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Myanmar Highlights

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Draft of revised Myanmar Companies Act to be published

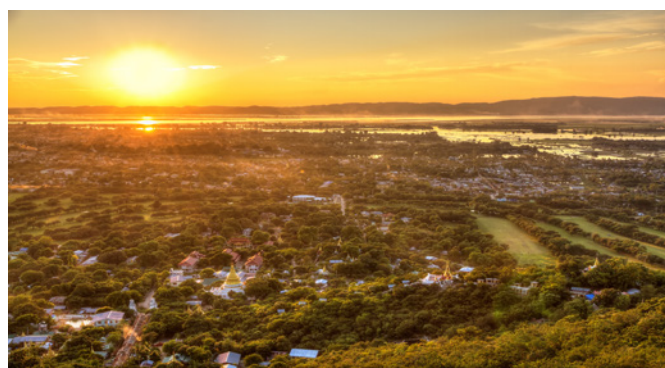
• The Myanmar Directorate of Investments and Company Administration (**DICA**) has announced that a draft of the new Myanmar Companies Act (**MCA**) will be published shortly. The Asian Development Bank, the Ministry of National Planning and Economic Development, the Office of the Union Attorney General and the Union of Myanmar Federation of Chambers of Commerce and Industry participated in the MCA drafting and consultation process. Among other things, the new MCA is intended to simplify business registration and provide for company registration online. (From *Myanmar Times*, 13 January 2014)

FMI completes issue of US\$25.6 Million in new shares

• As part of a recent rights issue, First Myanmar Investment (**FMI**) – part of the SPA Group of companies – has issued an additional Kyats 25billion (approximately US\$25.6 million) of ordinary shares. The new ordinary shares were issued at a price of Kyats 10,000 (approximately US\$10.10) per share, which represented a discount of approximately 20% on the current FMI share price. The new shares were only made available to Myanmar nationals. The share issue was fully underwritten by SPA Myanmar Limited for a fee of 2%. Capital raised from the rights issue will be used to finance a number of projects in which FMI is involved, including the Thilawa Special Economic Zone, FMI Air, and the Meeyahta International Hotel. The funds will also be used to increase the paid-up capital of Yoma Bank Limited by Kyats 10 - 15billion in 2014. (From *Myanmar Times* 12 January 2014)

Myanmar and Malaysia establish joint commission for economic, scientific and technical cooperation

• The Governments of Myanmar and Malaysia have agreed to establish a Joint Commission for Economic, Scientific and Technical Cooperation (**Commission**). It is intended that the Commission will enhance bilateral relations and will facilitate consultation and cooperation in the areas of economic development, and scientific and technical assistance. (From *The New Light of Myanmar* 18 January 2014)



Winners of offshore blocks to be announced

• The Myanmar Oil and Gas Enterprise (**MOGE**), the wholly-owned state enterprise, responsible for upstream petroleum production in Myanmar, has stated that the Government will announce the winners of the 2013 offshore bidding round in early February 2014. Licences will be granted for exploration and production activities in eleven shallow-water and nineteen deep-water offshore blocks. Seventy-five international oil and gas companies submitted expressions of interest to the Government as part of the first round of the tender process in April 2013. In July 2013 the Government announced that

sixty-one of the seventy-five companies that had submitted expressions of interest had been deemed “pre-qualified” i.e. they met the basic criteria set down by the Government in the initial tender announcement. Pre-qualified bidders were invited to assess existing Government data on the thirty offshore blocks and were permitted to submit proposals in relation to the exploration and development of any three of the offshore blocks. Subsequent to the Government’s naming of pre-qualified bidders, MOGE revised the terms and conditions of its Production Sharing Contracts (**PSCs**) under which foreign oil and gas companies operate in Myanmar. Under the revised PSCs the royalty fee payable to the Government was 12.5%. Older offshore PSCs provided for a royalty payment of 10% and also included certain tax incentives, relating to the importation of exploration equipment. These incentives were not included in the revised PSCs. The Government is expected to announce that licences will not now be issued in respect of all thirty offshore blocks. It is not yet clear whether or not the less favourable terms and conditions contained in the revised PSCs contributed to a fall-off in interest among oil and gas companies. (From *Myanmar Times* 20 January 2014)

Production of Pepsi to recommence following Lotte investment

- Korea’s Lotte Chilsung Co. Ltd (**Lotte**) and Myanmar Golden Beverage Co Ltd (**MGS**) have established a joint venture to produce and distribute PepsiCo products in Myanmar. Lotte will invest US\$81 million in exchange for a 70% stake in a new joint venture company - Lotte-MGS Beverage Co. Ltd (Lotte – MGS) - with MGS taking a minority 30% share. Lotte – MGS will operate in 17 major cities throughout Myanmar. (From *Myanmar Times* 20 January 2014)

Record number of visitors expected in 2014

- The Ministry of Hotels and Tourism has estimated that up to three million people will visit Myanmar in 2014. The increase in visitor numbers is reflective of Myanmar’s ‘opening-up’ under Government economic and social reforms. There were only 700,000 visitors to Myanmar in 2011. The increase in visitors will provide employment and business opportunities in the tourism sector but will also put additional strain on Myanmar’s existing infrastructure. Myanmar’s current stock of 923 hotels is inadequate to meet present and expected future demand. Room rates are high in comparison to those in other South East Asian countries. The Ministry of Hotels and Tourism estimates that hotels with a combined capacity of 5000 rooms are currently under construction throughout the country. However room rates are expected to remain high in the short term.

The tourism boom has led to increased demand in related services. The number of balloon trips in Bagan, Inle Lake and Mandalay has more than doubled, prompting a review of radio communications by the Department of Civil Aviation to assure air safety. (From *Myanmar Times* 20 January 2014)

Inaugural aviation conference scheduled to take place in Yangon

- Myanmar’s Ministry of Transport and the Department of Civil Aviation will hold the inaugural Myanmar Civil Aviation Development Conference from 24 - 26 March 2014. The event, which will be organised by SPHERE Exhibits Pte Ltd, a wholly owned subsidiary of Singapore Press Holdings, will take place in Traders Hotel, Yangon. The conference is intended to encourage debate and discussion on potential growth plans for Myanmar airlines and airports as Myanmar enters a major period of growth and will be attended by airport operators, regulators, senior airlines executives and key aviation stakeholders (From *Myanmar Business Today* 23 January 2014)

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