

**The Republic of the Union of Myanmar**  
**Data Collection Survey on Investment Climate**  
**for Infrastructure Development**

**June 2013**

**Japan International Cooperation Agency (JICA)**

**PricewaterhouseCoopers Co., Ltd.**

|               |
|---------------|
| <b>OS</b>     |
| <b>JR</b>     |
| <b>13-069</b> |

© 2013 PwC. All rights reserved.

PwC refers to the PwC Network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers Co., Ltd., its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

# ***Table of Contents***

---

|   |            |
|---|------------|
| <b>Table of Contents.....</b>                                       | <b>3</b>   |
| <b>Appendix .....</b>   | <b>6</b>   |
| <b>Acronyms .....</b>   | <b>7</b>   |
| <b>1. Introduction.....</b>   | <b>1-1</b> |
| 1.1 Study Background and Issues.....                                | 1-1        |
| 1.2 The Study Objectives.....                                       | 1-3        |
| 1.3 The Study Methodology .....                                     | 1-4        |
| <b>2. Basic Information.....</b>                                    | <b>2-1</b> |
| 2.1 Geography .....   | 2-1        |
| 2.2 Demographics.....   | 2-7        |
| 2.3 Culture .....   | 2-13       |
| 2.4 Economy.....  | 2-14       |
| 2.5 Government and Politics .....                                   | 2-24       |
| 2.6 Geopolitics.....  | 2-26       |
| 2.7 Development Policy .....  | 2-30       |
| <b>3. Basic Conditions on Infrastructure Business .....</b>         | <b>3-1</b> |
| 3.1 Foreign Investment Law.....                                     | 3-1        |
| 3.2 Myanmar Company Act .....                                       | 3-12       |
| 3.3 Overview of the Foreign Investment Process.....                 | 3-15       |
| 3.4 Institutional Structure of the Government .....                 | 3-21       |
| 3.5 Public Finance System.....                                      | 3-27       |
| 3.6 Procedures related to Infrastructure Business.....              | 3-29       |
| 3.7 Private Sector Participation in Infrastructure in Myanmar ..... | 3-31       |

---

|  |             |
|--|-------------|
| <b>4. Investment Environment by Sector .....</b>   | <b>4-1</b>  |
| 4.1 Electric Sect.....   | 4-1         |
| 4.2 Airport Sector .....   | 4-16        |
| 4.3 Road Sector .....  | 4-24        |
| 4.4 Railway Sector .....   | 4-37        |
| 4.5 Port Sector .....  | 4-40        |
| 4.6 Inland Water Transportation.....   | 4-50        |
| 4.7 Water Sector .....   | 4-53        |
| 4Telecommunication Sector .....  | 4-56        |
| <b>5. Players in the Infrastructure Business.....</b>                                    | <b>5-60</b> |
| 5.1 Procurement of infrastructure current and future .....                               | 5-60        |
| 5.2 Key Infrastructure Sectors with private sector participation .....                   | 5-60        |
| 5.3 Major Players.....   | 5-61        |
| <b>6. Industrial Parks, Special Economic Zone (SEZ) and Logistic Infrastructure.....</b> | <b>6-1</b>  |
| 6.1 Introduction .....   | 6-1         |
| 6.2 Industrial Parks .....   | 6-1         |
| 6.3 Special Economic Zone .....  | 6-8         |
| <b>7. Financial Sector .....</b>   | <b>7-1</b>  |
| 7.1Introduction .....  | 7-1         |
| 7.2 Background.....  | 7-1         |
| 7.3 Players in the Financial Sector .....  | 7-2         |
| 7.4 Products .....   | 7-7         |
| 7.5 Regulatory Environment .....   | 7-8         |
| 7.6 Key Issues.....  | 7-9         |

---

|   |            |
|---|------------|
| <b>8. Comparison to Asian Countries .....</b> | <b>8-1</b> |
| 8.1 Infrastructure Needs in Asia.....         | 8-1        |
| 8.2 PPP Readiness .....                       | 8-2        |
| 8.3 Comparative Analysis.....                 | 8-10       |
| 8.4 Issues to be considered in Myanmar.....   | 8-11       |

---

|  |            |
|--|------------|
| <b>9. Expected JICA support for PPP promotion.....</b>       | <b>9-1</b> |
| 9.1 Product line of JICA on PPP promotion.....               | 9-1        |
| 9.2 Expected JICA support for PPP promotion in Myanmar ..... | 9-1        |

## ***Appendix***

---

Appendix A: The Foreign Investment Law (2<sup>nd</sup> November ,2012)

---

Appendix B: The Ministry of National Planning and Economic Development, Notification No. 11/2013, (31 January 2013) (=Foreingn Investment Rule)

---

Appendix C: Myanmar Investment Commission, Notification No. 1/2013 (31st January 2013)

Type of Business Activities

---

Appendix D: Tax relief and exemptions available under Article 27 of the Foreign Investment Law

---

Appendix E: The Burma Companies Act (1st April, 1914)

---

Appendix F: The Burma Companies Regulations (1957)

---

Appendix G:Requirements for New Companies

---

Appendix H: List of Candidate of PPP Infrastructure Projects (Not for public)

---

Appendix I: Reference

## Acronyms

|         |  |
|---------|--|
| ACMEX S | Ayeyarwady-Chao Phraya-Mekong Economic Cooperation Strategy                    |
| ADB     | Asia Development Bank  |
| AH      | ASIAN Highway  |
| AHN     | ASEAN Highway Network  |
| ANSD    | Air Navigation Safety Division   |
| ASD     | Aviation Security Division   |
| ASEAN   | Association of South - East Asian Nations                                      |
| ASSD    | Aerodrome Standards and Safety Division  |
| AWD     | Airworthiness Division   |
| AWPT    | Asia World Port Terminal   |
| BIMSTEC | Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation |
| BOT     | Build-Operate-Transfer   |
| BSR     | Burmese Sanctions Regulations  |
| BSW     | Bo Aung Kyaw Container Wharf   |
| BTO     | Build-Transfer-Operate   |
| CAGR    | Compounded Annual Growth Rate  |
| CBM     | Central Bank of Myanmar  |
| CBML    | Central Bank of Myanmar Law  |
| CDC     | City Development Committee   |
| CGGC    | China Gezhouba Group Co  |
| CITIC   | China International Trust & Investment Co                                      |
| CNPC    | China National Petroleum Company   |
| CPIC    | China Power Investment Corporation   |
| CREC    | China Railway Engineering Corporation  |
| CRIL    | China Railway International Limited  |
| CRO     | Company Registration Office  |
| CUP     | China Union Pay  |
| DCA     | Department of Civil Aviation   |
| DDC     | Dawei Development Company Limited  |
| DFID    | Department for International Development                                       |
| DHPP    | Department of Hydropower Planning  |
| DHSHD   | Department of Human Settlement and Housing Development                         |
| DICA    | Directorate of Investment and Companies Administration                         |
| DWT     | Deadweight Tonnage   |
| EIA     | Environment Impact Assessment  |
| EIRR    | Economic Internal Rate of Return   |
| FIML    | Financial Institutions of Myanmar Law  |

|       |   |
|-------|---|
| EOI   | Expression of Interest                                |
| FOREX | Foreign Exchange                                      |
| EPC   | Engineering, Procurement and Construction             |
| EPD   | Energy Planning Department                            |
| EPZ   | Export Processing Zone                                |
| FDI   | Foreign Direct Investment                             |
| FEC   | Foreign Exchange Certificate                          |
| FERA  | Foreign Exchange Regulation Act                       |
| FIL   | Foreign Investment Law                                |
| FSD   | Flight Standards Division                             |
| GMS   | Greater Mekong Subregion                              |
| GSP   | Generalized System of Preferences                     |
| HPGE  | Hydroelectric Power Generation Enterprise             |
| HR    | Human Resources                                       |
| ICC   | International Criminal Court                          |
| ICAO  | International Civil Aviation Organization             |
| ICD   | Inland Container Depot                                |
| ICD   | Internal Container Depot                              |
| ICPS  | interim country partnership strategy                  |
| IHLCA | Household Living Conditions Assessment                |
| ILO   | International Labour Organization                     |
| IMF   | International Monetary Fund                           |
| ITD   | Italian-Thai Development Corporation Limited          |
| ITP   | Invitation to Prequalification                        |
| ITP   | Invitation to Proposal                                |
| JV    | Joint Venture   |
| KBZ   | Kanbawza Bank Limited                                 |
| KOGAS | Korea Gas Corporation                                 |
| MAA   | Myanmar Aircraft Act                                  |
| MAB   | Myanma Agricultural Bank                              |
| MADB  | Myanmar Agriculture Development Bank                  |
| MCA   | Myanmar Companies Act                                 |
| MCDC  | Mandalay City Development Committee                   |
| MCIT  | Ministry of Communications and Information Technology |
| MCPT  | Ministry of Communication, Posts and Telegraphs       |
| MD    | Managing Director                                     |
| MEB   | Myanma Economic Bank                                  |

|       |  |
|-------|--|
| MEPE  | Ministry of Electric Power Enterprises                 |
| MFSL  | Myanmar Five Star Line                                 |
| MFTB  | Myanma Foreign Trade Bank                              |
| MIC   | Myanmar Investment Commission                          |
| MICB  | Myanmar Investment and Commercial Bank                 |
| MIDC  | Myanmar Industrial Development Committee               |
| MIPL  | Myanmar Integrated Port Limited                        |
| MITT  | Myanmar International Terminal Thilawa                 |
| MNPED | Ministry of National Planning and Economic Development |
| MOA   | Memoranda of agreement                                 |
| MOC   | Ministry of Construction                               |
| MOE   | Ministry of Energy                                     |
| MOEP  | Ministry of Electric Power                             |
| MOFR  | Ministry of Finance and Revenue                        |
| MOGE  | Myanma Oil and Gas Enterprise                          |
| MORT  | Ministry of Rail Transportation                        |
| MOT   | Ministry of Transport                                  |
| MoU   | Memorandum of Understanding                            |
| MPA   | Myanmar Ports Authority                                |
| MPE   | Myanmar Petrochemical Enterprise                       |
| MPPE  | Myanmar Petroleum Products Enterprise                  |
| MPT   | Myanmar Post and Telecommunication                     |
| NDF   | National Democratic Force                              |
| NDP   | National Development Plan                              |
| NESDB | National Economic and Social Development Board         |
| NLD   | National League for Democracy                          |
| NUP   | National Unity Party                                   |
| OCDI  | Overseas Coastal Area Development Institute            |
| ODA   | Official Development Assistance                        |

|       |   |
|-------|---|
| OFAC  | Office of Foreign Assets Control                    |
| GT    | Onshore Gas Terminal                                |
| ONGC  | Oil and Natural Gas Corporation                     |
| PAPRD | Project Appraisal and Progress Reporting Department |
| PBUB  | Peoples Bank of the Union of Myanmar                |
| PPA   | Power Purchase Agreement                            |
| PPP   | Public Private Partnership                          |
| PTD   | Posts and Telecommunications Department             |
| SAO   | State Administrative Organization                   |
| SCB   | State Commercial Bank                               |
| SDN   | Specially Designated Nationals                      |
| SEZ   | Special Economic Zone                               |
| SIA   | Socio-economic Impact Assessment                    |
| SOE   | State Owned Economic Enterprises                    |
| SOEL  | State Owned Economic Enterprises Law                |
| SPDC  | State Peace and Development Council                 |
| SPIC  | Special Projects Implementation Committee           |
| SPV   | Special Purpose Vehicle                             |
| PSC   | Production Sharing Contract                         |
| TC    | Trade Council                                       |
| TTCL  | Toyo-Thai Corporation Public Company Limited        |
| TTR   | Transit Transport Routes                            |
| UBB   | Union of Burma Bank                                 |
| UMEH  | Union of Myanmar Economic Holding                   |
| USAID | United States Agency for International Development  |
| USDP  | Union Solidarity and Development Party              |
| YESB  | Yangon City Electricity Supply Board                |
| YCDC  | Yangon City Development Committee                   |
| YT    | Yatanarpon Teleport                                 |



# **1. Introduction**

## **1.1 Study Background and Issues**

### **1.1.1 Study Background**

#### **Myanmar's reform objectives and Japanese Government's assistance to Myanmar**

Since the new administration was formed with the then Prime Minister Thein Sein assuming the post of President in March 2011, positive moves towards democratization and economic reform have been taking place rapidly in the Republic of the Union of Myanmar (Myanmar), such as the release of a large number of political prisoners, proactively promoting to reach a ceasefire agreement with ethnic minorities and unification of exchange rates. Furthermore, reform goals in the area of politics, economy and social development were announced in President Thein Sein's policy speech.

In light of this situation, the Japanese Government held a top-level meeting on April 21, 2012 and reviewed its economic cooperation policy towards Myanmar. One of the 3 pillars of the Japanese Government's future economic cooperation policy towards Myanmar is "support for building infrastructure and systems required for a sustainable economic growth" which will promote the construction of infrastructure, etc through the use of yen loans. At the Consultative Group on Myanmar held on October 11, 2012, it was announced that yen loans shall restart at the earliest time possible in 2013, for infrastructure development such as electricity and roads. In addition, the Ministry of Foreign Affairs, JICA, Keidanren and the Chamber of Commerce, etc have established a "Public-Private Myanmar Task Force" and have already started to exchange opinions on Myanmar's investment environment and economic cooperation.

#### **Necessity for improving investment climate**

Under such circumstances, since the start of its new administration, Myanmar has been received attention from across the world as the last untouched market in Asia. On the other hand, the country's infrastructure development is lagging behind, and the economy is battered under the many years of military rule, and there are still many issues facing for the new entry of foreign companies and the private sector. Improving the investment climate is one of the highest priorities for solving such issues.

#### **Necessity for infrastructure development**

Furthermore, the infrastructure development, which is prerequisite for the entry by the private sector, is also considered as an urgent issue. In particular, basic infrastructure such as electricity, water, roads and harbors, and transportation, as well as logistics infrastructure that promote connection with the private sector's production bases, are keys in developing industry. Myanmar is an access point to the ocean from China and India, and it being the terminus of the east-west corridor places which makes the country an extremely important position in logistical standpoint.

On the other hand, Myanmar's fiscal funds are limited, and in light of the long-term sustainability, it would be necessary to consider facilitating an environment that would enable the involvement of private sector funds by leveraging fiscal funds and support funds, as well as the infrastructure development by Public Private Partnership (PPP) utilizing private sector's resources.

### **1.1.2 Basic Understanding and Issues**

#### **Status on investments in Myanmar and its investment climate**

Looking at the trends of Myanmar's foreign direct investment, investments increased when it became a member of ASEAN in 1997, and then greatly increased after Thein Sein became the Prime Minister in 2007. In terms of investment climate system, the Myanmar Government had been working on the establishment of a new "Foreign Investment Act", which was enacted on November 2<sup>nd</sup>, 2012.

Promotion of investment and trade by Japanese companies are expected. But due to the economic sanction, etc in the past, the level of investment by Japanese companies is not necessarily high, compared to other countries,

despite the large amount of Government assistance for public projects. China became the largest investor in Myanmar by beating Thailand in FYs2010-2011, and Korea has become the 4<sup>th</sup> largest, as well as other countries which achieved a large presence, compared to Japan which is placed at 12<sup>th</sup>.

### Status on infrastructure in Myanmar

Foreign Direct Investment (FDI) is increasing, but as shown in the table below, infrastructure is yet to be well developed and it is considered that this is a bottleneck for further investments. Large infrastructure projects are being planned such as SEZ development, railway modernization, ports and harbors, which require huge amount of investment in infrastructure development. To meet such a huge demand for infrastructure financing and considering the limited public fund to finance all the required infrastructure investment, involvement of private sector in infrastructure development has been implemented. But appropriate assessment of possibilities applying PPP is insufficient in particular, and there is the growing need to create an environment in this regard.

Table 1.1.1 Status on Infrastructure

| Country  | Access to electricity (% of population) (2009) | Electricity consumption per capita (2010)(kWh) | Road density (km of road per 100 sq. km of land area) (2010) | Internet users (per 100 people) (2011) |
|----------|--|--|--|--|
| Myanmar  | 13%  | 131  | 4  | 1.0                                    |
| Cambodia | 24 %   | 146  | 22(*)  | 3.1                                    |
| Vietnam  | 97.6%  | 1035   | -  | 35.5                                   |
| Thailand | 99.3%  | 2243   | -  | 23.7                                   |

Source : World Bank Development Indicators 2012

\*2009

### Status on the implementation of PPP

In terms of PPP projects, Chinese companies as well as Myanmar's conglomerate-affiliated companies such as Asia World and Htoo Group of Companies, have implemented BOT (Build – Operate - Transfer) projects in the past for electricity, ports and harbors, etc. The actual situation of the projects, however, lacks transparency in part e.g. the process of selecting operators was not clearly defined (mostly of the PPP projects are implemented by companies who proposed the projects on direct appointment-base). In order to secure transparency, laws and regulations have being developed since the new administration took power.

Some issues are observed such as: Securing the transparency; Structuring projects with appropriate risk-sharing; and Promoting the involvement of private operators that meet international standards. It is considered as necessary to improve both investment climate and the PPP legal and institutional framework.

Table 1.1.2 Examples of Private Sector Participation Projects

| Sector      | Overview of PPPs  | Project examples   |
|-------------|---|--|
| Electricity | BOT has been implemented through cooperation with other countries such as China and Thailand.   | <ul style="list-style-type: none"> <li>• Nanli 1-2 Hydropower Station</li> <li>• Shweli River Cascade 1 Hydropower Station</li> </ul>  |
| Railway     | Currently being implemented by Ministry of railways, but in the past, process went as far as public announcement on tender regarding concession of beltway. | <ul style="list-style-type: none"> <li>• Yangon Beltway (only up to public announcement on tender)</li> </ul>  |
| Port/harbor | BOT has been implemented mainly for Yangon Port. In addition to domestic agencies, foreign entry can be seen in part.                                       | <ul style="list-style-type: none"> <li>• Yangon Port (operator and project type differ by berth. BOT method).</li> <li>• Thilawa Port (BOT implemented by Hutchison in Hong Kong, etc)</li> </ul>                        |
| Airport     | Nay Pyi Taw Airport, opened to the private operators for the first time.  | <ul style="list-style-type: none"> <li>• Nay Pyi Taw Airport (Asia World, one of the conglomerates, is the operator)</li> </ul>  |
| Road        | Private sector already entered for some of the roads. Mainly, domestic conglomerates  | <ul style="list-style-type: none"> <li>• National road between Nay Pyi Taw – Yangon (operation and maintenance by Asia World)</li> <li>• Road between Mandalay and Muse (O&amp;M by Asia World, conglomerate)</li> </ul> |

Source: Website of related organizations

Meanwhile, the Myanmar Government has announced its policy of privatizing public services in several sectors such as electricity and telecommunication, and Japan is required to not only promote traditional public projects, but also to provide assistance to PPP projects and investment promotion activities in order to promote the participation of private sector in infrastructure business.

## 1.2 The Study Objectives

Based on the above background and issues, the upper level objectives of this study shall be as follows:

Collect basic information on the investment climate from the viewpoint of promoting investment by Japanese companies, for sustainable economic growth of Myanmar; and

Collect information on candidate private sector partnership projects to consider JICA's cooperation in Myanmar.

In order to contribute to the above upper level objectives, we recognize the objectives of this study as follows:

Objective 1: On the assumption of applying JICA's private sector partnership schemes, collect information on investment climate, etc.

Objective 2: With understanding of JICA's ODA loan, technical assistance, and private sector partnership activities, propose candidate private sector partnership programs to be supported by JICA from the viewpoint of promoting PPP and investments.

## 1.3 The Study Methodology

Information collection method in this study is as follows:

| Information collection method for each item   |
|---|
| 1. Sort out information that can be obtained through the desktop research.  |
| 2. Based on the desktop research above, if it is preferable to conduct onsite interviews, prepare a list of the name of the parties for which interviews will be required, together with interview items. Interview items will be confirmed with JICA, as required. |
| 3. Conduct interviews and sort out information collected.   |

Specific items to be surveyed and the methodology of the information collection for each item is summarized as below.

### 1.3.1 Basic information collection

**Research Items:** General overview, political system, economic situation, geopolitical position, relationship with other countries and regions and development policy

**Desktop Research:** Websites and materials. Reports published by Eurasia Group (Geopolitical analysis)

**Interview:** Conduct interview to institutions concerned, if necessary.

### 1.3.2 Information collection on infrastructure business

#### A. Investment Policy

**Research Items:** Overview of newly enacted foreign investment law, investment promotion policy, investment regulations by form of investments, possible patterns of foreign investors' participation in infrastructure projects

**Desktop Research:** PwC "Myanmar Business Guide", related laws and regulations

**Interview:** Myanmar Investment Committee (MIC), Directorate of Investment and Companies Administration (DICA), Ministry of national planning and development, Ministry of commerce, UMFCII

#### B: Governmental Organizations to Promote Infrastructure Projects

##### Research Items:

-Abstract the roles and responsibilities of ministries and organizations in Myanmar, which are related to preparation and implementation of infrastructure projects.

**Desktop Research:** Website of Ministry of national planning and development and related organizations

**Interview:** Ministry of national planning and development and related organizations

#### C: Legal Procedures for Infrastructure Projects

**Research Items:** Permissions and approvals for infrastructure projects, process of preferred bidder selection, qualification of concessioners, and ownership right of concessions

**Desktop Research:** PwC "Myanmar Business Guide", related laws and regulations

**Interview:** MIC, DICA, Ministry of national planning and development, Ministry of commerce, Ministry of construction etc.

#### D: Tariff Pricing Mechanism

**Research Items:** Tariff pricing, amendment and approval process in infrastructure projects

**Desktop Research:** Website of related organizations and regulations on amendment process of tariff

**Interview:** Ministry of Electric Power, Local Governments (for water), Ministry of Railway etc.

#### **E: Labor Market**

**Research Items:** Labor population, structure of employee market, level of salary, employment condition, skill education, living environment, human resources of business sector

**Desktop Research:** JICA Research report, PwC “Myanmar Business Guide”

**Interview:** JETRO, Japanese companies branches in Myanmar

#### **F: Market Trend**

**Research Items:** Trend of consumption market in Myanmar

Desktop Research: Macro index

**Interview:** MIC, DICA, Ministry of National Planning and Development, Ministry of Commerce, Ministry of Construction etc.

#### **G: Domestic Infrastructure Players in Myanmar**

**Research Items:** Scale of the companies, credentials of the companies

**Desktop Research:** News articles

**Interview:** Japanese investors

#### **H: Special Economic Zone**

**Research Items:** Abstract, development plan and current situation of utilities (water/electricity) of Special Economic Zone (SEZ) and industrial parks in Yangon and surrounding areas

**Desktop Research:** Ongoing and previous study conducted by JICA

**Interview:** JETRO, Japanese companies. Organizations in charges of SEZ management

#### **I: Logistics**

**Research Items:** Infrastructure for logistics (including infrastructure for international transportation) **Desktop Research:** Report on Greater Mekong Subregion (GMS) by Asian Development Bank (ADB)

**Interview:** Japanese Trading house, JETRO

#### **J: Examples of Infrastructure Business Development in Myanmar by Other Countries**

**Research Items:** Trend of infrastructure business development by other countries

**Desktop Research:** News articles

**Interview:** Relevant organizations

#### **K: Financial Institutions / Laws and regulations on finance**

**Research Items:** Budgetary system, policy of central bank, overview of financial sector, Corporate form of financial institutions, scale of financial institutions, scope of work of financial institutions, rating, profit and loss, loan condition, credit assessment, risk management, HR, organizational structure etc

**Desktop Research:** News articles, website

**Interview:** Banks in Myanmar, Ministry of Finance, (Central Bank)

## **2. Basic Information**

### **2.1 Geography**

#### **2.1.1 Area**

The Republic of the Union of Myanmar (hereinafter called as Myanmar) is a country located in Southeast Asia. It is bordered by India in northwest, Bangladesh in the west, Thailand in the southeast, Lao PDR in the east and China in the northeast. It is the second largest country in Southeast Asia at 653,520 sq km. Its capital is Nay Pyi Taw, which is located in the middle of the country.

Because Myanmar sits in the middle of fast-growing countries in Southeast Asia, many developed countries are interested in establishing a strong relationship with them both politically and economically.



Chart 2.1.1 Myanmar in Southeast Asia

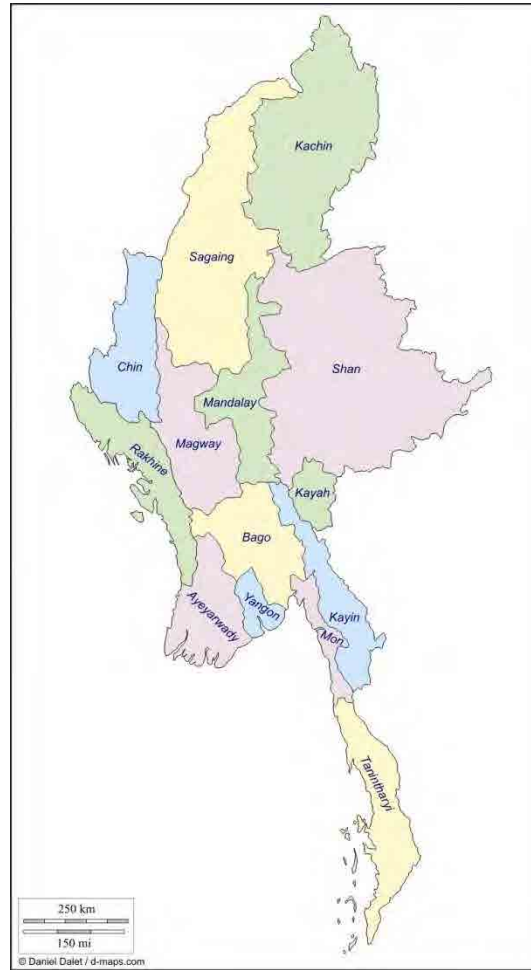
Source: Consultant

**2.1.2 Administrative Divisions**

There are seven States and seven Regions and one Union Territory. The States and the Regions consist of Districts. The Districts consist of Townships. Townships are subdivided into Village-tract and Ward.

**Table 2.1.2 Administrative divisions**

| State / Region              | Districts | Townships |
|-----------------------------|-----------|-----------|
| Kachin State                | 3         | 18        |
| Kayah State                 | 2         | 7         |
| Kayin State                 | 3         | 7         |
| Chin State                  | 2         | 9         |
| Mon State                   | 2         | 10        |
| Rakhine State               | 4         | 17        |
| Shan State                  | 11        | 54        |
| Sagain Region               | 8         | 37        |
| Tanintharyi Region          | 3         | 10        |
| Bago Region                 | 4         | 28        |
| Magway Region               | 5         | 25        |
| Mandalay Region             | 7         | 31        |
| Yangon Region               | 4         | 45        |
| Ayeyarwady Region           | 6         | 26        |
| Nay Pyi Taw Union Territory | -         | -         |



**Chart 2.1.1 Map of administrative divisions**

Source: “List of Districts, Townships, Cities/Towns, Wards, Village Groups and Villages in Union of Myanmar as of Dec 2001”.

There are four layers of administrative divisions, i.e., State/Region, Districts, Townships, and Village – tract/Ward. Under these states and regions, there are 64 districts. Within the districts, there are 324 townships which are subdivided into village-tracts and wards.

### 2.1.3 Cities

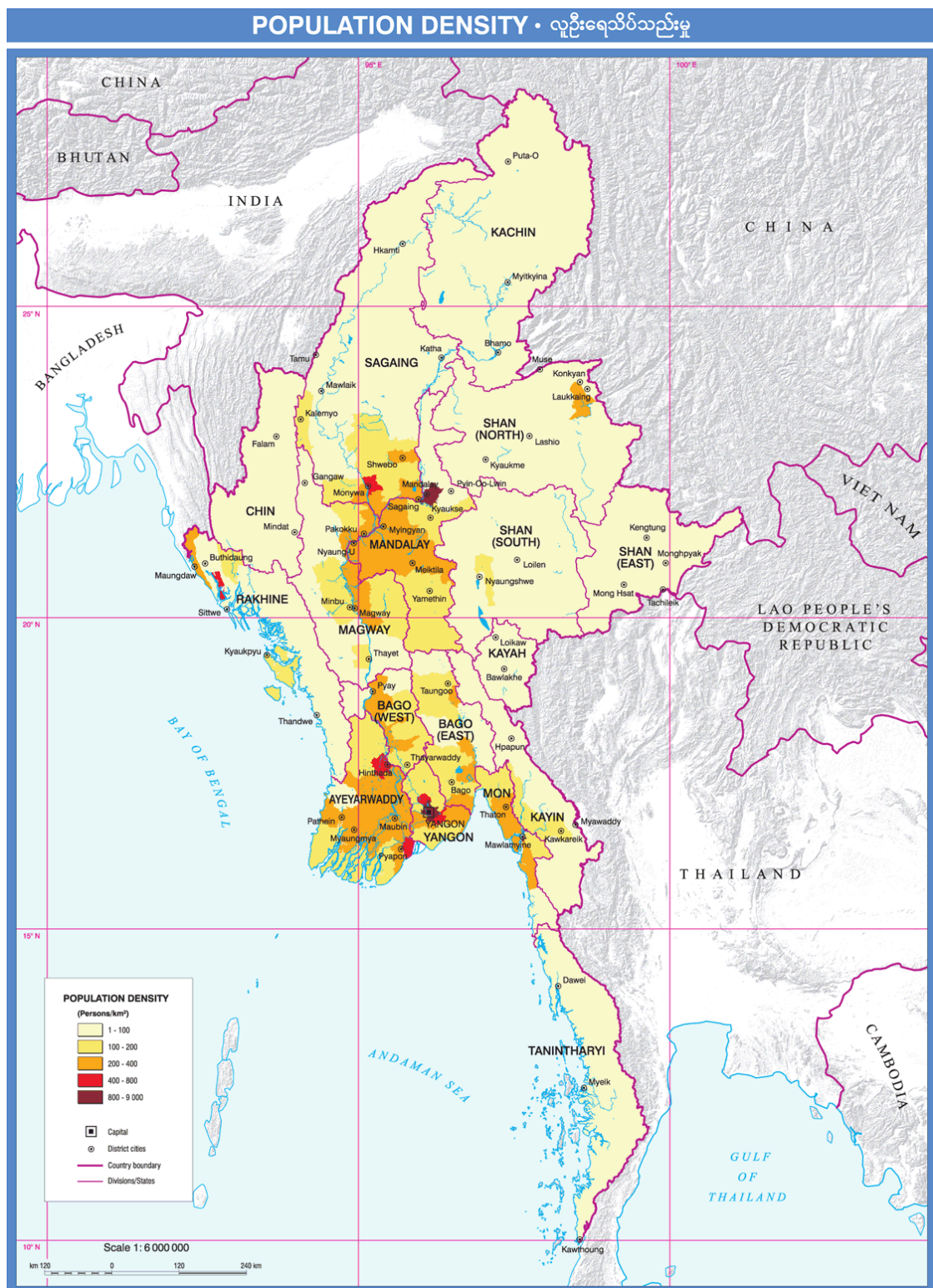
The largest city in population in Myanmar is Yangon, and it is the capital city of Yangon Region. Yangon had been a capital of Myanmar until the transfer of the capital in November 2005. Even after the relocation, Yangon has been considered as the center of trade and commerce. The second biggest city is Mandalay, the capital city of Mandalay Region, where the commerce with China is most active among other cities in Myanmar. Nay Pyi Taw is the current capital of Myanmar. Most of governmental facilities are now located in Nay Pyi Taw.

Table 2.1.2 Major cities in Myanmar

| 2012 Rank | City        | 2012 population calculation (thousand) | State / Region              |
|-----------|-------------|--|-----------------------------|
| 1         | Yangon      | 4,949                                  | Yangon Region               |
| 2         | Mandalay    | 1,621                                  | Mandalay Region             |
| 3         | Nay Pyi Taw | 934                                    | Nay Pyi Taw Union Territory |
| 4         | Mawlamyaing | 542                                    | Mon State                   |
| 5         | Bago        | 279                                    | Bago Region                 |
| 6         | Patheingyi  | 277                                    | Ayeyarwady Region           |
| 7         | Meiktila    | 245                                    | Mandalay Region             |
| 8         | Mergui      | 216                                    | Tanintharyi Region          |
| 9         | Akyab       | 205                                    | Rakhine State               |
| 10        | Mingyan     | 196                                    | Mandalay Region             |
| 11        | Monywa      | 195                                    | Sagaing Region              |
| 12        | Taunggyi    | 180                                    | Shan State                  |
| 13        | Dawei       | 171                                    | Tanintharyi Region          |
| 14        | Maymyo      | 162                                    | Mandalay Region             |
| 15        | Henzada     | 158                                    | Ayeyarwady Region           |

Source: 2012 population is calculated by Consultant





**Chart 2.2.2 Population Density**

Source: Food and Agriculture Organization of United Nations (FAO) Aquastat Database<sup>1</sup>

<sup>1</sup> Food and Agriculture Organization of United Nations, "Aquastat database".

<http://www.fao.org/nr/water/aquastat/data/query/index.html>

#### *2.1.4 Climate<sup>2</sup>*

Most of Myanmar lands lie between the Tropic of Cancer and the Equator, in the monsoon region of Asia. Coastal regions receive over 5,000 mm of rain annually. Annual rainfall in the delta region is approximately 2,500 mm, while average annual rainfall in the dry zone of central Myanmar is less than 1,000 mm. Northern regions of the country are the coolest, with average temperatures of 21 °C. Coastal and delta regions have an average maximum temperature of 32 °C.

Because of plenty rainfall, hydropower is common means of generating electricity. According to a monthly official statistical report, it is estimated that hydro-electric power accounts for approximately 30-35% of the overall electric capacity as of April 2008.

Myanmar often suffers flooding during the monsoon season. In 2012, two weeks of heavy monsoon rain caused the flooding in the Irrawaddy Delta region close to Yangon. According to authorities in Myanmar, at least 85,000 people fled their homes due to the flooding. The Delta was also devastated in 2008 by Cyclone Nagris, which killed about 130,000 people. Incidence of flooding has increased recently. An increased number of dams and irrigation canals are thought to be the cause of flooding as the fragile infrastructure and outdated agriculture systems are often unable to handle the seasonal monsoon rains.

---

<sup>2</sup> FAO

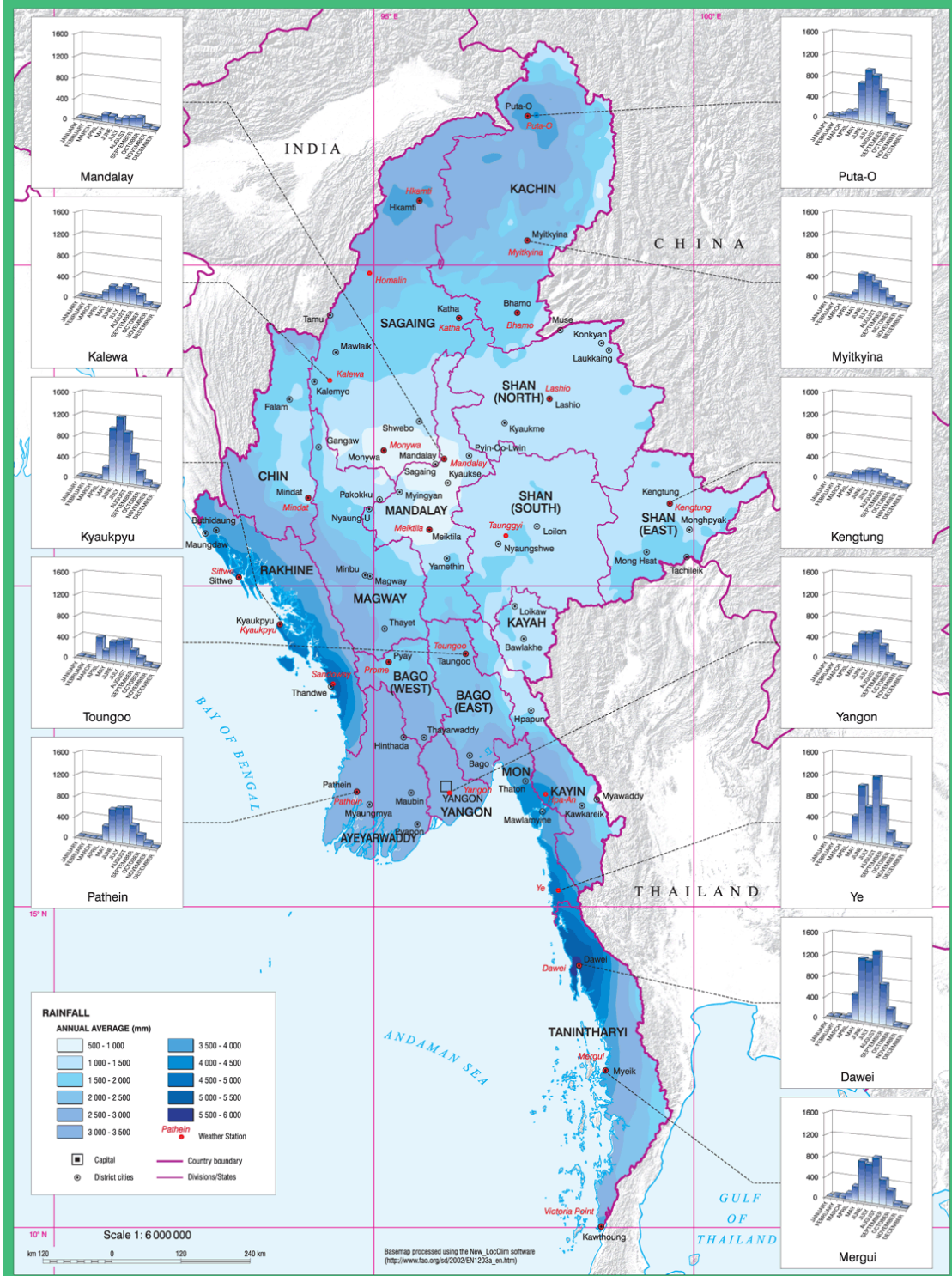


Chart 2.2.3 Rainfall Annual Average

Source: FAO

## 2.2 Demographics

### 2.2.1 Population

The last official census in Myanmar was conducted at 1983, when the population was estimated as 35,442,972. According to recent estimates, such as in CIA World Factbook, it is estimated to have increased to 54,584,650 in 2012; however, an International Monetary Fund (IMF) estimate puts the figure much higher, at 62 million in 2011 due to different estimating methods. With this population, Myanmar is the fourth populated country in ASEAN.

According to the World Bank, the population under age of 24 accounts for 44% of the total population. The productive-age (15 – 64) population accounts for 69% of the total population, and it is expected to be increased by 15% in 2030. The youthful population is attractive to foreign investors looking for growing markets and inexpensive labor force.

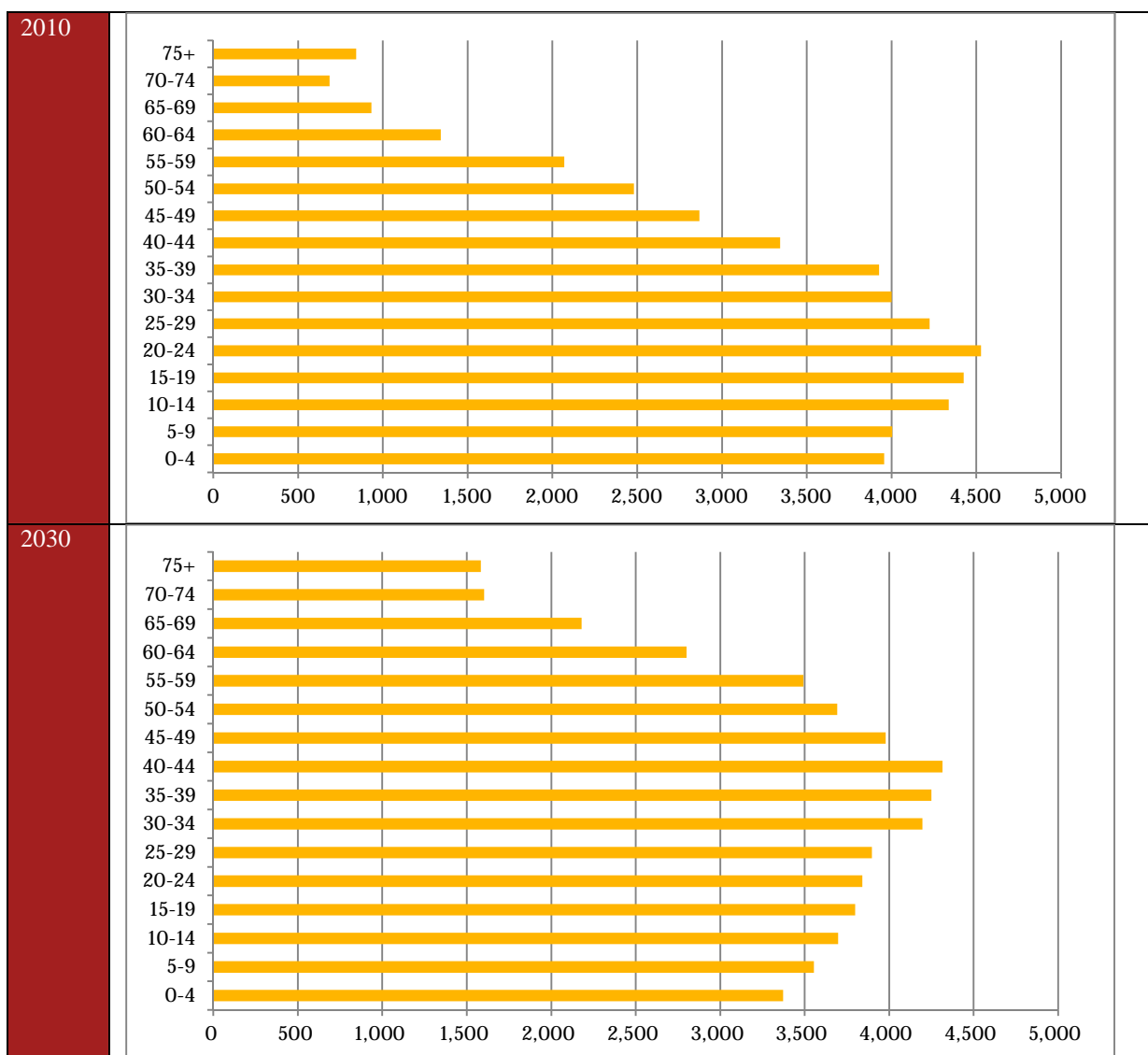


Chart 2.2.1 Population Pyramid of Myanmar (000s)

Source: World Bank

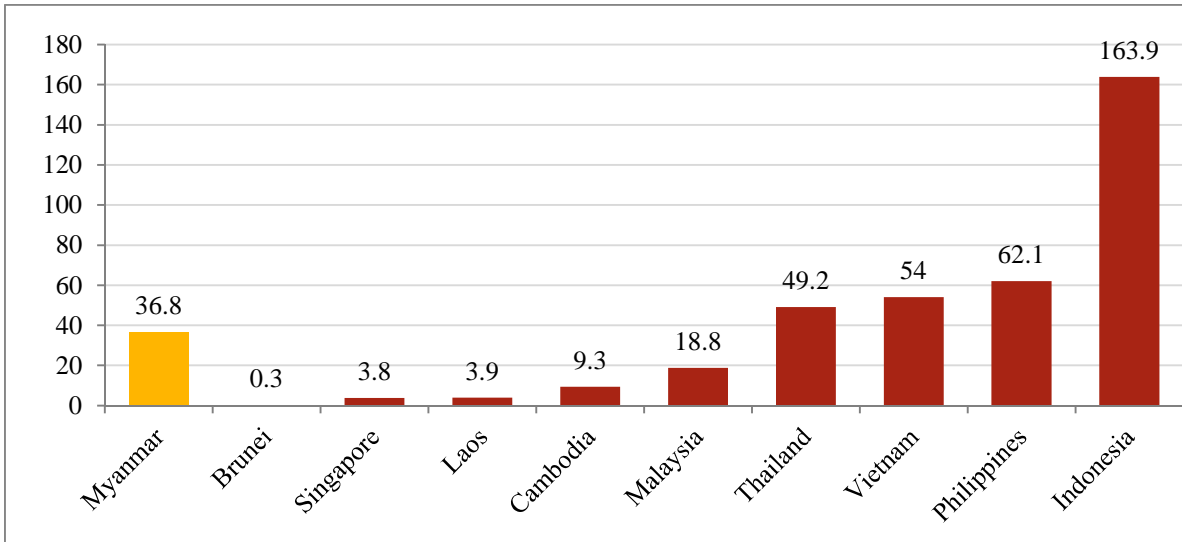


Chart 2.2.2 Comparison of Productive age population (age of 15-64) in ASEAN countries (million)

Source: World Bank, and “Myanmar’s economy – crawling up through the wreckage”, *The Economist*, July 2012

### 2.2.2 Ethnic Groups

Myanmar’s government identifies eight major national ethnic races (comprising 135 “distinct” ethnic groups). The main ethnic group is Burman which consists of 68% of the Myanmar. Population migrated from Yunnan in China about 1,200-1,500 years ago, and primarily lives in the Irrawaddy basin. Because of their dominance, the influence of the Burman is evident in the culture, customs and architectures of Myanmar. However, it is worth noting that the government classifies ethnic groups under ethnic races by geography, rather than by linguistic or genetic similarity.

Because of such various ethnic races and complexity of its history, an estimated 100,000 people have been displaced since fighting broke out between government forces and Kachin Independence Army in summer 2011. The internal conflict in Myanmar has been one of the major concerns on the prosperity of Myanmar.

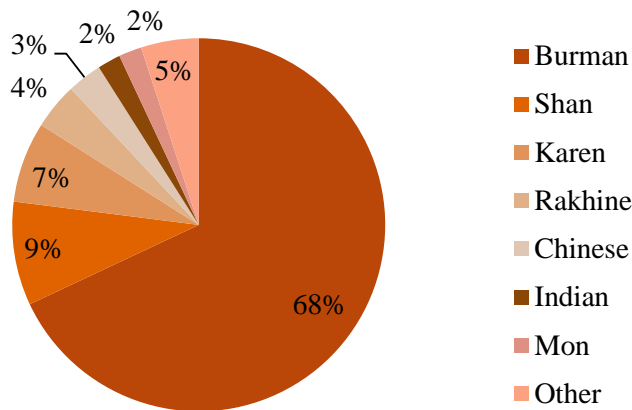


Chart 2.2.3 Ethnic groups in Myanmar

Source: CIA The world fact book

### 2.2.3 Labor Market

#### Employment of Myanmar citizens

According to the 1990 Labor Force Survey, the total of economically active population in Myanmar accounts for 60.56% of the total population. Unemployment rate is 2.52%. States and Regions with the largest number of labors are Sagaing, Bago, Magway, Mandalay, Yangon and Ayeyarwady.

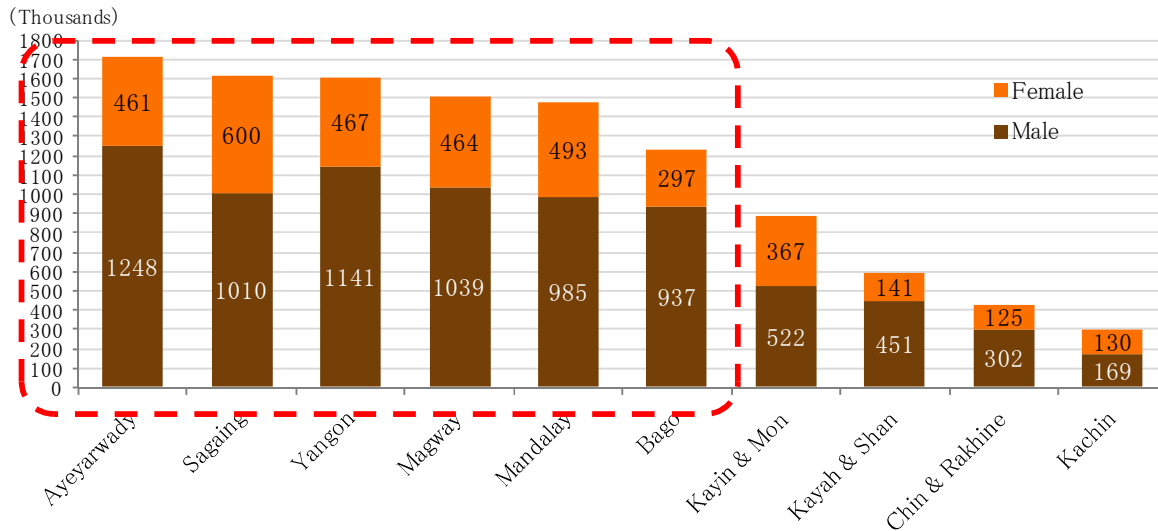


Chart 2.2.4 Active population by sex and Area of residence (1990)

Source: Central Statistical Organization (2010). “Statistical Yearbook 2010”

Among the active population, 56% are engaged in agriculture, hunting, forestry and fishing industries, followed by wholesale, retail trade, restaurants and hotels industries, where 16% of the active populations are engaging.

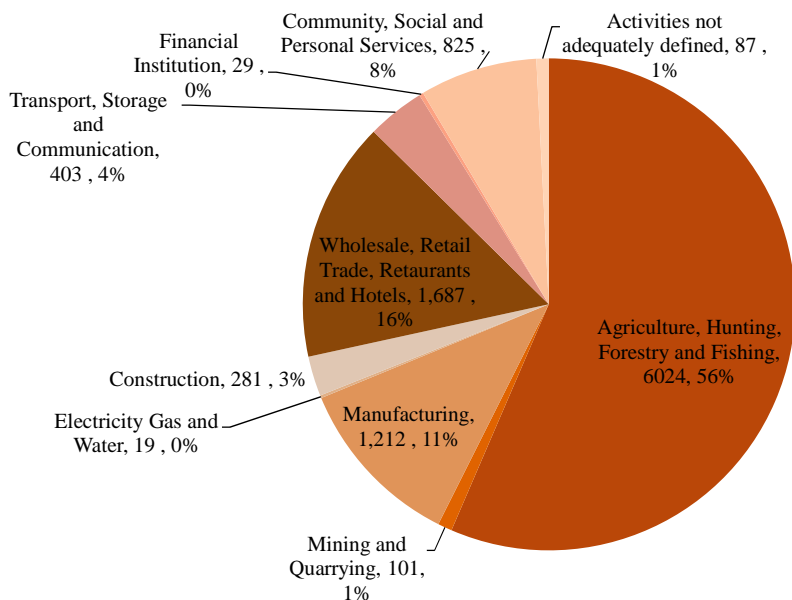
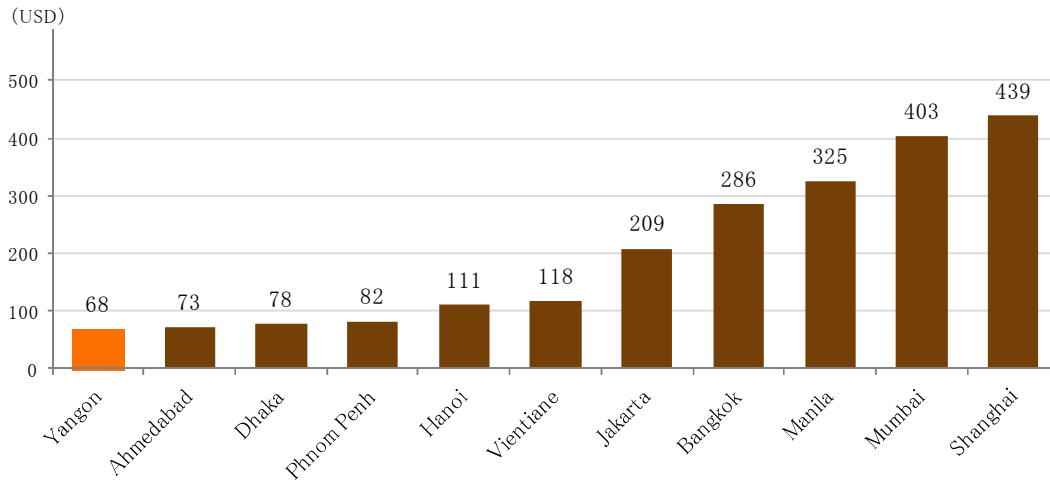


Chart 2.2.5 Distribution of Employed Population by Industry (1990)

Source: Central Statistical Organization (2010)

### 2.2.4 Labor Costs

Labor costs in Yangon are low compared to other popular cities in Asia. Moreover, abundant human resources with high literacy rate are known as one of the advantages in Myanmar. The literacy rate of people at age of 15 and above is 92 % (2010) in Myanmar, higher than surrounding countries such as 72% at Lao PDR (2005) and 74% at Cambodia (2009)<sup>3</sup>.



Source: JETRO

Chart 2.2.6 Monthly Basic Salary (general factory worker)

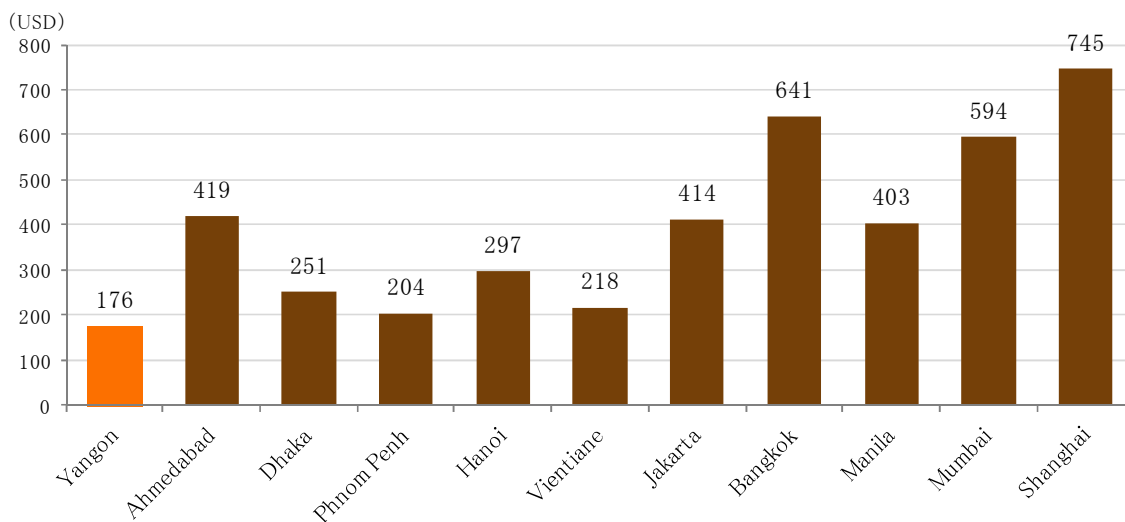


Chart 2.2.7 Monthly Basic Salary (Mid-level Engineer)

Source: JETRO

<sup>3</sup> World Bank (2013). "World Development Indicators 2013"

## Migrant Workers

According to International Organization for Migration (2009), up to 10% of Myanmar's population, is currently at overseas. It is estimated that number of migrant workers from Myanmar to Thailand is more than 2 million. The Thailand government has been accepting immigrant workers from Myanmar under the National Verification program and these immigrants fall in under three categories; registered workers, those who go through national verification, and those who are recruited directly and formally from Myanmar<sup>4</sup>. However, this program ended on December 2012, potentially exposing immigrants to exploitation.

The number of immigrants who will be back to Myanmar is hard to predict since many immigrants already have settled at their destination. It is said that improving environment such as attractive job opportunities, improved health care system as well as better education system for children would be required in order for those immigrants to come back to home country.

### Existing labor laws in Myanmar

- Employment and Training Act (1950)
- Employment Restriction Act (1959)
- Employment Statistics Act (1948)
- Factories Act (1951)
- Labour Union Law (2011)
- Leave and Holidays Act (1951)
- Minimum Wages Act (1949)
- Oilfields Labour and Welfare Act (1951)
- Payment of Wages Act (1936)
- Social Security Act (1954)
- Shops and Establishments Act (1951),
- Trade Disputes Act (1929)
- Workmen's Compensation Act (1923)

A Social Security Act established a fund with contributions from employers, employees and the government. The Myanmar Special Economic Zone Law (2011) and Dawei Special Economic Zone Law (2011) prescribe special rules applicable to foreign employees, work permits, and minimum percentages of Burmese employees. Myanmar has been a member of the International Labour Organization (ILO) since 1948.

## Employment of Foreigners

There is no restriction on the number of expatriate employees. However, foreigners cannot be appointed as directors in companies formed under the Companies Act and owned by Myanmar citizens. In addition, the employment of foreigners as experts, technicians, managers, general managers or managing agents in companies owned by Myanmar citizens must be approved by the Myanmar Investment Commission (hereinafter called MIC)

In the employment of personnel in an organization formed under the Permit issued by MIC, preference shall be given to Myanmar citizens. However, MIC can consider the request for appointment of experts and technicians from abroad on a case-by-case basis.

An economic organization formed under a Permit shall make arrangements for local and foreign training so as to ensure its local personnel are proficient in their work and are able to be promoted to higher ranks of services.

---

<sup>4</sup> IDE-JETRO, "Myanmar Migrants to Thailand and Implications to Myanmar Development", *Policy Review on Myanmar Economy* No. 7, October 2012.



### Work Permit Processing and Requirements (Managerial, Supervisor, Expertise)

It is allowed to employ foreign experts and technicians by the enterprises formed under the Permit issued by MIC. The following procedures would have to be completed to employ them:

- ✓ The investor has to document the number of foreign experts/technicians to be employed in the investment application form submitted to the MIC.
- ✓ After obtaining MIC permit, the company has to apply for an appointment and stay-permit.
- ✓ With the endorsement of MIC, the company has to apply for a work permit from the Directorate of Labor under the Ministry of Labor, and for a stay-permit and visa from the Immigration and National Registration Department under the Ministry of Immigration and Population.

## 2.3 Culture

### 2.3.1 Language

The official language and primary medium of instruction of Myanmar is Burmese (65%). However, a variety of languages are spoken in Myanmar, including Shan (6.4%), Karen (5.2%), Kachin (1.8%), Chin (1.6%), Mon (1.5%), and Rakhine (1.5%)<sup>5</sup>.

The people in Myanmar have high literacy rate of 92%. The male population has higher literacy rate of 95% compared with 90% in the female population. English is also spoken, particularly by the educated urban elite, and is the second language learnt in government schools. This high literacy ratio makes Myanmar an attractive area for business investment.

### 2.3.2 Religion

The major religion in Myanmar is Buddhism. The government actively promotes Theravada Buddhism over other religions. Religious persecution exists for non-Buddhists such as Christians and Muslims. It is difficult for non-Buddhists to join the army or get government jobs

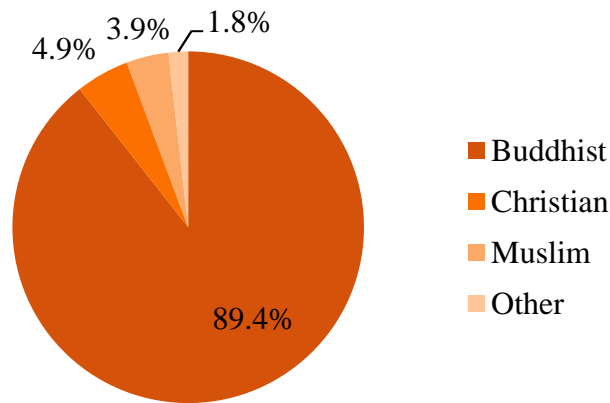


Chart 2.3.1 Religions in Myanmar

Source: Central Statistical Organization (2010)

---

<sup>5</sup> Source: Gordon, Raymond G., Jr. (2005). "Languages of Myanmar". *SIL International*.

## 2.4 Economy

### 2.4.1 GDP, Economic Structure

Myanmar is rich in natural resources such as arable land, forestry, minerals, natural gas, freshwater and marine resources, gems and jade. The country has recently emerged as a natural gas exporter, with exports to neighboring countries providing an increasingly important revenue stream.

The economy grew by 5.3% in FY2010 and 5.1% in FY2009. This reflects significant recovery driven by higher investment and commodity exports from growth slowed down to 3.6% in FY2008 due to the impact of Cyclone Nargis.

According to the Asian Development Bank, GDP is expected to grow at 5.5% in FY2011 and 6.0% in FY2012 as business confidence improves due to political and economic reforms. However, the continuous growth would be endangered in the short term by rapid appreciation of the local currency, the kyat, and possible slowdowns in neighboring economies as a result of the sovereign debt crisis in the advanced economies.

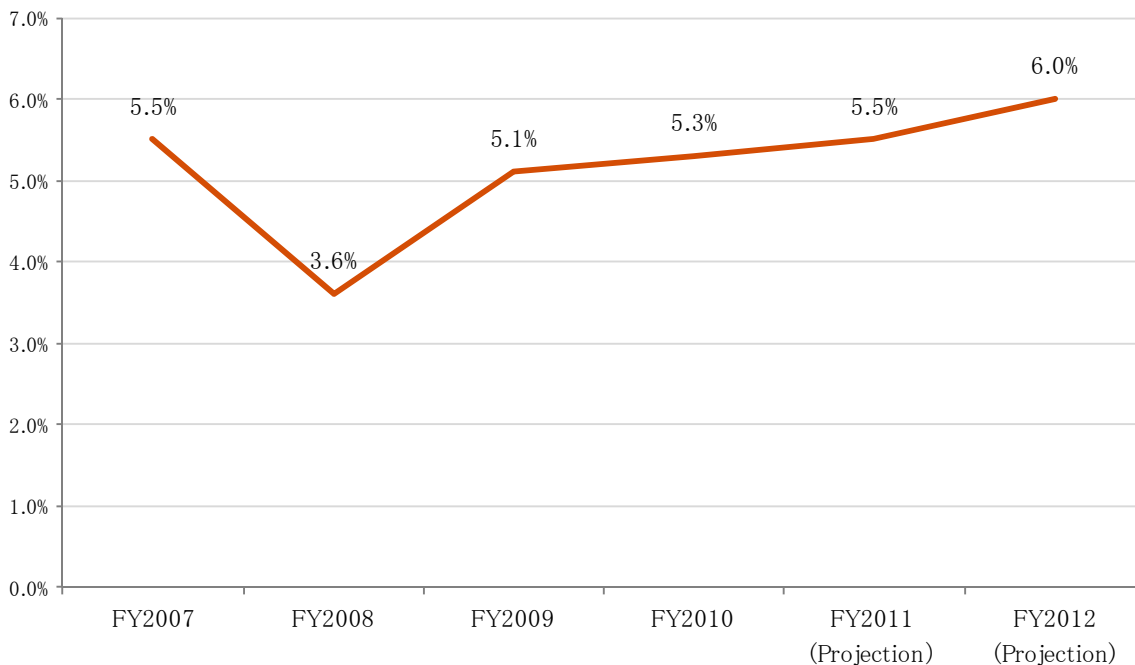
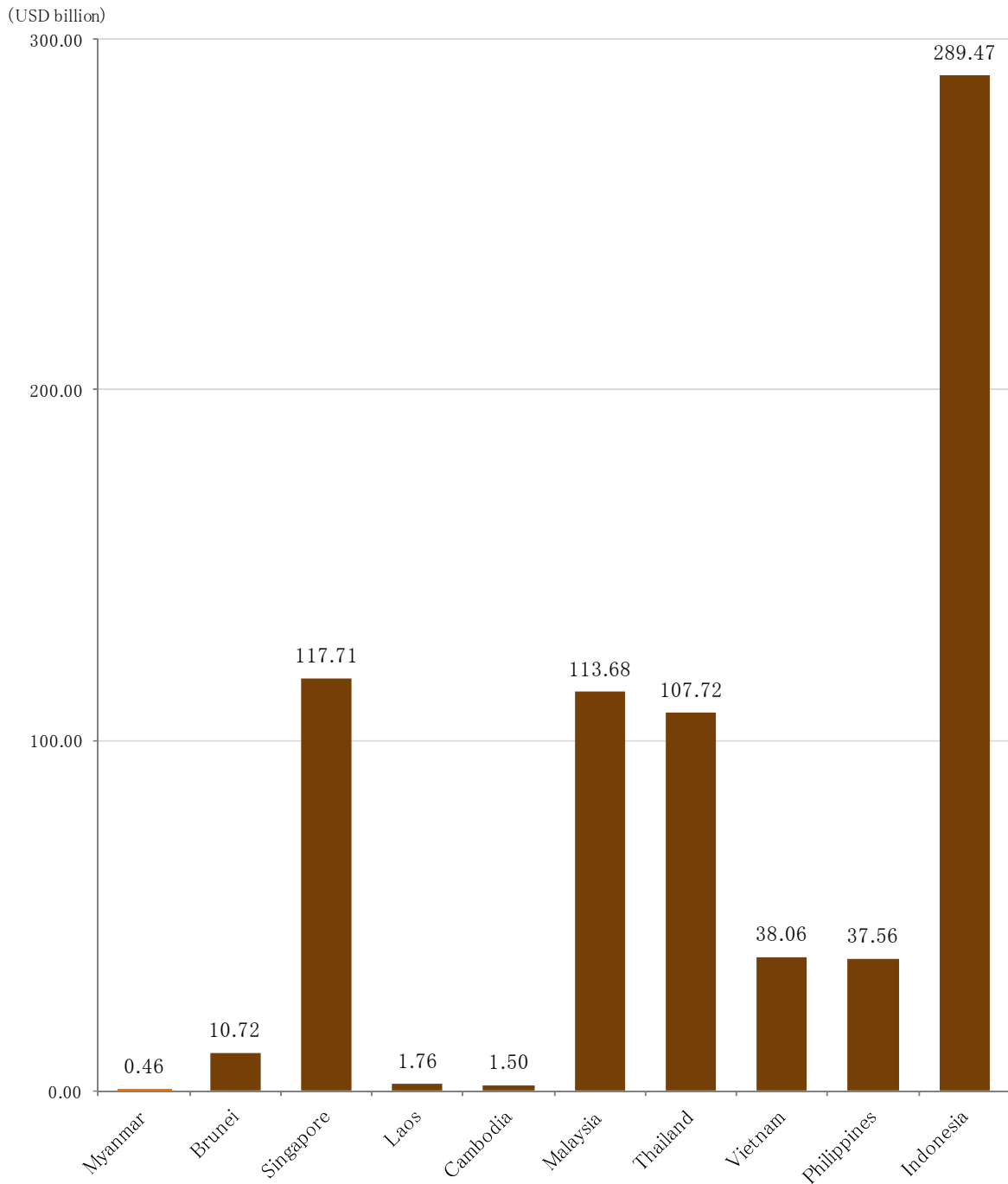


Chart 2.4.1 GDP growth (annual %)

Source: Asian Development Bank

The GDP of Myanmar is estimated as USD 0.46 billion using the exchange rate of MMK800/USD1 which was unofficial rate in 2010.



**Chart 2.4.2 GDP of ASEAN countries (2011)<sup>6</sup>**

Source: Prepared by consultant based on data from World Bank and Central Intelligence Agency

---

<sup>6</sup> Calculated using following exchange rates (Official MMK6.4/USD1 and Unofficial MMK800/USD1)

#### *2.4.2 Foreign Exchange Rate*

Since 1977, official peg to USD1.00 at 5.35 Kyat has been in place. The official rate has, however, never been a part of monetary policy<sup>7</sup>. The official exchange rate of Kyat was set at MMK6.4/USD1 as well as unofficial black market rate at MMK800/USD in FY11 maintaining an upward trend from MMK1,000/USD in FY09. The appreciation was driven by the increase inflow by foreign investment and the general depreciation of the US dollar. New currency arrangements from 1 April 2012 involve a managed float of the Kyat with a reference exchange rate of MMK818/USD1.

The government plans to establish a formal interbank market to determine a market-based exchange rate and relax exchange restrictions on current international payments and transfers. In the past, foreign exchange business was permitted only to state-owned banks. However, on September 2011, the government announced to provide license on foreign exchange business to 17 private banks. Under the Foreign Exchange Regulation Act (FERA) and Central Bank of Myanmar Law (CBML), the Central Bank of Myanmar issues Foreign Exchange Dealer licenses.<sup>8</sup>

#### *2.4.3 Foreign Direct Investment (FDI)*

While the Myanmar government has good economic relations with neighbours such as China and Thailand, significant improvements in the business and political climate and economic governance will be required to attract serious, long-term investment, particularly from western economies. Myanmar has signed investment promotion and protection agreement with Philippines, Vietnam, China, Lao PDR, India, Thailand and Kuwait.

Wide-reaching Western sanctions were put in place after the demonstrations in 1988 forced Myanmar to deepen economic ties with China. China surpassed Thailand to become the largest foreign investor in Myanmar in FY10-FY11, when approximately USD20 billion of energy and infrastructure development projects were announced. A Chinese official commented that Chinese investors are targeting to invest on the underdeveloped infrastructure and construction sectors, as well as manufacturing sector where the availability of affordable labors in Myanmar is foreseen.

Thailand is the second largest foreign investor in Myanmar, with approximately USD9 billion invested in manufacturing and mining projects. Investment has been particularly strong in oil and gas – through PTT Exploration and Production, the overseas arm of state owned PTT, which operates the Zawtika gas project in the gulf of Mottama, while also being a partner in the Yetagun and Yadana offshore gas projects. According to the commercial counsellor at Thailand's embassy in Myanmar, Mr Prajuab Supinee, new Thai investors are showing an interest in consumer goods manufacturing and agriculture ventures.

South Korea is the fourth largest FDI contributor, with 48 projects amounting to USD2.9 billion being undertaken since 1988. South Korean companies (including large conglomerates like Daewoo and Samsung) are looking to further increase their investments in construction, mining, agriculture, energy, logistic, vehicles, communication, financing, tourism and civil engineering industries, according to the Korea Trade-Investment Promotion Agency.

Singapore and Malaysia are also among the top sources of FDI to Myanmar, particularly since the latter joined ASEAN in 1997. The Singapore Business Federation has led two business delegations to Myanmar in February and June 2012, both consisting of representatives from more than 70 companies looking to identify investment opportunities in information technology, tourism, commodities trading, industrial and infrastructural planning, manufacturing, construction and real estate. According to the deputy minister of the Ministry of National Planning and Economic Development, Dr Kan Zaw, Singapore is expected to be a significant investor in the following years.

---

<sup>7</sup> International Monetary Fund (2011). "2011 Article IV consultation".

<sup>8</sup> Ministry of Finance and Revenue Website: The initial license fee shall be paid on issuance of the license to operate and subsequent annual license fee shall be paid by the expiry of the license.

Japan has fallen behind neighboring countries such as China and South Korea. However, there are many Japanese companies recently indicating to invest in Myanmar especially in the area of IT/communication and textile industries.

Key industries attracting FDIs into Myanmar are power, oil and gas, and Mining. Energy and mining account for 87% of its FDI. Foreign investment in energy and hydropower is estimated at USD2.8 billion in FY11. Gas exports in Myanmar increased by nearly 15% to an estimated USD3 billion in FY10.

**Table 2.4.1 Total FDI inflows by sector as of 31 Dec 2012**

| Sr. No. | Sector                    | Enterprises/ Projects | Approved amount (USD in million) |
|---------|---------------------------|-----------------------|----------------------------------|
| 1       | Hydro Power               | 6                     | 19,066.90                        |
| 2       | Oil and Gas               | 112                   | 14,199.61                        |
| 3       | Mining                    | 69                    | 2,860.81                         |
| 4       | Manufacturing             | 214                   | 1,862.88                         |
| 5       | Hotel and Tourism         | 46                    | 1,364.81                         |
| 6       | Real Estate               | 19                    | 1,056.45                         |
| 7       | Livestock and Fisheries   | 26                    | 329.96                           |
| 8       | Transport & Communication | 16                    | 313.90                           |
| 9       | Industrial Estate         | 3                     | 193.11                           |
| 10      | Agriculture               | 9                     | 182.75                           |
| 11      | Construction              | 2                     | 37.77                            |
| 12      | Others                    | 7                     | 24.70                            |
|         | Total                     | 529                   | 41,493.65                        |

Source: Central Statistical Organization. (2012) "Selected Monthly Economic Indicators."

**Table 2.4.2 Total FDI inflows by country as of 31 Dec 2012**

| Sr. No. | Country     | Enterprises/ Projects | Approved amount (USD in million) |
|---------|-------------|-----------------------|----------------------------------|
| 1       | China       | 43                    | 14,181.87                        |
| 2       | Thailand    | 62                    | 10,367.09                        |
| 3       | Hong Kong   | 40                    | 6,372.94                         |
| 4       | South Korea | 75                    | 2,981.06                         |
| 5       | U.K*        | 53                    | 2,000.18                         |
| 6       | Singapore   | 74                    | 1,808.91                         |
| 7       | Malaysia    | 44                    | 1,031.28                         |
| 8       | France      | 3                     | 470.37                           |
| 9       | India       | 10                    | 304.08                           |
| 10      | U.S.A       | 15                    | 243.57                           |
|         | Total       | 529                   | 41,493.65                        |

\* Inclusive of enterprises incorporated in British Virgin Islands, and Bermuda Islands.

Source: Central Statistical Organization. (2012)

#### **2.4.4 Trade**

Myanmar government established a Trade Council (TC) after becoming a member of ASEAN in 1997. The TC is a supreme decision-making body of trade and investment which sits above other ministries. The government has been pushing "Export First Policy", introducing import duty and regulating profit transfer to foreign countries. Myanmar has a trade surplus on the back of increasing of garment/textile products and natural gas export since 2001.

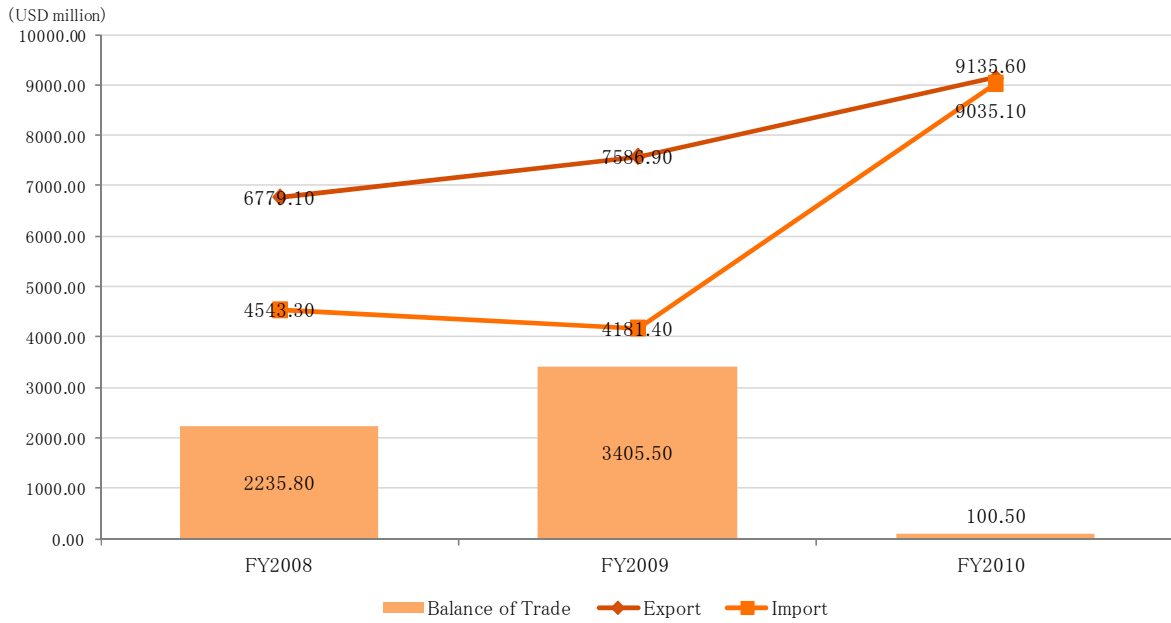


Chart 2.4.3 Value of Foreign Trade

Source: Central Statistical Organization. (2012)

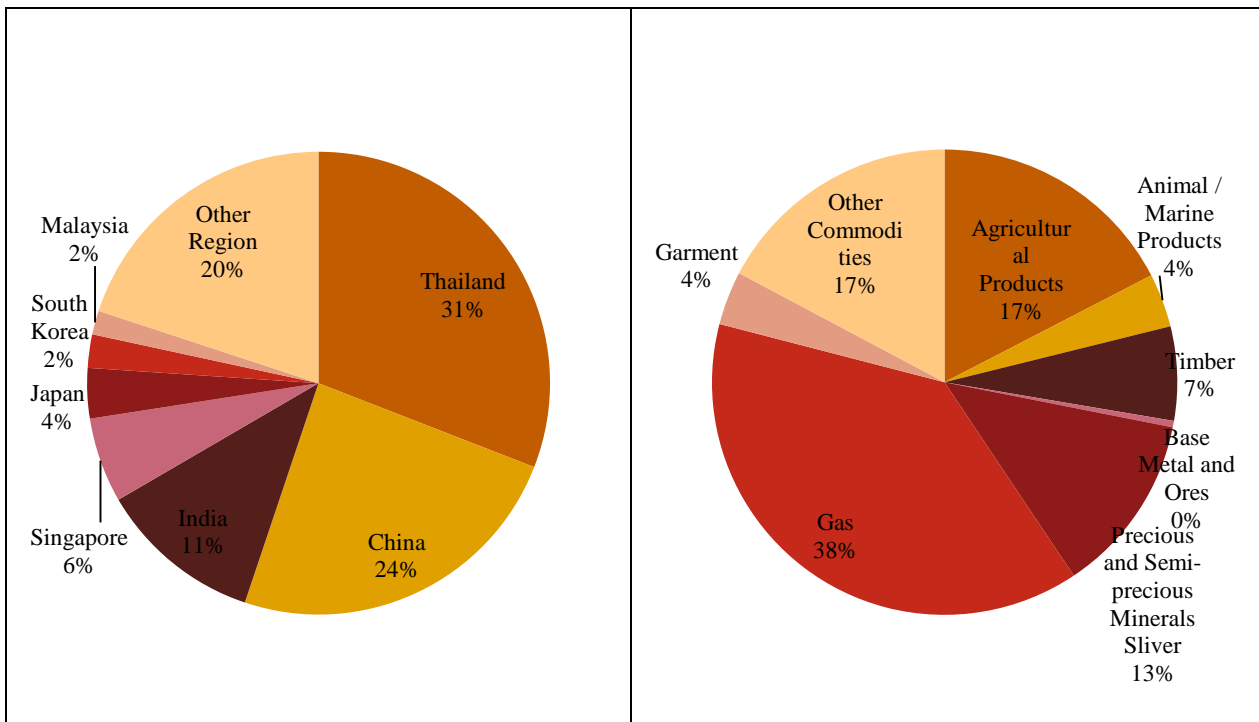


Chart 2.4.4 Exports by Countries (FY2011) / Export of Principal Commodities (FY2009)

Source: Central Statistical Organization (2012)

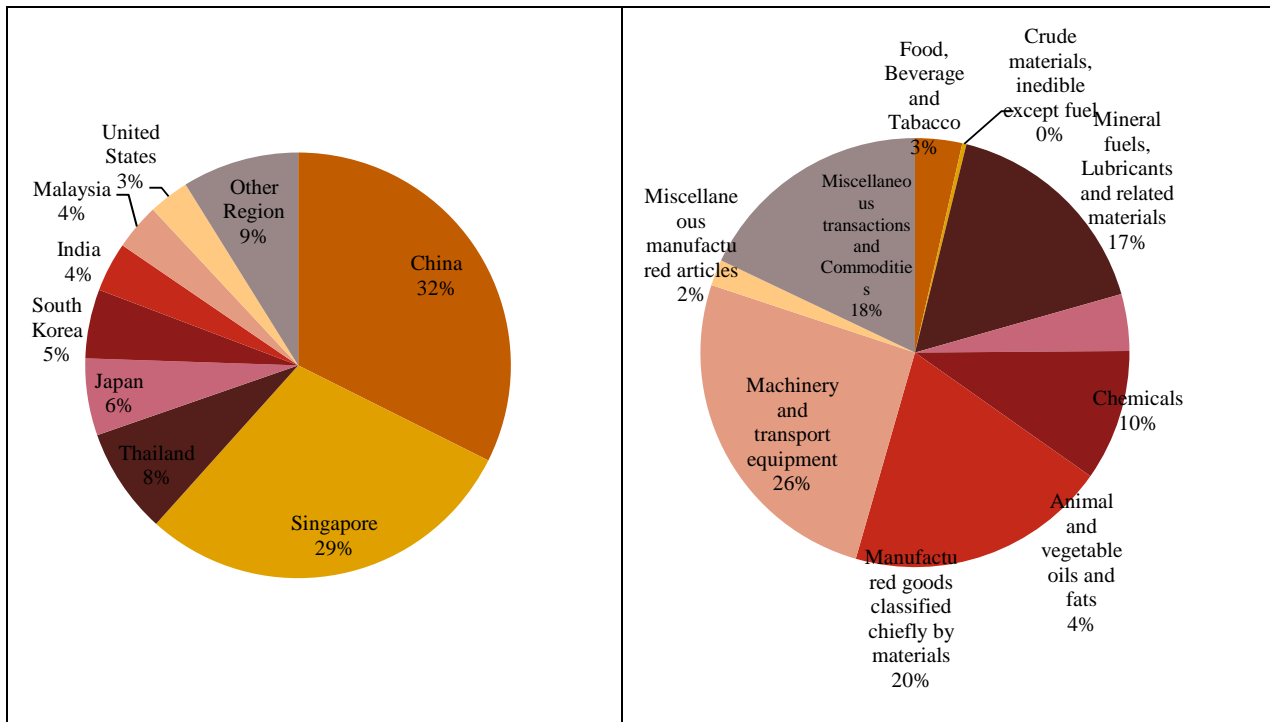


Chart 2.4.5 Imports by Countries (FY2011) / Imports of Principal Commodities (FY2009)

Source: Central Statistical Organization (2012)

### 2.4.5 Industry

GDP composition by sector in 2011 consisted of services (43.6%), agriculture (including livestock, fisheries and forestry) (38.2%) and industry (18.2%), with services overtaking agriculture for the first time in FY11 to be the largest contributor to the economy (the FY10 composition of GDP was agriculture 43.1%, services 36.9% and industry 20%). However the distribution of the labor force is still largely skewed towards agriculture with a 70% share, relative to 23% in services and 7% in industry, reflecting Myanmar's high dependency of economy on agriculture.



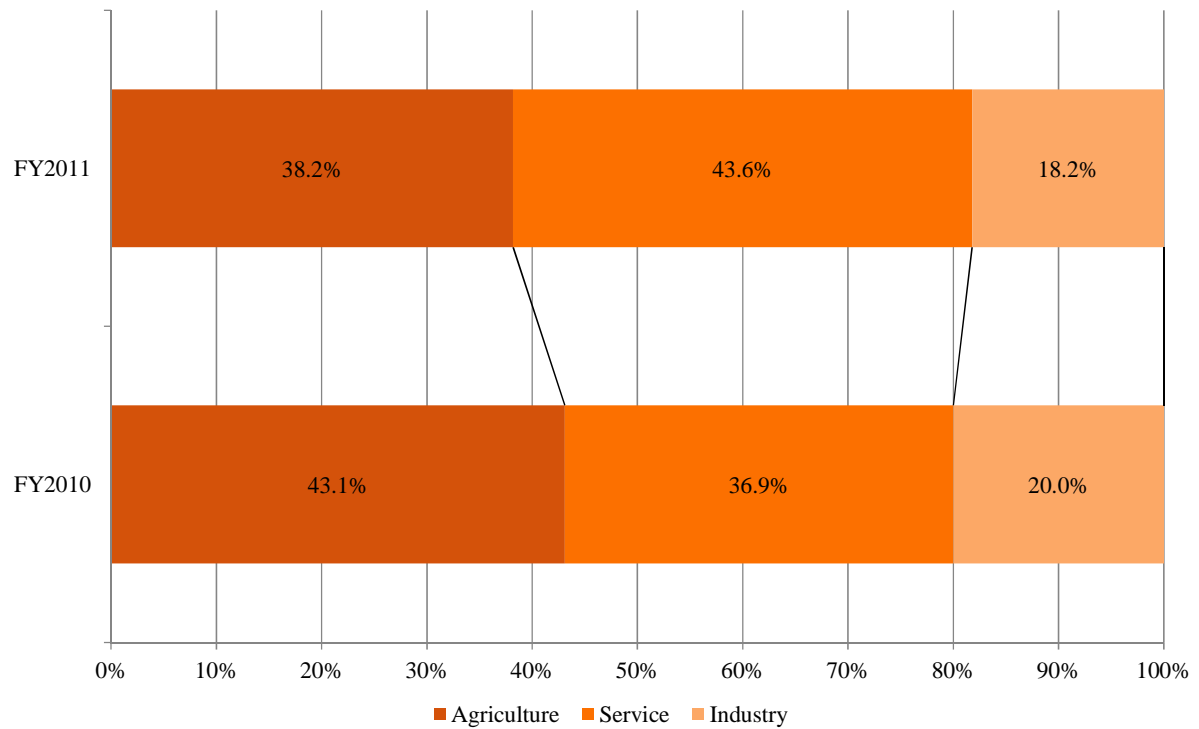


Chart 2.4.6 GDP by industrial origin

Source: Prepared by Consultant

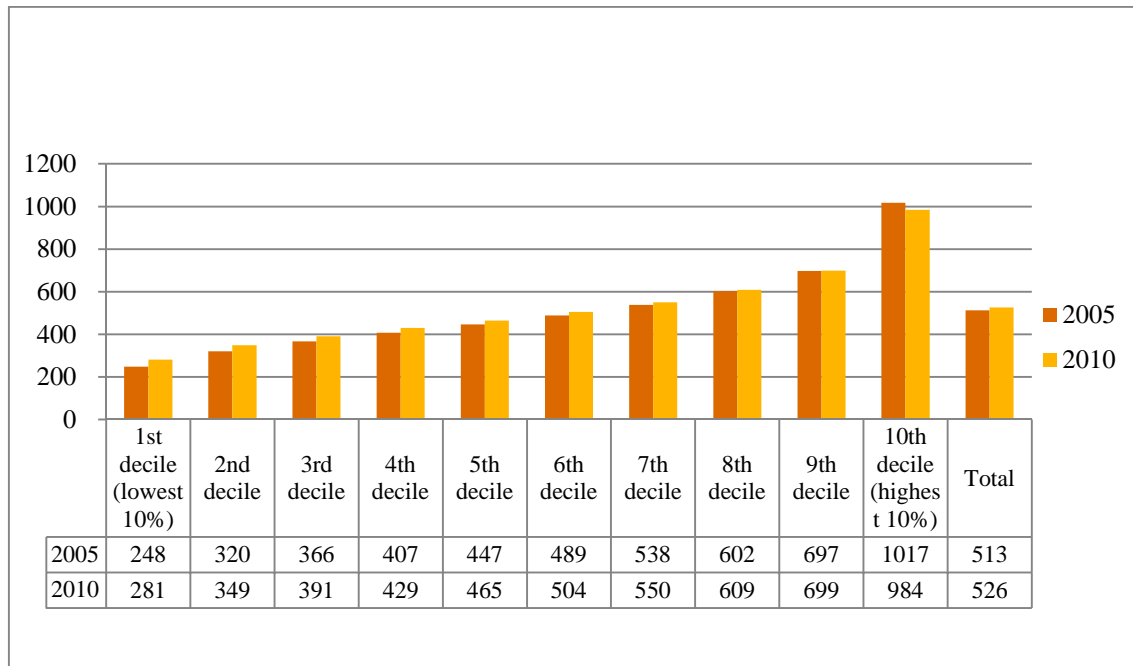
The most productive segments of the economy are currently the extractive industries, in particular oil and gas, mining and timber.

**2.4.6 Consumption Trend**

According to Integrated Household Living Conditions Assessment (IHLCA) Survey,<sup>9</sup> the household expenditure raised from approx. 513,000 kyats to approx. 526,000 kyats, during five years (2005 – 2010). The chart below shows the change of consumption by level of income. The data show an inverse relationship between levels of income and growth rate of consumption expenditure among all deciles of the consumption distribution (a lower consumption level experienced higher growth), while the expenditure remains mostly level in total.

---

<sup>9</sup> United Nations Development Programme (UNDP) (2011). “Integrated Household Living Conditions Assessment (IHLCA)



(Dec, 2009, Kyats (thousand))

**Chart 2.4.7 Consumption Expenditure by Level of Consumption, 2005-2010**

Source: UNDP (2012)

There is a significant consumption gap between “the richest and the poorest” and this trend is more apparent in the urban area. The consumption gap between the richest 29% and the poorest 20% is 736,008 kyat and 415,457 in urban area and rural area, respectively (in 2009). As for regional difference in consumption gap, Yangon has the largest gap which is 867,863 kyats in urban area though the gap has decreased between 2005 and 2010 in most states/regions.

The trend is continually shown in Chart 2.4.8 TV ownership by decile (%), and Chart 2.4.9 shows Motorcycle ownership by decile (%). The ownership rate increased in all decile for both TV and motor-cycle and the rate of increase of asset ownership is higher towards the lower end of distribution. Not like many emerging market driven by rich citizens, the growth of the market in Myanmar is driven by growth of expenditure by low income people.

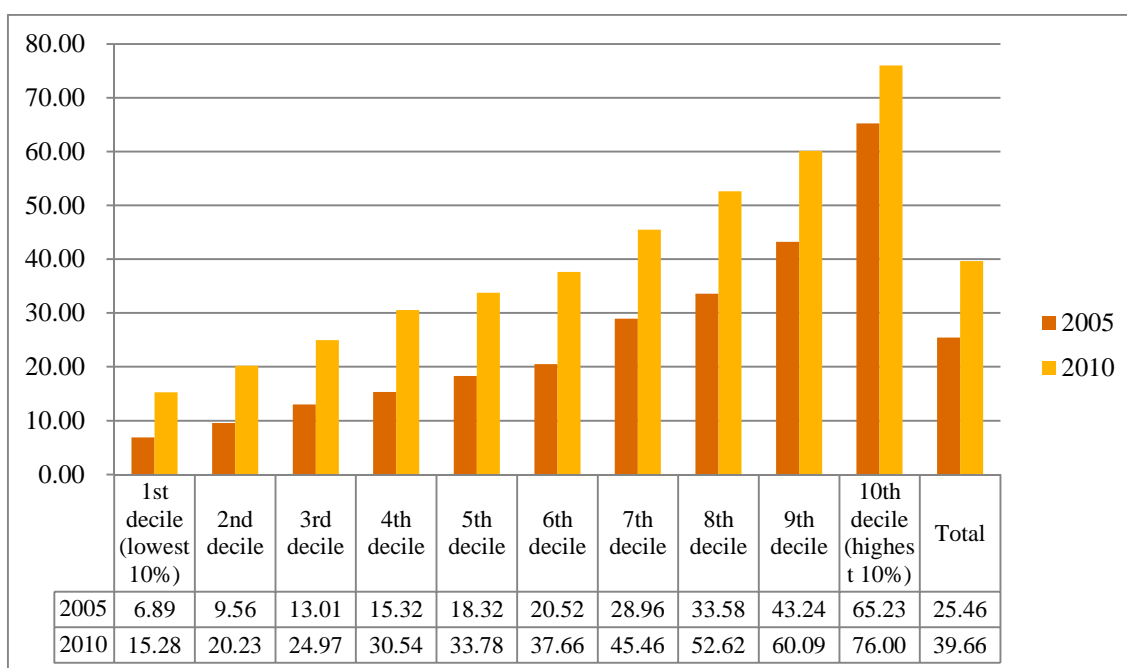


Chart 2.4.8 TV Ownership by Decile (%), 2005-2010

Source: UNDP (2012)

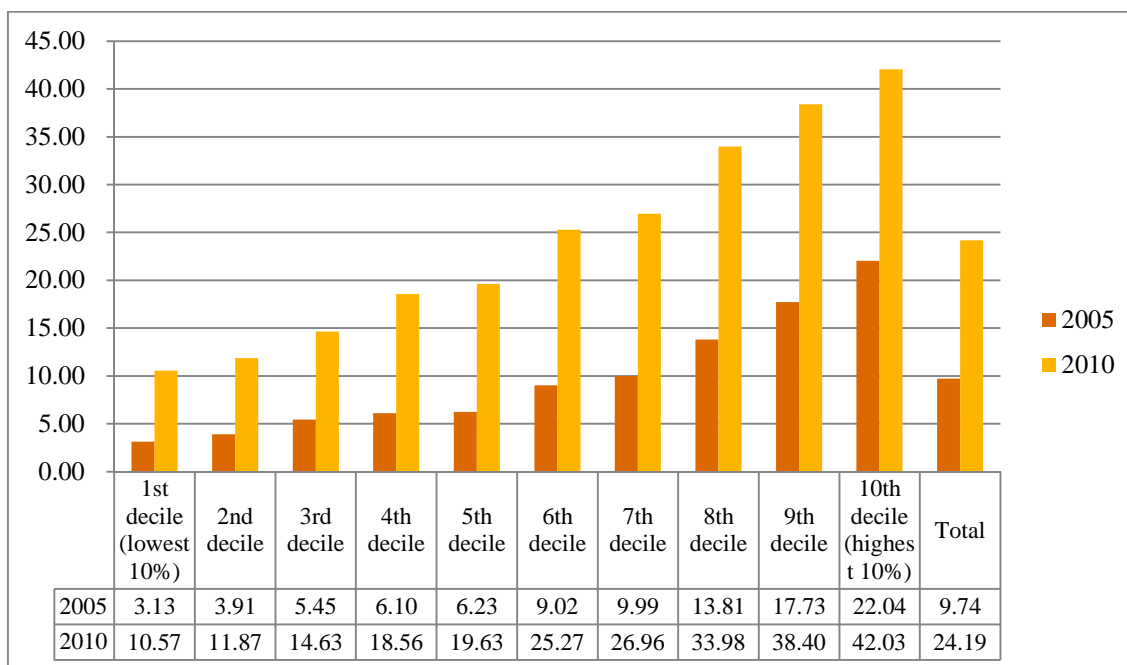


Chart 2.4.9 Motor-cycle Ownership by Decile (%), 2005-2010

Source: UNDP (2012)

### *2.4.7 Economic Sanctions*

#### **Background**

International sanctions against Myanmar were imposed over a long period of time – throughout the past two decades – and formed a complex web of laws, regulations and government-imposed restrictions.

