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## Myanmar Highlights

January 2019

### Myanmar's Ministry of Planning and Finance to allow foreign insurance providers operate in Myanmar

The Ministry of Planning and Finance (“**MOPF**”) has announced foreign insurers will be permitted to operate in Myanmar. Pursuant to MOPF announcement No 1/2019, foreign insurance companies will be allowed to provide insurance, underwriting and insurance brokerage services. The MOPF has invited interested local and foreign insurers to submit Expressions of Interest and/or Requests for Proposals to operate insurance businesses in Myanmar. The process will be overseen by the Financial Regulatory Department of MOPF. According to the MOPF announcement, life insurance providers can operate in two ways. They can apply for one of three licenses to be issued to foreign life insurers to operate 100% wholly owned subsidiaries or alternatively form a joint venture with a local life insurer. Non-life insurance providers with representative offices in Myanmar will be permitted to form a joint-venture with local non-life insurers. According to Daw Sandar Oo, managing director of State-owned Myanma Insurance, foreign insurance providers are keen to expand in Myanmar given that only 2 million out of a population of more than 50 million are insured. In Myanmar, insurance penetration is still just under 0.1% of GDP, the lowest in the region. According to the Central Bank of Myanmar, total gross written premiums amounted to approximately Kyats 33.9 billion (or approximately US\$22.1 million) in the first quarter of 2017, with Myanmar Insurance accounting for 45.5% of the total. (Source: <https://www.mmtimes.com/news/foreign-insurance-providers-cleared-open-business-myanmar.html>; 2 January 2019)

### OUE Lippo Healthcare to expand network to Myanmar with US\$19.5m acquisition

Two wholly owned subsidiaries of OUE Lippo Healthcare (“**OUELH**”) have entered into sale and purchase agreements with Indonesia-based PT Waluya Graha Loka to acquire shares in two joint venture companies for US\$19.5m. OUELH is a subsidiary company of SGX-Listed OUE Limited. OUELH acquired a 40% share in Yoma Siloam Hospital Pun Hlaing Limited (“**YSHPH**”) and a 35% stake in Pun Hlaing International Hospital Limited (“**PHIH**”) which are joint venture companies and subsidiaries of First Myanmar Investment Company (“**FMI**”). Upon completion, OUELH will be the joint venture partner of FMI in the management and operation of a healthcare portfolio that constitutes of three hospitals, one medical centre and two clinics operated by YSHPH. PHIH owns and holds the leases of the land and properties where the medical facilities are located. According to a statement issued by OUELH, the three hospitals which have a total bed capacity of approximately 370 beds are located in the cities of Yangon, Mandalay and Taunggyi. The core services offered by the hospitals include emergency, laboratory, imaging, physiotherapy, overseas clinical services and in and out-patient services across practices such as Cardiology, Obstetrics and Orthopaedics. According to OUELH, Myanmar's gross domestic product is expected to grow by 7.4% per annum from 2018 to 2022, which makes it the fastest growing economy in Southeast Asia based on United Nations' data. In line with its economic growth, Myanmar is expected to experience high population growth and rapid urbanisation that will demand increased public spending on infrastructure and services, including in the healthcare sector. In its statement, OUELH highlighted that healthcare spending has increased from US\$279m in 2012 to US\$789m in 2018, and the government plans to implement large-scale reforms such as the provision

of universal health coverage by 2023. OUELH will be seeking the approval of its shareholders for the proposed transaction at an extraordinary general meeting to be convened in due course. (Source: <https://healthcareasiamagazine.com/healthcare/news/oue-lippo-healthcare-expand-network-myanmar-195m-acquisition>; 11 January 2019)

