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Myanmar Highlights

July 2015

Citigroup and Standard Chartered to advise Government on international credit rating

The Central Bank of Myanmar (**CBM**) has announced that Citigroup Inc. (**Citigroup**) and Standard Chartered PLC (**Standard Chartered**) will advise the Myanmar Government on its first international credit rating. Myanmar, along with Bhutan and Laos are the only three countries in Asia that do not have a sovereign credit rating. It is necessary to secure an international credit rating before obtaining international financing through the bond market, although the CBM have stated the Government has no intention of issuing bonds for the time being. Myanmar is likely to seek a rating from one of the three major global ratings agencies – Fitch Ratings, Moody's or Standard & Poor's. The ratings process will take some time because rating agencies need to examine all aspects of the Government's balance sheet. If successful, a future bond offering would provide a benchmark to help local corporations position themselves for international financing. At present few Myanmar companies can access the international bond market, however an increasing number of companies have been able to obtain financing from regional banks. (Source: <http://www.mmtimes.com/index.php/business/15573-credit-rating-sought-but-no-international-bonds-just-yet.html>, 20 July 2015)

Vietnam's Technology FPT Co Ltd awarded licence to provide fixed telecoms and internet services

The Ministry for Communications and Information Technology has awarded Vietnam's Technology FPT Co Ltd (**FPT**) a 15-year licence to provide fixed telecoms and internet services in Myanmar. FPT will become the first 100% foreign-owned company permitted to provide online games, e-news, websites and e-commerce services in Myanmar where the mobile

phone penetration rate has increased significantly since the Myanmar Government began to allow foreign involvement in the telecommunications sectors in 2012. (Source: <http://www.thuraswiss.com/update/myanmar-news-database>, 16 July 2015)

India's Sohal Lal and United Amara Bank enter into collateral financing MoU

India's Sohal Lal Commodity Management Ltd (**SLCM**), a subsidiary of the SLCM Group, has entered into a memorandum of understanding with United Amara Bank (**UAB**) in relation to the provision of collateral financing to UAB's customers. UAB will provide financing to their customers to purchase agricultural commodities including, but not limited to pulses, maize, seeds, wheat, and spices. The commodities will then be stored at a SLCM managed warehouse. SLCM will also provide sampling, testing, grading, assaying, fumigation, aeration and quality certification services. (Source: <http://www.thuraswiss.com/update/myanmar-news-database>, 16 July 2015)

Upgrades at General Electric- Sembcorp gas power plants to be completed by the end of October

American multinational General Electric (**GE**) has announced that upgrade works currently being undertaken on two of its Yangon gas power plants will be completed between the beginning of September and the end of October 2015. When re-operational, the two plants will provide the national grid with additional capacity of 30 MW. GE will operate the power plants in partnership with Singapore's Sembcorp Industries. The Myanmar Electric Power Enterprise supplies the plants with fuel. The decision to upgrade the facilities was taken in late 2014. (Source: <http://www.mmbiztoday.com/articles/ge-plant-upgrade-may-finish-october>, 16 July 2015)

Myanmar, China and Thailand to develop hydropower dam on the upper Thanlwin River

Myanmar, China and Thailand propose to enter a memorandum of understanding (**MoU**) in relation to the development of a 7,000MW hydropower dam on the upper Thanlwin River. China's state-owned Three Gorges Corporation and the Electricity Generation Authority of Thailand International will each hold a 40% stake in the project, with the Myanmar Government holding the remaining 20%. Work on the project will commence before the end of 2015 and will take five years to complete. The majority of the power (approximately 6,300MW) produced at the project each year will be sold to Thailand with the remainder (approximately 700 MW) to be sold in Myanmar. Hydropower projects on Thanlwin River have faced fierce opposition from local communities and activist groups who claim they will have a detrimental impact on the environment. A second MoU is to be entered into between Thailand's Energy Ministry and Myanmar's Ministry of Electric Power Ministry in relation to general cooperation in the development of power infrastructure, expansion of power-generation cooperation, and the promotion of trade and power connectivity between the two countries. (Source: <http://www.nationmultimedia.com/business/MoU-for-Salween-hydropower-project-to-be-signed-be-30264423.html>, 16 July 2015)

MPPE issues invitation to tender in relation to the formation of a joint venture in Myanmar

