Charltons - Myanmar Highlights Newsletter - 24 December 2015

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# Myanmar Highlights Issue 75

## Central Bank of Myanmar to invite foreign banks to participate in new tender process in early 2016

The Central Bank of Myanmar (**CBM**) has announced it will initiate a second licensing tender process in early 2016. According to the CBM “The main objective of the second round of licensing is to further promote existing economic cooperation.” It is anticipated that the tender process will be restricted to banks from countries which did not provide successful candidates in the original tender process held over 2014. This means banks from Australia, China, Japan, Malaysia, Singapore and Thailand will not be allowed to participate in the second round. Successful bidders will be entitled to establish onshore wholesale banking operations in Myanmar via a branch office. Under the licences foreign banks will only be permitted to lend to foreign businesses and to local banks, but they will be entitled to establish partnerships with local banks to offer additional services. (Source: <http://www.mmtimes.com/index.php/business/18141-new-foreign-bank-licences-to-be-granted-in-2016.html>, 15 December 2015)

## Mitsui Oil Exploration acquires 10% interest in Myanmar onshore block MOGE-3

Japanese Mitsui Oil Exploration Ltd (**Mitsui**) has acquired a 10% interest in Myanmar onshore block MOGE-3, a 1217 sq. kilometer block located in the Magwe Region of Myanmar. Mitsui acquired the interest from PTTEP South Asia Ltd (**PTTEP SA**), a subsidiary of Thailand’s state-owned PTT Exploration and Production Company Limited (**PTTEP**). Mitsui has previously acquired 10% stakes in PTTEP’s Myanmar onshore blocks PSC-G and EP-2. According to PTTEP the divestiture is part of the company’s portfolio management strategy through which it seeks to add value and manage risk. PTTEP SA will continue to have a 75% interest in block MOGE-3. PTTEP is involved in a number of projects throughout Myanmar and planning to complete 3D surveying in offshore blocks M-3, M-11, MD-7 and MD-8 before the end of 2016. PTTEP has been in Myanmar for 25 years, operating a number of oil and gas projects. (Source: <http://consult-myanmar.com/2015/12/16/pttep-sells-interest-in-another-myanmar-onshore-block/>, 16 December 2015)

## Yoma Strategic Holdings and Mitsubishi to establish new distribution joint venture

Yoma Strategic Holdings Ltd (**Yoma**) and the Mitsubishi Corporation (**Mitsubishi**) have announced details of MM Cars Myanmar Ltd (**MM Cars**), a new distribution joint venture company in Myanmar. MM Cars will be responsible for the wholesale distribution, retail, sales, after-sales services, and maintenance services of Mitsubishi cars and spare parts. It will also take over the running of two Mitsubishi Motors After-Sales Service Centers established in 2013 which are currently being operated by Yoma. MM Cars will also operate Mitsubishi’s Yangon showroom. (Source: <http://consult-myanmar.com/2015/12/17/yoma-in-tie-up-to-distribute-mitsubishi-cars-in-myanmar/>, 17 December 2015)

## Foreign nationals to be permitted to purchase YSX-listed shares

The [Yangon Stock Exchange](http://www.mmtimes.com/index.php/business/18058-six-companies-to-trade-on-yangon-stock-exchange.html) (**YSX**) has announced that foreign nationals will be permitted to purchase shares in YSE-listed companies. Foreign participation in the YSE will require a number of legislative amendments, which are expected to be included in the new Myanmar Companies Act (**MCA**) which is expected to be introduced in 2016. Local-foreign joint venture companies are [also likely to be eligible to list](http://www.mmtimes.com/index.php/business/16182-no-foreign-local-joint-ventures-to-list-on-ysx-at-first.html) under the amended MCA. Although officially open, the YSX will not commence trading until February or March 2016. Foreigners purchasing YSX-listed shares will need to fully assume associated currency risks as it may not be possible to hedge against the Myanmar Kyat. Uncertainty remains about the participation of U.S. nationals. The YSX is majority-owned by Myanma Economic Bank, which is a target of U.S. sanctions. Similarly a number of the securities companies established to support the YSX have links to ‘Specially Designated Nationals’ with whom U.S. nationals are prohibited from dealing. (Source: <http://www.mmtimes.com/index.php/business/18073-yangon-stock-exchange-to-be-opened-to-foreign-investors-next-year.html>, 10 December 2015)

## Jardine CM Restaurant Group announces expansion plans of Pizza Hut franchise

The Jardine CM Restaurant Group (**Jardine**) which operates Myanmar’s only Pizza Hut restaurant has announced plans to establish up to 20 additional outlets across the country within the next five years. A second outlet is expected to open in early 2016. Pizza Hut is a subsidiary of Yum Brands, which also owns Kentucky Fried Chicken and other international brands such as Taco Bell. Jardine is the Myanmar franchisee responsible for the operation and management of Pizza Hut outlets. (Source: <http://www.mmtimes.com/index.php/business/17916-pizza-hut-myanmar-targets-20-restaurants-in-five-years.html>, 2 December 2015)

## Soe Electric and Machinery and Hitachi establish new joint venture company

Soe Electric and Machinery Co. Ltd (**SEM**) has announced it hopes to double its market share in Myanmar’s transformer industry following the establishment of Hitachi SEM Ltd (**Hitachi SEM**), a new joint venture company partly owned by Japan’s Hitachi Industrial Equipment Systems (**HIES**). HIES will invest US$45 million in Hitachi SEM which will allow SEM grow its existing market share of between 40% - 50%. Hitachi SEM will also export to ASEAN countries and other markets where HIES already has a customer base. (Source: <http://www.mmtimes.com/index.php/business/17924-hitachi-deal-to-boost-market-share-of-local-partner.html>, 2 December 2015)

## Telenor enters into construction MoU with OCK Group and King Royal Technologies Ltd

Telenor Myanmar (**Telenor**) has signed a memorandum of understanding (**MoU**) on the building and leasing of telecom towers with Malaysia telecoms service provider OCK Group and its local Myanmar partner, King Royal Technologies Ltd. Telenor is contracting with new towers companies in an effort to grow its supply chain. Under its licence Telenor is obligated to provide telecoms cover to 90% of the country within five years. To date, Telenor has erected close to 3700 towers in 13 states and regions in Myanmar representing approximately 40% of its total tower construction commitments. (Source: <http://consult-myanmar.com/2015/12/02/telenor-signs-agreement-with-malaysian-towers-company/>, 2 December 2015)

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