#### **Recent Development**

On 30 March 2011, the State Peace and Development Council (SPDC) formally transferred power to a new Union Government headed by President Thein Sein, ex-general and ex-prime minister during SPDC period. The new regime has since embarked on a series of sweeping changes and reforms, including amongst others, the release of over 700 political prisoners, the establishment of an independent National Human Rights Commission, the easing of restrictions on the media and civil society, tentative ceasefires with several major ethnic rebel groups and liberalization of various sectors of the economy.

The reforms as well as the conduct of the 1 April 2011 by-elections have led to widespread praise from the international community and immediate actions to ease the sanctions regime against the country to support its transition to democracy and its economic development. The underlying theme of all ‘sanction-easing’ initiatives by foreign governments has been one of responding to actions towards the progress of reform taken by the Myanmar government with actions to ease sanctions and normalize relations.

#### **Overview of sanctions status by country**

Most of sanctions against Myanmar have been either lifted or temporarily suspended by the EU, the US, Australia and Canada. The current status is summarized in the table in Attachment of this chapter.

## 2.5 Government and Politics

### 2.5.1 Key Facts

Table 2.5.1 Key Facts of Government of Myanmar

|                       |   |
|-----------------------|---|
| Official Name         | Republic of the Union of Myanmar (previously Union of Myanmar; Union of Burma)  |
| Independence          | 4 January 1948 (from the UK)  |
| Constitutions         | Approved by referendum on 29 May 2008 and reformed by a series of acts in 2011  |
| Government type       | Nominally civilian parliamentary government (took office in March 2011)   |
| The Executive         | <p><u>Chief of state</u><br/>           President Thein Sein (since 4 February 2011, 5 year term)<br/>           Vice President Tin Aung Myint Oo (since 4 February 2011 – resigned 3 May 2012 but his resignation was not accepted by the President)<br/>           Vice President Sai Mouk Kham (since 3 February 2011)</p> <p><u>Head of government</u><br/>           President Thein Sein</p> <p><u>Cabinet</u><br/>           Appointed by the President and confirmed by the Parliament</p> <p><u>Elections</u><br/>           President was elected by the Parliament from three Vice Presidents. Each Vice President is nominated by the upper house, lower house and military members of the Parliament</p> |
| The Legislative       | <p><u>Structure</u><br/>           Bicameral, consisting of the House of Nationalities, Amyotha Hluttaw (224 seats, 168 elected and 56 appointed by military) and the House of Representatives, Pythu Hluttaw (440 seats, 330 elected and 110 appointed by the military)</p> <p><u>Elections</u><br/>           7 November 2010 and by-elections on 1 April 2012 to fill 46 vacant seats (next elections to be held in December 2015)</p>   |
| The Judiciary         | Mixed legal system of common law and customary law is in place. However the judiciary is not independent from the executive and a fair public trial is not guaranteed   |
| Key Political Parties | <ul style="list-style-type: none"> <li>• USDP (Union Solidarity and Development Party, led by Shwe Mann and Htay Oo)</li> <li>• NLD (National League for Democracy, led by Aung San Suu Kyi)</li> <li>• NUP (National Unity Party, led by Tun Ye)</li> <li>• NDF (National Democratic Force, led by Khin Maung Swe and Than Nyein)</li> <li>• Shan Nationalities Democratic Party (led by Sai Aike Paung)</li> <li>• Rakhine Nationalities Development Party (led by Dr. Aye Mg)</li> <li>• Other ethnically based parties</li> </ul>   |

Source: Myanmar government's website

### 2.3.2 Key Ministries

On September 2012, there was a restructuring of ministries which increased the number of ministries from 34 to 36.

Table 2.5.2 Key Ministries

| Key Ministries related to infrastructure               | Function   |
|--|--|
| Ministry of Construction                               | The Ministry is responsible for the country's construction and maintenance of infrastructure, including roads and bridges.   |
| Ministry of Finance and Revenue                        | The Ministry is responsible for the financial and revenue issues of the country. The central bank is also part of the Ministry.  |
| Ministry of Foreign Affairs                            | The Ministry is responsible for the country's foreign policy and relations with other nations. They also operate embassies and consulates in 29 countries.   |
| Ministry of National Planning and Economic Development | The Ministry is responsible for the formulation of the national plans and in the process of contributing the economic development of the state. DICA is subordinate to the Ministry.                       |
| Ministry of Rail Transportation                        | The Ministry oversees railways in Myanmar.   |
| Ministry of Transport                                  | The Ministry is responsible for the country's transport infrastructure. It also operates the Myanmar Airways and Myanmar Port Authority. The Department of civil Aviation is subordinate to this ministry. |

Source: Myanmar government's website

## 2.6 Geopolitics

### 2.6.1 China<sup>10</sup>

China is the largest trading partner for Myanmar, and was No.1 in terms of the import amount (39.2%) and No.2 in export (19.0%) in FY2011 (source: ADB Key Indicators for Asia and the Pacific 2012).

China has 3 major strategic interests in Myanmar, which are: 1) procuring energy and ensuring energy security; 2) ensuring access to the Indian Ocean; and, 3) ensuring frontier trade and public order in areas near the country's border.

Its first strategic interest of procuring energy and ensuring energy security has been realized through projects such as the natural gas and crude oil pipeline transportation project between China and Myanmar and electric transmission project for transmitting electricity by constructing a hydroelectric power plant in the area near the border between China and Myanmar. A pipeline of over 900 km in length is being constructed from Kyaukpyu facing the Bay of Bengal to Kunming in Yunnan Province, and natural gas is expected to be supplied in full scale from 2013. In addition, there are plans to build 45 hydroelectric power plants, 2 coal-fired power plants and 1 gas-fired power plant in Myanmar for which Chinese companies will be the main operator for at least 35 projects. These power-generating facilities are expected to produce 36,635MW in total which is more than 10 times from the current volume of total power generating capacity in Myanmar.

The country is aiming to realize its second strategic interest of ensuring access to the Indian Ocean through the construction of a port in the western part of Myanmar and railways and roads that connect the Indian Ocean and inland areas. Yunnan Province located in an inland area can secure a route for its trade, and this also holds an important position within China's national security policy.

The motivation for China's third strategic interest of ensuring frontier trade and public order in areas near the country's border is the fact that the Myanmar side of the area near the border between the two countries is mostly "special zones" that are effectively controlled by ethnic minorities which is greatly impacting frontier trade. There are independent customs and tolls collected in special zones and this is impeding the growth in distribution of goods that pass through these zones. In addition, drugs are being produced in areas controlled by armed ethnic minorities and coming in to China, causing an issue.

Meanwhile, the Muse Free-trade Zone located in an area controlled directly by the Myanmar Government succeeded in linking Myanmar with Chinese cities with large consumption and expanded greatly. In 1998, Asia World and Diamond Palace which are private companies in Myanmar, paved and widened the "New Burma Road" leading to Mandalay from the border, enabling large trucks to use the road. Ensuring access in this area near the border is of large concern to China.

One of the characteristics of China's policies against Myanmar is the summit diplomacy being actively undertaken. Of the 9 leaders of China's Communist Party (Politburo Standing Committee), 3 leaders, namely Li Changchun, Xi Jinping and Wen Jiabao visited Myanmar during 2009 to 2010, and from Myanmar, Chairman Than Shwe and President Thein Sein visited China in September 2010 and May 2011, respectively.

However, visits by the leaders of China's Communist Party stopped after the declaration to freeze the construction of Myitsone dam in September 2011, and although one of party's leaders Meng Jianzhu finally visited Myanmar in July 2012, there were hardly any talks on economic assistance. Meanwhile, China requested an improvement to the situation where implementation of projects with China's assistance were threatened by the battle between Kachin Independence Army and the nation's armed forces in northern Myanmar, and Myanmar's refugees were coming into China. China's summit diplomacy has entered into a period of stagnation with the advent of the era of democratization.

---

<sup>10</sup> JETRO IDE, "China's Myanmar Policy: outlook and issues"

Table 2.6.1 Major projects executed between China and Myanmar

|          |   |
|----------|---|
| Jun 2009 | A memorandum was executed for the Malikha, Maykha and Irrawaddy rivers hydroelectric power generation project (Myitsone dam).   |
| Oct 2009 | Works on the harbour for importing oil for the oil pipeline connecting Kyaukpyu of Myanmar and Yunnan Province of China started. Possible to transfer 400,000 barrels of oil per day. Expected to complete in 2015. In November 2010, works on the harbour for engaging in work for the natural gas pipeline started. Expected to complete in 2013. |
| Sep 2011 | President Thein Sein announced the freezing of construction of the Myitsone dam that was being jointly developed with China. This action seems to have demonstrated to the US that Myanmar is keeping a certain distance from China.  |

Source: Prepared by consultant based on newspaper articles

### 2.6.2 Thailand<sup>11</sup>

Thailand is the largest trading partner next to China, and was No.1 in terms of the export amount (37.1%) and No.2 in import (22.9%) in FY2011 (source: ADB Key Indicators for Asia and the Pacific 2012).

Daily goods are actively being imported from Thailand through frontier trade. In addition, commercial export of natural gas extracted off the coast of Myanmar to Thailand started in 1998 and this is the largest source of foreign currency for Myanmar.

Looking at trends in direct investment, during the first half of the 90s, Thailand started to transfer its labour-intensive industries that were losing competitiveness in the domestic market and a part of their production process to nearby countries with low labour cost, and Myanmar was the recipient of such business. However, Thai companies' investment in Myanmar reduced significantly with the Asian Currency Crisis in 1997, and companies that had already made investments also withdrew from Myanmar. Even after the Thai economy recovered from the Asian Currency Crisis, its investment in Myanmar did not, reflecting the deterioration of Myanmar's investment environment.

In addition, it is said that anti-Myanmar Government ethnic minorities are continuing to be active near the border between Thailand and Myanmar and that there are also anti-Myanmar Government organizations within Thailand which are making the relationship between the two countries difficult at times (source: JCCY Yangon & JETRO Yangon 2012).

Since the latter half of 2003, ASEAN's involvement in Myanmar started to activate due to then Prime Minister Thaksin's initiative. In November 2003, an economic cooperation strategy meeting was held in order to rectify the economic disparity between Thailand and the 3 countries that were the newest members of ASEAN (Cambodia, Laos, Myanmar), and 224 projects either between 2 countries or jointly by the 4 countries were adopted. One of the aims of Thailand was to reduce the number of illegal workers from the other 3 countries resulting from the economic disparity, and Myanmar on the other hand expected the favorable turnaround in diplomatic relations with Thailand would solve the ethnic minority issues near the border. However, this was suspended with the Thailand's military coup of 2006. Since, Thailand's political situation stabilized and then Prime Minister Samak visited Myanmar for the first time in March 2008 and met with then Prime Minister Thein Sein.

Thailand and Myanmar signed a memorandum of understanding (MoU) to develop an industrial estate and deep seaport in Myanmar's southern Dawei district in 2008. The entire project is expected to cost USD10.5 billion (Bt370 billion).

<sup>11</sup> Source: JCCY Yangon & JETRO Yangon 2012



**Table 2.6.2 Major projects executed between Thailand and Myanmar**

|          |   |
|----------|---|
| 2005     | Project on the construction of the Tasang hydroelectric power generating dam, Salween River was announced. Thailand's total investment reached 6.03 billion dollars.  |
| 2008     | Thailand and Myanmar signed a memorandum of understanding (MoU) to develop an industrial estate and deep seaport in Myanmar's southern Dawei district   |
| Oct 2008 | Thai Government announced the construction of a road through grant aid for the Myanmar portion of the East-West Economic Corridor. Since, the plan derailed with Prime Minister Samak's resignation but talks started to resume the project from the latter half of 2009. |
| Oct 2010 | Then Prime Minister Abhisit and President Thein Sein met and officially agreed on the joint development of the Dawei Deep Sea Port (development and 75 yrs lease for its operating rights).   |

Source: Prepared by consultant based on newspaper articles

### 2.6.3 India

Despite the 1,600km of border they share, India and Myanmar are not close partners in trade or investments. Nevertheless, since Myanmar's transition to civilian rule in March 2011, the two countries are rapidly making efforts to deepen economic relations, and investment in Myanmar by Indian companies is expected to accelerate.

In October 2011, President Thein Sein met with India's Prime Minister Singh in New Delhi, and agreed to construct land and sea transportation routes that would activate frontier trades and to promote plans for building natural gas pipelines. The heads of states also met in May 2012 and discussed expanding trade between the two countries and to tighten control over India's anti-government armed forces operating near the border with Myanmar.

In addition to the importance as a partner of frontier trade, the aim of India's attitude towards Myanmar could be based on the political intent.

Meanwhile, it will be a high risk for Myanmar to only depend on China, and thus, it too seems to be aiming to establish good relationships with the neighboring two big powers in order to win better conditions for assistance.

**Table 2.6.3 Major projects executed between India and Myanmar**

|          |  |
|----------|--|
| Apr 2006 | Then Deputy Chairman Maung Aye met with India's Prime Minister Singh and signed for an economic assistance of 132 million dollars which included the development of Sittwe Port on the Bay of Bengal, north-east part of Myanmar, and construction of roads near the border.   |
| Oct 2011 | President Thein Sein met with India's Prime Minister Manmohan Singh and agreed on assistance in the amount of 500 million dollars to promote the "Kaladan Multi-modal Transit Transport Project" which involves the development of the Kaladan River by India that crosses Myanmar for connecting this with India, and to be spent on irrigation projects. |

Source: Prepared by consultant based on newspaper articles

### 2.6.4 United States

Bilateral relations between the United States had become tense since the military seized political power in a coup d'etat in 1988. The United States and the international community decided to impose economic sanctions on Myanmar through a UN resolution, and in 1990, the US lowered its level of diplomatic representation from Ambassador to Chargé d'Affaires.

In 2009, the US made decisions to resume direct dialogue with high-level Myanmar government officials. The establishment of a civilian government by President Thein Sein in March 2011 helped to start improve relations between the US and Myanmar. The US highly appreciates the series of reform initiatives taken by the new government in Myanmar, including the release of political prisoners, signing of a ceasefire agreement with armed ethnic minority groups, and implementation of parliamentary by-elections.

In December 2011, then US Secretary of State Hillary Clinton visited Myanmar as a US Secretary of State for the first time in 56 years and it gave the impression that the bilateral relations had reach an important crossroads. Then, in April 2012, US made an announcement to gradually lift the economic sanctions imposed on Myanmar, after the results were announced of the nation's parliamentary by-elections. Furthermore, in May, after the meeting with Foreign Minister Wunna Maung Lwin who was visiting the US, then US Secretary of State Hillary Clinton announced that the US will first "suspend" the economic sanctions on Myanmar in order to move towards "lifting" the sanctions in future.

President Obama visited Myanmar as the first incumbent US President in November 2012, immediately after his re-election. At the meeting with President Thein Sein, he showed his appreciation towards Myanmar's initiatives for democratization, while requesting further progress, and expressed intentions for a financial aid in the amount of 170 million dollars over 2 years, demonstrating US's eagerness towards improving relations between the two countries. Improving relationship with the US and other countries is an urgent task for re-establishing Myanmar's economy.

#### *2.6.5 EU*

In April 2012, EU showed appreciation towards Myanmar's moves on democratization, and decided to suspend a large part of the sanctions (excluding the arms embargo) on Myanmar for 1 year. Up to that time, EU had frozen the assets of Myanmar government-related companies, prohibited the issuance of visa to government officials, and also banned military-related technical assistance and investments in mines, forestry and precious metal sectors. One of the aims of lifting the sanctions was to prevent European companies from falling behind Asian countries in entering areas in which growth was expected, such as oil, natural gas, forestry and tourism.

Furthermore in January 2013, the EU decided to lift the sanctions on Myanmar. This decision is expected to be implemented during 2013.

#### *2.6.6 Japan*

In 2011, Foreign Minister Wunna Maung Lwin visited Japan for the first time in 16 years as Myanmar's foreign minister, and then Foreign Minister Genba visited Myanmar for the first time in 9 years as Japan's foreign minister. In November of the same year, a summit meeting took place between President Thein Sein and then Prime Minister Noda, and a Japan-Myanmar economic cooperation policy meeting was held in the capitol, Nay Pyi Taw. In 2012, then Minister for Economy, Trade and Industry Edano visited Myanmar and announced assistance towards the building of infrastructure, nurturing of industries and development of energy and mineral resources. Furthermore in April of the same year, President Thein Sein visited Japan and had a summit meeting with then Prime Minister Noda. Japan expressed its policy of resuming Yen-loans for the first time in 25 years, and announced to strengthen aid particularly in the following focus areas:

- Aid for improving people's lives (including aid towards minorities and the poor, agriculture development, regional development);
- Aid for enhancing the capability of human resource and establishing systems that support the economy and society (including aid for promoting democratization);
- Aid in building infrastructure and systems required for sustainable economic growth.

Japan had continuously been providing economic assistance to Myanmar from 1954. The amount of grant aid from 1975 to 2007 totals 179.79 billion yen and technical assistance during the same period was 35.991 billion yen (source: Japanese Embassy in Myanmar).

Deputy Prime Minister Aso visited Myanmar in January 2013 immediately after assuming office, met with President Thein Sein and other people, and expressed intentions to support the country's moves toward democratization. He also reconfirmed Japan's intentions to waive a part of its 500 billion yen claims and to execute new Yen-loans for 3 projects in around March 2013.

In May 2013 Japanese Prime Minister Shinzo Abe visited Myanmar and expressed intentions to provide continuing support for democratization, governance, economic reform and national reconciliation. He also stated to write-off all of 500 billion yen of arrears to the country and provide Official Development Assistance (ODA) loan of 51 billion yen and ODA grant and technical assistance supports of 40 billion yen.

## 2.7 Development Policy

### 2.7.1 Myanmar Government

Myanmar has been shifting toward to work with international aid agencies to accelerate its economic growth. They aim to achieve 5.1% increase in per capita GDP in FY2015 compared to the base year FY2010.

According to the speech by President U Thein Sein on 19 June 2012, the foreign Aid Management Working Committee is to coordinate among ministries, regions and state governments and to hold a coordination meeting among international aid agencies. The National Economy and Social Advisory Council is to coordinate between International Assistance Management Working Committee, respective ministries, Civil Society and International NGOs to enable and enhance the assistance provided by these organizations.

Table 2.7.1 Myanmar Development Policy

| Prioritized sectors            | Economic                                  | <ul style="list-style-type: none"> <li>- Agricultural Development</li> <li>- Industrial Development</li> <li>- Rural Development</li> <li>- Poverty Alleviation</li> </ul>                |
|--------------------------------|---|---|
|                                | GDP and Services                          | <ul style="list-style-type: none"> <li>- Forestry</li> <li>- Agriculture</li> <li>- Energy</li> </ul>   |
|                                | Socio-economic requirements of the people | <ul style="list-style-type: none"> <li>- Electricity Sector Development</li> <li>- Communication Sector Development</li> <li>- Micro-finance and Monetary Services Development</li> </ul> |
| Prioritized regions and states | Region-wide development plan              | <ul style="list-style-type: none"> <li>- Kayah State</li> <li>- Shan State</li> <li>- Ayeyarwady Region</li> </ul>  |
|                                | Poverty Index                             | <ul style="list-style-type: none"> <li>- Chin State</li> <li>- Kayah State</li> <li>- Kayin State</li> </ul>  |
|                                | National Reconciliation                   | <ul style="list-style-type: none"> <li>- Kachin State</li> <li>- Shan State</li> <li>- Kayin State</li> <li>- Mon State</li> <li>- Chin State</li> <li>- Rakhine States</li> </ul>        |

Source: Myanmar government's material

2.7.2 Aid Agency  
Bilateral Donors

Table 2.7.2 Bilateral Donors

| Name of Organization   | Overview  |
|--|---|
| <p>JICA<br/>(Japan International Cooperation Agency)</p>                   | <p>Based on the government’s assistance policy described in the 2.6.6, JICA provides ODA loan, grant, and technical assistance.<br/>In the fiscal year 2013, JICA plants to provide 50 billion yen of ODA loan for electricity project, rural development project, and infrastructure project in Thilawa SEZ and 90 billion of ODA loan/grant.</p>  |
| <p>USAID<br/>(United States Agency for International Development)</p>      | <p>While the U.S. does not have a bilateral relationship with the Government of Myanmar, USAID promotes responsive governance and provides humanitarian assistance to Burmese internally displaced persons, migrants, and refugees in the 10 Thai provinces along the Thailand-Myanmar border. USAID also supports the UN to work with the Government of Myanmar to prevent outbreaks of avian influenza.</p> <p>USAID Programs:</p> <ul style="list-style-type: none"> <li>• Investing in People: Health and Environment</li> <li>• Investing in People: Education</li> <li>• Governing Justly and Democratically</li> <li>• Humanitarian Assistant</li> </ul> |
| <p>DFID<br/>(UK aid from the Department for International Development)</p> | <p>DFID aims will be to harness this potential - to help create a better governed, more peaceful &amp; prosperous Myanmar that uses its increased wealth to reduce poverty. To support this transformation they will base their support around five key pillars:</p> <ul style="list-style-type: none"> <li>• Good governance and public financial management</li> <li>• Promoting responsible investment</li> <li>• Improving transparency</li> <li>• Strengthening the work of parliament</li> <li>• Helping the process of ethnic reconciliation</li> </ul>  |

Source: Websites of related organizations

Multilateral Donors

Table 2.7.3 Multilateral Donors

| Name                   | Development Policy  |
|------------------------|---|
| World Bank Group       | <p>On November 1, 2012, a new Interim Strategy for Myanmar was endorsed by the Bank Group’s Board of Directors. The Strategy will guide the Bank Group’s work in the country for the next 18 month.</p> <p>The Bank Group will help the government improve economic governance and create conditions for growth and jobs by providing policy advice and technical assistance in three main areas:</p> <ul style="list-style-type: none"> <li>• Public financial management, to transparently link budgets to development priorities</li> <li>• Regulatory reform, to provide access to finance for microfinance borrowers and small and medium enterprises</li> <li>• Private sector development, to promote broad-based economic growth and job creation</li> </ul> <p>The Bank is working with the Japanese Government and the Asian Development Bank to clear Myanmar’s arrears in early 2013. The Bank’s East Asia and Pacific Regional Vice President, Pamela Cox, has indicated that the Bank will be looking at lending about \$165 million over the next 18 months after arrears have been cleared.</p>   |
| Asian Development Bank | <p>ADB has developed an interim country partnership strategy (ICPS) for Myanmar for the period 2012–2014. The interim strategy supports the government’s development goals and priorities, and addresses the critical development constraints identified by ADB’s preliminary needs assessment of key sectors transport; energy; agriculture and natural resources; education; and urban development, including water and sanitation.</p> <p>In the interim strategy period, ADB will emphasize three program objectives.</p> <ul style="list-style-type: none"> <li>• Build human and institutional capacity in ADB’s areas of focus and strength to help lay the foundation for medium-term engagement and effective development processes.</li> <li>• Promote an enabling economic environment, which is needed to achieve macroeconomic stability, promote trade and investment, diversify the economy, create jobs, improve financial intermediation, and increase agricultural productivity.</li> <li>• Create access and connectivity for rural livelihoods and infrastructure development by promoting enhanced access to markets and basic social services, improving rural infrastructure to boost farm productivity and incomes, lowering transaction costs, enhancing opportunities for domestic and cross-border trade and investment, and improving access to reliable and sustainable utility services.</li> </ul> |

Source: Websites of related organizations

Attachment: Overview of sanctions status of country

| Country   | Examples of past sanctions   | Action taken and current status  |
|-----------|--|--|
| EU        | <ul style="list-style-type: none"> <li>✓ Ban on imports of and investments in timber, coal, certain metals and precious and semi-precious stones.</li> <li>✓ Restrictions on exports of equipment used in industries targeted by the import ban.</li> <li>✓ Ban on provision of certain services.</li> <li>✓ Freezing of funds and economic resources of persons involved in policies which impeded Myanmar's transition to democracy.</li> </ul>                | <ul style="list-style-type: none"> <li>✓ Suspension of all restrictive measures against Myanmar was agreed by the EU Foreign Affairs Council on 23 April 2012 and given full legal effect by the Council Regulation (EU) No 409/2012 14 May 2012.</li> <li>✓ Exceptions: arms embargo and embargo on equipment which might be used for internal repression remain in place for another 12 months.</li> <li>✓ Timeline: suspension currently agreed until 30 April 2013.</li> </ul>   |
| US        | <ul style="list-style-type: none"> <li>✓ Restrictions on the provision of financial services.</li> <li>✓ Prohibitions on imports from Myanmar.</li> <li>✓ Ban on new investments.</li> <li>✓ Ban on bilateral and multilateral assistance.</li> <li>✓ Visa bans for persons linked with policies impeding Myanmar's transition to democracy.</li> <li>✓ Freezing of funds and assets belonging to the SPDC, the senior officials of SPDC or the USDA.</li> </ul> | <ul style="list-style-type: none"> <li>✓ Suspension of sanctions barring investment and provision of financial services in Myanmar on 17 May 2012 but reflecting particular human right risks with barring the provision of security services and transactions with any entity or person who are still blocked under the Burma sanctions program.</li> <li>✓ The existing Burmese Sanctions Regulations (BSR) administered by the Treasury Department's Office of Foreign Assets Control (OFAC) will remain in place until further notice but the Treasury will issue general licenses to American companies authorizing them to invest or provide financial services.</li> <li>✓ Reporting Requirements: Any US person or entity whose aggregate new investment exceeding USD 500,000 are required to file the report to State</li> <li>✓ Department of the information with the detailed information of the investment.</li> <li>✓ Exceptions: arms embargo maintained; American companies will still be restricted from doing business with individuals or companies involved in human rights violations, a list of which is being constantly updated according to US officials.</li> <li>✓ Timeline: not specified.</li> </ul> |
| Australia | <ul style="list-style-type: none"> <li>✓ Travel bans for members of the Government.</li> <li>✓ Sanctions directed at financial transactions.</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Easing of sanctions and move to normalize trade ties announced in April 2012.</li> <li>✓ Lifting of all remaining economic, financial and travel sanctions announced on 7 June 2012 and expected to come into effect in the coming weeks.</li> <li>✓ Exceptions: arms embargo will remain in place.</li> <li>✓ Timeline: no timeline, sanctions lifted permanently.</li> </ul>  |

| Country | Examples of past sanctions  | Action taken and current status  |
|---------|---|--|
| Canada  | <ul style="list-style-type: none"> <li>✓ Perceived as having some of the toughest sanctions.</li> <li>✓ Economic sanctions imposed in 2007 through the Special Economic Measures (Burma) Regulations.</li> <li>✓ Ban on all goods exported from Canada to Myanmar except humanitarian goods.</li> <li>✓ Ban on all goods imported to Canada.</li> <li>✓ Freeze on assets in Canada of any designated Burmese nationals connected with the Burmese State.</li> <li>✓ Prohibition on the provision of Canadian financial services to and from Myanmar.</li> </ul> | <ul style="list-style-type: none"> <li>✓ Lifting of most sanctions announced on 24 April 2012.</li> <li>✓ Exceptions: ban on arms deals maintained.</li> <li>✓ Timeline: not specified.</li> </ul> |
| Japan   | <ul style="list-style-type: none"> <li>✓ The Japanese Government did not impose sanctions and maintained trade ties with Myanmar, however official development assistance was suspended except humanitarian aid.</li> <li>✓ Japanese companies have held back from investing in Myanmar in recent years so as not to jeopardize relations with the US and the EU.</li> </ul>  | <ul style="list-style-type: none"> <li>✓ Debt write-off of USD3.7 billion and resumption of development aid announced in April 2012.</li> <li>✓</li> </ul>   |

Sources: Website of each country/organization<sup>12</sup>

<sup>12</sup> EU: [http://eeas.europa.eu/myanmar/index\\_en.htm](http://eeas.europa.eu/myanmar/index_en.htm)

US: <http://www.treasury.gov/resource-center/sanctions/Programs/pages/burma.aspx>

AU: [http://www.dfat.gov.au/geo/myanmar/myanmar\\_brief.html](http://www.dfat.gov.au/geo/myanmar/myanmar_brief.html)

CA: [http://www.canadainternational.gc.ca/thailand-thailande/bilateral\\_relations\\_bilaterales/canada-burma-birmanie.aspx?view=d](http://www.canadainternational.gc.ca/thailand-thailande/bilateral_relations_bilaterales/canada-burma-birmanie.aspx?view=d)

JP: <http://www.mofa.go.jp/mofaj/area/myanmar/index.html>

### ***3. Basic Conditions on Infrastructure Business***

This chapter describes basic conditions and environment with regard to the infrastructure business in Myanmar.

#### ***3.1 Foreign Investment Law***

##### ***3.1.1 General Characteristics of Myanmar's Legal System***

###### **General Introduction**

Notwithstanding its tumultuous history in the 20th century and its isolation from the world at large, Myanmar has retained a British common law legal system established during its colonial period (1886-1948). Laws enacted in this period continue to be applied unless expressly amended or repealed. Following independence in 1948, Myanmar enacted a series of parliamentary laws, (1948-1962), Revolutionary Council laws (1962–1974), People's Assembly laws (1974-1988), State Law and Order Restoration Council/State Peace and Development Council laws (1988-2011). Since 2011, Myanmar's Pyidaungsu Hluttaw (the current Myanmar parliament) has enacted laws. The result therefore is a legal system which is complex, and heavily reliant on old statutes.

In addition to statute, Myanmar court decisions interpret laws with respect to prior case precedent. Where there is no statute, the courts have the discretion to apply Myanmar general law based on English common law, as interpreted by Myanmar case precedent.

The main sources of legislation include the above sources of statute, and rules and regulations, directives notifications and instructions each issued by the relevant governmental authority.

###### **International commercial arbitration**

Myanmar formally became a signatory to the New York Convention on 16 April 2013. It is due to enter into force in Myanmar on 15 July 2013. While Myanmar's accession is indicative of the country's continuous commitment in attracting foreign investment, as at the date of this Report few details are known regarding the terms of its accession or the scope of its future implementation.

For example, it has yet to be announced whether Myanmar made any reservations to the New York Convention when it acceded to it. If certain reservations such as reciprocity (i.e.: only enforcing awards made in those jurisdictions designated as reciprocating territories) were made, then the full effect of the New York Convention would be compromised.

Furthermore, Myanmar's outdated legislation on arbitration will require extensive overhaul in order for it to incorporate the provisions of the New York Convention in domestic law and provide an effective framework for international arbitration and the enforcement of recognition of foreign awards.

Given the current uncertainties attached to Myanmar's recent accession to the New York Convention, it remains unclear how effective the New York Convention will be even after it formally comes into force. Even once new enabling legislation has been passed, it is important to remember that responsibility for enforcement will rest with the local judiciary, whose approach to such actions is difficult to predict. Much will depend on the Myanmar judiciary's attitude and the extent of their alignment with international practice. As seen in other jurisdictions, the interpretation by local courts of, for example, the public policy exception has not always been consistent with the prevailing pro-arbitration approach adopted in other New York Convention states.

It is also uncertain whether Myanmar will continue to rely upon an absolute interpretation of sovereign immunity. If so, this raises concerns that the Government of Myanmar can raise this defence in the context of a commercial agreement with a private party. In addition, it is not clear whether SOEs may avail themselves of this defence as well.

However, the result of Myanmar's accession should indicate that foreign companies presently negotiating contracts with Myanmar counterparties may now be able to proceed on the basis that arbitration agreements



referring disputes to international arbitration outside of Myanmar and any resulting foreign awards should soon be enforceable in Myanmar after 15 July 2013.

### *3.1.2 The 2012 Foreign Investment Law<sup>13</sup>*

#### **Executive Summary:**

On 2 November 2012, President Thein Sein approved the 2012 Foreign Investment Law (FIL) and repealed the earlier 1988 FIL that previously governed foreign investment projects in Myanmar. The 2012 FIL had been expected to be enacted earlier in 2012 though the executive and legislative branches of Government had reportedly not reached consensus on the full extent of liberalisation and foreign equity caps until late 2012.

The delay has proven to be beneficial for foreign businesses looking into Myanmar because the 2012 FIL does not have various restrictive features contained in earlier drafts, such as the minimum capital investment of USD500,000.

The 2012 FIL and the associated regulations promulgated under it are a welcome addition to Myanmar's ongoing process of reform. They provide a long awaited opening to foreign investment – they allow for up to 100% foreign ownership in certain sectors, and up to 80% of joint venture arrangements. In practice the extent to which this is achieved remains to be seen. Would-be investors will also find that certain additional restrictions may apply, depending on the business they wish to undertake.

#### **Introduction**

The new and long awaited 2012 FIL was approved by President Thein Sein, 2 November 2012, repealing the previous 1988 FIL. This followed months of wrangling between the Cabinet and a newly emboldened Parliament, and has been described as a victory for the reformers in Government. For example, as described below, in some sectors foreign investment in Myanmar can now, in theory, be up to 100% foreign-owned.

Despite this, the 2012 FIL has been criticised by some as lacking detail (perhaps a necessary concession to get the 2012 FIL passed). It is to be welcomed that further detail is now available in the form of the following:

- (a) 2012 FIL Regulations – issued by Ministry of National Planning and Economic Development (MNPED) under Article 56(a) of the FIL, these now put more flesh on the bones of many aspects of the 2012 FIL. More particulars are set out in 3.1.3 below.
- (b) The MIC Notification – issued by the MIC under Article 56(b) of the 2012 FIL, this notification gives more detail as to what business activities will be allowed to foreigners. More particulars are set out in 3.1.4 below.

Any consideration of the 2012 FIL should also take into account both sets of regulations. Going forward, the MIC remains empowered under Article 56(b) of the 2012 FIL to issue additional notifications. These should be analysed at the time to ensure a complete reading of the 2012 FIL.

---

<sup>13</sup>In reviewing the 2012 FIL, the official English translation was used. This was provided to us by U Myint Lwin Law Office, one of the leading law firms in Myanmar, and is attached at Appendix A of this Report. The same English translation is also available via the website of the President of Myanmar (<http://www.president-office.gov.mm/en/sites/default/files/laws/11-2012/NEW%20FIL%20english0.pdf>). Readers should be aware that there exist multiple unofficial English translations of the FIL and any such translations should be treated with caution.

This Report also reviews recent regulations which provide further detail to the 2012 FIL. These are the 2012 FIL Regulations and the MIC Notification. Please note that currently, there is no official English translation of these regulations. Therefore, JICA team has relied on unofficial translations provided to us by Polastri Wint & Partners, legal and tax advisors who are based in Myanmar. A final verdict on these regulations must await the Government's official translations.

### Administration of the 2012 FIL

Under the FIL, the MIC is appointed to oversee the FIL. Would-be investors must seek an MIC Permit to carry out foreign investment (Article 19).

The MIC may include not only civil servants but experts from non-governmental organizations or the private sector (Article 11(a)(ii)), thus providing a legal basis for the appointment of additional (non-Government) members in the future.

For example, the MIC may “accept any proposal which in its opinion will promote the interests of the State and which is without prejudice to any existing law” (Article 13(a)).

Article 49 of the 2012 FIL provides that decisions of the MIC shall be “final”, although paradoxically, Article 18(d) appears to allow an investor to challenge a decision of the MIC in the event of a denial of an application or the issuance of an approval adverse to the interests of a foreign investor under Myanmar law. This raises concerns about whether decisions may be withdrawn. The 2012 FIL Regulations only address the settlement of disputes between the MIC and the Government in general terms in Chapter 21. They do not provide for specific procedures to challenge a decision of the MIC.

Certainly, the 2012 FIL grants considerable discretionary authority to the MIC, and some commentators have raised concerns over the level of discretion. Time will tell how consistent foreign investors find decisions of the MIC to be.

### Foreign Investments permitted under the 2012 FIL

The 2012 FIL lists various objectives and basic principles for investment:

- (a) objectives (Article 7) include the exploitation of natural resources, human resource development, infrastructure development (roads, national electricity and energy production), development of advanced technology, communication networks and transport networks (rail, ship and aircraft); and
- (b) principles (Article 8) include supporting the objectives of Myanmar's national economic development plan, job creation, expansion of export production, businesses which require a high capital commitment, exploration of new energy sources, development of modern industry, development of an international standard banking system, enabling Myanmar to be self-sufficient in terms of energy and resource consumption.

Any activities which promote these objectives and follow these principles are, presumably, more likely to be approved. However, would-be investors should also be mindful that certain types of business are also restricted to foreign investment, or prohibited outright.

### Restricted/ Prohibited Foreign Investments

The 2012 FIL lists certain types of business as restricted or prohibited to foreign investment (Article 4). It is stated that the MIC will only permit them where there is a benefit to Myanmar's Government and citizens. These include (from a list of 11 items) any business which may affect the traditional culture and customs of ethnic minorities, can affect public health, damage the natural environment and ecosystem or which falls within 10 miles of the national boundary (except in the special economic zones). The descriptions are relatively general. The 2012 FIL Regulations and the MIC Notification now provide more detail as to what business activities are prohibited to foreign investors, or are permitted with certain restrictions (e.g. the investment must be through a local Joint Venture (JV) or some other stipulation applies). See 3.1.3 and 3.1.4 below for more specific details on prohibited activities

### Structuring a foreign investment

Article 9 permits foreign investment to be structured in the following ways:

- (a) 100% foreign capital (at the discretion of the MIC);

- (b) a JV with a Myanmar person or entity, or Government department and organization– parties may agree at their own discretion the capital ratio /equity contributions (although equity/capital ratios in respect of restricted/sensitive businesses, the foreign ownership limit of 80% established by the 2012 FIL Regulations will apply, see 3.1.3) below; and
- (c) "any system contained in the contract which is approved by both parties" – it remains to be seen exactly what in practice the MIC will permit, though in theory, this could represent a means for requesting investment terms to be compatible with underlying contractual schemes such as BOT/PPP type projects.

Further, Articles 33 and 34 of the 2012 FIL appear to suggest that the MIC will be responsible to determine the land rent payable under an applicable long term lease, subject to the prior approval of the Government and then obtain the consent of the foreign investor to the terms of the land lease and rent before issuing an investment approval.

Given the importance of land rights and access for any major infrastructure project, it would be important for any international bidder to ensure the bidding/project documents provide for adequate land provision rights to follow the applicable concession term and the licensing and approval regime established under the 2012 FIL ought to be followed for relevant projects requiring long term land provision.

Minimum investment thresholds for foreign investment may apply, depending on the sector (Article 10(a)(iii)). The MIC has the discretionary power to set such thresholds. As the MIC has not announced any new minimum investment thresholds, and in light of the fact rules and regulations issued under the 1988 FIL continue to apply where not contrary to the 2012 FIL (Article 55), then the minimum investment thresholds previously in place under the 1988 FIL continue to apply. These are USD 300,000 for service companies and USD500,000 for manufacturing companies.

#### Local employment obligations on foreign investors

The 2012 FIL establishes a "phased" approach for local citizen involvement in foreign invested companies, essentially requiring a "ramp up" of local employment over the first 6 years of operations.

Where the investment involves a "skilled business", Myanmar citizens must make up at least 25% of the workforce in the first two years, at least 50% in the next two years\_(i.e. 75% foreign workforce would be permissible for the first two years), and at least 75% in the third two year period (Article 24). Investors must also provide training to such staff. Of course, what constitutes a "skilled business" requires definition.

#### Tax exemptions and reliefs available to foreign investors

Under the 2012 FIL, there is now an automatic 5 year income tax exemption for investors engaging in the production of goods and services (Article 27(a)). Under the 1988 FIL, this was 3 years.

There are also a number of discretionary tax exemptions and reliefs which the MIC may choose to grant. There are no rules or guidelines on how the MIC will determine whether or not to grant, and so it appears that these decisions will be made on a case by case basis.

Below is list of the forms of tax exemptions and relief which may be available under the 2012 FIL.

Table 3.1.1 Tax Relief and Exemptions Available under the 2012FIL

|    | Tax relief and exemptions available under the 2012 FIL   | Article        |
|----|--|----------------|
| 1  | Automatic: 5 year income tax exemption for businesses engaged in the production of goods or services. Note it appears this may be extended, where there is a benefit to Myanmar. Presumably, such extension may be sought by application to the MIC. | Article 27(a)  |
| 2  | Discretionary: Relief from tax on the profits of the business, if the profits are reinvested within 1 year.  | Article 27(b)  |
| 3  | Discretionary: Accelerated depreciation in respect of machinery, equipment, building or other capital assets, at a stipulated rate.  | Article 27(c)  |
| 4  | Discretionary: Relief from tax on up to 50% of the profits accrued from the export of goods produced in Myanmar.   | Article 27(d)  |
| 5  | Discretionary: A right to pay foreign employees' income tax, at the rates applicable to Myanmar citizens. Presumably, assessable income may be reduced accordingly.  | Article 27(e)  |
| 6  | Discretionary: A right to deduct from assessable income expenses incurred in respect to necessary research and development carried out within Myanmar.   | Article 27(f)  |
| 7  | Discretionary: Within 2 consecutive years of the 5 year income tax exemption granted in Article 27(a), a right to carry forward and set off losses for up to 3 consecutive years.  | Article 27(g)  |
| 8  | Discretionary: Exemption or relief from customs duty or other internal taxes on machinery and materials which are imported for use during the initial period of construction of the business.  | Article 27(h)  |
| 9  | Discretionary: Where the volume of investment is increased with the approval of the MIC, exemption or relief from customs duty or other internal taxes on machinery and materials which are imported for use in the expanded business.               | Article 27(j)) |
| 10 | Discretionary: Exemption or relief from commercial tax on the goods produced for export.   | Article 27(k)  |

Source: Prepared by Consultant

### Guarantees to foreign investors

There is a guarantee against nationalisation and that approved investment activities will not be terminated during the contract period without "sufficient cause". There is a guarantee that on expiry of the contract period, the investor may disburse investment gains overseas, in the same foreign currency it brought in at the commencement of the investment (Articles 28, 29, 30).

### Land rights for foreign investors /

In general, Myanmar law prohibits foreigners from owning land. However, as noted above, the 2012 FIL now makes a welcome exception. Investors may now lease land from the Government or use land for a period of up to 50 years. Two 10 year extensions are possible, subject to MIC approval. In under-developed and remote areas, longer periods may be possible.

### Settlement of disputes

In the absence of amicable resolution, Article 43 of the 2012 FIL provides for the dispute resolution mechanism contained in the underlying agreement to apply, and in the absence of that, the laws of Myanmar are to apply generally in relation to disputes. Clearly, this is a very general provision, and does not remove the concerns highlighted in 3.1.1 above regarding the absence of a credible dispute resolution system in Myanmar and the recognition of international judgments.

### Merger and Acquisition

The 2012 FIL is conspicuously silent on M&A-type investments by foreign investors. As a matter of prior policy, it was not possible for foreign investors to acquire shares from local Myanmar shareholders. Foreign investors were only permitted to acquire shareholdings from other foreign investors, thus effectively only replacing the foreign shareholder in the Myanmar entity. Although in certain circumstances, a similar outcome

could be structured through the establishment of a new foreign-invested joint venture company along with the contribution of assets, such as licences, or the entire business by the local partner into the joint venture, these transactions were rare in practice. In particular, neither the earlier regime nor the 2012 FIL provide for corporate restructurings, for example, in the form of a merger of a local Myanmar company into a foreign-invested company.

Sections 65 and 69 of the 2012 FIL Regulations could potentially be construed to allow a foreign investor to acquire shares from a Myanmar shareholder in foreign-invested enterprises (and vice versa). While this would still limit foreign investors to acquiring shares only in joint venture companies, the regulations, if implemented, could indicate a gradual loosening of the previous restriction. Under the 2012 FIL Regulations, any such transfer is still subject to the approval by the MIC and subject to any foreign-ownership limits (whether explicit or policy-based).

### 3.1.3 The 2012 FIL Regulations (Notification Number 11/2013)

As stated in 3.1.2 above, the 2012 FIL Regulations were issued by MNPED on 31 January 2013, pursuant to Article 56(a) of the 2012 FIL. Comprising 22 chapters, the 2012 FIL Regulations expand on many of the provisions set out in the 2012 FIL, giving greater clarity to foreign investors. Both the 2012 FIL and the 2012 FIL Regulations must be read in conjunction, together with the MIC Notification, which is addressed in 3.1.4 below. An official English translation of the 2012 FIL Regulations is still awaited.

#### Administration of the 2012 FIL Regulations

It should be noted that the 2012 FIL Regulations refer to the DICA as carrying out the role of the MIC.

#### Prohibited businesses for foreign investors

The 2012 FIL Regulations set out specific activities which are exclusively reserved for Myanmar citizens and entities (i.e. they are prohibited to foreign investors). The prohibitions are probably unlikely to cover activities which foreign investors of a reasonable size are likely to wish to invest in, but enquiries ought to be made where/if relevant. Please also note the table below contains "examples" of restricted activities only so cannot be considered as "comprehensive". See Rules 7-10 of the 2012 FIL Regulations set out in Appendix B for a complete list of restricted activities.

|  |  |
|--|--|
| Investment areas reserved for Myanmar citizens | <ul style="list-style-type: none"> <li>- Certain activities in production (such as traditional medicine, traditional food, handicrafts and religious products) and services (such as private traditional hospitals, ambulance services, power plants with less than 10 megawatts, printing and publishing).</li> <li>- Small scale and traditional agriculture and animal husbandry.</li> <li>- Offshore and onshore fisheries.</li> </ul> |
|--|--|

#### Restricted businesses for foreign investors

The 2012 FIL Regulations include a foreign ownership limit of 80% in respect of restricted businesses carried out through a JV with a Myanmar citizen or entity (Rule 20). The MIC Notification identifies certain restricted businesses (see 3.1.4 below).

#### Environmental Impact Assessments

Note that under the 2012 FIL Regulations, if the MIC deems the project to be a large investment project which requires an Environment Impact Assessment (EIA) under the Ministry of Environmental Conservation and Forestry, then the EIA will need to be carried out prior to the application for a MIC Permit, and attached to the application (Rule 33). Please note 3.1.4 below regarding the MIC Notification's additional guidance.

### 3.1.4 The MIC Notification (Notification Number 1/2013)

As stated in 3.1.2 above, the MIC Notification was issued by MNPED on 31 January 2013, pursuant to Article

56(b) of the 2012 FIL, giving more detail as to what business activities will be allowed to foreign investors. It must be read together with the FIL and the 2012 FIL Regulations and further details are set out below. An official English translation of the MIC Notification is still awaited. The following sections summarise main points of the Notification and the detailed list is attached at Appendix C.

**Prohibited businesses for foreign investors**

In addition to prohibitions set out in the 2012 FIL Regulations (see 3.1.3 above), the MIC Notification provides a further list of specific activities and substances which are prohibited. Please also note the table below contains "examples" of prohibited businesses only, so the list cannot be considered "comprehensive". See Appendix C for a complete list.

|                                |   |
|--------------------------------|---|
| Prohibited business activities | <ul style="list-style-type: none"> <li>- Printing, publishing and media broadcasting,</li> <li>- manufacturing arms and weapons,</li> <li>- exploration of jade and gems,</li> <li>- small to medium mineral production,</li> <li>- managing electric power systems,</li> <li>- energy trading,</li> <li>- inspections of electric power systems,</li> <li>- air traffic control</li> <li>- certain environmentally hazardous activities, etc.</li> </ul> |
|--------------------------------|---|

**Restricted businesses for foreign investors**

Building on the 80% limit on foreign ownership set out in the 2012 FIL Regulations, the MIC Notification now lists a wide range of activities that require joint venture with Myanmar nationals. Please also note the table below contains "examples" of restricted activities only, so the list cannot be considered "comprehensive". See Appendix C for a complete list.

|  |   |
|--|---|
| Business activities to be carried out by a joint venture | <ul style="list-style-type: none"> <li>- Production/distribution of seeds,</li> <li>- Production/distribution of certain foodstuff (biscuits, noodles, chocolate),</li> <li>- Paper manufacturing,</li> <li>- Pharmaceuticals manufacturing,</li> <li>- Plastics manufacturing,</li> <li>- Packaging manufacturing,</li> <li>- Transport infrastructure such as bridges, highways, metros</li> <li>- Certain construction and real estate development projects,</li> <li>- Transport by air (domestic and international)</li> <li>- Production of new railway engines and coaches</li> <li>- Tourism services etc.</li> </ul> |
|--|---|

**Businesses for foreign investors which are subject to certain conditions**

The MIC Notification contains a third category of investment activity grouped by sector and which are subject to conditions imposed by the relevant Government Ministries (including the Ministries of Industry, Mining, Construction, among others). Please also note the table below contains "examples" of such activities\_ only are established, so the list cannot be considered "comprehensive". See Appendix C for a complete list.

|   |   |
|---|---|
| Business lines that require prior approval from a particular Ministry or the Government | <ul style="list-style-type: none"> <li>- Supermarkets / large-scale retail,</li> <li>- Natural resources,</li> <li>- Production/distribution of soft drinks, mineral water and beer,</li> <li>- Power generation and sale (hydropower, or coal-fired turbines),</li> <li>- Courier services</li> <li>- Construction of airports and passenger lounge services etc.</li> </ul> |
|---|---|

### Examples of conditions for investments

Some examples of conditions include:

- (a) a requirement by the Ministry of Construction for projects covering construction and renting of office and commerce building to be carried out under a BOT arrangement (when based 100% on foreign investment).
- (b) If construction and renting of office and commerce building is based on a JV with a local partner, then the Ministry of Construction will require that local partner provides the land for long term lease.
- (c) A requirement by the Ministry of Electric Power (MOEP) that electric power generation and sale requires the approval of the Government and must be done in a JV with the Government or under a BOT approach.
- (d) Chapter 4 details other conditions applicable on a sector by sector basis.

### Environmental / social impact assessments

As noted in 3.1.3 above, under the 2012 FIL Regulations a foreign investor may require an EIA to be carried out prior to application for a MIC Permit. Specific investment activities are identified in the MIC Notification which will require both EIAs and Social Impact Assessments (SIAs) to be conducted prior to such. It is understood that this applies to:

- (a) Extraction of metals and minerals.
- (b) Exploration of oil and gas.
- (c) Larger construction and infrastructure projects.
- (d) Certain manufacturing activities.
- (e) Electric power generation.
- (f) Construction of transmission lines for electricity.

No detail is yet available regarding the content or procedure conducting and EIA/SIA.

### 3.1.5 Comparison of the 1988 FIL and the 2012 FIL

The 2012 FIL develops the investment platform previously in place under the 1988 FIL in a way that is to be welcomed by foreign investors. Below is a brief comparison of the two laws.

Table 3.1.2 Comparison of Foreign Investment Law of 1998 and 2012

| No. | Issue                                      | 1988 FIL  | 2012 FIL <sup>14</sup>   |
|-----|--|---|--|
| 1.  | Types of permitted foreign investment      | Listed various principles for foreign investment (to promote exports, acquisition of high technology etc) | Expands the various principles for foreign investment. Now also specifically lists certain industries which are restricted or prohibited to foreign investment.                            |
| 2.  | Applications for investment permit         | Apply to MIC.   | Apply to MIC. MIC must accept/reject within 15 days, and make final determination within 90 (Article 20).  |
| 3.  | Minimum capital investment threshold       | - Heavy industry, hotel, manufacturing - USD500,000<br>- Service companies - USD300,000                   | MIC may prescribe such thresholds (Article 10(a)(iii)). NB in practice, the 1988 FIL amounts remain in place   |
| 4.  | Permitted level of foreign ownership (FDI) | 100%  | 100% (at discretion of MIC)  |
| 5.  | Permitted level of foreign ownership (JV)  | Foreign investor: minimum 35%   | Parties may decide (NB 80% maximum for certain "restricted" businesses.)   |
| 6.  | Income tax exemption                       | 3 years (investors in goods and services)   | 5 years (investors in goods and services)  |
| 7.  | Land                                       | 1988 FIL silent. In practice, 30 year leases granted (50 years in exceptional circumstances)              | Leases permitted up to 50 years with up to 2 discretionary 10 year extensions.   |
| 8.  | Labour                                     | 1988 FIL silent.  | "Skilled businesses" – Myanmar citizens to make up at least 25% of workforce for first 2 years, 50% in the second 2 years and 75% in the third two years. Investors must provide training. |

### 3.1.6 The Relationship between the 2012 FIL and other Myanmar Laws

While the 2012 FIL and the associated 2012 FIL Regulations and MIC Notification set out requirements for foreign-invested companies and foreign projects in Myanmar, they must be read in tandem with other laws and regulations governing investment activities.

The Myanmar Company Act (MCA) and the Myanmar Partnership Act (1932) continue to set out the details for the corporate investment structures and governance requirements for companies limited by shares, branches and representative offices of foreign-owned companies as well as partnerships between a foreign company and local companies. Further, the Special Company Act (1950) (SCA) applies to joint ventures formed with state-owned economic enterprises. See 3.2 below for more information on the MCA.

<sup>14</sup> As supplemented by the 2012 FIL Regulations and the MIC Notification.



## The State Owned Economic Enterprises Law (1989)

This provides that a number of activities may only be undertaken by a state-owned economic enterprise:

|  |   |
|--|---|
| Economic enterprises which may only be undertaken by a state-owned economic enterprise | -exploration, extraction and sale of petroleum and natural gas and production of associated products,<br>-exploration, extraction or export of gems,<br>-post and telecommunications services,<br>-air transport and railway transport services,<br>-banking and insurance services;<br>-exploration, extraction or export of metals;<br>-electricity generating services other than those permitted by law and cooperative electricity generating services,<br>among others. |
|--|---|

Clearly, some of these activities are activities which foreign investors would potentially wish to engage in. Sections 4 and 5 of the SOEL offer the Government a legal basis to permit involvement by other entities (such as foreign investors) if it is in the interest of Myanmar to do so. Such involvement may be via a JV with a SOE or independently, under other conditions. Thus, foreign investors may legally engage in such sectors using the SOEL but only with Government support.

### Various sector laws

Myanmar has a number of laws relating to different sectors of industry, for example, the Myanmar Mines Law (1994). The Myanmar Mines Law specifically lists the development of foreign investment as one of its objectives (Article 3(d)). A foreign investor must apply to the Ministry of Mines to obtain a permit.

It is submitted that in order to understand the Government's current requirement for foreign investment, would-be investors should turn to the MIC Notification first, which sets out the conditions the different Government ministries will require. This should then be read against the appropriate sector law. ( See Chapter 4 of this Report for more information on the various sector laws. )

### Land Laws

#### General prohibition on Foreign Ownership of Land

Generally, all land in Myanmar is owned by the Government, with administration delegated to various Government departments. There is a prohibition on foreigners owning land set out in the Transfer of Immovable Property Restriction Act, 1987 (TIPRA), although exceptions are made for diplomatic missions and companies which have "beneficial contracts with the state". If we assume joint ventures with state-owned enterprises can be considered to be beneficial for the state, joint ventures may therefore fall under the latter exemption. However, in reality, it is not clear how this would work in practice, as there is no formal guidance on when the exemption would be applied.

#### Options open to Foreign Investors to obtain an interest in land

Despite the prohibition in the TIPRA, foreign investors may now obtain an interest in land either:

- By way of lease from the Government; or
- in the form of a contribution in kind from a state-owned entity that is party to a JV.

It is noted that full ownership is generally prohibited to foreigners but a long lease is permitted to foreigners under the FIL

#### Leases from the Government

Since 30 September 2011, foreign nationals and companies operating in Myanmar under the 1988 FIL (and now the 2012 FIL) have been able to obtain leases from the MIC. The prohibition was lifted under Notification

No. 39/2011 (Notification on Right to Use of Land Relating to the Republic of the Union of Myanmar Foreign Investment Law). The initial term of 30 year leases permitted under the 1988 FIL has now been extended to 50 years under the 2012 FIL, which in turn may be extended by two periods of 10 years each. This restriction may be relaxed in remote or underdeveloped locations.

#### Contribution in kind

Where the partner to a JV is a state-owned entity, that state owned entity may procure an interest in land administratively.

#### Title and Registration

Under the Registration Act of 1909, any interest in land must be registered<sup>15</sup>. In the case of ownership by a company, the requirement to register also arises under the MCA and the SCA. In the absence of registration, the creation or transfer of an interest is not legal.

#### Taxes

A foreign investor with an interest in land in Myanmar will be liable to pay tax.

---

<sup>15</sup> The registration must be done at the Lands Records Department of the district or administrative region in which the land is situated

## **3.2 Myanmar Company Act**

### **3.2.1 Introduction<sup>16</sup>**

The MCA was enacted nearly a century ago and continues to apply, subject to subsequent amendments. The MCA is further supplemented by its sub-legislation, namely the Companies Rules and the Companies Regulations. The MCA appears to be broadly based on the English statutes prevailing at the time, and therefore contains certain aspects closely aligned with more traditional English company law concepts.

The MCA generally governs the formation, constitution and administration of companies in Myanmar. Of particular relevance to foreign investors are: Part II of the MCA, which concerns the requirements of the company's constitutional documents, namely its Memorandum and Articles of Association; Part III, which states requirements for a company's share capital and the liability of shareholders and directors; and Part V, which concerns winding up particulars. It is noted that Part V of the MCA is expanded upon by the Companies Rules, which contains detailed rules governing winding up proceedings.

Of importance to foreign investors in Myanmar will be the requirements stated in the MCA and the Companies Regulations for the registration of companies. Although parts of the MCA may no longer be actively applied, the provisions for registration and the requirements regarding company constitution continue to be relevant and implemented by the Government.

As discussed in 3.1, the conduct of companies involving foreign investors is also to a great extent governed by the provisions in the 2012 FIL. However, the MCA and the 2012 FIL are not wholly separate regimes that operate independently of each other. Indeed, a foreign investor must carry out its business by forming a company under Myanmar law (Article 17(b)). As noted below, this means that a foreign investor that intends to apply and to take advantage of the 2012 FIL must also ensure that it follows the relevant requirements of the MCA. This includes following the requirements for the registration of a company in Myanmar and, as discussed below, obtaining a Permit to Trade under the MCA.

### **3.2.2 Permitted Corporate Forms**

The MCA allows for four types of companies:

- Company limited by shares
- Company limited by guarantee with a share capital
- Company limited by guarantee without a share capital
- Unlimited company

In practice, most companies incorporated in Myanmar are companies limited by shares.

In addition, under the MCA, companies may be either private or public companies. A private company is a company that by its articles restricts the right to transfer shares, prohibits public subscription of shares and debentures, and restricts the number of shareholders to 50. A public company is simply described as any company that does not qualify to become a private company.

A further distinction is drawn between a Myanmar company and a foreign company. A Myanmar company is a company whose share capital is entirely owned by citizens of Myanmar. Therefore, if a company has one or more foreign shareholders (even if that interest is a single share), or is incorporated outside of Myanmar, it will be considered a foreign company. As discussed below, foreign companies under the MCA are subject to further administrative requirements compared to Myanmar companies.

---

<sup>16</sup> There is only limited official information available regarding the MCA and it is noted that the following sources were relied upon in the preparation of this section of the Report: "A guide to Business Organizations" by the DICA, "Myanmar Company Laws and Regulations Handbook" by International Business Publications, "The Foreign Investment Law and Myanmar's Evolving Tax Framework" by Dr Tin Latt (Chartered Certified/Certified Public Accountant & Auditor Member of Parliament's Commission for Assessment of Legal Affairs & Special Issues, Republic of The Union of Myanmar), "Doing Business in Myanmar" by Myanmar Legal Services Ltd.

### *3.2.3 Requirements for Company Registration*

The requirements for registration of a company are governed by the MCA, with additional provisions for foreign companies provided for in the Companies Regulations.

The following are some key requirements to be considered by a foreign investor before registering a company in Myanmar:

#### *Number of Shareholders*

A private company is required to have a minimum of 2 shareholders, while a public company is required to have a minimum of 7 shareholders. Shareholders of a company may be either natural persons or other companies.

#### *Permit to Trade*

Under Section 27A of the MCA, every foreign company is required to obtain from the DICA a "Permit to Trade" before registration of the relevant company. A foreign company is not entitled to carry on business unless it has obtained such a permit. Applications should be made to the DICA. Further information is set out in Section 3.3 below. There are three categories of Permits to Trade, namely for services companies, trading companies, and manufacturing companies. Currently, it has been reported that there are Government imposed prohibitions on new foreign trading companies and it appears that permits for trading companies are not being issued or renewed. Thus, DICA requires an undertaking not to perform any trading activities when applying for a Permit to Trade. There has not been an official notification from the government about this prohibition.

Foreign companies that qualify for an MIC Permit under the 2012 FIL must nonetheless obtain a Permit to Trade pursuant to the MCA requirements and this must be renewed periodically.

#### *Minimum capital required for foreign companies*

A foreign company is required to invest a minimum amount of capital before it can operate in Myanmar. The minimum capital required differs depending on the category of the Permit to Trade:

- Industrial company: USD \$166,607 (1,000,000 Kyat)
- Services company: USD \$50,000 (300,000 Kyat)

It should be noted that this represents the minimum capital required to register a Permit to Trade and operate as a company. As discussed in 3.1.2 above, the 2012 FIL imposes higher minimum thresholds.

### *3.2.4 Management and Administration of Companies in Myanmar*

A company's constitutional documents are its Memorandum of Association and Articles of Association. The Memorandum of Association generally contains fundamental information about the relevant company such as the company name, amount of share capital, and objects which the company is entitled to pursue. On the other hand, a company's Articles of Association contain regulations that bind the administration of the company.

The MCA provides for the governance of the company's affairs through the general meeting of the company's shareholders. In addition, an annual general meeting of shareholders is required by Section 76 of the MCA and extraordinary general meetings may be called by holders of a sufficient number of shares. Resolutions may be passed by simple majority. The MCA or the Articles of Association may provide that some resolutions must be made by extraordinary or special resolution (for example, the removal of a director), and thus require a three-quarters majority of shareholders to pass.

The MCA also provides that a company will have a board of directors, responsible for the general operations of the company's business. Article 83A provides that a company must have three directors, but this does not apply to a private company unless the private company is a subsidiary of a public company.

### *3.2.5 Prospectus and Allotments (Public Companies)*

For investors interested in attracting share capital, the MCA contains a set of requirements for the contents of a

prospectus issued by a company, which includes any notice, circular, or advertisement or invitation for the public subscription of shares or debentures of the company. Pursuant to Section 98A of the MCA, any document offering shares to the public will be deemed to be a prospectus issued by the company, and thus will be bound by the requirements in the MCA.

Section 93 of the MCA states that a prospectus issued by the company must include:

- (a) Contents of the company's Memorandum of Association, in particular information regarding classes of shares;
- (b) The number of shares required to be held by a director, if any;
- (c) Personal information regarding directors, managers, and managing agents and relevant provisions in the Articles of Association regarding their appointment;
- (d) The minimum subscription required for directors to proceed with allotment, and information regarding each previous allotment within the preceding two years, if any;
- (e) Information regarding shares and debentures issued within the preceding two years;
- (f) Where the issue of shares or debentures is underwritten, the names of the underwriters and an opinion by the directors that the underwriters can discharge their obligations;
- (g) Information regarding the vendors in any purchase of property by the company which is proposed to be paid wholly or partly by the proceeds of the issue offered for subscription. If this property has been transferred by sale within the two years preceding the issue of the prospectus, and the property is a business, then the financial information of the business for the preceding three years should be included;
- (h) The amount payable for this property;
- (i) Any amount paid as commission for the subscription of shares over the preceding two years;
- (j) Estimated preliminary expenses;
- (k) Any amount to be paid to any promoter, and the consideration for the payment;
- (l) Information regarding any contracts entered into for the purchase of property proposed to be paid for my proceeds of the issue;
- (m) The names and addresses of the auditors of the company;
- (n) Any interest that a director may have in the property to be acquired;
- (o) Voting rights held by each class of shares in the company, if there are separate classes;
- (p) Any restrictions in the Articles of Association of the company in respect of rights to speak or vote at meetings of the company, rights to transfer shares, or restrictions on the directors of the company;
- (q) A report of the company's auditors in respect to the company's profits and payment of dividends during the preceding three years, if any.

These requirements do not apply where the offer of shares or debentures is made only to current shareholders or debenture holders.

In respect of certain matters, the company cannot allot shares unless the minimum amount required of share

capital to be raised in the prospectus has been subscribed. These matters include where the issue of shares is required in order to fund the purchase of property, the repayment of money borrowed by the company in respect of the purchase of property, or working capital. In these matters at least five per-cent of the nominal value each share must be paid up on application. Where these requirements have not been complied with by the company, the applicant may declare its application for shares void.

### *3.2.6 Winding up of Companies in Myanmar*

The MCA contains provisions for the winding up of a company, which provides for the return of the company's assets to creditors and shareholders of the company. However, there are no provisions in the MCA for corporate rescue – such as controlled bankruptcy regimes or creditor's voluntary arrangement. The options available to a company where it faces insolvency may therefore be more limited than what might otherwise be the case in other international jurisdictions.

A company may be wound up voluntarily by both members and creditors of the company. In both cases, the directors must provide a notice, supported by a report by the company's auditors, that the company is able to pay its debts for a period following winding up. A voluntary winding up is therefore not appropriate where the company is insolvent. Where a voluntary winding up occurs, the company ceases to carry on business, and a liquidator is appointed to perform the company's winding up.

A company may also be wound up by the court under certain circumstances, for instance, where a company is unable to pay its debts. In this case, a creditor may issue a demand for payment of a debt on the company, and if the company cannot pay the debt within three weeks then the creditor may apply to the court for the company to be wound up. A company may also be wound up by the court if it is of the opinion that it is just and equitable to do so. We understand that there is some precedent in Myanmar for this ground for winding up by the court being used as a means of settling disputes between shareholders.

## *3.3 Overview of the Foreign Investment Process*

In summary, the foreign investment process in Myanmar broadly consists of three steps<sup>17</sup>:

- Obtaining a MIC Permit under the 2012 FIL;
- Obtaining a Permit to Trade from DICA (the particulars for this are established under the MCA); and
- Incorporating /registering the company with the Company Registration Office (CRO).

Below is a checklist of each of these steps.

---

<sup>17</sup> It has been reported publicly by legal practices assisting foreign investors in Myanmar that the process is time consuming and potentially taking up to one year to complete.

Table 3.3.1: Checklist for Foreign Investment Process

| Document required | Law   | Authority | Supporting required information   | Points to note   |
|-------------------|---|-----------|---|--|
| MIC Permit        | 2012 FIL<br>(NB particulars are set out in Rules 31-55 of the 2012 FIL Regulations) | MIC       | <ul style="list-style-type: none"> <li>• Details of the project (place, term of investment, details of activities etc.)</li> <li>• Evidence of financial credibility</li> <li>• Bank reference and recommendation of investor's business standing</li> <li>• Detailed calculations showing: <ul style="list-style-type: none"> <li>- Estimated annual net profit, income and expenditure</li> <li>- Estimated foreign exchange earnings and requirements</li> <li>- Estimated volume and value of the annual production/services</li> <li>- Economic justification of the project</li> </ul> </li> <li>• Draft memorandum and articles of association (where investor is a company)</li> <li>• Draft land lease</li> <li>• Draft contract to be entered into with any state organisation (where a 100% foreign-owned company)</li> <li>• Draft JV agreement (where applicable)</li> <li>• An application for tax exemptions and reliefs available under the 2012 FIL</li> <li>• NB a prior EIA may be required for large investment projects</li> <li>• See also Rule 31 of 2012 FIL Regulations</li> </ul> | <ul style="list-style-type: none"> <li>• MIC must assess within 14 days of submission (and reject where incomplete)</li> <li>• A final decision must be given within 90 days (it remains to be seen how realistic this is in practice)</li> </ul>    |
| Permit to Trade   | S27A MCA  | DICA      | <ul style="list-style-type: none"> <li>• Application for Permit to Trade</li> <li>• Form A of the Companies Regulations</li> <li>• Draft memorandum and articles of association</li> <li>• Duly completed questionnaire form</li> <li>• List of intended activities to be carried out by the</li> </ul>   | <ul style="list-style-type: none"> <li>• There are three categories of Permits to Trade: service, trading and manufacturing</li> <li>• Recent reports state that the Government has prohibited new foreign trading companies – it appears</li> </ul> |

| Document required   | Law  | Authority  | Supporting required information  | Points to note   |
|---|--|------------|--|--|
|   |  |            | <p>company</p> <ul style="list-style-type: none"> <li>• List of estimated expenditures to be incurred in Myanmar for the first year of operations</li> <li>• Bank references</li> <li>• Resolution of board of directors (if both or either party to a JV are companies)</li> <li>• A signed undertaking to bring into Myanmar the prescribed amount in foreign currency</li> <li>• A signed undertaking not to conduct trading activities (see Points to Note)</li> <li>• Copy passports / national registration cards of the shareholders and directors</li> </ul> <p><b>For branch offices of foreign incorporated companies:</b></p> <ul style="list-style-type: none"> <li>• Copy governing document of the foreign head office</li> <li>• Either the annual reports for the last two financial years or copies of balance sheet and profit and loss account of the foreign incorporated head office</li> <li>• These should be notarised and consularised by the Myanmar Embassy in the country where the company is incorporated.</li> <li>• For documents not originally in English, authenticated translations should be provided.</li> </ul> | <p>that such permits are not being issued or renewed, although there has been no official notification. Hence the DICA requires a signed undertaking not to carry out trading activities</p> <ul style="list-style-type: none"> <li>• Holders of manufacturing Permits to Trade must invest a minimum capital of USD166,607 (1,000,000 Kyat)</li> <li>• Holders of services Permits to Trade must invest a minimum capital of USD50,000 (300,000 Kyat)</li> <li>• 50% of the capital to be deposited into either the MFTB or the MICB when application for the Permit to Trade is submitted</li> <li>• The remaining 50% should be deposited within one year of the Permit to Trade</li> <li>• The Permit to Trade should be renewed periodically</li> </ul> |
| <p>Certificate of Incorporation (Myanmar incorporated companies) / Certificate of Registration (branch offices)</p> | <p>MCA (with additional provisions in the Companies Regulations)</p> | <p>CRO</p> | <ul style="list-style-type: none"> <li>• Permit to Trade (copy)</li> </ul> <p><b>For a Myanmar company</b></p> <ul style="list-style-type: none"> <li>• Details of shareholders (two for private companies, seven for public). May be legal or natural persons (in which case, enclose copy passports)</li> <li>• Bank confirmation letter showing balances of at least USD 50,000 (service companies) and USD 150,000 (industrial companies) *</li> <li>• Two sets of memorandum and articles of</li> </ul>   | <ul style="list-style-type: none"> <li>• Must obtain the MIC Permit and the Permit to Trade first</li> </ul>   |



| Document required | Law | Authority | Supporting required information   | Points to note |
|-------------------|-----|-----------|---|----------------|
|                   |     |           | <p>association printed in both Myanmar and English. For a JV with a state-owned enterprise, they must have been approved by the Attorney General and the Minister of the MPED in accordance with the Special Company Act.</p> <ul style="list-style-type: none"> <li>• List of directors (Form 26)</li> <li>• List of intended business activities</li> </ul> <p><b>For public companies, in addition to the above:</b></p> <ul style="list-style-type: none"> <li>• List of persons who have consented to act as directors</li> <li>• Agreement to take qualification shares</li> </ul> <p><b>For branch offices of foreign incorporated companies:</b></p> <ul style="list-style-type: none"> <li>• Copy governing document of the foreign head office *</li> <li>• Either the annual reports for the last two financial years or copies of balance sheet and profit and loss account of the foreign incorporated head office *</li> <li>• Appointed letter / power of attorney for Authorised Person *</li> <li>• Resolution of board of directors of parent company</li> <li>• List of directors/shareholders of parent company</li> <li>• List of intended business activities</li> <li>• For documents not originally in English, authenticated translations should be provided.</li> </ul> <p>* These should be notarised and consularised by the Myanmar Embassy in the country where the company is incorporated.</p> <p>A filing fee and a registration fee will be payable. A public company must file a prospectus or statement in lieu of a prospectus, once the certificate of incorporation is issued.</p> |                |

| Document required  | Law                         | Authority                                       | Supporting required information  | Points to note  |
|--|-----------------------------|---|--|---|
| Evidence of Land registration (where applicable to the foreign investment) | Land Registration Act 1909. | Lands Records Department where land is situated | The following should be registered: <ul style="list-style-type: none"> <li>Any charge or mortgage</li> <li>Any lease which lasts over 1 year or which has yearly rent</li> <li>Any gift of land</li> </ul> |   |
|  | MCA                         | CRO   | Any charge or mortgage   | Company must also keep records of each charge or mortgage |

Source : Prepared by Consultant based on FIL

Foreign investors should note that they may, as an alternative way to invest in Myanmar, establish service and manufacturing companies solely under the MCA and not need apply for a MIC Permit. Such companies have the advantage of lower minimum share capital requirements; namely USD 50,000 for service companies and USD 150,000 for manufacturing companies (as opposed to USD 300,000 and USD 500,000 respectively under the previous 1988 FIL and current 2012 FIL). However, while this may offer a simplified route to market, the specific protections and preferential tax treatment offered to foreign investors under the 2012 FIL are not available under the MCA.

### 3.4 Institutional Structure of the Government

#### 3.4.1 Key Organizations related to Infrastructure Investment

##### Ministry of National Planning and Economic Development

The Ministry of National Planning and Economic Development constitutes eight organizations. The following sections describe the duties and responsibilities of the Planning Department and the DICA as they are responsible for the National Economic Development Plan and the Foreign Investment Law respectively.

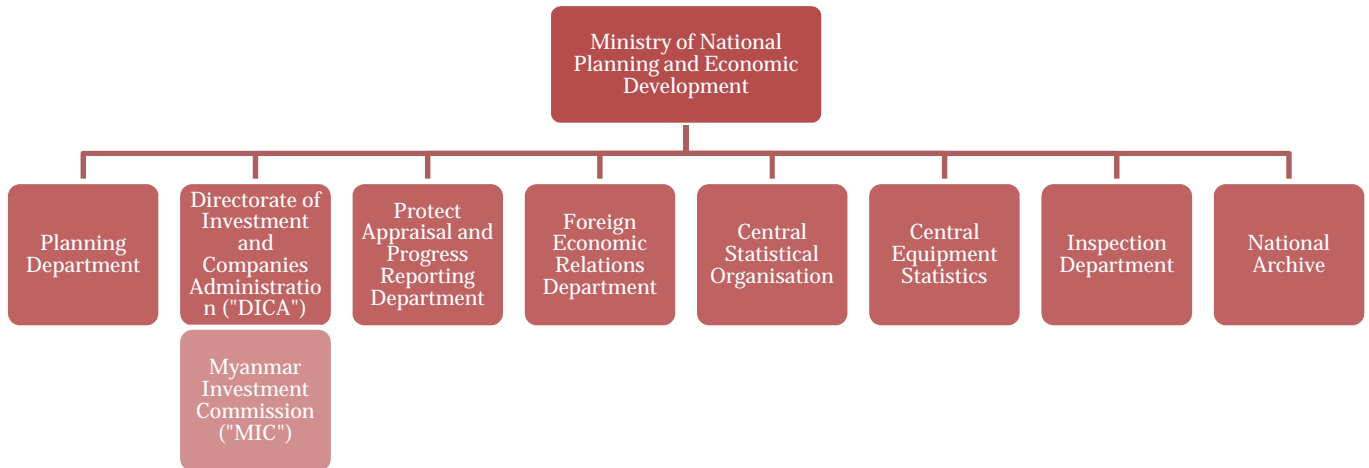


Chart 3.4.1 Ministry of National Planning and Economic Development

##### Planning Department

Through the planning department, the Ministry of National Planning and Economic Department is responsible for the formulation of Myanmar's short-term five-year National Development Plan (NDP). The most recent is the 2012-2016 NDP which focuses on:

- i. Sustainable development of agriculture towards industrialization and all round development;
- ii. Equitable and balanced development among Regions and States;
- iii. Inclusive development of entire people; and
- iv. Quality of statistics and statistical system.

##### The Directorate of Investment and Companies Administration (DICA)

DICA is set up with seven departments and is responsible for scrutinizing and appraisal of projects that are proposed for investment in the Republic of the Union of Myanmar, monitoring and reporting the implementation of permitted enterprises, registration and administration of Limited Companies, Joint Ventures, Partnerships and Association and taking part in regional cooperation relating to investment matters.

DICA operates with the following objectives:

- To increase investment (both local and foreign);
- To encourage private entrepreneurship
- To take part in regional and international economic cooperation

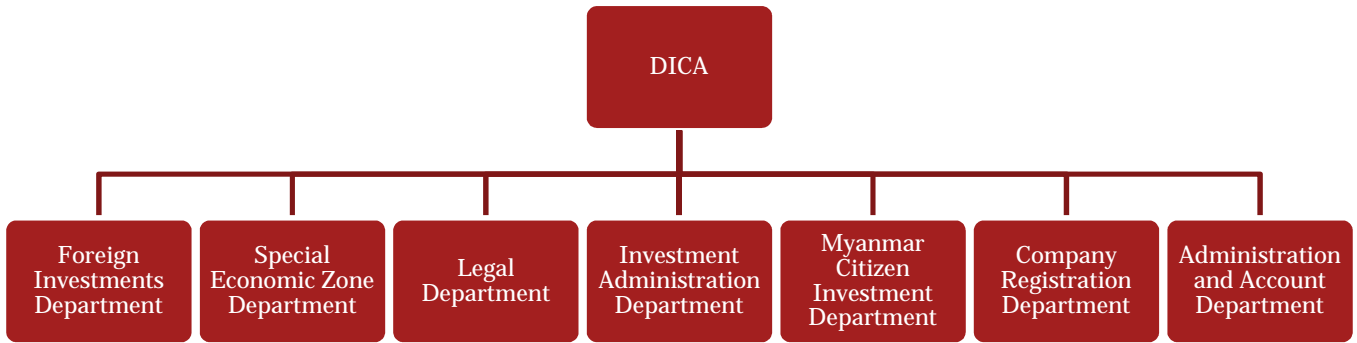


Chart 3.4.2 Departments within the DICA

Source: DICA's website

The Foreign Investments Department provides information on investment opportunities in Myanmar to interested investors (both foreign and local). It also addresses the enquiries of investors on the application of the Foreign Investment Law, rules and regulations and documentation requirements. This department is also responsible for ensuring that all required data and information is complete when an investment proposal is being submitted to the MIC.

The responsibility of the Central Working Group for the SEZ Department includes:

- Coordinating and arranging the assignments of officers and other ranks from various Departments to the Supporting Working Group of the regional economic zone;
- Coordinating between the State and Regional Government and the Supporting Working Group of the State/Region;
- Coordinating between the SEZ Supporting Working Group and Central Working Committee;
- Processing office administrative duties between the Regional Export Processing Zone<sup>18</sup> (EPZ) Developer and the concerned Ministries;
- Coordinating between the Regional EPZ Developer and the concerned Ministries for the importation of heavy machineries and entry visa for the foreigners;
- Information dissemination about the development of SEZ regionally to attract the local and foreign investors;
- Promotion and execution of investment in the regional SEZs;
- Processing the proposals submitted by the Developer or Investors; and

The Legal Department's duties and responsibilities include:

- Examining proposals and the attached agreements for compliance to the relevant laws
- Checking rules and regulation relating to Foreign Investment Law and Notifications and Directives relating to the Myanmar Citizen Investment Law
- Examines disputes, changes in shareholding and termination of businesses.
- Drafting the Laws, Notifications and Directives from time to time;
- Recording, analyzing and gathering the conventions, agreements, issues and regulations relating to the international trade and investment;
- Monitoring the other countries' investment regimes and comparing with Myanmar's own

<sup>18</sup> EPZ means the zone that carries out securely from local or abroad export processing by importing machinery, raw materials and special services relating to export goods in accordance with the stipulations within the Special Economic Zone. The said Zone is demarcated by a boundary, securely fenced and supervised by the Customs Department.

- Processing and examining complaints by the developer or investor with regard to the issues of exemptions and reliefs according to the Foreign Investment Law;
- Advising laws related issues to be in line with the Directives announced by the Government and Myanmar's Investment Commission to the Government Departments which intend to lease the land;

The Investment Administration Department investigates and administers changes in investors' details (e.g. addresses, names, etc), issuing recommendation letters for visa extensions, foreign expertise recruitment, and the application for their residence permits or multiple entry visas in accordance to the Foreign Investment Law. In addition, this department is also responsible for scrutinizing the list of machineries which have been imported as this is considered to be foreign/imported capital under the Myanmar Companies Act (1914).

The Myanmar Citizen Investment Department is more concerned with the advising and administering processes for local Myanmar investors.

The Company Administration Department oversees the setting up of new companies, including the issuance of business permits and licenses, examining the Articles of Association for businesses, issuances of companies' registration certificate, etc.

The Administration and Account Department overlooks the operational requirements of DICA (e.g. HR, payroll, etc)

#### **Myanmar Investment Commission (MIC)**

The MIC is implemented by DICA and overseen by the Ministry of National Planning and Economic Development. The role of MIC is to appraise domestic investment proposals and also considers tax relief and customs exemptions for investors. A new set of reforms of the Myanmar Investment Law includes a proposed transformation of the MIC from a government-appointed body into an independent board. This is expected to bring greater transparency to the process of issuing investment licenses.

The MIC was re-established and reformed in 2011 with 16 members. The restructuring of MIC saw the appointment of economists, businesspeople, former ambassadors and representatives of non-governmental organizations appointed to the commission for the first time since it was established in 1994. A key function of the MIC is the formulation of Myanmar's new Foreign Investment Law, which was first promulgated in 1988, before the formation of MIC in 1994. The by-laws to the new foreign investment law were issued in the January 2013.

#### **3.4.2 Key Transport Ministries**

Myanmar's transport sector consists of six subsectors: roads, railways, inland waterways, ports, civil aviation, and urban transport. A number of ministries are involved in the provisions of the various transport infrastructure and services. There is however an absence of a single agency responsible for the overall transport sector.

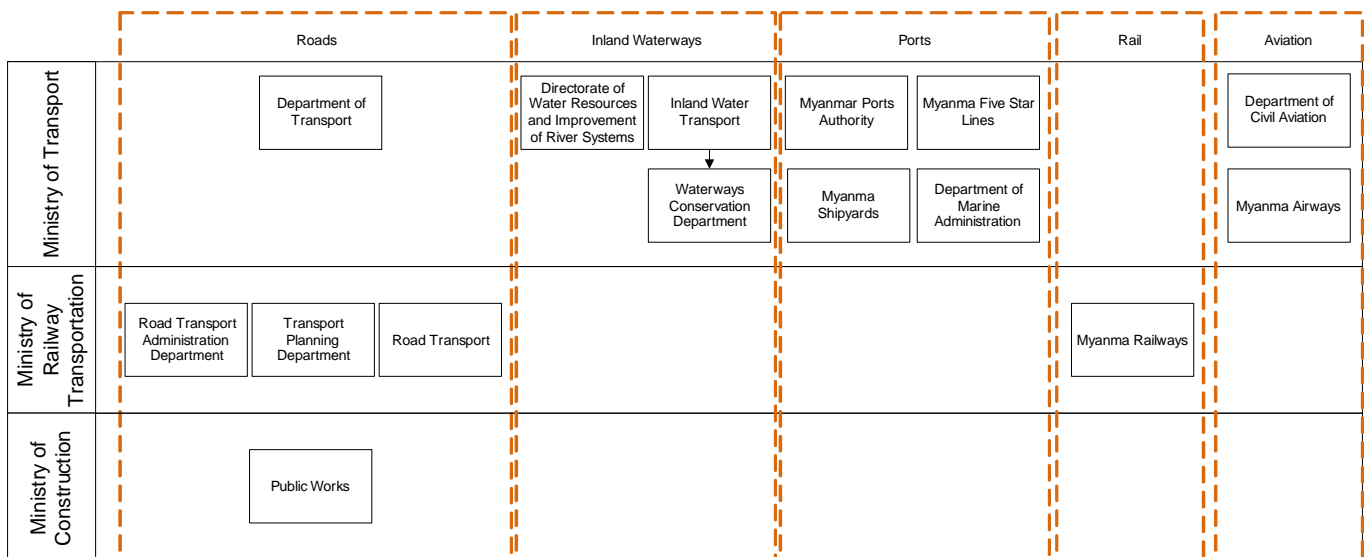


Chart 3.4.3: Multiplicity of ministries involved in the transport sector

Source: Prepared by Consultant

### Ministry of Transport

There are twelve dependent departments/agencies/ institutes under the Ministry of Transport. The main responsibilities and functions of the key departments in the Ministry of Transport are described below.

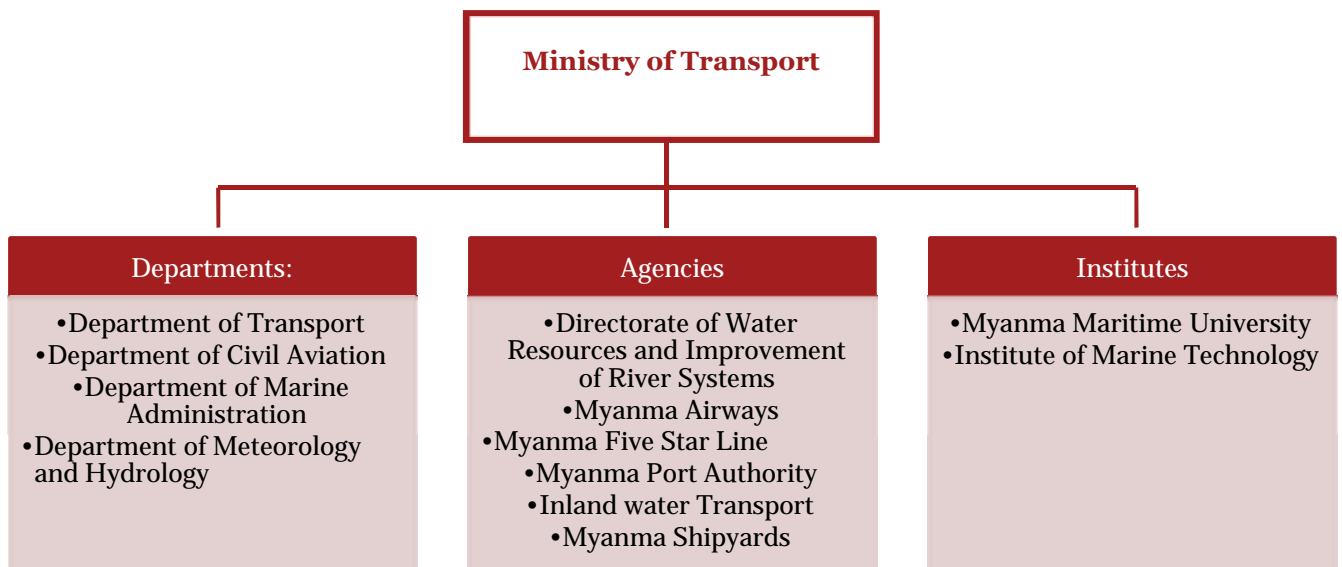


Chart 3.4.4: Departments and Agencies under the Ministry of Transport

Source: ADB (2012)

The Department of Transport's has the following responsibilities:

- Formulate transport policies and monitor the impacts of policy initiatives;
- Ensure that agreed transport policies are reflected in the laws and regulations governing the sector;
- Monitor transport costs, prices and the efficiency of the transport system;
- Co-operate the action plans of the international and regional organizations (e.g. ASEAN, BIMSTEC, ACMECS, GMS); and

- Promote human resources development relating to the transport sector.

The Department of Civil Aviation (DCA) oversees the following:

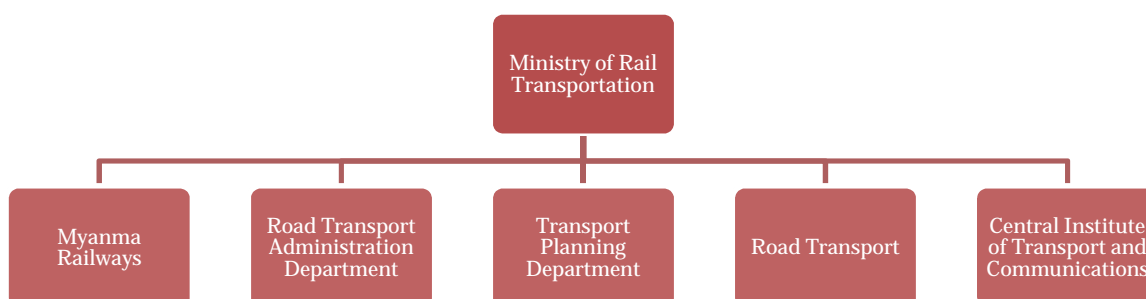
- Air Traffic Services;
- Communication and Radio Navigation Facilities;
- Licensing of pilots and aircraft maintenance engineers and flight checks;
- Construction, maintenance and management of airports;
- Airworthiness Control;
- Issue of permits and licences to domestic and international airlines;
- Conclusion of bilateral air agreements;
- Relations with International Civil Aviation Organization (ICAO) and other international organizations; and
- Training of civil aviation personnel.

The Department of Marine Administration has the following functions:

- Conform National Ships to Safety standards, safe practices and standard of competence required of its marine personal;
- Promote development of human resources, man-power planning and optimum utilization of such man-power in the maritime sector;
- Improve the safety record of Myanmar registered vessels; and
- Improve specific obligation save lives in distress at sea and protection of the marine environment.

### Ministry of Rail Transportation

There are five dependent departments/agencies/ institutes under the Ministry of Rail Transportation. There are various overlaps in functions performed by the Ministry of Rail Transportation with the Ministry of Transport and Ministry of Construction. This is in particular with regards to its involvement in road transportation.



Source: ADB (2012)

Chart 3.4.5: Department, Agencies and Institutes of the MORT

The Road Transport, Administration Department and the Transport Planning Department are the core services agencies within the MORT. The Road Transport is a state owned provider of road transport services for passengers and freight. The Road Transport Administration Department is responsible for motor vehicle inspection and registration, drivers' license testing and issue, traffic regulations, road signs, traffic accident statistics; and vehicle-related taxes. The Transport Planning Department is responsible for scrutinizing and coordinating plans, budget, and financial matters for the ministry and its agencies; issuing licenses to operators who use the road vehicles commercially for carrying passengers and freight; managing to transport the



necessary amount of goods and passengers to the necessary place within the necessary time in collaboration with the internal transportation force in transporting state-owned goods and local and international passengers; coordinating international and regional relations related to land transport.

### Ministry of Construction

The Ministry of Construction (MOC) is responsible for the construction and subsequent maintenance of roads and bridges in Myanmar. Additionally, the MOC also undertakes the construction and maintenance of the budgeted works of buildings and establishments assigned by other ministries and departments (e.g. airfields by the Ministry of Transportation (MOT)), civil and regional development works and the development of housing projects and human settlement programs for the economic and social benefits of the public.

The MOC consists of an organization, the Public Works; and a department, the Department of Human Settlement and Housing Development (DHSHD). The MOC is responsible for the following:

- preparing policies for development of roads;
- preparing plans for construction of roads;
- repair and maintenance of roads;
- arranging and overseeing joint ventures with other agencies for construction and maintenance of roads;
- undertaking land acquisition and clearance for construction of roads;
- importing equipment for constructing and maintaining roads;
- undertaking research related to construction and maintenance of roads; and
- overseeing the Public Works Department, which provides the resources to undertake these tasks and has separate divisions responsible for roads, bridges, public buildings, and airfields.

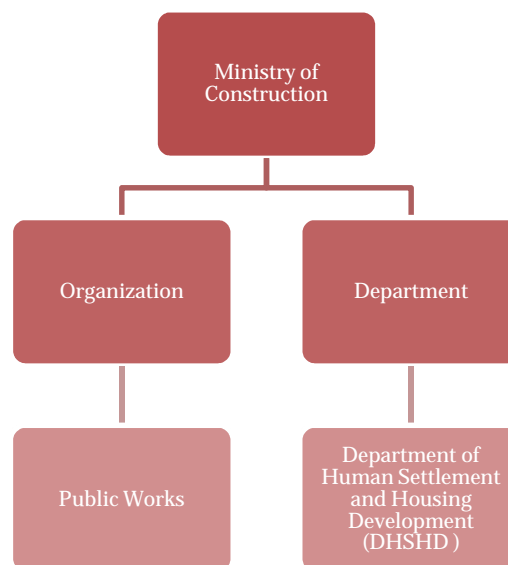


Chart 3.4.6 Departments and Enterprise of the Ministry of Construction

Source: Material from MOC

### Ministry and Development Committee

In addition to the divisions of roles mentioned above, there are some rules regarding the responsibilities by size and conditions and the table below describes the examples in road and bridge.