Myanmar has issued an invitation to tender to foreign companies in relation to the establishment of a joint venture (**JV Company**) with the Myanmar Petroleum Products Enterprise (**MPPE**) for the purposes of importing, storing, distributing and selling oil products. The closing date for tender applications is 20 October 2015. The MPPE will hold a 51% share in the JV Company to be established. The MPPE will provide the JV Company with land use rights and existing facilities which include buildings, equipment, machinery and infrastructure. The joint venture will be for a maximum period of 30 years with the possibility of two 10-year extension periods. Bidders are required to have a minimum of 10 years' industry experience and are required to have traded a volume of at least 2.7 million cubic metres of oil products per year in the last three years. (Source: <http://uk.reuters.com/article/2015/07/10/myanmar-oil-idUKL3N0ZQ2H620150710>, 10 July 2015)

Kanbawza Bank and Taiwan's Cathay United Bank enter in MoU

Kanbawza Bank Ltd (**KBZ**) has entered into a memorandum of understanding (**MoU**) with Taiwan's Cathay United Bank Co. Ltd (**CUB**) in relation to improving collaboration between the two banks across a number of areas. The two banks will collaborate closer on the provision of international banking services, technical assistance, staff training, interbank business, loan syndication and customer matching. KBZ and CUB previously executed a bilateral offshore loan in Myanmar worth US\$80 million for the purpose of funding Myanmar's SMEs. The new MoU focuses on services to be availed of by CUB's corporate customers exploring various opportunities in Myanmar. KBZ announced it aims to become "the bank of choice for Taiwanese businesses". (Source: <http://www.mmbiztoday.com/articles/kbz-bank-ties-taiwan-s-cathay-united-bank>, 20 July 2015)

Tata Group establishes the Overseas Agro Traders' Association of Myanmar

India's Tata Group has established the Overseas Agro Traders' Association of Myanmar (**OATAM**). OATAM has 25 corporate members who collectively produce 80% of all the beans and pulses exported from Myanmar. OATAM was set up with the assistance of the Beans and Pulses Association of Myanmar and with the support of the Ministry of Commerce and Trade. In July 2015, OATAM invited shipping companies to discuss logistical issues affecting OATAM members. The group has previously held discussions with inspection agencies to discuss issues relating to product quality. OATAM hopes to improve research and development in the agricultural sector, and provide credit facilities and training to farmers. (Source: <http://www.mmtimes.com/index.php/business/15592-tata-works-to-get-more-out-of-domestic-agriculture-exports.html>, 21 July 2015)

Myanmar Investments International Ltd raises US\$19.94 million to invest in new Myanmar projects

Myanmar Investments International Ltd (**MIL**) has raised approximately US\$19.94 million on the Alternative Investment Market (**AIM**) of the London Stock Exchange. MIL is evaluating a number of potential new investments in Myanmar including projects involving the participation of Yoma Strategic Holdings Ltd and the Myanmar tech-start-up 'MySquar' (Squar Pte Ltd) which listed on AIM in July 2015 and which now has over one million users. On 21 July 2015 MIL issued 17.34 million new ordinary shares at US\$1.15 per share. MIL is focusing on

individual investments of between US\$5 million and US\$10 million across a large number of sectors, including telecoms and information technology, finance, healthcare and education. MIL announced it will continue to return to the market and grow its investor base. (Source: <http://www.mmtimes.com/index.php/business/15612-myanmar-investmentsraises-20-million-in-london-as-it-lines-up-projects.html>, 22 July 2015)

Hitachi and Soe Electric establish new Myanmar joint-venture

Hitachi Industrial Equipment Systems Co. Ltd (**Hitachi**) and Soe Electric and Machinery Co. Ltd (**SEM**) have entered into a joint venture agreement in relation to the production of electrical transformers in Myanmar for distribution in local and regional markets. The new joint venture company will be named Hitachi Soe Electric & Machinery Company Limited (**Hitachi SEM**) and is expected to have commenced operations by March 2016. Hitachi SEM intends to leverage SEM's local business knowledge and Hitachi's technological expertise to produce transformers for sale on ASEAN markets. (Source: <http://consult-myanmar.com/2015/07/23/hitachi-hitches-with-local-business-to-stabilise-myanmars-electricity/>, 23 July 2015)

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