

CHARLTONS

SOLICITORS



Myanmar Highlights

August 2018

HKEX-listed HGC Global Communications acquires majority stake in leading network service provider in Myanmar

HGC Global Communications Limited (“**HGC**”), (formerly Hutchison Global Communications Limited) a fixed-line operator and internet service provider with extensive local and international network coverage and infrastructure, has announced details of its conditional share purchase agreement between a separate subsidiary of HGC and the shareholders of Golden TMH Telecom Company Limited (“**GTMH**”), whereby the HGC Group will effectively become the majority shareholder of GTMH on the closing of the transaction. The closing of the transaction is subject to the fulfilment of certain conditions precedent, including, among others, the approval from the local regulators. HGC shall make another announcement when the transaction is completed. HGC will be the first Hong Kong based telecommunication companies to invest in Myanmar. GTMH is a leading communications and network service provider in Myanmar, offering a complete range of telecommunications services. The agreement marks the first overseas expansion of HGC’s local fixed-line services business post-acquisition by I Squared Capital and enables the seamless extension of its coverage in Myanmar. I Squared Capital is an independent global infrastructure investment manager focusing on energy, utilities and transport in North America, Europe and selected fast-growing economies. As a leading international carrier and ICT service provider, HGC can deliver a full suite of comprehensive end-to-end solutions to local and overseas corporations and operators in Myanmar. The investment in GTMH will also help Myanmar become a significant platform for international carriers and corporate customers to take advantage of opportunities to expand into neighbouring countries.

(Source: <https://markets.businessinsider.com/news/stocks/hgc-acquires-a-majority-stake-in-gtmh-a-leading-network-service-provider-in-myanmar-1027436781>; 7 August 2018)

SGX-listed Memories Group acquires development rights on Mergui Archipelago for US\$40.7m

The SGX-listed Memories Group Limited (“**Memories Group**”) has announced it had acquired development rights on Bo Ywe Island, Nga Mann Island and Kyun Pila Island, on the Mergui Archipelago, as well as a 24-villa five-star hotel ‘Awei Pila’ on Kyun Pila Island. The development rights are for a term of 50 years from 2013 renewable for two additional terms of 10 years each. In addition, it will also be acquiring Hotel Suggati, a 72-room three-star hotel in Mawlamyaing, Mon State, which is scheduled to open by the end of December 2018. Memories Group now provides services at seven of the country’s major tourist attractions, including Bagan, Tanintharyi, Kayin, Yangon and Kayah states and regions. The total purchase price for all these assets is US\$40.7 million. The acquisitions will be funded by cash and the issue of new shares. The sellers are a group of 17 shareholders the largest of which was Samena Mandalay Holdings Limited. Samena Mandalay Holdings is an investment vehicle of Samena Special Situations Fund III, a private equity fund managed by principal investment group Samena Capital. (Source: <https://www.mmtimes.com/news/memories-group-makes-407m-acquisition-myeik-and-mon-even-losses-widen.html>; 30 July 2018)

Directorate of Investment and Company Administration issues anti-corruption code of ethics

On 3 August 2018, Myanmar’s Directorate of Investment and Company Administration issued an announcement ‘Anti-corruption Code of Ethics for Companies and Body Corporates’

setting out the framework of anti-corruption code of ethics for companies and body corporates incorporated in Myanmar (“**Code**”). The Code applies to companies transacting with Government Ministries or government organizations, as well as with private sector transactions. Section 5 of the Code sets out six categories of prohibited activities, being:-

1. Making and offering, directly or indirectly, gift, entertainment and other preferential treatment;
2. Providing directly or indirectly, necessary assistance in travelling; Conferring, directly or indirectly, a financial advantage to get a business opportunity;
3. Offering, directly or indirectly, charitable donations;
4. Conferring, directly or indirectly, political contributions;
5. Providing, directly or indirectly, assistance to secure employment in companies or organizations for personal interest;
6. Providing, directly or indirectly, assistance to get employment in companies or organizations for personal interest;