Table 3.4.1: Examples of Divisions of Roles by Union Level Government/City Development Committee (CDC)

| Sectors | Size/Conditions       | Responsible Organizations          |
|---------|-----------------------|------------------------------------|
| Road    | Large scale           | Ministries at Union Level          |
|         | Smaller scale         | CDC                                |
| Bridge  | Length>60 feet (180m) | Ministry of construction           |
|         | Length<60 feet (180m) | CDC                                |
|         | Bridge over railway   | Ministry of Railway Transportation |

Source: Prepared by Consultant

### 3.5 Public Finance System

#### 3.5.1 Budgeting System

##### Budget Category

There is Union Budget, a national budget, which is approved by the President and State/Region Budget for 7 Regions and 7 States, which is approved by the chief minister (or governor). Union budget amounts to 93% of the total budget and Regional budget stands for the rest.

Union budget is classified to the following categories:

- State Administrative Organization (SAO) budget;
- Ministry and Department budget;
- State Owned Economic Enterprises budget (for 18 SOEs); and
- Municipalities/Development Committee budget.

Budget includes (i) current budget, (ii) capital budget and (iii) financial budget. (i) and (iii) is planned by Budget Department and (ii) is planned by Planning Department.

The budget estimates of the country are published annually by the Budget Department of the Ministry of Finance and Revenue (MOFR).

#### 3.5.2 Fiscal Policy

It is noted that fiscal policy of Myanmar is formulated and implemented by the Budget Department on behalf of the MOFR<sup>19</sup>. The fiscal policy of Myanmar is to promote infrastructure development which is essential for socio-economic development of the nation and to achieve sustainable economic growth for the long run. It set out the following five objectives of its fiscal policy.

- to increase investment
- to improve infrastructure support
- to create new job opportunities
- to improve the living standard of the people
- to promote Education and Health sectors by allocating more expenditure

<sup>19</sup> Website of MOFR

### 3.5.3 Budget Process

Budget Department of MOFR plans and implements the Union Budget, seven Region Budgets and seven State Budgets.

Each ministry submits proposal in July-August for the next fiscal year budget (April- March) and it is approved by MOF during September-December. The budget of the Union Ministries and Union level organizations are reviewed by a Vice-President assigned by the President, and the estimated budgets are submitted to the Financial Commission. The budgets of the Region or State are to be reviewed by the other Vice-president assigned by the President, and the estimated budgets of the Region or State are to be submitted to the Financial Commission.

The Financial Commission shall submit the budget to the Parliament with recommendation for the Union Budget which includes the expenditure of the Union territory, a supplementary finance as suitable to the Regions or States from the Union Fund, giving grants as a special matter and permitting loans.

### Reform

In order to improve the financial accountability of public expenditure, discussion with the World Bank and IMF is underway. 24 indicators to analyse accountability will be identified.<sup>20</sup>

Starting from 2012-2013 Fiscal Year, Government adopts new Financial System for the State Owned Economic Enterprise and the State Owned Economic Enterprises (SOE) will be separated from State Fund Account to their owned Fund Account System. Financing of the budget deficit of SOEs will be provided or lent from fund of Union with an approval of Cabinet. The income and expenditure with Foreign Currency are calculated based on one USD equivalent to 800 Kyats in the State Budget. They have to operate their business activities by their own Fund. SEEs should not rely on the government budget for their business activities and need to try to be independent. At the present, SOEs face many difficulties to change from State Fund Account System to owned Fund Account System. Therefore, government is planning to change SEEs Budget System, step by step.

### Costing and Financing of Development Programs

It is noted that budget deficit will be financed by following method.<sup>21</sup>

- Financing the Union Budget Deficit: The Union Budget deficit will be financed by selling the Treasury Bonds to the Public and borrowing from Central Bank. After the development of the securities markets, the financing pattern may change gradually.
- Financing the State / Region Budget Deficit: The financing of State and Region Budget deficits are as follows:
  - For the Fiscal Year 2011-2012, the Regional Government may receive the grants from the Union Fund when the regional budgets are running with deficit.
  - For the Fiscal Year 2012-2013, the Ministries and Departments may receive grants from the Union Fund and State Economic Enterprises may borrow from the Union Fund as loan with 4% interest rate.

---

<sup>20</sup> Interview with Budget Department

<sup>21</sup> Website of MOFR

## ***3.6 Procedures related to Infrastructure Business***

### ***3.6.1 Project Approval Process of Investment Projects by Private***

#### **Organizations involved in approval process**

For the investment projects by private sector including infrastructure projects, approvals should be obtained from related organizations. There are four kinds of organizations involved in the approval process:

- **Line Ministry:** The ministry which is in charge of the development of the project
- **MIC:** The organization which has ultimate authority for approval of investments
- **DICA:** Directorate under MNPED, Secretariat of MIC
- **PAPRD:** Project Appraisal and Project Review Department under MNPED, which assesses the viability and feasibility of the project and submits evaluation report to MIC

#### **Project approval process**

Following is the approval process of investment projects by private sector<sup>22</sup>. Although new foreign investment law is enacted and the procedure for investment is indicated in the law, the procedure may not be necessarily executed in a standardized manner. Considering this, it is advised that investors have a consultation on the procedure with related ministries/ organizations prior to the application.

- 1) **Submission of project proposal from private company to line ministry:** A private company submits project proposal to each line ministry.
- 2) **Discussion and consultation on the proposal:** A private company and a line ministry have a discussion and consultation on the contents of the proposal.
- 3) **Submission of application form:** Line ministry completes the application form and submits the completed form to MIC.
- 4) **Request for review from MIC to DICA:** After receiving the report, MIC requests DICA (secretariat of MIC) to review the project.
- 5) **Consultation from DICA to PAPRD for assessment:** DICA asks PAPRD for assessment of the proposal.
- 6) **PAPRD's assessment report:** PAPRD provides assessment on the project from various aspects (e.g. political, financial and environmental). Details of the assessment will be provided in the following section.
- 7) **Approval of project by MIC:** PAPRD sends reports to MIC through DICA. Based on the report submitted by DICA, MIC finally approves the investment to the project. MIC is not bound by the conclusion of the assessment and can make its own decision regardless of the contents of the assessment.

---

<sup>22</sup> The process shown is initiated by the private sector's proposal, and it is understood from interviews with Ministries that it is common to have the project be proposed by the private sector.

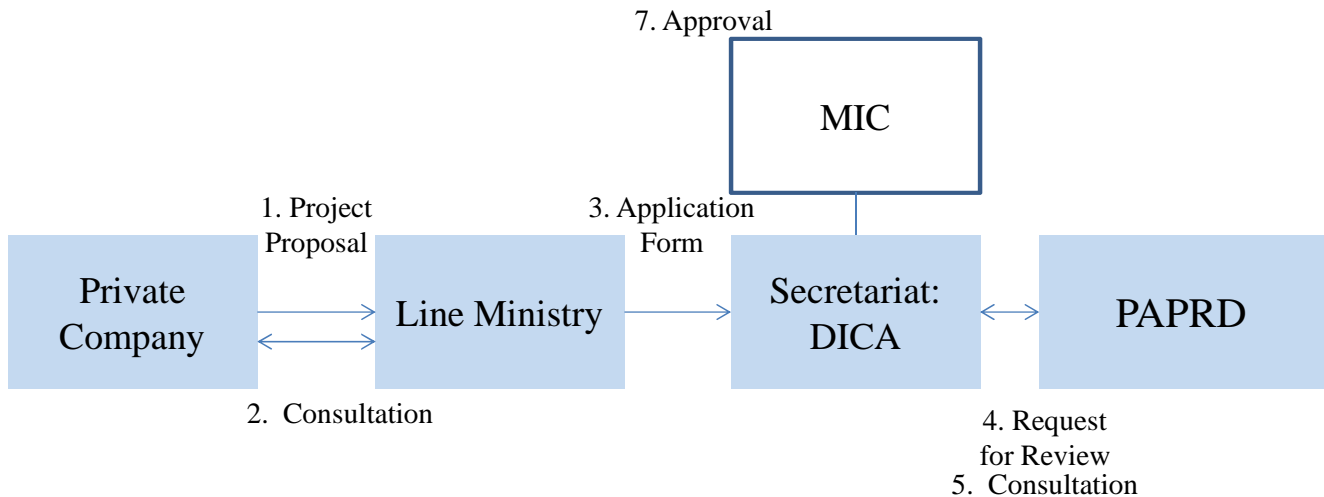


Chart 3.6.1: Project Approval Process

Source: Prepared by Consultant based on interview with PAPRD

### 3.6.2 PAPRD's assessment

PAPRD provides assessment from various aspects. Assessment is provided only through document review and no interview is conducted. General assessment criteria are composed of several factors including: financial factors (Internal Rate of Return, Benefit/Cost), political factors, environmental factors etc. Below is the information on assessment by PAPRD based on the interview to the organization.

- Financial Internal Rate of Return (FIRR) and Economic Internal Rate of Return (EIRR) : if the project's FIRR is low but project's impact is high, EIRR can be used instead of FIRR for measurement.
- FIRR: the number should exceed average costs of funds, 3-4% in Kyat base, for infrastructure projects. For EIRR, the number should exceed 12% in Kyat base.
- B/C: minimum requirement is that the number exceeds 1.00.
- Environment assessment: the result comes from the discussion between line Ministry and Ministry of Forestry.

To ensure the viability of the infrastructure project, it is important to raise tariff to an appropriate level. However, since the project tariff is exclusively approved by Ministry / Cabinet, PAPRD does not provide any recommendation on tariff revision.

The result of its assessment is included in the evaluation report by PAPRD. However, MIC can make a decision on approval of the project regardless of the result of assessment.

### 3.7 Private Sector Participation in Infrastructure in Myanmar

Considering the increasing infrastructure needs in Myanmar, it is assumed that private financed and/or participated infrastructure projects would be required to alleviate the fiscal burden for the country. Although government funded projects have been dominant in infrastructure arena in Myanmar, some private players have already participated in infrastructure projects under a variety of forms. However, there is no framework or guidance of private participation which is applicable to various infrastructure sectors in Myanmar.

#### 3.7.1 Overview

There is no nation-wide PPP Law or BOT law which is applicable to infrastructure projects. The same technical term, such as BOT, is used in different ways by sector. For instance, in road sector, it is reported that about 30 BOT projects have been implemented. However, almost all the projects do not include “Build”, and only include upgrading works. In addition, the private sector does not own assets of the projects during the project period so there is no “Transfer” in the projects (in this sense, the general term to call these types of PPP projects would be “Rehabilitate-Operate”). Similarly, in the airport sector, the private sector is also prohibited from owning assets but the projects are called “BOT”. On the other hand, in port sector, the private companies are allowed to own assets of the projects and their BOT practices seem close to the general definition of BOT projects. In this way, it seems the definition of PPP has not been clearly recognized, however, there is a trend of private sector’s participation in infrastructure projects.

The chart below indicates general roles of public sector and private sector in public sector projects. As the chart shows, the roles are different depending on the type of project and projects with shared roles and responsibilities between both parties are called as PPP. The public and private share the roles and responsibilities, such as asset ownership, finance, construction, operation, maintenance, tariff collection etc.

|                                   | <i>Public Procurement</i> |              | <i>Public Private Partnership</i> |                       |         |          | <i>Privatization</i> |
|-----------------------------------|---------------------------|--------------|-----------------------------------|-----------------------|---------|----------|----------------------|
| Procurement type<br>Function      | State Utility             | Out-sourcing | Affermage                         | BTO(*)/<br>Concession | BOT(**) | BOO(***) | Privatization        |
| Ownership                         | Red                       | Red          | Red                               | Red                   | Gray    | Gray     | Gray                 |
| Initial Investment/<br>Financing  | Red                       | Red          | Red                               | Gray                  | Gray    | Gray     | Gray                 |
| Revenue Collection                | Red                       | Red          | Gray                              | Gray                  | Gray    | Gray     | Gray                 |
| Asset Management                  | Red                       | Red          | Gray                              | Gray                  | Gray    | Gray     | Gray                 |
| Operation                         | Red                       | Red          | Gray                              | Gray                  | Gray    | Gray     | Gray                 |
| Accountable for service provision | Red                       | Red          | Red                               | Red                   | Red     | Red      | Gray                 |

\*Build-Transfer-Operate,  
 \*\* Build-Operate-Transfer  
 \*\*\*Build-Own-Operate

Chart 3.7.1: Examples of the types of PPP

Source: Prepared by Consultant

In Myanmar, in principle, land and asset is owned by the government and leased to the private sector. (Land

cannot be owned by private sector. In some sectors, such as Port sector, asset is owned by private sector).

Finance is provided by private sector under either JV scheme or BOT scheme. Under JV scheme, both private and public hold stakes of the project, while private sector builds and operates the assets and transfers to the government under BOT scheme. However, in some cases in Myanmar, a procuring agency invites tenders for JV, but in reality they were projects for outsourcing of operation and maintenance. Under some BOT projects, construction is not included in private sector's role. The definition of these terms is not always clear and likely to be used in a different meaning depending on the sector and the organization in charge.

Reviewing the structure of infrastructure projects with private sector participation, it would generally be observed that the public share limited roles and risks in compared with the private sector. Most risks are transferred to the private sector under some projects and most risks remain in the public sector under others. It would be required for the public sectors to structure the projects with thorough consideration of risks and appetites of the private sector.

Nonetheless, there are track records of private sector participation in some sector (e.g. road, port, electricity), and preparation of new tenders for private investment/participation are underway in many sectors. Existing project structures are reviewed by sector in the following chapter to understand current practices.

### *3.7.2 Legal Basis for Private Sector Participation*

There is no specific legal framework for private sector participation neither for overall infrastructure development nor at individual sector law. No legal basis is provided for the public sector to share appropriate risks, assure sound investment environment for the private sector, and have transparent tender procedures.

As reviewed above, foreign investors are required to follow Foreign Investment Law and some articles affect infrastructure business (e.g. land lease, BOT projects, environmental requirement etc.).

As for the forms of investment carried out under the new Foreign Investment Law, Chapter 3 Article 17 of Foreign Investment Rules (The Ministry of National Planning and Economic Development Notification No. 11/2013) stipulate as follows:

“The investment may be carried out through any of the following forms:

- (a) With the exception of businesses that are covered by notifications issued under Rule 5, foreign Investors may own the entire business;
- (b) If a foreigner forms a joint venture with a citizen or Government department with organization, the capital share ratio shall be fixed by the joint venture contract and in accordance with the shareholders agreement;
- (c) in any other form agreed by mutual contract between a private investor and a state entity such as a BOT or BTO (Build – Transfer - Operate) contract.”

Private sector participation in forms such as JV and BOT/BTO are possible for the foreign investors.

## ***4. Investment Environment by Sector***

Although legal framework for private sector participation in infrastructure has not been well set up, some sectors have implemented projects with private players' involvement and plan to promote private participation. This chapter reviews sector specific laws and regulations, its investment policy, and existing practice for private sector participation in order to understand the investment environment by sector.

### ***4.1 Electric Sector***

#### ***4.1.1 Overview of the Sector***

Myanmar has abundant energy resources, particularly hydropower and natural gas. The electricity supply has doubled during last decade, and so as the electricity consumption. In 2012, total system installed capacity of electricity was 3,495 megawatts (MW), consisting of 2,660 MW (76 %) hydropower capacity, 715 MW (21 %) gas-fired capacity, and 120 MW (3%) coal-fired capacity.

Although the installed capacity exceeds the peak load of 1,533 MW (2011), the supply constrains remains big issue for the country. As the foreign aid virtually stopped in 1990s, there was little investment on the new development or renovation of electric generation plant or national grid system. The power supply network is often unreliable in urban areas, and it barely extends to the rural areas of the country. In 2011, total electricity consumption was 6,312 GWh. With a population of about 60 million, Myanmar's per capita electricity consumption was only around 120 kWh per year, which was the lowest among ASEAN countries (and which is around 1/60 compared with per capita consumption of Japan). The country experiences regular power shortages and cannot produce enough electricity to serve the country's needs.

The crunch of electricity supply arises almost all the year, but even worse at the dry season (around October to May). During the dry season, the hydropower plants cannot generate at full capacity due to insufficient water storage. They are often suffered with the power blackout as well. It was reported that technical and non-technical losses of the transmission and distribution system were as high as 30% in 2003 and 27% in 2011.

Its unreliable power supply is a major drawback for many industries which are required to secure alternative power sources with high costs. The frustration for the lack of stable electricity supply is high among Burmese. In May 2012, for example, demonstrations against the country's power cuts continued for several weeks in some of the major cities, which give the Myanmar government the great awareness of the need to improve the electric sector. The government often prioritizes the electric supplies to households than the supplies to industries. This fact also shows that the weak electric infrastructure might hinder the further economic growth of the country.

The country's average electrification grew from about 16% in 2006 to 26% in 2011. But the supply concentrates on the main cities (67% electrification ratio in Yangon city, 54% in Nay Pyi Taw, 37% in Kayar and 31% in Mandalay). The remaining rural areas are still poorly electrified, which suggests that around 40 million people are left without grid electrification. It should be also noted that more than 70% of total energy supply of the country is based on traditional biomass (fuel wood, charcoal, agriculture residue, and animal waste). Fuel wood accounts for more than 90% of biomass-sourced energy, most of which is harvested from natural forests.



Table 4.1.1 Installed and Available Generation

| Type        | Name of the Power Station | Installed Capacity (MW) | Annual Production (GWh) |
|-------------|---------------------------|-------------------------|-------------------------|
| Hydropower  | Baluchaung BHP (1)        | 28.0                    | 200.0                   |
|             | Baluchaung BHP (2)        | 168.0                   | 1,190.0                 |
|             | Kinda                     | 56.0                    | 165.0                   |
|             | Sedawgyi                  | 25.0                    | 134.0                   |
|             | Zawgyi (1)                | 18.0                    | 35.0                    |
|             | Zawgyi (2)                | 12.0                    | 30.0                    |
|             | Zaungtu                   | 20.0                    | 76.0                    |
|             | Thaphanseik               | 30.0                    | 117.2                   |
|             | Mone                      | 75.0                    | 333.0                   |
|             | Paunglaung                | 280.0                   | 911.0                   |
|             | Ye'new                    | 25.0                    | 123.0                   |
|             | Khabaung                  | 30.0                    | 120.0                   |
|             | KengTawn                  | 54.0                    | 377.6                   |
|             | Shweli (1)                | 600.0                   | 4,022.0                 |
|             | Yeywa                     | 790.0                   | 3,550.0                 |
|             | Tapein (1)                | 240.0                   | 1,065.0                 |
|             | Shwegyin                  | 75.0                    | 262.0                   |
|             | Kun                       | 60.0                    | 190.0                   |
|             | Kyee ON Kyee Wa           | 74.0                    | 370.0                   |
|             | Coal-Fired                | Shan                    | 120.0                   |
| Gas Turbine | Kyunchaung                | 54.3                    | 300.0                   |
|             | Mann                      | 36.9                    | 0                       |
|             | Myanaung                  | 34.7                    | 200.0                   |
|             | Shwedaung                 | 36.5                    | 300                     |
|             | Ywama                     | 70.3                    | 238.0                   |
|             | Thakayta                  | 92.0                    | 568.0                   |
|             | Ahlon                     | 154.2                   | 990.0                   |
|             | Hlawga                    | 154.2                   | 990.0                   |
|             | Thaton                    | 50.95                   | 300.0                   |
|             | Mawlamyaing               | 12.0                    | 60.0                    |
|             | Total                     | 3,495                   | 17,814                  |

Source: ADB (2012)

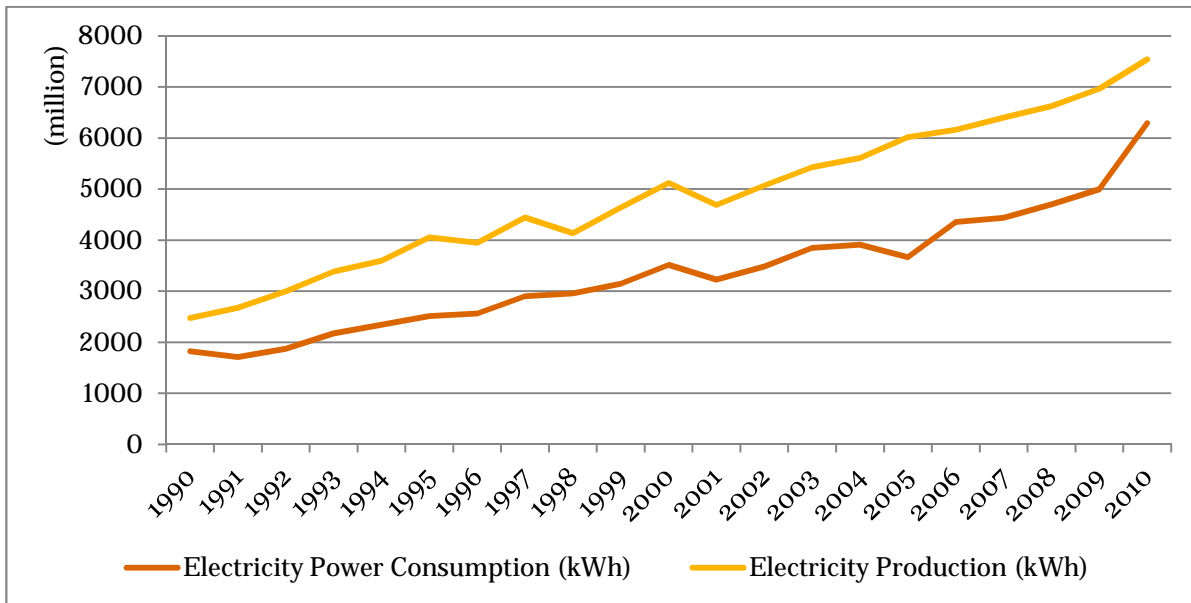


Chart 4.1.1 Electricity Power Production and Consumption (from 1990 to 2010)

Source: World Bank (2011)

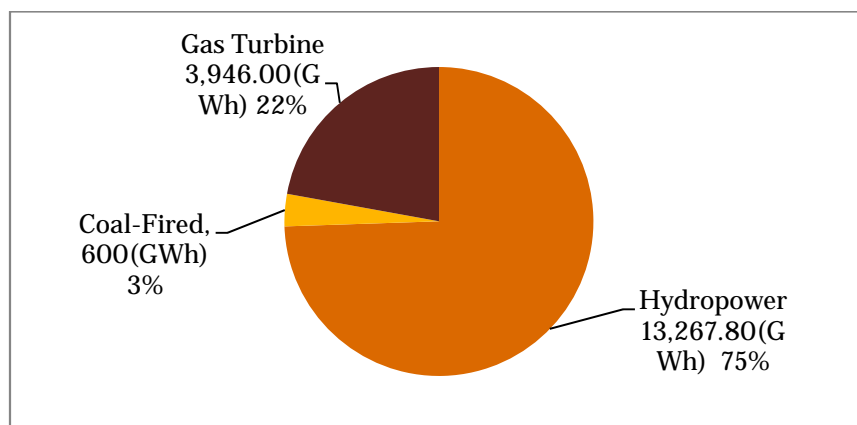


Chart 4.1.2 Annual Production of Power Station by Energy Source in 2012

Source: ADB (2012)

At 2012, there are 28 power generating plants in Myanmar’s national grid system, among which 17 are of Hydropower Stations, 1 is of Coal Fire Power Plant, 10 are of Gas Turbine Power Plants (including 4 Combined Cycle in Yangon). The 17 hydropower stations are operated by Hydropower Generation Enterprise (HPGE), Myanmar’s State Own Enterprise under MOEP. MOEP is planning to build another 13 hydropower plants in the period of 2020, with a total capacity of 2,572 MW.

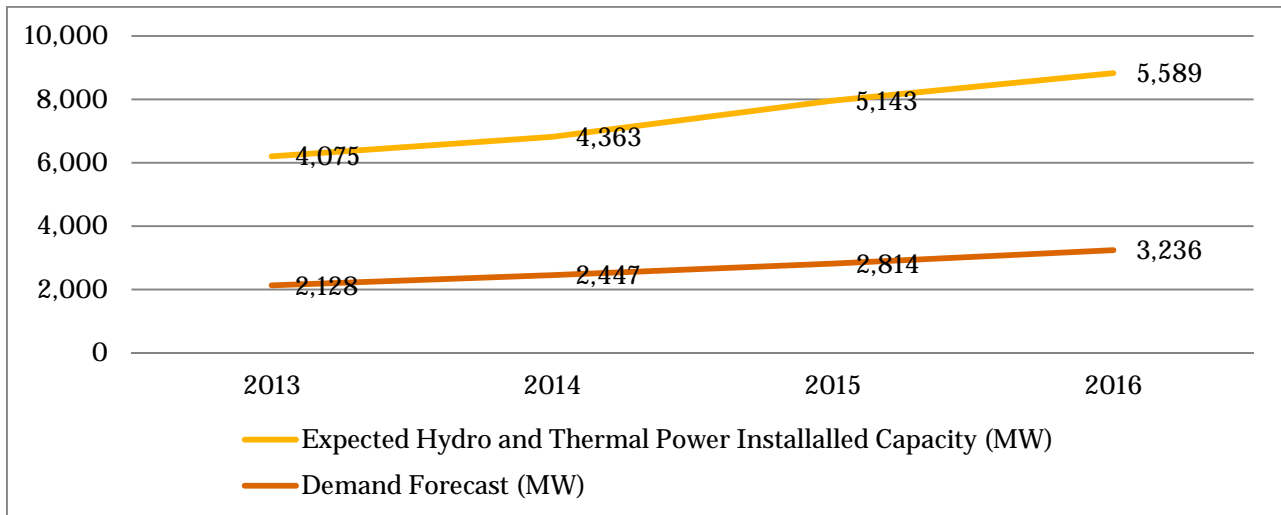


Chart 4.1.3 Demand Forecast and Expected Power Installation

Source: MOEP material, 2013

Table 4.1.2 Future Hydropower Projects to be implemented by HPGE

| Name of the Project | Installed Capacity (MW) | Annual Energy Generation (GWh) |
|---------------------|-------------------------|--------------------------------|
| Upper Paunglaung    | 104                     | 454                            |
| Nancho              | 40                      | 152                            |
| Middle Paunglaung   | 100                     | 500                            |
| Shweli (3)          | 1,050                   | 3,500                          |
| Kun                 | 60                      | 190                            |
| Phyu                | 40                      | 120                            |
| Upper Yeywa         | 280                     | 1,600                          |
| Bawagata            | 160                     | 500                            |
| Manipur             | 380                     | 1,903                          |
| Tha-htay            | 111                     | 386                            |
| Ann                 | 10                      | 44                             |
| Upper Buywa         | 150                     | 534                            |
| Upper Keng Tawng    | 51                      | 267                            |
| <b>Total (13)</b>   | <b>2,572</b>            | <b>10,150</b>                  |

Source: MOEP (2012)

There are market growth potentials in the sector. According to a Myanmar official, the hydropower potential of the country is expected to be more than 100,000 MW on and in installed basis. As shown below, MOEP has identified more than 200 potential hydropower sites throughout the country which has total installed capacity of 39,720 MW. The minimum needs of the electricity to be generated for the whole country are estimated at over 30,000 MW, which is far above the current installed capacity in Myanmar.

Table 4.1.3 The Hydropower Potential Sites of Myanmar by region

| Region (State & Division) | Number of Sites | Potential (MW) |
|---------------------------|-----------------|----------------|
| Kachin                    | 39              | 2,061          |
| Kayah                     | 7               | 3,909          |
| Kayin                     | 21              | 17,021         |
| Chin                      | 22              | 1,312          |
| Segaing                   | 21              | 2,399          |
| Taninthayi                | 14              | 692            |
| Bago                      | 11              | 483            |
| Magwe                     | 8               | 123            |
| Mandalay                  | 17              | 3,482          |
| Mon                       | 10              | 292            |
| Rakhin                    | 14              | 247            |
| Shan                      | 82              | 7,699          |
| <b>Total</b>              | <b>266</b>      | <b>39,720</b>  |

Source: MOEP (2011)

Most of additional produced power comes from new hydro-power stations. However, a significant portion of the newly installed capacity, which is mostly built with foreign investment, is re-exported to the neighboring countries, such as China and Thailand.

There is some political sensitivity for these practices of re-exporting electricity in neighboring country, together with the concern over the environmental issues. This is the background of the news in 2011 when President Thein Sein announced that the government put in holds the Myitsone dam project, on which Chinese consortium made huge investments.

#### 4.1.2 General and Investment Policy on the Sector

History of the Myanmar's electric sector dates back to 1905, when the Rangoon Electric Tramway and Supply started the supply of electricity to Yangon city. With the independence from British Rule, the company was nationalized, and it is still under the state control. The supply of the electricity has been made by SOE. However, the government is now trying to open the door to JV/IPP, including those implemented by foreign investors.

There are four main goals which form the basis of the country's energy policy framework: (a) maintaining energy independence, (b) promoting the wider use of new and renewable sources of energy; (c) promoting energy efficiency and conservation; and (d) promoting household use of alternative fuels.

However, it has to be pointed out that there are several problems and deficiency on the electric sector which results from the limited and inefficient policy mechanism of the government. Some of these examples are<sup>23</sup>; (a) no consolidated energy demand projections or supply planning; (b) lack of transparency and energy policy and pricing mechanism; (c) low electrification ratio; (d) high losses in transmission; (e) low electricity tariff; (f) persistent blackouts in Yangon in dry seasons; (g) poor operation and maintenance of power generation, transmission, and distribution networks; (h) no integrated hydropower development plan for sustainable and

<sup>23</sup> ADB (2012). "Myanmar Energy Sector Initial Assessment"

inclusive development to utilize abundant hydropower potential; (i) no legal requirements for environmental and social safeguards for energy infrastructure; (j) limited number of staff dedicated to energy policy and regulations, and etc.

Meanwhile, the government has been aware of the lack and future need of the coordinated policy among relevant authorities for securing the stable supply of the electricity. In 2001, MOEP founded a committee to establish the 30 years plan for electricity sector, to adequate supply to the growth electricity demand. However, the development of power stations based on 30 year’s plan looks lagging behind, mainly due to the lack of enough funding. According to a government official, the official projection of the growth of electricity demand is expected to keep 10% growth. But the increase of actual demand looks exceeding the government’s projection.

The hydropower has been a main source of power and was used as a base load. Now the tone of policy started to change. According to MOEP, due to uncertainties of water-level during the dry season, and considering the fact that construction period of thermal power plants are generally shorter than construction period of hydro generation power plant, thermal power generation is now seen as a base load, and hydropower generation is for peak-load. The shift of policy is reflected in the thermal power installation projects of MOEP, as shown below.

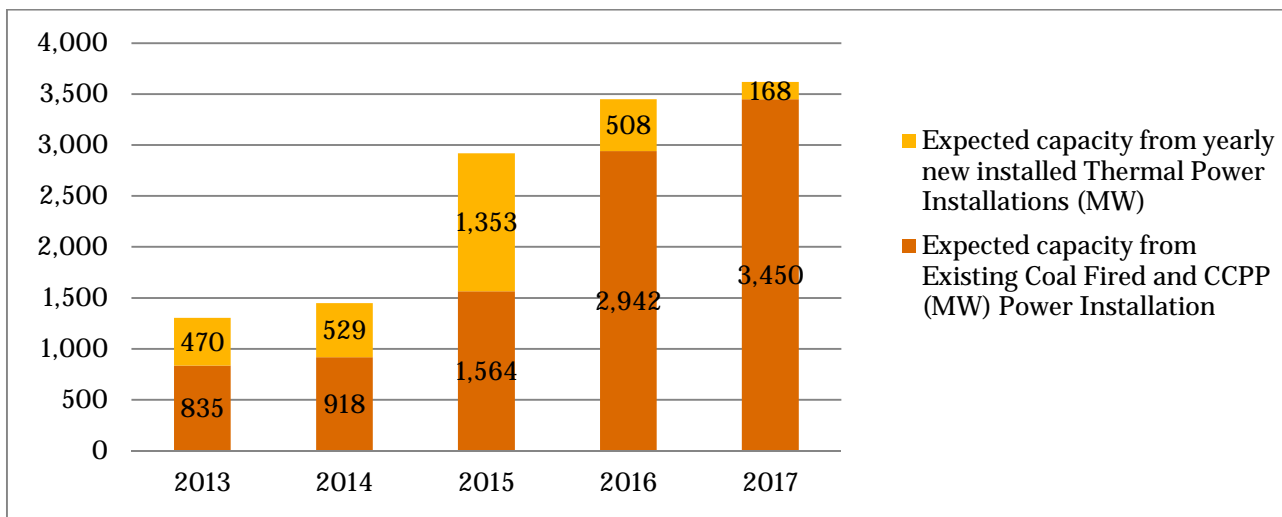


Chart 4.1.4 Short-term Projection of Thermal Power Installation

Source: MOEP (2013)

To ensure the further development of energy and electrical sectors, the President created two organizations: National Energy Management Committee and Energy Management Committee in January 2013. The duties of these organizations include formulation of National Energy Policy, Energy Regulation, and coordination with Privatization Commission and Myanmar Investment Commission for changing the ratio between state-owned and private-owned sectors through privatization<sup>24</sup>. Committees include representatives from various ministries including MOEP and Ministry of Energy (MOE)<sup>25</sup>.

#### 4.1.3 Organization

There are eight concerned Ministries in Myanmar who are responsible for energy matters. MOE is a focal point

<sup>24</sup> <http://www.mba.co.uk/662/national-energy-management-committee-formed-by-president-thein-sein/>

<sup>25</sup> Thomson Reuters, Project Finance International, “Turning on the lights in Myanmar” March 19, 2013

for overall energy policy and policy coordination with concerned Ministries<sup>26</sup>. Power system planning in Myanmar is based on central planning.

Table 4.1.4 Ministries Related to Energy Issues

|   | Ministries  | Scope   |
|---|---|---|
| 1 | Ministry of Energy                                  | Energy policy through the Energy Planning Department, responsible for the oil and gas sector                              |
| 2 | Ministry of Electric Power                          | Hydro and coal power generations, power transmission and distribution, gas-fired generation, and mini-hydro <sup>27</sup> |
| 4 | Ministry of Mines                                   | Coal mining.  |
| 5 | Ministry of Agricultural and Irrigation             | Biofuels and micro-hydro for irrigation purposes  |
| 6 | Ministry of Science and Technology                  | Renewable energy  |
| 7 | Ministry of Environmental Conservation and Forestry | Fuel wood, climate change, and environmental safeguards requirements  |
| 8 | Ministry of Industry                                | Energy efficiency   |

Source: ADB (2012) “Myanmar: Interim Country Partnership Strategy (2012-2014)”

Power planning for future demand and supply is essentially according to power development plan. The Department of Hydropower Planning (DHPP) under MOEP develops a list of potential hydropower projects and then seeks potential developers. In parallel, the Myanma Oil and Gas Enterprise (MOGE) prepares its production plan and allocates gas for power generation. Based on the hydropower plan, connections between generation sources and load centers are then outlined. Tentative schemes for the voltage levels of the transmission lines and substations are proposed. The estimates of the capital requirements and the overall plan are submitted to the Cabinet. Having gone through budget consideration and upon clarification of investment by private sector developers, the power development plan is scaled accordingly for implementation in the coming year. This approach is based on supply availability and the assumption that all power generated will be consumed or will be exported.

### Ministry of Energy

Ministry of Energy has the main responsibility to carry out exploration and production of crude oil and natural gas, refining, manufacturing of petrochemicals and transportation, distribution of petroleum products.

- Energy Planning Department (EPD) is the technical arm of the Ministry and has overall responsibility for Energy Policy formulation within the MOE and coordination, discussion and negotiation of Energy Development Programme;
- MOGE is involved in the exploration, production and transportation of crude oil and natural gas;
- Myanmar Petrochemical Enterprise (MPE) operates 3 refineries, 5 urea fertilizer plants, 3 liquefied petroleum gas plants and a methanol plant; and
- Myanmar Petroleum Products Enterprise (MPPE) is responsible for the marketing and distribution of petroleum products.

<sup>26</sup> <http://www.adb.org/sites/default/files/mya-interim-2012-2014-ssa-02.pdf>

<sup>27</sup> In September 2012, Ministry of Electric Power No. 1 (hydropower and coal power generation) and Ministry of Electric Power No. 2 (power transmission and distribution, gas-fired generation, mini-hydro) were merged. Footnote 6, <http://www.adb.org/sites/default/files/myanmar-energy-sector-assessment.pdf>

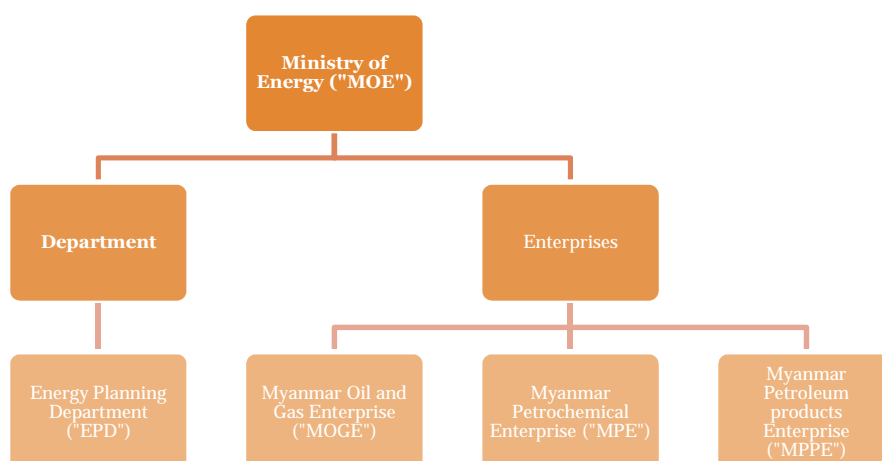


Chart 4.1.5 Department and Enterprises of the Ministry of Energy

Source: MOE Website

### Ministry of Electric Power

Prior to September 2012, there were two Ministries of Electric Power. MOEP1 was responsible for developing, implementing, operating, and maintaining all large hydropower and coal-fired thermal power plants; and MOEP2 was responsible for: (i) developing, operating, and maintaining the transmission network and distribution systems throughout the country; (ii) operating and maintaining gas-fired thermal power generation plants; and (iii) planning, implementing, and operating mini-hydropower plants. These two ministries were merged as one ministry, the MOEP in September 2012<sup>28</sup>.

The MOEP consists of three departments and four enterprises with their responsibilities and functions are summarized below.

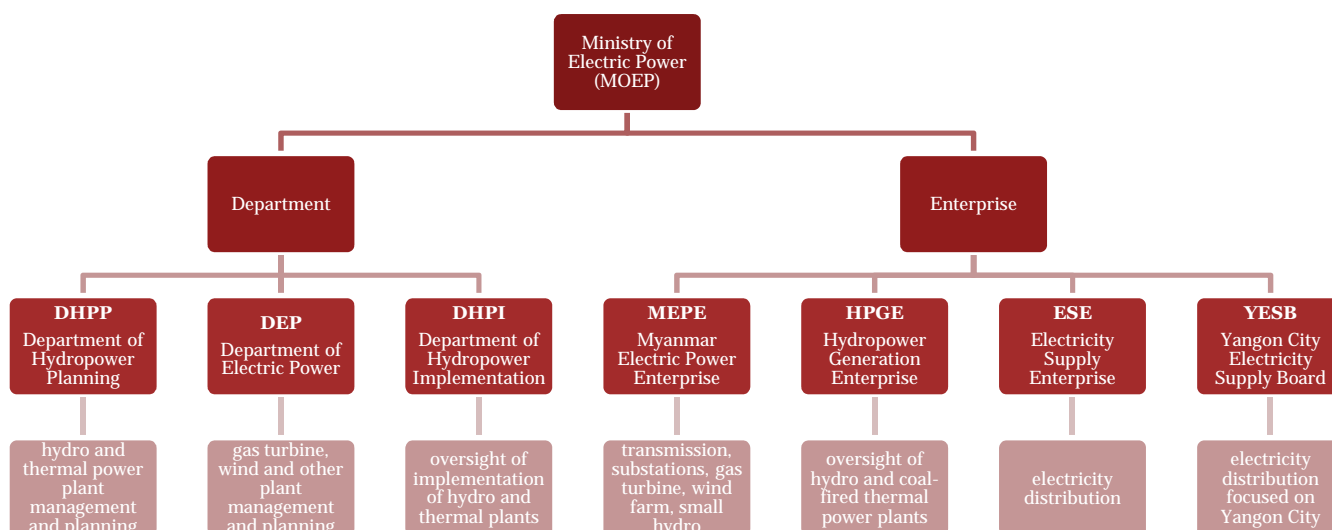


Chart 4.1.6 Organization and Function of the Ministry of Electric Power

Source: ADB (2012)<sup>29</sup>

<sup>28</sup> <http://www.adb.org/sites/default/files/myanmar-energy-sector-assessment.pdf>

<sup>29</sup> <http://www.adb.org/sites/default/files/myanmar-energy-sector-assessment.pdf>

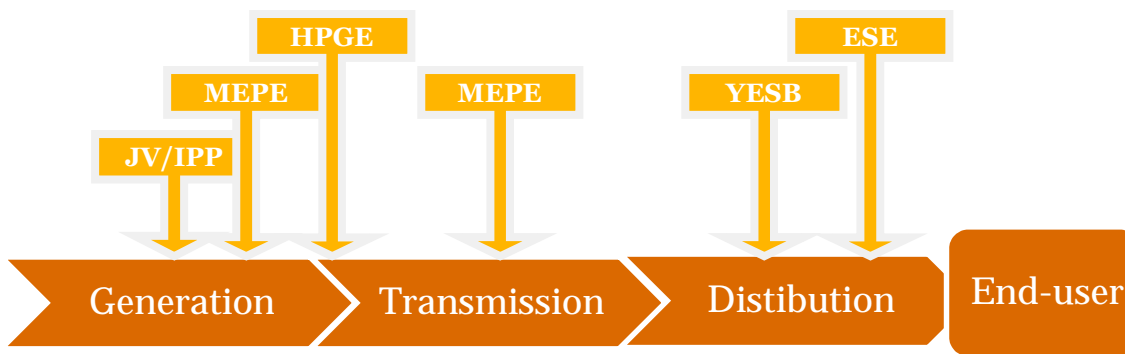


Chart 4.1.7 Supply/Distribution flow of the Electricity

Source MOEP (2012)

#### 4.1.4 Laws/Regulations

The laws and regulations that principally governs the electric sector are as follows:<sup>30</sup>

- The Electricity Law (1984) as amended by the Law Amending the Electricity Law (1990) (the "Electricity Law")
- Procedures in relation to the Electricity Law (July, 1985) (the "Electricity Procedures")

The Electricity Law relates to development, production, transmission, distribution and usage of electricity, as well as the procedure for safety inspections etc. The Electricity Procedures contain procedures relating to the permission of electricity rights, generation, transmission, supply and use of electricity, prevention of dangers posed by electricity and modes of inspection.

The Electricity Law covers electrical energy generated by steam power generators, hydro-electric power generators, fuel-oil power generators, natural gas turbines, nuclear power generators or by any other means.

#### Relation between Sector Laws and Foreign Investment

Section 4 permits the Government to grant electricity rights to a set number of beneficiaries, including: (a) the Government's SOE (now the Myanmar Electric Power Enterprise), (b) factories, workshops and departments under various Ministries, (c) other specific organizations. While the meaning of 'other specific organizations' has been interpreted to include foreigners, the Electricity Procedures only permit such organizations to invest in projects that generate up to 500 kilowatts of electricity only. Thus, a foreign investor into Myanmar's electricity sector can alternatively seek approval via section 9 of the Electricity Law, which also allows the Government to confer approval to other organizations.

Other laws may also assist. It should be noted that while the SOEL (see Chapter [3.1.6]) reserves electricity generating services to the Government, sections 4 and 5 of the SOEL do permit the Government to allow involvement by other entities, such as foreign investors, if it is in the interest of Myanmar (either via a JV with a SOE or independently, under other conditions). Thus a foreign investor may legally engage in such sectors using the SOEL, but only with Government support.

Likewise, the MIC Notification issued under the 2012 FIL specifically identifies that foreign investors may engage in electric power generation and sale (via hydropower, or power generation with coal fired turbines), although MOEP also require the approval of the Government and for such projects to be under a BOT arrangement and in a JV with the Government). Likewise, the Ministry of Environment and Forest will require

<sup>30</sup> In reviewing the Electricity Law, an unofficial English translation, obtained from www.burmalibrary.org was used. An English copy of the Electricity Procedures was not available.



EIAs to be carried out in respect of hydropower plants and other large electricity generation facilities. Foreign investors should also note that managing, trading of electricity and inspection of electric power systems are all prohibited to foreign investors under the MIC Notification.

Foreign investors may of course also act on discreet arts of project, e.g. as a contractor providing, for example, design, supply or supervision, for either a Government entity, or a foreign investor who already obtained the overall approval described above.

#### **Forthcoming changes to the Electricity Law**

It should be pointed out that the age of the Electricity Law means it cannot be described as fully covering many of the issues that a country looking to expand its power generating ability is likely to need. The news therefore, announced in November 2012, that Government is to updating the Electricity Law with the support from donors.

The drafting of the new Electricity Law is currently being carried out by a working committee of the MOEP. It is intended that other Government departments, the private sector, parliamentarians and development partners will also have input. The revised Electricity Law is intended to provide a broad framework for the development and regulation of the electricity sector – institutions, development of a national electricity plan, a framework for licensing and contracting, procedures in tariff setting and regulation, rights and duties of electric utilities, functions and structure of an electricity regulatory authority, safety, inspection and penalties. According to the ADB, drafting of the legislation and the implementing rules and regulations is expected to take 18 months, with completion targeted for June 2014.<sup>31</sup>

#### **4.1.5 Tariff/ Charges**

##### **Tariff/Charge Structure**

The electricity charges to end-users are quite low in Myanmar. A negative margin between the cost of production and the price ultimately charged sold to end-users is common. Thus, foreign investors are perhaps more likely to be interested in power export, or in directly supplying business operations held by other foreign investors, rather than in producing electricity for Myanmar's domestic needs. The Government is trying to address the issue of negative margins in electricity production – in January 2012 saw significant increases to electricity prices, although the issue of negative margins still remains.

Electricity produced by hydropower and coal-fired power stations (owned by MOEP) is sold to Ministry of Electric Power Enterprises (MEPE) at a constant price of 20 kyats/kWh. In addition, all generation by gas-fired power plants is supplied to MEPE. Estimated generation costs of combined-cycle gas turbines are at 130 kyats/kWh.

Electricity generated by JVs (including free power and purchased power) is supplied to MOEP at an agreed price. MOEP then supplies it to the Yangon City Electricity Supply Board (YESB) and ESE.

YESB and ESE charge the end user a uniform volumetric tariff by user type. Following the price increases effective from January 2012 (which resulted in around 1.5 times price increase), YESB and ESE have three categories for their electricity tariffs:

1. 35 kyats/kWh for general purpose (households), street lighting, government offices, and low-voltage temporary users;
2. 75 kyats/kWh for domestic power, small power, bulk (for >30 kW supplied at 33 kV), and high-voltage temporary users; and
3. 12-13 cents (in USD)(around 105 kyats)/kWh for foreigners

---

<sup>31</sup> ADB press release,(2012)

Off-grid consumer tariffs vary depending on the cost of generation by diesel or other means (e.g. solar, mini-hydropower) and may range between 100kyats/kWh and 300 kyats/kWh. A royalty is also due to ESE, of about 20-25 kyats/kWh.

Recently, the Government has also moved to some plans of electricity supply by IPP (independent power producer). At the late 2012, it is reported that MOEP will purchase power generated by two private local companies and distribute them in Yangon and Mandalay. MOEP will buy power generated by them at 80 kyat per unit and distribute it at 50 kyat per unit. The negative margin should be covered by the profits from state-owned hydropower projects.

Currently, the Government is discussing a new tariff system, including a progressive tariff structure. The planned tariff structure also includes a social tariff for the poor (e.g. no charge for users whose consumption level is less than a certain level), with Government subsidy.

#### *4.1.6 Private Sector Participation*

Unlike the oil and gas sector, the procurement of power infrastructure is not subjected to a bidding process. Private sector participation is permitted in electricity generation. Local investors may be IPPs although foreign investors, as described above, will have to operate through a BOT/JV arrangement with the Government<sup>32</sup>.

The DHPP has prepared a list of potential JV power projects and is soliciting interest from possible investment partners<sup>33</sup>. The JV/BOT approval process for a foreign investor includes the following steps and has been summarized in:

- i. The potential investor submits a proposal to MOEP, describing the investor's technical expertise and financial situation;
- ii. Upon acceptance by the Government, MOEP and the investor would sign an MoU with a 30-month validity;
- iii. The investor begins preliminary investigation and pre-feasibility study;
- iv. Following acceptance of the pre-feasibility study, MOEP and the investor sign a memorandum of agreement with a duration of 18 months;
- v. The investor then carries out a full feasibility study to determine the technical and financial viability of the project
- vi. In addition, in line with the provisions of the recent MIC Notification (see 4.1.4 above) an EIA may also be required.
- vii. Once determined feasible, the parties will enter into negotiation of the JV agreement ;
- viii. The JV agreement defines the responsibilities and duties of both parties, and it is reviewed by line ministries;
- ix. The MIC will also review the JV agreement (in line with its role under the 2012 FIL), and, in line with the provisions of the recent MIC Notification (see 4.1.4 above) Government approval will also be sought.
- x. As the project company had been given the company registration certificate issued by MNPED, Legal opinion issued by Union Attorney General Office, Concession Right issued by MOEP. A final approval decision will be given and permission will be issued by MIC.<sup>34</sup>

---

<sup>32</sup> EU Energy Initiative (2012). "Energy Scoping for Myanmar",.

[http://www.eueipdf.org/sites/default/files/files/field\\_pblctn\\_file/EUEI\\_PDF\\_Myanmar\\_Energy%20Scoping\\_Report\\_May2012\\_EN.pdf](http://www.eueipdf.org/sites/default/files/files/field_pblctn_file/EUEI_PDF_Myanmar_Energy%20Scoping_Report_May2012_EN.pdf)

<sup>33</sup> <http://www.adb.org/sites/default/files/myanmar-energy-sector-assessment.pdf>

<sup>34</sup> The MIC has approved three projects so far: Shweli-1; Dapein-1; and the 6,000 MW Myitsone hydropower project on which construction started but has now been suspended.

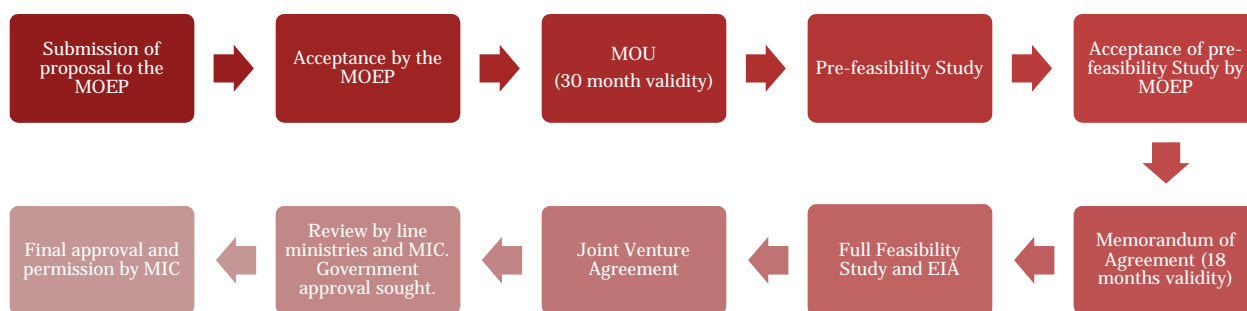


Chart 4.1.8 Power project JV/BOT approval process for foreign investor

Source: ADB (2012)<sup>35</sup> and MOEP (2013)

For each joint venture, Myanmar is entitled to “free share” and “free power” (equivalent to royalties) which are negotiated individually. As a general rule, free share is not less than 25% of the generated electricity. In addition to free share/ power, the Government also collects commercial and income tax revenues.

Myanmar is entitled to buy up to 50% of the generated electricity. The purchase price for electricity is renegotiated annually during the concession period. The typical concession period is 30 years, which can be extended for 5 years at a time. At the end of the concession period, full ownership must be transferred to the Government, with the facility in good condition as detailed in the JV agreement. HPGE takes part in the operation of JVs, contributing a third of the operation costs and maintenance staff.

Until 2012, the transmission & distribution subsector was state monopoly, but the government started to allow the private sector participation on grid business.

On the transmission and distribution subsectors, the procurement of required transmission line materials and substation equipment from foreign countries has been funded either by government budget or foreign loan.

Civil works and electrical installation works were undertaken by local construction companies under the supervision of MOEP. In order to submit the tender for supply materials, local and foreign companies need to request the registration in mailing list of MOEP. Registered companies are invited tender and MOEP evaluate them by opened tender system<sup>36</sup>.

### Existing schemes with Private Sector Participation

#### (i) Generation

Under the previous 1988 FIL, foreign investment in the generation sub-sector was (with permission of the MIC) in the form of JVs and BOT. Local investors are also allowed to participate as IPPs in hydropower projects.

China has been involved in most of ongoing hydropower projects. They are involved in almost all of large scale hydropower projects of the generating capacity of more than 500 MW including those of planned or under construction, which influences national supply of the electricity. For example, Shewli hydropower plant, which is constructed by BOT scheme (first experience for China to construct hydropower plant in their neighboring country under BOT scheme), become operational at 2009, and the 90% of electricity generated seems to be exported to China. It is undeniable that China participates in the development of Myanmar’s hydropower plant

<sup>35</sup> updated to reflect the provisions of the 2012 FIL.

<sup>36</sup> Source: MOEP

to supplement the electricity demand of its own country.

**(ii) Transmission & Distribution**

For the transmission and distribution subsectors, there had been no projects to be implemented by FDI permitted so far. And EPC (Engineering, Procurement and Construction) contract and turnkey projects are not yet practiced. So at least until 2012, the transmission and distribution of electricity was under a state monopoly.

**Planned Projects with Private Sector Participation**

**(i) Generation**

Local enterprise will develop 7 hydropower plants, with a projected combined capacity of 500 MW. Most of the additional power produced is, however, expected to come from new hydro-power stations with foreign investment (Please refer to Table 4.1.6 below).

**Table 4.1.5 Power Projects implemented by Local companies on BOT basis (7 Projects)**

| Name of the Project | Installed Capacity (MW) | Annual Energy Generation (GWh) |
|---------------------|-------------------------|--------------------------------|
| Thaukyegat-2        | 120                     | 604.7                          |
| Baluchaung-3        | 52                      | 334.0                          |
| Middle Paunglaung   | 29                      | 134.4                          |
| Shweli (3)          | 9                       | 38.0                           |
| Kun                 | 64                      | 236.0                          |
| Phyu                | 280                     | 1,512.0                        |
| Upper Yeywa         | 6                       | 44.7                           |
| Total (7)           | 560                     | 2,903.8                        |

Source: MOEP (2012)

There are around 48 future plan of generation power station in 2012 (See Table below). Among all the future plans, 45 projects are for hydropower, 2 projects are for coal, and 1 for gas, with total estimates of installed capacity of 36,634 MW (35,578MW for hydropower, 606MW for coal, and 450MW for gas). Most of these projects have been partnered with foreign investors with JV/BOT schemes. The major implementing agencies are from China (CPI, YPIC, CDOI, YNPG, Hydro China etc).

**Recent Developments**

Malaysia’s Mudajaya Group Bhd and Koon have set up a joint venture in a Special Purpose Vehicle (SPV) to undertake the construction of a 500MW coal-fired plant and a solar plant in Mandalay. No local partners have been identified yet. The MoU was signed with the Mandalay Government in 2012. The feasibility study is expected to be completed by the end of 2013, after which the SPV will work on getting the power purchase agreement (PPA) signed. It is expected that construction for 500MW coal-fired plant of 750 million in US dollar will begin in the second half of 2014.

In October 2012, South Korean consortium (Busan Korea Biotechnology Co, Korea Western Power Co, Hyundai Engineering and Construction Co, Hana Daetoo Securities Co and Hexa International Co.) signed a deal to build a 500MW power plant and electricity transmission networks in Yangon's Thaketa township<sup>37</sup>.

In August 2012, an MoU was signed between Toyo-Thai Corporation Public Company Limited (TTCL) with the MOEP (then, MOEP 2) for development of a 100MW power plant in Yangon<sup>38</sup>.

<sup>37</sup> Channel News Asia, “South Korea, Myanmar to strengthen economic ties”, October 2012.

<sup>38</sup> Toyo-Thai website, <http://www.toyo-thai.com/scripts/newsdetail.asp?nNEWSID=210>.

Table 4.1.6 Future Plan of Generation Power Stations (48 Projects)

| Name of the Project           | Installed Capacity (MW) | Implementing Agency |
|-------------------------------|-------------------------|---------------------|
| Upper Baluchaung              | 29                      | NEO Co.             |
| Anya Phya                     | 9                       | Delco Co.           |
| Upper Sedawgyi                | 64                      | Htoo Co.            |
| Thakyak                       | 20                      | Yuana Co.           |
| Belin                         | 280                     | Asia World Co.      |
| Kawthaung (Coal)              | 6                       | Thanphyothu Co.     |
| Yenam                         | 1,200                   | CPI (China)         |
| Kawanglangphu                 | 2,700                   | CPI (China)         |
| Pisa                          | 2,000                   | CPI (China)         |
| Laza                          | 1,900                   | CPI (China)         |
| Wutsok                        | 1,800                   | CPI (China)         |
| Chibwe                        | 3,400                   | CPI (China)         |
| Gawlan (at Nawchankha)        | 100                     | YPIC (China)        |
| Lawndin (at Nawchankha)       | 435                     | YPIC (China)        |
| Wuxhongze (at Nawchankha)     | 60                      | YPIC (China)        |
| Hkankan (at Nawchankha)       | 140                     | YPIC (China)        |
| Tongxinqiao (at Nawchankha)   | 320                     | YPIC (China)        |
| Natabat (at Kachin)           | 200                     | Guodian (China)     |
| Tapain (2)                    | 168                     | DUHD (China)        |
| Konlon (at Upper Thanlwin)    | 1,400                   | Hanergy (China)     |
| Naungpha                      | 1,000                   | Hydro China         |
| Mangtaung                     | 200                     | Hydro China         |
| Htamanthi                     | 1,200                   | NHPC (India)        |
| Shwesaye                      | 660                     | NHPC (India)        |
| Laymyo                        | 600                     | CDOI (China)        |
| Laymyo (2)                    | 90                      | CDOI (China)        |
| Tuzxing (at Nampon)           | 105                     | CDOI (China)        |
| Hanna (at Nampon)             | 45                      | CDOI (China)        |
| Thakhwa (at Nampon)           | 150                     | CDOI (China)        |
| Palaung (at Nampon)           | 105                     | CDOI (China)        |
| Bawlakhe (at Nampon)          | 180                     | CDOI (China)        |
| Nantabat (at Kayah)           | 180                     | Guodian (China)     |
| Heku (at Namlwai)             | 88                      | YNPG (China)        |
| Kengyan (at Namlwai)          | 28                      | YNPG (China)        |
| Mongwa (at Namlwai)           | 50                      | YNPG (China)        |
| Wantapeng (at Namlwai)        | 25                      | YNPG (China)        |
| Keng Tong (at Namlwai)        | 96                      | YNPG (China)        |
| Solu (at Namlwai)             | 165                     | YNPG (China)        |
| Mongtong (at Upper Thanlwain) | 7,110                   | Three Gorges + EGAT |
| Ywathit                       | 4,000                   | CDOI (China)        |
| Hutgyi                        | 1,360                   | Sinohydro + EGAT    |
| Taninthayi                    | 600                     | Italia-Thai         |
| Shweli (2)                    | 520                     | Huaneng Lancang     |
| Mawleik                       | 520                     | Guodian (China)     |
| Kalewa (Coal)                 | 600                     | Guodian (China)     |
| Saingdin                      | 76.5                    | CDOI                |
| Nankha                        | 200                     | YNPG (China)        |
| Yangon Thilawa (Gas)          | 450                     | BKB (Korea)         |
| Total (48)                    | 36,634.5 MW             |                     |

Source: MOEP (2012)

(ii) **Transmission & Distribution**

As previously stated, the transmission and distribution of electricity had been under a state monopoly. However, in June 2012, after a week of protests by demonstrators in several cities for the power outages, the government announced its intent for opening the market of distribution of electricity to foreign investors.

## 4.2 Airport Sector

### 4.2.1 Overview of the sector

There are 69 airports in Myanmar, and 33 air ports are currently in operational. Of these, three airports are international airports, Yangon International Airport, Mandalay International Airport and Nay Pyi Taw International Airport (details in the table below), while others are domestic airports<sup>39</sup> with adequate air traffic control facilities and air navigational aids. All airports in Myanmar are state owned.

| Airport                           | Year in operation                   | Developers   | Location  | Runway   | Expansion   | Capacity   |
|-----------------------------------|-------------------------------------|--|---|--|---|--|
| Yangon International Airport      | The old terminal was built in 1947. | Designed by CPG Consultants, Singapore. Construction carried out by Asia World Co. | Yangon City commercial capital, the main gateway to Myanmar | 11,200 feet x 200 feet accommodates up to Boeing 747-400           | An international passenger terminal building was opened in May 2007 | Handling 2.7 million passengers a year           |
| Mandalay International Airport    | Opened in September 2000            |  | Mandalay the cultural city of Myanmar                       | 14,000 feet times 200 feet accommodates up to Boeing 747-400       |   | Handling 3 million passengers a year             |
| Nay Pyi Taw International Airport | Opened in December 2011             | Designed by CPG Consultants, Singapore.  | South of Nay Pyi Taw, administrative capital                | 12,000 feet times 200 feet which accommodates up to Boeing 747-400 | Expansion under Phase 2 and 3 are planned                           | Handling 3.5 million passengers a year (phase 1) |

Table 4.2.1 Overview of International Airports

Source: DCA (2012) presentation material “Civil Aviation in Myanmar” and JETRO (2012) “Myanmar Infrastructure Map”

The majority of international flights are served by Yangon International Airports, while Nay Pyi Taw and Mandalay International Airport handle more domestic flights. Nay Pyi Taw and Mandalay Airports have very limited international flights from Thailand and China. Air travel in Myanmar is expected to increase significantly in the near future as the country continues to open its economy

### 4.2.2 General & Investment Policy on the sector

The MOT considers that Air Transport service exists perpetually as an essential auxiliary service for the development of commerce, trade and investment of the State. It noted that Myanmar has to accommodate the better environment to fulfill requirements of the public and endeavor for the development of international civil aviation throughout the country integration to regionally and then internationally, which is one of the aims and objectives of ICAO, Myanmar is a member in thereof.

The principal issue to the sector is a lack of its airport infrastructure to handle increasing demands for air travel. Safe and efficient operation is largely dependent on the sector’s infrastructure development. One of the key policies is to improve the safety and efficiency of air transport in Myanmar by raising standards and modernizing its infrastructure, the state is planning to expand its existing airports and to construct a new international airport under a private sector participation scheme. As the economy expands, incomes rise, and international tourism increases, Myanmar is planning to invest in its airports and will seek private sector

<sup>39</sup> Some airports are serving international charter operations.

participation for finance and operations. A strong civil aviation sector is needed to facilitate economic activity and tourism throughout the country.

Myanmar has laid down policy objective for its National Air Transport Policy which will be established in the near future as a comprehensive and transparent policy. In addition, JICA assists in developing a Civil Aviation Master Plan, which will identify and prioritize the needs for civil aviation development in each respective area and greatly enhance long-term planning which will be aligned with national development plans in other sectors.

#### 4.2.3 Organizations

The DCA under Ministry of Transport is the regulatory body of civil aviation in Myanmar and is responsible for the regulation of all aspects of civil aviation for the safe, secure, efficient, sustainable and environment friendly air transportation in Myanmar, with the standards and recommendations adopted by the ICAO.

The DCA is also responsible for providing air navigation services, operation and maintenance. The operation and maintenance of airports is planned to be implemented with more private sector participation in the future.

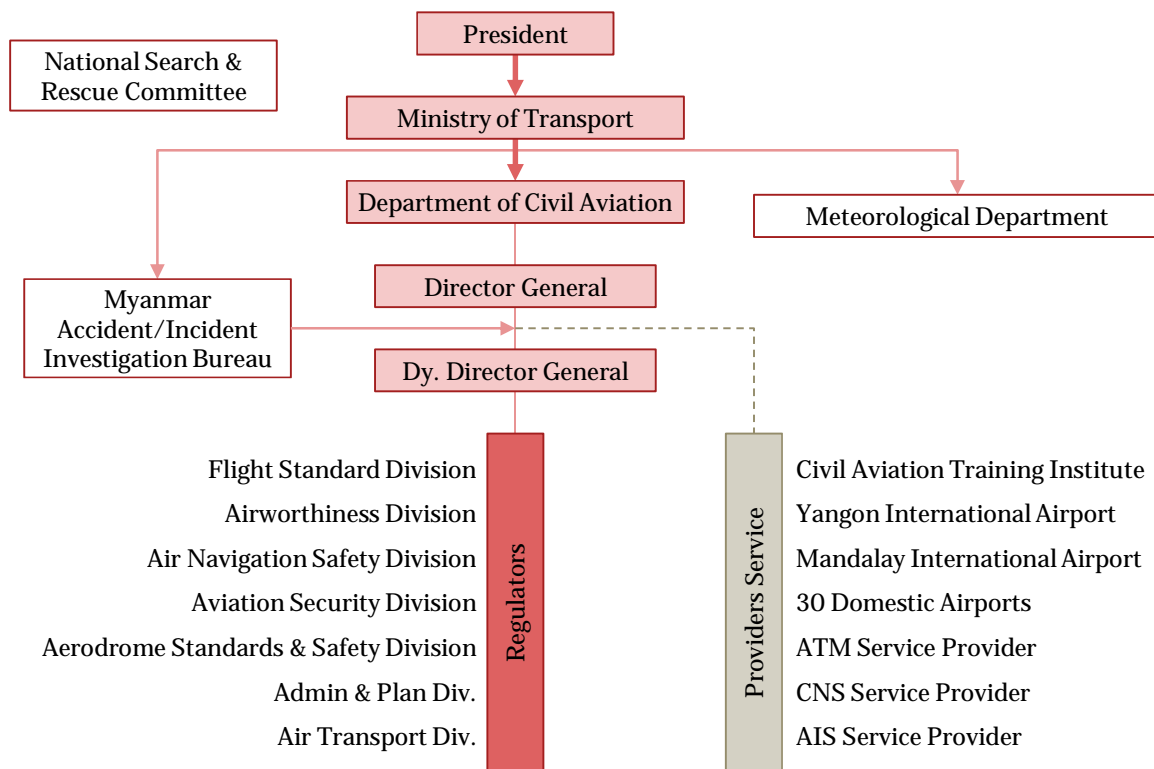


Chart 4.2.3 Current Organization on State Civil Aviation System

Source: DCA

#### Safety oversight

The DCA is the regulatory body for aviation safety matters in Myanmar.

The Divisions in the DCA responsible for safety oversight are the Flight Standards Division (FSD), the Airworthiness Division (AWD), the Air Navigation Safety Division (ANSND) and the Aerodrome Standards and Safety Division (ASSD).

#### Security oversight

Under the guidance and instructions of the National Civil Aviation Security Committee, the DG of Civil



Aviation is the executive agent of the Aviation Security Authority for the regulation of aviation security matters in the Myanmar.

The Aviation Security Division (ASD) in the DCA is responsible for aviation security oversight.

Currently, the DCA is planning to reform its institutional set-up into regulator and service-provider roles in line with the ICAO guidelines, and also planning to allow the private sector to take part in the service-provider role, particularly in airport and aviation training.

In implementing private sector participation in the airport sector, the DCA plans to take the following measures:

- Setting up a legal instrument required for the establishment of an Airport Authority (The Airports Authority Act of Myanmar is currently being drafted)
- Establishing an Airport Authority as an independent entity in the form of holding company to control and oversee airports. (The full ownership of the company will be held by the Government at the initial stage and then a certain portion of the ownership will be moved to the private sector. Considering the time required for the establishment of an Airport Authority, an interim team will be formed under the DCA for the implementation of private sector participation in airport sector );
- Handing over international airports and major domestic airports to the Airports Authority as per the terms stipulated in the Airports Authority of Myanmar Act. (The rest of domestic airports will remain under the jurisdiction of DCA.)

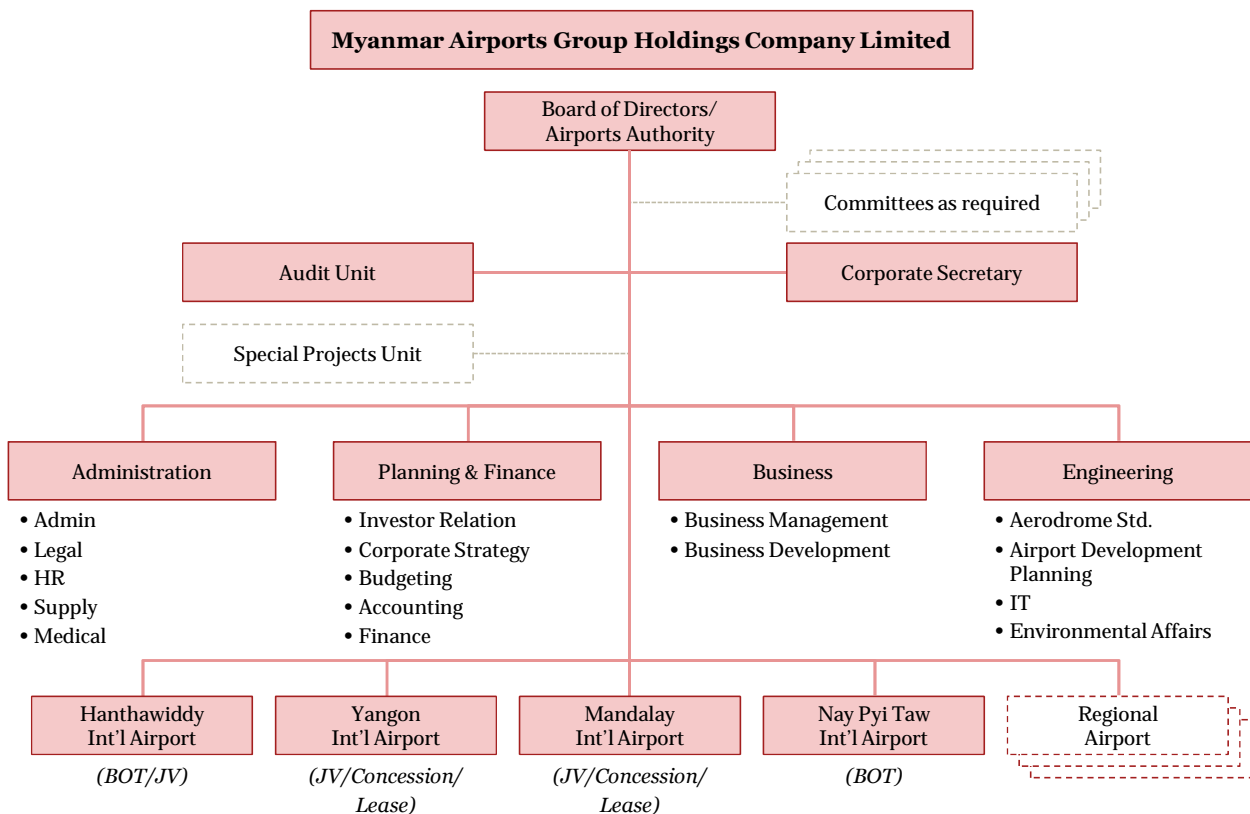


Chart 4.2.4 Airport Authority

Source: DCA

#### 4.2.4 Laws /Regulations

The laws and regulations that principally govern the aviation sector are as follows<sup>40</sup>:

##### Primary Legislation

- The Union of Myanmar Aircraft Act 1934 (amended 25 August 2004) (MAA)The Union of Myanmar Carriage by Air Act (1934)

##### Subsidiary Legislation

- The Union of Myanmar Aircraft Rules, 1920 (Aerodromes)
- The Union of Myanmar Aircraft Rules, 1937 (Aircraft)
- The Union of Myanmar Aircraft Rules, 1946 (Public Health)
- Various operating regulations, for example, in respect of airport services, these include “Aerodrome Certification,” “Aerodrome Requirements,” “Approved Maintenance Organization,”

##### Additional orders, directives, notifications and instructions

- The DCA is empowered to issue additional orders, directives, instructions and notifications.
- In particular, the Director General of the DCA, who heads the DCA with authority bestowed on him by the President of Myanmar (under the MAA section 5 (A) paragraph (c)) has the power to issue orders, notices, requirements and directives or instructions such as airworthiness notices and flight operations notices and advisory circulars for the regulation and management of civil aviation (Notification 118/2009, 9 October 2009).

##### International Conventions

It should be noted that Myanmar is also signatory to the main international conventions governing international aviation law and as such must exercise the standards and recommended practices of such conventions. Conventions to which Myanmar including (amongst others):

- The Convention on International Civil Aviation, Chicago, 1944
- The Convention for the Suppression of Unlawful Seizure of Aircraft, the Hague, 1970; and
- The Cape Town Convention on International Interests in Mobile Equipment (which Myanmar acceded to in December 2012 and which takes effect from 1 April 2013).

##### Key points

The MAA covers a wide range of issues: general provisions relating to flying, safety, the registration of aircraft, personnel of aircraft, airworthiness, accidents, aerodromes (i.e. airports) and the licensing of air transport services (amongst other things). While the MAA was amended in 2004 (largely to accommodate requirements made by the United Nation's International Civil Aviation Organization) the age of the MAA (it was promulgated in 1934) and its associated legislation mean that much detail is also contained in the separate orders, directives etc. Foreign investors will need to be alert to a wide range of detailed and changing rules which contained in places other than the primary and subsidiary legislation.

- The primary and secondary legislation listed above regulate all aspects of the aviation industry – there is no separate legislation in respect of commercial, cargo and private carriers. In Myanmar, regulatory control of civil aviation activities is the responsibility of the DCA. The DCA is the sole competent authority to issue a permit to operate. Applications for a license to operate an air transport service should be made to the Director of Civil Aviation not less than three months before the date on which it is desired to commence services.
- The DCA is also responsible for providing air navigation services and the operation and maintenance of airports.
- Pilots, aircraft maintenance engineers and air traffic controllers must have valid licenses appropriate to their functions and roles.
- Aircraft must have a Certificate of Airworthiness or permit to fly.

---

<sup>40</sup> Official English translations of the primary and secondary legislation listed in this section is set out in the Myanmar Aircraft Manual available under Legislation/Regulation at [www.dca.gov.mm](http://www.dca.gov.mm).

- Aircraft operators must have an Air Operator’s Certificate and a Permit to Operate for public transport purposes.
- Aerodromes used for international operations must be certified or licensed.
- All licenses, certificates, approvals or permissions are issued in accordance with the relevant legislation, operating regulations, and supporting operating and aviation requirements prescribed by the DCA.
- The DCA has powers to vary, suspend or revoke such instruments issued where it is no longer satisfied that the relevant criteria are met.

#### How do the laws relate to foreign investment?

Foreign investors should note that airports are licensed by the President of Myanmar, who may also prescribe, modify, and classify tariff charges. While the private sector may hold a license for an airport, the license holder must either be a Myanmar citizen or a Myanmar company (i.e. foreign companies may not hold an airport license) (s85 MAA). The period of validity of licenses is limited to 12 months, at which point it must be renewed (s86 MAA).

It should be noted that while the SOEL (see Chapter 3.1.6) reserves air transport services to the Government, sections 4 and 5 of the SOEL do permit the Government to allow involvement by other entities, such as foreign investors, if it is in the interest of Myanmar (either via joint venture with an SOE or independently, under other conditions). Thus a foreign investor may legally engage in such sectors using the SOEL law, but only with Government support.

Likewise, the MIC Notification issued under the 2012 FIL specifically identifies that foreign investors may engage in domestic and international air transport provided it is carried out in a JV with a Myanmar citizen or company. Where a foreign investor wishes to engage in airport construction, civil aviation training, aircraft leasing, air cargo transportation, sale and marketing of aircraft spare parts and even the production and distribution of inflight meals, then approval from the Government will be required, together with a recommendation from the Ministry of Transport. It should be noted that under engagement in air traffic control is prohibited. (See Chapter 3.1.4.)

#### 4.2.5 Tariff/ Charges

Tariffs are published in Myanmar's “Aeronautical Information Publication”. DCA noted that for PPP/BOT projects the private sector can negotiate the tariff after selected, since many factors such as foreign exchange rate, political change, legal risks, will affect the finances of the private sector<sup>41</sup>.

There are two types of tariff:

- Aeronautical tariff (i.e. landing/navigation, passenger handling charge): Tariffs are published. If these are not sufficient, operators can propose new ones.
- Non- aeronautical tariff (i.e. duty-free shop, restaurant etc.): Tariff is not published and operators can propose.

Operator can propose the tariff change, but it has to be approved by DCA first, and then by the MOT.

Use of airports is subject to conditions and charges. The charges are made on a per movement basis, and include:

- Air navigation charges (applicable to all international flight into and out of any airport in Myanmar, and aircraft over-flying the 'Yangon Flight Information Region' without landing at any airport in Myanmar)
- Landing charges
- Parking charges

---

<sup>41</sup> Based on the interview with DCA.

- Hanger/housing charges; and
- Passenger loading bridge (aerobridge) charges.
- 'Over flights' are counted as one movement, and arrival and departure are counted as two movements.

Current details of the above charges are available via the DCA's website, but by way of example, the charges for air navigation and for landing are detailed below.

Table 4.2.2 Air navigation charges

| Maximum Take-off Weight  | International Flight | Domestic Flight |
|--------------------------|----------------------|-----------------|
| Not exceeding 25,000 Kg  | USD 32               | Kyats 6300      |
| 25,001 Kg to 50,000 Kg   | USD 53               | Kyats 10400     |
| 50,001 Kg to 75,000 Kg   | USD 99               | Kyats 15500     |
| 75,001 Kg to 100,000 Kg  | USD 119              | Kyats 20900     |
| 100,001 Kg to 200,000 Kg | USD 304              | Kyats 53500     |
| 200,001 Kg to 300,000 Kg | USD 457              | Kyats 80150     |
| 300,001 Kg to 400,000 Kg | USD 609              | Kyats 106800    |

Table 4.2.3 Landing charges

| Maximum Take-off Weight  | International Flight | Domestic Flight |
|--------------------------|----------------------|-----------------|
| Not exceeding 25,000 Kg  | USD 85               | Kyats 18800     |
| 25,001 Kg to 50,000 Kg   | USD 168              | Kyats 37500     |
| 50,001 Kg to 75,000 Kg   | USD 253              | Kyats 56100     |
| 75,001 Kg to 100,000 Kg  | USD 337              | Kyats 74900     |
| 100,001 Kg to 200,000 Kg | USD 760              | Kyats 168300    |
| 200,001 Kg to 300,000 Kg | USD 1138             | Kyats 252600    |
| 300,001 Kg to 400,000 Kg | USD 1518             | Kyats 336800    |

Under the MAA, the airport authority which controls the airport may detain an aircraft where its operator has not paid the airport charges in respect of that aircraft, or any other aircraft, which that operator operates.

#### 4.2.6 Private Sector Participation

DCA promotes private sector participation in airport development and announced three PPP opportunities, i.e. Hanthawaddy International Airport, Mandalay International Airport, and Yangon International Airport. For each project, PQ was issued and qualified companies were short-listed. DCA plans to start the operation of these airports by 2015.

As an example, the Invitation to Prequalification (ITP) for (i) Hanthawaddy International Airport and (ii) Mandalay International Airport projects are summarized below. Hanthawaddy Project includes the construction of terminal buildings, runway etc., while Mandalay Project focuses on operation and maintenance of the existing facilities with upgrading and expansion.

It is assumed that the private sector propose the preferred type of private sector participation, such as PPP, JV, or BOT, in its proposal for either project. DCA informed that it selects the most appropriate type of private sector participation after receipts of proposals and identify in the RFP. It is noted that limited information on project has been disclosed to bidders at PQ stage.

Table 4.2.4 Abstract of Hanthawaddy/Mandalay Airport Projects

|   | Hanthawaddy International Airport  | Mandalay International Airport  |
|---|--|---|
| Type of Private Sector Participation                          | PPP/JV/BOT   | PPP/JV  |
| Issuance of Invitation to Prequalification                    | July 9, 2012   | September 12, 2012  |
| Application submission  | September 9, 2012  | October 15, 2012  |
| Number of companies submitted proposals (a) / shortlisted (b) | (a) 30<br>(b) 7  | (a) 16<br>(b) 7   |
| Issuance of RFP   | February 8, 2013   |   |
| Deadline of Proposal  | May 27, 2013   |   |
| <b>Scope of Work</b>  | <ul style="list-style-type: none"> <li>- Master planning including design criteria;</li> <li>- Preliminary and detailed design;</li> <li>- Construction of control tower and operation building terminal building, runway, taxiway, apron and drainage system;</li> <li>- Installation of communication navigation and surveillance system, airfield lighting system;</li> <li>- Firefighting building &amp; facilities</li> <li>- Water supply and sewage treatment system</li> <li>- Electricity power supply and distribution system</li> <li>- Fuel storage and distribution system including fuel hydrant system</li> <li>- Security system</li> <li>- Environmental impact study</li> <li>- Social and cultural impact study</li> <li>- Construction of road and rail access and car parking;</li> <li>- Construction of cargo facilities, hotel and other ancillary infrastructure;</li> <li>- Management, operation and maintenance of the airport;</li> </ul> | <p>Operation, management and maintenance of the following:</p> <ul style="list-style-type: none"> <li>- Development of an airport master plan;</li> <li>- Passenger terminal operation;</li> <li>- Airside and landside operations;</li> <li>- Ground handling facilities and services;</li> <li>- Catering facilities and services;</li> <li>- Cargo facilities and services;</li> <li>- Maintenance services for pavement, visual aids, electrical systems and navigational aids and other facilities;</li> <li>- Upgrading and expansion of the airport terminal and related facilities including expansion of the aircraft parking apron according to the master plan.</li> </ul> |
| <b>Local partner requirement</b>                              | Optional   | Mandatory <sup>42</sup>   |
| <b>Related Law</b>  | Myanmar Foreign Investment Law   |   |
| <b>Prequalification</b>                                       | <ul style="list-style-type: none"> <li>- Bidders to cover whole scope by a single firm or a consortium.</li> <li>- All partners shall be qualified for item 1 and at least one partner shall be qualified for Item 2-5.</li> </ul>   | <ul style="list-style-type: none"> <li>- Any firm will not be considered qualified unless the firm:</li> <li>- Item 1. Has paid-up capital of more than values stipulated in the Instruction to Applicants (USD100</li> </ul>   |

<sup>42</sup> DCA noted that considering the difficulty in teaming up with local partner at Hanthawaddy Project, it decided to require the private sector to establish a consortium at the PQ stage.

|  | Hanthawaddy International Airport  | Mandalay International Airport  |
|--|--|---|
|  | <ul style="list-style-type: none"> <li>- Item 1. Has paid-up capital of more than values stipulated in the Instruction to Applicants (USD300 million or more)</li> <li>- Item 2. Have general construction work more than 20 years and similar construction work for past 10 years or more.</li> <li>- Item 3. Has experience in supply and/or installation of the similar airport related equipment for past 10 years or more.</li> <li>- Item 4. Have project filed supervisory personnel with experiences of more than 10 years in the similar work</li> <li>- Item 5. Have airport management, operation and maintenance experiences of at least 10 years</li> </ul> | <ul style="list-style-type: none"> <li>- million or more)</li> <li>- Item 2. Have airport management, operation and maintenance experiences of at least 10 years</li> <li>- Item 3. Have general construction work more than 10 years and airport construction work for past 5 years or more.</li> <li>- Item 3. Has experience in supply and/or installation of the airport related equipment for past 5 years or more.</li> <li>- Item 4. Have project filed supervisory personnel with experiences of more than 5 years in the airport related work</li> </ul> |

Source: DCA's website

### Procurement Process<sup>43</sup>

The procurement procedure is not defined in the law but based on the administrative regulation/guideline. DCA has implemented the procurement system since 40 years ago. The following process will be also adopted for projects with private sector participation. DCA noted that the transparency is required by the parliament. However, the evaluation criteria are not disclosed in advance in Invitation to Proposal (ITP).

- PQ - technical Assessment Committee
- Tender - tender Assessment Committee
- Final decision - Selection Board at national level consisting of Minister of Transport and MIC (political decision can affect)

PQ stage: capability of consortium is assessed. DCA evaluates the proposal technically.

Final Decision: Selection Board will scrutinize everything according to DCA.

In respect of the 2012 FIL, the MIC will assess the investment and there are several guidelines to follow for its scrutinizing.

---

<sup>43</sup> Any information / material on the procurement procedure have not been identified in the public domain during the study and this section is based on the interviews with DCA.

## 4.3 Road Sector

### 4.3.1 Overview of the sector

In Myanmar, there are several organizations which are involved in the development of road. The roads network is managed by six ministries and several city development committees (Yangon, Mandalay and Na Pyi Taw).

Of the ministries, Ministry of Construction, Public Works is in charge of the development of union highway and regional and state roads. Ministry of Border Areas Affair is also in charge of road development, especially in the border areas. For internal road of 3 major cities, Yangon, Nay Pyi Taw and Mandalay, are developed by the city development committee of 3 cities.

Myanmar's current road length is 148,690km, with 2.5 million registered vehicles. 26% of these roads are under the Ministry of Construction. Currently, Myanmar's road density is 0.05 km/sq. km, which is much lower her neighbours in the GMS.

These roads are categorized into:

- Union highways: 19,503km
- Township network road: 19,580km
- Major city road and other roads: 27,507km
- Village and boundary area roads: 82,100km

The condition of the road network in Myanmar is poor, with 52% of the roads being earth and 18% gravel roads.

Table 4.3.1 Road Density of Neighbouring Countries

| Countries   | Road Density (km/ sq km) |
|-------------|--------------------------|
| Cambodia    | 0.22                     |
| Guangxi PRC | 0.43                     |
| Yunan PRC   | 0.53                     |
| Lao PDR     | 0.21                     |
| Myanmar     | 0.05                     |
| Thailand    | 0.22                     |
| Vietnam     | 0.44                     |

Source: ADB (2010) "Greater Mekong Subregion"

The Ministry of Construction first implemented the BOT system of procuring road in 1996. The first road constructed using BOT was the Mandalay-Lashio-Nankham Road, by Asia World Company and Diamond Palace Company. Since then, 29 local companies participated in BOT road construction. Most BOT road projects are upgrading of existing road track. Thus, risk relating to land acquisition is perceived to be less.

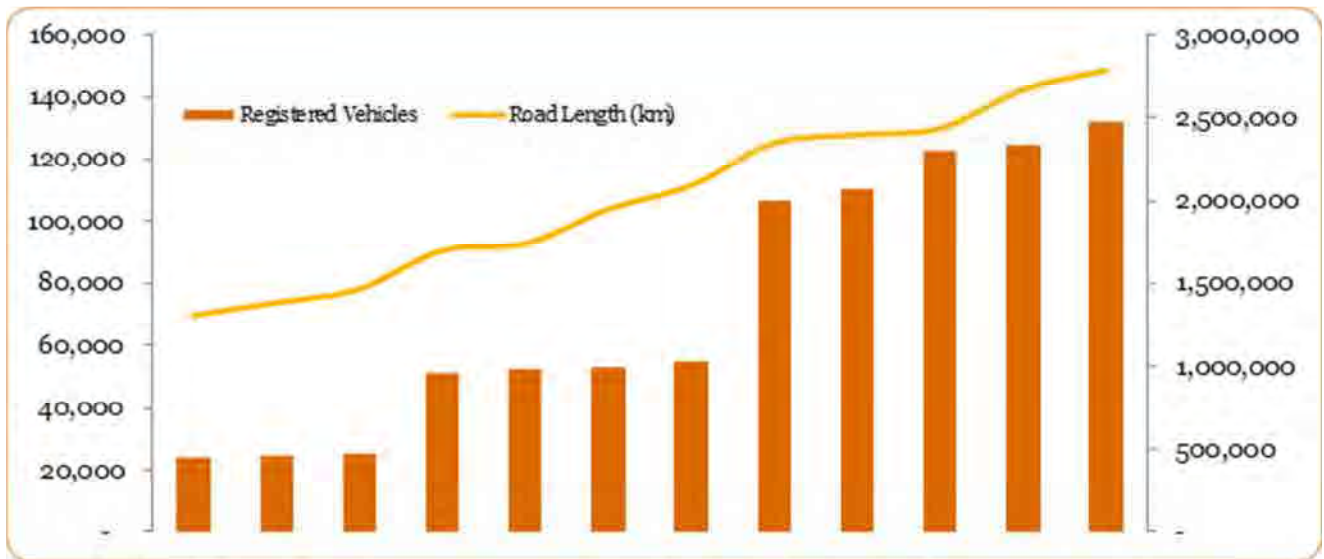


Chart 4.3.1 Growth in Registered Vehicles and Road Lengths in Myanmar

Source: Ministry of Transport

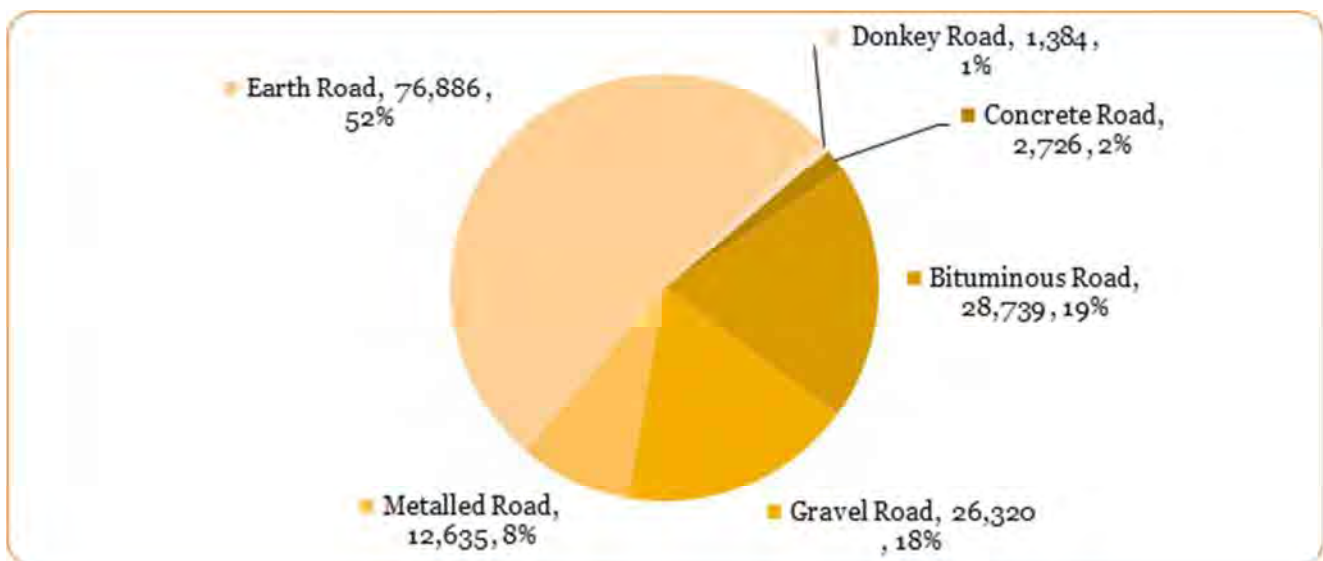


Chart 4.3.2 Types of Roads in Myanmar

Source: Ministry of Transport

Attached chart is the total road length by name of organization and by materials used for road development. Looking at the total length of the road development, Ministry of Border Areas Affairs is the organization which manages the longest length of road. However, most of the road developed by Ministry of Border Areas Affairs is the earth road, which is not paved and only for local use. On the other hand, Public Works of Ministry of Construction has developed more bituminous road, though the road developed by it accounts for only 26% of the total length. Public Works is in charge of development of union highways which are important for trunk line development.



