvency rules for smaller businesses. The consultation meeting will be held on May 9 at the Melia Hotel, Yangon. Participants can register via the website of the Directorate of Investment and Company Administration (**DICA**). The drafting of the Insolvency Bill is being supervised by the Myanmar Supreme Court. According to the Supreme Court's briefing paper, the Myanmar Insolvency Bill seeks to introduce an effective insolvency regime to facilitate the timely, efficient and impartial resolution of insolvency. It will provide for a transparent procedure containing clear risk allocation rules and providing certainty to the market. An effective insolvency regime allows parties to anticipate how their legal rights will be affected in the event that a party cannot meet their payment obligations. This allows creditors to assess their risks when considering lending and allows both debtors and creditors to determine and evaluate their options when financial difficulties arise. In turn, transparency and certainty expand the availability of credit as creditors have confidence that their rights with respect to the debtor and its assets will be recognised and enforceable. According to the briefing paper Myanmar's existing insolvency is "out of date and does not reflect international best practice. In the case of corporate insolvency, the only corporate rescue mechanism set out in the Companies Act is by way of scheme of arrangement. This process is well understood and a common feature of most common law insolvency systems, but it is a rescue mechanism only feasible for large companies and complex corporate groups" The Myanmar Insolvency Bill seeks to align Myanmar law with international standards and modern business practices but "is also complementary to Myanmar's broader economic, business and legal framework and circumstances." It aims to promote access to finance by providing certainty, transparency and predictability for debtors and creditors with respect to regulation of their rights in an insolvency. The Myanmar Insolvency Bill combines corporate insolvency and personal insolvency in the one legislation, and has a separate corporate rescue and insolvency regime for micro, small and medium-scale enterprises (**MSMEs**). The purpose is to streamline and simplify the rehabilitation and liquidation process and establish a simpler and more cost effective system suitable for MSMEs. When it becomes law the Myanmar Insolvency Bill will repeal and replace

Part V of the Companies Act, the Rangoon Insolvency Act (1909) and the Burma Insolvency Act (1920). (Source: <https://www.mmtimes.com/news/draft-bill-combines-corporate-personal-insolvency-one-legislation.html>; 30 April 2018)

Asia AVA Gas and Myanmar Petrochemical Enterprise establish joint-venture to develop LPG storage facility

Asia AVA Gas Company Limited (**AVA Gas**) has entered into a joint venture with Myanmar Petrochemical Enterprise (**MPE**), to establish a new joint-venture company to import, store and distribute liquefied petroleum gas (**LPG**) in Myanmar. AVA Gas is a joint venture between Singapore's AVA Kahyasi Investment Pte Co. and Myanmar companies Sky Construction Company Limited and Guiding Star Group Limited. MPE is a commercial arm of Myanmar's Ministry of Electricity and Energy (**MOEE**). The project will include the construction of a jetty, storage tanks, loading and unloading facilities and a gas-filling plant. It will involve an initial investment of US\$60 million and be developed across 32 acres of privately-owned land near Bogyoke Village, Thalyin Township, Yangon. The project, which received Myanmar Investment Commission (**MIC**) approval in 2016, has already completed the necessary topographic surveys and soil tests. The MIC Permit is for a period of 50 years. (Source: <https://www.mmtimes.com/news/asia-ava-gas-build-lpg-facilities-yangon.html>, 19 April 2018)

Japan and Myanmar negotiating reviving failed Hanthawaddy International Airport project

Representative from the Governments of Japan and Myanmar have commenced negotiations with regard to potentially reviving the failed Hanthawaddy International Airport project. U Thant Sin Maung, the Myanmar's Minister for the Ministry of Transport and Communication, met with Tsukasa Akimoto, Japan's State Minister of Land, Infrastructure, Transport and Tourism to discuss a number of national infrastructure projects in which Japan is interested in participating, including airports, ports and railway. The project is estimated to cost US\$1.5 billion. According to Ichiro Maruyama, Japan's ambassador to Myanmar all parties have agreed to work together on the project with a view to commencing development works "as soon as possible". Previous plans to develop the proposed airport have fallen through. It was initially scheduled for completion by the ends of 2018 and then by the end of 2020. In January 2016 a consortium composed of Japan-based JGC Corp (55%), Singapore's Yongnam Holdings Limited (**Yongnam**) (25%) and 25pc and Changi Airport Planners and Engineers Limited, a subsidiary of Changi Airports International Limited, (25%)

entered into a framework agreement (**FWA**) with Myanmar's Civil Aviation Department in respect to the project. In 2014, the consortium won a government tender for the design, construction and management of the airport in the form of a public-private partnership, with a concessional period of 30 years. The FWA expired in January 2018 and neither side proposed an extension. (Source: <https://www.mmimes.com/news/japan-mulls-resuscitating-failed-hanthawaddy-airport-proposal.html>; 2 May 2018)

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