These activities are the same as set out in Section 5 Anti-Corruption Law (2013) (amended in 2017) which established Myanmar’s Anti-Corruption Commission (“**Anti-Corruption Commission**”) and introduced the principles of the ‘UN Convention against Corruption’ into Myanmar Law. The Code is silent in respect to any penalties which are to apply for a violation of the Code. Unhelpfully the Code does not provide any additional detail as to the personal or corporate liability for breach of the Code and/or if, and how, a potential breach by a company officer can be redressed by a company. All Myanmar companies are required to abide by the Code. (Source: <https://www.dica.gov.mm/en/news/announcement-5>; 3 August 2018)

The British Chamber of Commerce Myanmar launches traineeship for Myanmar’s graduates with ABE

The British Chamber of Commerce Myanmar (“**BritCham Myanmar**”) has launched a traineeship programme in partnership with UK-based Association of Business Executive (“**ABE**”) to provide graduates with work experience. Myanmar lacks qualified graduates with corporate experience and proper training. In order to solve this challenge, BritCham Myanmar is now collaborating with ABE to develop a traineeship

programme. According to Chloe Taylor, BritCham Myanmar’s chief executive, the programme is intended to be “an innovative solution” to the human capital challenge facing Myanmar. For companies, it represents a “great way to demonstrate corporate responsibility, in giving the next generation of graduates the valuable skills and experience they need, whilst adding value and maximising resource within the workplace”. Established in July 2014, BritCham Myanmar has over 240 local and international corporate members. Myanmar has a significant population of young people with a median age of 27. An estimated 55 % of Myanmar’s total population is below the age of 30. The ABE is a not-for-profit UK organisation which has been supporting Myanmar professionals for more than two decades. The ABE has a large network of accredited centers across Myanmar. (Source: <https://www.mmtimes.com/news/british-chamber-launches-traineeship-myanmars-graduates-abe.html>; 7 August 2018)

Barlolo.com announces Myanmar expansion plans

Barlolo Myanmar Limited, trading as Barlolo.com (“**Barlolo**”) has announced it is planning to undertake a nationwide expansion over the remainder of 2018. The online marketplace has enjoyed a surge in user numbers over the past year, to more than 50,000 visitors each month resulting from rising smartphone use in Myanmar. According to U Min Min, chief operating officer of Barlolo’s parent company 3KO Ventures Co Limited, Barlolo “caters to the needs of local communities” and improves their livelihoods by providing them with access to products they might otherwise not be able to purchase locally. As part of its expansion Barlolo plans to recruit more staff to support its current Yangon-based team of 33. At present, half of Barlolo’s sales are within the Yangon region, but anticipates rising demand in other parts of the country. The site’s biggest sellers are health and beauty products, clothing and cosmetics. Electronics, mobile accessories and books are also popular. Barlolo is now focusing on identifying suitable logistics partners and improving payment solutions including mobile banking options and digital payment solutions such as Visa and MasterCard. Barlolo is also in discussions with Myanmar Post and Telegraphs in respect to product delivery partnerships. Barlolo hopes to improve market accessibility to small merchants across the country, which should also bring a price benefit to regional consumers who are often charged higher end prices, to cover increased costs of delivery. (Source: <http://www.elevenmyanmar.com/business/14498>; 7 August 2018)

CHARLTONS

Boutique Transactional Law Firm of the Year 2017

Asian Legal Business Awards

This newsletter is for information purposes only.

Its contents do not constitute legal advice and it should not be regarded as a substitute for detailed advice in individual cases.

Transmission of this information is not intended to create and receipt does not constitute a lawyer-client relationship between Charltons and the user or browser.

Charltons is not responsible for any third party content which can be accessed through the website.

If you do not wish to receive this newsletter please let us know by emailing us at unsubscribe@charltonslaw.com

Hong Kong Office:

Dominion Centre
12th Floor
43-59 Queen's Road East
Hong Kong
Tel: + (852) 2905 7888
Fax: + (852) 2854 9596

Myanmar Office:

Charltons Legal Consulting Ltd
161, 50th Street
Yangon, Myanmar
email: myanmar@charltonslaw.com

www.charltonslaw.com