Table 4.3.2 Total Road Length in Myanmar (as of 2012 March)

| Department                                  | Concrete Road (km) | Bituminous Road (km) | Gravel Road (km) | Metaled Road (km) | Earth Road (km) | Donkey Road (km) | Total (km)       |
|---|--------------------|----------------------|------------------|-------------------|-----------------|------------------|------------------|
| Ministry of Construction, Public Works      |                    |                      |                  |                   |                 |                  |                  |
| 1.Union Highway                             | 611.7              | 11,733.0             | 2,440.8          | 2,700.3           | 1,973.5         | 44.1             | 19,503.2         |
| 2.Regional & State Roads                    | 49.7               | 5,451.8              | 3,229.6          | 2,941.4           | 6,497.1         | 1,340.0          | 19,579.5         |
| 3.Subtotal                                  | 661.3              | 17,184.8             | 5,740.3          | 5,641.7           | 8,470.6         | 1,384.0          | 39,082.7         |
| Ministry of Border Areas Affairs            |                    |                      |                  |                   |                 |                  |                  |
| 1.Urban Road                                | 6.6                | 4,880.7              | 2,215.5          | 660.8             | 3,509.0         | -                | 11,272.6         |
| 2.Village & Border Road                     | 120.1              | 4,073.0              | 17,041.5         | 4,976.7           | 55,888.5        | -                | 82,099.9         |
| 3.Subtotal                                  | 126.7              | 8,953.8              | 19,257.0         | 5,637.5           | 59,397.5        | -                | 93,372.5         |
| Yangon City Dev. Committee                  | 1,239.7            | 1,747.5              | 12.9             | 454.9             | 472.9           | -                | 3,928.0          |
| Mandalay City. Dev. Committee               | 10.8               | 573.4                | 119.7            | -                 | 309.8           | -                | 1,013.8          |
| Nay Pyi Taw City Dev. Committee             | 246.1              | 129.3                | 43.0             | 734.9             | 1,130.8         | -                | 2,284.1          |
| Ministry of Defense, Army Corps of Engineer | 393.4              | 61.8                 | 605.3            | 166.4             | 6,822.7         | -                | 8,049.5          |
| Ministry of electrical Power                | 48.3               | 88.5                 | 542.1            | -                 | 280.2           | -                | 959.2            |
| <b>Total</b>                                | <b>2,726.3</b>     | <b>28,739.1</b>      | <b>26,320.4</b>  | <b>12,635.4</b>   | <b>76,884.6</b> | <b>1,384.0</b>   | <b>148,689.9</b> |

Source: MOC Material

Road length has been increased but ratio of paved road to unpaved road is decreasing. The pavement works as well as development of new road are important in Myanmar.

Table 4.3.3 Total Road Length in Myanmar (as of 2012 March)

| Year | The Whole Country |                 | Ratio of paved to total (%) |
|------|-------------------|-----------------|-----------------------------|
|      | Road Length (km)  | Paved Road (km) |                             |
| 2004 | 90,713            | 22,153          | 24.42                       |
| 2005 | 92,859            | 22,830          | 24.58                       |
| 2006 | 104,058           | 23,955          | 23.03                       |
| 2007 | 111,737           | 24,670          | 22.08                       |
| 2008 | 125,355           | 25,553          | 20.38                       |
| 2009 | 127,942           | 26,333          | 20.58                       |
| 2010 | 136,749           | 28,569          | 20.89                       |
| 2011 | 142,395           | 30,879          | 21.68                       |
| 2012 | 148,690           | 31,464          | 21.16                       |

Source: MOC material

#### 4.3.2 General & Investment Policy on the sector

Ministry of Construction is developing five year road development plan. 1<sup>st</sup> five year road plan was developed for during 2001 and 2006 and 3<sup>rd</sup> five year road development plan is currently in progress. The 4<sup>th</sup> to 6<sup>th</sup> five year road development plans are under preparation now and future investment is planned as below:

Table 4.3.4 Planned future development of road sector

| Plan               | Name of work                          | Length(mile) |
|--------------------|---------------------------------------|--------------|
| 3rd five year plan | International Transport linkage       | 5,665.0      |
|                    | Current implementation projects       | 4,482.5      |
|                    | Construction of new roads             | 1,052.6      |
| 4th five year plan | Main implementation projects          | 2,772.1      |
| 5th five year plan | International transportation linkages | 5,970.0      |
| 6th five year plan | Main implementation projects          | 3,323.5      |

Source: MOC material

MOC encourages projects under the cooperation with private sector and multilateral/ bilateral agencies. According to the material by MOC, these points shown below are national transport policy by MOC. It is obvious that MOC is trying to push forward road projects with the cooperation with private sector as well as with regional and international development institutions.

- Union Highway Network Master Plan with 36 roads from north-south and 45 roads from east west will cut across 7 regions and states
- Priorities are given to development of each and every region, to increase contact and friendship, and build consolidation of national races
- Extend and upgrade to the existing roads mostly running north to south and construct new ones running east to west all over the union.
- Facilitate and promote economic activities, particularly trade and tourism, between Myanmar and other countries.
- Encourage investment from private sector for further development of transportation linkages under international cooperation frameworks (i.e.- ASEAN, GMS, BIMSTEC, ACMECS, ADB etc)

Following strategies on development of transport modes are mentioned by MOC in the material. We can understand from this document as well that investment from private sector and cooperation with bilateral/multilateral agencies are focused on throughout the transportation sector.

- Develop various kind of multimodal transport, in particular in terms of railways and waterways to provide better connection throughout the countries
- Promote private sector participation on BOT and joint-venture basis in infrastructure, facilities and equipment (i.e. road, port, airport)
- Discussion and request for assistance bilaterally with other neighboring countries and also through agencies such as ADB, WB, JICA, KOICA, NEDA etc.

### ***The ASIAN and ASEAN Highway Network***

There ASIAN Highway (AH) Network was initiated in 1959 and involves 32 member countries (see Chart). The entire network includes approximately 141,000 kilometres and begins from Japan in the east to Turkey and Bulgaria in the west (see chart below). Myanmar's road networks also form part of the ASEAN Highway Network (AHN).

Four ASIAN Highways pass through Myanmar. These are:

- AH1 that runs through India-Bangladesh-Myanmar Thailand;
- AH2 that links Myanmar to Thailand; and
- AH3 and AH4 link Myanmar to China.

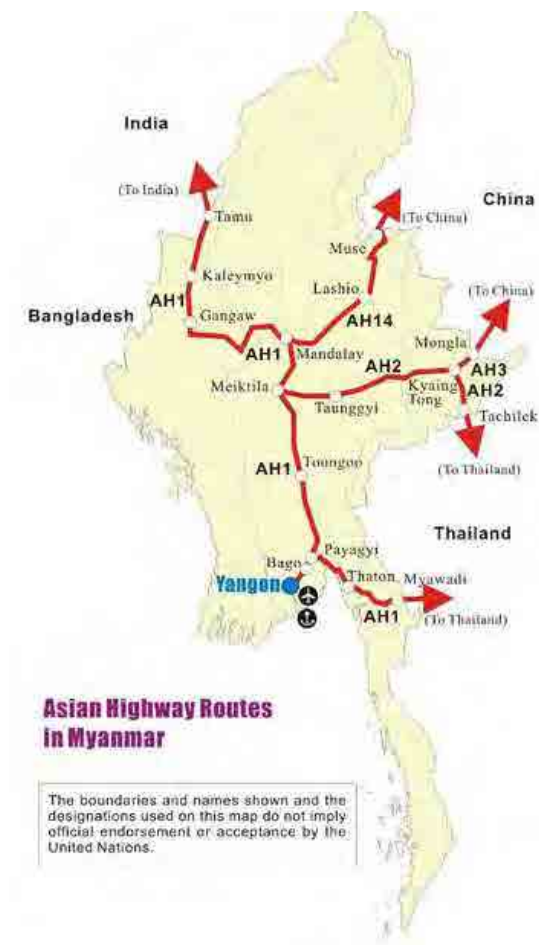


Chart 4.3.3 ASIAN Highway passing through Myanmar

Source: UNESCAP (2010)

#### Planned Works

There are two missing links within ASEAN Transit Transport Route (TTR) in Myanmar which has prioritized for completion before 2015:

- AH112 (Lehnya – Khlong Loy, 60km); and
- AH123 (Dawei deep seaport – Maesamee pass, 150km)

Below Class-II TTR that has been identified for upgrading:

- AH1 (Tamu – Mandalay – Bago – Myawadi, 781 km);
- AH2 (Meikthila – Loilem – Kyaington – Tachikeik, 593 km);
- AH3 (Mongla – Kyaington, 93 km);
- AH14 (Mandalay – Muse, 453 km); and
- AH111 (Thibaw – Loilem, 239 km).

Table 4.3.5 Designated Transit Transport Routes (TTRs) in ASEAN

| Country           | Country Total Length of TTRs (km) | Below Class II TTRs (km) |
|-------------------|-----------------------------------|--------------------------|
| Brunei Darussalam | 168                               | 0                        |
| Cambodia          | 1,388                             | 0                        |
| Indonesia         | 4,143                             | 0                        |
| Lao PDR           | 2,170                             | 391                      |
| Malaysia          | 2,242                             | 0                        |
| Myanmar           | 3,018                             | 1,467                    |
| Philippines       | 3,073                             | 211.5                    |
| Thailand          | 4,477                             | 0                        |
| Vietnam           | 577                               | 0                        |
| Total             | 21,206                            | 2,069.5                  |

Source: ASEAN (2012). "Masterplan on ASEAN Connectivity"



Chart 4.3.4 Asian Highway Route Map

Source: UNESCAP (2010)

### 4.3.3 Organization

As mentioned, there are six ministries involved in the road management and three city development committees (Yangon, Mandalay and Na Pyi Taw). Of the six ministries, the three<sup>44</sup> that are key ministries to overseeing the greater part of the country's core transport networks are:

- a. Ministry of Transport (MOT);
- b. Ministry of Rail Transport (MORT); and
- c. Ministry of Construction (MOC).

One of the core sector issues contributing to the underdevelopment of transport infrastructure in Myanmar is the fragmented and overlapping institutional structures for managing the sector<sup>45</sup>. The key observations on responsibility of each organization are<sup>46</sup>:

- i. there are no clear lines of responsibility; for example, road-related activities fall under the MOC, the MORT, and the MOT. Several ministries and agencies (including the Public Works Department of the MOC) are responsible for the design, construction and maintenance of road infrastructure.
- ii. the MORT and the MOT consist of a mix of departments and state transport enterprises, with the MOT being almost completely vertically integrated;
- iii. critical road-related activities, such as regulation, driver and vehicle licensing, and safety, are the responsibility of the MORT; and
- iv. the MOC, the agency responsible for constructing and maintaining roads, has no formal involvement with regulating the vehicles that use the roads, or with road safety.

#### Public Works at MOC

It was noted from ADB's report<sup>47</sup> that although the division of responsibilities within the multiplicity of agencies in managing the road networks may be unclear and that there are budgetary constraints, the road sector operates reasonably well. Of the organizations involved in road development, as described, Ministry of Construction, Public Works is the organization which is most strongly involved in road projects with private sector. Public Works undertakes the function of:

- (1) Construction and maintenance of Roads, Bridges and Air Fields
- (2) Construction and maintenance of Public housings, Factories, Hospitals, Universities, Administrative buildings such as Parliamentary buildings and etc.

Public works has over 23,000 staffs and 16,000 out of 23,000 are engineers.

Public Works is managed by a management board presided over by a Managing Director in collaboration with four deputy Managing Directors (Planning/Administration/Repair & Maintenance/ Works)

There are eight Chief Engineers under the Deputy Managing Director (Works) and thirteen Deputy Chief Engineers to operate the divisions at headquarter level. There are also four supporting divisions headed by four General Managers, who are non-technical senior administrative officers under the Deputy Managing Director (Administration)

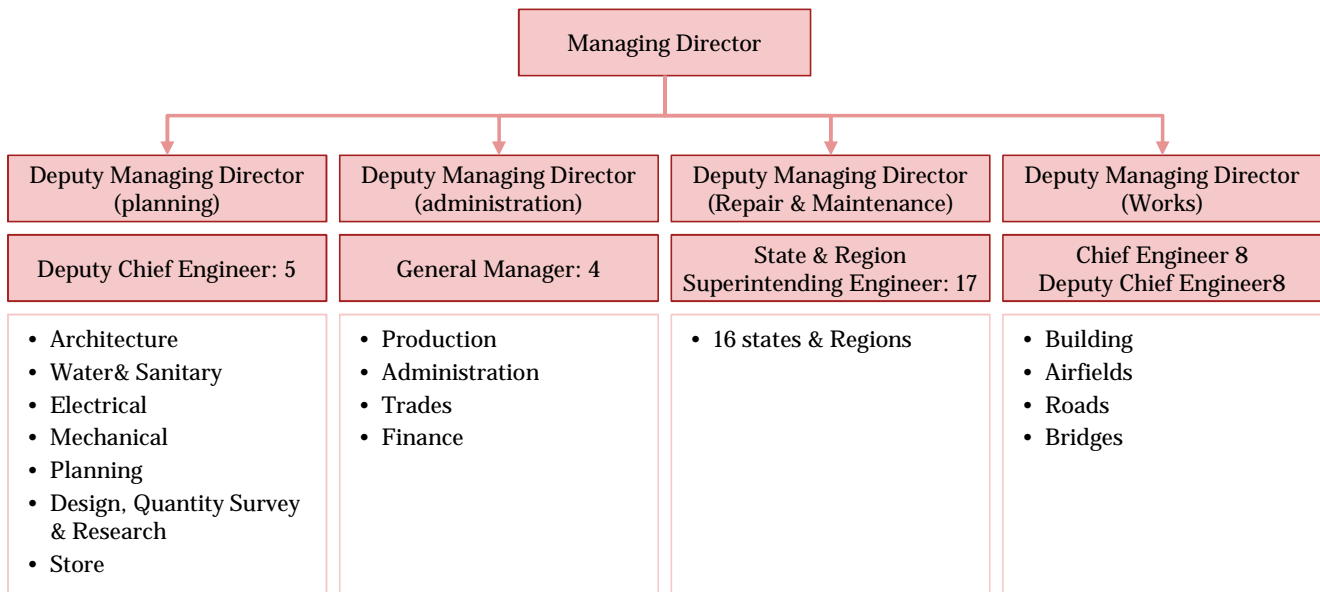
---

<sup>44</sup> The other three ministries are (i) Ministry for Progress of Border Areas and National Races and Development Affairs; (ii) Ministry of Defence; and (iii) Ministry of Home Affairs.

<sup>45</sup> ADB(2012)

<sup>46</sup> ADB(2012)

<sup>47</sup> ADB(2012)



**Chart 4.3.5 Organization chart of Public Works**

Source: MOC material

#### 4.3.4 Laws/Regulations

Myanmar's road system is governed by the Highways Law (No. 8/2000) (the "Highways Law")<sup>48</sup>. This repealed an older Highways Act dating from 1907. The objectives of the Highways Law include:

- easier communication and transportation between states;
- all round economic and social development;
- to support the modernization of Myanmar by constructing highways within Myanmar or to neighboring countries;
- to carry out systematic works of extension, repair and maintenance on highways; and
- to supervise traffic and the use of highways

The Highways Law empowers the MOC to carry out JV business. It is understood that the new Highways Law is currently being considered by the Government. Further updates are awaited.

It should be noted that under the MIC Notification, foreign investors engaging in the development and construction of transport infrastructure such as bridges, highways, overpasses etc. will be required to do so on the basis of a JV with a Myanmar citizen or company.

#### 4.3.5 Tariff/ Charges

##### Tariff structure

Below is the table of per-mile tariff paid by users at the gate of toll road. For toll roads managed directly by the Ministry of Construction, Public Works, the numbers might be different. The toll road tariff is different by types of vehicles, as shown in the table.

<sup>48</sup> In reviewing the Highways Law, please note we have had to use an unofficial English translation, obtained from <http://policy.mofcom.gov.cn/english/flaw.action>.

Table 4.3.6 Tariff Table for BOT Toll Road

| Vehicle Type   | Per Mile Rate (BOT Toll Gate) |
|--|-------------------------------|
| Private cars, Passenger cars below 2ton, Taxi, Wagon until 7 seating capacity, Other vehicles, Trailer (Passenger Vehicle) | 5kyats                        |
| Passenger vehicle from 2ton until 5.5 ton; Hiluw, light truck, Dyna, Canter, Commuter 9 seats and over ; Trailer(Freight)  | 20kyats                       |
| Vehicle below 2ton(freight), Freight vehicle from 2ton until 5.5 ton   | 30kyats                       |
| Passenger vehicle and buses over 5.5 ton until 16 ton  | 50 kyats                      |
| 6 wheel freight vehicle over 10 ton until 16 ton (2axles)  | 100kyats                      |
| 10 wheel freight vehicle (Freight + Vehicle) 23ton (3Axles)  | 125kyats                      |
| 12 wheel freight vehicle (Freight + Vehicle) 27ton (4Axles)  | 150kyats                      |
| 14 wheel freight vehicle (Freight + Vehicle) 34ton (4Axles) (Trailer included)   | 200kyats                      |
| 18 wheel freight vehicle (Freight + Vehicle) 46ton (5Axles) (Trailer included)   | 300kyats                      |
| 22 wheel freight vehicle (Freight + Vehicle) 50.5ton (6Axles) (Trailer included)   | 350kyats                      |
| Freight vehicle from Serial (6) until (10) vehicle only without freight  | 100kyats                      |

Source: Ministry of Construction, "Implementation Procedure of PPP project".

#### Tariff approver and revision system

According to the interview to MOC, For BOT projects, tariff is approved by the Ministry, and then approved by the Cabinet. Although there is no automatic tariff adjustment mechanism based on cost increase, private companies can propose tariff increase.

#### 4.3.6 Private Sector Participation

In 1996, the ministry of public works has decided to introduce private sector participation to road infrastructure which is called BOT scheme. Since then, BOT has been applied only to toll road projects which are managed by ministry of construction. According to the Ministry, the number of BOT project has reached to 61 as of May 2012 and 29 companies are in charge of the operation of BOT toll road projects across the country. Total length of BOT road projects is 3,663.45 miles and this number accounts for 15 % of total length of roads managed by ministry of construction. BOT scheme is implemented in 11 states and regions out of 14. The exceptions include Tanitharyi, Kayah and Chin states which have relatively low traffic volume.

Table 4.3.7 BOT project progress

| Year | Total length of BOT project (mile) |
|------|------------------------------------|
| 1996 | 102.375                            |
| 2008 | 1,653.125                          |
| 2012 | 3489.75                            |

Source: Ministry of Construction, "Implementation Procedure of PPP project".

#### "BOT" scheme for toll road projects

In road sector, private sector participation is designed as BOT scheme. Although this scheme is called as BOT, current practice in road sector of Myanmar is different from the definition of BOT in general terms.

Toll road “BOT” in Myanmar is applied only to brown field projects so far and private sector is involved in rehabilitation/ upgrade work, not construction work<sup>49</sup>. In addition, the assets are not owned by the private sector and the private sector is only in charge of operation and maintenance work.

**Table 4.3.8 Roles and Responsibility by Public/Private**

| Items                                 | Public | Private | Notes   |
|---------------------------------------|--------|---------|---|
| Asset ownership                       | X      |         | Asset is owned by public during the period of the project.  |
| Construction/Rehabilitation (Upgrade) | X      | X       | The private company except the green field projects (only one example), the private company rehabilitates the existing road |
| Tariff collection                     |        | X       |   |
| Operation                             |        | X       |   |
| Maintenance                           |        | X       |   |

Source: Ministry of Construction, “Implementation Procedure of PPP project”.

### Mechanism of “BOT” scheme

“BOT” scheme of toll road sector is delivered following the principles stated below:

- **Project period**

The contract period (from the start of the construction to the end of operation) of toll road “BOT” is 40 years for domestic investors. The project period can be extended depending on the requests from the private sector. After 40 years, contract can be extended 3 times every 5 years and the maximum period of the contract is 55 years.

According to the interview with the officials of Public Works at MOC, the project period of projects by foreign investors can be negotiable.

- **Requirements of upgrade work**

According to the MOC material, the road should be upgraded to bituminous road and the construction work should be completed within 3 years after the start of construction (the conditions can be changed depending on the traffic volume). Bridges along the road should be built with RC and should have 60 tons load.

- **Payment from operator to ministry of construction (Tax Payment)**

Part of the amount of tariff collected should be paid back to MOC. The amount is determined with the percentage to total revenue with gradual increase in percentage as time advances. The numbers are shown in the chart below:

---

<sup>49</sup> Currently, there is one prospective road BOT project between Dawei and Thai border (Phunamron). This project can be the first one which is truly built and operated by private sector.



Table 4.3.9 Tax of BOT Project

| Period                       | Number of percentage |
|------------------------------|----------------------|
| First 3 years                | Exempted             |
| From 4th year to 13rd year   | 5% of revenue        |
| From 14th year to 23rd year  | 10% of revenue       |
| From 24th year to 33rd year  | 15% of revenue       |
| From 34th year to 140th year | 20% of revenue       |

Source: Consultant based on the interview with MOC, Public Works

• **Payment from operator to ministry of construction (Tax Payment)**

The private sector has to pay the amount equivalent to 1% of the investment cost to the public sector and the amount will be returned back to the company after the successful completion of the project.

• **Monitoring and termination of the contract**

Public Works is monitoring the service level of BOT operator. If the service level is not sufficient (e.g. over pricing toll collection, insufficient maintenance), MOC can terminate the contract with the operator after giving a warning. Some contracts with private companies were terminated in the past.

• **Tax exemption**

The government supports BOT projects and offers the following incentives:

- Tax exemption for road construction materials and equipment;
- BOT companies are able to take a loan from local bank to fund the projects; and
- Construction material can be provided by the Government at Government price rate.

It is noted that road construction projects are procured by the government through the MOC, MOT and MoRT, with less (if any) foreign participation. It is also reported that foreign participation is often restricted to the carrying out of feasibility studies, surveys and consultancy engagements.

**JV scheme for toll road projects**

JV scheme can also be applied for toll road projects.

**Private Sector Participation in the past**

As of May 2012, 61 projects were implemented as BOT and examples of BOT projects are shown in the table below. No foreign company has been involved in road BOT projects and most of them are managed by Myanmar conglomerate (or related) companies.

Of the 61 projects in Myanmar, Mandalay – Lahio – Muse Road was started in 1996 as an initial project followed by many projects as listed below. Another major example of BOT project is the old road between Yangon and Mandalay which was built by MOC and operated by private sector through BOT scheme.

Table 4.3.10 Existing BOT Projects (Examples)

| Name of the road                   | Operators   | Total Length (mile) |
|------------------------------------|---|---------------------|
| Yangon –Mandalay old road          | 7 operators including following:<br>1)Max Myanmar , 2)Shwe Taung<br>3)Shwe Than Lwin, 4)Kan Baw Za<br>5)Asia World , 6)Yu Za na<br>7)Taw Thar Win | -                   |
| Mandalay- Lashio –Muse Road        | Asia World  | 222.0               |
| Mandalay – Pyin Oo Lwin Road       | Asia World  | 298.3               |
| Yangon – Pathein Road              | Asia World  | 113.0               |
| Nyaung Oo – Myingyan Road          | Myat Noe Thu Construction   | 40.2                |
| Hpa an – Thalon – Pha Yar Gyi Road | Shwe Thun Lwin Company  | 90.5                |
| Sagaing – Monywa                   | Shwe Taung  | 73.3                |

Source: MOC, Public Works material and interview to MOC, Public Works

### Planned BOT projects

There are several BOT projects which are under consideration. One of the prospective projects is the connecting road from Dawei to Phunamron (border between Thai and Myanmar). The road will be built and operated by Thai construction company, Italian Thai. This project is planned as first green field BOT project.

Table 4.3.11 Planed BOT Projects

| Name of the project  | Note  |
|--|---|
| Dawei - Phunamron Road                                     | The road connecting from Dawei SEZ to Thai border |
| Shwebo – Myitkyina Road                                    |   |
| Mawlawamyine – Ye – Dawei – Meik – Kawthaung Road          |   |
| Meilhthila – Taunggyi – Kyaingtong – Tacheleik Road        |   |
| Monywa – Pale – Gangaw – Kalaymyo Road                     |   |
| Yargyi – Kalaywa Road                                      |   |
| Mandalay – Thabeikkyin – Tagaung – Bhamaw – Myitkyina Road |   |
| Minbu – Ann – Sittwe Road                                  |   |
| India – Myanmar – Thai Traptite Road                       |   |
| Ruili – Kyaukphyu Road                                     |   |

Source: Ministry of Construction, Public Works

### Procurement system

The MOC has a procedure of procurement. The procedure is shown in the material of MOC, as described below. This process is not limited to BOT projects, but would be applied to other projects as well.

According to interviews with officials from the MOC, in the past, it has been that no competitive tender process was carried out for BOT projects. Due to a limited number of companies interested in carrying out a BOT project, it appears that such companies were then invited carry out the projects was decided by agreement between the companies and the MOC with no public announcement being made in respect of BOT projects. Nonetheless, this practice does not conform with the rules described in the material of MOC, Public Works, which includes the following:

- Inviting tender in the newspaper
- Opening of the tender in front of both committee member and tender owner and announcing each tender amount
- Evaluation based on basic criteria for selection of tenders

- Selection of companies which meets the tender criteria, especially specification criteria
- Bargain tender amount with the company in front of the Procurement Committee
- Approval from the General Attorney of draft contract document
- Approval from the Cabinet
- Signing of the contract

According to a document supplied by the MOC, the evaluation criteria include (from a total of 24 criteria):

- Specification
- Background condition of company
- Delivery period
- Country and region
- Validity of tender amount

The result of the evaluation will be submitted to MOC, then MIC and the Cabinet. The tender process takes 2-3 months in total, and Government is currently trying to expedite the process.

## 4.4 Railway Sector

### 4.4.1 Overview of the sector

The railway sector is operated by Myanmar railways, a state enterprise under the Ministry of Rail Transportation. It is noted that during the past 20 years, the rail network has been expanded considerably to about 3,500km. Much of this expansion has been undertaken to provide transport services in remote areas of the country, reflecting the governments' policy of national integration.

Most of the new lines are located in the mountainous area which resulted in high costs to construct. This squeezed the budget allowance for the railway sector to capture the increased freight transport demand. It was noted that the sector handled some 3 million tons of freight in 1993, about 20% of total freight transport; in 2011, freight tonnage remained the same.

Table 4.4.1 Abstract of Railway in Myanmar

| Description               | Present Total (km) |
|---------------------------|--------------------|
| Route miles (km)          | 3,516              |
| Track miles (km)          | 4,632              |
| Railway stations (number) | 889                |
| Rail bridges (number)     | 11,203             |
| Tunnels (number)          | 12                 |
| Passenger trains (number) | 450                |
| Cargo trains (number)     | 21                 |
| Locomotives (number)      | 391                |

Source: ADB (2012)

Principal route is the one from Yangon to Mandalay. Since it takes travel time of 12-14 hours according to the Myanmar Railway, competing road infrastructure will threaten the demand for this section.

### 4.4.2 General & Investment Policy on the Sector

Investment in basic infrastructure, such as track renewal, replacement of sleepers, rebalasting, and upgrading of signaling and communications systems, is considered to be seriously inadequate. The limited investment results in low quality of services in speeds and riding quality, and competitiveness to the competing road network would deteriorate.

The development of Greater Yangon Transport Master Plan is underway with JICA support from January 2013. Myanmar Railway explained the investment priority for the future will be defined in the master plan.

The current major investment plans are the following:

- Yangon-Bago upgrading plan by grant: under F/S stage by JICA by February/March 2013
- Yangon-Mandalay railway upgrading: under F/S stage by a private company (Final Report will be ready in January 2013)
- Other donors such as WB and ADB will consider their support after these F/Ss.
- Kyaukpyu-Muse- BOT is proposed and under discussion with China. The project cost is assumed to be USD20 billion. Government does not plan to pay to the private companies, but collect territory crossing tax at the border. (This is the first international railway in Myanmar).
- Upgrading of circular line: Last year, 8 local companies submitted proposals for a JV project. It is currently considered how to be implemented together with the private sector. There is technical and system limitation and which areas to be allowed for the private sector. For the details, it will be required to wait the urban transportation master plan study. Key issue is the low tariff of the circular line with subsidies.

### 4.4.3 Organization

The railway sector is regulated by MORT and operated by Myanmar Railways, a state enterprise under the MORT.

#### 4.4.4 Laws/ Regulations

It is understood that the Myanmar Railway Law defines tariffs for railway services. However, a copy of the Law was not available for the purposes of this Report.

It should be noted that while the SOEL reserves the provision of railway transport services to the Government, sections 4 and 5 of the SOEL do permit the Government to allow involvement by other entities, such as foreign investors, if it is in the interest of Myanmar (either via JV with a SOE or independently, under other conditions). Thus a foreign investor may legally engage in such sectors using the SOEL, but only with Government support.

Likewise, the MIC Notification issued under the 2012 FIL specifically identifies that foreign investors may engage in production of new railway engines and coaches, although the Ministry of Industry will require this to be done via a JV with a Myanmar citizen or company.

#### 4.4.5 Tariff/ Charge

Tariff is determined based on the Myanmar Railway Law<sup>50</sup>.

The main items in the revenue of Myanmar Railways are the following:

- (i) User fee from passenger
- (ii) User fee from freight
- (iii) Government subsidy/tax
- (iv) Others Area Development (residence, hotel, shopping mall, cinema etc.)

The ratio of (i) to (ii) is approximately 60: 40. The existence of item (iii) and (iv) shows that the current tariff is not at cost recovery basis. The recovery ratio is said to be 50-70%.<sup>51</sup> The low tariff with subsidies is the key constraints for private sector participation to the sector, as seen in the circular line.

Table 4.4.2 Railway Financial Statement (Kyat billion)

| Classification      | 2010  | 2011  |
|---------------------|-------|-------|
| Revenue             | 33.16 | 52.00 |
| Passenger           | 20.64 | 29.46 |
| Goods               | 8.29  | 16.74 |
| Others              | 4.23  | 4.80  |
| Expenses            | 66.38 | 71.55 |
| Operating expense   | 66.32 | 71.54 |
| Interest            | 0.06  | 0.01  |
| Operating Ratio (%) | 200.2 | 140.3 |

Source: ADB (2012)

Tariff is determined based on the length of the services. The tariff for circular line and the one for inter-city rail are defined under different formula. (Inter-city tariff is higher than the circular line.)

Tariff needs to be approved by government (cabinet). Tariff for projects with private sector participation can be negotiated but needs to be approved by government (cabinet) as well.

The Myanmar Railway noted that the tariff is revised according to the inflation rate. However, the recent changes have been limited to the raise in the last year after four years absence of changes.

---

<sup>50</sup> The law is not available during the study and this section is written based on the interview with Myanmar Railways. ADB (2012)

#### *4.4.6 Private Sector Participation*

The sector is considered to be required additional funds from the private sector due to the inadequacy of current investment. However the sector is dominantly operated by Myanmar Railways, a state owned enterprise, and it is required to be clarified the legal basis on private sector participation in railways services. To date, there has been no private sector participation in railway services.

Nonetheless, it was noted that Kyaukpyu-Muse- BOT is proposed and under discussion with China. China Railway International Limited (CRIL) will provide funds for the project, whose cost is assumed to be about USD20 billion. MORT and CRIL signed the agreement on the project to be implemented under BOT basis. It is expected that CRIL will operate the railway for 50 years. The railway of about 800 km will connect Kyaukpyu in Myanmar and Kunming in China.

## 4.5 Port Sector

### 4.5.1 Overview of the sector

Myanmar's ports infrastructure is critical in supporting the import and export activities of the country. Volumes have increased significantly over the last two decade when it begun implementing an open market economic system in the late 1990s. As Myanmar continues to open its economy to international trade, these volumes are expected to increase further. The increase in trade volume is underpinned by Myanmar's strategic location providing hinterlands access to the inlands of south China, Thailand and Vietnam.

The major shipping fleet in Myanmar is state-owned Myanmar Five Star Line (MFSL), established in 1959. MFSL operates 26 vessels with total deadweight tonnage (DWT) of 153,635. In addition to Myanmar Five Star Line, there are approximately 17 shipping lines including ACL, Eagle, Hubline, IAL, Premier Spectrum, Total, Premier, Ocean Tanker, Trade Sea, Gulf Agency, MM Shipping, JAC, Prominent and GGH Trading using the facilities of the Port of Yangon.

Currently, the majority of Myanmar's trade cargo is handled through the Port of Yangon. Myanmar's import volumes have increased substantially over the last three years, whereas exports have not seen similar growth. Imports exceeded 12m metric tons in 2011 compared to 6m metric tons in 2008. Due to Myanmar's lower cost base, manufacturers are looking at the option of relocating their factories to Myanmar, for example, from China and Thailand. This is expected to spur growth in Myanmar's industrial sector and an increase in exports. In addition, shipping volume will also increase as Myanmar establishes itself as a strategic location for imported goods to begin their on-land journey into the hinterlands of China, Thailand and Vietnam.

Therefore, cargo volumes handled through Myanmar is expected to increase. In response, Myanmar has plans to develop deep sea ports in Sittwe, Kyaukpyu and Dawei.

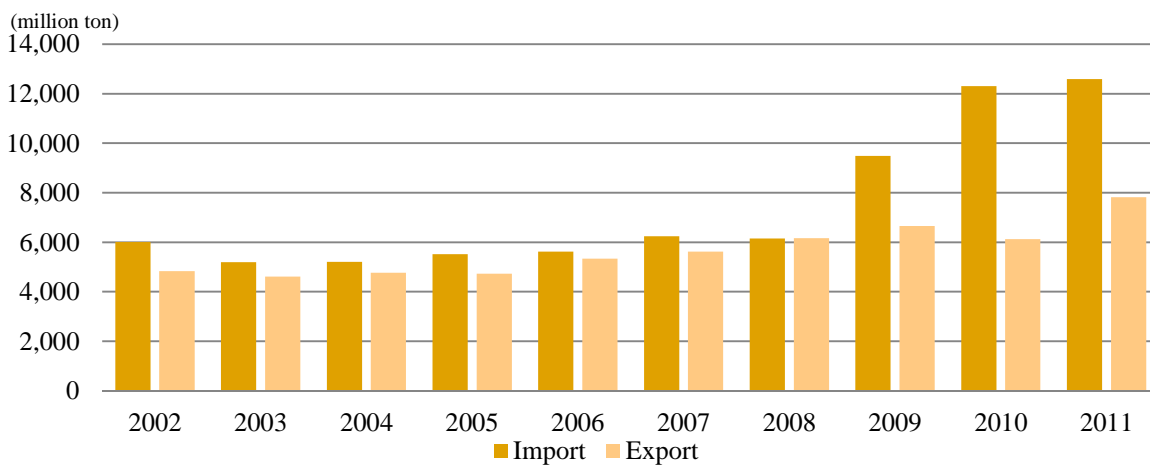


Chart 4.5.1 Cargo Volumes Handled by the Port of Yangon (2002-2011)

Source: World Port Source<sup>52</sup>

There are 9 ports in Myanmar and their classifications are categorized in three; international port, international export port, and domestic port. Chart and table below indicates the overview of the ports in Myanmar including the location of each ports and their classification.

<sup>52</sup>World Port Source Website  
<http://www.worldportsource.com/>



| Name of Ports | State       | Classification of Port    |
|---------------|-------------|---------------------------|
| Yangon        | Yangon      | International Port        |
| Sittwe        | Rakhine     | International Export Port |
| Kyaukphyu     |             | Domestic Coastal Port     |
| Thandwe       |             | Domestic Coastal Port     |
| Patheingyi    | Ayeyarwady  | International Export Port |
| Mawlamyine    | Mon         | International Export Port |
| Dawei         | Tanintharyi | Domestic Coastal Port     |
| Myeik         |             | International Export Port |
| Kawthoung     |             | Domestic Coastal Port     |

Chart 4.5.2 Ports in Myanmar

Source: Chart on the left– MPA’s website<sup>53</sup>

Table on the right – prepared by Consultant based on the Overseas Coastal Area Development Institute (2010) “Containers in Myanmar, *The Overseas Coastal Area Development Institute (OCDI) QUARTERLY 81* (in Japanese), 2010/Vol.3,454”.

#### 4.5.2 Current Infrastructure for Container Ports

##### Container Ports

Myanmar has a total of nine ports along its coastline. The Port of Yangon is the main port of Myanmar with approximately 300,000 TEUs per year. This accounts for almost 100% of all shipments into Myanmar.

There are four main container ports in Myanmar, each with their respective storage areas. These four container ports are:

- **Myanmar International Terminal Thilawa (MITT)** owned by Hong Kong based Hutchinson Port Holding Company;
- **Asia World Port Terminal (AWPT)** owned by Asia World Co. Ltd, a local Myanmar private company;
- **Bo Aung Kyaw Container Wharf (BSW)** owned by Lann Pyi Marine Co Ltd under the state owned Union of Myanmar Economic Holding (UMEH); and
- **Myanmar Integrated Port Limited (MIPL)** involving an Egyptian investor.

<sup>53</sup>MPA’s website. [http://www.mot.gov.mm/mpa/our\\_services.html](http://www.mot.gov.mm/mpa/our_services.html)

<sup>54</sup>[http://www.ocdi.or.jp/pdf/81\\_kaigai02.pdf](http://www.ocdi.or.jp/pdf/81_kaigai02.pdf)





Chart 4.5.3 Location of ports facilities in Yangon

Source: MPA

The MITT is a multi-purpose container terminal, an investment by Hutchinson Port Holding Company. It is able to accommodate large vessels due to its deep draft. The port is located at Thilawa near the Yangon River, which is approximately 25km away from Yangon city.

Despite being the container port with the largest capacity in Yangon, MITT handles only 12% of the shipment that comes through Yangon. This is due to the constraints in its connectivity to existing industrial zones. The condition of the road connecting MITT to the new bridge is poor. With the development of the Thilawa Special Economic Zone, which is adjacent to MITT, there may be an increase in MITT’s share of shipment handling.

The AWPT is situated se-mi downtown in the Ahlone Township. This close access to industrial park makes AWPT a port with a favorable location as goods can be transported quickly and at a lower cost.

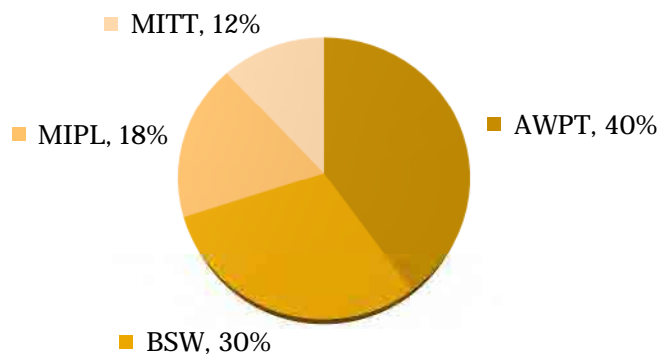


Chart 4.5.4 Container Shipment Handling

Source: IDE-Jetro (2011)

### 4.5.3 General & Investment Policy on the Sector

#### Private Sector Participation

Before 1997, all ports were operated by Myanmar Port Authority (MPA). Since 1997, MPA changed its policy and opened the services to the private sectors. Currently, in terms of quay length in Yangon, about 75 % is owned by the private sector where as the rest of 25 % is owned by the public sector.

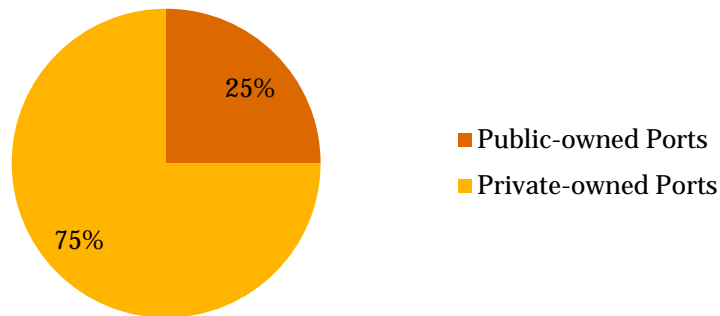


Chart 4.5.5 Ownership of Ports by Public/Private (Quay length)

Source: Prepared based on Myanmar Port Authority (2012). “Current situation of Yangon Port and Investment Opportunities in Port Sector”.

The cargo and container services have been increasing and in order to handle this increasing maritime cargo, MPA is performing processes of upgrading the existing ports, planning to construct new berths in Thilawa area, improving waterways access channels for larger vessels to Yangon Port area and deep seaports along the coastal area.

As all the existing ports of Myanmar are river ports and not deep enough for a large conventional and container vessels, MPA is also exploring possibilities of developing seaports including Kyaukpyu seaport and Dawei seaport.

#### 4.5.4 Organization

MPA is a SOE and is also a regulatory body in the port sector. The chart below shows the organization structure of MPA. Top of the organization is Managing Director (MD), and under MD and General Manager, there are 8 departments, 4 divisions, and 4 units in charge of regional ports by areas.

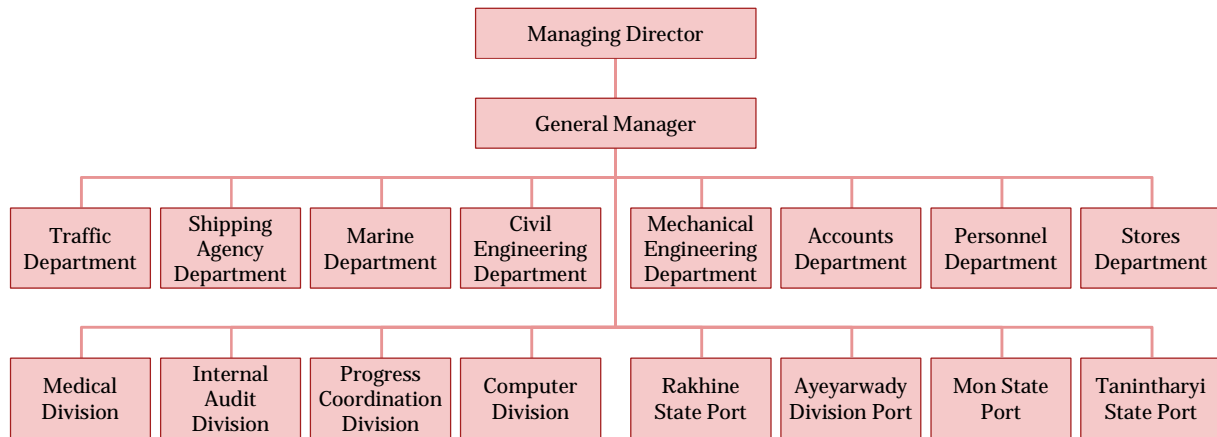


Chart 4.5.8 Organization chart of MPA

Source: MPA website<sup>55</sup>

Civil engineering department is in charge of planning for port development and Construction and Maintenance of port facilities including projects with private sector participation<sup>56</sup>.

#### 4.5.5 Laws/Regulations

The laws that principally govern the port sector are as follows:<sup>57</sup>

- The Yangon Port Act, 1905 – this provides for the abidance of port users and the collection of fines and port dues within the Yangon Port area. It was last updated in 1962, although the MOT has been in the process of updating it since 2006.
- The Ports Act, 1908 – this provides for the abidance of port users and the collection of fines and port dues within the ports areas. It was last updated in 2008 to increase various fine penalties.
- The Outports Act, 1914 – this provides for the abidance of port users and the collection of fines and port dues within the Sittwe, Kyauk Phyu and Thandwe ports in Rakhine State. It was last updated in 2007 to increase various fine penalties.
- The Myanmar Light House Act, 1937 – this provides for the acknowledgement and the abidance relating to the lighthouse for the safe navigation of vessels along the Myanmar coastline and for the collection of lighthouse dues. The MOT has been in the process of updating it since August 2006.

#### Laws and foreign investment

The MIC Notification issued under the 2012 FIL requires foreign investors to first carry out a feasibility study and an EIA before commencing any port construction (see chapter [3.3]). Any ports located in a special economic zone (as is the case with Dawei) will also benefit from the advantages set out in the MSEZL and DSEZL (as the case may be) (see chapter 3.1.6).

<sup>55</sup> Myanmar Port Authority Website, Organization Chart of MPA

<http://www.mot.gov.mm/mpa/organization.html>

<sup>56</sup> [http://www.myanmarportauthority.com/index.php?option=com\\_content&view=article&id=5&Itemid=5&lang=en](http://www.myanmarportauthority.com/index.php?option=com_content&view=article&id=5&Itemid=5&lang=en)

<sup>57</sup> The copies of these laws are not available and this section is based on the interviews with MPA.

#### 4.5.6 Tariff/ Charges

##### Tariff structure

The tariff and dues for ports are determined by the MPA and are published on its website<sup>58</sup>.

Tariffs include the following:

- charges on vessels (based on gross tonnage of the vessel),
- charges on cargoes (based on weight or measurement of the freight),
- miscellaneous charges (port dues, light dues, pilotage charges etc),
- charges on containers.

By way of example, below is the tariff table for port dues. The tariff is shown in both Kyats and USD, and a currency surcharge<sup>59</sup> would apply when necessary.

Table 4.5.1 Port Dues

| Items                  | (Kyats) | (USD) | Remark   |
|------------------------|---------|-------|--|
| (a) Sea- going Vessels | 150.00  | 25.00 | Per 100 gross registered tonnage or part thereof per 30 days |
| (b) Inland Vessels     | 2.00    | -     | Per tonne capacity or part thereof payable half yearly       |

Note: 1 Vessels belonging to the Myanmar Defense Services, pleasure yachts, or any vessel which, having left any port of Myanmar, if compelled to re-enter it by stress of weather or in consequence of having sustained any damage are exempted. 2. Capacity means the capacity in tonnes of the inland vessel as stated in the license issued by the Boat Registration Office of the Traffic Department.

##### Tariff approval and revision

Tariffs are regulated and approved by the MOT. There is no periodical tariff modification system in the sector. The last tariff revision was in 1998 and the MPA is currently discussing the possibility of tariff increase.

#### 4.5.7 Private Sector Participation

Before 1997, all ports were operated by the MPA. Since then, the MPA has changed its policy and opened the operation of port services to private sector. The first BOT in the port sector was the opening of Myanmar International Terminals Thilawa in 1997. The MPA has also implemented one terminal, Botataung No.1 Inland Container Depot on JV scheme with Allied Container Services Singapore. Currently, in terms of quay length in Yangon, 3/4 of the ports are owned and operated by the private sectors.

##### Applied Schemes in the Sector – BOT and JV

The MPA has implemented two types of schemes for projects with private sector; BOT and JV. Division of roles by public/private sector in each scheme is summarized in the tables below. In case of BOT, most of the responsibility is taken by the private sector. In the port sector (unlike in other sectors), private operators may own the asset during the project period, and transfer them to MPA at the end of project period.

<sup>58</sup> [http://www.mot.gov.mm/pdf/tariff\\_dues.pdf](http://www.mot.gov.mm/pdf/tariff_dues.pdf)

<sup>59</sup> Based on the fluctuation on the current value of the kyat, a certain percentage of the charges on the following prescribed rates will be levied as the Currency Surcharge on all vessels using the ports, as and when required with prior notice: (a)Port Due, (b) Light Dues,(c) Pilotage Charges, (d) Berthing Charges , (e) Stevedoring Charges, (f) Conservancy Charges on export only, (g) Vessel's Hire and Salvage Charges, (h) Container Charges, (i) Other Dues and Charges levied and settled in Fore.

Table 4.5.2 Division of roles by Public/Private for BOT Projects

| Items                | MPA | Private | Notes   |
|----------------------|-----|---------|---|
| Land (lease)         | X   |         |   |
| Finance              |     | X       |   |
| Construction/Upgrade |     | X       |   |
| Tariff collection    |     | X       | Tariff is determined by MPA                       |
| Operation            |     | X       |   |
| Maintenance          |     | X       | Some specific maintenance work can be done by MPA |
| Asset Ownership      |     | X       | Foreign companies are also allowed to own assets  |

Source: Prepared by Consultant based on the interview with MPA

In case of JV, division of roles by public and private sectors are not clear but according to the MPA, the MPA will take a management role while the private sector is in charge of operation.

Table 4.5.3 Division of roles by Public/Private for JV projects

| Items             | MPA                         | Private        |
|-------------------|-----------------------------|----------------|
| Finance (Equity)  | X<br>(Land/Existing assets) | X<br>(capital) |
| Management        | X                           |                |
| Tariff collection |                             | X              |
| Operation         |                             | X              |
| Maintenance       | X                           |                |

Source: Prepared by Consultant based on the interview with MPA

In terms of how to determine which procurement route a project will follow (JV or BOT), in the past this was largely proposed by the private sectors. Current practice is for the MPA to determine the procurement route before launching the tender process.

### BOT scheme

Several BOT projects have been implemented in Yangon port and Thilawa port, and the table below shows the overview of the projects. Project term in existing BOT projects range from between 25 and 30 years. According to the current rule, project length is determined based on the nature of the projects and it can go up to a maximum of 40 years (initial 25 years plus 15 years, extension of 5 year times 3 times).

In terms of operators, local players including a subsidiary of major conglomerate, Asia World, have been active in participating BOT projects. Hutchison (Hong Kong) is the operator of the MITT terminal.

Table 4.5.4 BOT projects under operation/construction

| Name of Terminals   | Operators                                   | Project Term       | Investment Amount                                | Total Quay Length   |
|---|---|--------------------|--|---------------------|
| Myanmar International Terminal Thilawa (MITT) Terminal (Thilawa Plot 5,6,7,8,9) | Hutchison Port Holdings (Hong Kong)         | 25 years (1997-)   | USD 101 mil.                                     | 1000m               |
| Myanmar Industrial Port (MIP) Terminal  | Myanmar Industrial Port                     | 25 years (2003-)   | Kyats 4837 mil.                                  | 304.8m              |
| Asia World Port Terminal (No.1 Alone Wharf)                                     | Asia World Port Terminal Management Company | 25 years (2001-)   | USD 21 mil.<br>+<br>Kyats 2344.mil.              | 210.8m              |
| Asia World Port Terminal (No.2 Alone Wharf)                                     | Asia World Port Terminal Management Company | 25 years (1998-)   | USD 4.6 mil.<br>+<br>Kyats 439.mil.              | 155.8m              |
| Asia World Port Terminal (No.3 Alone Wharf)                                     | Asia World Port Terminal Management Company | 30 years (2005-)   | USD 18 mil.<br>+<br>Kyats 1420.mil               | 259.7m              |
| Asia World Port Terminal (Under construction)                                   | Asia World Port Terminal Management Company | 30 years           | USD 1.5 mil.<br>+<br>Kyats 14 bil.<br>(estimate) | 238m                |
| Myanmar Integrated Port (Thilawa Plot 4)  | Myanmar Integrated Port Limited             | 25 years (1998-)   | USD 18.2 mil.                                    | 198m                |
| Remarks   | Mostly Myanmar, one Hong Kong companies     | Range- 25-30 years | Range- Kyats 4837 mil. – USD101 mil.             | Range- 155.8m-1000m |

Source: Prepared by Consultant based on “Current Situation of Yangon Port and Investment Opportunities in Port Sector, 2013” and the interview with MPA

### JV scheme

MPA is an SOE but can form a JV with private companies. MPA has one experience in JV for Internal Container Depot (ICD) with a Singaporean company, Allied Container Services Pte Ltd. and it is explained that this JV has been doing well since 1995. As for equity share, in general, it is 51 % (MPA):49 % (private), and the ratio is determined according to the nature of the projects. As for ICD case, the private share has been decreased to 41% recently. Law affecting the JV scheme is “Foreign Direct Investment Law” (when private operators include foreign companies) and “Myanmar Citizen Investment Law” (when private operators are only local companies). As for MPA’s share, MPA provides land and existing assets as equity

### Planned projects with Private Sector Participation

MPA is currently preparing 4 new projects in Yangon possibly with private participation scheme. The scheme for each project is determined by MPA based on the nature of the projects. In general, if it is a brown field project, the project tends to be implemented with JV scheme because MPA can contribute the existing assets/land as equity. For the green field investment, it is likely that the projects are implemented as BOT.

The table below summarizes the overview of these projects.

Table 4.5.5 Planed projects Private Sector Participation in Yangon Port

| Name of Port                    | Scheme | Greenfield/<br>Brownfield | Brief description   | Status  |
|---------------------------------|--------|---------------------------|---|---|
| Botahtaung                      | JV     | Brownfield                | Repair and Operate (with commercial and recreational buildings) | Under procurement<br>Three are short listed <sup>60</sup> |
| Sule                            | JV     | Brownfield                | Repair and Operate  | Under procurement   |
| Pansodan-Dela Passenger Jetties | BOT    | Brownfield                | Repair and Operate (with commercial buildings)                  | Under procurement<br>Invitation of tender- Sep. 2012      |
| Lamadaw                         | BOT    | Greenfield                | Build(upgrade) and Operate (with commercial buildings)          | Planned   |

Source: Prepared by Consultant based on interview with MPA

In addition to above-mentioned projects in Yangon, JICA is conducting F/S for the expansion of Yangon Port in Thilawa area including the possibility of applying in Thilawa port projects. Moreover, several seaport projects are planned and one of the projects, Seaport Project developed by Italian-Thai Development Public Company Limited (ITD) in Dawei, assumes project development with BOT scheme<sup>61</sup>.

### Procurement Process<sup>62</sup>

In the past, procurement which includes private sector participation was implemented on a direct appointment basis, selecting operators who proposed the projects to MPA. Currently, MPA is conducting internal discussions on how to develop a formal procurement system including evaluation system.

The procurement system that MPA has been discussing is a two phase approach, namely: 1) pre-qualification stage and 2) proposal stage. The proposed procurement process is summarized as chart below.

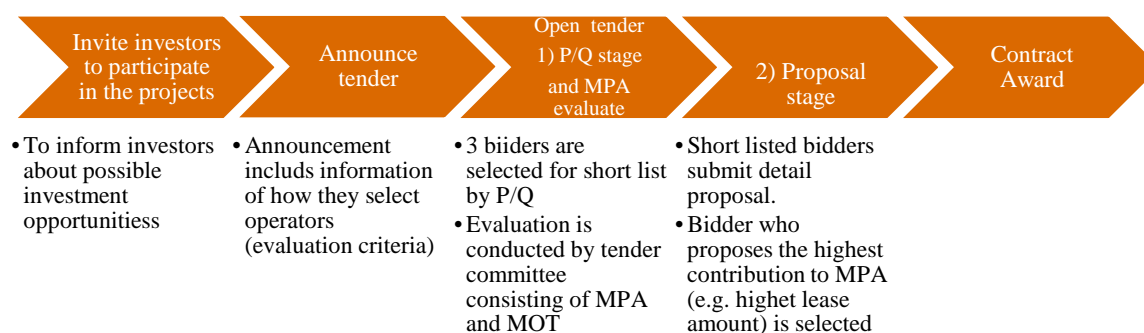


Chart 4.5.9 Procurement Process

Source: Prepared by Consultant based on the interview with MPA

At the pre-qualification stage, three bidders would be selected for the short-list. At the proposal stage, the bidder who submits the highest price to lease the land would win the tender, but the architecture design,

<sup>60</sup> <http://elevenmyanmar.com/business/1027-pearl-land-co-offers-100-million-kyats-monthly-to-win-tender-for-hotel-services>

<sup>61</sup> ITD is granted the BOT concession to develop the following projects in Dawei, the Union of Myanmar:

- 1) Deep sea port
- 2) Industrial estate (Heavy, Medium, and Light Industries)
- 3) A cross-border road, rail and pipeline link with connecting electrical transmission lines to Myanmar/Thai border

<sup>62</sup> This section is based on the interview with MPA.

schedule and other factors would also be considered. MPA is currently developing the tender system, and below is possible evaluation criteria:

- Investment amount
- Result of feasibility study
- Subsidy
- Experience of the bidder
- Methodology
- Schedule
- Design/concept plan
- Dividend amount (called equity ratio)



## 4.6 Inland Water Transportation

### 4.6.1 Overview of the sector

Major rivers flow from North to South of Myanmar and are fed by a large number of tributaries especially in Delta area. Since the transportation of east and west direction is blocked by the river/tributaries, inland water transportation has an important role in the area. Myanmar has some 5,000km of navigable waterways, of which about 2,400 km make up the primary inland waterway network. This network includes the Ayeyarwady and Chidwin rivers and the extensive channel system in the Ayeyawaddy Delta. The dominant provider of both passenger and freight series on the network is Myanmar Inland Water Transport (IWT), a state owned enterprise of the MOT.

IWT has approximately 230 powered vessels, many of which are old, with a total capacity of about 70,000tons. In 2011, IWT handled 28 million passengers and 5 million tons of freight (comparative 2000 figures are about 23 million passengers and 4 million tons of freight). It is considered that Inland Water Transport is one of the important modals in Myanmar and it was noted that IWT currently handles some 50% more freight than Myanmar Railways<sup>63</sup>.

IWT has 6 dockyards throughout the country, some more that 100 years old and none equipped with modern facilities

Table 4.6.1 Inland Water Transport

| Description             | Total     |
|-------------------------|-----------|
| Service Route           | 12,037 km |
| Fleet (numbers)         | 421       |
| Powered crafts          | 228       |
| Dumb barges             | 154       |
| Station pontoons        | 39        |
| Services, as of 2011    |           |
| -Passengers (million)   | 27.57     |
| -Goods (million tons)   | 4.79      |
| Dockyards (number)      | 6         |
| Domestic ports (number) | 218       |

Source: MOT, IWT, ADB

It is noted that in addition to IWT, many private companies own vessels including speed boats and operate by themselves. Number of private-owned vessels is 20 times of what IWT has.

### 4.6.2 General and Investment Policy on the Sector

The future investment plan of Inland Water Transport network needs to be considered in the context of other transportation modes, such as road and railways. The development of road transport network especially is considered to affect the needs and competitiveness of Inland water Transport. In addition the fleet of IWT is old in general and the majority of the fleet could be over its economic life.

---

<sup>63</sup>ADB (2012)

Table 4.6.2 Age of Vessels of IWT

| Age of Vessels | Number |
|----------------|--------|
| 1-20 years     | 100    |
| 21-40 years    | 74     |
| 41-60 years    | 134    |
| Over 61 years  | 113    |
| Total          | 421    |

Source: IWT

Nonetheless, MOT noted the necessity of Inland Water Transport, considering the possibility to accommodate large tonnage of cargo at the same time. The followings are the main targets of investment in the sector provided by MOT.

- Replacement of hovercraft and passenger vessels
- Installation of barges which can carry 1,000 tons and above
- Replacement of modern cargo handling equipment
- Conducting freight transport agency services with warehouse facilities
- Establishing container port, yard, hub in ports of Yangon, Mandalay and other ports to handle huge amount of cargos
- Establishing container crane barges with the vision of multimodal transport system in future
- Fulfilling the coastal container fleet with the vision of possible flow of goods after the completion of Dawei and Kyaukphyu deep seaports
- Upgrading the existing dockyards of Inland Water Transport.

IWT plans to improve safety and efficiency of ferries (including upgrading old dockyards) and proposed ODA support of 31.77 million for 37 vessels. The project proposals were submitted to MOT. It also plans to improve safety and efficiency of cargo handling system and OCDI is currently conducting a study in Yangon and Mandalay.

#### 4.6.3 Organization

IWT was originally formed about 150 years ago. As the state owned enterprise, the main function IWT is to provide river transport services in Myanmar, utilizing its facilities to optimize transport performance whilst meeting public requirements. The principal functions of the IWT are:

- To carry out the transportation of passengers and Cargo along the navigable waterways of Delta areas, Ayeyarwady, Chindwin and rivers in Rakhine, Mon and Kayin States; and
- To operate ferry services for the convenience of passengers and vehicles.

Department of Marine Administration of MOT is in charge of setting up rules and regulations, issuance of license, regulations.

The dredging of the waterways, as well as effective navigation and communications facilities will be required for the inland waterway transportation and these are the responsibility of the MOT's Directorate of Water Resources and Improvement of River Systems. It is noted that the lack of budgetary resources for dredging activities and navigation facilities results in inadequate dredging.<sup>64</sup>

#### 4.6.4 Tariff/ Charges

Tariffs on private services and government services can be different. As a state owned company, IWT is required to follow rules and regulations of the government including tariff restriction. Public vessel's tariff needs to be approved by MOT. On the other hand, private vessels can set tariff whatever they want without restriction to the government regulation.

<sup>64</sup> ADB(2012)

Transport tariffs for public vessels usually set at low and well below cost for both passenger and freight services. This is considered to be the principal constraint for this sector to provide services at government-fixed tariffs that are below cost.

#### *4.6.5 Private Sector Participation*

IWT noted that the Government does not limit the private sectors to start the services and no regulations for the entry to the business. No foreign private companies have entered in the services.

The private service to the sector is recognized. Although it seems mostly by small and medium sized enterprises, some private companies invest in new vessels and tariffs are set according to the user needs.

As for the projects with private sector participation, outsourcing of operation and maintenance is intended. The public notice was issued by IWT to invite JV for the service in the end of November, but IWT clarified that it was not a JV scheme and an invitation of operation management contract (outsourcing of O&M). Other types of private sector participation have not been recognized.

## 4.7 Water Sector

### 4.7.1 Overview of the Sector

Water/wastewater service is provided by CDC of each city and Region Development Affairs of each state. There are no ministries/agencies in charge of water sector at the union level. In case of Yangon city, Yangon CDC is in charge of 33 townships out of 45, and the rest is served by Yangon Region Development Affairs. In areas where CDC and/or regional development affairs' services are unavailable, people rely on their own sources of water mainly from wells.

Countrywide statistics on the access to water service is not available, but according to the IHLCA, 69.4 % has access to safe drinking water<sup>65</sup> union average in 2010, showing some improvement since 2005 which was 62.6%. There are significant differences by states; for instance, access rate in Yangon is 85.5% while those for Ayeyarwady, Rakhine and Taninharyi are 45%, 50%, and 56%, respectively.

Water loss is quite high throughout the country, and it is said that water loss in Yangon and Nay Pyi Taw is 50% and 40%, worsening the water shortage situation.

### Water/Wastewater in Yangon City

The population served water by Yangon City Development Committee (YCDC) is 62% and 38% depends on non-YCDC sources mainly from the underground water by dug wells and tube wells. The chart below indicates the water sources in YCDC. Some of the water facilities in downtown are more than 100 years old. Even for water provided by YCDC, supplied water is clarified by rapid filtration only without any sterilization by chlorination.

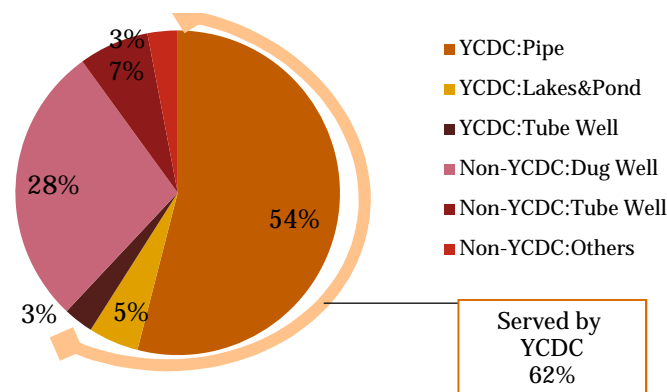


Chart 4.7.1 Water source in Yangon

Source: Si, Soe (2013), "Current Status and Specific Technical Issues on Water Infrastructure and Information for Water Infrastructure Projects in the Near Future" for the Forth Meeting of the PPP Council for Overseas Water Infrastructure..

Aging of pipe in downtown are is becoming serious issues as it is causing the degradation of water quality and high water loss. As for the water quality, salinity of ground water is found as one of the problems as saline water intrusion occurred along Yangon and Bago river bank.

As for sewage water, facilities since more than 120 years ago are still in use in some urban areas, basically they use septic tanks and the upper layer of the wastewater is channeled into the ground without any treatment. Domestic wastewater other than sewage water is discharged to the river, causing the pollution on Yangon

<sup>65</sup> In IHLCA, access to safe drinking water includes ; i) private tap water, ii) public tap/stand pipe, iii) tube well/bore hole, iv) protected hand dug well and v) protected spring/pond/rainwater, and it excludes i) commercial bottled water, ii) water sold by any means, iii) unprotected hand dug well, iv) unprotected spring/pond/rainwater, v) river/stream and vi) lake/dam. The access requires the source of safe drinking water is within 30 minutes walking distance.

River<sup>66</sup>.

#### 4.7.2 Organization

In Yangon city, YCDC Water and Sanitation Department is in charge of water/wastewater services.

In YCDC, each of 7 committee member is in charge of several departments in YCDC, and committee 7 superintends water and sanitation department. There are about 2,000 staffs working for water/wastewater in YCDC.

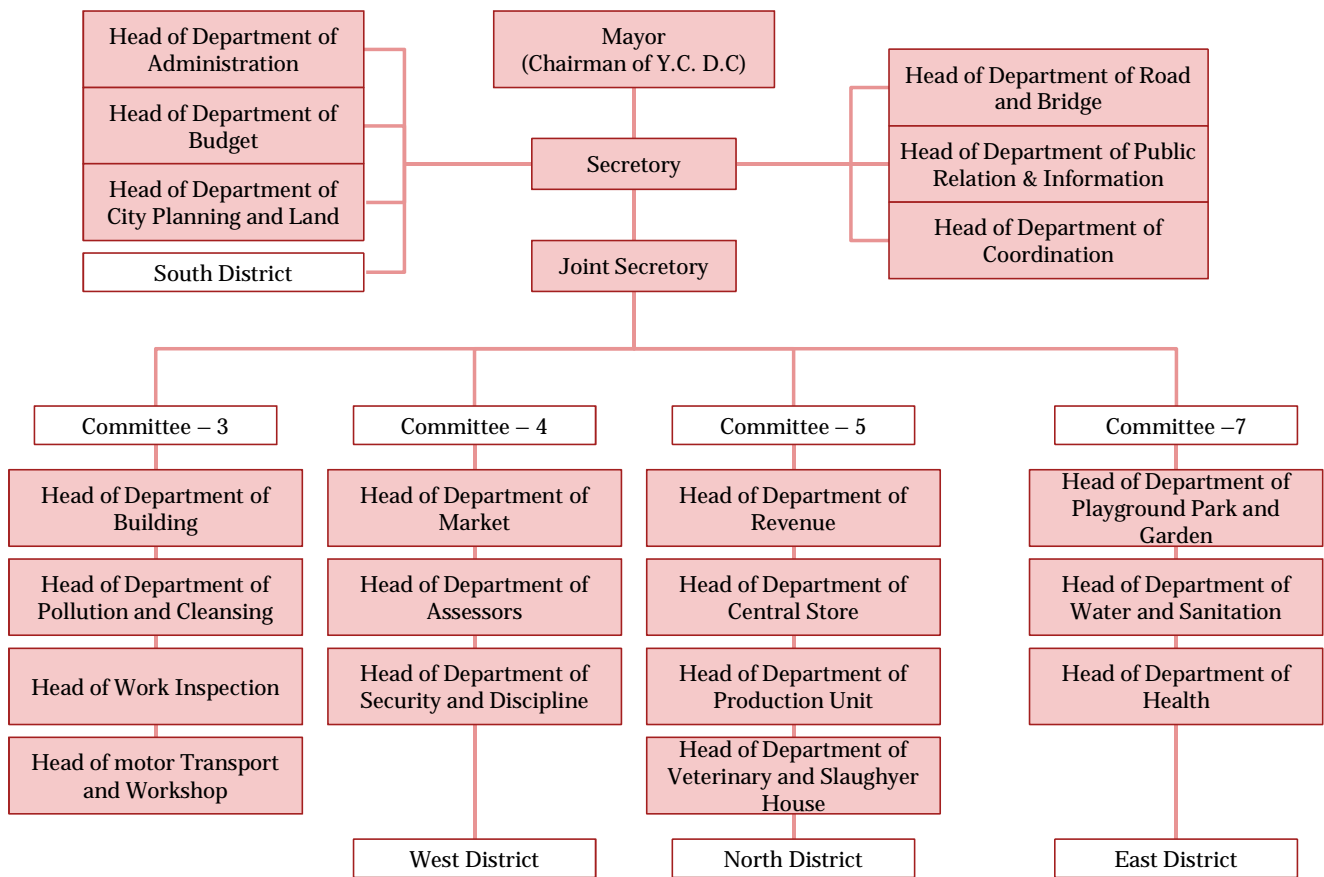


Chart 4.7.2 Organization chart of YCDC

Source: YCDC

#### 4.7.3 Laws/Regulations

There is no water supply law in Myanmar. Ministry of Development Affairs in each state exercise jurisdiction over water services and CDC is in charge in Yangon, Nay Pyi Taw and Mandalay.

In Yangon City, “The city of Yangon development Law” under Chapter III Duties and Responsibilities of the Committee, it is stated that “ carrying out works for water supply” “construction of reservoir and pipelines and maintenance thereof” “carrying out works for sanitation” are under the responsibilities of YCDC.

<sup>66</sup>Kankeiren (2012). "Mizu infra kokusaitenkai kenkyukai Myanmar/Thailand chousadan houkoku (in Japanese)" *Keizaijin* May 2012. [http://www.kankeiren.or.jp/keizaijin/pdf/closeup1205\\_2.pdf](http://www.kankeiren.or.jp/keizaijin/pdf/closeup1205_2.pdf)

#### 4.7.4 Tariff/ Charges

##### Tariff structure

In YCDC, different tariff tables are applied for urban water supply and rural water supply, and YCDC's current domestic water tariff structure is shown in the tables below.

Chart 4.7.1 Water Tariff Table for Urban Water Supply in Yangon CDC

| Water use                 | Water rate                | Remark               |
|---------------------------|---------------------------|----------------------|
| Domestic                  | 30 Kyats/1000 gallons     | metered              |
|                           | 120 Kyats/month/household | un-metered           |
|                           | Free                      | public water station |
| Commercial/Industrial     | 130 Kyats/1000 gallons    | metered              |
| Government/Military       | 20 Kyats/1000 gallons     | metered              |
| Foreign/Diplomat/Investor | USD4/1000 gallons         | metered              |
| Commercial                | USD2/1000 gallons         | metered              |
|                           | USD-25/month              | un-metered           |
| Pagoda/Temple/Religion    | Free                      | -                    |

Source: Prepared by Consultant based on Le Hu Ti and Thierry Facon (2004)<sup>67</sup>

Water tariff is categorized into 6 by users, and uniform volumetric tariff is applied for metered users while the flat rate charge is applied for unmetered users. There is a significant difference by users and the largest difference is between the foreign and domestic users, and foreign tariff is more than 110 times <sup>68</sup>higher than that of domestic users'.

In the rural area, there is no determined rate and the water tariff is determined based on the scarcity of water and costs of energy.

Chart 4.7.2 Water Tariff Table for Rural Water Supply in Yangon CDC

| Water use     | Water rate | Remark  |
|---------------|------------|---|
| Surface water | Variable   | Variable with respect to localized scarcity of water and cost of energy |
| Groundwater   | Variable   | -ditto-   |

Source: Prepared by Consultant based on Le Hu Ti and Thierry Facon (2004)

##### Tariff approver/ Tariff revision system

Tariff is approved by committee member (in case of YCDC 7 committee member), but it is not clear if the tariff is regulated by any laws/regulations.

#### 4.7.5 Private Sector Participation

There are no private sector participation practices in the water sector.

<sup>67</sup> "From vision to action, a synthesis of experiences in least-developed countries in southeast Asia", the FAO -ESCAP pilot project on national water vision phase 2, Bangkok, December 2004.

<http://www.fao.org/docrep/008/ae546e/ae546e00.HTM>

<sup>68</sup> 1US= 860Kyats.

## 4.8 Telecommunication Sector

### 4.8.1 Overview of the Sector

Myanmar's current telecommunications infrastructure is underdeveloped. The current wireless penetration rate is 4% and 3% for fixed lines<sup>69</sup>. The total mobile subscriber is 5.44m<sup>70</sup>, 48% of which are from big cities like Yangon and Mandalay<sup>71</sup>. The customer currently incurs high costs of USD150-USD350 for SIM card registration, which presents a barrier to subscription.

Under the national five year plan (2011-2016), Myanmar targets 40m of its 60m population to have access to telecom services<sup>72</sup>. To achieve this, it was estimated that more than 500,000 new telephone lines would need to be installed, representing an investment of approximately USD600m<sup>73</sup>.

### 4.8.2 Organization

#### Ministry of Communications and Information Technology (MCIT)

Effective November 2012, the Ministry of Communication, Posts and Telegraphs (MCPT) has been changed to Ministry of Communications and Information Technology (MCIT).

The Myanmar Posts and Telecommunications Department (PTD), which operates under the MCIT is the sole provider of telecommunication services in Myanmar<sup>74</sup>. The main services offered by Myanmar Post and Telecommunications (MPT) are postal, telegraph and telephone services, for both domestic and international communications. Yatanarpon Teleport (YT) is currently an ISP based operator<sup>75</sup>.

Under the new Draft Telecoms Bill, the MCPT, in particular the PTD, will be given powers to scrutinize and approve a wide range of activities, including license applications, import and distribution of specified equipment, tariffs, access and interconnection arrangements, co-operation/ joint venture arrangements with licensees for the sharing of network facilities, etc. The PTD will also have interception, inspection and supervision rights<sup>76</sup>.

#### Restructuring/ Corporatization of the MPT

Myanmar intends its telecoms market to move from one where the Government is a sole proprietor to one where there are at least four market players. This major reform to the telecoms market may be the first sector to liberalize in Myanmar and will introduce competition and choice to the consumers.

MPT will be restructured to form Myanmar Telecoms, a private entity that will no longer receive Government funding.

The remaining two operator licenses were open from 15 January to 08 February 2013. The four operators in the restructured telecoms market will be able to offer mobile connections, land-line telephones, public switchboard telephone network, and information technology and internet services.

---

<sup>69</sup> Nomura Equity Research (2012). "Myanmar – an untapped telco market"

[http://www.iflr.com/pdfs/newsletters/Asia%20Telecoms%20-%20Myanmar-an%20untapped%20telco%20market%20\(14%20Mar%202012\).pdf](http://www.iflr.com/pdfs/newsletters/Asia%20Telecoms%20-%20Myanmar-an%20untapped%20telco%20market%20(14%20Mar%202012).pdf)

<sup>70</sup> Cambodia's mobile penetration rate is 70% and Thailand 110%.

<sup>71</sup> Myanmar has the world's second lowest mobile phone penetration rate after North Korea (Reuters, Sept 2012).

<http://www.reuters.com/article/2012/09/13/us-myanmar-telecoms-idUSBRE88C03K20120913>

<sup>72</sup> The Nation, 21 February 2013, "Myanmar's 2nd reform phase to focus on utilities"

<http://www.nationmultimedia.com/business/Myanmars-2nd-reform-phase-to-focus-on-utilities-30199445.html>

<sup>73</sup> Herbert Smith (2012). Intellectual Property & Technology, Media and Telecommunications newsletter, April 2012.

<http://www.herbertsmithfreehills.com/-/media/HS/T-240412-25.pdf>

<sup>74</sup> The Myanmar Posts and Telecommunications website. [http://www.mptngw.net.mm/index.php?mod=plugin\\_document\\_user\\_view&pkcode=aboutus](http://www.mptngw.net.mm/index.php?mod=plugin_document_user_view&pkcode=aboutus)

<sup>75</sup> International Telecommunication Union (ITU) (2012). "Wireless broadband Masterplan for the Union of Myanmar"

[http://www.itu.int/ITU-D/tech/broadband\\_networks/WirelessBDMasterPlans\\_ASP/WBB\\_MasterPlan\\_Myanmar.pdf](http://www.itu.int/ITU-D/tech/broadband_networks/WirelessBDMasterPlans_ASP/WBB_MasterPlan_Myanmar.pdf)

<sup>76</sup> Herbert Smith Freehills LLP (2013). January 2013, "Updates on key telecoms and e-commerce regulatory developments in Myanmar and Indonesia"

<http://www.lexology.com/library/detail.aspx?g=c29c0751-9b67-4dd8-9efe-458ac71a91f2>

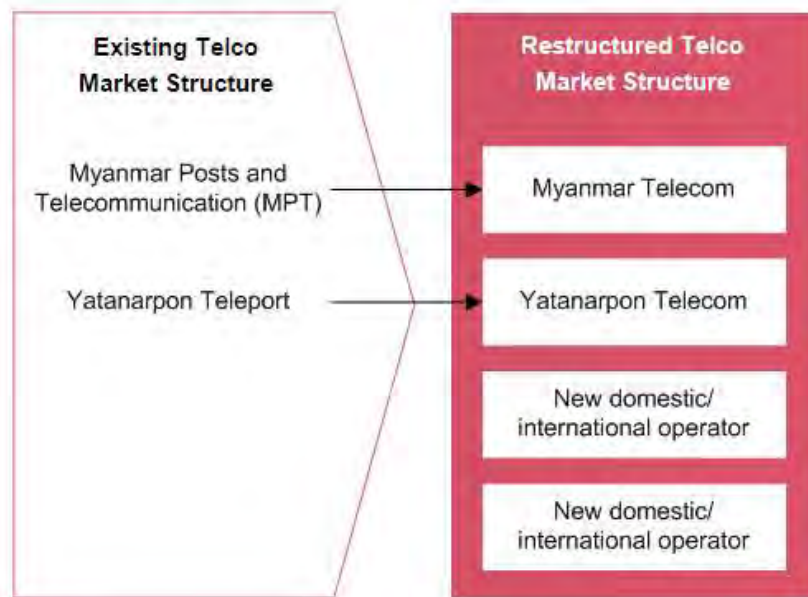


Chart 4.8.1 Planned privatization of Myanmar's telecom market

Source: Prepared by Consultant

### 4.8.3 Private Sector Participation

#### Privatization of MPT

Similar to the other sectors, the procurement of telecom infrastructure has been managed by the ministerial agency. Although there is an internal instruction on procurement within the ministry, it is not publicly available and there is a lack of clarity on its procurement process. However, as the sector seeks ambitious growth targets, the government has made significant progress in regulatory changes to encourage private and/or international participation in this sector. The Draft Telecoms Bill was recently published (January 2013) after many years of revisions. The Bill addresses several key issues, such as foreign investment, telecoms licenses, powers of relevant government bodies, anti-competitive conduct prohibitions and offences.

In January 2013, Myanmar has invited international operators through a public tender for two telecommunication service licenses. Interested parties were requested to submit their Expression of Interest (EOI). The response has been encouraging, receiving at least submissions from 18 companies which included Malaysia's Axiata, Norway's Telenor Group, parent of the Thai mobile operator DTAC, Digicel, the Caribbean based operator, and two Singaporean companies, Singapore Telecommunications, one of southeast Asia's biggest telephone companies, and ST Telemedia, a unit of Temasek Holdings.

The Myanmar Investment Commission and Myanmar Socio-Economic Advisory participated in the tender process. A telecoms consultancy group formed by the President Thein Sein and private tender consultant groups, which were selected after competitive process, will assess each bid for human resource and financing capability. The licenses will be awarded by the first half of 2013 following the bid evaluation process. The initial license term will range between 10 to 20 years with the possibility of renewal. The new and existing licensees are also expected to enter into infrastructure and facilities sharing arrangements.

The "Rules for Pre-qualification Applications"<sup>77</sup> was issued on February 2013 and the planned tender process is described in the chart below. Planned schedule stipulated in the prequalification document is shown in the box

<sup>77</sup> Republic of Myanmar Telecommunications Operator Tender Evaluation and Selection Committee (2013). "Rules for Pre-qualification Applications Regarding Two Nationwide Telecommunications Licences in the Republic of the Union of Myanmar" <http://www.mpt.net.mm/sites/default/files/Rules%20for%20Pre-qualification%20Applications.pdf>



below. In April 2013, the results of prequalification were announced and twelve applicants were pre-qualified to submit applications<sup>78</sup> out of 22 applicants. It is expected that the selection of bidders will be announced in June 2013.



**Chart 4.8.2 Overall flow of telecom operator procurement**

Source: Prepared by Consultant based on the Republic of Myanmar Telecommunications Operator Tender Evaluation and Selection Committee (2013)

**Table 4.8.1 Detailed schedule of telecom operator procurement**

| Phase                      | Date (Provisional) | Deadline (Provisional)  |
|----------------------------|--------------------|---|
| Pre-qualification          | February 21, 2013  | Publication of the Pre-qualification Rules  |
|                            | March 7, 2013      | Questions due on the Pre-qualification Rules  |
|                            | March 21, 2013     | Publication of answers to questions   |
|                            | April 4, 2013      | Pre-qualification Applications due  |
|                            | April 11, 2013     | Announcement of Pre-qualified Applicants  |
| Licensee Selection Process | April 11, 2013     | Issuance of the Invitation to Tender, including the draft License   |
|                            | April 29, 2013     | Questions on the Invitation to Tender and comments on the draft License due   |
|                            | May 13, 2013       | Issuance of answers to questions  |
|                            | June 3, 2013       | Responses to the Invitation to Tender due   |
|                            | June 27, 2013      | Announcement of the two selected Pre-qualified Applicants that will lead to the award of the two Nationwide Telecommunications Licenses |

Source: Prepared by Consultant based on the Republic of Myanmar Telecommunications Operator Tender Evaluation and Selection Committee (2013)

The criteria for pre-qualification stipulated in the document are as below. Bidders are required to show their experience as a public mobile telecom operator. There are two types of experiences stipulated in the prequalification document. Both primary experience and secondary experience are experiences as an operator (including the experience of management of subsidiary companies) and requirement for primary experience is stricter than secondary experience. Bidders are required to show their primary experience or secondary experience in the prequalification document. As a financial experience requirement, bidders are required to show that can provide funds or obtain financing to support the construction and operation of at least one public mobile telecom network.

Other than these requirements, regulatory compliance requirements, eligibility criteria and no duplicate application requirements are stipulated in the document.

<sup>78</sup> [http://www.mpt.net.mm/sites/default/files/press\\_release\\_-\\_announcement\\_of\\_pre-qualified\\_applicants.pdf](http://www.mpt.net.mm/sites/default/files/press_release_-_announcement_of_pre-qualified_applicants.pdf)

Table 4.8.2 Requirements for Pre-Qualification

| Requirement          | Details of the Requirement   |
|----------------------|--|
| Primary Experience   | <p>The Applicant must demonstrate that the Applicant, either directly, or indirectly through one of the Applicant's Subsidiaries, has had: (1) a minimum of 50.1 percent Ownership Interest and (2) Management Control for no less than four (4) consecutive years of at least one Public Mobile Telecommunications Operator that meets the following qualifications:</p> <p>a) The Operator was commercially launched no later than December 31, 2008;<br/>           b) The Operator uses internationally approved, standard-based digital technologies;<br/>           c) The Operator had a minimum of 4,000,000 mobile subscribers as of December 31, 2012; and<br/>           d) The Operator had annual Gross Revenues that exceed USD 400 million as of December 31, 2012.</p>   |
| Secondary Experience | <p>The Applicant must demonstrate that the Applicant, either directly, or indirectly through one of the Applicant's Subsidiaries, has had: (1) at least a thirty (30) percent Ownership Interest and (2) Significant Management Responsibility for no less than three (3) consecutive years in the operation of at least one (1) other Public Mobile Telecommunications Operator that meets the following qualifications:</p> <p>a) The Operator is located in a different country than the Operator that satisfies the requirement specified in Section 2.1.1 of these Rules;<br/>           b) The Operator commenced commercial operations no later than December 31, 2009;<br/>           c) The Operator uses internationally approved, standard-based digital technologies; and<br/>           d) The Operator had a minimum of 1,000,000 mobile subscribers as of December 31, 2012;</p> <p>If the Applicant is a Consortium, the Applicant must provide this information for the Experienced Operator.</p> |
| Financial Experience | <p>The Applicant must demonstrate that the Applicant, any entity that is a Controlling Interest Holder in the Applicant or any entity in which the Applicant is a Controlling Interest Holder has been able to provide funds or obtain financing to support the construction and operation of at least one Public Mobile Telecommunications Network.</p> <p>If the Applicant is a Consortium, the Applicant must provide this information for the Experienced Operator.</p>  |

Source: Prepared by Consultant based on the Republic of Myanmar Telecommunications Operator Tender Evaluation and Selection Committee (2013)

*JV established by MPT and Private Investor*

Yatanarpon teleport, which was established at 2002, is a semi SOE, with MPT owns 51% of shares, and local investors own 49% of it. They offer ISP services, etc. After the restructuring of the telecommunication market structure, it would be fully privatized. They will be merged into a new company Yatanarpon Telecom. After the privatization, they will pay to the government only for the license fees.

## ***5. Players in the Infrastructure Business***

### ***5.1 Procurement of infrastructure current and future***

During the period of 1962 to 1974, under the leadership of General Ne Win, almost all of Myanmar's infrastructure assets were nationalized or brought under state control. This was under the new system implemented by the regime, called 'The Burmese Way to Socialism'. Following this, the decision on further development and construction of infrastructure in the country was made and subsequently owned by the Government. The Special Projects Implementation Committee (SPIC) was set up in 2011 by the military government and has the responsibility for planning the infrastructure pipeline projects for Myanmar. These projects are specifically related to electricity generation and transportation such as roads, ports, airports and power stations. These projects are then allocated to their respective ministries for implementation. Large scale public water supply systems exist only in Yangon and Mandalay and are handled by the Yangon and Mandalay Development Committees (YCDC and MCDC) respectively.

These contractors are often Myanmar's large conglomerate companies. Formal public tender processes for infrastructure projects are still at their infancy in Myanmar. It is however noted that there is a trend towards public tendering for infrastructure procurement. It is reported that the president recently called on all 33 ministries to start elaboration for the new public procurement procedure. Vice president is the head of the new committee of this purpose, and the process has just started and no particular results yet<sup>79</sup>. Recent projects such as the telecoms licenses, airport expansion and other new construction projects have been procured through public tender.

To meet Myanmar's infrastructure needs over the coming years, the Government is looking at options to involve private sector as well as foreign investors in financing these. It is noted however that this excludes social infrastructure such as hospitals, schools and prison projects. Construction of social infrastructure will remain the key responsibility of the Government. Private sector and foreign investors will be encouraged to participate in developing economic infrastructure such as telecoms, roads, ports, airports and power plants.

### ***5.2 Key Infrastructure Sectors with private sector participation***

In the 2012 State Budget, the MOEP, MOC, MOT and MORT were allocated, in aggregate, only 11% of total state expenditure. The Government expects that the financing of the economic infrastructure overseen by these Ministries will be led by private sector. Hence, central funds allocated to these sectors are small in comparison to defence and social infrastructure. The defense, education and health care sectors which received 31%, 12% and 6% of the 2012 total state expenditure respectively. This reflects the Government's commitment to continue to take on the responsibility for the build of social infrastructure.

#### ***5.2.1 Local players***

Major players in the infrastructure space are predominantly large local conglomerate firms. Most of these companies are owned by individual families and still remain sanctioned. Often, these companies will be involved in a wide range of businesses, having a stake in banks, airlines, hotels, mining businesses, etc. However, each company will have a particularly strong presence in a specific industry.

Currently, local construction and engineering companies are involved in infrastructure projects across all sectors. Certain sectors are dominated by a handful of key players, for example, in the airports sector, the only two private sector contractors are Asia World Co and Htoo Group. In roads, the local key players are Shwe Taung Development Co, Max Myanmar and Asia World as they own and operate the largest share of toll roads and main expressways.

Increasingly, these conglomerates are also getting more involved in the development and construction of real

---

<sup>79</sup> According to the interview with DICA officials.

estate and leisure based projects (hotels, golf courses, etc). This is reflective of the expected growth in Myanmar's middle income society and the influx of tourists into Myanmar.

### *5.2.2 Foreign Players*

Foreign companies are most actively invested in the ports, hydropower, mining and oil and gas sector. More recently, Myanmar has invited foreign companies to participate in the award of new telecoms licenses, the construction of the new Hanthawaddy International Airport and the upgrade of the existing Mandalay International Airport. These are two sectors that had not previously seen the involvement of foreign companies.

Private foreign companies such as Hutchison Ports Holdings Co have been operating the MITT in Myanmar since 1996. Foreign companies have also worked in joint venture arrangements with Government agencies. For example, the large industrial park of Mingaladon in Yangon is a joint venture between Department of Human Settlement and Housing Development (DHSHD) and a foreign consortium consisting of Mitsui Group (Japan), Hong Leong Group (Singapore) and Keppel Group (Singapore).

It is noted that foreign investors include a number of state owned enterprise. To name a few, there is China National Petroleum Company (CNPC) in the oil and gas pipeline from Kyaukpyu to Yunan, Sinohydro and China Power Investment Corporation (CPIC) in a number of hydropower projects. Hydropower projects are dominated by state owned companies from China and Thailand. Often, the electricity generated is exported from Myanmar to these countries.

## *5.3 Major Players*

### *5.3.1 Ports*

Before 1998, all ports were operated by MPA. Since 1998, MPA changed its policy and opened the services to the private sector. Currently, approximately 75 % of the total quay length is owned by the private sector with the rest of 25 % owned by the public sector.

#### *Key players in ports*

**Asia World Co**, a large conglomerate in Myanmar, owns the AWPT, which handles 40% of the container throughput that goes through Yangon. The AWPT currently has three wharves, the first of which began operations in 1998. This was constructed via BOT programmes with concessions from 25 to 30 years at a project cost of approximately USD50m.

In addition, Asia World Co was also subcontractors together with **China Harbour** for the construction of Hteedan port terminal in Yangon which predominantly handles rice and rice products.

**Hutchison Port Holding Co** is Hong Kong based and owns the MITT. The MITT is located near the Thilawa area and begun operations in 1997. The investment in this port was USD101m under a 25 year BOT arrangement.

**Union of Myanmar Economic Holding (UMEH)** is a large conglomerate owned by the state. UMEH bought the Bo Aung Kyaw Container Wharf from the Government in 2011 for USD42m.

#### *Projects in development*

**ESSAR** Project, an engineering firm from India, is constructing the Sittwe port which involves dredging activities to facilitate 6,000-tonne ships. This is for the Kaladan Multi-Modal Transit Transport Project that will shorten the route of travel between Kolkata and the landlocked Mizoram region in India. The project cost for the port is estimated to be USD68m and will be fully borne by the Indian Government. It is anticipated that the Burmese state will take full ownership of the transport system, but it will primarily be used by Indian companies to increase trade with Southeast Asia and links to the land-locked Mizoram region.

Details of the ports sector is described in subsection 4.2 in Section 3-6 ('SEZs, Industrial Complex, and Related Infrastructure).

### 5.3.2 Airports

There have been no foreign investors in the development of Myanmar's International Airports to date. While the private sector may hold a licence for an airport, the licence holder must either be a Myanmar citizen or a Myanmar company (i.e. foreign companies may not hold an airport licence). Thus, a foreign investor will have to form a JV with local companies to be involved in operating an airport. All of Myanmar's three international airports are owned by the Government.

The new projects currently out to tender have seen the participation of renowned international airport developers and operators. This signifies a keen interest from foreign investors.

#### Key players in Myanmar's International Airports

- **Asia World Co** is a key player in the airports sector in Myanmar. It has been involved in the construction of two of Myanmar's three international airports. These are Nay Pyi Taw Airport which began operations in 2011 and the annex to the Yangon International Airport, the cost of which was USD13.3m.
- **Htoo Group** is one of the two major contractors for Nay Pyi Taw Airport (the other being Asia World Co). Htoo was also involved in the construction of the cargo terminal for Yangon International Airport.
- **CPG Consultants** is an infrastructure advisory firm from Singapore that designed the master plan for Changi airport. CPG designed both the Nay Pyi Taw and the annex to the Yangon International Airport.

#### Key players in Myanmar's Local Airports

There are approximately another 30 domestic and regional airports in Myanmar, which are much smaller in scale. These airports are often developed and constructed by local firms. The following are information of the larger of these domestic airports. We are not able to obtain a comprehensive list for operators and developers across all forty airports.

- **Asia World Co** was responsible for the runway extension and renovation of Heho Airport.
- **Htoo Group** is constructing a domestic airport near Ngwe Saung, to promote tourism in the area.
- **The Shwe Than Lwin Co** is responsible for the runway extension and renovation of both Bhamo Airport and Monywa Airport.

#### Planned Airports projects

Foreign participation in the form of JV or PPP is increasingly encouraged by the Department of Civil Aviation (DCA). Three airports projects have recently been put out to tender and these have seen strong interest from foreign companies. Consortiums such as China Harbour Engineering and Asia World Co who have submitted a bid for the Mandalay Airport Upgrade had previously worked together on the development of Hteedam port in Yangon.

### 5.3.3 Roads

BOT procurement was introduced by the Ministry of Public Works in 1996. The Mandalay-Lashio-Muse Road is the first road project under a BOT scheme. Since then, 30 local companies have participated in BOT road projects, involving 70 roads (covering 6,614km). Among the major local private companies that we have included in our study, the majority are involved in the construction of roads to some extent.

Currently there are no foreign companies involved in any road BOT projects. Most of the toll roads are managed by Myanmar conglomerate (or related) companies. Asia World Co, Max Myanmar and Shwe Taung are the local key players in road construction.

**Max Myanmar** is implementing a total of 820km of toll roads under BOT agreements in Yangon, Bago and Magway Division. Among these are the Yangon-Mandalay road and the Dagon-bridge Thilawa road that connects the Dagon Myothit Seikkan township and Thanlyin township near the Thilawa area.

**Shwe Taung Development Co Ltd** was responsible for the construction of Upper Yeywa Bridge located in Kyaukme District that connects Shan State and Kayah State. The company is also responsible for the construction of Shwe Li (3) Bridge situated in Moe Mate Township, Kyaukme District, Northern Shan state. The division has completed a total of 115km of road construction under the Nay Pyi Taw Highway Project since 2006.

