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Myanmar Highlights

August 2015

Myanma Economic Holdings Ltd to acquire Fraser & Neave Ltd's share in Myanmar Brewery Ltd

On 31 July, the Singapore High Court dismissed an application by Myanma Economic Holdings Ltd (**MEHL**) for an interim injunction requiring Singapore-listed Fraser & Neave Ltd (**F&N**) to sell its 55% stake in Myanmar Brewery Ltd (**MBL**) to MEHL for 500 billion kyat. The dispute dates back to 2013 when F&N was taken over by Thai businessman Mr. Charoen Sirivadhanabhakdi. At the time of the takeover, MEHL claimed that it had a right of first refusal (**ROFR**) over F&N's shares in MBL (**F&N Shares**). MEHL initiated proceedings in Singapore to have its ROFR recognised. F&N were subsequently instructed to sell F&N Shares to MEHL. The court order triggered a further dispute about the exchange rate to be used to value the F&N Shares. MEHL filed an application for an interim injunction requiring F&N to sell the F&N Shares for 500 billion kyats calculated by reference to current exchange rates. At current exchange rates, 500 billion kyat equals approximately US\$407 million. However, F&N claim that the sale price of the F&N Shares should be made by reference to 2013 exchange rate when 500 billion kyat was worth approximately US\$560 million. F&N has announced that it will update shareholders of any material developments. The costs of proceedings were awarded against MEHL. On 5 August 2015 F&N finally agreed to sell F&N Shares to MEHL for US\$560 million. (Source: www.straitstimes.com, 3 August 2015 and www.ft.com, 6 August 2015)

MOGE invites proposals in relation to the development of new offshore supply facility

The Myanma Oil and Gas Enterprise (**MOGE**) announced that it has privately invited proposals about the construction of a new offshore supply facility. No public tender took place.

Instead, MOGE invited 52 of local and international firms already established in Myanmar to submit proposals. At present Myanmar has only one offshore supply base located in Thilawa. MOGE plans to develop supply bases in Thilawa near Yangon, Dawei in Tanintharyi, Patheingyi in Ayeyarwady, and also in Mon and Rakhine states. MOGE said that it will not provide land for the new supply facility or invest any capital in the early stages of the project, but will help with human resources and management of the project. (Source: www.mmTimes.com, 31 July 2015)

Myanmar's National Minimum Wage Committee to consider submissions from garment manufacturers and workers groups

Representatives from more than 160 Myanmar companies and nearly 20 workers' groups made submissions to the Government, about its proposal to increase the daily minimum wage by approximately US\$0.50. Myanmar companies, many of which produce clothing for Chinese, Korean and Myanmar-owned clothing companies, argue that the increase would make their businesses unsustainable. Myanmar's National Minimum Wage Committee (**NMWC**) has stated that garment factory owners in the Yangon division claim that they cannot pay the proposed daily minimum wage of 3,600 kyats (US\$3.11) and can only afford 2,500 kyats (US\$2.16). In response, the NMWC stated that such claim was unsubstantiated. Some trade associations have petitioned the Government for an exemption to the proposed new daily minimum wage, arguing that a higher minimum wage for garment workers would discourage international investment. A number of international retailers who outsource manufacturing to Myanmar, including the U.S. clothing company Gap Inc. and German sports shoe manufacturer the Adidas Group, have said that a minimum wage of 3,600 kyats (US\$3.11) per day is reasonable.

Workers' group have petitioned the Government asking for a minimum of 4,000 kyats (US\$3.46) per eight-hour workday, excluding benefits, overtime, and bonuses. International labor organisations and multinational companies have called on the Government and garment factories to pay the proposed daily wage of 3,600 kyats. The Government approved the Minimum Wage Law in early 2013 and established the NMWC to determine an appropriate wage level through negotiations with stakeholders. The NMWC is reviewing the submissions and letters of objection and will meet local business owners and workers' representatives before the end of August 2015. (Source: www.rfa.org, 17 July 2015)

Government to award fourth telecom licence to Myanmar-foreign joint venture

Myanmar's Ministry of Communications and Information Technology (**MCIT**) has invited local telecom companies to submit bids in relation to the award of Myanmar's fourth private telecom licence. Interested parties are invited to submit expressions of interest by 24 August 2015. The successful applicant is expected to establish a new public telecommunications company with a minimum capital of 3 billion kyats (US\$2.5 million). MCIT expects to have awarded the licence before the end of the current Government's term in November 2015. The licence will be issued for an initial term of 15 years. Local companies interested in the tender will not be given the opportunity to choose their joint venture partner, with the successful bidder expected to abide by a selection committee decision on foreign participation. The local company will be responsible for providing technical services and market strategies. (Source: www.irrawaddy.org, 27 July 2015)

Myanmar's Ministry of Hotels and Tourism announces details of development plans for Ngwesaung region

Myanmar's Ministry of Hotels and Tourism (**Ministry**) has announced details of a development plan for the Ngwesaung region. The 20-year plan is to be implemented in four five-year phases and provides for the growth and 'urbanisation' of existing beach villages, infrastructural development, including electricity and telecommunications and the building of a small airport. The development will comply with environmental regulations. The Ministry has met with Thai-based LP Holding Company Ltd and KTG Inter-Associates Ltd in July to discuss the project. The Ngwesaung region attracts approximately 50,000 visitors annually while together Myanmar's coastal destinations attract approximately 500,000 visitors annually.

The Ministry is currently attempting to improve the electricity supply to coastal regions. (Source: www.elevenmyanmar.com, 28 July 2015)

Mobimedia to launch 'mJams' music app in Myanmar

Mobimedia (Cambodia) Ltd (**Mobimedia**), owner of the popular 'mJams'© app, has announced it plans to release the service in Myanmar, giving Myanmar mobile users legal access to global music content. The app was recently launched in Cambodia where it attracted 12,000 users in just 4 days. Mobimedia has entered into licensing arrangements with Universal Music, Warner Music and Sony Music. The app includes WAP storefront together with mJams streaming service with an 'in-app' purchasing function. Mobimedia is part of an international group working with 11 telecommunication carriers in 22 countries maximising content opportunities with over 40 million subscribers. Mobimedia helps handset manufacturers, telecom companies and brands develop and implement mobile technology and content to maximise return on investment in their networks and markets. (Source: www.today-myanmar.com, 28 July 2015)

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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