## PTTEP to invest US\$ 3.3 billion in Thai and Myanmar oil and gas production in 2019

Thai national oil company PTT Exploration and Production Public Company Limited (“**PTTEP**”) has announced it intends to spend a total of US\$3.3 billion in Thailand and Myanmar in 2019 as part of its activities in the Zawtika gas field in the Gulf of Moattama. Approximately 55% will be invested on increasing production capacity and storage expansion, with a view to long-term development, while the remaining will be allocated to daily operations. The majority of PTTEP’s capital expenditure will be allocated to increasing production levels at existing fields in Myanmar and Thailand. These include the S1 Project, the Bongkok Project, the Arthit Project and the MTJDA Project in Thailand and the Zawtika Project in Myanmar. PTTEP also plans to build new storage facilities to support higher levels of production, as well as accelerating exploration activities to build up a pipeline of reserves over the long term. Exploration will involve drilling appraisal wells in Myanmar. PTTEP intends to participate in Myanmar’s offshore oil and gas tenders scheduled to take place in 2019. The Ministry of Energy and Electricity (“**MOEE**”) will invite international tenders for up to 31 oil and gas exploration fields in early 2019. The last round of exploration and production tenders was held in 2014. The MOEE is now also revising the terms and conditions of production sharing contracts so that they are more attractive to the winning bidders. (Source: <https://www.mmtimes.com/news/pttep-invest-us-33-billion-thailand-myanmar-2019.html>; 23 January 2019)

## First Myanmar Investment Public Company changes name and revises constitution pursuant to Myanmar Companies Law

The Yangon Stock Exchange-listed, First Myanmar Investment Public Company Limited (“**FMI**”) has announced it will be adopting a new name and constitution in accordance with the Myanmar Companies Law (“**MCL**”). Pursuant to its re-registration, FMI will become “First Myanmar Investment Public Company Limited”. At its Extraordinary General Meeting to amend its name and adopt its new constitution Mr. Serge Pun, FMI’s executive chair, introduced the company’s new real estate project, ‘City Loft’ to FMI’s shareholders. The City Loft

project targets middle-income earners and will be developed in phases at a 22-acre site at Yoma’s Star City in Yangon’s Thanlyin Township with 2000 units planned. With a mortgage repayment terms of 25 years, City Loft is aiming to make homeownership accessible to young professionals. The first phase will have 250 apartments and the second will have 315. The project is scheduled to be completed by 2020. (Source: <https://www.mmtimes.com/news/fmi-changes-name-revises-constitution.html>; 12 January 2019)

## CSCEC and Zaygabar to complete New World Project by the end of 2021

The China State Construction Engineering Corporation (“**CSCEC**”) and Zaygabar Company Limited (“**Zaygabar**”) will jointly develop the Yangon New World real estate project (“**Yangon New World**”) at a cost of approximately US\$500 million. CSCEC will hold 60% stake in the project with Zaygabar holding the remaining 40%. The project will be implemented on 14 acres of land and include a five-star hotel, residential housing, serviced apartments, condominiums and a supermarket. Mr. He Bao Xiang, Deputy Chief Minister of Hunan Province of Republic of China, led a delegation to Myanmar to discuss the project. The project has been approved by the Myanmar Investment Commission (“**MIC**”) and will be implemented the project in line with Yangon City Development Committee (“**YCDCs**”) regulations and is expected to be completed by the end of 2021. Zaygabar Company is also awaiting MIC approval in respect to the development of a shopping center on 125 acres near the Aung Mingalar Highway Station in cooperation with Zhejiang Luding Investment Company Limited, for approximately US\$1.2 billion. The project is the biggest of its kind in Myanmar. (Source: <https://www.mmbiztoday.com/articles/yangon-new-world-project-expected-be-finished-2021>; 1 January 2019)

## MOEE to drill for natural gas in Magwe region

Myanmar’s Ministry of Energy and Electricity (“**MOEE**”) has announced it intends to drill test wells in Myaing Township, Magwe Region as part of its oil or gas exploration efforts in the region. It will be the first time a test well has been drilled in the area. According to U Nyan Tun, deputy-managing director of Myanmar Oil and Gas Enterprise (“**MOGE**”) drilling will commence on 26 January 2019. The Myaing deep oil test well No.1 is located at the south of the Myaing Anticline in the Chindwin sedimentary basin. Exploration will be conducted to determine the presence of oil or gas at the middle of the anticline. According to the MOEE, the oil well may produce about 3 million cubic feet of natural gas per day and could

contain around 82 billion cubic feet of recoverable reserves.  
(Source: <https://www.mmtimes.com/news/moe-drill-natural-gas-magwe.html>; 18 January 2019)

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