**Asia World Co** is involved in a number of key road projects. For example, it involved in the construction of the Mandalay-Lashio-Muse Road which is 658km in length. This connects Mandalay to Muse which is a border town between Myanmar and Yunnan in China. The project also involved six other road operators, including Max Myanmar, Shwe Taung, Shwe Than Lwin, Kan Baw Za, Yu Za na and Taw Thar Win.

#### 5.3.4 Railroad

The 3,516km railway network is largely operated by the Myanmar Railways, a state-owned company. To date, there has not been any private sector involvement in the construction of the rail infrastructure. Private sector funding will be necessary to develop Myanmar's passenger and freight rail infrastructure.

**China Railway Engineering Corporation (CREC)** submitted a feasibility report for the Kyaukpyu-Muse 810km railway project in April 2014 under a BOT basis with the MORT. Officials from Myanmar Railways are still reviewing the feasibility report. It is assumed that the project cost is USD20bn.

#### 5.3.5 Power plants

Myanmar's electricity is predominantly generated by hydropower, which accounts for 77% of the 3,496MW installed capacity across the country. This is followed by gas turbines accounting for 20% and the remaining 3% from coal.

Hydropower plants have seen a large investment from foreign investors. China and Thailand both own and operate hydropower plants in Myanmar. Often, this is to generate electricity to export from Myanmar to the respective countries.

All hydropower projects are executed with a local Myanmar counterparty. Hydropower projects tend to be executed in consortiums. Often, a project involves a number of engineering firms with a range of technical expertise.

In 2010 a total of seven MoU and memoranda of agreement (MOA) were signed between investors and the Department of Hydropower Planning under the Ministry of Electric Power <sup>80)</sup>

#### Key foreign players

The main foreign investors involved in hydropower projects are from China, followed by Thailand. The following highlights key players..

**Sinohydro Corporation**, a China state-owned hydropower engineering and construction company, was involved in the construction of four dams (i) Shweli dams which was completed in 2008, (ii) Yeywa dam that began operations in 2010, (iii) Hatgyi Dam that has been temporarily suspended; and (iv) Hutgyi dam that is expected to be completed in 2019.

**China Power Investment Corporation (CPIC)** is the main investor to the Myitstone dam. The majority of this cost will be financed by CPIC. Most of the electricity will be distributed to China. Under a BOT agreement, the ownership of the dam will be transferred to the government after fifty years. This project however was temporarily suspended in September 2011.

**China International Trust & Investment Co (CITIC)** was one of the two main contractors for the construction of Yeywa dam (the second was Sinohydro Corporation).

---

<sup>80)</sup> Myanmar Times, Jan 2011

**Datang Corporation** is involved in the construction of Ywathit Dam and Dapeyin Dam. 90% percent of the electricity will be sold to China.

**Hanergy Holdings Group**<sup>81</sup> and **Gold Water Resources Co** are two companies from China who signed an MoU in 2007 for the development of Upper Thanlwin dam.

Other foreign companies that have also been involved in hydropower projects in Myanmar also include financiers **China EXIM Bank**; Engineering firms from China **China Gezhouba Group Co. (CGGC)**, **China National Electric Equipment Co.**, **Hunan Savoo Overseas Water & Electric Engineering Co.** and **China National Heavy Machinery Co.**

Further, non-Chinese engineering companies included the Swiss company **COLENCO Power Engineering, Ltd.**, the Germany based company **Voith Siemens** and the British **Malcolm Dunstan & Associates**

#### Key local players

**Asia World Co** was involved in the land clearing and construction of basic logistic structures for the Upper Thanlwin dam and the Shweli dams.

The Myitstone dam is a project that is a joint venture between CPIC and local Myanmar companies **Asia World Co**, **Suntac Technologies** and the **Myanmar Electrical Power Enterprise**.

**IGE Co** was part of the investment consortium and also carried out the field survey for its feasibility study for the Hatgyi dam. The Hutgyi dam is a jointly implemented by the MEPE, EGAT and Sinohydro.

#### 5.3.6 Others

##### Oil Exploration

Thailand's investment has been particularly strong in oil and gas – through **PTT Exploration and Production**, the overseas arm of state owned PTT, which operates the Zawtika gas project in the gulf of Mottama, while also being a partner in the Yetagun and Yadana offshore gas projects. According to the commercial counsellor at Thailand's embassy in Myanmar, Mr Prajuab Supinee, new Thai investors are showing an interest in consumer goods manufacturing and agriculture ventures.

##### Oil and Gas Pipelines

The Burma-Sino oil and gas pipeline project which is a joint venture between China National Petroleum Corporation (CNPC) and the MOGE is a significant project for Myanmar. In December 2008, CNPC (the parent company of Petro China) has signed a 30 year contract with Daewoo International led consortium to purchase natural gas from the Shwe field in the A-1 offshore block. The gas pipeline will transport the natural gas to the Kunming in the southern part of China. The oil pipeline that runs in parallel will transport petroleum imported from the Middle East to Kun Ming, which alleviates the need for China's petroleum supply to travel through the Straits of Malacca.

Figure below illustrates the location of the pipelines from the Shwe gas fields to Kunming. At Kyaukphyu, a SEZ will be developed and will include an oil wharf, airport, etc. The Kyauk Phyu Special Economic Zone Management Committee is surveying the location, assessing the cost of electricity through gas turbines, drawing a master plan.

---

<sup>81</sup> Previously known as Farsighted Group.

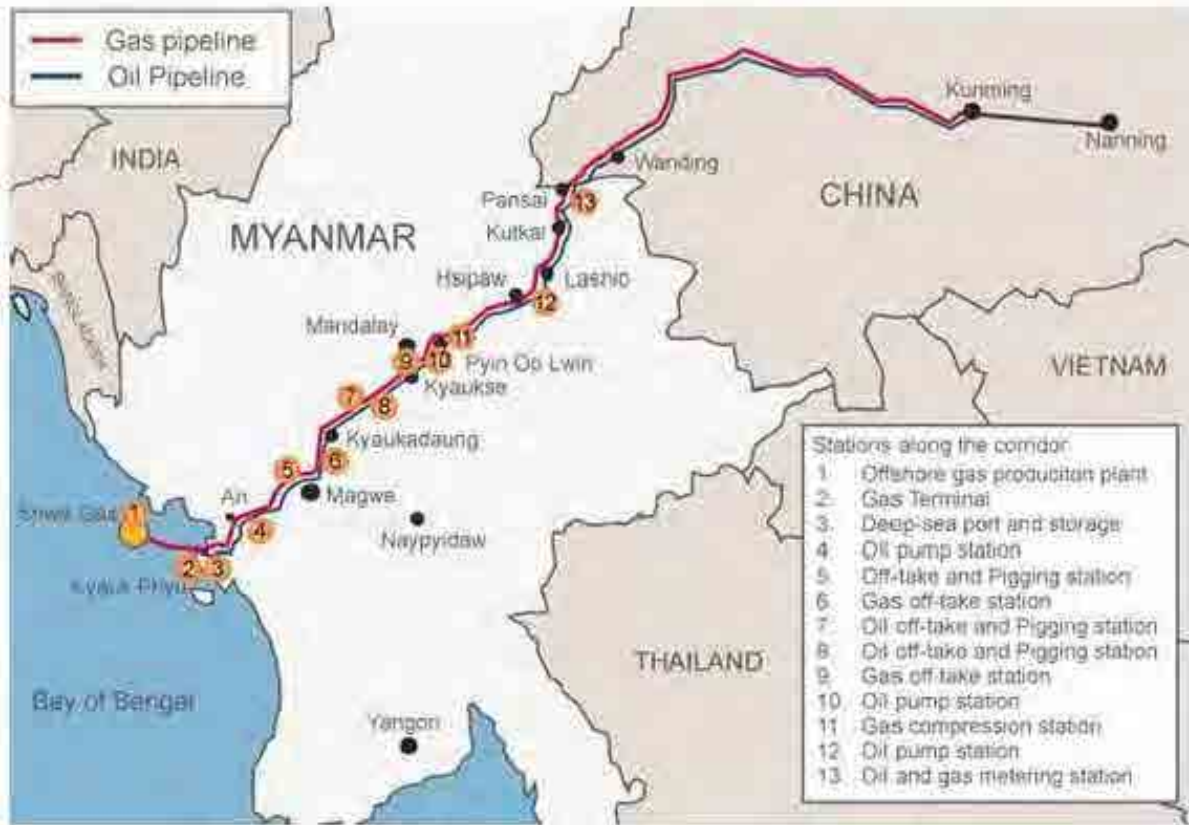


Chart 5.3.1 Burma-Sino oil and gas pipelines

Source: Shwe website



## **6. Industrial Parks, Special Economic Zone (SEZ) and Logistic Infrastructure**

### **6.1 Introduction**

A key part of Myanmar's economic growth strategy is to develop its industries so that they contribute to a higher proportion of the country's GDP. This will reduce the country's dependency on the agriculture sector. This plan was outlined in the 2011/2012 to 2015/2016 five year short-term plan by the Ministry of National Planning and Economic Development. The target increase in the industrial sector is from 26% to 32.1% as a proportion of GDP. In light of this, it will be useful for potential investors to have a good understanding of the current industrial zones that operate in Myanmar as well as the planned SEZ that are to be developed. This section is thus set up to provide an overview and description of the existing key industrial zones and planned SEZs. The logistical infrastructure that supports the production and trade of goods from these industrial zones and SEZs is also discussed.

According to the IDE-JETRO 2011 study on industrial zones in Myanmar, Yangon has the highest concentration of industrial facilities in the country. Mandalay has the second largest number of industrial parks; however, its facilities are insufficient and are primarily occupied by small industries<sup>82</sup>. Hence, this section will focus on major industrial zones within Yangon. We provide an overview of the industrial zones, outlining the supporting infrastructure facilities (power and water supply), key industry types, occupancy rates, and the participation of the private sector and foreign investors.

Myanmar plans to develop three SEZ that will attract the investment of foreign players into its industries. The three planned SEZs are to be located in proximity to Thilawa, Kyaukpyu and Dawei and are named after these locations. They are located in geographically distinct areas of the country. Thilawa is south of Yangon City, Kyaukpyu is located on the west coast of Myanmar and Dawei on the south coast of Myanmar. The section provides an overview of the Thilawa, Kyaukpyu and Dawei SEZs which includes a description of key sponsors and major players, details of planned infrastructure (e.g. ports, industrial zones, etc) and planned logistical connectivity of each SEZ. In addition, we also provide an update on the current state of progress and any issues surrounding the development of the SEZ.

To provide a broader picture of Myanmar's connectivity with its neighbouring country, this section also provides a description of the existing and planned roads, seaports and airports infrastructure.

### **6.2 Industrial Parks**

#### **6.2.1 Overview**

The government established the Myanmar Industrial Development Committee (MIDC) in 1995 to support the development of industries in Myanmar. This is part of Myanmar's efforts to liberalize its economy and to enhance private sector participation to enhance economic development.

Industrial zones were created as designated areas for manufacturing facilities and as a base of operations for investors in and around the major cities in Myanmar. As a result, the number of private-owned industries increased from 26,690 in 1998 to 43,789 in 2009. This includes 10,879 small-scale enterprises.

There are approximately 18 industrial zones across Myanmar that are named after the location of its city or

---

<sup>82</sup> Approximately 57% of industries in Mandalay industrial zones are small industrial enterprises, 17% medium and 26% large.

town (e.g. Yangon industrial zone, Mandalay industrial zone, etc). In 2012, an additional seven industrial zones have been planned for development.

Within each industrial zone are a number of industrial parks. For example, the Dagon Seikkan, Hlaing Tharyar and Yangon industrial parks are situated within the Yangon industrial zone. Across the country, approximately 50% of industrial parks are established in Yangon, followed by 11% in Mandalay. Some industrial parks, for example the one in Indagaw and the two near Kyaukse in Upper Myanmar are exclusively reserved for state-owned factories. Others such as Mingaladon industrial park in Yangon are developed with the involvement of foreign investors.

While large scale industries occupy most of the area, it is the small scale industries that make up the majority of the registered private industries throughout the country.

Most of the newer industrial parks are being developed specifically for privately owned industries by the Department of Human Settlement and Housing Development (DHSHD) under the Ministry of Construction. These industrial parks currently accommodate approximately 6,000 of the 50,000 privately owned manufacturing enterprises in Myanmar. Recently, several privately owned land development companies (such as Shwe Than Lwin Co and Zay Kabar Co) have developed industrial parks within the Yangon area in collaboration with the DHSHD.

According to the IDE Jetro Report (2011), critical factors considered by investors in selecting the location of their factories are special economic/ tax treatment, effective zone management authority, sufficient and reliable power and water supply, road infrastructure and import/export facilities.



Chart 6.2.1 Industrial zones in Myanmar

Source: Zaw and Kudo, 2011

### 6.2.2 Industrial parks in Yangon

There are a total of 19 industrial parks in Yangon (see Table) located throughout the city across eight townships. There are 4 industrial parks in the Shwe Pyi Thar township, 3 in the South-Dagon township, 5 in the Hlaing Tha Yar township, 1 in the Shwe Pauk Kan township, 2 in the Mingalardon township (Mingalardon garden park and Yangon industrial zone), 2 in the Thanlyin Kyauktan township, 1 in the East Dagon Township and 1 in the Dagon Port township.

The Shwe Pyithar industrial park and Hlaing Tharyar industrial parks were among the first to be established in 1995.

### Size of industrial parks in Yangon

Details of the five largest industrial parks in Yangon according to developable area are provided in the Table 6.2.1. Developable area refers to the size of land that has been prepared/ landscaped so that factories can be erected. The industrial park with the largest developable area is the Hlaing Tharyar industrial park (1,624 acres) that is located in the west of Yangon. This is followed by the Dagon Seikkan industrial park (1,200 acres) and Shwe Linban industrial park (1,100 acres). Information is limited for the other two large industrial parks, War Tayar industrial park (1,100 acres) and Myaungdaga industrial park (1,016 acres) which are newer, developed in 2004 and 2006 respectively.

These are relatively larger than other industrial parks particularly, the Shwe Paukkan industrial park (94 acres), South Okkalapa industrial park (109 acres) and North Okkalapa industrial park (110 acres). The small industrial parks are developed for the cottage industries for businesses located within the nearby towns.

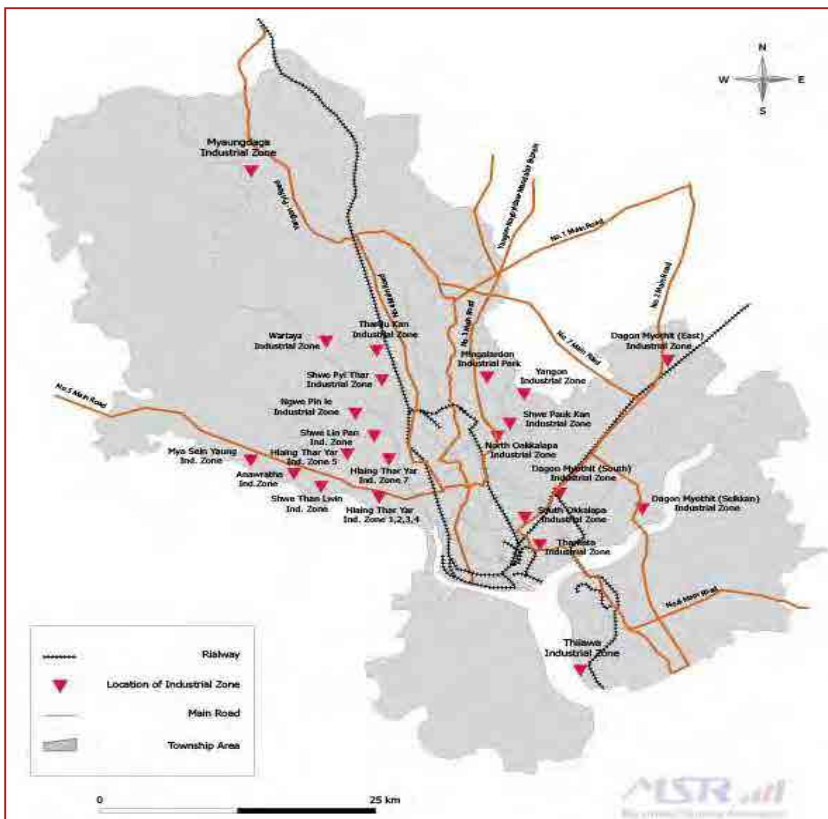


Chart 6.2.2 Maps showing industrial parks in Yangon

Source: Myanmar Survey Research (2013),

### Occupancy rate

According to the IDE Jetro report (2011), Hlaing Tharyar industrial park and Dagon Seik Kan industrial park are favourable due to their location and the quality of the supporting facilities. These zones enjoy relatively higher occupancy rates.

- **The Hlaing Tharyar Industrial Park** is located in the western part of Yangon and has 787 factories (772 local, 15 foreign). 81% of the Hlaing Tharyar Industrial Park’s available area is fully developed. This industrial park also enjoys a high number of factories in operation (95%).
- **Dagon Seikkan Industrial Park** is located on the eastern part of Yangon on the Western bank of Bago River. The Dagon Seikkan industrial park is aimed at large factories and foreign investment. The industrial park is mature, with 100% of the land area has been developed. The proportion of factories in

operation is high (97%). However, when vacant lots are include (i.e. land that has been developed, but a factory has not been erected), the proportion of operating factories are much lower (57%). A key attraction for this industrial zone is its direct access to the Thilawa container port, following the completion of No. 2 Bago River Bridge.

- **Shwe Linban Industrial Park** has a total of 138 factories, of which only 78 factories are in operation and the remaining 60 are unoccupied.
- Yangon Industrial Park and Myaungdaga Industrial Park has a significant number of vacant lots

Table6.2.1 Details of largest five industrial parks in Yangon

|   | Industrial zones/parks | Developer | Commenced | No. of Factories in operation | Rental rates (/ acre / month) | Develo pable area (acre) | Perce n tage of area develo ped | Factories in operation (including vacant lots) | Factories in operation (excluding vacant land) |
|---|------------------------|-----------|-----------|-------------------------------|-------------------------------|--------------------------|---------------------------------|--|--|
| 1 | Hlaing Tharyar         | DHSHD     | 1995      | 787                           | 6,000,000                     | 1,624                    | 81%                             | 89%  | 95%  |
| 2 | Dagon Seikkan          | DHSHD     |           | 105                           | 3,000,000                     | 1,208                    | 100%                            | 57%  | 97%  |
| 3 | Shwe Linban            | DHSHD     | 1996      | 138                           | 3,500,000                     | 1,100                    | 82%                             | 36%  | 57%  |
| 4 | Myaungdaga             | DHSHD     | 2006      | 32                            | 2,500,000                     | 1,016                    | 79%                             | 8%   | 88%  |
| 5 | Yangon                 | Zay Kabar | 2000      | 55                            | 3,000,000                     | 902                      | 100%                            | 13%  | 58%  |

Source: Myanmar Survey Research (2013)

\*Number of factories in operation includes both local and foreign factories that are currently in operation.

\*Percentage of area developed is the proportion of area that has been developed (i.e. landscaped) as a proportion of the total area of land designated for the industrial park.

\*Factories in operation including vacant land are the proportion that is in operation, taking into account lots that have been developed but where a factory has not been erected.

### Key industries

The Hlaing Thayar, Dagon and Shwe Pyithar are among the most established and largest industrial parks.

There are a large number of factories operating in the iron, metal and machineries industry. However, these are concentrated in the Dagon 2 industrial park. These small iron and steel mills produces items such as steel bars, wire nails, barbed wire, and zinc-coated wire mesh. It has also been noted that iron, metal and machineries does not make up a significant portion of Myanmar's exports (less than 1%). They are in production to meet Myanmar's own internal needs.

The second largest industry in Yangon is garment manufacturing, with 153 factories operating across the five industrial parks (see Table below). This is consistent with textiles exports which contributes 11% to Myanmar's total exports. Textiles include garments, shoes and bags.

Table 6.2.2 Key industries in selected industrial parks in Yangon

|                               | Hlaing-thayar | Dagon 1 | Dagon 2 | Dagon-Seikkan | Shwe Pyithar | Total |
|-------------------------------|---------------|---------|---------|---------------|--------------|-------|
| Iron, metal and machineries   | 12            | 17      | 175     | 1             | 6            | 211   |
| Garment                       | 83            | 10      | 14      | 6             | 40           | 153   |
| Consumer and household goods  | 74            | 16      | 35      | 4             | 22           | 151   |
| Food processing and beverages | 72            | 4       | 13      | 0             | 39           | 128   |
| Plastic                       | 0             | 20      | 98      | 0             | 0            | 118   |
| Electrical                    | 6             | 25      | 63      | 2             | 3            | 99    |
| Wood and forest base          | 27            | 8       | 39      | 10            | 14           | 98    |
| Paper and related works       | 7             | 6       | 68      | 2             | 5            | 88    |
| Construction Material         | 19            | 2       | 11      | 2             | 0            | 34    |
| Rubber and related works      | 0             | 7       | 18      | 0             | 0            | 25    |
| Chemical                      | 12            | 0       | 0       | 1             | 2            | 15    |

Source: Zin New Myint (2006). "Environmental problems of Yangon city: Establishment of industrial zones"

### Utilities

According to the IDE-Jetro (2011) report, the main sources of the water and power supplies are Myanmar Electrical Power Enterprise, Electrical Supply Enterprise, and Yangon City Development. Most industrial zones have established measures to bolster water and power supply by digging tube wells, establishing electrical substations, transformers and transmission lines and placing stand by generators. For example,

- **Dagon Seikkan** has installed four 500 KVA power substations, a 750KVA generator, and a 3,696 feet long high-tension cable. To manage reliable and sufficient water supply, two underground 10,000 gallon water tanks and three tube wells has been set up.
- The **Hlaing Tharyar Industrial Zone** has 10MW/11KVA substations, stand-by generators, and sufficient water supply with tube wells.
- The **Yangon Industrial Park** has 10MW/11KVA substations and a 100KVA transformer, and sufficient water supply with tube wells.

Every factory can apply to the Township Office of Myanmar Electric Power Enterprise for connection to the electricity grid. Deposit Fees has to be paid to the Head Office of Myanmar Electric Power Enterprise according to KV.

Waste water management is self-developed in most industrial parks. Mingaladon is the only industrial park in Yangon with a waste water management facility with a capacity of 5,000m<sup>3</sup> per day).

### Private investors and foreign involvement

DHSHD is the main developer of these industrial parks. Out of the 19 industrial parks, only Mingaladon was developed with foreign investors and five others were developed by private local investors.

The five industrial parks developed by local private investors are Anawratha industrial park, Yangon industrial park, Ngwe Pinle industrial park, Shwe Thanlwin industrial park and Mya Sein Yaung industrial park. These have been developed later (year 2000 to 2003) and are also relatively smaller in size. Yangon industrial park and Anawratha industrial are larger (902 acres and 680 acres of developable land respectively), the remaining three are much smaller.

The Mingaladon industrial park is the only one that involved foreign investors in its development. The Mingaladon Industrial Park is a joint venture between Mitsui Group (45%), Hong Leong Group of Singapore (10%), Keppel Group of Singapore (5%) and DHSHD (40%). Tokyo Enterprise is the project manager and Zay Kabar is the local developer. Locators of the industrial park include Japanese, Singaporean, Korean and firms from Hong Kong (e.g. Ajinomoto, Htet Pyae Phyoe, Golden Glory, TI Garment, etc).

**Table 6.2.3 Private local investors and foreign investors in Yangon industrial zones/ parks**

|   | <b>Industrial zones/ parks</b> | <b>Location</b>         | <b>Developer</b>             | <b>Commenced</b> |
|---|--------------------------------|-------------------------|------------------------------|------------------|
| 1 | Ngwe Pinle Industrial Park     | Hlaing Tharyar Township | UMEHL                        | 2003             |
| 2 | Shwe Thanlwin Industrial Park  | Hlaing Tharyar Township | Shwe Than Lwin Co            | 2001             |
| 3 | Anawratha Industrial Park      | Hlaing Tharyar Township | War War Win Co               | 2002             |
| 4 | Mya Sein Yaung Industrial Park | Hlaing Tharyar Township | Shwe Taung Development Co    | 2002             |
| 5 | Yangon Industrial Park         | Mingaladon Township     | Zay Kabar Co                 | 2000             |
| 6 | Mingaladon Industrial Park     | Mingaladon Township     | DHSHD, Mitsui & Keppel Group | 1998             |

Source: Myanmar Survey Research (2013)

### 6.3. Special Economic Zone

#### 6.3.1 Overview of Special Economic Zone in Myanmar

Under current The Myanmar Special Economic Zone Law (The State Peace and Development Council Law No.8/2011), “Myanmar Special Economic Zone Central Body” led by the president is the highest authority, and there are Management Committee for each SEZ led by Ministers of concerned Ministries. In case of Thilawa, the Management Committee was led by Deputy Minister of NPED. The New Special Economic Zone Law is currently discussed in the parliament (as of February 2013).



Chart 6.3.1 Organizations related to SEZ development in Myanmar

Source: Government’s material

Chart below indicates the Major Special Economic Zones in Myanmar.





Chart 6.3.2 Locations of SEZs in Myanmar

Source: International Enterprise Singapore (2012). “Myanmar: Opportunities in Asia’s last frontier

### 6.3.2 Thilawa Special Economic Zone

#### Overview

The Thilawa SEZ is the 2400-hectare zone, is about 25 kilometres south of Yangon along the Yangon River in Thanlyin and Kyauktan townships. The Japanese government and the Government of the Republic of the Union agreed on the Memorandum of Intent on the Cooperation for the Development of the Master Plan for the Thilawa on April 21st, 2012. Based on the agreement, the Master Plan as well as the feasibility study under the Master Plan are now being developed (supposed to be completed by the end of year 2012). Class A Zone (400 hectare) out of 2400 hectare is planned to be developed as priority development area.

## Memorandum on Cooperation Signed

On December 21st, 2012, Japanese government signed a memorandum on the cooperation for the development of the Thilawa SEZ, whose area (approximately 2,400 ha). According to the memorandum, “the Master Plan for the Thilawa” is now being developed and is expected to be completed by the end of the year 2012 by the Government of Japan and the Government of Myanmar

The memorandum states that developers of Japan and Myanmar will establish a joint venture as a zone-developer of the Thilawa SEZ. The zone-developer will develop the on-site infrastructures and facilities that are inside the SEZ. The Government of Myanmar will develop the supporting off-site infrastructures such as the port in Thilawa area. 20 billion yen will be spent for developing these infrastructures among 50 billion yen of new ODA loan from Japan.

In terms of Institutional setup, a coordination committee monitors, coordinates and facilitates the development of the Thilawa SEZ. The coordination committee will be co-chaired by the Vice-Minister for International Affairs from the Ministry of Economy, Trade and Industry of Japan and the Chairman of Thilawa Special Economic Zone Management Committee of Myanmar. If necessary, a subcommittee will also be established at the Director General or Deputy Director General level to assist the Thilawa SEZ Coordination Committee. The first Thilawa SEZ Coordination Committee meeting were planned to be held in the fourth quarter of the year 2012.

## Infrastructure

Japanese government officially announced that development of utilities in the Thilawa SEZ to be funded by Japanese ODA loan expected to be provided by the end of March 2012 (expected loan amount is about 20 billion Yen). JICA is currently conducting an F/S for the development of infrastructure around the Thilawa SEZ. The F/S covers the following infrastructure in Thilawa SEZ:

- a) civil works including roads, drainage network, water distribution network, sewer network;
- b) rainwater drainage system;
- c) wastewater treatment facilities;
- d) electronic facilities; and
- e) telecommunication facilities.

## Logistics Infrastructure

Thilawa port and Yangon port are the two major port logistics infrastructure (the length between Thilawa port and Yangon port is about 16km). Thilawa port is 1000m long with 5 berths; at a depth of 10 m. JICA is conducting an F/S for the “Project for Development of Yangon Port (Thilawa Area)”. The study is exploring the possibility of applying PPP scheme in the operation of Thilawa port. It is reported that Yangon circular railways will be extended to Thilawa

### 6.3.3 Kyaukpyu SEZ

#### Overview

Kyaukpyu is a township in Rakhine State. The Rakhine State is divided into two elements; the shore and the archipelago, which consists of 71 islands. Kyaukpyu is located on Yanbye (Ramree) Island, the largest island in Myanmar.

Kyaukpyu is strategically important for China as it provides the landlocked provinces of South China access to the coastline. The following are the key infrastructure surrounding the Kyaukpyu SEZ development that provides the linkages from Kyaukpyu to Yunan in China:

- **Shwe gas fields:** China has signed a 30 year concession agreement with Daewoo International consortium to purchase natural gas from the Shwe gas fields.
- **Deep sea port and oil terminal:** to unload oil imported from the Middle East and Africa. The terminal is being developed by Asia World Co. and CNPC.

- **Oil and gas pipeline:** The 1,100km Burma-Sino oil and gas pipeline will transport the natural gas from the Shwe gas fields and the oil imported from Kyaukpyu to Yunan. This is being developed by MOGE and CNPC.
- **High speed rail:** There are plans to build a 810km high speed rail connecting Kyaukpyu to Yunan. China Railway will be in charge of the construction. This is however in a very preliminary stage and no detailed information is available.

#### Developers and Investors of Kyaukpyu SEZ and its surrounding infrastructure

##### Kyaukpyu Economic and Technological Development Zone (also known as the Kyaukpyu SEZ)

The Kyaukpyu SEZ is currently in the conceptual planning stage. In 2009, China and Myanmar signed a MoU for the construction of Kyaukpyu SEZ. Following this, the Ministry of National Planning and Economic Development and CITIC Group have made further agreements to collaborate on this project with the Htoo Group of Companies.

According to the feasibility study carried out by CITIC Construction Company, the zone will require an initial investment of USD 8.3 bn and a total of USD 89.2 bn over 35 years.

- **Project Cost:** estimated initial investment of USD8.3bn.
- **Government agency:** Ministry of National Planning and Economic Development.
- **Lead developer:** CITIC Group/CITIC Construction Company (China).
- Local developer: Htoo Group.

#### Shwe gas field

The Shwe project is led by a consortium of investors from Korea and India to extract natural gas from the Block A-1 and A-3 of the Shwe gas fields off the Rakhine State. Daewoo International purchased exploration rights through a Production Sharing Contract with the MOGE.

Petrochina, an oil and gas company which is a subsidiary of CNPC, has signed an agreement to purchase natural gas over a 30 year period. The natural gas will be transported by the Sino-Burma pipeline to the Yunan province in China. The associated Onshore Gas Terminal (OGT) is being constructed near Kyaukpyu. Construction begun in 2009 and is expected to be completed in 2013.

The parties involved in the development of the Shwe gas field

- **Government agency:** MOGE.
- **Lead operator and investor:** Daewoo International Cooperation (Korea).
- Other investors in the gas field:
  - ONGV Videsh Limited is the overseas arm of India's Oil and Natural Gas Corporation (ONGC);
  - Gail Limited is the Gas Authority of India, which is a wholly owned by the Government of India;
  - Korea Gas Corporation is a state-run Korean company; and
  - MOGE.

Table 6.3.1 Shwe Gas Project Consortium

| Investors                                 | Country of Origin | % shareholding | Role                    |
|---|-------------------|----------------|-------------------------|
| Daewoo International Corporation of Korea | Korea             | 51%            | Operator of the project |
| ONGC Videsh Limited                       | India             | 17%            |                         |
| Gail Limited                              | India             | 8.5%           |                         |
| Korea Gas Corporation                     | Korea             | 8.5%           |                         |
| Myanma Oil and Gas Enterprise (MOGE)      | Myanmar           | 15%            | National partner        |

Source: Aung and Kudo (2012)

### The Sino-Burma pipeline

Construction of the Sino-Burma pipeline begun in 2010. The pipeline is 793km long and includes two separate pipes, one for the transport of natural gas from Kyaukphyu to Yunan, and the second for the transport of oil from Ramlee Island in Arakan to Kunming in China.

The pipeline is designed to transport nearly 12 billion cubic metres of gas per year, nearly a third of current Chinese imports of natural gas. It will also transport 22 million tons of imported crude oil per annum. The pipeline will help alleviate China's dependence on the Strait of Malacca for its energy imports, giving it a shorter and alternate supply route from South East Asia. The gas pipeline is expected to be operational in May 2013.

- Project Cost: USD2.5bn.
- **Financed by:** China Development Bank (Mizzima, 20 Dec 2013).
- **Jointly implemented by:** CNPC (50.9% stake) and MOGE (49.1% stake).

### Deep Sea Port

Ramree Island in Kyaukpyu is a natural location for a deep sea port. According to a presentation by IDE-Jetro in February 2012, the deep sea port will have 91 berths to be built to cover 11 container ships, 19 cargo vessels, 39 petrol chemical carriers, eight repairing ships, two cruise liners and 12 service ships. Oil tankers will be able to deliver their cargo to the deep sea port and transported to China via the Burma-Sino pipeline. In addition, the deep sea port will also facilitate delivery of equipment, supplies and machinery for the construction of the SEZ and surrounding infrastructure. The construction of the Kyaukpyu deep sea port is expected to be completed by the end of 2012.

CNPC is providing finance and the local developers are Asia World Co and Htoo Group.

### Project details of the Kyaukpyu SEZ and Associated Infrastructure

The SEZ covers a land area of 120 km<sup>2</sup> (30,000 acres) and 70 km<sup>2</sup> of waterways. The Kyaukpyu SEZ Project will include an oil terminal, airport, highway bus terminal, residential quarters and recreation centers. The EIA and SIA of the project will be carried out.

The Kyaukpyu SEZ is currently still in its conceptual stage. The plan is to develop the Kyaukpyu SEZ according to three clusters: (i) city cluster; (ii) logistics cluster; and (iii) industrial cluster.

Table 6.3.2 Kyaukpyu SEZ development plan

| Cluster            | Area (km <sup>2</sup> ) | Functionality  | Infrastructure  |
|--------------------|-------------------------|--|---|
| City Cluster       | 28                      | Residential areas, business centre's, Hospitals, Schools and tourist area  | Industrial water and sewage plants<br>2,000 MW power plant.   |
| Logistics Cluster  | 24                      | To provide logistical linkages and connectivity to the SEZ.  | airport, seaport and railway  |
| Industrial Cluster | 40                      | Industrial park including the following industries: metal, iron and steel, other refined metals, marine service industry, processing and manufacturing industries, agricultural and aquatic products, gems and wood, textiles, car parts and electrical appliance. | Two marine docks to service regional shipping traffic and dismantle old ships for sale of materials |

Source: Myanmar Survey Research (2013)

The industrial cluster will occupy a large area of 40km<sup>2</sup>. This is significantly larger than the existing Hlaing Tharyar Industrial Park, which is the largest existing industrial park in Yangon, with an area of 6.6 km<sup>2</sup>. The metals industry (iron, steel and other) is expected to occupy 14km<sup>2</sup> of the total area and the manufacturing and processing industries will occupy an area of 11km<sup>2</sup>. The remaining 15km<sup>2</sup> will be occupied by industries relating to marine services; agricultural and aquatic products; gems and wood; textiles, plastics, car parts and electrical appliance.

Construction of a 230 KV power line has commenced in January 2013 to supply electricity to Kyaukpyu from Bago Region since January 2013. A gas powered 50 megawatt power station will be built using output from the Shwe Natural Gas Project as the fuel source. The power station is expected to be completed by the end of 2014.

#### Logistical Linkages from the Kyaukpyu SEZ

**Road Networks.** The Kyaukpyu is located on the west coast of Myanmar. It is a small township with a population of approximately 200,000 people. Currently, there are no highways connecting Kyaukpyu to the rest of the country and the overall road conditions are relatively poor and undeveloped. According to the ERIA discussion paper relating to agglomeration and dispersion of ASEAN (2012), the highway between Muse and Kyaukpyu will be improved by 2015. The speed of the highway will be enhanced to 60km/h.

**Rail.** The Kunming railroad has been planned to link Kyaukpyu to Ruli in four sections<sup>83</sup>. However, there has been no report on the commencement of work on the railroad.

#### Challenges of the Project and Current Progress

Kyaukpyu is located in a more remote and rural part of Myanmar. It does not sufficient economic activities to support an industrial cluster and will likely rely on traffic created by the development of a deep sea port. The remote location and lack of connectivity makes the Kyaukpyu SEZ less attractive to investors.

Kyaukpyu's main attraction is role as a key part of China's future energy strategy. The Sino-Burma pipeline is reportedly on schedule to begin operation in May 2013. The development of the SEZ and supporting infrastructure is still at the concept stage.

<sup>83</sup> The four sections are: (i) Kyaukpyu – Minbu; (ii) Minbu – Mandalay; (iii) Mandalay – Lashio; (iv) Lahio – Ruli.

### 6.3.4 Dawei SEZ

#### Overview

Dawei is 384 miles from Yangon and 187 miles from Mawlamyaing. The Dawei SEZ is planned as a large fully-integrated industrial zone with a sustainable industrial complex and fully-supported infrastructure & utilities. The full scope of the Dawei Project includes the development of the Dawei Deep Sea Port, industrial estate, pipeline along the road-link to Thailand, highways and railroad to Thailand. Dawei Deep Sea Port industrial estates will cover an area of 205 km<sup>2</sup> (equivalent to 50,675 acres).

In 2010, the Framework Agreement was signed and this granted ITD the right to develop and operate the Dawei Project with a 75 year land lease period. However, due to the difficulties in fundraising etc, limited progress was made. In response to this situation, in July 2012, the Thai government and Myanmar government agreed to jointly develop Dawei SEZ and governments of Myanmar and Thailand agreed to set up a SPV for the Dawei development in May 2013, and ITD's concession right is assumed to be transferred to the SPV (as of May 2013. )

#### Developers and Investors of Dawei SEZ

ITD, who has developed the Dawei with the concession right, is one of the largest conglomerates in Thailand and is listed on the Stock Exchange of Thailand. ITD is an established contractor by experience and has expertise in the construction of large infrastructure projects including the Laem Chabang Port and Industrial Estate, Suvarnabhumi International Airport, and has constructed 2,500 km of highways in Thailand, 500 km of highways and bridges in Malaysia and 342.7 km of railways in Thailand.

The cost of developing the Dawei SEZ is estimated by the National Economic and Social Development Board, Thailand to be USD12bn. This is higher than the initial estimate by ITD of USD6.8bn. The increase in project cost is due to the inclusion of facilities for construction such as a 33MW power plant and a cogenerating 180MW power plant. The two facilities are estimated to cost USD1.1billion.

Table 6.3.3 Dawei estimated cost of development for Phase 1 and 2

|   | Phase 1 (up to 2015) | Phase 2 (2016 to 2020) | Total     |
|---|----------------------|------------------------|-----------|
| Infrastructure in Dawei SEZ                   | USD5.1bn             | USD3.4bn               | USD8.5bn  |
| Transport link between Dawei SEZ and Thailand | USD1.8bn             | USD0.7bn               | USD2.5bn  |
| Total Cost                                    | USD6.9bn             | USD4.1bn               | USD10.5bn |

Source: The Nation (2013)

The project is planned to be developed over three key phases. The first phase has an estimated cost of USD6.9bn and the second phase an estimated cost of USD4.1bn. A total of USD2.5bn will be spent on developing the transport link between Myanmar and Thailand. According to news reports by The Nation, ITD will invest approximately USD700m in the project until 2014. ITD will need to seek financing to fund the project.

MaxMyanmar, the local conglomerate who had an initial 25% shareholding in the project with ITD, withdrew from the Project in July 2012. Since then, ITD has yet to find a replacement investor though several companies showed their interests in participating in the projects. To advance the project, in July 2012, the Thai government announced to step in the project and jointly develop Dawei with the Myanmar government.

In March 2013, the Thai government announced to establish a SPV that will be responsible for the project management of the Dawei project in Thailand. It is expected that government of Myanmar and Thai as well as other countries will participate in the SPV. The Prime Minister of Thailand, Yingluck Shinawatra and the President Thein Sein requested the Japanese government to participate in the development.

### Dawei Special Economic Zone Law

The Dawei SEZ Law was enacted in January 2011 with the purpose of making the project more attractive to investors. The new Dawei SEZ Law is currently undergoing revision to include more favorable investment incentives.

Investors in the Dawei SEZ receive tax incentives including exemptions on the export revenues generated for the first five years. The SEZ law will also be amended to encourage reinvestment for the continued development of the country. Export revenue taxes are 12.5% instead of 25% if profits are reinvested (for year 11-15).

To ensure employment opportunities, the SEZ law also states that Myanmar skilled workers have to make up at least 25% of all workers at the end of the first 5 years from the commencement of the project. This is increased to 50% at the end of the next 5 years, and 75% at the end of the following 5 years.

**Table 6.3.4 Dawei SEZ – incentives to be included with the Dawei SEZ regulatory framework**

|   |   |  |
|---|---|--|
| Tax exemption (Proceeds from overseas sale)                                 | Year 1 – 5  | 0%   |
|   | Year 6 – 10   | 12.5%  |
|   | Year 11 – 15  | 12.5% if profit is reinvested, otherwise 25% |
| Possible extension of the tax exemption                                     | After the tax exemption periods, income tax relief for that year may be applied; depending on the value of export items are met according to the below conditions.<br>1 Large scale investment > 50% of total value of product<br>2 Medium scale investment > 60% of total value of product<br>3 Small scale Investment > 70% of total value of product |  |
| Exemption of commercial tax & VAT:  | Export items  |  |
| Exemption of import tax and customs duties for raw materials and machinery: | Export-oriented processing business   |  |
|   | 0% for 5 years  |  |
|   | 50% reduction for the next 5 years  |  |
| Land use:   | Large scale investment:   | Up to 75 years                               |
|   | Medium scale investment:  | Up to 60 years                               |
|   | Small scale investment  | Up to 40 years                               |

Source: MSR Research, 2013

### Project details of the Dawei SEZ

The following are the key infrastructure planned for the Dawei SEZ:

- Deep Sea Port;
- **Industrial estates:** Six industrial estates including heavy industries such as: steel mill, oil refinery, petrochemical complex, Fertilizer, Plant, Power plant, and other utility services ;
- **Cross border road and rail link:** Cross border road and rail link with Thailand which includes connecting transmission lines; and

- **Township:** Township with residential and commercial development.

The project has three phases of five years each. The first phase of infrastructure construction has begun in 2011 and to date, the site has been cleared to make way for infrastructure construction.

### Deep Sea Port Project

The planned Dawei Port is 370 kilometers from Bangkok and 70 kilometers to the border at Kanburi. According to the port plan, vessels will have access through navigation channel and fair ways to port areas. The development project has port areas and ITD has reportedly begun dredging to increase the depth of the port by seven to ten meters to allow for large vessels to dock. Currently, a small port is being developed to allow ships to transport building materials before the main port is completed. This small port is expected to be completed in May 2013.

Table 6.3.5 Dawei Deep Sea Ports

|                       | Port Area          | Other  |
|-----------------------|--------------------|--|
| Deep Sea Port (North) | 2.7km <sup>2</sup> | Cargo area – 1.5km <sup>2</sup><br>Ship building yard – 1.4km <sup>2</sup> |
| Deep Sea Port (South) | 3.0km <sup>2</sup> | Ship building yard – 1.4km <sup>2</sup>                                    |

Source: Aung and Kudo (2012)

### Industrial Estate

The project includes the development of an industrial estate of about 200km<sup>2</sup>. The industrial estate is divided into six zones with different uses ranging from light to heavy industries. The initial development will be for the purpose of early stage industries to accommodate the demands of some Thai manufacturers who will soon lose preferential import tariffs under the Generalised System of Preferences (GSP)<sup>84</sup> in the US and EU. Following this the expiry of the preferential import tariffs under the GSP, Thai manufacturers need to find new locations for their production plants in an effort to manage import tariffs. ITD has reportedly reclaimed some old oil palm plantations to pave the way for building manufacturing plants, retail and residential zones. The construction for the early stage industries zones is planned for completion by 2014.

Table 6.3.6 Zones, usage and infrastructure on Dawei SEZ

| Zones       | Area                | Use                              | Infrastructure   |
|-------------|---------------------|----------------------------------|--|
| Zone A      | 38.3km <sup>2</sup> | Heavy industry zone              | Includes a coal-fired power plant, steel mill, shipbuilding and cargo yards, and a deep sea port |
| Zone B      | N/A                 | Heavy industrial zone            | Oil and gas storage, an oil refinery, a gas separation plant and a compound circled power plant  |
| Zone C      | 44.7km <sup>2</sup> | Medium and heavy industrial zone | Upstream and downstream petroleum industry   |
| Zone D      | 58.6km <sup>2</sup> | Medium industry zone             | -  |
| Zone E      | 43km <sup>2</sup>   | Light industry zone              | -  |
| Public area | 13.5km <sup>2</sup> | Township zone                    | Commercial complex, administrative centre and district offices                                   |

Source: Aung and Kudo (2012)

### Power and Water Supply

To support the power need for the industrial zone, there are plans to construct coal-fired, gas-fired and hydro

<sup>84</sup> The U.S. GSP is a program designed to promote economic growth in the developing world by providing preferential duty-free entry for up to 5,000 products when imported from one of 127 designated beneficiary countries and territories.



power plants. There is also the potential of signing up to a PPA agreement with EGAT for the offtake of power for the industrial zone. The next development is a 33MW gas-fired power plant within the industrial zone.

The industrial estate will also require at least 300,000m<sup>2</sup> of raw water per day. To overcome potential shortage during the dry season, a reservoir with 100,000m<sup>2</sup> will be built.

### Logistical Linkages from the Dawei SEZ

The success of Dawei project is to a large extent driven by its connectivity with Thailand's industrial zones, thus an agreement between Thailand and Myanmar to establish a transborder corridor link to Thailand. This will include road and rail linkages between the Dawei SEZ and Laem Chabang Industrial Estate of Chonburi seaboard of Thailand. This new border crossing will reduce the travel time between the two industrial estates by half, and will significantly reduce transport costs.

Team Consulting Engineering and Management Co Ltd will carry out the EIA and SIA for the deep sea port whilst as Chulalongkorn University and TESCO are to conduct the EIA of the proposed road between Thailand and the Port.

USD 3.5 billion will be spent on the construction of the motorway and port, USD 2 billion on railroad construction, and USD 7 billion on the Coal-fuelled Power Station.

The road link connecting Dawei to Kanchanaburi in Thailand is 110km long. Construction of the road link has reportedly begun. However, expansion plans for roads within Thailand widening from a four lane to an eight lane motorway was halted in February 2013, due to questions over the validity of high projected traffic volume.



Chart 6.3.3 Transborder corridor link to Thailand

Source: Dawei Project Website

## Challenges of the Project and Current Progress

The Dawei SEZ development has:

- Increasing costs estimates for the Dawei ports and SEZ project has not encouraged investor confidence. The project's recent estimated investment cost, by a Thai government study, has increased to USD10.7bn, significantly larger than the USD6.6bn projected two years ago.
- Withdrawal of investment by Max Myanmar Co, who has a 25% in the stake of the project and who is one of the first investors in the projects, in July 2012. Max Myanmar Co expressed concern the viability of the project.
- In January 2012, the construction project of a coal-fuelled power station to produce 4,000 megawatts, which is part of the sea port project, was cancelled due to potential adverse environmental effects.
- There has been opposition from local community concerned over the compensation arrangements to villagers who is being relocated to make way for the project. The SEZ will directly affect 16 villages, composing 3984 households which total 23, 120 people.

Potential investors and lenders have raised concerns over the project's long term viability and the ability of ITD as a sole developer to undertake the entire project. This has reported led to the suspension of the project in February 2013.

In an effort to address investors' concerns, eight Special Purpose Companies (SPC) will be set up to invest in each sub project in Dawei (e.g. coal-fired power plant, gas-fired power plant, industrial estate, petrochemical complex, deep sea port, road link to Thailand, etc). DDC will invest in each of these SPCs with a minimum of 25% shareholding. Thus, ITD will no longer be the sole developer of the Dawei Project and instead there will be scope for other developers and investors to participate at the SPC-level.

This new structure is envisaged to facilitate fundraising with investors given the opportunities to invest at the sub-project level (i.e. SPC-level). Further details of the SPV will be finalized at the end of March 2013.

Table6.3.7 Progress of Dawei SEZ development

| Project content                              | Status                      |
|--|-----------------------------|
| Temporary jetty:                             | Now available for use       |
| Small port:                                  | To be completed by May 2013 |
| Access road (Phu Nam Ron – Dawei)            | Completed                   |
| Compensation and relocation survey           | Completed                   |
| Compensation payment                         | On going                    |
| Main Road in DSEZ clearing, grubbing, access | Completed                   |
| Auditorium and ITD Camp                      | Completed                   |
| 10 VIP villas and Prime Minister Suite       | Completed                   |

\*Total Project area = 204 sq-km

Source: Myanmar Survey Research (2013)

(Reference) Logistics Infrastructure and SEZ

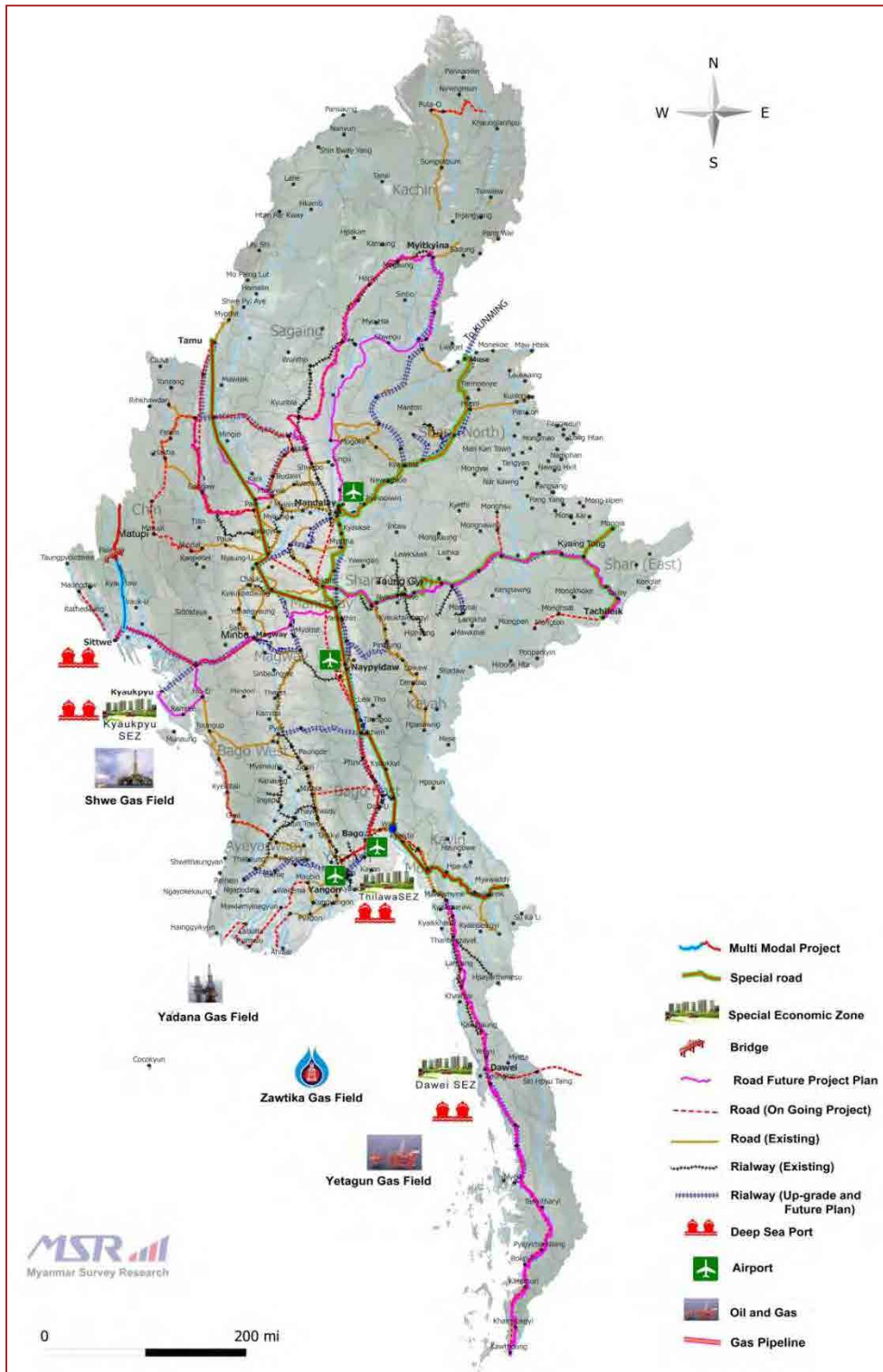


Chart 6.4.1 Maps of infrastructure project in Myanmar

Source: Myanmar Survey Research (2013)

## A.1. Appendix Industrial parks/ zones in Yangon

Table 6.4.1 Information about industrial zones/ parks in Yangon

|   | Industrial zones/parks         | Location (Within Yangon Region) | Developer                    | Commenced | Key investor    | Local factories (no.) | Foreign factories (no.) | Factories in operation (no.) | Unoccupied factories (no.) | Vacant lots without factories (no.) | Total developable area (acre) | Developed area (acre) | Rent / acre/ month (Building included) |
|---|--------------------------------|---------------------------------|------------------------------|-----------|-----------------|-----------------------|-------------------------|------------------------------|----------------------------|-------------------------------------|-------------------------------|-----------------------|--|
| 1 | Dagon Seikkan Industrial Zone  | Dagon Seikkan Township          | DHSHD                        | 1997      | Local investors | 101                   | 4                       | 102                          | 3                          | 75                                  | 1,208                         | 1208                  | 3,000,000                              |
| 2 | Mingaladon Industrial Park     | Mingaladon Township             | DHSHD, Mitsui & Kepple Group | 1998      | FDI             | 0                     | 8                       | 6                            | 2                          | 40                                  | 225                           | 225                   | INA                                    |
| 3 | Hlaing Tharyar Industrial Park | Hlaing Tharyar Township         | DHSHD                        | 1995      | Local investors | 772                   | 15                      | 744                          | 43                         | 50                                  | 1,624                         | 1,310                 | 6,000,000                              |
| 4 | Dagon East Industrial Zone     | East Dagon Township             | DHSHD                        | 2006      | Local investors | 92                    | 2                       | 85                           | 9                          | 44                                  | 784                           | 740                   | 2,500,000                              |
| 5 | Shwe Pyithar Industrial Zone   | Shwe Pyithar Township           | DHSHD                        | 1995      | Local investors | 202                   | 4                       | 198                          | 8                          | INA                                 | 947                           | INA                   | 3,500,000                              |
| 6 | South Dagon Industrial Zone    | Dagon (South) Township          | DHSHD                        | 1996      | Local investors | 167                   | 4                       | 162                          | 9                          | INA                                 | 475                           | 475                   | 3,500,000                              |
| 7 | Shwe Linban Industrial Zone    | Hlaing Tharyar Township         | DHSHD                        | 1996      | Local investors | 135                   | 3                       | 78                           | 60                         | 80                                  | 1,100                         | 900                   | 3,500,000                              |
| 8 | Shwe Paukkan Industrial Zone   | North Okkalapa Township         | DHSHD                        | 2002      | Local investors | 242                   | 2                       | 244                          | INA                        | INA                                 | 94                            | 94                    | 2,500,000                              |
| 9 | Thaketa Industrial Zone        | Thaketa Township                | DHSHD                        | 1999      | Local investors | 134                   | 2                       | 121                          | 15                         | INA                                 | 200                           | 200                   | 3,000,000                              |

|    | Industrial zones/parks         | Location (Within Yangon Region) | Developer                 | Commenced | Key investor    | Local factories (no.) | Foreign factories (no.) | Factories in operation (no.) | Unoccupied factories (no.) | Vacant lots without factories (no.) | Total developable area (acre) | Developed area (acre) | Rent / acre/ month (Building included) |
|----|--------------------------------|---------------------------------|---------------------------|-----------|-----------------|-----------------------|-------------------------|------------------------------|----------------------------|-------------------------------------|-------------------------------|-----------------------|--|
| 10 | North Okkalapa Industrial Zone | North Okkalapa Township         | DHSHD                     | 1999      | Local investors | 157                   | 0                       | 130                          | 27                         | INA                                 | 111                           | 111                   | 2,200,000                              |
| 11 | South Okkalapa Industrial Zone | South Okkalapa Township         | DHSHD                     | 1999      | Local investors | 92                    | 0                       | 75                           | 17                         | INA                                 | 109                           | 109                   | 2,500,000                              |
| 12 | Ngwe Pinle Industrial Zone     | Hlaing Tharyar Township         | UMEHL                     | 2003      | Local investors | 19                    | 1                       | 20                           | INA                        | 10                                  | 198                           | 198                   | 3,000,000                              |
| 13 | Shwe Thanlwin Industrial Zone  | Hlaing Tharyar Township         | Shwe Than Lwin Co         | 2001      | Local investors | 3                     | 1                       | 4                            | 0                          | 200                                 | 413                           | 360                   | 2,500,000                              |
| 14 | Anawratha Industrial Zone      | Hlaing Tharyar Township         | War War Win Co            | 2002      | Local investors | INA                   | INA                     | INA                          | INA                        | INA                                 | 680                           | INA                   | 2,500,000                              |
| 15 | Mya Sein Yaung Industrial Zone | Hlaing Tharyar Township         | Shwe Taung Development Co | 2002      | Local investors | INA                   | INA                     | INA                          | INA                        | INA                                 | 289                           | INA                   | 2,500,000                              |
| 16 | Yangon Industrial Park         | Mingaladon Township             | Zay Kabar Co              | 2000      | Local investors | 55                    | 0                       | 32                           | 23                         | 187                                 | 902                           | 902                   | 3,000,000                              |
| 17 | Thadukan Industrial Zone       | Shwe Pyithar Township           | DHSHD                     | 2002      | Local investors | 9                     | 1                       | 2                            | 8                          | 200                                 | 479                           | 400                   | 2,000,000                              |
| 18 | War Tayar Industrial Zone      | Shwe Pyithar Township           | DHSHD                     | 2004      | Local investors | INA                   | INA                     | INA                          | INA                        | INA                                 | 1,100                         | INA                   | 2,000,000                              |
| 19 | Myaungdaga Industrial Zone     | Hmawbi Township                 | DHSHD                     | 2006      | Local investors | 30                    | 2                       | 28                           | INA                        | 327                                 | 1,016                         | 800                   | 2,500,000                              |

\* DHSHD: Department of Human Settlement and Housing Development, Ministry of Construction

YESB: Yangon Electricity Supply Board; UMEHL: Union of Myanmar Economic Holdings Ltd.

INA: Information Not Available

## 7. Financial Sector

### 7.1 Introduction

The purpose of this section is to provide an overview of Myanmar's financial sector landscape, which includes a description of the key players in the financial market (private banks, state owned banks, foreign banks) and their product offering; an outline of the regulatory environment of the financial sector in Myanmar; and what we see as key issues that are relevant to potential investors into Myanmar.

### 7.2 Background

In the early 1960s, Myanmar operated a market economy and participants in its financial sector included state owned and private banks. However, due to a change to military regime, all banks were nationalized in 1963. In 1969, all banking institutions including the insurance companies were merged into one monolithic bank, Peoples Bank of the Union of Myanmar (PBUB).

In 1976, under the Bank Law of 1975, a two-tier banking system was introduced which resulted in the separation of the PBUB into a central bank function and commercial bank function. The commercial function saw the PBUB re-established into four state-owned banks, Union of Burma Bank (UBB), Myanma Economic Bank (MEB), Myanma Foreign Trade Bank (MFTB), and Myanma Agricultural Bank (MAB).

After 1988, the economic system has been transformed from a centrally planned economic system to a market oriented system under the economic reform of the new government. It was initiated to separate fiscal policy and monetary policy. To develop the financial system which is in line with the market oriented system and to promote the efficiency of financial activities, the Central Bank of Myanmar Law was enacted in July 1990.

In 1990, additional two laws, the Financial Institutions of Myanmar Law (FIML) and Myanmar Agriculture Development Bank Law (MADB Law) were enacted. The FIML provides a foundation for state owned banks, including MEB, MFTB, and Myanmar Investment Commercial Bank (MICB), and allows the formation of private banks. The MADB Law grants the Myanmar Agriculture Development Bank (MADB) a broad mandate to effectively support the development of agricultural, livestock and rural socio-economic enterprises in the country by providing banking services.

While state-owned banks struggled with establishing their operations, the private financial sector developed rapidly. The New Savings Bank Law and the Myanmar Insurance Law were enacted in 1992 and 1993 respectively, and private commercial banks, which were provided licenses to operate, totalled 20 banks by 1997.

The commercial banks accelerated investments in real estates and construction industries especially in urban areas. However, the Asian Financial Crisis resulted in a downturn of the economy. In 2003, Myanmar suffered a major financial crisis that resulted in the collapse of three banks. The crisis was exacerbated by Central Bank policy to recall loans and mortgages on very short notice to cope with the run on the banks. This event resulted in a loss of confidence in Myanmar's banking system.

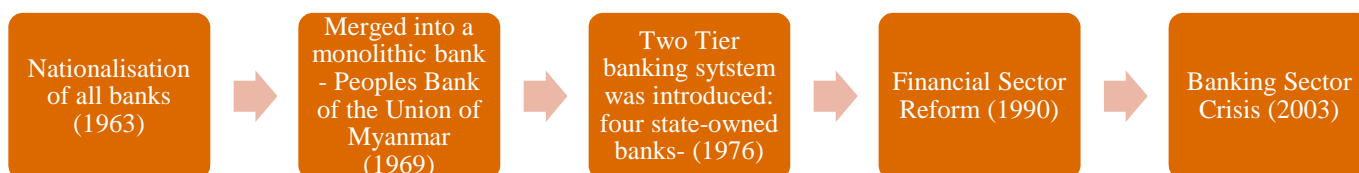


Chart 7.2.1 Timeline of key events in Myanmar's banking sector

Source: Prepared by Consultant Based on Myanmar government's materials

### 7.2.1 Current State

At its current state, Myanmar's financial system is still small and at the earliest stages of development compared to neighboring countries. Myanmar has some of the lowest financial services comparators. Its domestic credit to GDP ratio of 8.2% is one of the lowest in the world, and the overall level of deposits is 17.6% of GDP which is also low compared to other low income economies. Cash remains a primary means of transactions.

Nonetheless, savings at banks have increased drastically. Table below shows the increase from FY 2008 to FY 2011, with annual growth of 49%. The compounded annual growth rate (CAGR) at private banks amounted to 68%, while CAGR at state-owned banks was 30%.

Table 7.2.1 Savings at Banks FY 2008-2011

|      | (unit: Kyat in billion) |                   |               |
|------|-------------------------|-------------------|---------------|
| FY   | Total                   | State Owned Banks | Private Banks |
| 2008 | 1,735                   | 958               | 777           |
| 2009 | 2,458                   | 1,316             | 1,142         |
| 2010 | 3,753                   | 1,698             | 2,055         |
| 2011 | 5,762                   | 2,096             | 3,667         |
| CAGR | 49%                     | 30%               | 68%           |

Source: Central Statistical Organization (2012)

The IMF and the World Bank, which played a pivotal role in initiating the liberalization of the nation's economy and abolishing the multiple exchange rate system, are now assisting Myanmar in formulating economic and social policies.

### 7.2.2 Debt Reduction/ Cancellation

The government has made progress with its discussions with various creditors. Myanmar's total external debt outstanding is estimated at USD 15 billion as at December 2012, which is equivalent to 28 % of GDP. Agreements on the cancellation of some of Myanmar's debts have resulted in total debt relief of around USD6 billion, more than 60% of total debt.

Among the first to reduce Myanmar's debt was Japan. Japan agreed to forgive more than half of 500 billion yen (USD6 billion) owed to it by Myanmar, clearing the way for renewed lending after a 25-year freeze. Under the deal, about Y200bn of loans due before 2003 will be repaid with the help of new bridge loans from Japanese financial institutions, and later with concessional government loans that will be conditional on continued reforms by Myanmar. Another 127 billion yen of loans due after 2003 will be cancelled. Yen 176 billion of penalties for late payment will also be written off after one year, as long as Myanmar implements further economic and political reforms.

In addition, the members of the Paris Club cleared more than half of Myanmar's debt in January 2013, and restructured the remainder of Myanmar's debt to be paid over 15 years. Norway had also cancelled the full sum of \$534 million owed to it.

In May 2013, Japanese Prime Minister Shinzo Abe during his first visit to Myanmar pledged 91 billion yen in fresh aid to Myanmar, while waiving about 20 billion yen in debts, which leads to the clearing of all of 50 billion yen loans owned to Myanmar.

## 7.3 Players in the Financial Sector

### 7.3.1 Overview

Myanmar has four state owned banks and 19 private banks including joint ventures between public and private institutions. In addition, there are 22 representative offices for overseas banks. Representative offices are not able

to conduct onshore banking in Myanmar, but are able to play a supporting role for clients who wish to invest and trade with Myanmar.

In February 2013, the US Treasury Department announced that it would ease sanctions against four of Myanmar's banks. These are the two state owned banks (Myanma Economic Bank, Myanma Investment and Commercial Bank) and two private banks (Asia Green Development Bank and Ayeyarwady Bank). This move paves the way for US companies to develop correspondent relationships with Myanmar banks. All four banks remain on the Specially Designated Nationals (SDN) list, allowing the U.S. government to respond quickly should the Myanmar government retract on its plans for reforms. Allowable activities for US banks include transferring funds, however they are not allowed to invest in or launch joint ventures with these banks. It will make it possible for U.S. companies trading with the country to get letters of credit and for companies looking to invest in the county to transfer money to Yangon. The lifting of restrictions has also helped to facilitate the reach of MasterCard and Visa credit card services into the country. U.S. companies are still prohibited from dealing with at least three other banks that remain on the SDN list: Innwa Bank, Myawaddy Bank, and Myanma Foreign Trade Bank.

**Table 7.3.1 Listing of banks in Myanmar**

| State Owned Banks                          | Private Banks                                      | Representative Offices                            |
|--|--|---|
| 1. Myanma Economic Bank                    | 1. Myanmar Citizens Bank Ltd                       | 1. UOB Bank                                       |
| 2. Myanma Foreign Trade Bank               | 2. First Private Bank Ltd                          | 2. OCBC Bank                                      |
| 3. Myanma Investment and Commercial Bank   | 3. Yadanabon Bank Ltd                              | 3. Maybank  |
| 4. Myanma Agriculture and Development Bank | 4. Myawaddy Bank Ltd                               | 4. Bangkok Bank                                   |
|  | 5. Yangon City Bank Ltd                            | 5. National Bank                                  |
|  | 6. Yoma Bank Ltd                                   | 6. Brunei Investment Bank                         |
|  | 7. Myanmar Oriental Bank Ltd                       | 7. First Overseas Bank                            |
|  | 8. Asia Yangon Bank Ltd                            | 8. First Commercial Bank                          |
|  | 9. Tun Foundation Bank Ltd                         | 9. SMBC   |
|  | 10. Kanbawza Bank Ltd                              | 10. DBS Bank                                      |
|  | 11. Myanma Industrial Development Bank             | 11. BTMU  |
|  | 12. Myanma Livestock and Fisheries Development Ltd | 12. CIMB  |
|  | 13. Sibin Tharyar Yay Bank Ltd                     | 13. Bank of Investment and Development of Vietnam |
|  | 14. Innwa Bank Ltd                                 | 14. AB Bank                                       |
|  | 15. Co-operative Bank Ltd                          | 15. Industrial and Commercial Bank of China       |
|  | 16. Asia Green Development Bank Ltd                | 16. Mizuho Bank                                   |
|  | 17. Ayeyarwady Bank Ltd                            | 17. Siam Commercial Bank                          |
|  | 18. United Amara Bank Ltd                          | 18. Maruhari Bank                                 |
|  | 19. Myanma Apex Bank Ltd                           | 19. Krung Thai Bank                               |
|  |  | 20. United Bank of India                          |
|  |  | 21. Kasikorn Bank                                 |
|  |  | 22. Hana Bank                                     |

Source: Central Bank of Myanmar



### *7.3.2 Source: Central Bank of Myanmar* **State Owned Banks**

#### Myanma Economic Bank (MEB)

MEB is a state owned commercial bank that was established in 1976. It originated from the State Commercial Bank (SCB) founded in 1954. MEB is the largest bank in Myanmar with its domestic banking network of over 300 branches across the country. According to a JICA report published in 2012, MEB has a customer base that includes 1 to 3 million accounts. Approximately 70% of MEB's deposits are individual savings accounts.

MEB provides commercial banking services as well as development banking services to both the private sector and the public sector:

- Commercial banking, such as collecting current and time deposits, lending funds, granting and issuing of letters of credit and traveler's check, dealing of foreign exchange, purchasing and selling of bonds or other forms of securities on behalf of customers, transmitting funds; and
- Development banking as the agent of the Central Bank of Myanmar, such as maintaining currency reserves across the country, maintaining state funds accounts, undertaking the disbursement of pensions.

#### Myanma Foreign Trade Bank (MFTB)

MFTB is a state owned bank that provides financial services to enable international banking, external trade and non-trade foreign exchange operations. MFTB has no branches or subsidiaries within Myanmar nor abroad. It operates through its network of 370 correspondent banks in 50 countries.

MFTB is the only bank in Myanmar which endeavors to cooperate with other overseas financial institutions through issuing, advising and confirming letters of credit; drawing, accepting and collecting bill of exchange; issuing and advising bank guarantees. These facilities help support and develop various sectors of Myanmar's economy that involve aspects of financing from foreign parties. In collaborations with the Export Import Banks of neighboring countries, MFTB has been assisting by providing financial facilities to implement important projects in the areas of infrastructure, agriculture, industrial and telecommunication sectors such as Yangon Mandalay Trunk Line Railway project of Ministry of Rail Transportation, Telecommunication projects of Ministry of Telecommunication, and Hydropower projects of Ministry of Electric Power.

The total number of foreign currency current accounts held in MFTB is over 80,000 as of March 31, 2007. The Government departments and State Economic Enterprises also hold their foreign currency reserves with MFTB.

The MFTB also transacts Foreign Exchange Certificate (FEC) issued by the Central Bank of Myanmar; and also buys and sells foreign currencies and FEC. With respect to Myanmar's Foreign Exchange (FOREX), the MFTB calculates and announces the daily FOREX rates.

#### Myanmar Investment and Commercial Bank (MICB)

MICB is a state owned bank that focuses on providing banking services to the private sector. MICB has 352 employees. MICB mobilizes funds within the country by accepting deposits both in local and foreign currencies (USD, Euro, Singapore Dollar, FEC), and for the effective utilization of funds, it also provides financing facilities to economic enterprises. It allows for foreign remittance through SWIFT. Financing of long-term investment needs and short-term working capital requirements of economic enterprises can be obtained. Economic enterprises include companies engaged in industry, construction, transport, trade, hotel and tourist services, import-export and vocational enterprises.

#### Myanma Agriculture and Development Bank (MADB)

MADB provides seasonal loans for agricultural development. It has a country wide network of 14 regional offices, 164 branches and 48 agency offices providing short and long term credit for crop production, salt production, livestock and fish and dairy farming.

### 7.3.3 Private Banks

Myanmar currently has 19 private banks. The main role of private banks is financial intermediation, cash possessions, settlement, and collecting money from the depositors. The private banks operate under strict regulations from the central bank, which includes a restriction of providing loan terms with tenors exceeding one year. In addition, fixed interest rates are imposed by the Central Bank.

Private banks can be divided into two broad categories: semi-governmental banks and purely private. The semi-governmental banks are established and invested jointly by the government and private organizations. It is noted, in a report on the modernization of Myanmar's financial sector published by Daiwa Institute of Research 2012, that semi-governmental banks tend to focus on clearly chosen business targets, such as developers of industrial parks, Ministry of Commerce, Ministry of Livestock and Fisheries, and various associations.

Private banks are established and invested by private organization, and most of the private banks are a part of financial conglomerates or Myanmar's leading companies. For example, Kanbawza Bank Limited (KBZ) is part of the Myanmar Billion Group which has interests in mining, gems and large-scale commercial agriculture. The Myanmar Billion Group owns an 80% stake in Myanmar Airways International. In many cases, the private banks' branches are located in large cities and conduct business for individuals as well as corporations.

Table 7.3.2 Details on Myanmar's private banks

|   | No. of branches | Founded | Description   |
|---|-----------------|---------|---|
| Kanbawza Bank                                   | 60              | Jun-94  | Largest private bank  |
| Myanma Livestock and Fisheries Development Bank | 56              | Feb-96  | Public company. Ministry of Livestock and Fisheries is a large shareholder  |
| Yoma Bank                                       | 51              | Jul-93  | An affiliate of FMI Group   |
| Innwa Bank                                      | 32              | May-97  | Myanmar Economic Corporation is a large shareholder.                        |
| Ayeyarwady Bank                                 | 26              | Jul-10  | An affiliate of Max Myanmar Group   |
| Myawaddy Bank                                   | 19              | Jan-93  | Myanmar Economic Holdings is a large shareholder.                           |
| Myanmar Oriental Bank                           | 19              | Jul-93  | Chinese origin  |
| Asia Green Development Bank                     | 18              | Jul-10  | An affiliate of Htoo Group  |
| Myanma Apex Bank                                | 15              | Jul-10  | An affiliate of Eden Group  |
| Myanma Industrial Development Bank              | 15              | Jan-93  | Public company  |
| Co-operative Bank                               | 10              | Aug-92  | Public company. Ministry of Cooperatives is a large shareholder.            |
| United Amara Bank                               | 10              | Jul-10  | An affiliate of IGE Group   |
| Myanmar Citizens Bank                           | 7               | May-92  | Public company traded at MSEC. Ministry of Commerce is a large shareholder. |
| Sibin Tharyaryay Bank                           | 2               | Jun-96  | Ministry of Border Affairs is a large shareholder                           |
| Yangon City Bank                                | 2               | Mar-93  | An affiliate of Yangon City   |
| Asia Yangon Bank                                | 2               | Mar-94  | Has a branch in Nay Pyi Taw   |
| Yadanarbon Bank                                 | 1               | Aug-92  | An affiliate of Mandalay City   |
| First Private Bank                              | N.A.            | May-92  | Public company  |
| Tun Foundation Bank                             | N.A.            | Jun-94  | Established by Mr. Tun  |

The following section discusses the performance, governance/ risk management and growth plans of four banks: Cooperative Bank, Yoma Bank, Kanbawza Bank, Myanmar Oriental Bank and Tun Foundation.

### Performance

Banks are not obliged to publish their financial results and release it to the public; hence it was not possible to obtain a uniformed set of information for all the banks. Only the Cooperative Bank shared their financial statements and report.

The Cooperative Bank reported deposits of 480bn Kyats (USD562m<sup>85</sup>) for FY2012, twice the balance from the previous year. The loan to deposit ratio was 67.79% (FY2012), an increase from 60.48% in the prior year, indicating that there has been an increase in lending. The bank reports a liquidity ratio of 19.66%.

According to ThuraSwiss Newsview edition as at October 2012, Kanbawza Bank, the largest bank in Myanmar according to number of branches, had total capital (assets and liabilities) of about 100bn kyat (USD117.6m). It holds a third of the banking sector market share in Myanmar.

### Growth Plans

Banks are currently focused on building capital. The majority of the banks that we interviewed are aiming to do so by increasing their reach of customers and thereby increasing their deposit base. KBZ is looking to double its number of branches from 95 to 200 by the end of 2013. The expansion for Yoma Bank is more moderate, however still ambitious, with an aim to increase by 10 bank branches per year from its current base of 46 branches.

Private banks are also rolling out various technologies such as online and mobile banking to become more accessible. A key focus of this is the expansion plan of the banks' ATM networks. ATMs were only introduced in 2011, when six commercial banks were allowed to operate ATMs. Currently, the ATM machines only allow withdrawal services. At the end of October 2012, according to the Daiwa report, eleven of the 19 private banks and four state owned banks have implemented ATM systems while another four were going through testing. ATMs allow deposits to be drawn with more ease, therefore this will help encourage the public to deposit their savings with banks.

Further growth plans by the banks included the consideration of IPO opportunities to maximize value when the Myanmar Stock Exchange is fully in operation. Some of the banks we spoke to are also open to foreign partnerships to build a stronger bank.

### Governance/ Risk Management

The banks that we have interviewed are generally focused on strengthening governance and compliance within the bank structure. It was recognized that this will form a strong foundation for the future growth of the bank. These banks will need to introduce systems that could meet international compliance requirements as the Myanmar financial market globalizes in the future.

Banks are investing in IT systems and are investing/developing their core banking systems. As to the core banking function for international service, most of the banks do not currently have the systems. In addition, as the general telecommunications network in Myanmar is poor and unreliable, this impedes the use of more advanced technologies.

---

<sup>85</sup> Exchange rates used K855/USD.

### *7.3.4 Foreign Banks*

22 foreign banks have opened representative offices in Yangon. The newest arrival is the UK based bank, Standard Chartered, which became the first western bank to set up a representative office in Myanmar in January 2013.

According to a Central Bank of Myanmar (CBM) presentation in January 2013, the CBM is preparing to allow full Foreign Financial Institutions in three phases: -

- Phase 1: allowing domestic private banks to run joint venture banks with foreign banks;
- Phase 2: allowing foreign banks to establish locally incorporated 100% owned subsidiary; and
- Phase 3: allowing foreign banks to open bank branches.

Selected domestic banks will be allowed to enter into up to 80% of joint ventures with foreign banks under Phase 1. Phase 3 foresees the start of operations by foreign banks “in their own right” and can be expected after the sanctions imposed on the country are lifted. Although the reform in financial sector is underway, the country’s non existing credit rating remains a hurdle for some foreign banks to enter into the market.

## *7.4 Products*

The banks in Myanmar offer facilities such as savings/current account, fixed deposits, loans, safe deposit lockers and remittance. Some banks also offer payment services for electricity, telephone, insurance premium, municipal tax, lottery collection payments. Starting in October 2011, the private banks re-introduced such services as ATMs, foreign exchange counters and hire purchase services which are particularly popular for the purchase of mobile phones.

### *7.4.1 Deposits*

Private Banks offer fixed deposit facilities, with up to one year tenor, which is in accordance with Central Bank Regulation. Only recently did the Central Bank of Myanmar allow banks to set interest rates on deposits within a certain range to help them attract more savings from the population. In September 2012, the CBM granted private banks the option of setting interest rates in the 10-12% range.

In January 2013, the CBM revised downwards the allowable rates to 8-10%. However, for the banks who lowered deposit rates in January 2013, customers begun withdrawing funds due to the lower interest rates. Hence, many of these banks have increased interest rates back up to the 10-12% range in February 2013 even though CBM permits a lower rate. KBZ bank for example, offers savings rates ranging from 10.25% (3 months) to 11% (12 months); MEB bank offers 12% for all deposit periods; and MADB offers savings rate of 10%.

It is noted that the majority of customers’ deposits are held in savings accounts. For Myanmar Oriental Bank, 85% of deposits are in savings account.

### *7.4.2 Loans*

As previously mentioned, banks are also not allowed to hold deposits for more than one year according to the CBM regulation as CBM guarantees these loans. Accordingly, private banks are not able to provide long term loans as the tenor will not match its deposit. Banks are required to maintain a capital-to-deposits adequacy ratio. Hence, as an effect of this CBM restriction, there are no long term loans available in Myanmar.

Short term loans or trade finances are usually issued to businesses as trade loans. These are usually for 120 days. Typically these loans are only issued with collaterals against land and/or buildings.

Interest rates on loans range from 14% to 17% depending on the purpose. Overdrafts and short term working capital loans tend to command higher interest rates. State owned banks also charge higher rates, for example, MICB and MEB charges 17% and 16% for overdrafts, respectively; compared to KBZ which stipulates interest rates of 15% for overdrafts. MADB issues loans at an interest rate of 15%, for farm development.

There is hence currently no long term project financing available in Myanmar. Syndicated loans occur, but are rare and usually state directed.

#### **7.4.3 Credit Cards**

Due to decades of US sanctions, major international credit cards have not been allowed to operate in Myanmar. Myanmar has operated largely as a cash based economy. However, this is changing quickly.

In September 2012, MasterCard initially introduced the use of its cards as debit cards in an agreement with Myanmar's Co-Operative Bank. By 1 March 2013, customers are able to use MasterCard at point-of-sale machines and will soon be installed across hotels. By the end of this year, MasterCard plans to have more than 500 point-of-sale terminals in restaurants, hotels and retail outlets. Visa launched electronic payments in Myanmar in February 2013. China Union Pay (CUP) card holders can withdraw cash from Co-operative Bank ATMs in Myanmar following the launch of the new service in January 2013. Customers can withdraw a maximum of K300,000 a transaction; the transaction fee is K5,000. The daily withdraw limit is K1 million, or about USD1,200. Japan Credit Bureau (JCB) is planning to introduce their products in 2013.

## **7.5 Regulatory Environment**

### **7.5.1 Central Bank of Myanmar (CBM)**

The CBM currently operates under the MOFR. The CBM is the regulatory and supervisory authority of the financial sector in Myanmar, responsible for the financial stability of Myanmar. Myanmar has implemented important reforms to liberalize its financial sector and to modernize the banking system. CBM is also responsible for supervising non-banks, such as Myanmar Small Loans Enterprise, and Myanmar Insurance.

A new Central Bank Law has been approved by the cabinet and awaits the passage by parliament in the first half of 2013. This will provide operational autonomy and proper accountability to the CBM. Under the new Central Bank Law, the CBM will no longer operate under the MOFR. Instead, the CBM will be a separate and independent entity, responsible for the implementation of monetary policy and responsible for macro- and micro- prudential services.

Myanmar has historically had no monetary policy framework or objectives as it lacks the necessary instruments and institutions. The IMF is advising the CBM on the creation of an interbank money market. This will allow banks to extend loans to one another, creating a more active credit market, leading to deeper and wider capital markets.

The CBM also acts as the sole issuer of domestic currency, treasury to the Government, economic advisor to the Government, inspects and supervises financial institutions and manages foreign reserves. The CBM has also been tasked with developing an action plan to implement exchange rate unification based on the suggestions and recommendations of IMF.

Through the Central Bank Law, it is also empowered to set reserve requirements, discount rates, interest rates on loans and deposits, asset and liability ratios and minimum cash margins. Thus, the Law enables the CBM to utilize indirect instruments of monetary control such as the use of reserve requirement ratio and interest rate policy rather than rely on quantitative credit control. According to a recent presentation by the CBM in January 2013, the FIML defines that the banks maintain a capital adequacy ratio of 10% and are not allowed to lend in excess of 20% of their capital to any single individual or enterprise. CBM requires banks to maintain a liquidity ratio (liquid asset against liabilities) of 20%. Banks are also required to maintain reserves against demand deposits of 10% and time deposits of 5%.

### **Changes implemented by the Central Bank of Myanmar**

The CBM is undertaking its Payment System Development Plans. This includes a planned upgrade of the present manual clearing system to auto clearing system and to implement the banking network for electronic

fund transfer and reporting system among the financial institutions. In addition, Myanmar Payment Union which currently comprises of 17 banks, is introducing a debit card network and a nationwide ATM network allowing banks to share ATM machines and offer a wider array of services

The CBM is rolling out an electronic banking network to enable online banking. According to a recent presentation by the CBM (January 2013), approximately 80% of the installation work has been completed.

## **7.6 Key Issues**

### **7.6.1 Lack of liquidity**

There is currently a lack of liquidity in the market due to strict regulations from the CBM. The CBM does not allow loan terms exceeding one year and also imposes fixed interest rates. This impedes competition among private lenders. Although the state banks are not subject to the same rules, borrows are turned away with the higher bank lending interest rates and prohibitively high risk valuations for loans. As a result, loans with long tenors are not available in the market and therefore financing for infrastructure projects is not easily available.

Currently, foreign banks are allowed only to establish representative offices in Myanmar which are not allowed to provide services to the market. Hence, local Myanmar companies are currently still unable to reach out to foreign financing.

### **7.6.2 FOREX risk**

Myanmar's capability to cope with a new managed currency exchange float regime introduces currency risks to foreign investors.

Myanmar had previously pursued a fixed and restrictive exchange rate policy. For 35 years, the kyat was pegged to the International Monetary Fund's special drawing rights at 6.4 kyat per dollar. A parallel rate existed at which everyday transactions took place. This parallel exchange rate was at a much higher exchange rate of 820 kyat.

In April 2012, CBM switched its foreign exchange regime to a managed float currency regime by setting a reference exchange rate of 818 kyat per 1 US Dollar. This was implemented with the enactment of the new Foreign Exchange Management Law in August 2012 which removed all exchange restrictions and multiple currency practices.

In order to create an environment for a legitimized market oriented exchange system, CBM increased the number of authorized foreign exchange dealer licenses and issued them to some private banks. CBM has recently issued three types of foreign exchange dealer license: money change licence, authorized dealer bank, and authorized remittance bank. Exchangeable currencies offered by banks are USD, SGD, EURO, FEC within the range of USD10,000.

The usage of FEC that were designed as a way to facilitate tourist travel by creating a currency that could legally be used inside the country will be terminated by 1 July 2013.

### **7.6.3 Human Resource**

Through our interviews with the Central Bank, MOFR and private banks, it was identified that there was currently a lack of staff competency within both the CBM and private banks. This was identified as a key development area. Although many of them carry out in-house training programs, they recognize the need for more assistance in this area and welcome the assistance and support of foreign parties.

Other key areas where there is a lack of knowledge is in the accounting/ reporting system for banks to be compliant with international standards. Many banks are set up based on legacy accounting system of the previous British banking system and need to be updated.

## 8. Comparison to Asian Countries

### 8.1 Infrastructure Needs in Asia

Infrastructure investment needs in Asia during 2010-2020 were estimated to amount to about USD8.2 trillion and China and India accounts for 80% of estimated needs in Infrastructure<sup>86</sup>. It is also estimated that Government funds would be only available for about 60% of the needs and the rest would be provided by the private sector<sup>87</sup>.

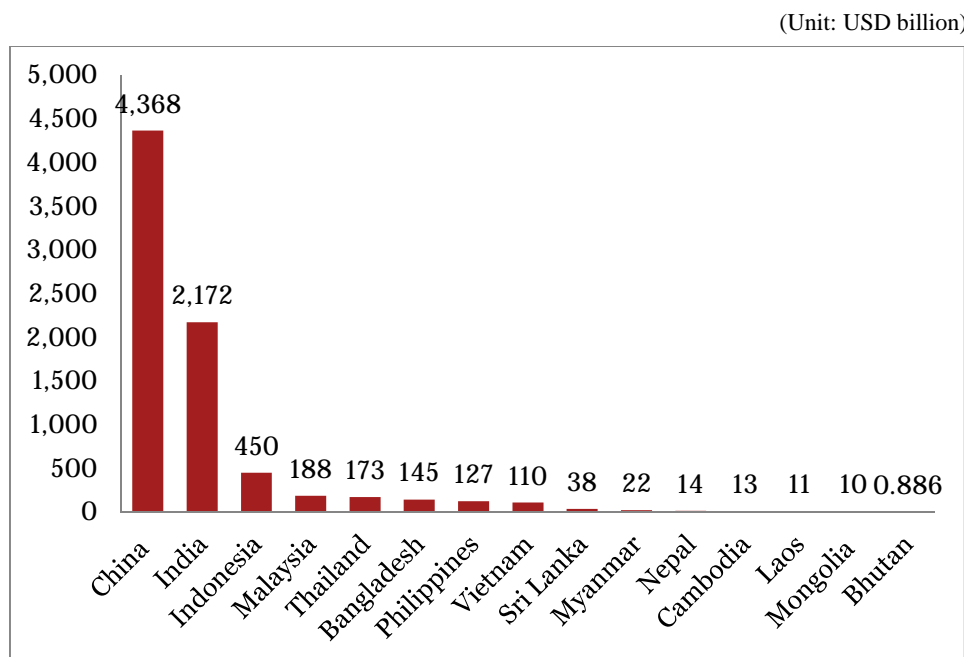


Chart 8.1.1 Estimated Investment Needs in Asia

Source: ADBI Working Paper Series

In most countries the public sector funds would not be enough to meet the infrastructure needs and it would be required to mobilize funds from the private sector to fill the funding gap. It is estimated that the private sector participation would amount to about 50% of necessary investments estimated in the 12<sup>th</sup> 5 year plan (2012-2017) in India and about 50% in Indonesia of necessary infrastructure investments by 2014 in Indonesia according to the national planning agency.

<sup>86</sup> Biswa Nath, Bhattacharyay (2010). "ADB Working Paper Series - Estimating Demand for Infrastructure in Energy, Transport, Telecommunications, Water and sanitation in Asia and the Pacific: 2010-2020"

<sup>87</sup> Barrow, Michael (2010). "Private Financing of Infrastructure in Asia" ADB Workshop on APEC Growth Strategy, Sapporo, Japan, (June 2010).

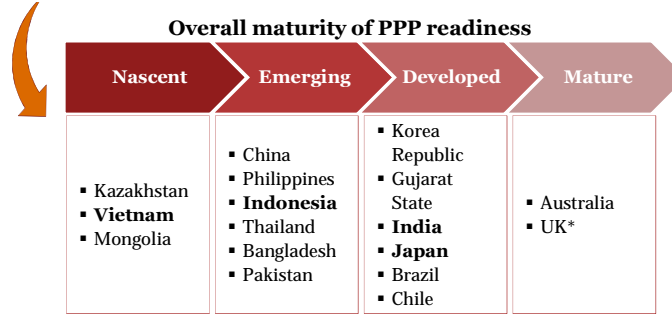
## 8.2 PPP Readiness

Although high private sector participation is expected in many countries, the readiness of PPP varies depending on the countries. The next table shows the example of the study on PPP readiness<sup>88</sup>, which was conducted by Economic Intelligence Unit (EIU)/ADB. The readiness for PPP is measured by: (i) regulatory framework; (ii) institutional framework; (iii) operational maturity; (iv) investment climate; and (v) financial facilities. Countries are divided into four categories depending on the overall maturity of PPP readiness, i.e. nascent, emerging, developed, and mature.

**Top ranking countries on PPP readiness parameters in Asia-Pacific**

| Country        | Overall index | Regulatory framework | Institutional framework | Operational maturity | Investment climate | Financial facilities |
|----------------|---------------|----------------------|-------------------------|----------------------|--------------------|----------------------|
| Australia      | 1             | 1                    | 1                       | 5                    | 1                  | 1                    |
| United Kingdom | 2             | 2                    | 1                       | 2                    | 2                  | 1                    |
| Korea Republic | 3             | 3                    | 3                       | 4                    | 5                  | 3                    |
| Gujarat State  | 4             | 4                    | 4                       | 7                    | 3                  | 5                    |
| India          | 5             | 5                    | 4                       | 3                    | 6                  | 6                    |
| Japan          | 6             | 6                    | 4                       | 6                    | 4                  | 4                    |
| China          | 7             | 11                   | 13                      | 1                    | 7                  | 7                    |
| Philippines    | 8             | 7                    | 8                       | 10                   | 13                 | 8                    |
| Indonesia      | 9             | 8                    | 8                       | 9                    | 8                  | 11                   |
| Thailand       | 10            | 12                   | 7                       | 8                    | 9                  | 9                    |
| Bangladesh     | 11            | 8                    | 11                      | 12                   | 10                 | 12                   |
| Pakistan       | 12            | 10                   | 11                      | 11                   | 15                 | 3                    |
| Kazakhstan     | 13            | 13                   | 8                       | 14                   | 14                 | 9                    |
| Vietnam        | 14            | 15                   | 16                      | 13                   | 12                 | 15                   |
| Mongolia       | 15            | 13                   | 13                      | 16                   | 11                 | 16                   |

\* Benchmark country  
Source: 2011 Economic Intelligence Unit



**Chart 8.2.1 PPP environment in Asia-Pacific countries**

Source: Economic Intelligence Unit (2012)

In this report, major steps related to activities that directly affect the progress of a PPP project are assumed to include steps under following categories: legal and regulatory framework; institutional framework; finance; implementation maturity; and political will including investment environment. Illustrative status by factors and development stages are summarized in the table below. It is not necessary that the status of all factors fall into the same development stage when PPP readiness of the country is reviewed. For example, countries which established an advanced and matured legal framework could have limited project implementation capability.

<sup>88</sup> Economic Intelligence Unit, "Evaluating the environment for public-private partnerships in Asia-Pacific The 2011 Infrascope", 2011. [http://www.managementthinking.eiu.com/sites/default/files/downloads/Infrascope%202011\\_Asia.pdf](http://www.managementthinking.eiu.com/sites/default/files/downloads/Infrascope%202011_Asia.pdf)



Table 8.2.1 Illustrative Status of Main Factors for PPP Promotion by Development Stage

|  | Nascent   | Emerging   | Developed  |
|--|---|--|--|
| <b>Legal and Regulatory Framework:</b>                   |   |  |  |
| <b>Public procurement rule</b>                           | Open and competitive public procurement law is in place                           | Open and fair public procurement law is in place   | Open and fair public procurement law is in place   |
| <b>PPP law</b>   | PPP is defined under regulation   | Law or regulation governs PPP transactions is in place   | PPP law is developed to govern PPP transactions  |
| <b>Institutional Framework</b>                           |   |  |  |
| <b>Institutions to promote/implement PPPs</b>            | Limited capacity is in place for PPP promotion                                    | Dedicated unit for PPP promotion is developed  | PPP unit has its appropriate power   |
| <b>Process for project preparation and approval</b>      | Process for project preparation and approval is defined                           | Process for project preparation and approval is defined as a guideline   | Process for project preparation and approval is defined as a guideline                             |
| <b>Finance</b>   |   |  |  |
| <b>Long term financing</b>                               | Long term financing is available with limited capacity                            | Long term financing is available in hard currencies  | Long term financing in local currency is available   |
| <b>Government financial support mechanism/ guarantee</b> | No support is committed   | Support is planned or occasionally implemented   | Support is executed with a strong track record   |
| <b>Implementation Maturity</b>                           |   |  |  |
| <b>Project development capacity</b>                      | Awarding agency has limited capacity and funds for preparation are limited        | Awarding agency has limited capacity and project development facility is in place or funds are available for project development | Awarding agency has enough capacity to develop PPP projects or support facility is in place        |
| <b>Number of successful transactions and pipelines</b>   | Limited number of transactions have been conducted                                | Increase in number of transaction starts gathering momentum  | Number of transactions have been developed in diverse sectors under national and local governments |
| <b>Political Will</b>                                    |   |  |  |
| <b>Political will</b>                                    | Government identify the needs of private sector participation for public services | Government provides strong commitment for each transaction   | Government's commitment is institutionalized to ensure the continuity                              |
| <b>Government payment risk</b>                           | There is a little uncertainty in government payments                              | There is little uncertainty in government payments and Government provides some minimal guarantees to investors                  | Government has good track record to fulfill obligations  |

Source: Prepared by Consultant by reference to EIU (2012)

The team selected India and Indonesia to see the status of PPP promotion and then conducted comparative review of selected three countries which fall into different categories of the above EIU/ADB analysis, i.e. Vietnam, Indonesia, and India.

### 8.2.1 India

#### Overview of Infrastructure PPP in India

Investment through the PPP route has been on an uptrend since 2000, with the momentum being more pronounced in post 2005 era which saw a significant push from the government's side by way of policy support and financing schemes and creating institutions for supporting PPP's. Government of India is seized on these challenges and this has led the Finance Minister to announce a comprehensive PPP policy as part of his 2011-12 budget speech<sup>89</sup>.

#### Implementation status of PPP Infrastructure in India

There has been reasonable action in the infrastructure PPP space owing to continuous thrust from the government's side. The support has been through higher budgetary allocations, financing schemes like VGF, initiatives like IIFCL (also supporting through refinancing and take out financing schemes), IIPDF and infrastructure debt funds. Moreover, the center government has taken steps towards laying down a strong policy framework for PPP in the country. A need has been felt to further strengthen the framework as evident from the pronouncement of a comprehensive PPP policy as indicated in Budget 2011-12. An overview of total PPP projects sector wise in terms of value is provided below.

Road sector accounts for 55% of the total number of projects and 47% by total value because of the small average size of projects. Ports though account for 8% of the total number of projects have a larger average size of project and contribute 20% in terms of total value, followed by Energy sector accounting for 18% of the total value.

There is in fact relatively small value of deal flow to-date on basic infrastructure PPPs except the above mentioned three sectors, suggesting a significant potential upside for PPP projects across sectors where states and municipalities have primary responsibility. The potential use of PPPs in e-governance and health and education sectors remains largely untapped across India as a whole, though off-late there have been some activities shaping in these sectors.

In terms of main types of PPP contracts, almost all contracts have been of the BOT/BOOT type (either toll or annuity payment models) or close variants. Management and lease contracts have largely been popular in the water sector as the sector continues to exhibit characteristics of a public good and absence of a regulatory environment for cost recovery

---

<sup>89</sup>India Ministry of Finance's website  
<http://www.indiabudget.gov.in/bspeecha.asp>

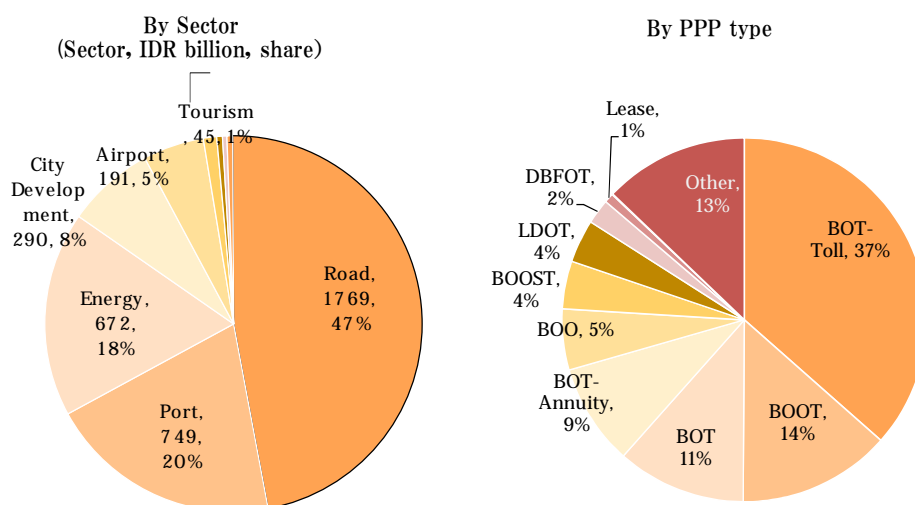


Chart 8.2.2 Status of PPP project implementation in India

Source: pppindiadatabase.com

### Status of PPP Infrastructure related legislative/political framework in India

Initial activity in PPP started with the power and transportation sector during mid 1990s. It is now well accepted in India that lack of adequate infrastructure is a critical constraint needed to be alleviated for the economy to sustain a growth rate of 8%-10% over a longer period. The government has increasingly been adopting PPP models across most infrastructure sectors. Despite frequent changes in government, the PPP process in different sectors has steadily matured over the last few years. None of the major decisions relating to PPP have been reversed by subsequent governments. Though there is no comprehensive central PPP legislation or regulation cutting across all sectors and all types of projects, the government has been able to create an enabling environment for private participation with different initiatives.

A comprehensive policy framework for PPP in the building of physical infrastructure and social sectors such as health and education is on the anvil. The policy will lay down guidelines for the entry of private players and implementation of infrastructure projects of both the Centre and the states. The new PPP policy would rest on the following three pillars.

1. to ensure security in legal framework while not becoming excessively prescriptive.
2. a codification of the vast array of initiatives that have already been undertaken by the Government in the past to promote PPPs in the country
3. the establishment of processes that are required for second generation PPPs with focus on appropriate public oversight and monitoring of PPP projects and ensuring that a value for money rationale is adopted while developing projects

Today, a political will has developed in India to induct private sector in the development of new infrastructure. A directive has gone out from the Ministry of Finance that all Central government departments should also consider the feasibility of a PPP model in deciding on the best way to develop infrastructure. This political will has translated into a PPP program which is more advanced in some sectors as compared to others and also one that is improving year on year. Alongside a regulatory structure is also emerging. One of the reasons for the political will has been that in most sectors governments have faced little opposition from users in paying user charges for the higher quality services offered.

Another reason for the rapid acceptance of the PPP model in India has been that domestic banks and financial

institutions have been active in the project financing market. Large projects like airports, power projects and container terminals have been domestically financed at competitive rates. The financial institutions have also shown a strong appetite for more such projects.

**Table 8.2.2 Status of PPP legal/political framework in India**

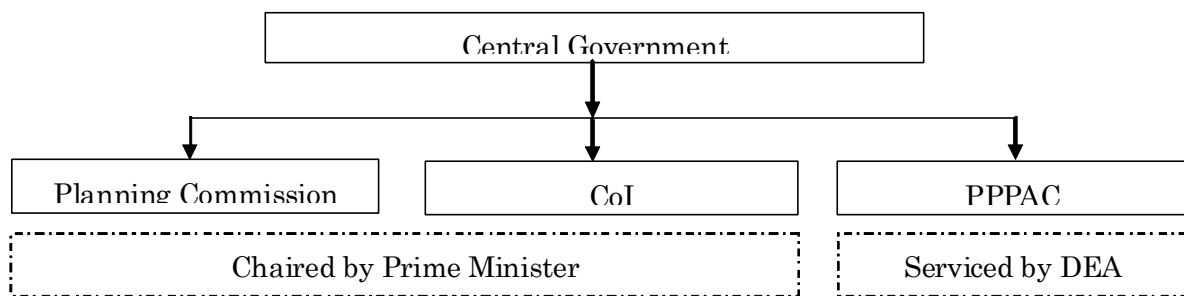
|                          |  |
|--------------------------|--|
| <b>Legal</b>             | No comprehensive PPP Law to be applied to all sectors  |
| <b>Policy</b>            | MOF sets up support mechanism, such as VGF, PDF etc. and guidelines. MOF DEA is developing PPP policy. |
| <b>Coordination Unit</b> | Cross-sector Committee is set up   |

Source: Prepared by Consultant

**Institutional Framework – PPP**

The institutional and regulatory framework for PPP projects can be categorized into the following:

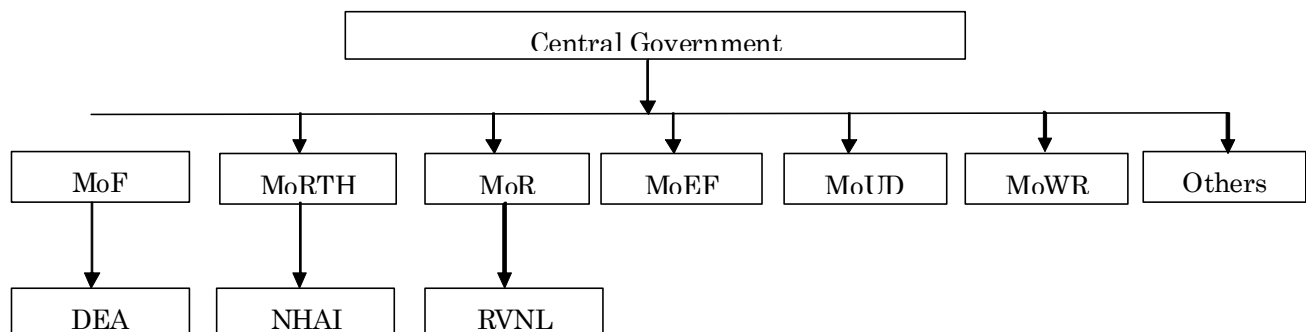
High level institutions with cross-sectoral jurisdiction: The government has formed various institutions and committees for enabling PPP procurement process and monitoring process. These include the Committee on Infrastructure (CoI), Planning Commission including PPP Appraisal Unit (PPPAU)) and, PPP Appraisal Committee (PPPAC)



**Chart 8.2.3 Structure of high level nodal institutions**

Source: Prepared by Consultant

- Government Ministries: These include Ministry of Finance (MoF), Department of Economic Affairs (DEA) including PPP cell in DEA and, PPP coordinates in line ministries. Nodal entities such as National Highway Authority of India and Rail Vikas Nigam Limited have also played a pivotal role in catalyzing PPP projects in roads and railways respectively.



**Chart 8.2.4 Structure of Central Ministries**

Source: Prepared by Consultant

## Status of Government Support on Financing and Project Development

Government of India established mechanisms to support PPP financing and project development.

- Institutional mechanisms for PPP financing : These include 1) Viability Gap Funding (VGF), the Empowered Committee and , Empowered Institute for VGF, 2) India Infrastructure Finance Company Limited (IIFCL), 3) India Infrastructure Project Development Fund, and 4) other institutions (IDFC, IL&FS, and other financial institutions including commercial banks)
- State level institutions: These include PPP cells, Line ministries, and other institutions in specific states.

Table 8.2.3 Government Support Mechanisms in India

| Supporting Mechanism  | Tools                                       | Coordinated/<br>Managed by                                | Year of<br>establishment |
|---|---|---|--------------------------|
| Viability Gap Funding (VGF)                                     | Cash grant scheme for initial capital costs | Department of Economic Affairs (DEA), Ministry of Finance | 2005                     |
| Fund from India Infrastructure Finance Company Limited (IIFCL)  | Long-term debt (refinance/direct lending)   | Government owned company                                  | 2006                     |
| Fund from India Infrastructure Project Development Fund (IIPDF) | Interest free loans for project preparation | Department of Economic Affairs (DEA), Ministry of Finance | 2008                     |

Source: Prepared by Consultant

### 8.2.2 Indonesia

#### Background

From 1990s, Indonesia experienced private sector participation in infrastructure especially on power and road sectors. Investment in IPP projects were accumulated and amounted to about USD 20 billion. However, the failure of IPP projects after Asian Crisis dampened infrastructure investment in the country, and investment in infrastructure by the Government has dropped after Asian Crisis and total investment in infrastructure has been steadily decreased from 7% to less than 4% of GDP. After the Yudhoyono Administration started in 2004, the government emphasized to promote private sector participation in infrastructure to supplement government budget and meet its infrastructure needs. New framework was required to promote private sector participation to fill the funding gap in infrastructure.

#### Definition and Legal Framework of PPP

Although PPP Law has not been in place, PPP was defined under Presidential Decree on PPP (No. 67, 2005) and Amendment of Presidential Decree (No. 13, 2010) as project conducted with the support from the government sector which provides land for project site, tax incentive and/or government fiscal support. National Development Planning Agency (BAPPENAS) noted that so called “PPP” projects have been limited to mainly in toll road, electricity and water sectors. However, the PPP projects conducted in line with Presidential Decrees has been only one transaction, Central Java IPP project, which was structured as PPP with guarantee from Indonesia Infrastructure Guarantee Fund (IIGF), 100% owned by Ministry of Finance.

In addition to the guarantee fund, the government set up some financial support mechanism to promote bankable PPP projects. Main initiatives are summarized below.

Table 8.2.4 Financial Support for PPP projects in Indonesia

| Tool                  | Agency   |  |
|-----------------------|--|--|
| Viability Gap Funding | Ministry of Finance                            | Detailed regulation on VGF was issued in December 2013. It is expected that first VGF will be disbursed soon.                              |
| Guarantee             | Indonesia Infrastructure Guarantee Fund (IIGF) | IIGF, the entity sponsored by Government of Indonesia (MOF) provide guarantee to infrastructure PPP in the case of breach of PPP contract. |
| Long Term Finance     | Indonesia Infrastructure Finance (IIF)         | Sponsored by ADB, Government of Indonesia, SMBC etc. Provide advisory service for project formulation as well as public financing          |
|                       | Sarana Multi Infrastruktur (SMi)               | Sponsored by Government of Indonesia (MOF) Provide advisory service for project formulation as well as public                              |

Source: Prepared by Consultant

### Current Institutional Arrangements in Indonesia

The current institutional arrangements in relation to PPP procurement in Indonesia are complex and the responsibility for the PPP procurement is dispersed across a number of Government agencies. The key agencies responsible for PPP procurement in Indonesia includes:

- The National Development Planning Agency, BAPPENAS;
- Ministry of Finance (MOF), Center for Fiscal Risk Management at its Fiscal Policy Office; and
- Indonesia Investment Coordinating Board, BKPM.

PPP Center Unit at BAPPENAS compiles PPP project pipeline and aim to promote project development. The pipeline is published as “PPP Book” annually. In addition, the Budget Planning at BAPPENAS reviews and coordinates budget development proposals for Infrastructure from various Ministries.

MOF maintain and improve the framework and system of government financial support for PPP projects and is in charge of developing/implementing VGF. The Budget Planning at MOF reviews budget plans for infrastructure from various Ministries and ultimately allocate the budges.

BKPM, as a window for investors, provides various permissions and approvals with regard to investments, conducts market soundings and holds promotion activities, such as business forum, road shows etc.

The followings are some other main agencies which relate to PPP implementation.

Table 8.2.5 PPP implementation agencies in Indonesia

| Agency   | Role   |
|--|--|
| <b>The National Committee for Acceleration of Infrastructure Provision (KKPPI)</b> | Decision making on important policies concerning infrastructure provision. Recent activity has not been identified   |
| <b>Coordinating Ministry of Economic Affairs (EKUIN)</b>                           | Develop policies concerning infrastructure and coordinate related ministries. Main player for mobilizing Masterplan for Acceleration and Expansion of Indonesia Economic Development (MP3EI) initiatives |
| <b>National Land Agency (BPN)</b>  | Develop policies related to the land for infrastructure projects and monitor land acquisition.   |
| <b>Government Contract Agencies</b>  | Procuring agencies which defines provisions of PPP projects  |

Source: Prepared by Consultant

### 8.3 Comparative Analysis

Based on the progress in legal/institutional framework in the above mentioned countries, the following chart summarizes PPP promotion steps including those on legal/institutional framework taken by India, Indonesia and Vietnam. Each item is colored by following criteria: (i) advanced item is in green; (ii) intermediate progress is in yellow; and (iii) item under development is in red.

Vietnam, a country at the nascent stage of PPP promotion, has government procurement framework in place. Decree on BOT (Decree on Investment in the Form of Build-Operate-Transfer, Build-Transfer-Operate or Build-Transfer Contract) was enacted in 2009 and Decision on pilot PPP (Decision on Issuance of Regulation on Pilot Investment using Public - Private Partnership Model) was issued in 2011. The details of Decision are to be defined. Ministry of Planning and Investment is primary in charge of PPP promotion. Government identifies the needs to promote private sector participation in infrastructure; however, the development of detail plan of government support to promote PPP is still underway. Capacity development of PPP project development is a challenge in the country and donors are expected to provide supports financially and technically.

Indonesia, a country at the emerging stage of PPP promotion, has Presidential Decree on PPP and several amendments to the Decree resulted in identifying detail governments' role / procurement procedures. Significant progress has been made in institutionalizing government financial support, which include establishment of guarantee fund, long term financial institutions, and VGF. Although the only one transaction has been concluded under PPP scheme, the pipeline is developed under the effort of PPP promotion unit.

India, a country at the developed stage of PPP promotion, has implemented more than [700] PPP projects in diverse sectors. Although national PPP law has not been established, MOF provides Guideline for PPP implementation and recommends Central Ministries to consider PPP scheme in order to determine the best way to build infrastructure. Cross Ministerial Committee is set up for national development planning and approval. Financial and project development support for procuring agencies are institutionalized.

|   | Nascent   | Emerging   | Developed  |
|---|---|--|--|
| Key Steps   | Vietnam   | Indonesia  | India  |
| 1-Legal and Regulatory Framework                        | BOT law exists; PPP decision was issued                                     | PPP decree was issued and revisions made   | No central PPP law, but many government initiatives                |
| 2-Institutional Framework                               | Ministry of Planning and Investment is in charge of PPP promotion           | BAPPENAS (Planning Ministry) has PPP promotion Unit                                  | PPP Unit under MOF and cross ministerial institutional setup.      |
| 3-Financial support/ long term finances for PPP project | VGF is contained in PPP decision, but still no track record of disbursement | Guarantee Company and VGF are set up but limited experience                          | VGF increases viability of PPP projects                            |
| 4-Implementation Maturity                               | No specific project development facility                                    | No Facility , but project dev't is supported by donors. PPP Book is issued annually. | Project Development Facility is setup; projects in diverse sectors |
| 5-Political Will  | Government identifies needs of the private sector                           | Government provides strong commitment for transaction                                | Government's commitment is institutionalized                       |

Chart 8.3.1 PPP promotion Steps Taken by Selected Countries

Source: Prepared by Consultant



## 8.4 Issues to be considered in Myanmar

### 8.4.1 Overview of Necessary Factors for PPP promotion and Current Status in Myanmar

As it is reviewed in previous Chapters, a new Foreign Investment Law and Regulations were issued and President announced that its intention to promote investments from national and international private sectors. In order to promote private sector participation, following areas in the chart would be required to improve.

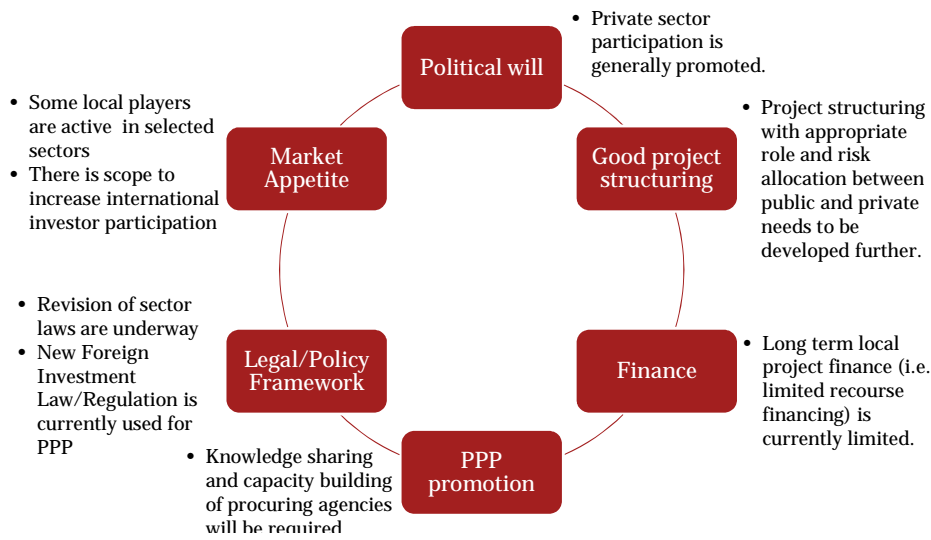


Chart 8.4.1 Major issues to be considered for promotion of private sector participation

Source: Prepared by Consultant

#### 8.4.2 Overview of Necessary Steps for PPP promotion in Myanmar

Considering development process in other countries, issues at Myanmar on above mentioned items and necessary steps to be taken to overcome these issues are summarized in the following tables.

Table 8.4.1 Issues in PPP in Myanmar

| Items  | Issues at Myanmar  |
|--|--|
| <b>Legal and Regulatory Framework</b>                    |  |
| <b>Public procurement rule</b>                           | <ul style="list-style-type: none"> <li>Public procurement law is not in place</li> </ul>   |
| <b>PPP law</b>   | <ul style="list-style-type: none"> <li>PPP is not defined under regulation/laws</li> <li>New Foreign Investment Law/ Regulation is currently used for PPP</li> <li>Revision of sector laws are underway</li> </ul>   |
| <b>Institutional Framework</b>                           |  |
| <b>Institutions to promote/implement PPPs</b>            | <ul style="list-style-type: none"> <li>PPP promotion is not institutionalized</li> </ul>   |
| <b>Process for project preparation and approval</b>      | <ul style="list-style-type: none"> <li>Guidelines on the process for project preparation and approval are not defined</li> </ul>   |
| <b>Finance</b>   |  |
| <b>Long term financing</b>                               | <ul style="list-style-type: none"> <li>Availability of long term financing (limited recourse financing) is limited</li> <li>Long term loans denominated in local currency are not available</li> </ul>   |
| <b>Government financial support mechanism/ guarantee</b> | <ul style="list-style-type: none"> <li>No support mechanism is defined, although government has provided cash in kind for some past transaction with private sector participation</li> </ul>   |
| <b>Implementation Maturity</b>                           |  |
| <b>Project development capacity</b>                      | <ul style="list-style-type: none"> <li>Awarding agency has limited capacity and funds for preparation are limited. Advisory services have been provided by international consultants on project by project basis.</li> <li>Knowledge sharing and capacity development of awarding agencies will be required</li> </ul> |
| <b>Number of successful transactions and pipelines</b>   | <ul style="list-style-type: none"> <li>Limited number of transactions have been conducted</li> </ul>   |
| <b>Political Will</b>                                    |  |
| <b>Political will</b>                                    | <ul style="list-style-type: none"> <li>Government identify the needs of private sector participation for public services</li> </ul>  |
| <b>Government payment risk</b>                           | <ul style="list-style-type: none"> <li>Political stability has been a concern of the private sector</li> </ul>   |

Source: Prepared by Consultant

Table 8.4.2 Necessary Steps to be taken for enabling PPP environment in Myanmar

| Items   | Necessary Steps for PPP Promotion  | Step1 | Step2 | Step3 |
|---|--|-------|-------|-------|
| <b>Legal and Regulatory Framework</b>                   |  |       |       |       |
| <b>public procurement rule</b>                          | <ul style="list-style-type: none"> <li>Define public procurement rule</li> </ul>   | ✓     |       |       |
| <b>PPP law/regulation</b>                               | <ul style="list-style-type: none"> <li>Define law/regulation which govern PPP transactions</li> <li>Provide consistency among existing and revised laws and regulations (sector laws / SOE law / Foreign Investment Law )and</li> </ul>  | ✓     |       |       |
| <b>Institutional Framework</b>                          |  |       |       |       |
| <b>Institution to promote/implement PPP</b>             | <ul style="list-style-type: none"> <li>Set up a functional unit to promote/implement PPPs</li> <li>Institutionalize PPP promotion unit in as an independent organization or a department/division of a Ministry</li> </ul>   | ✓     |       | ✓     |
| <b>Process for project preparation and approval</b>     | <ul style="list-style-type: none"> <li>Set out guidelines on the process for project preparation and approval</li> <li>Develop contract templates</li> </ul>   |       |       | ✓     |
| <b>Finance</b>  |  |       |       |       |
| <b>Long term financing</b>                              | <ul style="list-style-type: none"> <li>Develop long-term financing market / facility</li> </ul>  |       | ✓     |       |
| <b>Government financial support mechanism/guarantee</b> | <ul style="list-style-type: none"> <li>Set out government support mechanism for financially not feasible projects</li> </ul>   |       | ✓     |       |
| <b>Implementation Maturity</b>                          |  |       |       |       |
| <b>Project development</b>                              | <ul style="list-style-type: none"> <li>Develop pilot projects</li> <li>Develop capacity of awarding agency and share knowledge</li> <li>Develop a structure to provide funds for project preparation</li> </ul>  |       | ✓     | ✓     |
| <b>Political Will</b>                                   |  |       |       |       |
| <b>Political will</b>                                   | <ul style="list-style-type: none"> <li>Identify needs for the private sector under national development plan and sector development plan</li> <li>Information dissemination on investment environment and promotion on private sector participation</li> <li>Develop PPP master plan and roadmap to show the commitment</li> </ul> |       | ✓     | ✓     |

Source: Prepared by Consultant

## 9. Expected JICA support for PPP promotion

### 9.1 Product line of JICA on PPP promotion

Support for PPP promotion can be largely categorized to the one for development of basic PPP infrastructure and the other for each transaction support depending on the progress of PPP enabling environment of the country. During the operational stage, support can be provided to both public and private sectors.

JICA has supported PPP promotion and transaction with its various product lines. The major products of JICA include: ODA Loan, Grant Aid, Technical Cooperation, Private Sector Investment Finance (PSIF), and Feasibility Study for PPP (PPP F/S). The bellow summarizes applicability of tools of JICA by beneficiaries, considering its possible future support.

Possible support for the public sector on PPP promotion:

- ODA Loan: Loan can be provided for back financing of government financial support on PPP, such as Viability Gap Funding, Guarantee Reserve, and long term financing through governmental financial organization, and finances for government portion of infrastructure development. It could be used for project development and/or transaction support, although it would be preferable to have the structure to recover costs by awarding agency or bidders is in place.
- Grant Aid: Grant can be used for the same purpose as loan. Obviously, it can be used as the tool with more concessional terms for no or limited revenue generating activities.
- Technical Cooperation: Technical Cooperation can be used for a wide range of scope from development of legal and institutional framework and master planning on PPP and each sector to support for project development and transaction activities.

Support for the Private Sector:

- PSIF: Equity and/or loan can be provided to the private sector / SPC implementing PPP transactions with concessional terms than commercial loans.
- PPP F/S: Funds for feasibility study can be provided to the private sector up to a certain amount. JICA select eligible private sector approximately every 6 months and awards funds.

Table 9.1.1 Summary of possible supports to enable PPP environment

| Main Item   | Development of Basic PPP Infrastructure |   |                              | Transaction Support   |   |                |
|-------------|---|---|------------------------------|---|---|----------------|
|             | Legal and Regulatory Framework          | Institutional Framework / Master Plan Development | Government Financial Support | Capacity Development of Awarding Agency (incl. Master Plan) | Project Development and Transaction Support | Finance        |
| Beneficiary | Public                                  | Public  | Public                       | Public  | Public/Private                              | Public/Private |

Source: Prepared by Consultant

### 9.2 Expected JICA support for PPP promotion in Myanmar

Provided current status of progress in PPP in Myanmar, it is considered that both financial and technical support are effective. The followings are illustrative menus for JICA to support PPP development in Myanmar.

#### Development of basic PPP infrastructure

- Technical Cooperation
  - Development of legal and regulatory framework on PPP

- ✓ Assess current status, identify issues, and provide solutions including best practices from other countries
- ✓ Formulate necessary framework for private sector participation
- ✓ Develop basic documents which may include:
  - PPP Law
  - Related regulation
  - Basic Principle
  - Guidelines (Process, Risk Analysis, Value for Money Calculation, Contract, Monitoring etc.)
  - Basic Interpretation
  - Standard Contract
- ✓ Consider the consistency with sector laws/foreign investment law
- Development of institutional framework
  - ✓ Assess current status, identify issues and necessary functions, and provide solutions including best practice from other countries
  - ✓ Formulate necessary institutional framework together with related Ministries
  - ✓ Develop organization structure, management and governance system
  - ✓ Define role and responsibilities of related organizations, such as PPP promotion organization, awarding agencies, finance and planning Ministers, president office, etc.
- Development of PPP Master Plan and Roadmap
  - ✓ Assess current status, identify issues
  - ✓ Define objectives, development plan
  - ✓ Support developing consensus among related stakeholders
  - ✓ Collect and provide related information
- Development of Government Financial Support
  - ✓ Assess current status, identify issues and necessary functions, and provide solutions including best practice from other countries: solutions may include viability gap funding, government guarantee, long term financing tools, possibility of hybrid PPP transactions with donor funding etc.
- Financing
  - Provide back financing for VGF, guarantee reserve, long term financing, and funding for government portion for hybrid PPPs with loans and grants

### *Transaction Support*

- Technical Cooperation
  - Capacity building for awarding agencies
    - ✓ Provide basic understandings on PPP
    - ✓ Support prioritizing projects and developing funding plan for the sector for the best use of government budget and private sector funding
  - Project Development and Transaction Advisor
    - ✓ Support project development activities including feasibility studies, project structuring, review of necessary approvals/procedures, and development of funding plan etc.
    - ✓ Support on procurement process
- Financing
  - Provide funding for project development and transaction advisory by investing in such kind of facilities set by Myanmar government or specific funds for Japanese assistance
  - Provide funding for hybrid PPPs
- Private sector support
  - Support feasibility study and provide loans/equity for PPP projects

# Appendix A

## **The Foreign Investment Law**

( The Pyidaungsu Hluttaw Law No. 21 / 2012 )

The 3<sup>rd</sup> Waning of Thadingyut, 1374 M.E.

( 2<sup>nd</sup> November, 2012 )

The Pyidaungsu Hluttaw hereby enacts this Law.

### **Chapter I**

#### **Title and Definition**

1. This Law shall be called the **Foreign Investment Law**.
2. The following expressions contained in this Law shall have the meanings given hereunder:
  - (a) **Union** means the Republic of the Union of Myanmar;
  - (b) **Commission** means the Myanmar Investment Commission formed under this Law;
  - (c) **Union Government** means the Union Government of the Republic of the Union of Myanmar;
  - (d) **Citizen** includes an associate citizen or a naturalized citizen. In this expression, the economic organization formed with only citizens shall also be included according to this Law;
  - (e) **Foreigner** means a person who is not a citizen. In this expression, the economic organization formed with foreigners shall also be included according to this Law;
  - (f) **Promoter** means any citizen or any foreigner submitting a proposal relating to an investment to the Commission;
  - (g) **Proposal** means the stipulated application submitted by a promoter to the Commission for approval of an intended investment accompanied by draft contract, financial documents and company documents;
  - (h) **Permit** means the order in which the approval of the Commission relating to the proposal is expressed;

- (i) **Foreign capital** includes the followings which are invested in the business by any foreigner under the permit:
  - (i) foreign currency;
  - (ii) property actually required for the business and which is not available within the Union such as machinery, equipment, machinery components, spare parts and instruments;
  - (iii) rights which can be evaluated the intellectual property such as licence, patent, industrial design, trademark, copyright;
  - (iv) technical know-how;
  - (v) re-investment out of benefits accrued to the business from the above or out of share of profits;
- (j) **Investor** means a person or an economic organization invested under the permit;
- (k) **Bank** means any bank permitted by the Union Government within the Union;
- (l) **Investment** means various kinds of property supervised by the investor within the Union's territory in accord with this Law. In this expression, the followings shall be included:
  - (i) right to be mortgaged and right to mortgage in accord with law on the rights relating to the moveable property, immoveable property and other property;
  - (ii) shares, stocks and debentures of a company;
  - (iii) *financial rights or activities under a contract as a value relating to the finance;*
  - (iv) intellectual property rights in accord with the existing laws;
  - (v) functional rights granted by the relevant law or contract including the rights of exploration and extraction of natural resources;



- (m) **Person entitled to lease land or person entitled to use land** means the person who is entitled to lease land or the person who is entitled to use land until the stipulated period by paying stipulated rental for such land to the Union.

## Chapter II

### Applicable Business

3. This Law shall apply to business stipulated by the Commission, by notification, with the prior approval of the Union Government.
4. The following investments shall be stipulated as the restricted or prohibited business:
- (a) business which can affect the traditional culture and customs of the national races within the Union;
  - (b) business which can affect the public health;
  - (c) business which can cause damage to the natural environment and ecosystem;
  - (d) business which can bring the hazardous or poisonous wastes into the Union;
  - (e) the factories which produce or the business which use hazardous chemicals under international agreements;
  - (f) manufacturing business and services which can be carried out by the citizens by issuing rules;
  - (g) business which can bring and technologies, medicines, instruments which is testing in abroad or not obtaining the approval to use;
  - (h) business of farming agriculture, and short term and long term agriculture which can be carried out by citizens by issuing rules ;
  - (i) business of breeding which can be carried out by citizens by issuing rules;
  - (j) business of the Myanmar Marine Fisheries which can be carried out by citizens by issuing rules;

- (k) business of foreign investment to be carried out within 10 miles from borderline connecting the Union territory and other countries except *the areas stipulated as economic zone with the permission of the Union Government.*
5. The Commission may allow the restricted or prohibited investments under section 4 for the interest of the Union and citizen especially the native people with the approval of the Union Government.
6. The Commission shall, the foreign investment business which can cause great effect on the conditions of security, economic, environment and social interest of the Union and citizens, submit to the Pyidaungsu Hluttaw through the Union Government.

### Chapter III

#### Aim

7. Aimed at the people to enjoy sufficiently and to enable the surplus to export after exploiting abundant resources of the country; causing to open up of more employments for the people as the business develop and expand; causing to develop human resources; causing to develop infrastructures such as banking and financial business, high grade main roads, highway roads connected one country to another, national electric and energy production business, high technology including modern information technology; causing to develop respective area of studies in the entire country including communication networks, transport business such as rail, ship, aircraft which meet the international standard; causing the citizens to carry out *together with other countries; causing to rise economic enterprises and investment business in accord with the international norms.*

**Chapter IV**  
**Basic Principles**

8. The investment shall be allowed based on the following principles:
- (a) supporting the main objectives of the national economic development project, business which cannot be affordable by the Union and citizens and business of incomplete finance and technology;
  - (b) development of employment opportunities;
  - (c) promotion and expansion of exports;
  - (d) production of import substituted goods;
  - (e) production of products which require mass investment;
  - (f) acquisition of high technology and development of manufacturing business by high technology;
  - (g) supporting the business of production and services involving large capital;
  - (h) bringing out of business which would save energy consumption;
  - (i) regional development;
  - (j) exploration and extraction of new energy and the emergence of renewable energy sources such as bio-basic new energy;
  - (k) development of modern industry;
  - (l) protection and conservation of environment;
  - (m) causing to support for enabling to exchange the information and technology;
  - (n) not affecting the sovereign power and the public security;
  - (o) development of knowledge and skill of citizens;

- (p) development of bank and banking in accord with the international standard;
- (q) appearing the required modern services for the Union and citizens;
- (r) causing to be sufficient the local use of the Union energy and resources in the short and long term.

## Chapter V Form of Investment

9. The investment may be carried out in any of the following forms:
  - (a) carrying out an investment by a foreigner with one hundred per cent foreign capital on the business permitted by the Commission;
  - (b) carrying out a joint venture between a foreigner and a citizen or the relevant Government department and organization;
  - (c) carrying out by any system contained in the contract which approved by both parties.
10. (a) In forming the form of investment under section 9:
  - (i) shall be formed as company in accord with the existing law;
  - (ii) if it is formed as a joint-venture under sub-section (b) of section 9, the ratio of foreign capital and citizen capital may be prescribed in accord with the approval of both foreigner and citizen who has made joint-venture;
  - (iii) in investing by the foreigner, the Commission shall, the minimum *amount of investment* according to the sector, prescribe with the approval of the Union Government depending on the nature of business;

- (iv) the foreigner may, if a joint-venture is carried out with citizen in prohibited and restricted business, propose the ratio of foreign capital as prescribed by the rule;
- (b) In carrying out the form of investment business under sub-section(a), liquidating before the expiry of the term of the contract as it has obtained the right to terminate or liquidating on the conclusion of the business shall be complied with and exercised in accord with existing laws of the Union.

## Chapter VI

### Formation of the Commission

- 11. (a) The Union Government shall:
  - (i) in respect of investment business, form the Myanmar Investment Commission with a suitable person from the Union level as Chairman, the experts and suitable persons from the relevant Union Ministry, Government departments, Government organizations and non- Government organizations as members for enabling to carry out the functions and duties contained in this Law;
  - (ii) in forming the Commission, stipulate and assign duty to the Vice-Chairman, the Secretary and the Joint-Secretary out of the members;
- (b) members of Commission who are not civil service personnel shall have the right to enjoy salary, allowance and recompense allowed by the Ministry of National Planning and Economic Development.

## Chapter VII

*Duties and Powers of the Commission*

12. The duties of the Commission are as follows:
- (a) taking into consideration on the facts such as financial credibility, economic justification of the business, appropriateness of technology and protection and conservation of environment in scrutinizing the *proposals of investment* whether or not the proposal is in conformity with the principles of Chapter 4 of this Law;
  - (b) taking prompt action as necessary if the investors complain that they do not enjoy the rights *fully which are entitled under the law*;
  - (c) scrutinizing whether or not the proposals are contrary to the provisions of the existing laws;
  - (d) submitting performances to the sixth-monthly meeting of the Pyidaungsu Hluttaw through the Union Government;
  - (e) submitting advice to the Union Government, from time to time, to facilitate and promote local and foreign investments;
  - (f) prescribing the category of investment, value amount of investment and *term of business with the prior permission of the Union Government* and altering thereof;
  - (g) coordinating with the relevant Region or State Government in respect of foreign investments which are entitled to carry out for economic development of the Region or State with the approval of the Union Government;
  - (h) administering to know immediately and to take action by the Commission if it is found that the natural resources or antique object which is not contained in the original contract and it is not applied with

the allowed business above and under the land which has the right to use;

- (i) scrutinizing whether or not the investment business is abided by in *accord with this Law*, rules, regulations, bye-laws, procedures, orders, notifications and directives made under this Law, the matters contained in the contract by the investor; if it is not abided by, causing to abide by it and taking action against the business in accord with the law;
- (j) prescribing the investment business which is not required to grant *exemption and relief from tax*;
- (k) performing duties as are assigned by the Union Government from time to time.

13. The powers of the Commission are as follows:

- (a) accepting the proposal which is considered beneficial to the interests of the Union and which is not contrary to any existing law after necessary scrutinizing ;
- (b) *issuing permit to the promoter or the investor if the proposal is accepted*;
- (c) allowing or refusing the extension or amendment of the term of the permit or the agreement if it is applied by those concerned after scrutinizing in accord with the stipulations;
- (d) requesting to submit necessary evidence or facts from the promoter or the investor;
- (e) passing any necessary order to the extent of the suspension of business *if the sufficient evidence has appeared* that the investor does not abide by and carry out in accord with the proposal submitted to the Commission to obtain the permit, the instruments and evidence attached to it or the terms and conditions contained in the permit;

- (f) allowing or refusing the bank which is proposed by the promoter or the investor to carry out financial matters.
- 14. The Commission may, in carrying out their duties, form committees and bodies as may be necessary.
- 15. The reports on the performance of the Commission shall be submitted at the meeting of the Union Government *from time to time*.
- 16. Conditions on the completion and improvement of the business permitted by the Commission shall be reported to the third-monthly meeting of the Union Government.

### Chapter VIII Duties and Rights of the Investor

- 17. The duties of the investor are as follows:
  - (a) abiding by the existing laws of the Republic of the Union of Myanmar;
  - (b) carrying out the business by forming a company under the existing laws of Myanmar by the investor;
  - (c) abiding by the provisions of this Law, terms and conditions contained in the rules, procedures, notifications, orders, directives and permits issued under this Law;
  - (d) using the land which he is entitled to lease or use in accord with the terms and conditions stipulated by the Commission and those contained *in the agreement*;
  - (e) carrying out to sub-lease and mortgage the land and buildings which are allowed to carry out business under the permit, transfer the shares and the business to any other person for such investment business



within the term of the business only with the approval of the Commission;

- (f) making no alteration of topography or elevation of the land obviously on which he is entitled to lease or use without the approval of the Commission;
- (g) informing immediately to the Commission if natural mineral resources or antique objects and treasure trove which are not related to the permitted business and not included in the original contract are found above and under the land on which he is entitled to lease or use, continuing to carry out business on such land if the Commission allows, and transferring and carrying out to the substituted place which is selected and submitted by the investor if the permission of continuing to carry out is not obtained;
- (h) carrying out not to cause environmental pollution or damage in accord with existing laws in respect of investment business;
- (i) in case of a foreign company, if all of the shares are absolutely sold and transferred to any foreigner or any citizen, registering the transfer of share in accord with the existing law only after returning the permit with the prior permission of the Commission;
- (j) in case of a foreign company, if some of its shares are absolutely sold and transferred to any foreigner or any citizen, registering the transfer of share in accord with the existing law only after obtaining the prior approval of the Commission;
- (k) carrying out the systematic transfer of high technology relating to the business which are carried out by the investor to the relevant enterprises, departments or organizations in accord with the contract.

18. The rights of the investor are as follows:

- (a) entitled to sell, exchange, or transfer by other means of assets with the approval of the Commission in accord with existing laws;
- (b) in case of a foreign company, selling all or some of its shares absolutely to any foreigner/any citizen or any foreign company/any citizen company;
- (c) carrying out the expansion of investment business or increasing of foreign capital contained in the original proposal by obtaining the approval of the Commission;
- (d) submitting to the Commission to re-scrutinize and amend in order to obtain the rights which he is entitled to enjoy fully in accord with the existing law;
- (e) applying to the Commission for obtaining benefits and for taking action in respect of the grievance in accord with the existing law;
- (f) applying to the Commission to obtain more benefits for the invention of new technologies, the enhancement of product quality, the increase in production of goods and the reduction of environmental pollution in the investment business carried out under the permit;
- (g) being entitled to enjoy the period stipulated by the Commission with the approval of the Union Government, more than the periods of tax exemption and tax relief contained in Chapter (XII), for the investors who invest in foreign investment in the regions which are less developed and difficult to access for the development purpose in the entire Nation.

**Chapter IX****Application for Permit**

19. An investor or a promoter shall, if it is desirous to make foreign investment, submit a proposal to obtain a permit to the Commission in accord with the stipulations.

20. The Commission:

- (a) may accept or refuse the proposal within 15 days after making necessary scrutiny if the proposal submitted under section 19 is obtained;
- (b) shall allow or refuse the proposal within 90 days to the person who submit the proposal if the proposal is accepted.

21. If the investor or the promoter obtains the permit issued by the Commission, an investment shall be established after concluding necessary contract with the relevant Government department and organization or person and organization.

22. The Commission may, if it is applied by those concerned, allow the extending, reducing or amending of the term or agreement contained in the contract as appropriate in accord with this Law.

**Chapter X****Insurance**

23. The investor shall insure the stipulated types of insurance with any insurance business allowed to carry out within the Union.

**Chapter XI**  
**Appointment of Staff and Workers**

24. The investor shall:
- (a) in appointing skilled citizen workers, technicians and staff for skilled business, citizens shall have been appointed at least 25 percent within the first two-year, at least 50 percent within the second two-year and at least 75 percent within the third two-year from the year of commencement of the business. Provided that the Commission may increase the suitable time limit for business based on knowledge;
  - (b) to be able to appoint under sub-section (a), arrange to provide practising and training to citizen staff for improvement of the working skills;
  - (c) appoint only citizens for the works which do not require skill;
  - (d) carry out the recruitment of workers from the Labour Exchange Office or local labour exchange agencies or by the arrangement of the investor;
  - (e) appoint skilled citizen workers, technicians and staff by signing an employment agreement between employer and worker in accord with the existing labour laws and rules;
  - (f) administer the rights of causing not to differ the level of wages in appointing the Myanmar citizen staff like the foreigner staff as the allocation of expert level.
25. The foreigners who work at the investment business under the permit shall submit and apply for the work permit and the local residence permit issued by the Union.
26. The investor shall:
- (a) conclude an employment agreement in accord with the stipulations in appointing staff and workers;

- (b) carry out to enjoy the rights contained in the existing labour laws and rules including *minimum wages and salary, leave, holiday, overtime fee, damages, workman's compensation, social welfare and other insurance relating to workers in stipulating the rights and duties of employers and workers or the occupational terms and conditions contained in the employment agreement;*
- (c) settle the disputes arisen among employers, among workers, between employers and workers and technicians or staff in accord with the relevant existing laws.

## Chapter XII

### Exemptions and Reliefs

27. The Commission shall, for the purpose of promoting foreign investments within the State, grant the investor the tax exemption or the relief contained in subsection (a) out of the following tax exemptions or tax reliefs. In addition, one or more than one or all of the remaining tax exemptions or tax reliefs may be granted if it is applied:

- (a) *income tax exemption for a period of five consecutive years including the year of commencement on commercial scale to any business for the production of goods or services, moreover, in case where it is beneficial to the Union, income tax exemption or relief for suitable period depending upon the success of the business in which investment is made;*
- (b) income tax exemption or relief on profit accrued from the business which are kept as a reserve fund for re-invested and if re-invested therein within one year;
- (c) right to deduct depreciation from the profit, after computing as the rate of deducting depreciation stipulated by the Union, in respect of

machinery, equipment, building or other capital assets used in the business for the purpose of income-tax assessment;

- (d) *if the goods produced by any manufacturing business are exported, relief from income-tax up to 50 percent on the profit accrued from the said export;*
- (e) right to pay income tax on the income of foreigners at the rates applicable to the citizens residing within the Union;
- (f) *right to deduct expenses from the assessable income incurred for research and development business which are actually required and are carried out within the Union;*
- (g) right to carry and set-off the loss actually sustained within two consecutive years after the enjoyment of exemption or relief from income-tax as contained in sub-section (a) for each business up to three consecutive years from the year the loss is sustained;
- (h) exemption or *relief from customs duty or other internal taxes or both on machineries, equipments, instruments, machinery components, spare parts and materials used in the business which are imported as they are actually required for use during the period of construction of business;*
- (i) exemption or relief from customs duty or other internal taxes or both on *raw materials imported for production for the first three-year after the completion of construction of business;*
- (j) if the volume of investment is increased with the approval of the Commission and the original investment business is expanded during the permitted period, exemption or relief from customs duty or other internal taxes or both on machineries, equipments, instruments, machinery components, spare parts and materials used in the business which are imported as they are actually required to use in the business expanded as such;

- (k) exemption or relief from commercial tax on the goods produced for export.

### Chapter XIII

#### Guarantees

28. The Union Government *guarantees that a business formed under the permit shall not be nationalized within the term of contract or the extended term if such term is extended.*
29. The Union Government guarantees not to suspend any investment business carried out under the permit of the Commission before the expiry of the permitted term without any sufficient cause.
30. On the expiry of the term of the contract, the Union Government guarantees the investor invested in foreign capital to disburse his rights in the category of foreign currency which such investment was made.

### Chapter XIV

#### Right to Use Land

31. The Commission may allow the investor the actually required period of the right to lease or use land up to initial 50 years depending upon the category of business, industry and the volume of investment.
32. The Commission may extend the period of consecutive 10 years and for further 10 years after the expiry of such period to the investor desirous of continuation of the business after the expiry of the term permitted under section 31, depending upon the volume of investment and category of business.
33. The Commission may, for the purpose of economic development of the Union, allow to make investment on such land by obtaining the initial agreement from the person who is entitled to lease or use land with the prior approval of the Union Government.

34. The Commission may, from time to time, stipulate in respect of rates of rent for the land owned by the Government department and organization with the prior approval of the Union Government.

35. The investor has the right to carry out, in performing the contract system of agricultural and breeding business in farms, only by joint-venture system with citizen investors which are allowed to carry out by the citizens.

36. The Commission may, for the purpose of the development of the entire Nation, stipulate longer than the period for the right to lease or use land contained in this Law, for enjoyment of the investors who has invested in the region where the economy is less developed and difficult to access with the approval of the Union Government.

#### **Chapter XV**

#### **Foreign Capital**

37. The foreign capital shall be registered with the name of the investor in the category of foreign currency accepted by the bank by the Commission. The category of foreign capital shall be mentioned in such registration.

38. In the event of termination of business, the person who has brought in foreign capital may withdraw foreign capital which he may withdraw as prescribed by the Commission within the stipulated time.

#### **Chapter XVI**

#### **Right to Transfer Foreign Currency**

39. The investor has the right to transfer abroad the following currency through the bank which has the right to carry out foreign banking within the Union in the relevant foreign currency at the stipulated exchange rate:



- (a) foreign currency entitled to by the person who has brought in foreign capital;
- (b) *foreign currency permitted* for withdrawal by the Commission to the person who has brought in foreign capital;
- (c) net profit after deducting all taxes and the relevant funds from the annual profit received by the person who has brought in foreign capital;
- (d) legitimate balance, after causing payment to be made in respect of taxes and after deducting in the manner prescribed, living expenses incurred for himself and his family, out of the salary and lawful income obtained by the foreign staff during performance of service in the Union.

## Chapter XVII

### Matters on Foreign Currency

40. The investor shall:
- (a) be transferable abroad through any bank within the Union which has the *right to carry out foreign banking* in the relevant foreign currency at the stipulated exchange rate;
  - (b) carry out financial matters relating to the business *by opening a foreign account* in the category of foreign currency accepted by the bank within the Union which has the right to carry out foreign banking or a *kyat account*.
41. The foreigners serving in any economic organization formed under the permit shall open a foreign account in the category of foreign currency accepted by the bank within the Union which has the right to carry out foreign banking or a *kyat account*.

**Chapter XVIII**  
**Administrative Penalties**

42. The Commission may pass the following one or more administrative penalties against the investor who violates any of the provisions of this Law, rules, regulations, by-laws, procedures, notifications, orders, directives issued under this Law or terms and conditions contained in the permit:

- (a) censure;
- (b) temporary suspension of tax exemptions and reliefs;
- (c) revoking the permit;
- (d) inserting in the blacklist upon which no permit shall be granted in the future.

**Chapter XIX**  
**Settlement of Dispute**

43. If any dispute arises in respect of the investment business:

- (a) dispute arisen between persons of dispute shall be settled amicably;
- (b) if such dispute cannot be settled under sub-section (a):
  - (i) it shall be complied and carried out in accord with the existing laws of the Union if the dispute settlement mechanism is not stipulated in the relevant agreement;
  - (ii) it shall be complied and carried out in accord with the dispute settlement mechanism if it is stipulated in the relevant agreement.

## Chapter XX

## Miscellaneous

44. The Commission may, after producing to fulfill the required energy for the Union and citizen by aiming to export the exceeding energy to abroad, scrutinize and allow if the investor submits the proposal to make investment under the production sharing system or enjoying the allocation on obtaining the profits between the Union Government or Government department and organization conferred power by the Union Government in accord with the law and the investor for feasibility study, exploration, survey and excavation and carrying out to reach the production level on commercial scale at the stipulated site within the stipulated period by using the investor's capital fully in the production such as petroleum and natural gas, mineral which require mass capital employing a joint venture with the Union or citizen in accord with this Law. If such investment business is commercially feasible, the profit shall be entitled to enjoy proportionately between the Union Government or Government department and organization conferred power by the Union Government in accord with law or citizen and the investor who works in joint-venture to cover the profit.

45. The investors under the Union of Myanmar Foreign Investment Law (The State Law and Order Restoration Council Law No. 10/1988) before the promulgation of this Law shall be deemed as investors stipulated under this Law.

46. If the credible evidence is appeared that the investor intentionally make false statement or conceal the accounts, instruments documents, financial documents, employment documents attached to the proposal prepared and submitted to the Commission, relevant Government department and organization, he shall be taken action under criminal proceeding.

47. Notwithstanding anything contained in any existing law, matters relating to any provision of this Law shall be carried out in accord with this Law.

48. The Commission shall hold meetings in accord with the stipulations.

49. The decision of the Commission made under the power conferred by this Law shall be final and conclusive.

50. No suit, criminal proceeding or other proceeding shall lie against any member of the Commission, committee or body or any civil service for any act done in good faith which has credible evidence in accord with the power conferred under this Law.

51. To enable to carry out the provisions of this Law, the Ministry of National Planning and Economic Development or any organization shall:

- (a) take responsibility and carry out the office-works of the Commission;
- (b) incur the expenditures of the Commission.

52. The investor who is carrying out by the permit of the Commission under the Union of Myanmar Foreign Investment Law (The State Law and Order Restoration Council Law No. 10/1988) which is to be repealed by this Law shall be entitled to carry out and enjoy continuously until the expiry of the term in accord with terms and conditions contained in the permit and the relevant agreement.

53. The commission shall, in permitting the foreign investment business under section 3 and section 5 if it affects the interest of the Union and citizen, submit to the nearest Pyidaungsu Hluttaw session through the Union Government as the important matters.

54. If any provision of this Law is contrary with any matter of the international treaty and agreement adopted by the Republic of the Union of Myanmar, the matters contained in the international treaty and agreement shall be abided by.

55. After prescribing this Law, within the period before prescribing the necessary rules and regulations, the rules and regulations issued under the Union of Myanmar Foreign Investment Law (The State Law and Order Restoration Council Law No. 10/1988) may be continued to exercise if it is not contrary with this Law.

56. In implementing the provisions of this Law:

- (a) the Ministry of National Planning and Economic Development shall, with the approval of the Union Government, issue rules, regulations and bye-laws, procedures, orders, notifications and directives as may be necessary within 90 days from the adoption of this Law ;
- (b) the Commission may issue orders, notifications and directives as may be necessary.

57. The Union of Myanmar *Foreign Investment Law* (The State Law and Order Restoration Council Law No. 10/1988) is hereby repealed by this Law.

-----  
I hereby sign under the Constitution of the Republic of the Union of Myanmar.

sd/ Thein Sein

President

Republic of the Union of Myanmar.

# Appendix B



POLASTRI WINT & PARTNERS  
LEGAL & TAX ADVISORS

*The following text is a convenience translation. We have prepared it carefully, but cannot assume liability for the translation to be complete and/or correct.*

**THE GOVERNMENT OF THE REPUBLIC OF THE UNION OF MYANMAR**

**The Ministry of National Planning and Economic Development**

**Notification No. 11/2013**

**The 5th Waning day of Pyathoe, 1374 B.E.**

**31 January 2013**

In exercise of the powers conferred to it under section 56 (A) of the Foreign Investment Law, with the approval of the Government of the Union, issues the following rules:

**Chapter 1**

**Title and Definition**

1. These rules shall be called the **Foreign Investment Rules**.
2. The expressions contained in these rules shall have the same meanings as are assigned to them in the Foreign Investment Law. In addition, the following expressions shall have the meaning given hereunder:-
  - (a) **Ministry** means the Ministry of National Planning and Economic Development;
  - (b) **Commission Office** means the Directorate of Investment and Company Administration which carries out the functions of the Myanmar Investment Commission;
  - (c) **Director General** means the Director General of the Directorate of Investment and Company Administration;
  - (d) **Form** means the respective form attached to these Rules;
  - (e) **Schedule** means the respective schedule attached to these Rules;
  - (f) **BOT** means to build, operate and transfer the business to the respective body after the contract term has ended.
  - (g) **BTO** means to build the business, transfer it after building is completed, and operate it.

- (h) **Fixed Assets** means the land, buildings, vehicles and other assets used in the business. The expression also includes shares, promissory notes and similar instruments.

## Chapter 2

### Scope of application

3. The Commission shall stipulate the applicable economic activities [translator's note: i.e. the economic activities which fall within the scope of the Foreign Investment Law] through notifications on the basis of the following criteria:
  - (a) businesses which will create employment opportunities
  - (b) businesses which will add value to products
  - (c) businesses involving large amounts of capital
  - (d) business using high technology
  - (e) businesses that are able to offer goods or services to citizens for a low price, thus enlarging local consumption by citizens
  - (f) businesses improving the living standard of citizens
4. The Commission shall define the business activities which are restricted or prohibited; the business activities which are only allowed if carried out as a joint venture with a citizen; and the business activities which are allowed, but subject to specific, prescribed conditions, and submit [these lists] to the Union Government for approval.
5. The Commission shall, with the prior approval of the Union Government, issue notifications defining the business activities which are restricted or prohibited; the business activities which are only allowed if carried out in a joint venture with a local citizen; and the business activities which are allowed, but subject to specific, prescribed conditions.
6. The Commission may, in order to foster the interest of the Union and its citizens and with the prior approval of the Union Government, make amendments to the notifications mentioned in the previous section from time to time.
7. Production and services businesses which are reserved to citizens [translator's note: literally: "which can be carried out by citizens"] are set forth in **Schedule 1**.
8. Agriculture and short-term and long-term farming businesses are reserved to citizens [translator's note: literally: "which can be carried out by citizens"] are set forth in **Schedule 2**.
9. Animal husbandry businesses which are reserved to citizens [translator's note: literally: "which can be carried out by citizens"] are set forth in **Schedule 3**.
10. Fishery businesses in Myanmar maritime waters which are reserved to citizens [translator's note: literally: "which can be carried out by citizens"] are set forth in **Schedule 4**.
11. The Ministry may, with the approval of the Union Government, from time to time amend the list of businesses issued according to Rules 7, 8, 9 and 10.



12. The Commission may, with the approval of the Union Government, designate economic zones within 10 miles from the borderline connecting the Union territory and other countries for manufacturing and services (such as industrial zones), agriculture and animal husbandry, tourism, trading.
13. In order to create an economic zone described in Rule 12, the Commission shall submit its own proposal, the proposal of a regional or state government or the executive body of a self-administered division or zone, or the proposal of a [private] investor or promoter (which must have obtained the backing of the respective regional or state government or the executive body of a self-administered division or zone) to the Union Government for approval.
14. If the foreign Investor proposes to carry out restricted or prohibited business activities, the Commission shall, in order to protect the interest of the Union and its citizens, especially the interests of its indigenous nations, scrutinize the proposal on the basis of the following criteria:
  - (a) the opinion of the local residents and social communities on the proposed investment;
  - (b) the opinion of the regional administrative bodies on the proposed investment;
  - (c) depending on the location of the investment, the opinion of the Nay Pyi Taw Council or relevant government of the region or state.
15. The Commission shall submit the proposal, which must be in compliance with the requirements stipulated in Rule 14, to the Union Government for approval.
16. The Commission shall issue an investment permit to the promoter or investor after having obtained the approval of the Union Government.

### **Chapter 3**

#### **Forms of Investment**

17. The investment may be carried out through any of the following forms:
  - (a) With the exception of businesses that are covered by notifications issued under Rule 5, foreign Investors may own the entire business;
  - (b) If a foreigner forms a joint venture with a citizen or Government department or organization, the capital share ratio shall be fixed by the joint venture contract and in accordance with the shareholders agreement;
  - (c) in any other form agreed by mutual contract between a private investor and a state entity such as a BOT or BTO contract.
18. When applying for the approval of an investment proposal and for incorporation or registration of a foreign company [translator's note: "foreign company" means the investment vehicle to be incorporated in Myanmar], these applications shall be filed at the same time with the Directorate of Investment and Company Administration Directorate of Investment and Company Administration (DICA).

19. Upon issuance of the investment permit by the Commission, DICA shall allow the concurrent incorporation and registration of the foreign company [translator's note: i.e. the investment vehicle]. To create a convenient atmosphere for investment activities, the Director General may issue a temporary incorporation or registration certificate if the promoter or investor applied for incorporation or registration in advance. However, a temporary incorporation or registration certificate shall not be construed as constituting a permit to invest.
20. If a foreigner forms a joint venture with a citizen to carry out a prohibited or restricted business, the capital ratio of the foreign capital shall not exceed 80% of the total investment. The Commission may, with the prior approval of the Union Government, amend this stipulation by issuing notifications.
21. If liquidation is allowed prior to the expiry of the contractual period, or if the project is to be liquidated after the end of the activities, approval from the Commission [to liquidate the project] shall be obtained in advance, and liquidation shall be done in accordance with the existing Companies Act.

#### **Chapter 4**

##### **Formation of the Commission and Holding of Meetings**

22. The Commission shall have an odd number of members.
23. The term of office of a Commission member shall not exceed three years. However, the Union Government may permit a Commission member to hold office for more than three years if the member's expertise is needed, or for other reasons.
24. If any of the members is unable to fulfill the full three years term, the term of office of the successor shall be the remainder of the former member's term.
25. The Commission shall meet at least twice a month.
26. The chairman of the Commission shall be the chairperson of the meeting. If the chairman is absent from the meeting, the vice-chairman shall be the chairperson and when both of them are absent, the secretary or one of the members shall be the chairperson.
27. The attendance of more than 50% of the members is required in order to hold a meeting.
28. Matters shall be decided by those members participating in the meeting, and their decision shall not be objected against, denied or altered, by members who were absent from the meeting.
29. The Commission, if necessary, may invite the relevant Union Minister or Deputy Minister, experts on the subject matter, and other persons whose presence is necessary.
30. The Commission shall allow the promoter or the investor and their assistants to attend, and explain their position in, the meeting.

#### **Chapter 5**

##### **Application for a Permit**

31. The investor or the promoter shall apply to the Commission for an investment permit on **Proposal Form (1)** which shall contain the following particulars:
- a) Name of the investor or promoter; citizenship; address; place of business; business activities actually carried out in accordance with the relevant law; place of the administrative headquarter; place of incorporation; type of business;
  - b) in case of a joint venture, the particulars set out in sub-paragraph (a) are also to be provided with regard to the partner(s) involved;
  - c) documents backing up the information given in accordance with sub-paragraphs (a) and (b);
  - d) evidence of the commercial and financial standing of the investor promoter or joint-venture partners;
  - e) details on the proposed production or services activities;
  - f) the duration of the investment; construction period;
  - g) the place in the Union where the investment is to be made;
  - h) technology and system of production and sales;
  - i) required type of energy which is intend to be used and its quantity;
  - j) the quantity and value of the most important machineries, equipment, raw materials and other similar materials that are required during construction;
  - k) required type and area of land;
  - l) estimated quantity and value of the annual production or services to be provided;
  - m) estimated annual requirement for, and revenue in, foreign currency;
  - n) annual estimated quantity, value of the goods that will be sold locally or abroad;
  - o) economic viability of the project;
  - p) prevention and precaution plan to mitigate harmful effects on the environment and the society in accordance with the relevant existing laws;
  - q) type of organization [translator's note: this means the investment vehicle] in the Union;
  - r) if the investment is carried out through a partnership, the partnership agreement, ratio of capital to be contributed, profit sharing, liabilities and rights of the partners;
  - s) if the investment is carried out through a limited company, the draft contract [translator's note: "draft contract" - most likely this refers to the shareholders' agreement], draft memorandum of association and articles of association, authorized capital of the company, types of shares, number of shares to be subscribed by the shareholders;
  - t) name, citizenship, address and position of the executives of the investment vehicle;

- u) total capital amount of the investment vehicle, the ratio of the capital to be contributed locally and from abroad, the total amount of brought-in capital [translator's note: brought-in capital = foreign capital brought into Myanmar], the value of each type of brought-in capital and the time-frame for its contribution.
32. [The investor or promoter] shall submit the draft land lease agreement to be executed with a citizen or a Government department or organization, and a draft joint venture agreement or mutual contract together with the proposal.
  33. If the Commission deems the project to be a large investment project which have to undergo environmental impact assessment under the Ministry of Environmental Conservation and Forestry, the assessment on the project's environmental and social impact shall be attached to the proposal.
  34. A proposal is to be submitted to the Commission through the relevant Ministry if it involves natural resources which are governed by the State-owned Enterprises Law.
  35. In other cases than those referred to in section 34, the proposal may be submitted to the Commission directly by the investor or the promoter.
  36. When receiving the proposal, the Commission shall scrutinize and accept if all required information are provided. Otherwise, the Commission shall explain the requirements to the investor or the promoter and the proposal shall have to be submitted again after required amendments have been made.
  37. In order to scrutinize proposals containing all required information, the Commission shall form a Proposal Scrutinizing Committee in which high ranking officers from the following departments shall participate:
    - a) Directorate of Investment and Company Administration
    - b) Custom Department
    - c) Inland Revenue Department
    - d) Directorate of Labour
    - e) Concerned department from the Ministry of Electrical Power
    - f) Urban and Housing Development Department
    - g) Industrial Supervision and Inspection Department
    - h) Directorate of Trade
    - i) Department of Scrutinizing Plans and Development Reporting
    - j) Department of Environmental Conservation
  38. When performing initial scrutiny, [the Proposal Scrutinizing Committee] shall, if necessary, invite experts from relevant Government departments and organizations according to the nature of the proposed business.
  39. The Director General shall chair the Proposal Scrutinizing Committee.

40. The Committee shall hold meetings once a week to scrutinize proposals received before the meeting, and then submit [proposals that have successfully passed initial scrutinizing] to the Commission for further consideration. The investor or the promoter shall receive a reply by post or other communication methods to inform them whether the proposal has been accepted or rejected (reasons for rejecting a proposal must be given).
41. The Committee shall allow the investor or the promoter or an authorized person to attend the meeting of the Proposal Scrutinizing Committee.

## **Chapter 6**

### **Further Steps with Regard to the Proposal**

42. If the Commission accepts the proposal [translator's note: this probably refers to the proposals which contain all required information and have successfully passed initial scrutiny by the Proposal Scrutinizing Committee], the Commission must, depending on the location of the project, inquire with the Nay Pyi Taw Council or the relevant regional or state government whether the proposal is acceptable, and with the Ministry of Environmental Conservation and Forestry whether proposed measures to avoid or mitigate an impact on the environment or society are sufficient.
43. Nay Pyi Taw Council or the relevant regional or state government must, upon scrutiny, inform the Commission through the Chairman of Nay Pyi Taw Council or the relevant prime minister (or a delegated person) within 7 days whether the proposal is acceptable.
44. The Ministry of Environmental Conservation and Forestry must, upon scrutiny, inform the Commission through the Union Minister (or a delegated person) within 7 days whether the proposed measures to avoid or mitigate an impact on the environment or society are sufficient.
45. If the Commission, due to the nature of the proposed business, requests the opinion of [other] Union Ministries, these Ministries must reply within 7 days. In all Ministries, an Investment Scrutinizing Team must be formed, headed by a director or officer of equivalent rank. The respective Ministry must lay down its policies to guide the Investment Scrutinizing Team when reviewing the proposal. The workload of the Team and changes of the Team members have to be reported to the Commission. The Team represents the Ministry if invited to attend a meeting of the Commission.
46. After having received the comments [from the entities involved according to Rules 43-46] and reviewed them, the Commission must present the proposal to the nearest meeting of the Commission.

## **Chapter 7**

### **Scrutiny of Proposal**

47. The Commission shall scrutinize the investment proposal under the following criteria:
  - a) whether it complies with the basic principles of Section 4 of the Foreign Investment Law;

- b) in order to review the financial reliability [of the investor], [the Commission shall] check the following references:
  - 1) bank statements;
  - 2) final audited report of the company of the most recent year;
  - 3) business report of the company;
- c) [the Commission shall] review the economic viability of the project on the basis of
  - 1) The estimated annual net profit;
  - 2) the estimated annual foreign exchange to be received and to be used;
  - 3) the recoupment period;
  - 4) prospects of new employment opportunities;
  - 5) prospects to increase the national income;
  - 6) market situation locally and abroad;
  - 7) local consumption needs;
- d) [the Commission shall] assign experts from the Department of Environmental Conservation to scrutinize whether the appropriate industrial technology is used or not;
- e) [the Commission shall] review the opinion of the Environmental Department regarding the plans for prevention of, and precaution against, harmful effects on the environment and on society;
- f) [the Commission shall] scrutinize the investment as to whether the investor accepts to be accountable for its consequences and whether it has a positive social and economic impact on the Union and its citizens;
- g) [the Commission shall] scrutinize the proposal whether it is in contravention to existing laws.

## **Chapter 8**

### **Issuance of the Permit**

48. If the Commission, after having scrutinized it, approves the proposal, a permit (Form 2) shall be issued within 90 days after the receipt of the proposal. A copy of the permit shall be sent to the relevant Union Ministries.

## **Chapter 9**

### **Procedure after the Issuance of the Permit**

49. After having obtained the permit from the Commission, the promoter or investor carry out construction during the prescribed period (including extensions, if extensions were granted).

Within 30 days after the completion of construction, the investor or promoter shall inform the Commission accordingly.

50. The investor shall commence production or the provision of services after the construction period is over.
51. During the investment process, the promoter or investor shall submit **Progress Report Form (3)** to the Commission every 3 months by post or other forms of communication.
52. During the investment process, the investor shall inform the Commission within 24 hours if any of the situations stipulated Rule 121 occur.
53. The promoter or investor shall obtain relevant licenses, permits or registrations from the relevant Union Ministry, the Government departments or organizations.
54. The promoter or investor shall:
  - a) protect the environment in accordance with the Law of Environmental Conservation;
  - b) shall be socially responsible and respect the interests of the Union and citizen;
  - c) with regard to regular inspections or inspections that are carried out when necessary, shall allow these inspections and coordinate with authorized persons so that the inspections can be carried out;
  - d) shall observe standards issued by the relevant Union Ministry;
  - e) shall implement safety and health protection measures;
  - f) shall observe standards issued by the relevant Union Ministry concerning the transport, storage and use of dangerous, toxic or similar materials;
  - g) shall not harm consumers by products that are not in conformity with quality requirements and standards.
55. A permit to explore minerals does not encompass survey or production. The investor shall apply for a survey and production permit to the Commission through the Ministry of Mines after the exploration has been completed.

## **Chapter 10**

### **Term of the Construction Period**

56. After having obtained the permit, the investor shall finish construction within the construction period stated in the permit, starting from the date of the issuance of the permit.
57. If the investor is unable to finish construction within the term, the investor shall apply to the Commission for an extension 60 days prior to the end of the term, and explain the reasons for the delay.
58. After scrutinizing the application for extension and, if the Commission is of the opinion that the delay occurred for understandable reasons, the Commission may extend the construction period by a period of time that may not be longer than 50% of the original term.

59. Only one extension may be granted, save for delays that occurred due to acts of God such as natural disasters, an unstable [security] situation, riots, demonstrations, emergencies, armed resistance, insurgencies, wars.
60. The construction period in the business of oil, gas and mining shall be in accordance with the terms and conditions of the contract approved by the commission.
61. The Commission shall cancel the permit issued to the investor if the construction process cannot be finished within the construction period or extended period. In this regard, the investor shall not be compensated or indemnified.

## **Chapter 11**

### **Subleasing, Mortgaging, Share Transfer, Transfer of the Business**

62. If the investor, during the permitted investment period, wishes to sublease, or mortgage, land and buildings used in the investment (this must not result in changing the nature of the business), the investor shall, with the prior consent of the person who has the right to use land or to lease land, apply to the Commission, on **Sublease Form (4)** or **Mortgage Form (5)**, for permission to do so. If the land type is vacant land, fallow land or waste land, the approval from the Union Government shall be attached to the application.
63. The Commission shall scrutinize the application according to the following criteria:
  - a) whether the reasons advanced by the investor for wishing to sublease or mortgage the land/buildings are genuine;
  - b) whether the sublease or the mortgage can affect the interests of the Union or its citizens;
  - c) whether the sublessee or the mortgagee has the capacity to carry out the business successfully.
64. If, after scrutiny, the Commission is of the opinion that subleasing or mortgaging the land/buildings should be allowed, the Commission shall submit the application to its nearest meeting which may approve or reject the application.
65. If all of the shares [of the investment vehicle] are going to be sold to a foreigner or a citizen, the investor shall apply to the Commission for approval using the Share Transfer by Sale Form (6); a tax clearance recommendation letter issued by the revenue office shall be attached to the application. If the business uses vacant land, fallow land or waste land, the approval from the Union Government shall be attached to the application.
66. The Commission shall scrutinize the application according to the following criteria:
  - a) whether the reasons advanced by the investor for wishing to sell the shares are genuine;
  - b) whether the sale can affect the interests of the Union or its citizens;
  - c) whether the purchaser can carry out the business successfully.



67. If, after scrutiny, the Commission is of the opinion that the share sale should be allowed, the Commission shall submit the application to its nearest meeting which may approve or reject the application.
68. The seller shall return the investment permit to the Commission if the Commission has granted approval of the share sale.
69. If the purchaser is a foreigner, the purchaser shall apply for company incorporation and registration as a foreign company [translator's note: "foreign company" is a legal term and means in this case "foreign-invested company"] to DICA. If the seller agrees, the name of the company may remain the same.
70. If the purchaser is a citizen, the purchaser shall apply to the Commission for a permit in accordance with the Citizen Investment Law and then apply for registration to DICA as a citizen company after having obtained the permit from the Commission.
71. If exemptions or reliefs were granted according to Chapter 12, Section 27 of the Foreign Investment Law and the exemption or relief period has not expired yet, the purchaser may enjoy the exemptions or reliefs during the remaining period. Otherwise, the purchaser may not claim exemptions or reliefs on the grounds that the purchaser obtained a new investment permit.
72. If some of the shares [of the investment vehicle] are going to be sold to a foreigner or a citizen, the investor shall apply to the Commission for approval using the **Share Transfer by Sale Form (7)**; a tax clearance recommendation letter issued by the revenue office shall be attached to the application. If the business uses vacant land, fallow land or waste land, the approval from the Union Government shall be attached to the application.
73. The Commission shall scrutinize the application according to the following criteria:
  - a) whether the reasons advanced by the investor for wishing to sell the shares are genuine;
  - b) whether the sale can affect the interests of the Union or its citizens;
  - c) whether the purchaser can carry out the business successfully.
74. If, after scrutiny, the Commission is of the opinion that the share sale should be allowed, the Commission shall submit the application to its next meeting which may approve or reject the application.
75. After having obtained approval from the Commission, the parties shall apply to DICA for the registration [of the share transfer], the approval granted by the Commission shall be attached to the application.
76. When scrutinizing applications under rules 63, 66 and 67, the Commission may, if necessary, set up a scrutinizing committee composed of experts from relevant Government departments and organizations.

## Chapter 12

### Insurance

77. A business which has obtained an investment permit shall take out the following types of insurances with any insurance company allowed to operate within the Union:
- a) Machinery insurance;
  - b) fire insurance;
  - c) marine insurance;
  - d) personal accident insurance;
  - e) natural disaster insurance;
  - f) life insurance.
78. Besides the insurances mentioned in rule 77 and depending on the type of business, other insurances shall be taken out in accordance with existing laws, regulations and procedures.

## Chapter 13

### Appointment of Staff and Workers

79. When the investor submits the proposal, the required number of skilled workers, technicians and [skilled] staff and of unskilled workers shall be stated.
80. When the business commences commercial operation, skilled citizen workers, technicians and staff shall be appointed in accordance with section 24 of chapter 11 of the Foreign Investment Law. The wages shall not be less than the minimum wages prescribed in the relevant laws, rules, regulation, by-laws, procedures, orders, notifications and directives.
81. When hiring staff workers, the investor must comply with existing labour laws.
82. After appointing citizen or foreign staff or workers, the investor shall enter into an employment contract in accordance with the terms and conditions prescribed by the Ministry of Labour, Employment and Social Security.
83. The investor shall annually, before 31 January, report its plan to train citizen staff in order to improve their skills.
84. The investor shall apply for a work permit (on **Work Permit Form (8)**) to the Ministry of Labour, Employment and Social Security for foreign staff working at the business; a recommendation letter from the Commission is required. The investor shall furthermore apply for a stay permit on **Stay Permit Form (9)**.
85. When the Commission Office receives the application under rule 84, it shall be scrutinized by the relevant officer of the Departmental Coordination Committee under the Commission Office, and then the Committee shall issue the permit [translator's note: "permit" probably means the stay permit].

86. In compliance with the Social Security Law, the investor shall register all workers of the business, irrespective from whether they receive their salary in Myanmar kyats or in a foreign currency, with the Social Security Board so that they can enjoy social security benefits.
87. The investor shall register the business with the Social Security Board within 15 days from the date of commencing business and submit evidence of registration to the Commission.
88. An investor wishing to continue the investment shall bi-annually obtain a recommendation letter from the social security office in charge showing that there are no outstanding social security contributions and submit it to the Commission.
89. After the end of an employment contract, the investor shall submit a recommendation letter from the social security office in charge showing that there are no outstanding social security contributions; otherwise, the employee whose contract has ended cannot claim social security benefits.
90. Disputes arising between an employer or employer's organization and an employee or labour organization shall be settled according to the Settlement of Labour Disputes Law.
91. Entry and stay of foreigners in connection with the investment activities shall be in accordance with the existing immigration law, rules, procedures, orders, directives and regulations.

## **Chapter 14**

### **Exemptions and Reliefs**

92. The investor or the promoter shall have the right to apply to the Commission for one or more or all of the exemptions and reliefs stipulated in chapter 12, section 27, sub-sections (b) to (k) of the Myanmar Foreign Investment Law; the request shall be made on **Tax Exemption and Relief Form (10)**.
93. If the investor or promoter applies to the Commission under rule 92 for exemptions and reliefs, the Commission shall scrutinize the application as required, request supporting evidence and documents from the investor or promoter and other relevant Government departments or organizations or other organizations.
94. Every business shall be required to start production or services within the following time frame:
  - (a) If the business is exporting goods to foreign countries, the issuance date of the first bill of lading, receipt of cargo loaded onto an aircraft, or other relevant trading documents proving export, must be within 180 days after the end of the construction period.
  - (b) If the business is selling goods within the country, the first revenue generated from such sale must occur within 90 days after the end of the construction period.
  - (c) If the business is providing services, the first services must be provided within 90 days after the end of the construction period.
95. The investor or promoter shall report the commencement date according to rule 94 to the Commission on **Report Form (11)**.

96. The Commission shall scrutinize the commencement date of business activities as reported by the investor and approve it if everything is correct. The Commission shall specify the types and time periods of the exemptions and reliefs granted, and inform the investor or promoter and the Government departments or organizations concerned accordingly.

## **Chapter 15**

### **Right to Use Land**

97. In order for the investor to operate the business for which an investment permit was granted, the Commission may, with the prior approval of the Union Government, allow the (sub-) lease of land as specified below from any person who has the right to lease the land or use the land.
- (a) land administered by the Government;
  - (b) land owned by a Government department or organization;
  - (c) land owned by the citizen.
98. Vacant land, fallow land and waste land may, in accordance with the Vacant Land, Fallow Land and Waste Land Management Law, be (sub-) leased by an investor wishing to develop it in order to use it for agriculture or animal husbandry on a commercial scale.
99. Depending on the type of business and the invested capital, the Commission may allow the (sub-) lease of the land, by the investor, from a person who is entitled to use or lease the land, for a term corresponding to the life time of the business, maximum 50 years initially.
100. Depending on the type of business and the invested capital, the Commission may extend the term according to rule 99 twice for a maximum of 10 years each if the investor wishes to continue the business and the person entitled to use or lease the land agrees to the extension.
101. If an investor engages in agriculture, animal husbandry or related activities, the investor has to apply to the Central Land Management Committee in order to (sub-) lease vacant land, fallow land, or waste land, and comply with the Vacant Land, Fallow Land and Waste Land Management Law. The initial (sub-) lease period depends on the investment amount and shall comply with said law; the maximum period shall be 30 years. After the expiry of the initial period, an extension may be granted depending on the provisions of the Vacant Land, Fallow Land And Waste Land Management Law.
102. In order to obtain proper technology and funds for investments, citizens having the right to lease or use vacant land, fallow land or waste land for agriculture or animal husbandry may enter into a joint venture with a foreign investor with an appropriate shareholding ratio.
103. A person who is entitled to lease or use vacant land, fallow land or waste land must pay a deposit for the lease fees or land-use fees according to the Vacant Land, Fallow Land and Waste Land Management Law.
104. A person who is entitled to lease or use vacant land, fallow land or waste land may sell, exchange or transfer the land only with the approval of the Union Government.

105. A foreign investor may, through a joint venture with a citizen, engage in contract farming of seasonal crops on land which the citizen is entitled to lease or use.
106. A foreign investor may, through a joint venture with a citizen which obliges the foreigner to contribute appropriate technical know-how and provides for an appropriate shareholding ratio for the citizen, engage in agriculture or animal husbandry on land which the citizen is entitled to lease or use.
107. In order to develop the whole country, the Commission may, with prior approval of the Union Government, prolong the periods stated in rules 99 and 100 by up to 10 years [translator's note: the exact scope (e.g.: maximum 60 initial years + 20 years first extension + 20 years second extension?) is not clear] if the project is in a less developed region or a region that is difficult to access.
108. The investor or the promoter must fill in **Land Lease Form (12)** in order to (sub-) lease the land to be used for the business. The form must be submitted together with an agreement with the person entitled to lease or use the land.
109. After having received the application in accordance with rule 108, the Commission must, depending on the location of the project, inquire with Nay Pyi Taw Council or the relevant regional or state government whether they agree with the application.
110. If the land to be used is owned or managed by a government department or organization, a letter, addressed to the Commission, from this department or organization stating their willingness to lease must be enclosed with the application.
111. After having obtained the investment permit from the Commission, the person entitled to lease or use the land and the investor shall sign the land (sub-) lease contract and send it to the Commission.
112. With regard to land that is owned by a government department or organization, the Commission may approve the rate [translator's note: i.e. rental fee] stipulated by the relevant Union Ministry, but may, if necessary, consult with the Union Government.
113. The investor must sign the land (sub-) lease contract providing for an annual rent with the person who is entitled to lease or use land; the rental fee must correspond to the market rate. The agreement as to the rental fee has to be submitted to the Commission [translator's note: this probably means that the Commission has to be notified whenever there is a change in the annual amount to be paid by the investor].
114. The rental fees have to be calculated for a 365 days period each, starting from the date of commencement of the (sub-) lease.
115. With regard to the lease of land owned by Government departments or organization, the respective department or organization shall request payment of a land-use premium from the investor.
116. If either of the following events arise, the Commission may terminate the (sub-) lease and request cessation of the business activities.
  - (a) the person entitled to lease or use land reports to the Commission that the investor failed to pay the rental fee or breached other terms and conditions of the (sub-) lease

contract and the Commission comes, after scrutiny, to the conclusions that these allegations are true;

- (b) the person entitled to lease or use land reports to the Commission that the investor breached existing laws governing the lease of land and the Commission comes, after scrutiny, to the conclusion that these allegations are true;
- (c) the investor breached an existing law and is blacklisted, or ordered to cease its business activities by a court or other competent body.

117. The investor shall-

- (a) report to the Commission at least 6 months in advance if [the investor] wishes to suspend the business activities due to the turnout being not as expected, loss, or for other reasons;
- (b) report to the Commission within 24 hours if, on vacant land, fallow land or waste land used by the investor for agriculture or animal husbandry or any other permitted business activity, mineral resources, archeological materials, ancient ruins or treasures are discovered;
- (c) comply with the terms and conditions of the land (sub-) lease agreement concluded with the person who is entitled to lease or use land, and transfer the land to this person within 7 days after the expiry of the agreement.
- (d) pay the full rent for the entire (sub-) lease period to the person entitled to lease or use land if the (sub-) lease is prematurely terminated according to rule 116, so as not to cause any damages to this person.

118. If the investor returns land to the person entitled to lease or use land, this person must inform the Commission of this fact within 7 days after the land has been returned.

119. The Commission shall not allow any business which is not covered by the investment proposal to be carried out on the (sub-) leased land.

120. The investor shall not be allowed to exploit natural resource above ground or underground unless the investor has obtained an investment permit for the exploitation of the respective natural resources.

121. The investor shall report to the Commission within 24 hours if, on land used by the investor's business, mineral resources, archeological materials, ancient ruins or treasures are discovered, unless the search for such objects is covered by the investment proposal and the (sub-) lease agreement. Upon receipt of this report, the Commission shall consult with the relevant Union Ministry and, depending on the region in which the business is located, with the Nay Pyi Taw Council or the respective regional or state government. If, with the approval of the respective Union Ministry, the Commission allows the investor to do so, the investor can continue the business on the existing plot; otherwise, the investor shall transfer the business to a different plot offered in substitution.

122. The investor may level or otherwise alter the surface of the (sub-) leased land only with the approval of the relevant Union Ministry and the person who is entitled to lease or use the land.
123. The Commission may terminate the (sub-) lease if the business pollutes the environment, or residents complain about environmental impacts, cultural impacts, noise or other disturbances and the Commission, after scrutiny, finds these allegations to be true.
124. An investor who has applied for a permit to engage in agriculture and crop production shall not engage in any other activities unless prior approval by the Union Government to do so has been obtained.
125. The following land is not allowed to be (sub-) leased to an investor, irrespective of the nature of the business:
  - (a) Religious land;
  - (b) land designated by the competent Union Ministry as natural and cultural heritage site;
  - (c) land to which access is restricted for national defence and security reasons;
  - (d) land which is an object of litigation;
  - (e) land declared as “restricted” by competent authorities;
  - (f) Land on which buildings or places exist on which the business of the investor could have a negative impact (environmental or cultural impact, pollution, noise).
126. If it is necessary to vacate, clear or transfer houses, buildings, farms and gardens, fruit trees and other plants, the investor shall negotiate with the owners an adequate compensation, to be paid in local currency, and coordinate the clearance with the Nay Pyi Taw Council or the respective regional or state government. If the inhabitants object to the clearance, the investor shall not be allowed to carry out the business in this place.
127. The Investor shall use the land in accordance with the terms and conditions set by the Commission and the terms and conditions of the (sub-) lease agreement.
128. If the investor wants to sub-lease or mortgage the land or transfer shares of the investment-vehicle or transfer the business during the (sub-) lease term, the investor shall apply to the Commission for prior approval.
129. An application for a permit for investments involving urban development, construction of schools, hotels, hospitals, housing, factories or workshops, roads, bridges, communication and transportation infrastructure shall only be submitted to the Commission if such projects are in compliance with urban development plans of the Nay Pyi Taw Council, respective regional or state governments, municipal committees, Government departments or organizations.
130. Terminating the original and switching to another business, or adding another business to the original business carried out on the land shall be subject to the prior approval of the Commission.
131. The Central Land Management Committee for Vacant Land, Fallow Land and Waste Land shall have the right to reclaim land from the investor if any of the following circumstances

arise, provided that the investor shall only be required to give up an area that is necessary for the purposes of the Central Land Management Committee:

- (a) discovery of cultural heritage monuments;
- (b) land required for infrastructure or special projects in the interest of the Union;
- (c) discovery of natural resources other than minerals for which the investor has a mining concession.

132. The Central Land Management Committee shall coordinate with the respective departments or organizations in order to determine an appropriate compensation amount to be paid to the investor who has to give up land according to rule 131. The compensation shall be based on the investment and expenses incurred so far; the Union Government must approve the amount.

## **Chapter 16**

### **Foreign Capital**

133. In order to engage in economic activities, the investor shall, with the approval of the Commission, open an account with a bank that is allowed to handle foreign currency within the Union and deposit in it the foreign currency stated in the investment proposal.

134. With the exception of capital defined in section 2, sub-section (i), clauses (ii)-(iv) of the Foreign Investment Law [translator's note: this refers to contributions in kind], the investor shall, depending on the investment proposal approved by the Commission, deposit the capital in full or in installments in the account opened according to rule 133.

135. The investor shall inform the Commission in advance of the amounts of foreign currency to be brought into the country annually or, as the case may be, of the amount of foreign currency to be brought into the country in a lump-sum, and of the payment schedule.

136. After opening the bank account, the investor shall, within 7 days, submit to the Commission a copy of a bank statement [which proves the opening of the account] and information as to the address of bank, account number and the name of the person authorized to withdraw money from the account.

137. The investor has the right to transfer money from the investor's bank account for the following payments:

- (a) payments in foreign currency within the country;
- (b) payments that are related to the permitted business activities.

138. The investor shall not withdraw or transfer money from the investor's foreign currency account for purposes that are unrelated to the business.

139. The investor shall remit from abroad the lump-sum or the annual installments according to the schedule sent to the Commission according to rule 135.



140. Foreign currency remitted under rule 139 shall originate from the investor's own bank account abroad.
141. The investor shall inform the Commission, within 7 days after the money has arrived on the bank account, of foreign currency remitted by the investor to the bank account; the bank statement shall be attached.
142. The investor shall submit in advance a schedule of further foreign-currency contributions to the Commission if the Commission has approved an application by the investor to expand the business.
143. The investor shall amend the payment schedules sent to the Commission [according to rules 135 or 142] if, with the prior approval of the Commission, the investment is reduced.
144. The investor shall hire an auditing firm registered in the Union to check the business annually. Audited documents shall be in the Myanmar or English language. If the documents are in a different language, a translation certified as correct by a notary shall be attached.
145. The investor shall submit the audit report to the Commission within 30 day after the auditing has been done according to rule 144.

## **Chapter 17**

### **Transfer of Foreign Currency**

146. The investor may transfer the following monies abroad through a bank prescribed by the Commission:
  - a) Monies in a foreign currency attributable to a person who brought in foreign capital:
    - 1) the monies which the Commission allows to be refunded to the person who brought them in as foreign capital;
    - 2) the monies which the investor obtained as a compensation;
  - b) the following monies in a foreign currency which the Commission allows to be refunded [translator's note: "refunded" - literal translation] to the person who brought in foreign capital:
    - 1) The purchase price obtained by the foreign investor after transferring shares [in the investment vehicle] according to the existing laws;
    - 2) the monies to which the investor is entitled after liquidation [of the project];
    - 3) the foreign exchange received upon the return of the permit to the Commission due to the expiry of its term;
    - 4) the amounts in foreign currency by which the investment was reduced;
  - c) the annual net profit attributable to the person who brought in capital, after deductions for all the funds related to taxes;

- d) net salary or moneys received by foreign staff for work done in the country, after deductions for taxes and accommodation and living expenses.
147. The investor who wants to transfer foreign exchange abroad by extraordinary [translator's note: meaning of "extraordinary" unclear; maybe "not in the normal course of business"] shall use the **Permit to Transfer Form (13)** and submit it to the Commission together with the following documents:
- a) auditor's report with regard to the business;
  - b) bank balance statement.
148. After receiving the application according to rule 147, the Commission may allow the transfer of the amount stated in the application, or a lesser amount that the Commission determined to be correct after scrutinizing the application.
149. The investor may transfer kyats received by the business that the investor invested in to a kyat account held by a citizen or citizen-owned business, and then transfer back the equivalent amount in foreign exchange to the account of the investor from a foreign exchange account held by that citizen or citizen-owned business.
150. If the investor intends to re-invest profits into the business, the investor shall apply to the Commission for approval to do so.
151. Without the permission of the Commission, the investor shall not convert kyat to foreign exchange if the kyat amount resulted from the sale of a fixed asset.
152. Without the permission of the Commission, the investor shall not use kyats within the Union instead of the foreign exchange which was specified as "foreign capital" in the proposal.
153. The investor shall not pay for expenditures in kyats if the kyat amount results from the sale of assets that were stated in the proposal [as forming part of the capital of the business].
154. The brought-in capital shall not be repatriated before the start of business operations.

## **Chapter 18**

### **Matters Relating to Foreign Currency**

155. The investor:
- a) may transfer foreign exchange abroad after conversion, at the official rate, of kyats into this foreign currency by a bank which is allowed to handle foreign exchange transactions.
  - b) shall, in order to finance the investor's business, open a foreign exchange account or kyat account at a bank which is authorized [to provide such accounts] in the country.
  - c) may exchange legally earned kyats into foreign currency at a bank authorized to do foreign currency transactions.
156. Foreigners working [as staff] in the foreign-invested business shall open a foreign exchange account or kyat account at a bank which is authorized [to provide such accounts] in the Union.

## Chapter 19

### Departmental Coordination Committee

157. In order to render the administration of foreign investment activities more efficient, the Commission shall, on the basis of section 14 Foreign Investment Law, form a Departmental Coordination Committee composed of senior officers from the following entities:
- a) Central Bank of Myanmar;
  - b) Relevant departments of the Ministry of Electric Power;
  - c) Directorate of Investment and Company Administration;
  - d) Customs Department;
  - e) Directorate of Trade;
  - f) Directorate of Labour;
  - g) Immigration and National Registration Department;
  - h) Industrial Supervision and Inspection Department;
  - i) Inland Revenue Department.
158. The deputy director general of the Directorate of Investment and Company Administration shall chair the Departmental Coordination Committee.
159. The office of the Departmental Coordination Committee shall be at the same location as the Directorate of Investment and Company Administration. Branch offices may be set up if necessary.
160. The relevant departments shall pass their decision-making power, including their power to sign documents, to the senior officer who is dispatched to the Departmental Coordination Commission. The relevant department shall reply without undue delay to enquiries made by the respective senior officer.
161. The Departmental Coordination Committee shall monitor businesses and report to the Commission the construction progress during the construction period, the date of commencement of commercial activities, and the overall business situation during the operational period.
162. The Departmental Coordination Committee shall work under the supervision of the Director General.

## **Chapter 20**

### **Administrative Penalties**

163. The Commission shall form an Investigation Committee upon having been informed, or found out by other means, that the investor violated any of the provisions of the Foreign Investment Law or rules, etc., issued under this law, obtained the permit by including wrong information in the proposal, or violated the terms and conditions of the investment permit.
164. The Investigation Committee shall be chaired by a Commission member and composed of experts from relevant departments or organizations. The Investigation Committee shall have at least 3 members including the chairperson.
165. The Investigation Committee shall have the right to request, and examine, information and documentary evidence from relevant departments or organizations and individuals.
166. The Investigation Commission shall submit a report with its findings within 21 days starting from the date at which the order to form the Investigation Commission was issued. The report shall include a recommendation as to which administrative penalty according chapter 18, section 42 Foreign Investment Law should be applied.
167. The Commission shall deliberate in the meeting convened to discuss administrative penalties. The investor shall have the right to attend and explain its position.
168. An administrative penalty shall be enforceable from the date that the decision was confirmed by the Commission.

## **Chapter 21**

### **Settlement of Disputes**

169. If, in respect to the foreign-invested business, any dispute arises between the investor and citizens or the Government or a department of the Government, this dispute shall be settled amicably.
170. If such dispute cannot be settled under rule 169,
  - a) dispute settlement shall be done in accordance with the existing laws of the Union if the dispute settlement mechanism is not stipulated in the relevant agreement;
  - b) dispute settlement shall be done in accordance with the dispute settlement mechanisms stipulated in the relevant agreement if the relevant agreement contains a dispute settlement clause.
171. The investor shall inform the Commission about the dispute's circumstances.
172. The investor shall inform the Commission as to which mechanisms according to rule 170 will be used to settle the dispute.
173. The investor, if necessary, may submit documents issued by the Commission as evidence when settling the dispute. If it is necessary to provide more documents from the Commission

as evidence, the investor shall file an application with the Commission in order to obtain them.

174. If required, the investor shall apply to the Commission to allow its staff to appear as witness in court.

## **Chapter 22**

### **Miscellaneous**

175. An investor who is enjoying exemptions and reliefs from taxes under the (repealed) Union of Myanmar Foreign Investment Law shall be entitled to continue enjoying these benefits under Chapter 12 Foreign Investment Law.
176. An investor who enjoyed exemptions and reliefs from taxes under the (repealed) Union of Myanmar Foreign Investment Law shall not be entitled to enjoy these benefits again under Chapter 12 Foreign Investment Law if the exemption or relief period has expired in the meantime.
177. The Commission shall take actions in accordance with the law against an investor if there is sound evidence that the investor intentionally showed wrong figures or omitted information in documents such as financial or employment documents that were submitted together with the proposal.
178. An investor who obtained a permit under the (repealed) Union of Myanmar Foreign Investment Law shall file an application with the Commission if the investor wishes to carry out the business under the provisions of the Foreign Investment Law.
179. These rules do not cover non-profit production or services businesses.
180. These rules do not cover trading businesses.
181. The Ministry may, by notification, stipulate administrative fees to be paid by the promoter for the processing of the promoter's application by the Commission.

Union Minister  
**Ministry of National Planning and Economic Development**

## **Schedule (1)**

### **Production and Services Businesses Reserved to Citizens**

(Refers to Rule 7)

#### **Production Businesses**

1. Administration and conservation of natural forests
2. Production of traditional medicines
3. Drilling of oil wells whose depth does not exceed 1,000 feet
4. Small and medium scale mining
5. Cultivation and production of traditional herbal plants
6. Wholesale trading of components and scrap-iron
7. Traditional food production
8. Production of religious items and wares
9. Production of traditional and cultural items and wares
10. Handicraft production

#### **Services**

1. Private specialist traditional hospitals
2. Trading of raw materials used for traditional medicines
3. Medical research and operation of laboratories for traditional medicine
4. Ambulance services
5. Care centres for the elderly
6. Catering on trains, freight forwarding using trains, cleaning of coaches, management of trains
7. Agency services
8. [Erection and operation of] power plants with less than 10 megawatts
9. Printing, publishing and distribution of periodicals in local languages spoken in Myanmar, including the Myanmar language

## **Schedule (2)**

### **Agriculture, Short-Term and Long-Term Farming Businesses Reserved to Citizens**

(Refers to Rule 8)

1. Small-scale farming
2. Traditional farming (no use of modern machines and no processing of crops)

## **Schedule (3)**

### **Animal Husbandry Businesses Reserved to Citizens**

(Refers to Rule 9)

1. Small-scale animal husbandry
2. Traditional animal husbandry (no use of modern technology)

## **Schedule (4)**

### **Fishery Businesses in Myanmar Maritime Waters Reserved to Citizens**

(Refers to Rule 10)

1. Offshore (deep sea) fishery in Myanmar waters
2. Fishery in large lakes, common fishery and inshore fishery

---

*Contact:*

***POLASTRI WINT & PARTNERS LEGAL & TAX ADVISORS***

*No. 52, Yaw Min Gyi Street, Royal Yaw Min Gyi Condo,  
Unit No. 104, Dagon Township, Yangon  
Myanmar*

*E-Mail: info@paasia.net*

*Phone: +95 (0)9 420003004*

# Appendix C





*The following text is a convenience translation. We have prepared it carefully, but cannot assume liability for the translation to be complete and/or correct.*

**THE REPUBLIC OF THE UNION OF MYANMAR**

**Myanmar Investment Commission**

**Notification No. 1/2013**

**(31st January 2013)**

**Type of Business Activities**

In exercising its powers under Foreign Investment Law section 56 sub-section(b), the Myanmar Investment Commission hereby, with the approval of the Government of the Republic of the Union of Myanmar and with regard to the business activities covered by chapter 2 Foreign Investment Law, announces the list of business activities which are prohibited, the list of business activities which are allowed if carried out in a joint venture with citizens, [and a list of] allowed business activities which are subject to certain conditions.

**List of business activities which are prohibited**

| <b>Sr. No.</b> | <b>Type of business activities</b>   |
|----------------|--|
| 1              | Production of arms and ordnance used for national defence, and related services.   |
| 2              | Businesses that causes damage to mangrove forests, sacred areas reserved for religious activities, traditional worshipping areas, pastures, hill plantation areas, paddy fields, water resources.  |
| 3              | Agricultural economic activities or manufacturing which do not comply with the Fertilizer Law, Seeds Law and other laws related to agriculture which are enacted from time to time.  |
| 4              | Factories installed in the country which import waste from abroad.   |
| 5              | Manufacturing of 34 types of hydrobromofluorocarbons (HBFC), bromo-chloromethane, 5 types of chlorofluorocarbons, 10 types of chlorofluorocarbons, 3 types of halons, and carbontetrachloride, prohibited according to the Vienna Convention for the Protection of the Ozone Layer and its Montreal Protocol. Carbon tetrachloride which are the prohibited elements affecting ozone layer, as per Vienna Convention and Montreal annexed treaty pertaining to prevention and protecting of ozone layer. |

| Sr. No. | Type of business activities   |
|---------|---|
| 6       | Production of 21 types of organic pollutants prohibited according to the Stockholm Convention on Persistent Organic Pollutants.Convention.  |
| 7       | Import of second-hand production facilities and equipment; business activities involving products which are considered harmful under the Environmental Conservation Law and its rules and procedures enacted from time to time. |
| 8       | Management and conservation of natural forests.   |
| 9       | Exploration and survey for, and testing and production of, jade and gems.   |
| 10      | Small and medium scale production of minerals.  |
| 11      | Production and distribution of construction materials containing asbestos.  |
| 12      | Managing electric power systems.  |
| 13      | Trading electricity.  |
| 14      | Inspections of electric power systems.  |
| 15      | Oil refineries that produce or use harmful chemicals such as MTBE (methyl tertiary butyl ether) and TEL (tetra ethyl lead).   |
| 16      | Factories and workshops producing [or emitting] rays, minerals, chemicals, sound, dust, smells, fumes, which pollute the earth, water or air, or endanger public health   |
| 17      | Exploration of mineral resources including gold in river routes.  |
| 18      | Air traffic control.  |
| 19      | Pilotage services.  |
| 20      | Joint ventures in the print media and broadcasting media business.  |
| 22      | Printing and publishing in indigenous languages, including in Myanmar language.   |

**List of business activities which are allowed if carried out in a joint venture with citizens**

| <b>Sr. No.</b> | <b>Type of business activities</b>   |
|----------------|--|
| 1              | Production and distribution of mixed seeds.  |
| 2              | Production and distribution of augmented seeds and local or regional seeds.  |
| 3              | Production and distribution of biscuits, wafers, noodles, macaroni, vermicelli, wheat noodles and other foodstuff made from crops materials.   |
| 4              | Production and distribution of sweets, cocoa, chocolate, snacks and other confectionary.   |
| 5              | Production, canning and distribution of other foodstuff except milk and milk products.   |
| 6              | Production and distribution of malt and malt liquors and other brewery products.   |
| 7              | Distilling, blending, purifying, bottling and distribution of all kinds of spirits (beverages and non-beverages).  |
| 8              | Production and distribution of ice blocks.   |
| 9              | Production and distribution of purified drinking water.  |
| 10             | Production and distribution of any kind of cordage, ropes and twines.  |
| 11             | Production and distribution of enamel pots and pans, cutlery and other household goods.  |
| 12             | Production and distribution of plastic wares.  |
| 13             | Production of rubber and plastics.   |
| 14             | Packaging business.  |
| 15             | Processing of hides, skins and leather of any kind, excluding synthetic leather, and production and distribution of products made from these raw materials such as footwear, handbags. |
| 16             | Production and distribution of any kind of paper.  |
| 17             | Production and distribution of paper, cardboard paper including carbon paper, waxed paper, toilet paper, etc.  |

| <b>Sr. No.</b> | <b>Type of business activities</b>   |
|----------------|--|
| 18             | Production and distribution of chemical products based on local natural resources.   |
| 19             | Production and distribution of inflammable solids, liquids, gas and aerosols (acetylene, gasoline, propane, hair sprays, perfumes, deodorants, insect sprays). |
| 20             | Production and distribution of reactive chemicals (oxygen, hydrogen peroxide), pressurized gas (acetone, argon, hydrogen, nitrogen, acetylene).                |
| 21             | Production and distribution of corrosive chemicals (sulfuric acid, nitric acid).   |
| 22             | Production and distribution of industrial used gases (in gaseous, liquid or solid state).  |
| 23             | Production of raw materials for pharmaceuticals.   |
| 24             | Production of vaccines using high technology.  |
| 25             | Prospecting for, and exploration of, industrial raw materials and minerals.  |
| 26             | Large scale exploration and production of minerals.  |
| 27             | Production of steel beams and concrete for building construction and bridge construction.  |
| 28             | Development and construction of transport infrastructure such as bridges, highways, overpass bridges, metros, etc.   |
| 29             | Developing golf courses and resorts that have an international standard.   |
| 30             | Constructing, renting out or selling residential housing and community housing.  |
| 31             | Construction and sale of office and commercial complexes.  |
| 32             | Constructing, renting out or selling housing complexes attached to industrial zones.   |
| 33             | Construction of low-cost housing.  |
| 34             | Developing satellite towns. (new town)   |
| 35             | Domestic transport by air.   |
| 36             | International transport by air.  |

| Sr. No. | Type of business activities  |
|---------|--|
| 37      | Passenger transport and transport of goods.  |
| 38      | Construction and repairing of vessels in dockyards.  |
| 39      | Construction of inland container yards, warehouses and jetties, provision of warehousing and jetty services. |
| 40      | Production of new railway engines and coaches.   |
| 41      | Private specialist hospitals and traditional medicine hospitals.   |
| 42      | Tourism business.  |

**Other business activities which are allowed subject to certain conditions**

**1. Businesses that require a recommendation from the respective Ministry**

| Sr. No.  | Type of business activities                                      | Restriction  |
|----------|--|--|
| ( 1 )    | ( 2 )  | ( 3 )  |
| <b>1</b> | <b><u>Ministry of Agriculture and Irrigation</u></b>             |  |
| 1        | Production and distribution of seeds.                            | Requires approval from the Union Government and the opinion [a recommendation] from this Ministry. |
| 2        | Construction of fertilizer plants and production of fertilizers. | dto.   |
| 3        | Production and repackaging (bagging) of pesticides.              | dto.   |
| 4        | Agricultural research and development.                           | dto.   |
| 5        | Manufacturing of farm machinery and equipment.                   | dto.   |
| 6        | Agricultural crops production and related services.              | dto.   |

| Sr. No.  | Type of business activities  | Restriction   |
|----------|--|---|
| 7        | Development of modern farmland   | dto.  |
|          |  |   |
| <b>2</b> | <b><u>Ministry of Livestock and Fisheries</u></b>                          |   |
| 1        | Bee-keeping and production of bee products.                                | Obligation to follow GMP (good manufacturing practice), to comply with the instructions relating to food and drugs, to obtain foreign technical know-how and assistance with marketing.                         |
| 2        | Fishing net production (on an industrial level).                           | Obligation to comply with the laws, rules and regulations issued by the Fisheries Directorate, to construct the factory in a "fisheries developing region", to observe regulations as to the size of the loops. |
| 3        | Construction of jetties used for fish offloading and fish auction markets. | Obligation to comply with the laws, rules and regulations issued by the Fisheries Directorate, to erect modern buildings that assure cleanlines and security.   |
| 4        | Laboratories to analyze material in connection with fishing.               | Quality of water and product inspection must be carried out in compliance with ISO 17025.   |
| 5        | Breeding of freshwater and seawater fishes.                                | Breeding of fish affecting local biodiversity is not allowed.   |
|          |  |   |
| <b>3</b> | <b><u>Ministry of Environmental Conservation and Forestry</u></b>          |   |
| 1        | Businesses in connection with national parks.                              | Requires the opinion [a recommendation] from this Ministry.   |
| 2        | Production of wood-based goods and related services.                       | dto.  |
| 3        | Eco-tourism business.  | dto.  |

| Sr. No. | Type of business activities  | Restriction   |
|---------|--|---|
| 4       | Carbon emission reduction projects   | dto.  |
| 5       | Extraction (logging) on the basis of a long-term lease (in a forest reserve or other forest areas)                       | dto.  |
| 6       | Importing genetically modified organism and living modified organism.  | dto.  |
| 7       | Importing forest development systems, machinery equipment for forest plantations, pesticides, plant tonics.              | dto.  |
| 8       | High technology research in the forest sector, aiming at production or maintenance of good quality precious, rare woods. | dto.  |
| 9       | Establishing forest plantations (teak, hardwood, rubber, bamboo, rattan, etc).   | dto.  |
| 10      | Wood-based industry (timber conversion, wood-based value added finished products).                                       | dto.  |
| 11      | Domestic and international trading of wood and wood-based finished products.   | dto.  |
| 12      | High-technology research and development, human resources development in the forest sector.                              | dto.  |
| 13      | Extraction of natural resources in forest reserves and other forest areas administered by the Government.                | dto.  |
| 14      | Importing, exporting, breeding and production of plant and animal species.   | dto.  |
| 15      | Manufacturing of basic goods made from woods   | Foreign investment in excess of 25% is not allowed. |
| 16      | Production of components used in the production of higher value-added finished products.                                 | Foreign investment in excess of 35% is not allowed. |
| 17      | Production involving high technology and requiring large investments.  | Foreign investment in excess of 49% is not allowed. |
| 18      | Logging and exporting logs   | Requires the approval of the Union Government.      |

| Sr. No. | Type of business activities  | Restriction  |
|---------|--|--|
|         |  |  |
| 4       | <b><u>Ministry of Mines</u></b>  |  |
| 1       | Prospecting for, and exploration of, minerals.   | Maximum term: 2 years for prospecting, 3 years for exploration, 2 years for evaluation; extension may be granted; application for extension to be filed 3 months prior to the expiry of the term.  |
| 2       | Large-scale production of minerals.  | Requires the approval of the Union Government. Maximum term 15 years; extension for 5 years each (maximum 4 extensions) may be granted. Application for extension must be filed 6 months prior to the expiry of the term. Before granting approval, scrutiny of mineral reserves, amount of the mineral, production capacity and mine life cycle required. |
| 3       | Production and trading of rare earths, strategic minerals, radioactive minerals, finished products such as jewellery or statues or carvings made from gemstones. | Can be allowed on a joint-venture basis with the state.  |
| 4       | Pearl culture and production.  | Maximum term 15 years; extension for 5 years each (maximum 2 extensions) may be granted. Application for extension to be filed 1 year prior of the expiry of the term.   |
| 5       | Exporting coal and granite stone.  | Requires the approval of the Union Government.   |
|         |  |  |
| 5       | <b><u>Ministry of Industry</u></b>   |  |
| 1       | Production and distribution of vegetable, animal and other oil and solidified oil.   | 80% of the raw materials must be from local production.  |
| 2       | Production and distribution of brewery products, aerated water and other soft drinks.  | 20% of the raw material must be from local production. 60% of the raw material from crops must be from local production after 3 years of operation. Factories must be environmentally friendly.  |
| 3       | Production of seasoning powder.  | Only local raw materials must be used after 3 years of operation.  |



| Sr. No.  | Type of business activities  | Restriction   |
|----------|--|---|
| 4        | Manufacturing of cigarettes.   | 50% of the tobacco leaves used must be from local production; alternatively, 50% of the export earnings have to be spent on buying tobacco leaves locally. 90% of the produced cigarettes must be exported. The list of local raw materials to be used, and the exporting programme, must be attached to the investment proposal. |
| 5        | Production and distribution of perfume and cosmetic products.  | 50% of the raw material must be from local production within 5 years after the construction of the factory.   |
| 6        | Production and distribution of explosive chemicals (e.g. TNT, nitro-glycerine, ammonium nitrite).  | Allowed in a joint venture with the Union Government.   |
| 7        | Production and distribution of flammable liquids and solids (e.g. titanium powder), heat-emitting chemicals (e.g. potassium sulfide), flammable compressed gas (e.g. calcium phosphide). | Allowed in a joint venture with the Union Government.   |
| 8        | Production and distribution of chemical products such as paint, varnish, dye, thinner and lacquerware paint.   | Maximum 70% foreign-invested capital allowed.   |
| 9        | Production and distribution of vaccines.   | Allowed in a joint venture with the Union Government. Obligation to comply with WHO GMP norms.  |
| 10       | Production and distribution of chemical materials using imported raw materials.  | With the exception of the production and distribution of hazardous, explosive, oxidized, flammable chemicals, other chemicals are allowed to be produced and distributed for a limited period.  |
|          |  |   |
| <b>6</b> | <b><u>Ministry of Electric Power</u></b>   |   |
| 1        | Electric power generation and sale (hydropower, or power generation with coal-fired turbines).   | Requires approval of the Union Government. Must be done in a joint venture with the Union Government and under the B.O.T system.  |
|          |  |   |
| <b>7</b> | <b><u>Ministry of Transport</u></b>  |   |

| Sr. No. | Type of business activities   | Restriction  |
|---------|---|--|
| 1       | Investing in the construction of airports and passenger lounge services.  | Requires approval from the Union Government and the opinion [a recommendation] from this Ministry. |
| 2       | Civil aviation training.  | dto.   |
| 3       | Aircraft repair and maintenance.  | dto.   |
| 4       | Air transport [translator's note: not clear in the original, but probably "passenger transport by air" is meant]; marketing of such activities, related services. | dto.   |
| 5       | Air ticketing services using computer networks.   | dto.   |
| 6       | Aircraft leasing (without cabin crew).  | dto.   |
| 7       | Aircraft leasing (with cabin crew).   | dto.   |
| 8       | Air cargo transportation service.   | dto.   |
| 9       | Air cargo loading and unloading service.  | dto.   |
| 10      | Production and distribution of in-flight meals for airlines.  | dto.   |
| 11      | Jet fuel supply to airlines.  | dto.   |
| 12      | Minor inspection and maintenance services for aircraft.   | dto.   |
| 13      | Ground support services for aircraft at arrival/landing/departure.  | dto.   |
| 14      | Ground support services for passenger luggage.  | dto.   |
| 15      | Airport services for passengers at arrival and departure.   | dto.   |
| 16      | Ground services for aircraft.   | dto.   |
| 17      | Airport hotels.   | dto.   |
| 18      | Sale and marketing of aircraft spare parts.   | dto.   |

| Sr. No.  | Type of business activities   | Restriction  |
|----------|---|--|
| 19       | Establishing maritime training schools.   | Requires approval from the Union Government; must be carried out in a joint venture. Invested capital must be not less than US \$ 1 million. |
| 20       | Agency services for foreign shipping companies.   | Allowed in a joint venture with the Union.   |
| 21       | Shipyard services.  | Allowed in a joint venture with the Union.   |
| 22       | Inland water transport services in areas owned by the Inland Water Department.                                | Allowed in a joint venture with the Union.   |
| 23       | Transport related construction and other businesses that are transport-related.                               | Allowed in a joint venture with the Union.   |
|          |   |  |
| <b>8</b> | <b><u>Ministry of Communication and Information Technology</u></b>  |  |
| 1        | Domestic and international postal services.   | Requires the opinion [a recommendation] from this Ministry.  |
| 2        | Network support services and network services.  | dto.   |
|          |   |  |
| <b>9</b> | <b><u>Ministry of Energy</u></b>  |  |
| 1        | Importing and distribution of petroleum and petroleum products as raw materials.                              | Requires the opinion [a recommendation] from this Ministry.  |
| 2        | Prospecting for, and exploration of, oil and gas to find out whether commercial-scale production is possible. | dto.   |
| 3        | Laboratory analysis for oil and gas and other services that are oil and gas related.                          | dto.   |
| 4        | Construction and operation of petrochemical plants.   | dto.   |
| 5        | Transportation, storage, distribution, sales and marketing of oil, gas and petroleum products.                | dto.   |
|          |   |  |

| Sr. No.   | Type of business activities  | Restriction   |
|-----------|--|---|
| <b>10</b> | <b><u>Ministry of Health</u></b>   |   |
| 1         | Private hospitals, specialist hospitals/clinics.                             | Requires the opinion [a recommendation] from this Ministry.   |
| 2         | Hospitals/clinics jointly operated by a private investor and a state entity. | dto.  |
| 3         | Joint investment by a foreigner and a state entity in hospitals/clinics.     | Requires the opinion [a recommendation] from this Ministry. Must be in a joint venture with the Union Government.   |
| 4         | Private diagnostic centres.  | Obligation to observe the restrictions imposed by the Ministry.   |
| 5         | Private production of pharmaceuticals.                                       | Obligation to observe the restrictions imposed by the Ministry.   |
| 6         | Research and production of vaccines and testing materials.                   | Obligation to observe the restrictions imposed by the Ministry.   |
| 7         | Private medical/health universities and training schools.                    | Obligation to observe the restrictions imposed by the Ministry.   |
| 8         | Monitoring services concerning health effects.                               | Obligation to observe the restrictions imposed by the Ministry.   |
| 9         | Trading in raw materials for traditional medicine.                           | Obligation to observe the restrictions imposed by the Ministry.   |
| 10        | Traditional medicinal herb cultivation and production.                       | Obligation to observe the restrictions imposed by the Ministry.   |
| 11        | Research and laboratory analysis of traditional medicines.                   | Obligation to observe the restrictions imposed by the Ministry.   |
| 12        | Production of traditional medicine.  | Obligation to observe the restrictions imposed by the Ministry.   |
|           |  |   |
| <b>11</b> | <b><u>Ministry of Construction</u></b>                                       |   |
| 1         | Construction and renting out of office and commercial complexes.             | Must be under a BOT system in case of a 100 percent foreign investment. In case of a joint venture between a foreigner and a citizen, the citizen will either (i) contribute a long-term lease of land as its share to the joint venture or (ii) lease land to the foreign investor. The land must be returned on expiry of the term. In case of a national heritage building, the investors must observe the conservation management plan and must not affect the original design. |

| Sr. No. | Type of business activities   | Restriction  |
|---------|---|--|
|         | 2 Design and construction of a building and related advisory or other services.                                     | Obligation to comply with the specifications set forth in the ASEAN Mutual Recognition Arrangement-MRA and with the Myanmar National Building Code, Rules and Regulations.   |
|         | 3 Construction of factories and workshops, installation of machinery and equipment, test running.                   | Obligation to comply with the specifications set forth in the ASEAN Mutual Recognition Arrangement-MRA and with the Myanmar National Building Code, Rules and Regulations.   |
|         | 4 Mass production of construction materials for the public housing sector.  | Obligation to comply with the specifications set forth in the ASEAN Mutual Recognition Arrangement-MRA and with the Myanmar Building Code, Rules and Regulations.  |
|         | 5 Production of high technology prefabricated construction materials.   | Obligation to comply with the specification as per ASEAN Mutual Recognition Arrangement-MRA and with the Myanmar Building Code, Rules and Regulations.   |
|         | 6 Construction of high technology buildings resisting natural disasters and related high technology infrastructure. | Obligation to comply with the specification set forth in the ASEAN Mutual Recognition Arrangement-MRA and with the Myanmar Building Code, Rules and Regulations.   |
|         |   |  |
| 12      | <b><u>Ministry of Hotels and Tourism</u></b>  |  |
|         | 1 Tourist transportation  | Obligation to comply with the rules and regulations of the Ministry of Transport and Ministry of Rail Transportation.  |
|         | 2 Wellness spa business   | Allowed in big hotels with three stars and above. Exceptionally, allowed in high-standard, grandly constructed five stars hotels even if they are small.   |
|         | 3 Casinos catering to foreigners  | Requires approval of the Union Government. If permitted by the rules and regulations of the Ministry of Home Affairs, casinos are allowed in restricted areas in hotels. Myanmar citizens are not allowed to play. |
|         |   |  |
|         |   |  |
|         |   |  |

| Sr. No. | Type of business activities  | Restriction  |
|---------|--|--|
| 13      | <b><u>Ministry of Information</u></b>  |  |
| 1       | Newspapers published in a foreign language (as a regular edition).   | Requires the opinion [a recommendation] from this Ministry.  |
| 2       | Publishing of books and periodicals on social science.   | dto.   |
| 3       | Publishing of books and periodicals on natural science.  | dto.   |
| 4       | Publishing of books and periodicals on applied science.  | dto.   |
| 5       | Publishing of books and periodicals on arts.   | dto.   |
| 6       | Publication of topic-specific books and periodicals in Myanmar language or a native language or in a foreign language. | dto.   |
| 7       | FM radio broadcasting.   | Requires approval from the Union Government and the opinion [a recommendation] from this Ministry. |
| 8       | Direct-to-home (DTH) broadcasting.   | Requires the opinion [a recommendation] from this Ministry.  |
| 9       | DVT 2 broadcasting.  | dto.   |
| 10      | Cable/IPTV broadcasting.   | dto.   |
| 11      | Film (movie) production.   | dto.   |
| 12      | Film (movie) processing, editing, recording.   | dto.   |
| 13      | Film (movie) screening.  | dto.   |
| 14      | Setting up film (movie) academies (film colleges).   | dto.   |
| 15      | Leasing of filming equipment.  | dto.   |
| 16      | Setting up film studios.   | dto.   |
| 17      | Copying of VCD, DVD, Blue Ray Discs.   | dto.   |
| 18      | Production, distribution, screening (showing) of films (movies) and TV programmes.                                     | dto.   |

## **2. Allowed business activities which require other approvals**

| <b>Sr. No.</b> | <b>Type of business activities</b>                              | <b>Restriction</b>  |
|----------------|---|---|
| <b>( 1 )</b>   | <b>( 2 )</b>  | <b>( 3 )</b>  |
| 1              | Animal husbandry (buffalos, cattle).                            | Obligation to observe good animal husbandry practice (GAHP) and good manufacturing practice (GMP).  |
| 2              | Animal husbandry (sheep, goats, chicken, pigs and others ).     | Obligation to observe good animal husbandry practice (GAHP) and good manufacturing practice (GMP).  |
| 3              | Production and marketing of animal feed and supplementary food. | Obligation to observe good manufacturing practice.  |
| 4              | Manufacturing of animal medicines for prevention and curing.    | Obligation to observe the ASEAN guideline on GMP for animal vaccine/drugs.  |
| 5              | Dairy farming.  | Obligation to observe good animal husbandry practice (GAHP) and good manufacturing practice (GMP).  |
| 6              | Production of milk and dairy products.                          | Obligation to comply with the ASEAN criteria for the accreditation of milk processing establishments.   |
| 7              | Operation of butchereries.                                      | Obligation to implement HACCP (hazard analysis critical control points) management systems and observe GMP.   |
| 8              | Production of animal products and meat processing.              | Obligation to comply with the ASEAN criteria for accreditation of livestock product establishments: manufacturing of meat products in hermetically-sealed containers. |
| 9              | Production of goods and materials used in animal husbandry.     | Obligation to comply with good manufacturing practice (GMP).  |
| 10             | Poultry farming.  | Obligation to comply with the ASEAN bio-security management manual for commercial poultry farming (GAHP, GMP).  |
| 11             | Breeding of mythuns (South-East Asian oxen).                    | Obligation to comply with GAHP (good animal husbandry practice).  |
| 12             | Breeding of freshwater and seawater prawns.                     | Obligation to focus on environmentally friendly, scientific breeding.   |

| Sr. No. |    | Type of business activities   | Restriction  |
|---------|----|---|--|
|         | 13 | Coal mining   | Must be carried out in a joint venture with the Union Government.  |
|         | 14 | Production of household pharmaceuticals except traditional medicines.   | Obligation to comply with the lowest WHO GMP.  |
|         | 15 | Production and distribution of all kinds of medicines except vaccines, narcotic drugs and amphetamines.   | Obligation to comply with the lowest WHO GMP.  |
|         | 16 | Other building construction, restoration, renovation which are allowed according to applicable rules and regulations.   | Obligation to observe the ASEAN MRA specifications, Myanmar National Building Code, Rules and Regulations.   |
|         | 17 | Hotel business.   | 100% foreign investment only allowed for hotels with 3 stars and above. Allowed with regard to other hotels in a joint venture.  |
|         | 18 | Local distribution and export of crops products from [locally] grown crops that were cultivated using imported items [translator's note: "imported items" - probably seeds and fertilizer]. | Only allowed with regard to value-added products. Citizens must own at least 40% of a joint venture enterprise.  |
|         | 19 | Retail trading.   | Small-scale retail trading is not allowed. Supermarkets, department stores, shopping centres are allowed, but they must not be in close vicinity of shops owned by citizens. Priority must be given to local products. Citizens must own at least 40% of a joint venture enterprise. |
|         | 20 | Retail trading (excluding vehicles and motorcycles).  | Allowed after 2015. Minimum investment amount US \$ 3 million. No tax holiday.   |
|         | 21 | Setting up branch shops.  | Allowed only as a franchise (foreign franchisor, local franchisee).  |
|         | 22 | Warehousing.  | Small, medium sized warehouses are not allowed. Citizens must own at least 40% of a joint-venture enterprise.  |
|         | 23 | Wholesale trading.  | Requires the opinion [a recommendation] from the Ministry of Commerce.   |
|         | 24 | Agency business.  | Agency offices are permitted, but (only) Myanmar nationals must be employed to perform agency services.  |



| Sr. No. | Type of business activities   | Restriction   |
|---------|---|---|
| 25      | Retail business in other shops that are not specified.                      | Department stores and hypermarkets must have an area 50,000 sqft [approx. 4,645 sqm] and supermarkets must have an area 12,000 sqft [approx. 1,115 sqm] to 20,000 sqfts [approx. 1,858 sqm].  |
| 26      | Retailing food, beverages, tobacco in other shops that are not specified.   | Only allowed in stores with an area of 2,000 to 4,000 sqft [approx. 186-372 sqm].   |
| 27      | Publication of topic-specific journals and magazines in a foreign language. | Myanmar ownership must be at least 51% in a joint venture. At least two thirds of the company directors and main employees must be Myanmar nationals. In case of 100% foreign ownership, the foreign investor must be the owner of the respective foreign media business. |

### **3. List of businesses that require an Environmental Impact Assessment (EIA)**

| Sr. No. | Type of business activities   | Restriction  |
|---------|---|--|
| ( 1 )   | ( 2 )   | ( 3 )  |
| 1       | <b><u>Ministry of Environment and Forest</u></b>                    |  |
| 1       | Exploration and production of minerals.                             | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA. |
| 2       | Exploration and production of oil and gas.                          | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA. |
| 3       | Construction of large-scale dams and embankments.                   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA. |
| 4       | Hydropowerplants and other large electricity generation facilities. | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA. |

| Sr. No. | Type of business activities  | Restriction   |
|---------|--|---|
| 5       | Laying of oil and gas pipelines and erection of electricity transmission towers.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA.  |
| 6       | Cultivation and production on a large area of cultivable land.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA.  |
| 7       | Constructon of large river-crossing bridges, overpass bridges, highways, metros, ports, dockyards, airports; laying and excavation of water canals of long length. Production of large motor vehicles, shipbuilding. | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA.  |
| 8       | Production of chemicals and pesticides.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA.  |
| 9       | Production of batteries.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 10      | Large-scale production of paper and pulp.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA.  |
| 11      | Large-scale production of textiles and dying.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 12      | Production of iron, steel and metal wares.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 13      | Production of cement.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |

| Sr. No. | Type of business activities   | Restriction   |
|---------|---|---|
| 14      | Production of liquor, beer, spirits.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 15      | Production of petrochemicals such as petroleum, engine oils, fertilizers, wax and varnishes, etc.                                 | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 16      | Large-scale production of foodstuff, including the milling of sugar.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and subsequently, an EIA.  |
| 17      | Production of leather and rubber materials.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 18      | Large-scale breeding of heavy freshwater and saltwater fish and prawns, animal husbandry.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 19      | Large-scale wood-based industry.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 20      | Construction of large-scale housing complexes.  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 21      | Construction of large-scale hotels and resorts.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, additionally, an EIA. |
| 22      | Businesses located on historical or cultural, archeological or prominent geographical sites carrying significant symbolic weight. | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                         |
| 23      | Businesses located in areas with a low water-level.   | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                         |

| Sr. No. | Type of business activities  | Restriction  |
|---------|--|--|
| 24      | Businesses located on fragile ecological sites.  | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                        |
| 25      | Businesses located in national parks, natural wildlife areas and other protected areas.                      | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                        |
| 26      | Businesses located in areas where there are endangered flora and fauna.                                      | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                        |
| 27      | Businesses located in places prone to natural disasters.   | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                        |
| 28      | Businesses located in the vicinity of main resources of drinking water such as rivers, lakes and reservoirs. | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                        |
| 29      | Businesses located in the vicinity of resorts or of pearl cultivation areas.                                 | Only allowed in sufficient distance from the significant place. Preliminary feasibility study concerning the environmental impact must be made. EIA and SIA must be made.                        |
| 30      | Cultivation and production on a large area of cultivable land.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA. |
| 31      | Large-scale forest plantation .  | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA. |
| 32      | Large-scale wood-based industry.   | Depending on the type of business, allowed if (i) there is no impact on the environment and society or (ii) if the impact can be minimized. Feasibility study required and, in addition, an EIA. |
| 33      | Electric power generation.   | After the EIA, the opinion (a recommendation) from the Ministry of Environmental Conservation and Forestry is required.  |

| Sr. No. | Type of business activities                         | Restriction   |
|---------|---|---|
| 34      | Construction of transmission lines for electricity. | After the EIA, the opinion (a recommendation) from the Ministry of Environmental Conservation and Forestry is required. |

By Order,

**Soe Thein**

**Chairman**

**Myanmar Investment Commission**

---

Contact:

**POLASTRI WINT & PARTNERS LEGAL & TAX ADVISORS**

*No. 52, Yaw Min Gyi Street, Royal Yaw Min Gyi Condo,*

*Unit No. 104, Dagon Township, Yangon*

*Myanmar*

*E-Mail: info@paasia.net*

*Phone: +95 (0)9 420003004*

# Appendix D

---

## Appendix D

(Tax relief and exemptions available under Article 27 of the FII)

1. 5 year income tax exemption for businesses engaged in the production of goods or services. Note it appears this may be extended, where there is a benefit to Myanmar. Presumably, such extension may be sought by application to the MIC. (Article 27(a)).
2. Relief from tax on the profits of the business, if the profits are reinvested within 1 year (Article 27(b)).
3. Accelerated depreciation in respect of machinery, equipment, building or other capital assets, at a stipulated rate (Article 27(c)).
4. Relief from tax on up to 50% of the profits accrued from the export of goods produced in Myanmar (Article 27(d)).
5. A right to pay foreign employees' income tax, at the rates applicable to Myanmar citizens. Presumably, assessable income may be reduced accordingly. (Article 27(e)).
6. A right to deduct from assessable income expenses incurred in respect to necessary research and development carried out within Myanmar (Article 27(f)).
7. Within 2 consecutive years of the 5 year income tax exemption granted in Article 27(a), a right to carry forward and set off losses for up to 3 consecutive years (Article 27(g)).
8. Exemption or relief from customs duty or other internal taxes on machinery and materials which are imported for use during the initial period of construction of the business (Article 27(h)).
9. Where the volume of investment is increased with the approval of the MIC, exemption or relief from customs duty or other internal taxes on machinery and materials which are imported for use in the expanded business (Article 27(j)).
10. Exemption or relief from commercial tax on the goods produced for export (Article 27(k)).

# Appendix E



# THE BURMA COMPANIES ACT

[ INDIA ACT VII, 1913] (1<sup>st</sup> April, 1914)

## PART I.

### PRELIMINARY

1. \* \* \* \*

2. (1) In this Act, unless there is anything repugnant in the subject or context, -

#### Definitions

(1) “articles” means the articles of association of a company as originally framed or as altered by special resolution, including, so far as they apply to the company, the regulations contained (as the case may be) in Table B+ in the Schedule annexed to Act No. XIX of 1857 or in Table A+ in the First Schedule annexed to the Indian Companies Act, 1882, or in Table A in the First Schedule annexed to this Act;

(2) “company” means a company formed and registered under this Act or an existing company;

§ (2A) “Burmese company” means –

(a) in the case of a company having a share capital, a company whose entire share capital is, at all times, owned and controlled by the citizens of the Union of Burma, or

(b) in the case of a company limited by guarantee but not having a share capital, a company which is, at all times, owned and controlled by the citizens of the Union of Burma;

§ (2B) “Foreign company” mean –

(a) any company other than a Burmese company or a special company formed under the Special Company Act, 1950,

(၁၉၅၀ ပြည့်နှစ်၊ အထူးကုမ္ပဏီ အက်ဥပဒေ) ; or

(b) a company incorporated outside the Union of Burma and having an established place of business in the Union of Burma;

---

+ The Indian Companies Act, 1913; was extensively amended by the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936). The latter Act came into force on the 15<sup>th</sup> January 1937.

The provisions of this Act do not apply to co-operative societies, see section 72 of the Co-operative Societies Act (Act XV, 1956)

++ These Tables were printed as Appendices I and II to the Indian Companies Act, 1913 (India Act VII, 1913), which appendices were omitted from this Act by the Burma Laws (Adaptation) Act, 1940 (Burma Act XXVII, 1940).

§ Inserted by Act XXIII, 1955.

+ (2C) “Company carrying on international trade” means a company which has a subsidiary company or branch in a foreign country for the purpose of trading.

(3) “the Court” means the Court having jurisdiction under this Act;

(4) “debenture” includes debenture stock;

(5) “director” includes any person occupying the position of a director by whatever name called;

(6) \* \* \* \*

- (7) “existing company” means a company formed and registered under the Indian Companies Act, 1866, + or under any Act or Act repealed thereby, or under the Indian Companies Act, 1882+;
- (8) “insurance company” means a company that carries on the business of insurance either solely or in common with any other business or businesses;
- (9) “manager” means a person who subject to the control and direction of the directors has the management of the whole affairs of a company, and includes a director or any other person occupying the position of a manager by whatever name called and whether under a contract of service or not;
- (9A) “managing agent” means a person, firm or company entitled to the management of the whole affairs of a company, by virtue of an agreement with the company and under the control and direction except to the extent, if any, otherwise provided for in the agreement and includes any person, firm or company occupying such position by whatever name called;

*Explanation.* – If a person occupying the position of a managing agent calls himself a manager he shall nevertheless be regarded as managing agent and not as manager for the purposes of this Act;

- (10) “memorandum” means the memorandum of association of a company as originally framed or as altered in pursuance of the provisions of this Act;
- (11) “officer” includes any director, managing agent, manager or secretary but, save in sections 235, 236, and 237, does not include an auditor;
- (12) “prescribed” means, as respects the provisions of this Act relating to the winding up of companies, prescribed by rules made by the High Court, and, as respects the other provisions of this Act, prescribed by the President of the Union.

---

+ Inserted by Act XXIII, 1955

++ The Indian Companies Act, 1866, was repealed by the Indian Companies Act, 1882, which in turn was repealed by the Indian Companies Act, 1913

- (13) “private company” means a company which by its articles –
- (a) restricts the right to transfer the shares, if any; and
  - (b) limits the number of its members to fifty not including persons who are in the employment of the company; and
  - (c) prohibits any invitation to the public to subscribe for the shares, if any, or debentures of the company;
- (13A) “public company” means a company incorporated under this Act or under the Indian Companies Act, 1882\*. or under the Indian Companies Act, 1866\*, or under any Act repealed there by, which is not a private company;
- (14) “prospectus” means any prospectus, notice, circular, advertisement or other invitation, offering to the public for subscription or purchase any shares or debentures of a company but shall not include any trade advertisement which shows on the face of it that a formal prospectus has been prepared and filed;
- (15) “the Registrar” means a Registrar or assistant Registrar performing under this Act the duty of registration of companies;
- (16) “share” means share in the share capital of the company, and includes stock except when a distinction between stock and shares is expressed or implied;
- (17) “Scheduled Bank” means a bank which has been notified under section 38 of the Union Bank of Burma Act, 1952, as a scheduled bank;
- (18) “this Act” means, as respects any period before the coming into operation of the Constitution, The Burma Companies Act as then in force in the Union of Burma.

- (2) Where the assets of a company consist in whole or in part of shares in another company, whether held directly or through a nominee and whether that other company is a company within the meaning of this Act or not, and
- (a) the amount of the shares so held is at the time when the accounts of the holding company are made up more than fifty per cent of the issued share capital of that other company or such as to entitle the company to more than fifty per cent of the voting power in that other company, or
- (b) the company has power (not being power vested in it by virtue only of the provisions of a debenture trust deed or by virtue of shares issued to it for the purpose in pursuance of those provision) directly or indirectly to appoint the majority of the directions of that other company,

---

\*The Indian Companies Act, 1866, was repealed by the Indian Companies Act 1882, which in turn was repealed by the Indian Companies Act, 1913.

+ Substituted by Act IX, 1952.

++ Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

that other company shall be deemed to be a subsidiary company within the meaning of this Act, and the expression “subsidiary company” in this Act means a company in the case of which the condition of this sub-section are satisfied and includes a subsidiary company of such company;

Provided that where a company the ordinary business of which includes the lending of money holds shares in another company as security only, no account shall, for the purpose of determining under this section whether that other company is a subsidiary company, be taken of the shares so held.

3. (1) The Court having jurisdiction under this Act shall be the High Court;

Provided that the President of the Union may, by notification in the Gazette and subject to such restrictions and conditions as he thinks fit, empower any District Court to exercise all or any of the jurisdiction by this Act conferred upon the Court, and in that case such District Court shall, as regards the jurisdiction so conferred, be the Court in respect of all companies having their registered offices in the district.

- (2) For the purposes of jurisdiction to wind up companies, the expression “registered office” means the place which has longest been the registered office of the company during the six months immediately preceding the presentation of the petition for winding up.
- (3) Nothing in this section shall invalidate a proceeding by reason of its being taken in a wrong Court.

## PART II.

### CONSTITUTION AND INCORPORATION

4. (1) No company, association or partnership consisting of more than ten persons shall be formed for the purpose of carrying on the business of banking unless it is registered as a company under this Act [ \* \* \* \* \* ]+

---

+ Omitted by the Union of Burma (Adaptation of Laws) Order, 1948.

- (2) No company, association or partnership consisting of more than twenty persons shall be formed for the purpose of carrying on any other business that has for its object the acquisition of gain by the company, association or partnership, or by the individual members thereof, unless it is registered as a company under this Act [ \* \* \* \* ] +.
- (3) This section shall not apply to a joint family carrying on joint family trade or business, and where two or more such joint families form a partnership, in computing the number of persons for the purposes of this section, minor members of such families shall be excluded.
- (4) Every member of a company, association or partnership carrying on business in contravention of this section shall be personally liable for all liabilities incurred in such business.
- (5) Any person who is a member of a company, association or partnership formed in contravention of this section shall be punishable with fine not exceeding one thousand rupees.

### *Memorandum of Association*

5. Any seven or more persons (or, where the company to be formed will be a private company, any two or more persons) associated for any lawful purpose may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of this Act in respect of registration form an incorporated company, with or without limited liability (that is to say), either
  - (i) a company having the liability of its members limited by the memorandum to the amount, if any, unpaid on the shares respectively held by them (in this Act termed a company limited by shares); or
  - (ii) a company having the liability of its members limited by the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its being wound up (in this Act termed a company limited by guarantee); or
  - (iii) a company not having any limit on the liability of its members (in this Act termed and unlimited company);
6. In the case of a company limited by shares –
  - (1) the memorandum shall state –
    - (i) the name of the company, with “Limited” as the last word in its name;
    - (ii) that the registered office of the company will be situated in the Union of Burma;
    - (iii) the objects of the company;

---

+ Omitted by the Union of Burma (Adaptation of Laws) Order, 1948.

- (iv) That the liability of the members is limited;
    - (v) The amount of share capital with which the company proposes to be registered, and the division thereof into shares of a fixed amount;
  - (2) no subscriber of the memorandum shall take less than one share;
  - (3) each subscriber shall write opposite to his name the number of shares he takes.
7. In the case of company limited by guarantee –
    - (1) the memorandum shall state –
      - (i) the name of the company, with “Limited” as the last word in its name;
      - (ii) that the registered office of the company will be situated in the Union of Burma;
      - (iii) the objects of the company;
      - (iv) that the liability of the members is limited;
      - (vi) that each member undertakes to contribute to the assets of the company in the event of its being wound up while he is a member, or within one year afterwards, for payment of the debts and

liabilities of the company contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for adjustment of the rights of the contributories among themselves, such amounts as may be required not exceeding a specified amount;

(2) if the company has a share capital –

- (i) the memorandum shall also state the amount of share capital with the company proposes to be registered and the division thereof into shares of a fixed amount;
- (ii) no subscriber of the memorandum shall take less than one share;
- (iii) each subscriber shall write opposite to his name the number of shares he takes.

**8.** In the case of an unlimited company –

(1) the memorandum shall state –

- (i) the name of the company;
- (ii) that the registered office of the company will be situated in the Union of Burma;
- (iii) the objects of the company;

(2) if the company has a share capital –

- (i) no subscriber of the memorandum shall take less than one share;
- (ii) each subscriber shall write opposite to his name the number of shares he takes.

**9.** The memorandum shall –

- (a) be printed both in Burmese and English;
- (b) be divided into paragraphs numbered consecutively, and
- (c) be signed by each subscriber (who shall add his address, nationality and description) in the presence of at least one witness who shall attest the signature.

**10.** A company shall not alter the conditions contained in its memorandum except in the cases and in the mode and to the extent for which express provision is made in this Act;

Provided that any provision in the memorandum relating to the appointment of a manager or managing agent, and other matters of a like nature incidental or subsidiary to the main objects of the company, shall not be deemed to be such condition.

**11.** (1) A company shall not be registered by a name identical with that by which a company in existence is already registered, or so nearly resembling that name as to be calculated to deceive, except where the company in existence is in the course of being dissolved and signifies its consent in such manner as the Registrar requires.

(2) If a company, through inadvertence or otherwise, is, without such consent as aforesaid, registered by a name identical with that by which a company in existence is previously registered, or so nearly resembling it as to be calculated to deceive, the first-mentioned company may, with the sanction of the Registrar, change its name.

(3) Except with the previous consent in writing of the President of the Union no company shall be registered by a name which –

- (a) contains any of the following words, namely, “Crown”, “Emperor”, “Empire”, “Empress”, “Federal”, “Imperial”, “King,” “Queen”, “Royal”, “State”, “Reserve Bank”, [“Union”, “President”] ++, or any word which suggests or is calculated to suggest the patronage of His Britannic Majesty [ \* \* ] § or any connection with His Britannic Majesty’s Government [or the Government of Burma or of any Department thereof;]++  
or

---

+ Substituted by Act XXIII, 1955

++ Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

§ Omitted *ibid.*

- (b) contains the word “Municipal” or “Chartered,” or any word which suggests or is calculated to suggest connection with any municipality or other local authority or with any society or body incorporated by Royal Charter:

Provided that nothing in this sub-section shall apply to companies registered before the commencement of this Act.

(4) Any company may, by special resolution and subject to the approval of the President of the Union signified in writing, change its name.

(5) Where a company changes its name, the Registrar shall enter the new name on the register in place of the former name, and shall issue a certificate of incorporation altered to meet the circumstances of the case. On the issue of such a certificate, the change of name shall be complete.

(6) The change of name shall not affect any rights or obligations of the company, or render defective any legal proceedings by or against the company; and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

12 (1) Subject to the provisions of this Act, a company may, by special resolution, alter the provisions of its memorandum with respect to the objects of the company, so far as may be required to enable it –

- (a) to carry on its business more economically or more efficiently; or
- (b) to attain its main purpose by new or improved means; or
- (c) to enlarge or change the local area of its operations; or
- (d) to carry on some business which under existing circumstances may conveniently or advantageously be combined with the business of the company; or
- (e) to restrict or abandon any of the objects specified in the memorandum; or
- (f) to sell or dispose of the whole or any part of the undertaking of the company; or
- (g) to amalgamate with any other company or body of persons.

(2) The alteration shall not take effect until and except in so far as it is confirmed by the Court on petition.

(3) Before confirming the alteration, the Court must be satisfied

- (a) that sufficient notice has been given to every holder of debentures of the company, and to any persons or class of persons whose interests will, in the opinion of the Court, be affected by the alteration; and
- (b) that, with respect to every creditor who in the opinion of the Court is entitled to object, and who signifies his objection in manner directed by the Court, either his consent to the alteration has been obtained or his debt or claim has been discharged or has been determined, or has been secured to the satisfaction of the Court;

Provided that the Court may, in the case of any person or class, for special reason, dispense with the notice required by this section.

13. The Court may make an order confirming the alteration either wholly or in part, and on such terms and conditions as it thinks fit, and may make such order as to costs as it thinks proper.

14. The Court shall, in exercising its discretion under sections 12 and 13, have regard to the rights and interests of the members of the company or of any class of them, as well as to the rights and interests of the creditors, and may, if it thinks fit, adjourn the proceedings in order that an arrangement may be made to the satisfaction of the Court for the purchase of the interests of dissentient members;

and may give such directions and make such orders as it may think expedient for facilitation or carrying into effect any such arrangement:

Provided that no part of the capital of the company may be expended in any such purchase.

**15.** (1) A certified copy of the order confirming the alteration together with a printed copy of the memorandum as altered, shall, within three months from the date, of the order, be filed by the company with the Registrar, and he shall register the same, and shall certify the registration under his hand, and the certificate shall be conclusive evidence that all the requirements of this Act with respect to the alteration and the confirmation thereof have been complied with, and thenceforth the memorandum so altered shall be the memorandum of the company.

(2) \* \* \* \*

(3) The Court may by order at any time extend the time for the filing of documents with the Registrar under this section for such period as the Court thinks proper.

**16.** No such alteration shall have any operation until registration thereof has been duly effected in accordance with the provisions of section 15, and if such registration is not effected within three months next after the date of the order of the Court confirming the alteration, or within such further time as may be allowed by the Court in accordance with the provisions of section 15, such alteration and order and all proceeding connected therewith shall, at the expiration of such period of three months or such further time, as the case may be, become absolutely null and void;

Provided that the Court may, on sufficient cause shown, revive the order on application made within a further period of one month.

#### *Articles of Association.*

**17.** (1) There may, in the case of a company limited by shares, and there shall, in the case of a company limited by guarantee or unlimited, be registered with the memorandum articles of association signed by the subscribers to the memorandum and prescribing regulations for the company.

(2) Articles of association may adopt all or any of the regulations contained in Table A in the First Schedule, and shall in any event be deemed to contain regulations identical with or to the same effect as regulation 56, regulation 66, regulation 71, regulation 78, 79, 80, 81 and 82, regulation 95, regulation 97, regulation 105, regulation 107 and regulation 112, 113, 114, 115 and 116 contained in that Table:

Provided that regulation 78 shall not be deemed to be included in the articles of any private company except a private company which is the subsidiary company of a public company:

Provided further that regulation 107 shall be deemed to require that a statement of the reasons why, of the whole amount of any item of expenditure which may in fairness be distributed over several years, only a portion thereof is charged against the income of the year shall be shown in the profit and loss account, unless the company in general meeting shall determine otherwise.

(3) In the case of and unlimited company or a company limited by guarantee, the articles, if the company has a share capital, shall state the amount of share capital with which the company proposes to be registered.

(4) In the case of an unlimited company or a company limited by guarantee, if the company has not a share capital, the articles shall state the number of members with which the company proposes to be registered, for the purpose of enabling the Registrar to determine the fees payable on registration.

**18.** In the case of a company limited by shares and registered after the commencement of this Act, if articles are not registered, or, if articles are registered, in so far as the articles do not exclude or modify the regulations in Table A in the First Schedule, those regulations shall so far as applicable be the

regulations of the company in the same manner and to the same extent as if they were contained in duly registered articles.

**19.** Articles shall –

- (a) be printed both in Burmese and English;
- (b) be divided into paragraphs numbered consecutively ; and
- (c) be signed by each subscriber of the memorandum of association (who shall add his address, nationality and description) in the presence of at least one witness who shall attest the signature.

**20. (1)** Subject to the provisions of this Act and to the conditions contained in its memorandum, a company may by special resolution alter or add to its articles; and any alteration or addition so made shall be as valid as if originally contained in the articles, and be subject in like manner to alteration by special resolution.

(2) The power of altering articles under his section shall, in the case of any company formed and registered under Act No. XIX of 1857+ and Act No. VII of 1860+ or either of them, extend to altering any provisions in Table B annexed to Act XIX of 1857+, and shall also, in the case of an unlimited company formed and registered under the said Acts or either of them, extend to altering any regulations relating to the amount of capital or its distribution into shares, notwithstanding that those regulations are contained in the memorandum.

**20A.** Notwithstanding anything in the memorandum or articles of a company, no member of the company shall be bound by an alteration made in the memorandum or articles after the date on which he became a member if and so far as the alteration requires him to take or subscribe for more shares than the number held by him at the date on which the alteration is made, or in any way increases his liability as at the date to contribute to the share capital of, or otherwise to pay money to, the company:

Provided that this section shall not apply in any case where the member agrees in writing either before or after the alteration is made to be bound thereby.

### *General Provisions*

**21. (1)** The memorandum and articles shall, when registered, bind the company and the members thereof to the same extent as if they respectively had been signed by each member and contained a covenant on the part of each member, his heirs, and legal representatives, to observe all the provisions of the memorandum and of the articles, subject to the provisions of this Act.

- (2) All money payable by any member to the company under the memorandum or articles shall be a debt due from him to the company.

---

\*Substituted Act XXIII, 1955/

+ India Acts XIX of 1857 and VII of 1860 were repealed by India Act X of 1866.

**22.** The memorandum and the articles (if any) shall be filed with the Registrar and he shall retain and register them.

**23. (1)** On the registration of the memorandum of a company, the Registrar shall certify under his hand that the company is incorporated, and in the case of a limited company that the company is limited.

(2) From the date of incorporation mentioned in the certificate of incorporation, the subscribers of the memorandum, together with such other persons as may from time to time become members of the



company, shall be a body corporate by the name contained in the memorandum, capable forthwith of exercising all the functions of an incorporated company, and having perpetual succession and a common seal, but with such liability on the part of the members to contribute to the assets of the company in the event of its being wound up as is mentioned in this Act.

**24.** (1) A certificate of incorporation given by the Registrar in respect of any association shall be conclusive evidence that all the requirements of this Act in respect of registration and of matters precedent and incidental thereto have been complied with, and that the association is a company authorized to be registered and duly registered under this Act.

(2) A declaration by an advocate entitled to appear before the High Court who is engaged in the formation of a company, or by a person named in the articles as a director, manager or secretary of the company, of compliance with all or any of the said requirements shall be filed with the Registrar, and the Registrar may accept such a declaration as sufficient evidence of compliance.

**25.** (1) Every company shall send to every member, at his request and within fourteen days thereof, on payment of one rupee or such less sum as the company may prescribe, a copy of the memorandum and of the articles (if any).

(2) If a company makes default in complying with the requirements of this section, it shall be liable for each offence to a fine not exceeding ten rupees.

**25A.** (1) Where an alteration is made in the memorandum or articles of a company, every copy of the memorandum or articles issued the date of the alteration shall be in accordance with the alteration.

(2) If, where any such alteration has been made, the company at any time after the date of the alteration issues any copies of the memorandum or articles which are not in accordance with the alteration, it shall be liable to a fine not exceeding ten rupees for each copy so issued, and every officer of the company who is knowingly and willfully in default shall be liable to the like penalty.

#### *Associations not for profit.*

**26.** (1) Where it is proved to the satisfaction of the President of the Union that an association capable of being formed as a limited company has been or is about to be formed for promoting commerce, art, science, religion, charity, or any other useful object, and applies or intends to apply its profits (if any) or other income in promoting its objects, and to prohibit the payment of any dividend to its members, the President of the Union may, by licence, direct that the association be registered as a company with limited liability, without the addition of the word “ Limited” to its name, and the association may be registered accordingly.

(2) A licence by the President of the Union under this section may be granted on such conditions and subject to such regulations as the President of the Union thinks fit, and those conditions and regulations shall be binding on the association, and shall, if the President of the Union so directs, be inserted in the memorandum and articles, or in one of those documents.

(3) The association shall on registration enjoy all the privileges of limited companies, and be subject to all their obligations, except those of using the word “ Limited” as any part of its name, and of publishing its name, and of sending lists of members to the Registrar.

(4) A licence under this section may at any time be revoked by the President of the Union, and upon Revocation the Registrar shall enter the word “Limited” at the end of the name of the association upon the register, and the association shall cease to enjoy the exemptions and privileges granted by this section:

Provided that, before a licence is so revoked, the President of the Union shall give to the association notice in writing of his intention, and shall afford the association an opportunity of submitting a representation in opposition to the revocation.

*Companies limited by Guarantee.*

27. (1) In the case of a company limited by guarantee and not having a share capital, and registered after the commencement of this Act, every provision in the memorandum or articles or in any resolution of the company purporting to give any person a right to participate in the divisible profits of the company otherwise than as a member shall be void.

(2) For the purpose of the provision of this Act relating to the memorandum of a company limited by guarantee and of this section, every provision in the memorandum or articles, or in any resolution, of any company limited by guarantee and registered after the commencement of this Act, purporting to divide the undertaking of the company into shares or interests, shall be treated as a provision for a share capital, notwithstanding that the nominal amount or number of the shares or interests is not specified thereby.

*Foreign Companies and Companies Carrying on International Trade\**

\*27A.(1) Every foreign company or company carrying on international trade shall, before its memorandum and articles, if any, are filed with the Registrar, obtain a permit from the President of the Union.

(2) An application for issue of a permit shall be in the form prescribed, and the President of the Union may grant the permit on such conditions and subject to such regulations, if any, as may be prescribed; and the permit shall be in Form I in the Third Schedule containing the particulars set out therein.

(3) No foreign company shall carry on or continue to carry on its business in the Union of Burma unless it has obtained a permit under sub-section (1) within such time as may be prescribed.

(4) (i) No company carrying on international trade shall establish a subsidiary company or branch in a foreign country unless it has obtained a permit under sub-section (1).

(ii) A company carrying on international trade having a subsidiary company or a branch in a foreign country at the date of commencement of the Burma Companies (Amendment) Act, 1955, shall obtain a permit from the President of the Union within such time as may be prescribed.

(5) If a foreign company or company carrying on international trade makes default in complying with the requirements of this section, the company, and every officer or agent of the company shall, on conviction, be liable to a fine not exceeding five hundred kyats or, in the case of a continuing offence, fifty kyats for every day during which the default continues.

---

\*Inserted by Act XXIII, 1955.

**PART III.**

**SHARE CAPITAL, REGISTRATION OF UNLIMITED COMPANY AS LIMITED, AND UNLIMITED LIABILITY OF DIRECTORS.**

**Distribution of Share Capital**

28.(1) The shares or other interest of any member in a company shall be moveable property, transferable in manner provided by the articles of the company.

(2) Each share in a company having a share capital shall be distinguished by its appropriate number.

**29.** A certificate under the common seal of the company, specifying any shares or stock held by any member, shall be *prima facie* evidence of the title of the member to the shares or stock therein specified.

**30.** (1) The subscribers of the memorandum of a company shall be deemed to have agreed to become members of the company, and on its registration shall be entered as members in its register of members.

(2) Every other person who agrees to become a member of a company and whose name is entered in its register of members, shall be a member of the company.

**31.** (1) Every company shall keep in one or more books a register of its members, and enter therein the following particulars: -

(i) [the names, addresses and nationality]\* and the occupations, if any, of the members and, in the case of a company having a share capital, a statement of the shares held by each member, distinguishing each share by its number, and of the amount paid or agreed to be considered as paid on the shares of each member;

(ii) the date at which each person was entered in the register as a member;

(iii) the date at which any person ceased to be a member.

(2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues, and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty.

---

\*Substituted by Act XXIII, 1955.

**31A.** (1) Every company having more than fifty members shall, unless the register of members is in such a form as to constitute in itself an index, keep an index of the names of the members of the company, and shall within fourteen days after the date on which any alteration is made in the register of members make any necessary alteration in the index.

(2) The index, which may be in the form of a card index, shall in respect of each member contain a sufficient indication to enable the account of that member in the register to be readily found.

(3) If default is made in complying with this section, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine not exceeding fifty rupees.

**32.** (1) Every company having a share capital shall within eighteen months from its incorporation and thereafter once at least in every year make a list of all persons who, on the day of the first or only ordinary general meeting in the year, are members of the company, and of all persons who have ceased to be members since the date of the last return or (in the case of the first return) of the incorporation of the company.

(2) The list shall state [the names, addresses, nationality]\* and occupations of all the past and present members therein mentioned, and the number of shares held by each of the existing members at the date of the return, specifying shares transferred since the date of the last return or (in the case of the first return) of the incorporation of the company by persons who are still members and persons who have ceased to be members, respectively, and the dates of registration of the transfers, and shall contain a summary distinguishing between shares issued for cash and shares issued as fully or partly paid up otherwise than in cash, and specifying the following particulars; -

(a) the amount of the share capital of the company, and the number of the shares into which it is divided;

(b) the number of shares taken from the commencement of the company up to the date of the return;

(c) the amount called up on each share;

- (d) the total amount of calls received;
- (e) the total amount of calls unpaid;
- (f) the total amount of the sums (if any) paid by way of commission in respect of any shares or debentures, or allowed by way of discount in respect of any shares or debentures, since the date of the last return, or so much thereof as has not been written off at date of the return;
- (g) the total number of shares forfeited;
- (h) the total amount of shares or stock for which share-warrants are outstanding at the date of the return;
- (i) the total amount of share-warrants issued and surrendered respectively since the date of the last return;
- (k) the number of shares or amount of stock comprised in each share-warrant;
- (l) [the names, addresses and nationality]\* of the person who at the date of the return are the directors of the company and of the persons (if any) who at the said date, are the managers or managing agents of the company, and the changes in the personnel of the directors, managers and managing agents since the last return together with the dates on which they took place; and
- (m) the total amount of debts due from the company in respect of all mortgages and charges which are required to be registered with the Registrar under this Act.

(3) The above list and summary shall be contained in a separate part of the register of members, and shall be completed within twenty-one days after the day of the first or only ordinary general meeting in the year and the company shall forthwith file with the Registrar a copy signed by a director or by the manager or the secretary of the company, together with a certificate from such director, manager or secretary that the list and summary state the facts as they stood on the day aforesaid.

(4) A private company shall send with the annual return required by sub-section (1) a certificate signed by a director or other officer of the company that the company has not, since the date of the last return or, in the case of a first return, since that date of the incorporation of the company, issued any invitation to the public to subscribe for any shares or debentures of the company, and where the annual return discloses the fact that the number of members of the company exceeds fifty, also a certificate so signed that the excess consists wholly of persons who under sub-clause (b) of clause (13) of sub-section (1) of section 2 are not to be included in reckoning the number of fifty.

(5) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues, and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty.

**33.** No notice of any trust, expressed, implied or constructive, shall be entered on the register, or be receivable by the Registrar.

\*Substituted by Act XXIII, 1955.

**34.** (1) An application for the registration of the transfer of shares in a company may be made either by the transferor or the transferee, provided that where such application is made by the transferor no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee, and subject to the provisions of sub-section (4), the company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in its register of members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(2) For the purposes of sub-section (1) notice to the transferee shall be deemed to have been duly given if dispatched by prepaid post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course of post.

(3) It shall not be lawful for the company to register a transfer of shares in or debentures of the company unless the proper instrument of transfer duly stamped and executed by the transferor and the transferee has been delivered to the company along with the scrip;

Provided that, where it is proved to the satisfaction of the directors of the company that an instrument of transfer signed by the transferor and transferee has been lost, the company may, if the directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer, register the transfer on such terms as to indemnity as the directors may think fit.

(4) If a company refuses to register the transfer of any shares or debentures, the company shall, within two months from the date on which the instrument of transfer was lodged with the company, send to the transferee and the transferor notice of the refusal.

(5) If default is made in complying with sub-section (4) of this section, the company and every director, manager, secretary or other officer of the company who is knowingly a party to the default shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

(6) Nothing in sub-section (3) shall prejudice any power of the company to register as shareholder or debenture-holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.

(7) Nothing in this section shall prejudice any power of the company under its articles to refuse to register the transfer of any shares.

**34A.** (1) It shall be the duty of every Burmese company to give intimation to the Registrar of the transfer of its shares, within 21 days of such transfer, to any foreigner, stating the nationality of the transferee.

(2) It shall be the duty of every foreign company to give intimation to the Registrar of the transfer of its shares, within 21 days of such transfer when as a consequence of such transfer, the entire share capital of the said company is owned and controlled by citizens of the Union of Burma.

(3) If any company makes default in complying with the requirements of this section, the company, and every officer or agent of the company who is knowingly a party to the default shall, on conviction, be liable to a fine not exceeding fifty kyats for every day during which the default continues.

**35.** A transfer of the share or other interest of a deceased member of a company made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

**36.** (1) The register of members, commencing from the date of the registration of the company, and the index of members shall be kept at the registered office of the company, and, except when closed under the provisions of this Act, shall during business hours (subject to such reasonable restrictions, as the company in general meeting may impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member gratis, and to the inspection of any other person on payment of one rupee, or such less sum as the company may prescribe, for each inspection. Any such member or other person may make extracts there from.

(2) Any member or other person may require a copy of the register or of any part thereof, or of the list and summary required by this Act or any part thereof, on payment of six annas for every hundred words or fractional part thereof required to be copied, and the company shall cause any copy so required by any person to be sent to that person within a period of ten days, exclusive of non-working days and

days on which the transfer books of the company are closed, commencing on the day next after the day on which the requirement is received by the company.

(3) If any inspection required under this section is refused, or if any copy required under this section is not sent within the proper period, the company and every officer of the company who is in default shall be liable in respect of each offence to a fine not exceeding twenty rupees, and to a further fine not exceeding twenty rupees for every day during which the refusal or default continues, and the Court may by an order compel an immediate inspection of the register and index or direct that copies required shall be sent to the persons requiring them.

**37.** A company may, on giving seven day's previous notice by advertisement in some newspaper circulating in the district in which the registered office of the company is situate, close the register of members for any time or times not exceeding in the whole forty-five days in each year but not exceeding thirty days at a time.

**38.** (1) If –

- (a) the name of any person is fraudulently or without sufficient cause entered in or omitted from the register of members of a company, or
- (b) default is made or unnecessary delay takes place in entering on the register the fact of any person having ceased to be a member,

the person aggrieved, or any member of the company, or the company, may apply to the Court for rectification of the register.

(2) The Court may either refuse the application, or may order rectification of the register and payment by the company of any damages sustained by any party aggrieved, and may make such order as to costs as it in its discretion thinks fit.

(3) On any application under this section the Court may decide any question relating to the title of any person who is a party to the application to have his name entered in or omitted from the register, whether the question arises between members or alleged members, or between members or alleged members on the one hand and the company on the other hand; and generally may decide any question necessary or expedient to be decided for rectification of the register;

Provided that the Court may direct an issue to be tried in which any question of law may be raised; and an appeal from the decision on such an issue shall in the manner directed by the Code of Civil Procedure on the grounds mentioned in section 100 of that Code.

**39.** In the case of a company required by this Act to file a list of its members with the Registrar, the Court, when making an order for rectification of the register, shall, by its order, direct notice of the rectification to be filed with the Registrar within a fortnight from the date of the completion the order.

**40.** The register of members shall be *prima facie* evidence of any matters by this Act directed or authorized to be inserted therein.

**41.** (1) A company having a share capital may, if so authorized by its articles, cause to be kept in the United Kingdom a branch register of members (in this Act called a British register).

(2) The company shall, within one month from the date of the opening of any British register, file with the Registrar notice of the situation of the office where such register is kept and, in the event of any change in the situation of such office or of its discontinuance, shall, within one month from the date of such change or discontinuance as the case may be, file notice of such change or discontinuance.

(3) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

**42.** (1) A British register shall be deemed to be part of the company's register of members (in this section called the principal register).

(2) It shall be kept in the same manner in which the principal register is by this Act required to be kept, except that the advertisement before closing the register shall be inserted in some newspaper circulating in the locality wherein the British register is kept.

(3) The company shall transmit to its registered office in the Union of Burma a copy of every entry in its British register as soon as may be after the entry is made; and shall cause to be kept at such office, duly entered up from time to time, a duplicate of its British register, and the duplicate shall, for all the purposes of this Act, be deemed to be part of the principal register.

(4) Subject to the provisions of this section with respect to the duplicate register, the shares registered in a British register shall be distinguished from the shares registered in the principal register, and no transaction with respect to any shares registered in a British register shall, during the continuance of that registration, be registered in any other register.

(5) The company may discontinue to keep any British register, and thereupon all entries in that register shall be transferred to the principal register.

(6) Subject to the provisions of this Act, any company may, by its articles, make such regulations as it may think fit respecting the keeping of a British register.

**43.** (1) A company limited by shares, if so authorized by its articles, may, with respect to any fully paid-up shares, or to stock, issue its common seal a warrant stating that the bearer of the warrant is entitled to the shares or stock therein specified, and may provide, by coupons or otherwise, for the payment of the future dividends on the shares or stock included in the warrant, in this act termed a share-warrant.

(2) Nothing in the section shall apply to a private company.

**44.** A share-warrant shall entitle the bearer thereof to the shares or stock may be transferred by delivery of the warrant.

**45.** The bearer of a share- warrant shall, subject to the articles of the company, be entitled, on surrendering it for cancellation, to have his name entered as a member in the register of members; and the company shall be responsible for any loss incurred by any person by reason of the company entering in its register the name of a bearer of a share-warrant in respect of the shares or stock therein specified without the warrant being surrendered and cancelled.

**46.** The bearer of a share-warrant may, if the articles of the company so provide, be deemed to be a member of the company within the meaning of this Act, either to the full extent or for any purposes defined in the articles, except that he shall not be qualified in respect of the shares or stock specified in the warrant for being a director or manager of the company, in cases where such a qualification is required by the articles.

**47.** (1) On the issue of a share-warrant, the company shall strike out of its register of members the name of the member then entered therein as holding the shares or stock specified in the warrant as if he had ceased to be a member, and shall enter in the register the following particulars, namely; -

(i) the fact of the issue of the warrant;

(ii) a statement of the shares or stock included in the warrant, distinguishing each share by its number; and

(iii) the date of the issue of the warrant.

(2) If a company makes default in complying with the requirements of this section it shall be liable

to a fine not exceeding fifty rupees for every day during which the default continues, and every officer of the company who knowingly and willfully continues or permits the default shall be liable to the like penalty.

**48.** Until the warrant is surrendered, the above particulars shall be deemed to be the particulars required by this Act to be entered in the register of members; and, on the surrender, the date of the surrender shall be entered as if it were the date at which a person ceased to be a member.

**49.** A company, if so authorized by its articles, may do any one or more of the following things, namely;-

(1) make arrangements on the issue of shares for a difference between the shareholders in the amounts and times of payment of calls on their shares;

(2) accept from any member who assents thereto the whole or a part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up;

(3) pay dividend in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

**50.** (1) A company limited by shares, if so authorized by its articles, may alter the conditions of its memorandum as follows (that is to say), it may –

(a) increase its capital by the issue of new shares of such amount as it thinks expedient;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(c) convert all or any of its paid-up shares into stock and reconvert that stock into paid-up shares of any denomination;

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.

(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

(2) The powers conferred by this section must be exercised by the company in general meeting.

(3) A cancellation of shares in pursuance of this section shall not be deemed to be a reduction of share capital within the meaning of this Act.

(4) The company shall file with the Registrar notice of the exercise of any power referred to in clause (d) or clause (e) of sub-section (1) within fifteen days from the exercise thereof.

**51.** (1) Where a company having a share capital has consolidated and divided its share capital into shares of larger amount than its existing shares, or converted any of its shares into stock, or re-converted stock into shares, it shall within fifteen days of the consolidation and division, conversion or re-conversion, file notice with the Registrar of the same, specifying the shares consolidated and divided, or converted, or the stock re-converted.

(2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues, and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty.

**52.** Where a company having a share capital has converted any of its shares into stock, and filed notice of the conversion with the Registrar, all the provisions of this Act which are applicable to shares only shall cease as to so much of the share capital as is converted into stock; and the register of members of the company, and the list of members to be filed with the Registrar, shall show the amount of stock held



by each member instead of the amount of shares and the particulars relating to shares hereinbefore required by this Act.

**53.** (1) Where a company having a share capital, whether its shares have or have not been converted into stock, has increased its share capital beyond the registered capital, and where a company not having a share capital has increased the number of its members beyond the registered number, it shall file with the Registrar, in the case of an increase of share capital, within fifteen days after the passing of the resolution authorizing the increase, and, in the case of an increase of members, within fifteen days after the increase was resolved on or took place, notice of the increase of capital or members, and the Registrar shall record the increase.

(2) The notice to be given as aforesaid shall include particulars of the classes of shares affected and the conditions (if any) subject to which the new shares are to be issued.

(3) If a company makes a default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues, and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty.

**54.** (1) A company limited by shares may, by special resolution confirmed by an order of the Court, modify the conditions contained in its memorandum so as to reorganize its share capital, whether by the consolidation of shares of different classes or by the division of its shares into shares of different classes;

Provided that no preference or special privilege attached to or belonging to any class of shares shall be interfered with except by resolution passed by a majority in number of shareholders of that class holding three-fourths of the share capital of that class and every resolution so passed shall bind all shareholders of the class.

(2) Where an order is made under this section, a certified copy thereof shall be filed with the Registrar within twenty-one days after the making of the order, or within such further time as the Court may allow, and the resolution shall not take effect until such a copy has been so filed.

#### ***Reduction of Share Capital.***

**54A.** (1) No company limited by shares shall have power to buy its own shares or the shares of a public company of which it is a subsidiary company unless the consequent reduction of capital is effected and sanctioned in the manner provided by sections 55 to 66.

(2) No company limited by shares, other than a private company not being a subsidiary company of a public company, shall give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the company;

Provided that nothing in this section shall be taken to prohibit, where the lending of money is part of the ordinary business of a company, the lending of money by the company in the ordinary course of its business.

(3) If a company acts in contravention of this section, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine not exceeding one thousand rupees.

(4) Nothing in this section shall affect the right of a company to redeem any shares issued under section 105B.

**55.** (1) Subject to confirmation by the Court, a company limited by shares, if so authorized by its articles, may by special resolution reduce its share capital in any way, and in particular (without prejudice to the generality of the foregoing power) may –

- (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel any paid-up share capital which is lost or unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the company.

and may, if and so far as is necessary, alter its memorandum by reducing the amount of its share capital and of its shares accordingly.

(2) A special resolution under this section is in this Act called a resolution for reducing share capital.

**56.** Where a company has passed a resolution for reducing share capital, it may apply by petition to the Court for an order confirming the reduction.

**57.** On and from the passing by a company of a resolution for reducing share capital, or where the reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, then on and from the making of the order confirming the reduction, the company shall add to its name, until such date as the Court may fix, the words “and reduced” as the last words in its name, and those words shall, until that date, be deemed to be part of the name of the company;

Provided that, where the reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, the Court may, if it thinks expedient, dispense altogether with the addition of the words “and reduced”.

**58.** (1) Where the proposed reduction of share capital involves either diminution of liability in respect of unpaid share capital, or the payment to any shareholder of any paid-up share capital, and in any other case if the Court so directs, every creditor of the company who at the date fixed by the Court is entitled to any debt or claim which, if that date were the commencement of the winding up of the company, would be admissible in proof against the company, shall be entitled to object to the reduction.

(2) The Court shall settle a list of creditors so entitled to object, and for that purpose shall ascertain, as far as possible without requiring an application from any creditor, the name of those creditors and the nature and amount of their debts or claims, and may publish notices fixing a day or days within which creditors not entered on the list are to claim to be so entered or are to be excluded from the right of objecting to the reduction.

**59.** Where a creditor entered on the list of creditors whose debt or claim is not discharged or determined does not consent to the reduction, the Court may, if it thinks fit, dispense with the consent of that creditor, on the company securing payment of his debt or claim by appropriating, as the Court may direct, the following amount (that is to say), -

- (i) if the company admits the full amount of his debt or claim, or though not admitting it, is willing to provide for it, then the full amount of the debt or claim;
- (ii) if the company does not admit or is not willing to provide for the full amount of the debt or claim, or if the amount is contingent or not ascertained, then an amount fixed by the Court after the like inquiry and adjudication as if the company were being wound up by the Court.

**60.** The Court, if satisfied, with respect to every creditor of the company who under this Act is entitled to object to the reduction, that either his consent to the reduction has been obtained or his debt or claim

has been discharged or has been determined or has been secured, may make an order confirming the reduction on such terms and conditions as it thinks fit.

**61.** (1) The Registrar, on production to him of an order of the Court confirming the reduction of the share capital of a company, and on the filing with him of a certified copy of the order and of a minute (approved by the Court) showing, with respect to the share capital of the company as altered by the order, the amount of the share capital, the number of shares into which it is to be divided and the amount of each share, and the amount (if any) at the date of the registration deemed to be paid up on each share, shall register the order and minute.

(2) On the registration, and not before, the resolution for reducing share capital as confirmed by the order so registered shall take effect.

(3) Notice of the registration shall be published in such manner as the Court may direct.

(4) The Registrar shall certify under his hand the registration of the order and minute, and his certificate shall be conclusive evidence that all the requirements of this Act with respect to reduction of share capital have been complied with, and that the share capital of the company is such as is stated in the minute.

**62.** (1) The minute when registered shall be deemed to be substituted for the corresponding part of the memorandum of the company, and shall be valid and alterable as if it had been originally contained therein, and shall be embodied in every copy of the memorandum issued after its registration.

(2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding ten rupees for each copy in respect of which default is made, and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty.

**63.** (1) A member of the company, past or present, shall not be liable in respect of any share to any call or contribution exceeding in amount the difference (if any) between the amount paid, or (as the case may be) between the amount, if any, which is to be deemed to have been paid, on the share and the amount of the share as fixed by the minute;

Provided that, if any creditor, entitled in respect of any debt or claim to object to the reduction of share capital, is, by reason of his ignorance of the proceedings for reduction, or of their nature and effect with respect to his claim, not entered on the list of creditors, and, after the reduction the company is unable, within the meaning of the provisions of this Act with respect to winding up by the Court, to pay the amount of his debt or claim, then –

(i) every person who was a member of the company at the date of the registration of the order for reduction and minute shall be liable to contribute for the payment of that debt or claim and amount not exceeding the amount which he would have been liable to contribute if the company had commenced to be wound up on the day before that registration; and

(ii) if the company is wound up, the Court, on the application of any such creditor and proof of his ignorance as aforesaid, may, if it thinks fit, settle accordingly a list of persons so liable to contribute, and make and enforce calls and orders on the contributories settled on the list as if they were ordinary contributories in a winding up.

(2) Nothing in this section shall affect the rights of the contributories among themselves.

**64.** If any officer of the company willfully conceals the name of any creditor entitled to object to the reduction, or willfully misrepresents the nature or amount of the debt or claim of any creditor, or if any officer of the company abets any such concealment or misrepresentation as aforesaid, every such officer shall be punishable with imprisonment which may extend to one year, or with fine, or with both.

**65.** In any case of reduction of share capital, the Court may require the company to publish as the Court directs the reasons for reduction, or such other information in regard thereto as the Court may think expedient, with a view to give proper information to the public, and, if the Court thinks fit, the causes which led to the reduction.

**66.** A company limited by guarantee and registered after the commencement of this Act may, if it has a share capital and is so authorized by its articles, increase or reduce its share capital in the same manner and subject to the same conditions in and subject to which a company limited by shares may increase or reduce its share capital under the provisions of this Act.

#### ***Variation of shareholder's Rights.***

**66A.** (1) If in the case of a company, the share capital of which is divided into different classes of shares, provision is made by the memorandum or articles for authorizing the variation of the rights attached to any class of shares in the company, subject to the consent of any specified proportion of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and in pursuance of the said provision the rights attached to any such class of shares are at any time varied, the holders of not less in the aggregate than ten per cent of the issued shares of that class, being persons who did not consent to or vote in favour of the resolution for the variation, may apply to the Court to have the variation cancelled, and where any such application is made the variation shall not have effect unless and until it is confirmed by the Court.

(2) An application under this section must be made within fourteen days after the date on which the consent was given or the resolution was passed, as the case may be, and may be made on behalf of the shareholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.

(3) On any such application the Court, after hearing the applicant and any other persons who apply to the Court to be heard and appear to the Court to be interested in the application, may, if it is satisfied having regard to all the circumstances of the case that the variation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation and shall, if not so satisfied, confirm the variation.

(4) The decision of the Court on any such application shall be final.

(5) The company shall within fifteen days after the service on the company of any order made on any such application forward a copy of the order to the Registrar, and, if default is made in complying with this provision, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine not exceeding fifty rupees.

(6) The expression "variation" in this section includes "abrogation" and the expression "varied" shall be construed accordingly.

#### ***Registration of Unlimited Company as Limited.***

**67.** (1) Subject to the provisions of this section, any company registered as unlimited may register under this Act as limited, or any company already registered as a limited company may re-register under this Act, but the registration of an unlimited company as a limited company shall not affect any debts, liabilities, obligations or contracts incurred or entered into by, to, with or on behalf of, the company before the registration, and those debts, liabilities, obligations and contracts may be enforced in manner provided by Part VIII of this Act in the case of a company registered in pursuance of that Part.

(2) On registration in pursuance of this section, the Registrar shall close the former registration of the company, and may dispense with the delivery to him of copies of any documents with copies of which he was furnished on the occasion of the original registration of the company; but, save as

aforesaid, the registration shall take place in the same manner and shall have effect as if it were the first registration of the company under this Act.

**68.** An unlimited company having a share capital may, by its resolution for registration as a limited company in pursuance of this Act, do either or both of the following things, namely; -

- (a) increase the nominal amount of its share capital by increasing the nominal amount of each of its shares, but subject to the condition that no part of the amount by which its capital is so increased shall be capable of being called up except in the event and for the purposes of the company being wound up;
- (b) Provide that a specified portion of its uncalled share capital shall not be capable of being called up except in the event and for the purposes of the company being wound up.

***Reserve Liability of limited Company.***

**69.** A limited company may by special resolution determine that any portion of its share capital which has not been already called up shall not be capable of being called up, except in the event and for the purposes of the company being wound up, and thereupon that portion of its share capital shall not be capable of being called up except in the event and for the purposes aforesaid.

***Unlimited Liability of Directors.***

**70. (1)** In a limited company the liability of the directors or of any director may, if so provided by the memorandum, be unlimited.

(2) In a limited company in which the liability of any director is unlimited, the directors of the company (if any) and the member who propose a person for election or appointment to the office of director shall add to that proposal a statement that the liability of the person holding that office will be unlimited, and the promoters and officers of the company, or one of them, shall, before the person accepts the office or acts therein, give him notice in writing that his liability will be unlimited.

(3) If any director or proposer makes default in adding such a statement, or if any promoter or officer of the company makes default in giving such a notice, he shall be liable to a fine not exceeding one thousand rupees and shall also be liable for any damage which the person so elected or appointed may sustain from the default, but the liability of the person elected or appointed shall not be affected by the default.

**71. (1)** A limited company, if so authorized by its articles, may by special resolution alter its memorandum so as to render unlimited the liability of its directors or of any director.

(2) Upon the passing of any such special resolution, the provisions thereof shall be as valid as if they had been originally contained in the memorandum.

## **PART IV.**

### **MANAGEMENT AND ADMINISTRATION.**

#### ***Office and Name.***

**72.** (1) A company shall as from the day on which it begins to carry on business, or as from the twenty-eighth day after the date of its incorporation, whichever is the earlier, have a registered office to which all communications and notices may be addressed.

(2) Notice of the situation of the registered office and of any change therein shall be given within twenty-eight days after the date of the incorporation of the company or of the change, as the case may be, to the Registrar who shall record the same.

(3) The inclusion in the annual return of a company of the statement as to the address of its registered office shall not be taken to satisfy the obligation imposed by this section.

(4) If a company carries on business without complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which it so carries business.

**73.** Every limited company –

(a) shall paint or affix, and keep painted or affixed, its name on the outside of every office or place in which its business is carried on, in a conspicuous position, in letters easily legible and in English characters, and also, if the registered office be situate in a place beyond the local limits of the ordinary original civil jurisdiction of the High Court, in the characters of one of the vernacular languages used in that place;

(b) shall have its name engraven in legible characters on its seal;

(c) shall have its name mentioned in legible Burmese\* characters in all bill-heads and letter paper and in all notices, advertisements and other official publications of the company, and in all bills of exchange, hundis, promissory notes, endorsements, cheques and order for money or goods purporting to be signed by or on behalf of the company, and in all bills of parcels, invoices, receipts and letters of credit of the company.

**74.** (1) If a limited company does not paint or affix, and keep painted or affixed, its name, in manner directed by this Act, it shall be liable to a fine not exceeding fifty rupees for not so painting or affixing its name, and for every day during which its name is not so kept painted or affixed, and every officer of the company, who knowingly and willfully authorizes or permits the default, shall be liable to the like penalty.

(2) If any officer of a limited company, or any person on its behalf, uses or authorizes the use of any seal purporting to be a seal of the company whereon its name is not so engraven as aforesaid, or issues or authorizes the issue of any bill-head, letter paper, notice, advertisement or other official publication of the company, or signs or authorizes to be signed on behalf of the company any bill of exchange, hundi, promissory note, endorsement, cheque or order for money or goods, or issues or authorizes to be issued any bill of parcels, invoice, receipt or letter of credit of the company, wherein its name is not mentioned in manner aforesaid, he shall be liable to a fine not exceeding five hundred rupees, and shall further be personally liable to the holder of any such bill of exchange, hundi,

---

\*Substituted for the word “English” by the Union of Burma (Adaptation of Laws) Order, 1948.

promissory note, cheque or order for money or goods, for the amount thereof, unless the same is duly paid by the company.

**75.** (1) Where any notice, advertisement or other official publication of a company contains a statement of the amount of the authorized capital of the company such notice, advertisement or other official publication shall also contain a statement in an equally prominent position and in equally conspicuous characters of the amount of the capital which has been subscribed and the amount paid up.

(2) Any company which makes default in complying with the requirements of this section and every officer of the company who is knowingly a party to the default shall be liable to a fine not exceeding one thousand rupees.

### ***Meetings and Proceedings.***

**76.** (1) A general meeting of every company shall be held within eighteen months from the date of its incorporation and thereafter once at least in every calendar year and not more than fifteen months after the holding of the last preceding general meeting.

(2) If default is made in holding a meeting in accordance with the provisions of this section, the company and every director or manager of the company who is knowingly and willfully a party to the default shall be liable to a fine not exceeding five hundred rupees.

(3) If default is made as aforesaid, the Court may, on the application of any member of the company, call or direct the calling of a general meeting of the company.

**77.** (1) Every company limited by shares and every company limited by guarantee and having a share capital shall, within a period of not less than one month nor more than six months from the date at which the company is entitled to commence business, hold a general meeting of the members of the company, which shall be called the statutory meeting.

(2) The directors shall, at least twenty-one days before the day on which the meeting is held, forward a report (in this Act referred to as the statutory report) certified as required by this section to every member of the company.

(3) The statutory report shall be certified by not less than two directors of the company, or by the chairman of the directors if authorized in this behalf by the directors, and shall state –

(a) the total number of shares allotted, distinguishing shares allotted as fully or partly paid up otherwise than in cash, and stating in the case of shares partly paid up the extent to which they are so paid up, and in either case the consideration for which they have been allotted;

(b) the total amount of cash received by the company in respect of all the shares allotted, distinguished as aforesaid;

(c) an abstract of the receipts of the company and of the payments made thereout up to a date within seven days of the date of the report, exhibiting under distinctive headings the receipts of the company from shares and debentures and other sources, the payments made thereout, and particulars concerning the balance remaining in hand, and an account or estimate of the preliminary expenses of the company showing separately any commission or discount paid on the issue or sale of shares;

(d) [the names, addresses, nationality]\* and descriptions of the directors, auditors, managing agents and managers, if any, and secretary of the company and the changes, if any, which have occurred since the date of the incorporation;

(e) the particulars of any contract, the modification of which is to be submitted to the meeting for its approval, together with the particulars of the modification or proposed modification;

(f) the extent to which underwriting contracts, if any, have been carried out;

(g) the arrears, if any, due on calls from directors, managing agents and managers, and

(h) the particulars of any commission or brokerage paid or to be paid in connection with the issue or sale of shares to any director, managing agent or manager, or a partner of the managing agent if the managing agent is a firm, or if the managing agent is a private company a director thereof.

(4) The statutory report shall, so far as it relates to the shares allotted by the company, and to the cash received in respect of such shares and to the receipts and payments of the company, be certified as correct by the auditors of the company.

---

\*Substituted by Act XXIII, 1955.

(5) The directors shall cause a copy of the statutory report certified as required by this section to

be delivered to the Registrar for registration forthwith after the sending thereof to the members of the company.

(6) The directors shall cause a list showing [the names, descriptions, nationality]\* and addresses of the members of the company, and the number of shares held by them respectively, to be produced at the commencement of the meeting, and to remain open and accessible to any member of the company during the continuance of the meeting.

(7) The members of the company present at the meeting shall be at liberty to discuss any matter relating to the formation of the company or arising out of the statutory report, whether previous notice has been given or not, but no resolution of which notice has not been given in accordance with the articles may be passed.

(8) The meeting may adjourn from time to time, and at any adjourned meeting any resolution of which notice has been given in accordance with the articles, either before or subsequently to the former meeting, may be passed, and the adjourned meeting shall have the same powers as an original meeting.

(9) If a petition is presented to the Court in manner provided by Part V for winding up the company on the ground of default in filing the statutory report or in holding the statutory meeting, the Court may, instead of directing that the company be wound up, give directions for the statutory report to be filed or a meeting to be held, or makes such other order as may be just.

(10) In the event of any default in complying with the provisions of this section every director of the company who is guilty of or who knowingly and willfully authorizes or permits the default shall be liable to a fine not exceeding five hundred rupees.

(11) This section shall not apply to a private company.

**78.** (1) Notwithstanding anything in the articles, the directors of a company which has a share capital shall, on the requisition of the holders of not less than one-tenth of the issued share capital of the company upon which all calls or other sums then due have been paid, forthwith proceed to call an extraordinary general meeting of the company.

(2) The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form, each signed by one or more requisitionists.

(3) If the directors do not proceed within twenty-one days from the date of the requisition being so deposited to cause a meeting to be called, the requisitionists, or a majority of them in value, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the deposit of the requisition.

(4) Any meeting called under this section by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by directors.

(5) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the company, and any sum so repaid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration for their services to such of the directors as were in default.

**79.** (1) The following provisions shall have effect with respect to meetings of a company other than a private company not being a subsidiary of a public company and the procedure thereat, notwithstanding any provision made in the articles of the company in this behalf; -

(a) a meeting of a company other than a meeting for the passing of a special resolution may be called by not less than fourteen days' notice in writing; but with the consent of all the members entitled to receive notice of some particular meeting that meeting may be convened by such shorter notice and in such manner as those members may think fit;

(b) notice of the meeting of a company with a statement of the business to be transacted at the meeting shall be served on every member in the manner in which notices are required to be



served by Table A and for the purpose of this clause the expression "Table A" means that Table as for the time being in force; but the accidental omission to give notice to, or the non-receipt of notice by, any member shall not invalidate the proceedings at any meeting;

- (c) five members present in person or by proxy, or the chairman of the meeting, or any member or members holding not less than one-tenth of the issued capital which carries voting rights, shall be entitled to demand a poll: Provided that, in the case of a private company, if not more than seven members are personally present, one member, and if more than seven members are personally present, two members, shall be entitled to demand a poll;
- (d) an instrument appointing a proxy, if in the form set out in regulation 67 of Table A, shall not be questioned on the ground that it fails to comply with any special requirements specified for such instruments by the articles; and
- (e) any shareholder whose name is entered in the register of shareholders of the company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

(2) The following provisions shall have effect in so far as the articles of the company do not make other provision in that behalf; -

- (a) two or more members holding not less than one-tenth of the total share capital paid up or, if the company has not a share capital, not less than five per cent, in number of the members of the company may call a meeting;
- (b) in the case of a private company two members, and in the case of any other company five members, personally present shall be a quorum;
- (c) any member elected by the members present at a meeting may be chairman thereof;
- (d) in the case of a company originally having a share capital, every member shall have one vote in respect of each share or each hundred rupees of stock held by him, and in any other case every member shall have one vote;
- (e) on a poll votes may be given either personally or by proxy;
- (f) the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under seal or under the hand of an attorney duly authorized, and
- (g) a proxy must be a member of the company.

(3) If for any reason it is impracticable to call a meeting of a company in any manner in which meetings of that company may be called, or to conduct the meeting of the company in manner prescribed by the articles or this Act, the Court may, either of its own motion or on the application of any director of the company or of any member of the company who would be entitled to vote at the meeting, order a meeting of the company to be called, held and conducted in such manner as the Court thinks fit, and where any such order is given may give such ancillary or consequential directions as it thinks expedient, and any meeting called, held and conducted in accordance with any such order shall for all purposes be deemed to be a meeting of the company duly called, held and conducted.

**80.** A company which is a member of another company may, by resolution of the directors, authorize any of its officials or any other person to act as its representative at any meeting of that other company, and the person so authorized shall be entitled to exercise the same powers on behalf of the company which he represents as if he were an individual shareholder of that other company.

**81.** (1) A resolution shall be an extraordinary resolution when it has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given.

(2) A resolution shall be a special resolution when it has been passed by such a majority as is required for the passing of an extraordinary resolution and at a general meeting of which not less than twenty-one day's notice specifying the intention to propose the resolution as a special resolution has been duly given;

Provided that, if all the members entitled to attend and vote at any such meeting so agree, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one day's notice has been given.

(3) At any meeting at which an extraordinary resolution or a special resolution is submitted to be passed a declaration of the chairman on a show of hands that the resolution is carried shall, unless a poll is demanded, be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(4) At any meeting at which an extraordinary resolution or a special resolution is submitted to be passed a poll may be demanded.

(5) In a case where, if a poll is demanded, it may in accordance with the articles be taken in such manner as the chairman may direct, it may, if the chairman so directs, be taken at the meeting at which it is demanded.

(6) When a poll is demanded in accordance with this section, in computing the majority on the poll, reference shall be had to the number of votes to which each member is entitled by the articles of the company or under this Act.

(7) For the purposes of this section notice of a meeting shall be deemed to be duly given and the meeting to be duly held when the notice is given and the meeting held in manner provided by the articles or under this Act.

**82.** (1) A copy of every special and extraordinary resolution shall, within fifteen days from the passing thereof, be printed or typewritten and duly certified under the signature of an officer of the company and filed with the Registrar who shall record the same.

(2) Where articles have been registered, a copy of every special resolution for the time being in force shall be embodied in or annexed to every copy of the articles issued after the date of the resolution.

(3) Where articles have not been registered, a copy of every special resolution shall be forwarded in print to any member at his request, on payment of one rupee or such less sum as the company may direct.

(4) If a company makes default in so filing with the Registrar a copy of a special or extraordinary resolution, it shall be liable to a fine not exceeding twenty rupees for every day during which the default continues.

(5) If a company makes default in embodying in or annexing to a copy of its articles or in forwarding in print to a member when required by this section a copy of a special resolution, it shall be liable to a fine not exceeding ten rupees for each copy in respect of which default is made.

(6) Every officer of a company who knowingly and willfully authorizes or permits any default by the company in complying with the requirements of this section shall be liable to the like penalty as is imposed by this section on the company for that default.

**83.** (1) Every company shall cause minutes of all proceedings of general meetings and of its directors to be entered in books kept for that purpose.

(2) Any such minute, if purporting to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.

(3) Until the contrary is proved, every general meeting of the company or meeting of directors in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called and held, and all proceedings had thereat to have been duly had, and all appointments of directors or liquidators shall be deemed to be valid.

(4) The books containing the minutes of proceedings of any general meeting of a company held after the 15th January, 1937,\* shall be kept at the registered office of the company and shall during business hours (subject to such reasonable restrictions as the company may by its articles or in general meeting impose so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member without charge.

(5) Any member shall at any time after seven days from the meeting be entitled to be furnished within seven days after he has made a request in that behalf to the company with a copy of any minutes referred to in sub-section (4) at a charge not exceeding six annas for every hundred words.

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

(6) If any inspection required under sub-section (4) of this section is refused, or if any copy required under sub-section (5) of this section is not furnished within the time specified in sub-section (5), the company and every officer of the company who is knowingly and willfully in default shall be liable in respect of each offence to a fine not exceeding twenty-five rupees, and to a further fine of twenty-five rupees for every day during which the default continues.

(7) In the case of any such refusal or default, the Court may by order compel an immediate inspection of the books in respect of all proceedings of general meetings or direct that the copies required shall be sent to the persons requiring them.

### *Directors.*

**83A.** (1) Every company shall have at least three directors.

(2) This section shall not apply to a private company except a private company being a subsidiary company of a public company.

**83B.** (1) In default of and subject to any regulations in the articles of a company other than a private company –

- (i) the subscribers of the memorandum shall be deemed to be the directors of the company until the first directors shall have been appointed;
- (ii) the directors of the company shall be appointed by the members in general meeting; and
- (iii) any casual vacancy occurring among the directors may be filled up by the directors, but the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last appointed a director.

(2) Notwithstanding anything contained in the articles of a company other than a private company, not less than two-thirds of the whole number of directors shall be persons whose period of office is liable to determination at any time by retirement of directors in rotation;

Provided that nothing herein contained shall apply to a company incorporated before the 15<sup>th</sup> January, 1937,\* where by virtue of the articles of the company the number of directors whose period of office is liable to determination at any time by retirement of directors in rotation falls below the two-thirds proportion mentioned in this section.

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

**84.** (1) A person shall not be capable of being appointed director of a company by the articles, and shall not be named as a director or proposed director of a company in any prospectus issued by or on behalf of the company or in relation to any intended company or in any statement in lieu of prospectus filed by or on behalf of a company, unless, before the registration of the articles or the publication of the prospectus, or the filing of the statement in lieu of prospectus, as the case may be, he has by himself or by his agent authorized in writing –

(i) signed and filed with the Registrar a consent in writing to act as such director, and  
(ii) save in the case of companies not having a share capital, either signed the memorandum for a number of shares not less than his qualification (if any) or taken from the company and paid or agreed to pay for his qualification shares or signed and filed with the Registrar a contract in writing to take from the company and pay for his qualification shares (if any) or made and filed with the Registrar an affidavit to the effect that a number of shares, not less than his qualification (if any), are registered in his name.

(2) On the application for registration of the memorandum and articles, if any, of a company the applicant shall file with the Registrar a list of the persons who have consented to be directors of the company, and, if this list contains the name of any person who has not so consented, the applicant shall be liable to a fine not exceeding five hundred rupees.

(3) This section shall not apply to a private company or a company which was a private company before becoming a public company nor to a prospectus issued by or on behalf of a company after the expiration of one year from the date at which the company is entitled to commence business.

**85.** (1) Without prejudice to the restrictions imposed by section 84, it shall be the duty of every director who is by the articles required to hold a specified share qualification, and who is not already qualified, to obtain his qualification within two months after his appointment, or such shorter time as may be fixed by the articles.

(2) If, after the expiration of the said period or shorter time, any unqualified person acts as a director of the company, he shall be liable to a fine not exceeding fifty rupees for every day between the expiration of the said period or shorter time and the last day on which it is proved that he acted as a director.

**86.** The acts of a director shall be valid notwithstanding any defect that may afterwards be discovered in his appointment or qualification: Provided that nothing in this section shall be deemed to give validity to acts done by a director after the appointment of such director has been shown to be invalid.

**86A.** (1) If any person being an undischarged insolvent acts as director or managing agent or manager of any company, he shall be liable to imprisonment for a term not exceeding two years, or to a fine not exceeding one thousand rupees, or to both.

(2) In this section the expression “company” includes a company incorporated outside the Union of Burma which has an established place of business within the Union of Burma.

**86B.** If in the case of any company provision is made by the articles or by any agreement entered into between any person and the company for empowering a director or manager of the company to assign his office as such to another person, any assignment of office made in pursuance of the said provision shall, notwithstanding anything to the contrary contained in the said provision, be of no effect unless and until it is approved by a special resolution of the company:

Provided that the exercise by a director of a power to appoint an alternate or substitute director to act for him during an absence of not less than three months from the district in which meetings of the directors are ordinarily held, if done with the approval of the board of directors, shall not be deemed to be an assignment of office within the meaning of this section:

Provided always that any such alternate or substitute director shall *ipso facto* vacate office if and when the appointor returns to the district in which meetings of the directors are ordinarily held.

**86C.** Save as provided in this section, any provision, whether contained in the articles of a company or in any contract with a company or otherwise, for exempting any director, manager or officer of the company, or any person (whether an officer of the company or not) employed by the company as auditor, from or indemnifying him against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the company shall be void:

Provided that –

- (a) In relation to any such provision which is in force on the 15<sup>th</sup> January, 1937,\* this section shall have effect only on the expiration of a period of six months from that date, and
- (b) nothing in this section shall operate to deprive any person of any exemption or right to be indemnified in respect of anything done or omitted to be done by him while any such provision was in force, and
- (c) notwithstanding anything in this section, a company may, in pursuance of any such provision as aforesaid, indemnify any such director, manager, officer or auditor against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted, or in connection with any application under section 281 of this Act in which relief is granted to him by the Court.

**86D.** (1) No company shall make any loan or guarantee any loan made to a director of the company or to a firm of which such director is a partner or to a private company of which such director is a director.

(2) In the event of any contravention of sub-section (1) any director of the company who is a party to such contravention shall be punishable with fine which may extend to five hundred rupees, and if default is made in repayment of the loan or in discharging the guarantee shall be liable jointly and severally for the amount unpaid.

(3) This section shall not apply to a private company (except a private company which is the subsidiary company of a public company) or to a banking company.

**86E.** No director or firm of which such director is a partner or private company of which such director is a director shall, without the consent of the company in general meeting, hold any office of profit under the company except that of a managing director or manager or a legal or technical adviser or a banker:

Provided that nothing herein contained shall apply to a director elected or appointed before the 15<sup>th</sup> January, 1937,\* in respect of any office of profit under the company held by him at the said date.

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII,1936)

Explanation. – For the purposes of this section the office of managing agent shall not be deemed to be an office of profit under the company.

**86F.** Except with the consent of the directors, a director of the company, or the firm of which he is a partner or any partner of such firm, or the private company of which he is a member or director, shall not enter into any contracts for the sale, purchase, or supply of goods and materials with the company: Provided that nothing herein contained shall affect any such contract or agreement for such sale, purchase or supply entered into before the 15<sup>th</sup> January, 1937,\*.

**86G.** (1) The company may by extraordinary resolution remove any director, whose period of office is liable to determination at any time by retirement of directors in rotation, before the expiration of his period of office, and may by ordinary resolution appoint another person in his stead. The person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed was last elected director. A director so removed shall not be reappointed a director by the board of directors.

(2) This section shall not apply to directors elected or appointed before the 15<sup>th</sup> January, 1937.\*

**86H.** The directors of a public company or of a subsidiary company of a public company shall not, except with the consent of the company concerned in general meeting –

- (a) sell or dispose of the undertaking of the company;
- (b) remit any debt due by a director.

**86I.** (1) The office of a director shall be vacated if –

- (a) he fails to obtain within the time specified in sub-section (1) of section 84, or at any time thereafter ceases to hold, the share qualification, if any, necessary for his appointment, or
- (b) he is found to be of unsound mind by a Court of competent jurisdiction, or
- (c) he is adjudged an insolvent, or
- (d) he fails to pay calls made on him in respect of shares held by him within six months from the date of such calls being made, or
- (e) he or any firm of which he is a partner or any private company of which he is a director, without the sanction of the company in general meeting, accepts or holds any office of profit under the company other than that of a managing director or manager or a legal or technical adviser or a banker, or
- (f) he absents himself from three consecutive meetings of the directors or from all meetings of the directors for a continuous period of three months, whichever is the longer, without leave of absence from the board of directors, or
- (g) he or any firm of which he is a partner or any private company of which he is a director accepts a loan or guarantee from the company in contravention of section 86D, or
- (h) or he acts in contravention of section 86F.

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

(2) Nothing contained in this section shall be deemed to preclude a company from providing by its articles that the office of director shall be vacated on grounds additional to those specified in this section.

**87.** (1) Every company shall keep at its registered office a register of its directors, managers and managing agents containing with respect to each of them the following particulars, that is to say: -

- (a) in the case of an individual, his present name in full, any former name or surname in full, his usual residential address, his nationality and, if that nationality is not the nationality of origin, his nationality of origin and his business occupation, if any, and if he holds any other directorship or directorships the particulars of such directorship or directorships;
- (b) in the case of a corporation, its corporate name and registered or principal office, and the full name, address and nationality of each of its director, and
- (c) in the case of a firm, the full name, address and nationality of each partner, and the date on which each became a partner.

(2) The company shall within the periods respectively mentioned in this sub-section send to the Registrar a return in the prescribed form containing the particulars specified in the said register, and a

notification in the prescribed form of any change among its directors, managers or managing agents or in any of the particulars contained in the register.

The period within which the said return is to be sent shall be a period of fourteen days from the appointment of the first directors of the company, and the period within which the said notification of a change is to be sent shall be fourteen days from the happening thereof.

(3) The register to be kept under this section shall during business hours (subject to such reasonable restrictions as the company may by its articles or in general meeting impose, so that not less than two hours in each day be allowed for inspection) be open to the inspection of any member of the company without charge and of any other person on payment of one rupee or such less sum as the company may impose for each inspection.

(4) If any inspection required under this section is refused, or if default is made in complying with sub-section (1) or sub-section (2) of this section, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine of fifty rupees.

(5) In the case of any such refusal, the Court, on application made by the person to whom inspection has been refused and upon notice to the company, may by order direct an immediate inspection of the register.

### ***Managing Agents.***

**87A.** (1) No managing agent shall, after the 15<sup>th</sup> January, 1937,\* be appointed to hold office for a term of more than twenty years at a time.

(2) Notwithstanding anything to the contrary contained in the articles of a company or in any agreement with the company, a managing agent of a company appointed before the 15<sup>th</sup> January, 1937,\* shall not continue to hold office after the expiry of twenty years from the said date unless then reappointed thereto or unless he has been reappointed thereto before the expiry of the said twenty years.

(3) A managing agent whose office is terminated by virtue of the provisions of sub-section (2) shall upon such termination be entitled to a charge upon the assets of the company by way of indemnity for all liabilities or obligations properly incurred by the managing agent on behalf of the company subject to existing charges and encumbrances, if any.

(4) The termination of the office of a managing agent by virtue of the provisions of sub-section (2) shall not take effect until all moneys payable to the managing agent for loans made to or remuneration due up to the date of such termination from the company are paid.

(5) Nothing in this section shall apply to a private company which is not the subsidiary company of a public company.

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

**87B.** Notwithstanding anything to the contrary contained in the articles of the company or in any agreement with the company –

(a) a company may, by resolution passed at a general meeting of which notice has been given to the managing agent in the same manner as to members of the company, remove a managing agent if he is convicted of an offence in relation to the affairs of the company punishable under the Penal Code, and being under the provisions of the Code of Criminal Procedure non-bailable; and, for the purposes of this clause, where the managing agent is a firm or company an offence committed by a member of such firm or a director of or an officer holding a general power-of-attorney from such company shall be deemed to be an offence committed by such firm or company:

Provided that a managing agent shall not be liable to be removed under the provisions hereof if the offending member, director or officer as aforesaid is expelled or dismissed by the managing agent within thirty days from the date of his conviction or if his conviction is set aside on appeal;

- (b) the office of a managing agent shall be vacated if he is adjudged insolvent;
- (c) a transfer of his office by a managing agent shall be void unless approved by the company in general meeting:

Provided that in the case of a managing agent's firm a change in the partners thereof shall not be deemed to operate as a transfer of the office of managing agent, so long as one of the original partners shall continue to be a partner of the managing agent's firm. For the purpose of this proviso "original partners" shall mean, in the case of managing agents appointed before the 15<sup>th</sup> January, 1937,\* partners who were partners at the said date, and in the case of managing agents appointed after the said date, partners who were partners at the date of the appointment;

- (d) a charge or assignment of his remuneration or any part thereof effected by a managing agent shall be void as against the company;
- (e) if a company is wound up either by the Court or voluntarily, any contract of management made with a managing agent shall be thereupon determined without prejudice, however, to the right of the managing agent to recover any moneys recoverable by the managing agent from the company: Provided that where the Court finds that the winding up is due to the negligence or default of the managing agent himself the managing agent shall not be entitled to receive any compensation for the premature termination of his contract of management; and

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

- (f) the appointment of a managing agent, the removal of a managing agent and any variation of a managing agent's contract of management made after the 15<sup>th</sup> January, 1937,\* shall not be valid unless approved by the company by a resolution at a general meeting of the company, notwithstanding anything to the contrary in section 86E:

Provided that nothing herein contained shall apply to the appointment of a company's first managing agent made prior to the issue of the prospectus or statement in lieu of prospectus where the terms of the appointment of such managing agent are there set forth.

**87C.** (1) Where any company appoints a managing agent after the 15<sup>th</sup> January, 1937,\* the remuneration of the managing agent shall be a sum based on a fixed percentage of the net annual profits of the company, with provision for a minimum payment in the case of absence of or inadequacy of profits, together with an office allowance to be defined in the agreement of management.

(2) Any stipulation for remuneration additional to or in any other form than the remuneration specified in sub-section (1) shall not be binding on the company unless sanctioned by a special resolution of the company.

(3) For the purposes of this section "net profits" means the profits of the company calculated after allowing for all the usual working charges, interest on loans and advances, repairs and outgoings, depreciation, bounties or subsidies received from Government or from a public body, profits by way of premium on shares sold, profits on sale proceeds of forfeited shares, or profits from the sale of the whole or part of the undertaking of the company, but without any deduction in respect of income-tax or super-tax, or any other tax or duty on income or revenue, or for expenditure by way of interest on debentures or otherwise on capital account, or on account of any sum which may be set aside in each year out of the profits for reserve or any other special fund.



(4) This section shall not apply to a private company except a private company which is the subsidiary company of a public company, or to any company whose principal business is the business of insurance.

**87D.** (1) No company shall make to a managing agent of the company or to any partner of the firm, if the managing agent is a firm, or to any director of the private company, if the managing agent is a private company, any loan out of moneys of the company or guarantee any loan made to a managing agent.

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

(2) Nothing contained in this section shall apply to any credit held by a managing agent in a current account maintained, subject to limits previously approved by the board of directors, by the company with the managing agent for the purposes of the company's business.

(3) In the event of any contravention of sub-section (1) any director of the company who is a party to the making of the loan or giving of the guarantee shall be punishable with fine which may extend to five hundred rupees, and if default is made in repayment of the loan or discharging the guarantee shall be liable jointly and severally for the amount unpaid.

(4) Nothing in this section shall apply to a private company except a private company which is the subsidiary company of a public company.

(5) Except with the consent of three-fourths of the directors present and entitled to vote on the resolution, a managing agent of the company, or the firm of which he is a partner, or any partner of such firm, or, if the managing agent is a private company, a member or director thereof, shall not enter into any contract for the sale, purchase or supply of goods and materials with the company: Provided that nothing herein contained shall affect any such contract for such sale, purchase or supply entered into before the 15<sup>th</sup> January, 1937. \*

**87E.** (1) No company incorporated under this Act after the 15<sup>th</sup> January, 1937,\* which is under the management of a managing agent, shall make any loan to or guarantee any loan made to any company under management by the same managing agent, and no company shall after the expiry of six months from the said date, except by way of renewal of an existing loan or guarantee given, make any loan to or guarantee any loan made to any such company:

Provided that nothing herein contained shall apply to loans made or guarantees given by a company to or on behalf of a company under its own management or loans made by or to a company to or by a subsidiary company thereof or to guarantees given by a company on behalf of a subsidiary company thereof.

(2) In the event of any contravention of the provisions of this section, any director or officer of the company making the loan or giving the guarantee who is knowingly and willfully in default shall be liable to a fine not exceeding one thousand rupees and shall be jointly and severally liable for any loss incurred by the company in respect of such loan or guarantee.

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936).

**87F.** A company, other than an investment company, that is to say, a company whose principal business is the acquisition and holding of shares, stocks, debentures or other securities, shall not purchase shares or debentures of any company under management by the same managing agent, unless the purchase has been previously approved by a unanimous decision of the board of directors of the purchasing company.

**87G.** A managing agent shall not exercise in respect of any company of which he is a managing agent a power to issue debentures or, except with the authority of the directors and within the limits fixed by them, a power to invest the funds of the company, and any delegation of any such power by a company to a managing agent shall be void.

**87H.** A managing agent shall not on his own account engage in any business which is of the same nature as and directly competes with the business carried on by a company under his management or by a subsidiary company of such company.

**87I.** Notwithstanding anything contained in the articles of a company other than a private company, the directors, if any, appointed by the managing agent shall not exceed in number one-third of the whole number of directors.

#### *Contracts.*

**88.** (1) Contracts on behalf of a company may be made as follows (that is to say): -

- (i) any contract which if made between private persons, would be by law required to be in writing, signed by the parties to be charged therewith, may be made on behalf of the company in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged;
- (ii) any contract which, if made between private persons, would by law be valid although made by parol only, and not reduced into writing, may be made by parol on behalf of the company by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(2) All contracts made according to this section shall be effectual in law and shall bind the company and its successors and all other parties thereof, their heirs, or legal representatives, as the case may be.

**89.** A bill of exchange, hundi or promissory shall be deemed to have been made, drawn, accepted or endorsed on behalf of a company if made, drawn, accepted or endorsed in the name of, or by or on behalf or on account of, the company by any person acting under its authority, express or implied.

**90.** A company may, by writing under its common seal, empower any person, either generally or in respect of any specified matters, as its attorney, to execute deeds on its behalf in any place either in or outside the Union of Burma; and every deed signed by such attorney, on behalf of the company, and under his seal, where sealing is required, shall bind the company, and have the same effect as if it were under its common seal.

**91.** (1) A company whose objects require or comprise the transaction of business beyond the limits of the Union of Burma may, if authorized by its articles, have for use in any territory, district or place not situate in the Union of Burma an official seal which shall be a facsimile of the common seal of the company, with the addition on its face of the name of every territory, district or place where it is to be used.

(2) A company having such an official seal may, by writing under its common seal, authorize any person appointed for the purpose in any territory, district or place not situate in the Union of Burma to affix the same to any deed or other document to which the company is party in that territory, district or place.

(3) The authority of any such agent shall, as between the company and any person dealing with the agent, continue during the period (if any) mentioned in the instrument conferring the authority, or if no period is there mentioned, then until notice of the revocation or determination of the agent's authority has been given to the person dealing with him.

(4) The person affixing any such official seal shall, by writing under his hand, on the deed or other document to which the seal is affixed, certify the date and place of affixing the same.

(5) A deed or other document to which an official seal is duly affixed shall bind the company as if it had been sealed with the common seal of the company.

**91A.** (1) Every director who is directly or indirectly concerned or interested in any contract or arrangement entered into by or on behalf of the company shall disclose the nature of his interest at the meeting of the directors at which the contract or arrangement is determined on, if his interest then exists, or in any other case at the first meeting of the directors after the acquisition of his interest or the making of the contract or arrangement:

Provided that a general notice that a director is a director or a member of any specified company or is a member of any specified firm, and is to be regarded as interested in any subsequent transaction with such firm or company, shall as regards any such transaction be sufficient disclosure within the meaning of this sub-section, and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such firm or company.

(2) Every director who contravenes the provisions of sub-section (1) shall be liable to a fine not exceeding one thousand rupees.

(3) A register shall be kept by the company in which shall be entered particulars of all contracts or arrangements to which sub-section (1) applies, and which shall be open to inspection by any member of the company at the registered office of the company during business hours.

(4) Every officer of the company who knowingly and willfully acts in contravention of the provisions of sub-section (3) shall be liable to a fine not exceeding five hundred rupees.

**91B.** (1) No director shall, as a director, vote on any contract or arrangement in which he is either directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of any such vote; and if he does so vote, his vote shall not be counted:

Provided that the directors or any of them may vote on any contract of indemnity against any loss which they or any one or more of them may suffer by reason of becoming or being sureties or surety for the company.

(2) Every director who contravenes the provisions of sub-section (1) shall be liable to a fine not exceeding one thousand rupees.

(3) This section shall not apply to a private company:

Provided that where a private company is a subsidiary company of a public company, this section shall apply to all contracts or arrangements made on behalf of the subsidiary company with any person other than the holding company.

**91C.** (1) Where a company enters into a contract for the appointment of a manager or managing agent of the company in which contract any director of the company is directly or indirectly concerned or interested, or varies any such existing contract, the company shall, within twenty-one days from the date of entering into contract or the varying of the contract, send an abstract of the terms of such contract or variation, as the case may be, together with a memorandum clearly indicating the nature of the interest of the director in such contract, or in such variation, to every member; and the contract shall be open to the inspection of any member at the registered office of the company.

(2) If a company makes default in complying with the requirements of sub-section (1), it shall be liable to a fine not exceeding one thousand rupees; and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty.

**91D.** (1) Every manager or other agent of a company, other than a private company not being the subsidiary company of a public company, who enters into a contract for or on behalf of the company in which contract the company is an undisclosed principal shall, at the time of entering into the contract, make a memorandum in writing of the terms of the contract, and specify therein the person with whom it has been made.

(2) Every such manager or other agent shall forthwith deliver the memorandum aforesaid to the company and send copies to the directors, and such memorandum shall be filed in the office of the company and laid before the directors at the next directors' meeting.

(3) If any such manager or other agent makes default in complying with the requirements of this section –

- (a) the contract shall, at the option of the company, be void as against the company; and
- (b) such manager or other agent shall be liable to a fine not exceeding two hundred rupees.

### *Prospectus.*

**92.** Filing of prospectus.

(1) Every prospectus issued by or on behalf of a company or in relation to any intended company shall be dated and that date shall, unless the contrary be proved, be taken as the date of publication of the prospectus.

(2) A copy of every such prospectus, signed by every person who is named therein as a director or proposed director of the company, or by his agent authorized in writing, shall be filed for registration with the Registrar on or before the date of its publication, and no such prospectus shall be issued until a copy thereof has been so filed for registration.

(3) The Registrar shall not register any prospectus unless it is dated, and the copy thereof signed, in manner required by this section.

(4) Every prospectus shall state on the face of it that a copy has been filed for registration as required by this section.

(5) If a prospectus is issued without a copy thereof being so filed, the company, and every person who is knowingly a party to the issue of the prospectus, shall be liable to a fine not exceeding fifty rupees for every day from the date of issue of the prospectus until a copy thereof is so filed.

**93.** Specific requirements as to requirements of prospectus.

(1) Every prospectus issued by or on behalf of a company, or by or on behalf of any person who is or has been engaged or interested in the formation of the company, shall state –

- (a) the contents of the memorandum, with [the names, descriptions, nationality,]\* and addresses of the signatories and the number of shares subscribed for by them respectively; and the number of founders or management or deferred shares (if any) and the nature and extent of the interest of the holders in the property and profits of the company, and the number of redeemable preference shares intended to be issued with the date or, where no date is fixed, the period of notice required and the proposed method of redemption; and
- (b) the number of shares (if any) fixed by the articles as the qualification of a director, and any provision in the articles as to the remuneration of the directors; and
- (c) [the names, descriptions, nationality]\* and addresses of the directors or proposed directors and of the managers or proposed managers and managing agents or proposed managing agents (if any), and any provision in the articles or in any contracts as to the appointment of managers or managing agents and the remuneration payable to them; and
- (d) the minimum subscription on which the directors may proceed to allotment, and the amount payable on application and allotment on each share; and in the case of a second or subsequent offer of shares the amount offered for subscription on each previous allotment made within the

two preceding years, and the amount actually allotted, and the amount (if any) paid on the shares so allotted; and

- (e) the number and amount of shares and debentures which within the two preceding years have been issued, or agreed to be issued, as fully or partly paid up otherwise in cash, and in the latter case the extent to which they are so paid up, and in either case the consideration for which those shares or debentures have been issued or agreed to be issued; and
- (ee) where any issue of shares or debentures is underwritten, the names of the underwriters, and the opinion of the directors that the resources of the underwriters are sufficient to discharge the underwriting obligations; and
- (f) the names and addresses of the vendors of any property purchased or acquired by the company, or proposed so to be purchased or acquired, which is to be paid for wholly or partly out of the proceeds of the issue offered for subscription by the prospectus, or the purchase or acquisition of which has not been completed at the date of issue of the prospectus, and the amount payable in cash, shares or debentures to the vendor, and, where there is more than one separate vendor or the company is a sub-purchaser, the amount so payable to each vendor: Provided that where the vendors or any of them are a firm, the members of the firm shall not be treated as separate vendors; and
- (ff) Where any property referred to in clause (f) has within the two years preceding the issue of the prospectus been transferred by sale, the amount paid by the purchaser at each such transfer so far as the information is available and, where any such property is a business, the profits accruing from such business during each of the three years immediately preceding the issue of the prospectus, or during each year of the existence of the business if less than three years, so far as the information is available. A balance sheet of the business concerned made up to a date not more than ninety days before the date of the issue of the prospectus shall be appended to the prospectus ; and
- (g) the amount (if any) paid or payable as purchase-money, in cash, shares or debentures, for any such property as afore-said, specifying the amount (if any) payable for goodwill; and
- (h) the amount (if any) paid within the two preceding years or payable as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure, subscriptions for any shares in, or debentures of, the company, or as discount in respect of shares issued, showing separately the amount, if any, so paid to the managing agents: Provided that it shall not be necessary to state the commission payable to sub-underwriters; and
- (i) the amount or estimated amount of preliminary expenses; and

---

\*Substituted by Act XXIII, 1955

- (k) the amount paid within the two preceding years or intended to be paid to any promoter, and the consideration for any such payment; and
- (l) the dates of, and parties to, every material contract including contracts relating to the acquisition of property to which clause (f) applies, and a reasonable time and place at which any material contract or a copy thereof may be inspected: Provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on or intended to be carried on by the company, or to any contract (except a contract appointing or fixing the remuneration of a managing director or managing agent) entered into more than two years before the date of issue of the prospectus; and
- (m) the names and addresses of the auditors (if any) of the company; and
- (n) full particulars of the nature and extent of the interest (if any) of every director in the promotion of, or in the property proposed to be acquired by, the company, or, where the

interest of such a director consists in being a partner in a firm, the nature and extent of the interest of the firm, with a statement of all sums paid or agreed to be paid to him or to the firm, in cash or shares or otherwise, by any person either to induce him to become, or to qualify him as a director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company; and

- (o) where the company is a company having shares of more than one class, the right of voting at meetings of the company conferred by, and the rights in respect of capital and dividends attached to, the several classes of shares respectively; and
- (p) where the articles of the company impose any restrictions upon the members of the company in respect of the right to attend, speak or vote at meetings of the company or of the right to transfer shares, or upon the directors of the company in respect of their powers of management, the nature and extent of those restrictions.

(IA) Where the prospectus is issued by a company which has been carrying on business prior to the issue thereof, the prospectus shall set out the following reports in addition to the matters referred to in sub-section (1), namely: -

- (i) a report by the auditors of the company with respect to the profits of the company including its subsidiary companies, if any, so far as the information is available, in each of the three financial years immediately preceding the issue of the prospectus and with respect to the rates of the dividends, if any, paid by the company on each class of shares in the company for each of the said three years, giving particulars of each such class of shares on which such dividends have been paid and the source from which the dividends have been paid and particulars of the cases in which no dividends have been paid on any class of shares for any of those years, and if no accounts have been made up for any part of a period of three years ending on a date three months before the issue of the prospectus, containing a statement of that fact;
- (ii) if the proceeds or any part of the proceeds of the issue of the shares or debentures are or is to be applied directly or indirectly in the purchase of any business, a report, made by an accountant or accountants holding the certificate referred to in section 144, who shall be named in the prospectus, upon the profits of the business in respect of each of the three financial years immediately preceding the issue of the prospectus:

Provided that if, in the case of a company which has been carrying on business for less than three years, the accounts of the company have been made up only in respect of two years or any shorter period, this sub-section shall have effect as if references, to two years or such shorter period were substituted for references to three years.

(IB) The statement referred to in clause (ff) of sub-section (1) and the report referred to in sub-section (IA) with respect to the profits of a company or business shall show clearly the trading results and all charges and expenses incidental thereto, excluding income or profits having no relation to the trading for the period covered and excluding also items of profit or income of a non-recurring nature, but including amounts appropriated from profits to such purposes as payment of taxation or reserves.

(IC) Where any part of the sums required for the matters set out in sub-section (2) of section 101 is to be provided out of sources other than share capital, particulars of the amount to be so provided and the sources thereof.

(2) Where any such prospectus as is mentioned in this section is published as a newspaper advertisement, it shall not be necessary in the advertisement to specify the contents of the memorandum, or the signatories thereto, and the number of shares subscribed for by them.

(3) This section shall not apply to a circular or notice inviting existing members or debenture holders of a company to subscribe either for shares or for debentures of the company, whether with or without the right to renounce in favour of other persons.

(4) The requirements of this section as to the memorandum and the qualification, remuneration and interest of directors, [the names, descriptions, nationality]\* and addresses of directors or proposed directors, and of managers or proposed managers, and the amount or estimated amount of preliminary expenses, shall not apply in the case of a prospectus issued more than one year after the date at which the company is entitled to commence business:

Provided that the said requirements, except the requirement as to the amount or estimated amount of preliminary expenses, shall apply to a prospectus filed in pursuance of section 154.

(5) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this Act apart from this section.

**94. Meaning of vendor in section 93.**

For the purposes of section 93 every person shall be deemed to be a vendor who has entered into any contract, absolute or conditional, for the sale or purchase or for any option of purchase, of any property to be acquired by the company, in any case where –

- (a) the purchase-money is not fully paid at the date of issue of the prospectus; or
- (b) the purchase-money is to be paid or satisfied wholly or in part out of the proceeds of the issue offered for subscription by the prospectus; or
- (c) the contract depends for its validity or fulfillment on the result of that issue.

**95. Application of section 93 to the case of property on lease.**

Where any of the property to be acquired by the company is to be taken on lease, section 93 shall apply as if the expression “vendor” included the lessor, and the expression “purchase-money” included the consideration for the lease, and the expression “sub-purchaser” included a sub-lessee.

**96. Invalidity of certain conditions to waiver or notion.**

(1) Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirements of section 93, or purporting to affect him with notice of any contract, document or matter not specifically referred to in the prospectus, shall be void.

(2) It shall not be lawful to issue any form of application for the shares in or debentures of a company unless the form is issued with a prospectus which complies with the requirements of section 93:

Provided that this sub-section shall not apply if it is shown that the form of application was issued either –

---

\*Substituted by Act XXIII, 1955

- (a) in connection with a *bona fide* invitation to a person to enter into an underwriting agreement with respect to the shares or debentures; or
- (b) in relation to shares or debentures which were not offered to the public.

If any person acts in contravention of the provisions of this subsection, he shall be liable to a fine not exceeding five hundred rupees.

**97. Saving in certain cases of non compliance with section 93.**

(1) If a prospectus is issued which does not comply with the provisions of section 93, every person who is knowingly responsible for the issue of such prospectus shall be liable to a fine not exceeding fifty rupees for every day from the day of the issue of the prospectus until a copy complying with the requirements of section 93 is filed.

(2) In the event of non-compliance with or contravention of any of the requirements of section 93, a director or other person responsible for the prospectus shall not incur any liability by reason of the non-compliance or contravention if he proves that –

- (a) as regards any matter not disclosed, he was not cognizant thereof; or
- (b) the non-compliance or contravention arose from an honest mistake of fact on his part; or
- (c) the non-compliance or contravention was in respect of matters which in the opinion of the Court were immaterial, or was otherwise such as ought in the opinion of the Court, having regard to all the circumstances of the case, reasonably to be excused:

Provided that, in the event of non-compliance with or contravention of the requirements contained in clause (n) of sub-section (1) of section 93, no such director or other person shall incur any liability in respect of the non-compliance or contravention unless it be proved that he had knowledge of the matters not disclosed.

#### **98. Obligations of companies where no prospectus is issued.**

(1) A company which does not issue a prospectus on or with reference to its formation shall not allot any of its shares or debentures unless before the first allotment of either shares or debentures there has been filed with the Registrar a statement in lieu of prospectus, signed by every person who is named therein as a director or a proposed director of the company or by his agent authorized in writing, in the form and containing the particulars set out in the form marked I in the Second Schedule.

(2) This section shall not apply to a private company or to a company which has allotted any shares or debentures before the commencement of this Act, or in so far as it relates to the allotment of shares to a company limited by a guarantee and not having a share capital.

#### **98A. Document offering shares or debentures for sale to be deemed a prospectus.**

(1) Where a company allots or agrees to allot any shares in or debentures of the company with a view to all or any of those shares or debentures being offered for sale to the public, any document by which the offer for sale to the public is made shall for all purposes be deemed to be a prospectus issued by the company, and all enactments and rules of law as to the contents of prospectuses and to liability in respect of statements in and omissions from prospectuses or otherwise relating to prospectuses shall apply and have effect accordingly as if the shares or debentures had been offered to the public for subscription and as if persons accepting the offer in respect of any shares or debentures were subscribers for those shares or debentures, but without prejudice to the liability, if any, of the persons by whom the offer is made in respect of mis-statements contained in the document or otherwise in respect thereof.

(2) For the purposes of this Act it shall, unless the contrary is proved, be evidence that an allotment of or an agreement to allot shares or debentures was made with a view to the shares or debentures being offered for sale to the public, if it is shown –

- (a) that an offer of the shares or debentures or of any of them for sale to the public was made within six months after the allotment or agreement to allot; or
- (b) that at the date when the offer was made the whole of the consideration to be received by the company in respect of the shares or debentures had not been so received.

(3) Section 97 shall apply to the person or persons making the offer as though they were persons named in a prospectus as directors of a company, and the provisions of section 93 shall have effect as if



it required a prospectus to state, in addition to the matters required by that section to be stated in a prospectus, -

(a) then net amount of the consideration received or to be received by the company in respect of the shares or debentures to which the offer relates, and

(b) the place and time at which the contract under which the said shares or debentures have been or are to be allotted may be inspected.

(4) Where a person making an offer to which this section relates is a company or a firm, it shall be sufficient if the document aforesaid is signed on behalf of the company or firm by all directors of the company or not less than half of the partners, as the case may be, and any such director or partner may sign by his agent authorized in writing.

**99. Restriction on terms mentioned in prospectus or statement in lieu of prospectus.**

A company shall not, at any time, vary the terms of a contract referred to in the prospectus or statement in lieu of prospectus, except subject to the approval of the company in general meeting.

**100. Liability for statement in prospectus.**

(1) Where prospectus invites persons to subscribe for shares in or debentures of a company, every person who is a director of the company at the time of the issue of the prospectus, and every person who has authorized the naming of himself and is named in the prospectus as a director or as having agreed to become a director either immediately or after an interval of time, and every promoter of the company, and every person who has authorized the issue of the prospectus, shall be liable to pay compensation to all persons who subscribe for any shares or debentures on the faith of the prospectus for all loss or damage they may have sustained by reason of any misleading or untrue statement therein, or in any report or memorandum appearing on the face thereof, or by reference incorporated therein or issued therewith, unless it is proved –

(a) with respect to every misleading or untrue statement not purporting to be made on the authority of an expert or of a public official document or statement; that he had reasonable ground to believe and did up to the time of the allotment of the shares or debentures, as the case may be, believe that that the statement fairly represented the facts or was true;

(b) with respect to every misleading or untrue statement purporting to be a statement by or contained in what purports to be a copy of or extract from a report or valuation of an expert, that it fairly represented the statement, or was a correct and fair copy of or extract from the report or valuation: Provided that the director, person named as director, promoter or person who authorized the issue of the prospectus shall be liable to pay compensation as aforesaid if it is proved that he had no reasonable ground to believe that the person making the statement, report or valuation was competent to make it; and

(c) with respect to every misleading or untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy of or extract from a public official document, that it was a correct and fair representation of the statement or copy of or extract from the document;

or unless it is proved –

(i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent; or

(ii) that the prospectus was issued without his knowledge or consent, and that, on becoming aware of its issue, he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or

(iii) that, after the issue of the prospectus and before allotment thereunder, he, on becoming aware of any misleading or untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of the withdrawal and of the reason therefor.

(2) Where a company existing at the commencement of this Act\* has issued shares or debentures, and for the purpose of obtaining further capital by subscriptions for shares or debentures issues a prospectus, a director shall not be liable in respect of any statement therein unless he has authorized the issue of the prospectus, or has adopted or ratified it.

(3) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorized or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorized the issue thereof, shall be liable to indemnify the person named as aforesaid against all damages, costs and expenses to which he may be made liable by reason of his name having been inserted in the prospectus, or in defending himself against any suit or legal proceedings brought against him in respect thereof.

(4) Every person who, by reason of his being a director or named as a director or as having agreed to become a director, or of his having authorized the issue of the prospectus, becomes liable to make any payment under this section, may recover contribution, as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation.

(5) For the purposes of this section –

(a) the expression “promoter” means a promoter who was a party to the preparation of the prospectus, or the portion thereof containing the misleading or untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company;

(b) the expression “expert” includes engineer, valuer, accountant and any other person whose profession gives authority to a statement made by him.

---

\**i.e.*, on the 1st April, 1914.

### ***Allotment.***

#### **101. Restriction as to allotment.**

(1) No allotment shall be made of any share capital of a company offered to the public for subscription unless the amount stated in the prospectus as the minimum amount which in the opinion of the directors must be raised by the issue of share capital in order to provide the sums or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided in respect of the matters specified in sub-section (2) has been subscribed, and the sum of at least five per cent. thereof has been paid to or received in cash by the company.

(2) The matters for which provision for the raising of a minimum amount of share capital must be made by the directors are the following, namely: -

(a) the purchase price of any property purchased or to be purchased which is to be defrayed in whole or in part out of the proceeds of the issue;

(b) any preliminary expenses payable by the company and any commission so payable to any person in consideration of his agreeing to subscribe for or of his procuring or agreeing to procure subscriptions for any shares in the company;

(c) the repayment of any moneys borrowed by the company in respect of any of the foregoing matters; and

(d) working capital.

(2A) The amount referred to in sub-section (1) as the amount stated in the prospectus shall be reckoned exclusively of any amount payable otherwise than in cash and is in this Act referred to as the minimum subscription.

(2B) All moneys received from applicants for shares shall be deposited and kept in a scheduled bank until returned in accordance with the provisions of sub-section (4) or until the certificate to commence business is obtained under section 103.

(2C) In the event of any contravention of the provisions of sub-section (2B) every promoter, director or other person knowingly responsible for such contravention shall be liable to a fine not exceeding five hundred rupees.

(3) The amount payable on application on each share shall not be less than five per cent, of the nominal amount of the share.

(4) If the conditions aforesaid have not been complied with on the expiration of one hundred and eighty days after the first issue of the prospectus, all money received from applicants for shares shall be forthwith repaid to them without interest, and, if any such money is not so repaid within one hundred and ninety days after the issue of the prospectus, the directors of the company shall be jointly and severally liable to repay that money with interest at the rate of seven per cent. per annum from the expiration of the one hundred and ninetieth day: Provided that a director shall not be liable if he proves that the loss of the money was not due to any misconduct or negligence on his part.

(5) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section shall be void.

(6) This section, except sub-section (3) thereof, shall not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

(7) In the case of the first allotment of share capital payable in cash of a company which does not issue any invitation to the public to subscribe for its shares, no allotment shall be made unless the minimum subscription (that is to say) –

(a) the amount (if any) fixed by the memorandum or articles and named in the statement in lieu of prospectus as the minimum subscription upon which the directors may proceed to allotment ; or

(b) if no amount is so fixed and named the whole amount of the share capital other than that issued or agreed to be issued as fully or partly paid up otherwise than in cash;

has been subscribed and an amount not less than five per cent. of the nominal amount of each share payable in cash has been paid to and received by the company.

(8) Sub-section (7) shall not apply to a private company or to a company which has allotted any shares or debentures before the commencement of this Act.

## **102. Effect of irregular allotment.**

(1) An allotment made by a company to an applicant in contravention of the provisions of section 101 shall be voidable at the instance of the applicant within one month after the holding of the statutory meeting of the company and not later, or, in any case where the company is not required to hold a statutory meeting or where the allotment is made after the holding of the statutory meeting, within one month after the date of the allotment and not later, and shall be so voidable notwithstanding that the company is in course of being wound up.

(2) If any director of a company knowingly contravenes or permits or authorizes the contravention of any of the provisions of section 101 with respect to allotment, he shall be liable to compensate the company and the allottee respectively for any loss, damages or costs which the company or the allottee may have sustained or incurred thereby: Provided that proceedings to recover

any such loss, damages or costs shall not be commenced after the expiration of two years from the date of the allotment.

**103. Restriction on commencement of business.**

(1) A company shall not commence any business or exercise any borrowing powers unless –

(a) shares held subject to the payment of the whole amount thereof in cash have been allotted to an amount not less in the whole than the minimum subscription; and

(b) every director of the company has paid to the company on each of the shares taken or contracted to be taken by him, and for which he is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares offered for public subscription or, in the case of a company which does not issue a prospectus inviting the public to subscribe for its shares, on the shares payable in cash; and

(c) there has been filed with the Registrar a duly verified declaration by the secretary or one of the directors in the prescribed form that the aforesaid conditions have been complied with; and

(d) in the case of a company which does not issue a prospectus inviting the public to subscribe for its shares, there has been filed with the Registrar a statement in lieu of prospectus.

(2) The Registrar shall, on the filing of a duly verified declaration in accordance with the provisions of this section, certify that the company is entitled to commence business, and that certificate shall be conclusive evidence that the company is so entitled:

Provided that, in the case of a company which does not issue a prospectus inviting the public to subscribe for its shares, the Registrar shall not give such a certificate unless a statement in lieu of prospectus has been filed with him.

(3) Any contract made by a company before the date at which it is entitled to commence business shall be provisional only, and shall not be binding on the company until that date, and on that date it shall become binding.

(4) Nothing in this section shall prevent the simultaneous offer for subscription or allotment of any shares and debentures or the receipt of any money payable on application for debentures.

(5) If any company commences business or exercise borrowing powers in contravention of this section, every person who is responsible for the contravention shall, without prejudice to any other liability, be liable to a fine not exceeding five hundred rupees for every day during which the contravention continues.

(6) Nothing in this section shall apply to a private company, or to a company registered before the commencement of this Act which does not issue a prospectus inviting the public to subscribe for its shares or, in so far as its provisions relate to shares, to a company limited by guarantee and not having a share capital.

**104. Return as to allotments.**

(1) Whenever a company having a share capital makes any allotment of its shares, the company shall, within one month thereafter –

(a) file with the Registrar a return of the allotments, stating the number and nominal amount of the shares comprised in the allotment, [the names, address, nationality]\* and descriptions of the allottees, and the amount (if any) paid or due and payable on each share; and

(b) in the case of shares allotted as fully or partly paid up otherwise than in cash, produce for the inspection and examination of the Registrar a contract in writing constituting the title of the allottee to the allotment, together with any contract of sale, or for service or other consideration in respect of which that allotment was made, such contracts being duly stamped, and file with the Registrar copies verified in the prescribed manner of all such

contracts, and a return stating the number and nominal amount of shares so allotted, the extent to which they are to be treated as paid up, and the consideration for which they have been allotted.

\*Substituted by Act XXIII, 1955

(2) Where such a contract as above mentioned is not reduced to writing, the company shall, within one month after the allotment, file with the Registrar the prescribed particulars of the contract stamped with the same stamp-duty as would have been payable if the contract had been reduced to writing, and these particulars shall be deemed to be an instrument within the meaning of the Burma Stamp Act, and the Registrar may, as a condition of filing the particulars, require that the duty payable thereon be adjudicated under section 31 of that Act.

(3) If default is made in complying with the requirements of this section, every officer of the company who is knowingly a party to the default shall be liable to a fine not exceeding five hundred rupees for every day during which the default continues:

Provided that, in case of default in filing with the Registrar within one month after the allotment any document required to be filed by this section, the company, or any person liable for the default, may apply to the Court for relief, and the Court, if satisfied that the omission to file the document was accidental or due to inadvertence or that on other grounds it is just and equitable to grant relief, may make an order extending the time for the filing of the document for such period as the Court may think proper.

(4) Nothing in this section shall apply to the issue and allotment by a company of shares which under the provisions of its articles were forfeited for non-payment of calls.

### *Commissions and Discounts.*

**105.** Power to pay certain commissions and prohibition of payment of all other commissions, discounts, etc.

(1) It shall be lawful for a company to pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, if the payment of the commission is authorized by the articles and the commission paid or agreed to be paid does not exceed the amount or rate so authorized, and if the amount or rate per cent, of the commission paid or agreed to be paid is –

- (a) in the case of shares offered to the public for subscription, disclosed in the prospectus; or
  - (b) in the case of shares not offered to the public for subscription, disclosed in the statement in lieu of prospectus, or in a statement in the prescribed form signed in like manner as a statement in lieu of prospectus and filed with the Registrar, and where a circular or notice, not being a prospectus, inviting subscription for the shares is issued, also disclosed in that circular or notice.
- (2) Save as aforesaid and save as provided in section 105A, no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance, to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, whether the shares or money be so applied by being added to the purchase-money of any property acquired by the company or to the contract price of any work to be executed for the company, or the money be paid out of the nominal purchase-money or contract price, or otherwise.

- (3) Nothing in this section shall affect the power of any company to pay such brokerage as it has heretofore been lawful for a company to pay, and a vendor to, promoter of, or other person who receives payment in money or shares from a company shall have and shall be deemed always to have had power to apply any part of the money or shares so received in payment of any commission, the payment of which, if made directly by the company, would have been legal under this section.

**105A.** Power to issue shares at a discount.

(1) Subject to the provisions of this section, it shall be lawful for a company to issue at a discount shares in the company of a class already issued:

Provided that –

- (a) the issue of the shares at a discount must be authorized by resolution passed in general meeting of the company and must be sanctioned by the Court;
- (b) the resolution must specify the maximum rate of discount (not exceeding ten per cent. in any case) at which shares are to be issued;
- (c) not less than one year must at the date of issue have elapsed since the date on which the company was entitled to commence business;
- (d) the shares to be issued at a discount must be issued within six months after the date on which the issue is sanctioned by the Court or within such extended time as the Court may allow.

(2) Every prospectus relating to the issue of the shares and every balance sheet issued by the company subsequently to the issue of the shares must contain particulars of the discount allowed on the issue of the shares, or of so much of that discount as has not been written off at the date of the issue of the document in question.

(3) If default is made in complying with sub-section (2), the company and every officer of the company who is in default shall be liable to a fine not exceeding fifty rupees.

**105B.** Issue of redeemable preference shares.

(1) Subject to the provisions of this section, a company limited by shares may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be, liable to be redeemed:

Provided that –

- (a) no such shares shall be redeemed except out of profits of the company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption or out of sale proceeds of any property of the company;
- (b) no such shares shall be redeemed unless they are fully paid;
- (c) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called “the capital redemption reserve fund,” a sum equal to the amount applied in redeeming the shares, and the provisions of this Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve fund were paid-up share capital of the company.
- (d) where any such shares are redeemed out of the proceeds of a fresh issue, the premium, if any, payable on redemption must have been provided for out of the profits of the company before the shares are redeemed.

(2) There shall be included in every balance-sheet of a company which has issued redeemable preference shares a statement specifying what part of the issued capital of the company consists of such

shares and the date on or before which those shares are, or are to be, liable to be redeemed or, where no definite date is fixed for redemption, the period of notice to be given for redemption.

If a company fails to comply with the provisions of this sub-section, the company and every officer of the company who is in default shall be liable to a fine not exceeding one thousand rupees.

(3) Subject to the provisions of this section, the redemption of preference shares thereunder may be effected on such terms and in such manner as may be provided by the articles of the company.

(4) Where in pursuance of this section a company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and accordingly the share capital of the company shall not for the purpose of calculating the fees payable under section 249 be deemed to be increased by the issue of shares in pursuance of this sub-section:

Provided that, where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to stamp duty, be deemed to have been issued in pursuance of this sub-section unless the old shares are redeemed within one month after the issue of the new shares.

(5) Where new shares have been issued in pursuance of the last foregoing sub-section, the capital redemption reserve fund may, notwithstanding anything in this section, be applied by the company, up to an amount equal to the nominal amount of the shares so issued, in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.

#### **105C.** Further issue of shares.

Where the directors decide to increase the capital of the company by the issue of further shares, such shares shall be offered to the members in proportion to the existing shares held by each member (irrespective of class), and such offer shall be made by notice specifying the number of shares to which the member is entitled, and limiting a time within which the offer, if not accepted, will be deemed to be declined; and after the expiration of such time, or on receipt of an intimation from the member to whom such notice is given that he declines to accept the shares offered, the directors may dispose of the same in such manner as they think most beneficial to the company.

#### **106.** Statement in balance sheet as to commissions and discounts.

Where a company has paid any sums by way of commission in respect of any shares or debentures or allowed any sums by way of discount in respect of any debentures, the total amount so paid or allowed, or so much thereof as has not been written off, shall be stated in every balance-sheet of the company until the whole amount thereof has been written off.

#### ***Payment of Interest out of Capital.***

**107.** Where any shares of a company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the company may pay interest on so much of that share capital as if for the time being paid up for the period and subject to the conditions and restrictions in this section mentioned, and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant:

Provided that –

- (1) no such payment shall be made unless the same is authorized by the articles or by special resolution;

- (2) no such payment, whether authorized by the articles or by special resolution, shall be made without the previous sanction of the President of the Union, which sanction shall be conclusive evidence for the purposes of this section that the shares of the company, in respect of which such sanction is given, have been issued for a purpose specified in this section;
- (3) before sanctioning any such payment, the President of the Union may, at the expense of the company, appoint a person to inquire and report to the President of the Union as to the circumstances of the case, and may, before making the appointment, require the company to give security for the payment of the costs of the inquiry;
- (4) the payment shall be made only for such period as may be determined by the President of the Union, and such period shall in no case extend beyond the close of the half-year next after the half-year during which the works or buildings have been actually completed or the plant provided;
- (5) the rate of interest shall in no case exceed four per cent. per annum or such lower rate as the President of the Union may, by notification in the Gazette, prescribe;
- (6) the payment of the interest shall not operate as a reduction of the amount paid up on the shares in respect of which it is paid;
- (7) the accounts of the company shall show the share capital on which, and the rate at which, interest has been paid out of capital during the period to which the accounts relate;
- (8) nothing in this section shall affect any company to which the Railway Companies Act or the Tramways Act applies.

#### *Certificates of Shares, etc.*

**108.** (1) Every company shall, within three months after the allotment of any of its shares, debentures or debenture stock, and within three months after the registration of the transfer of any such shares, debentures or debenture stock, complete and have ready for delivery the certificates of all shares, the debentures, and the certificates of all debenture stock allotted or transferred, unless the conditions of issue of the shares, debentures or debenture stock otherwise provide.

(2) If default is made in complying with the requirements of this section, the company, and every officer of the company who is knowingly a party to the default, shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

#### *Information as to Mortgages, Charges, etc.*

**109.** (1) Every mortgage or charge created after the commencement of this Act by a company and being either –

- (a) a mortgage or charge for the purpose of securing any issue of debentures; or
- (b) a mortgage or charge on uncalled share capital of the company; or
- (c) a mortgage or charge on any immoveable property wherever situate, or any interest therein; or
- (d) a mortgage or charge on any book debts of the company; or
- (e) a mortgage or a charge, not being a pledge on any moveable property of the company except stock-in-trade; or
- (f) a floating charge on the undertaking or property of the company;

shall, so far as any security on the company's property or undertaking is thereby conferred, be void against the liquidator and any creditor of the company unless the prescribed particulars of the mortgage or charge, together with the instrument (if any) by which the mortgage or charge is created or evidenced, or a copy thereof verified in the prescribed manner are filed with the Registrar for registration in manner required by this Act within twenty-one days after the date of its creation, but



without prejudice to any contract or obligation for repayment of the money thereby secured, and when a mortgage or charge becomes void under this section, the money secured thereby shall immediately become payable:

Provided that –

- (i) in the case of a mortgage or charge created out of the Union of Burma, comprising solely property situate outside the Union of Burma, twenty-one days after the date on which the instrument or copy could, in due course of post and if dispatched with due diligence, have been received in the Union of Burma shall be substituted for twenty-one days after the date of the creating of the mortgage or charge as the time within which the particulars and instrument or copy are to be filed with the Registrar; and
- (ii) where the mortgage or charge is created in the Union of Burma but comprises property outside the Union of Burma, the instrument creating or purporting to create the mortgage or charge or a copy thereof verified in the prescribed manner may be filed for registration notwithstanding that further proceedings may be necessary to make the mortgage or charge valid or effectual according to the law of the country in which the property is situate; and
- (iii) where a negotiable instrument has been given to secure the payment of any book debts of a company, the deposit of the instrument for the purpose of securing an advance to the company shall not for the purposes of this section be treated as a mortgage or charge on those book debts; and
- (iv) the holding of debentures entitling the holder to a charge on immoveable property shall not be deemed to be an interest in immoveable property.

(2) Where any mortgage or charge on any property of a company required to be registered under this section has been so registered, any person acquiring such property or any part thereof, or any share or interest therein, shall be deemed to have notice of the said mortgage or charge as from the date of such registration.

**109A.** (1) Where after the 15<sup>th</sup> January, 1937,\* a company registered in the Union of Burma acquires any property which is subject to a charge of any such kind as would, if it had been created by the company after the acquisition of the property, have been required to be registered under this Part, the company shall cause the prescribed particulars of the charge, together with copy (certified in the prescribed manner to be a correct copy) of the instrument, if any, by which the charge was created or is evidenced, to be delivered to the Registrar for registration in manner required by this Act within twenty-one days after the date on which the acquisition is completed:

Provided that, if the property is situate and the charge was created outside the Union of Burma, twenty-one days after the date on which the copy of the instrument could, in due course of post and if dispatched with due diligence, have been received in the Union of Burma shall be substituted for twenty-one days after the completion of the acquisition as the time within which the particulars and the copy of the instrument are to be delivered to the Registrar.

(2) If default is made in complying with this section, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine of five hundred rupees.

**110.** Where a series of debentures containing or giving by reference to any other instrument any charge to the benefit of which the debenture-holders of that series are entitled *pari passu* is created by a company, it shall be sufficient for the purposes of section 109 if there are filed with Registrar within twenty-one days after the execution of the deed containing the charge or, if there is no such deed, after the execution of any debentures of the series, the following particulars: -

- (a) the total amount secured by the whole series; and
- (b) the dates of the resolution authorizing the issue of the series and the date of the covering deed (if any) by which the security is created or defined; and
- (c) a general description of the property charged; and

---

\*Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

- (d) the names of the trustees (if any) for the debenture-holders; together with the deed or a copy thereof verified in the prescribed manner containing the charge, or if there is no such deed, one of the debentures of the series, and the Registrar shall, on payment of the prescribed fee, enter those particulars in the register;

**111.** Where any commission, allowance or discount has been paid or made either directly or indirectly by the company to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any debentures of the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any such debentures, the particulars required to be filed for registration under section 109 and 110 shall include particulars as to the amount or rate per cent, of the commission, discount or allowance so paid or made, but an omission to do this shall not affect the validity of the debentures issued:

Provided that the deposit of any debentures as security for any debt of the company shall not for the purposes of this provision be treated as the issue of the debentures at a discount.

**112.**(1) The Registrar shall keep, with respect to each company, a register in the prescribed form of all mortgages and charges created by the company after the commencement of this Act and requiring registration under section 109, and shall, on payment of the prescribed fee, enter in the register, with respect to every such mortgage or charge, the date of creation, the amount secured by it, short particulars of the property mortgaged or charged, and the names of the mortgagees or persons entitled to the charge.

(2) After making the entry required by sub-section (1), the Registrar shall return the instrument (if any) or the verified copy thereof, as the case may be, filed in accordance with the provisions of section 109 or section 110, to the person filing the same.

(3) The register kept in pursuance of this section shall be open to inspection by any person on payment of the prescribed fee, not exceeding one rupee for each inspection.

**113.** The Registrar shall keep a chronological index, in the prescribed form and with the prescribed particulars, of the mortgages or charges registered with him under this Act.

**114.** The Registrar shall give a certificate under his hand of the registration of any mortgage or charge registered in pursuance of section 109, stating the amount thereby secured, and the certificate shall be conclusive evidence that the requirements of section 109 to 112 as to registration have been complied with.

**115.** The company shall cause a copy of every certificate of registration, given under section 114, to be endorsed on every debenture or certificate of debenture stock which is issued by the company, and the payment of which is secured by the mortgage or charge so registered:

Provided that nothing in this section shall be construed as requiring a company to cause a certificate of registration of any mortgage or charge so given to be endorsed on any debenture or certificate of debenture stock which has been issued by the company before the mortgage or charge was created.

**116.**(1) It shall be the duty of the company to file with the Registrar for registration the prescribed particulars of every mortgage or charge created by the company and of the issues of debentures of a series, requiring registration under section 109, but registration of any such mortgage or charge may be effected on the application of any person interested therein.

(2) Where the registration is effected on the application of some person other than the company, that person shall be entitled to recover from the company the amount of any fees properly paid by him to the Registrar on the registration.

(3) Whenever the terms or conditions or extent or operation of any mortgage or charge registered under this section are modified, it shall be the duty of the company to send to the Registrar the particulars of such modification, and the provisions of this section as to registration of a mortgage or a charge shall apply to such modification of the mortgage or charge as aforesaid.

**117.** Every company shall cause a copy of every instrument creating any mortgage or charge requiring registration under section 109 to be kept at the registered office of the company: Provided that, in the case of a series of uniform debentures, a copy of one such debenture shall be sufficient.

**118.**(1) If any person obtains an order for the appointment of a receiver of the property of a company, or appoints such a receiver under any powers contained in any instrument, he shall, within fifteen days from the date of the order or of the appointment under the powers contained in the instrument, file notice of the fact with the Registrar, and the Registrar shall, on payment of the prescribed fee, enter the fact in the register of mortgages and charges.

(2) If any person makes default in complying with the requirements of this section, he shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

**119.**(1) Every receiver of the property of a company who has been appointed under the powers contained in any instrument, and who has taken possession, shall once in every half-year while he remains in possession, and also on ceasing to act as receiver, file with the Registrar an abstract in the prescribed form of his receipts and payments during the period to which the abstract relates, and shall also, on ceasing to act as receiver, file with the Registrar notice to that effect, and the Registrar shall enter the notice in the register of mortgages and charges.

(2) Where a receiver of the property of a company has been appointed, every invoice, order for goods, or business letter issued by or on behalf of the company, or the receiver of the company, being a document on or in which the name of the company appears, shall contain a statement that a receiver has been appointed.

(3) If default is made in complying with the requirements of this section, the company, and every director, manager, managing agent, secretary or other officer of the company, and every receiver, who knowingly and willfully authorizes or permits the default, shall be liable to a fine not exceeding two hundred rupees.

**120.**(1) The Court, on being satisfied that the omission to register a mortgage or charge within the time required by section 109, or that the omission or misstatement of any particular with respect to any such mortgage or charge, or the omission to give intimation to the Registrar of the payment or satisfaction of a debt for which a charge or mortgage was created, was accidental or due to inadvertence or to some other sufficient cause, or is not of a nature to prejudice the position of creditors or share-holders of the company, or that on other grounds it is just and equitable to grant relief, may, on the application of the company or any person interested and on such terms and conditions as seem to the Court just and expedient, order that the time for registration be extended, or, as the case may be, that the omission or misstatement be rectified, and may make such order as to the costs of the application as it thinks fit.

(2) Where the Court extends the time for the registration of a mortgage or charge, the order shall not prejudice any rights acquired in respect of the property concerned prior to the time when the mortgage or charge is actually registered.

**121.**(1) It shall be the duty of the company to give intimation to the Registrar of the payment or satisfaction of any charge or mortgage created by the company and requiring registration under section 109 within twenty-one days from the date of the payment or satisfaction thereof.

(2) The Registrar shall on receipt of such intimation cause a notice to be sent to the mortgagee calling upon him to show cause, within a time (not exceeding fourteen days) to be fixed by such notice, why the payment or satisfaction of the charge or mortgage should not be recorded.

(3) The Registrar shall, if no cause is shown, order that a memorandum of satisfaction be entered on the register and shall if required furnish the company with a copy thereof.

(4) Where cause is shown, the Registrar shall record a note to that effect in the register, and shall inform the company that he has done so.

**122.**(1) If any company makes default in filing with the Registrar for registration the particulars –

(a) of any mortgage or charge created by the company; or

(b) of the payment or satisfaction of a debt in respect of which a mortgage or charge has been registered under section 109 or section 109A; or

(c) of the issues of debentures of a series,

requiring registration with the Registrar under the foregoing provisions of this Act, then, unless the registration has been effected on the application of some other person, the company, and every officer of the company or other person who is knowingly a party to the default, shall on conviction be liable to a fine not exceeding five hundred rupees for every day during which he default continues.

(2) Subject as aforesaid, if any company makes default in complying with any of the requirements of this Act as to the registration with the Registrar of any mortgage or charge created by the company, the company, and every officer of the company who knowingly and willfully authorizes or permits the default, shall, without prejudice to any other liability, be liable on conviction to a fine not exceeding one thousand rupees.

(3) If any person knowingly and willfully authorizes or permits the delivery of any debenture or certificate of debenture stock requiring registration with the Registrar under the foregoing provisions of this Act without a copy of the certificate of registration being endorsed upon it, he shall, without prejudice to any other liability, be liable on conviction to a fine not exceeding one thousand rupees.

**123.**(1) Every company shall keep a register of mortgages and enter therein all mortgages and charges specifically affecting property of the company and all floating charges on the undertaking or on any property of the company, giving in each case a short description of the property mortgaged or charged, the amount of the mortgage or charge and (except in the case of securities to bearer) the names of the mortgagees or persons entitled thereto.

(2) If any director, manager or other officer of the company knowingly and willfully authorizes or permits the omission of any entry required to be made in pursuance of this section, he shall be liable to a fine not exceeding five hundred rupees.

**124.**(1) The copies kept at the registered office of the company in pursuance of section 117 of instruments creating any mortgage or charge requiring registration under this Act with the Registrar, and the register of mortgages kept in pursuance of section 123, shall be open at all reasonable times to the inspection of any creditor or member of the company without fee, and the register of mortgages shall also be open to the inspection of any other person on payment of such fee, not exceeding one rupee for each inspection, as the company may prescribe.

(2) If inspection of the said copies or register is refused, the company shall be liable to a fine not exceeding fifty rupees, and a further fine not exceeding twenty rupees for every day during which the refusal continues, and every officer of the company who knowingly authorizes or permits the refusal shall incur the like penalty, and in addition to the above penalty, the Court may by order compel an immediate inspection of the copies or register.

**125.** (1) Every register of holders of debentures of a company shall, except when closed in accordance with the articles during such period or periods (not exceeding in the whole thirty days in any year) as may be specified in the articles, be open to the inspection of the registered holder of any such debentures, and of any holder of shares in the company, but subject to such reasonable restrictions as the company may in general meeting impose, so that at least two hours in each day are appointed for inspection, and every such holder may require a copy of the register or any part thereof on payment of six annas for every one hundred words or fractional part thereof required to be copied.

(2) A copy of any trust-deed for securing any issue of debentures shall be forwarded to every holder of any such debentures at his request on payment, in the case of a printed trust-deed, of the sum of one rupee or such less sum as may be prescribed by the company, or, where the trust-deed has not been printed, on payment of six annas for every one hundred words or fractional part thereof required to be copied.

(3) If inspection is refused, or a copy is refused or not forwarded, the company shall be liable to a fine not exceeding fifty rupees, and to a further fine not exceeding twenty rupees for every day during which the refusal continues, and every officer of the company who knowingly authorizes or permits the refusal incur the like penalty, and the Court may by order compel an immediate inspection of the register.

**125A.** The separation of Burma and India shall not, as respects a company which was under the provisions of this Act as in force before the separation of Burma and India a company within the meaning of this Act, render valid any mortgage or charge which, by virtue of this Part of this Act, as in force immediately before the said date, was void against the liquidator and creditors of the company.

#### *Debentures and Floating Charges.*

**126.** A condition contained in any debentures or in any deed for securing any debentures, whether issued for executed before or after the passing of this Act, shall not be invalid by reason only that thereby the debentures are made irredeemable or redeemable only on the happening of a contingency, however remote or on the expiration of a period however long.

**127.** (1) Where either before or after the commencement of this Act a company has redeemed any debentures previous issued, the company, unless the articles or the conditions of issue expressly otherwise provide, or unless the debentures have been redeemed in pursuance of any obligation on the company so to do (not being an obligation enforceable only by the person to whom the redeemed debentures were issued or his assigns), shall have power, and shall be deemed always to have had power, to keep the debentures alive for the purposes of re-issue, and where a company has purported to exercise such a power the company shall have power, and shall be deemed always to have had power, to re-issue the debentures either by re-issuing the same debentures or by issuing other debentures in their place, and upon such re-issue the person entitled to the debentures shall have, and shall be deemed always to have had, the same rights and priorities as if the debentures had not previously been issued.

(2) Where with the object of keeping debentures alive for the purpose of re-issue they have, either before or after the commencement of this Act, been transferred to a nominee of the company, a transfer from that nominee shall be deemed to be a re-issue for the purposes of this section.

(3) Where a company has, either before or after the commencement of this Act, deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures shall not be deemed to have been redeemed by reason only of the account of the company having ceased to be in debit whilst the debentures remained so deposited.

(4) The re-issue of a debenture or the issue of another debenture in its place under the power by this section given to, or deemed to have been possessed by, a company, whether the re-issue or issue was made before or after the commencement of this Act, shall be treated as the issue of a new debenture for the purposes of stamp-duty, but it shall not be so treated for the purposes of any provision limiting the amount or number of debentures to be issued:

Provided that any person lending money on the security of a debenture re-issued under this section which appears to be duly stamped may give the debenture in evidence in any proceedings for enforcing his security without payment of the stamp-duty or any penalty in respect thereof, unless he had notice or, but for his negligence, might have discovered that the debenture was not duly stamped, but in any such case the company shall be liable to pay the proper stamp-duty and penalty.

(5) Nothing in this section shall prejudice –

(a) \* \* \* \*

(b) any power to issue debentures in the place of any debentures paid off or otherwise satisfied or extinguished, reserved to a company by its debentures or the securities for the same.

**128.** A contract with a company to take up and pay for any debentures of the company may be enforced by a decree for specific performance.

**129.(1)** Where either a receiver is appointed on behalf of the holders of any debentures of a company secured by a floating charge, or possession is taken by or on behalf of those debenture-holders of any property comprised in or subject to the charge, then, if the company is not at the time in course of being wound up, the debts which in every winding up are under the provisions of Part V relating to preferential payments to be paid in priority to all other debts, shall be paid forthwith out of any assets coming to the hands of the receiver or other person taking possession as aforesaid in priority to any claim for principal or interest in respect of the debentures.

(2) The periods of time mentioned in the said provisions of Part V shall be reckoned from the date of the appointment of the receiver or of possession being taken as aforesaid, as the case may be.

(3) Any payments made under this section shall be recouped, as far as may be, out of the assets of the company available for payment of general creditors.

#### ***Statement, Books and Accounts.***

**130.(1)** Every company shall cause to be maintained proper books of account in [Burmese or English]\* with respect to –

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company;

(c) the assets and liabilities of the company.

(2) The books of account shall be kept at the registered office of the company or at such other place as the directors think fit, and shall be open to inspection by the directors during business hours.

(3) In the case of a company managed by a managing agent the managing agent, or where the managing agent is a firm or company, the partner or director of such firm or company, and in any other case the director or directors, who have knowingly by their act or omission been the cause of any

default by the company in complying with the requirements of this section, shall in respect of such offence be liable to a fine not exceeding one thousand rupees.

**131.(1)** The directors of every company shall at some date not later than eighteen months after the incorporation of the company, and subsequently once at least in every calendar year, lay before the company in general

---

\*Substituted by Act XXIII, 1955

Meeting a balance-sheet and profit and loss account, or in the case of a company not trading for profit an income and expenditure account for the period, in the case of the first account since the incorporation of the company, and in any other case since the preceding account, made up to a date not earlier than the date of the meeting by more than nine months, or in the case of a company carrying on business or having interests outside the Union of Burma by more than twelve months:

Provided that the Registrar may for any special reason extend the period by a period not exceeding three months.

(2) The balance-sheet and the profit and loss account, or income and expenditure account, shall be audited by the auditor of the company as hereinafter provided, and the auditor's report shall be attached thereof, or there shall be inserted at the foot thereof a reference to the report, and the report shall be read before the company in general meeting and shall be open to inspection by any member of the company.

(3) Every company other than a private company shall send a copy of such balance-sheet and profit and loss account, or income and expenditure account, so audited, together with a copy of the auditor's report, to the registered address of every member of the company at least fourteen days before the meeting at which it is to be laid before the members of the company, and shall deposit a copy at the registered office of the company for the inspection of the members of the company during a period of at least fourteen days before that meeting.

**131A.** (1) The directors shall make out and attach to every balance-sheet a report with respect to the state of the company's affairs, the amount, if any, which they recommend should be paid by way of dividend, and the amount, if any, which they propose to carry to the Reserve Fund, General Reserve or Reserve Fund, General Reserve or Reserve Account to be shown specifically in a subsequent balance-sheet.

(2) The report referred to in sub-section (1) may be signed by the chairman of the directors on behalf of the directors if authorized in that behalf by the directors.

(3) The provisions of sub-section (3) of section 130 shall apply to any person being a director who is knowingly and willfully guilty of a default in complying with this section.

**132.** (1) The balance-sheet shall contain a summary of the property and assets and of the capital and liabilities of the company, giving such particulars as will disclose the general nature of those liabilities and assets and how the value of the fixed assets has been arrived at.

(2) The balance-sheet shall be in the form marked F in the Third Schedule, or as near thereto as circumstances admit.

(3) The profit and loss account shall include particulars showing the total of the amount paid, whether as fees, percentages or otherwise, to the managing agent, if any, and the directors, respectively, as remuneration for their services, and, where a special resolution passed by the members of the company so requires, to the manager, and the total of the amount written off for depreciation. If any director of the company is by virtue of the nomination, whether direct or indirect, of the company, a director of any other company, any remuneration or other emoluments received by him for his own use,

whether as a director of, or otherwise in connection with the management of, that other company, shall be shown in a note at the foot of the account or in a statement attached thereto.

**132A.** (1) Where a company, in this Act referred to as the holding company, holds shares, either directly or through a nominee, in a subsidiary company or in two or more subsidiary companies, there shall be annexed to the balance-sheet of the holding company the last audited balance-sheet, profit and loss account and auditors' report of the subsidiary company or companies, and a statement signed by the persons by whom, in pursuance of section 133, the balance-sheet of the holding company is signed, stating how the profits and losses of the subsidiary company, or, where there are two or more subsidiary companies, the aggregate profits and losses of those companies, have been dealt with in or for the purposes of the accounts of the holding company, and in particular how and to what extent –

- (a) provision has been made for the losses of a subsidiary company either in the accounts of that company or of the holding company or of both, and
- (b) losses of a subsidiary company have been taken into account by the directors of the holding company in arriving at the profits and losses of the company as disclosed in its accounts:

Provided that it shall not be necessary to specify in any such statement the actual amount of the profits or losses of any subsidiary company or the actual amount of any part of any such profits or losses which has been dealt with in any particular manner:

Provided further that for the purposes of this section an investment company, that is to say, a company whose principal business is the acquisition and holding of shares, stocks, debentures or other securities, shall not be deemed to be a holding company by reason only that part of its assets consists in 51 per cent. or more of the shares of another company.

(2) If, in the case of a subsidiary company, the auditors' report on the balance-sheet of the company does not state without qualification that the auditors have obtained all the information and explanations they have required and that the balance-sheet is properly drawn up so as to exhibit a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them and as shown by the books of the company, the statement, which is to be annexed as aforesaid to the balance-sheet of the holding company, shall contain particulars of the manner in which the report is qualified.

(3) For, the purposes of this section the profits or losses of a subsidiary company mean the profits or losses shown in any accounts of the subsidiary company made up to a date within the period to which the accounts of the holding company relate, or, if there are no such accounts of the subsidiary company available at the time when the accounts of the holding company are made up, the profits or losses shown in the last previous accounts of the subsidiary company which became available within that period.

(4) If for any reason the directors of the holding company are unable to obtain such information as is necessary for the preparation of the statement aforesaid, the directors who sign the balance-sheet shall so report in writing and their report shall be annexed to the balance-sheet in lieu of the statement.

(5) The holding company may by a resolution authorize representatives named in the resolution to inspect the books of account kept in accordance with section 130 by any subsidiary company, and on such resolution being passed those books of account shall be open to inspection by those representatives at any time during business hours.

(6) The rights conferred by section 138 upon members of a company may be exercised in respect of any subsidiary company by members of the holding company as if they were members of that subsidiary company.

**133.** (1) Save as provided by sub-section (2), the balance-sheet and profit and loss account, or income and expenditure account, shall –



- (i) in the case of a banking company, be signed by the manager or managing agent (if any) and, where there are more than three directors of the company, by at least three of those directors and, where there are not more than three directors, by all the directors;
- (ii) in the case of any other company, be signed by two directors or, when there are less than two directors, by the sole director and by the manager or managing agent (if any) of the company.

(2) When the total number of directors of the company for the time being in the Union of Burma is less than the number of directors whose signatures are required by sub-section (1), then the balance-sheet and profit and loss account, or income and expenditure account, shall be signed by all the directors for the time being in the Union of Burma, by such director, but in such a case there shall be subjoined to the balance-sheet and profit and loss account, or income and expenditure account, a statement signed by such directors or director explaining the reason for non-compliance with the provisions of sub-section(1).

(3) If any default is made in laying before the company or in issuing a balance-sheet and profit and loss account, or income and expenditure account, as required by section 131, or if any balance-sheet and profit and loss account, or income and expenditure account, is issued, circulated or published which does not comply with the requirements laid down by and under section 131, section 132, section 132A and this section, the company and every officer of the company who is knowingly and willfully a party to the default shall be punishable with fine which may extend to five hundred rupees.

**134.** (1) After the balance-sheet and profit and loss account have been laid before the company at the general meeting, a copy of the balance-sheet, signed by the manager or secretary of the company, shall be filed with the Registrar at the same time as the copy of the annual list of members and summary prepared in accordance with the requirements of section 32.

(2) If the general meeting before which a balance-sheet is laid does not adopt the balance-sheet, a statement of that fact and of the reasons therefor shall be annexed to the balance-sheet and to the copy thereof required to be filed with the Registrar.

(3) This section shall not apply to a private company.

(4) If a company makes default in complying with the requirements of this section, the company and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty as is provided by section 32 for a default in complying with the provisions of that section.

**135.** Save as otherwise provided in this Act, any member of a company shall be entitled to be furnished with copies of the balance-sheet and the profit and loss account, or the income and expenditure account, and the auditor's report at a charge not exceeding six annas for every hundred words or fractional part thereof.

#### *Statement to be published by Banking and certain other Companies.*

**136.** (1) Every company being a limited banking company or an insurance company or a deposit, provident or benefit society shall, before it commences business, and also on the first Monday in February and the first Monday in August in every year during which it carries on business, make a statement in the form marked G in the Third Schedule, or as near thereto as circumstances will admit.

(2) A copy of the statement, together with a copy of the last audited balance-sheet laid before the members of the company, kept displayed in a conspicuous place in the registered office of the company, and in every branch office or place where the business of the company is carried on.

(3) Every member and every creditor of the company shall be entitled to a copy of the statement on payment of a sum not exceeding eight annas.

(4) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues; and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to the like penalty.

(5) This section shall not apply to a life assurance company or provident insurance society to which the provisions of the Life Assurance Companies Act or of the Provident Insurance Societies Act, as the case may be, as to the annual statements to be made by such company or society, apply with or without modification, if the company or society complies with those provisions.

#### ***Investigation by the Registrar.***

**137.** (1) Where the Registrar, on perusal of any document which a company is required to submit to him under the provisions of this Act, is of opinion that any information or explanation is necessary in order that such document may afford full particulars of the matter to which it purports to relate, he may, by a written order, call on the company submitting the document to furnish in writing such information or explanation within such time as he may specify in his order.

(2) On the receipt of an order under sub-section (1), it shall be the duty of all persons who are or have been officers of the company to furnish such information or explanation to the best of their power.

(3) If any such person refuses or neglects to furnish any such information or explanation, he shall be liable to a fine not exceeding fifty rupees in respect of each offence, and the Court may on the application of the Registrar and upon notice to the company make an order on the company for production of such documents as in its opinion may reasonably be required by the Registrar for his investigation and allow the Registrar inspection thereof on such terms and conditions as it thinks fit.

(4) On receipt of such information or explanation the Registrar may annex the same to the original document submitted to him; and any additional document so annexed by the Registrar shall be subject to the like provisions as to inspection and the taking of copies as the original document is subject.

(5) If such information or explanation is not furnished within the specified time, or if after perusal of such information or explanation the Registrar is of opinion that the document in question discloses an unsatisfactory state of affairs, or that it does not disclose a full and fair statement of the matters to which it purports to relate, the Registrar shall report in writing the circumstances of the case to the President of the Union.

(6) If it is represented to the Registrar in materials placed before him by any contributory or creditor that the business of a company is carried on in fraud of its creditor that the business of a company is carried on in fraud of its creditors or in fraud of persons dealing with the company or for a fraudulent purpose, he may after giving the company an opportunity of being heard by written order call on the company for information or explanation on matters specified in the order within such time as he may specify in the order, and the provisions of sub-sections (2), (3) and (5) of this section shall apply to such order. If upon investigation the Registrar is satisfied that any representation on which he has taken action under this sub-section is frivolous or vexatious, he shall disclose the identity of the informant to the company.

(7) The provisions of this section shall apply *mutatis mutandis* to documents which a liquidator is required to file under this Act.

#### ***Inspection and Audit.***

**138.** The President of the Union may appoint one or more competent inspectors to investigate the affairs of any company and to report thereon in such manner as the President of the Union may direct —

- (i) in the case of a banking company having a share capital, on the application of members holding not less than one-fifth of the shares issued;
- (ii) in the case of any other company having a share capital, on the application of members holding not less than one-tenth of there shares issued;
- (iii) in the case of a company not having a share capital, on the application of not that one-fifth in number of the persons on the company's register of members;
- (iv) in the case of any company, on a report by the Registrar under section 137, sub-section (5).

\* **138A.** The President of the Union may, at any time, in the interest of the public, direct the investigation of the affairs of a company, foreign company carrying on international trade by one or more competent inspectors appointed in this behalf.

**139.** An application by members of a company under section 138 shall be supported by such evidence as the President of the Union may require for the purpose of showing that the applicants have good reason for, and are not actuated by malicious motives in requiring, the investigation; and the President of the Union may, before appointing an inspector, require the applicants to give security for payment of the costs of the inquiry.

**140.** (1) It shall be the duty of all persons who are or have been officers of the company to produce to the inspectors all books and documents in their custody or power relating to the company.

(2) An inspector may examine on oath any such person in relation to its business, and may administer an oath accordingly.

(3) If any person refuses to produce any book or document which under this section it is his duty to produce, or to answer any question relating to the affairs of the company, he shall be liable to a fine not exceeding fifty rupees in respect of each offence.

**141.** (1) On the conclusion of the investigation the inspectors shall report their opinion to the President of the Union, and a copy of the report shall be forwarded by the President of the Union to the Registrar and another copy to the registered office of the company, and a further copy shall, at the request of the applicants for the investigation, be delivered to them.

(2) The report shall be written or printed, as the President of the Union directs.

(3) All expenses of, and incidental to, the investigation shall be defrayed by the applicants unless the President of the Union directs the name to be paid by the company, which the President of the Union is hereby authorized to do:

---

\* Inserted by Act XXIII, 1955

Provided that the expenses of and incidental to an investigation held in pursuance of clause (iv) of section 138 shall be paid out of the assets of the company and shall be recoverable as an arrear of land-revenue.

(4) The Registrar shall keep the copy of the report sent to him with the records of the company in his custody.

**141A.** (1) If from any report made under section 138 it appears to the President of the Union that any person has been guilty of any offence in relation to the company for which he is criminally liable, the President of the Union shall refer the matter to the Attorney-General\* or the Public Prosecutor.

(2) If the officer to whom the matte is referred considers that the case is one in which a prosecution ought to be instituted, he shall cause proceedings to be instituted, and it shall be the duty of all officers

and agents of the company, past and present (other than the accused in the proceedings), to give to him all assistance in connection with the prosecution which they are reasonably able to give.

(3) For the purpose of sub-section (2), the expression "agents" in relation to a company shall be deemed to include the bankers and legal advisers of the company and any persons employed by the company as auditors, whether those persons are or are not officers of the company.

(4) Any director, manager or other officer of the company convicted as the result of a prosecution initiated under this section shall not without the leave of the Court be a director of or in any way, whether directly or indirectly, be concerned in or take part in the management of a company for a period of five years from the date of such conviction.

**142.** (1) A company may by a special resolution appoint inspectors to investigate its affairs.

(2) Inspectors so appointed shall have the same powers and duties as inspectors appointed by the President of the Union, except that, instead of reporting to the President of the Union, they shall report in such manner and to such persons as the company in general meeting may direct.

(3) All persons who are or have been officers of the company shall incur the like penalties in case of refusal to produce any book or document required to be produced to inspectors so appointed, or to answer any question, as they would have incurred if the inspectors had been appointed by the President of the Union.

---

\* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

**143.** A copy of the report of any inspectors appointed under this Act, authenticated by the seal of the company whose affairs they have investigated, shall be admissible in any legal proceeding as evidence of the opinion of the inspectors in relation to any matter contained in the report.

**144.** (1) No person shall be appointed or act as an auditor of any company, other than a private company not being the subsidiary company of a public company, unless he holds a certificate from the President of the Union entitling him to act as an auditor of companies:

Provided that a firm whereof all the partners practicing in the Union of Burma hold such certificates may be appointed by its firm-name to be auditor of a company, and may act in its firm-name.

(2) The President of the Union may, by notification in the Gazette and after previous publication, make rules providing for the grant, renewal or cancellation of such certificates and prescribing conditions and restrictions for such grant, renewal or cancellation:

Provided that nothing contained in such rules shall preclude any person from being granted a certificate merely by reason that he does not practice as a public accountant.

- (2A) In particular, and without prejudice to the generality of the foregoing power, such rules may —
- (a) provide for the maintenance of a register of Accountants entitled to apply for such certificates;
  - (b) prescribe the qualifications for enrolment on the register and the fees therefor;
  - (c) provide for the examination of candidates for enrolment, and prescribe the fees to be paid by examinees;
  - (d) prescribe the circumstances in which the name of any person may be removed from or restored to the register;
  - (e) provide for the establishment, constitution and procedure of an Accountancy Board, consisting of persons representing the interests principally affected or having special knowledge of accountancy, to advise him on all matters of administration relating to accountancy, and to

assist him in maintain the standards of qualification and conduct of persons enrolled on the register; and

(f) provide for the establishment, constitution and procedure of local accountancy boards at such centres as the President of the Union may select, to advise him and the Accountancy Board on any matter that may be referred to them.

(2A) The holder of a certificate granted under this section shall be entitled to be appointed and act as an auditor of companies throughout the Union of Burma.

(3) Every company shall at each annual general meeting appoint an auditor or auditors to hold office until the next annual general meeting.

(4) If an appointment of an auditor is not made at an annual general meeting, the President of the Union may, on the application of any member of the company, appoint an auditor of the company for the current year, and fix the remuneration to be paid to him by the company for his services.

(5) The following persons, that is to say –

(i) a director or officer of the company, and

(ii) a partner of such director or officer, and

(iii) in the case of a company, other than a private company not being the subsidiary company of a public company any person in the employment of such director or officer, and

(iv) any person indebted to the company,

shall not be appointed auditors of the company, and if any person after being appointed auditor becomes indebted to the company his appointment shall thereupon be terminated.

(6) A person, other than a retiring auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice of an intention to nominate that person to the office of auditor has been given by a member of the company to the company not less than fourteen days before such annual general meeting, and the company shall send a copy of any such notice to the retiring auditor, and shall give notice thereof to its members, either by advertisement or in any other mode allowed by the articles, not less than seven days before the annual general meeting:

Provided that, if after notice of the intention to nominate an auditor has been given to the company, an annual general meeting is called for a date fourteen days or less after the notice has been given, the requirements of this section as to time in respect of such a notice shall be deemed to have been satisfied, and the notice to be sent or given by the company may, instead of being sent or given within the time required by this section, be sent or given at the same time as the notice of the annual general meeting.

(7) The first auditors of the company may be appointed by the directors before the statutory meeting, and if so appointed shall hold office until the first annual general meeting unless previously removed by a resolution of the members of the company in general meeting, in which case such members at that meeting may appoint auditors.

(8) The directors may fill any casual vacancy in the office of auditor, but while any such vacancy continues the surviving or continuing auditor or auditors (if any) may act.

(9) The remuneration of the auditors of a company shall be fixed by the company in general meeting, except that the remuneration of any auditors appointed before the statutory meeting, or to fill any casual vacancy, may be fixed by the directors.

**145.** (1) Every auditor of a company shall have a right of access at all time to the books and accounts and vouchers of the company, and shall be entitled to require from the directors and officers of the company such information and explanation as may be necessary for the performance of the duties of the auditors.

(2) The auditors shall make a report to the members of the company on the accounts examined by them, and on every balance-sheet and profit and loss account laid before the company in general meeting during their tenure of office, and the report shall state: —

- (a) whether or not they have obtained all the information and explanations they have required; and
- (b) whether or not in their opinion the balance-sheet and the profit and loss account referred to in the report are drawn up in conformity with the law; and
- (c) whether or not such balance-sheet exhibits a true and correct view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company; and
- (d) whether in their opinion books of account have been kept by the company as required by section 130.

(2A) Where any of the matters referred to in clauses (a), (b), (c) and (d) of sub-section (2) is answered in the negative or with a qualification, the report shall state the reason for such answer.

(3) In the case of a banking company, if the company has branch banks beyond the limits of the Union of Burma, it shall be sufficient if the auditor is allowed access to such copies of and extracts from the books and accounts of any such branch as have been transmitted to the head office of the company in the Union of Burma.

(4) The auditors of a company shall be entitled to receive notice of and to attend any general meeting of the company at which any accounts which have been examined or reported on by them are to be laid before the company and may make any statement or explanation they desire with respect to the accounts.

(5) If any auditors' report is made which does not comply with the requirements of this section, every auditor who is knowingly and willfully a party to the default shall be punishable with fine which may extend to one hundred rupees.

**\*145A.** (1) In the case of a company in which Government holds any share the following provisions shall apply notwithstanding anything contained in sections 131, 144 and 145.

*Explanation.* — "Government" includes State Government.

(2) The auditor of a company in which Government holds any share shall be appointed or re-appointed by the President of the Union on the advice of the Auditor-General.

(3) The Auditor-General shall have power —

- (a) to direct the manner in which the company's accounts be audited by the auditor appointed in pursuance of sub-section (2) and to give such auditor instructions in regard to any matter relating to the performance of his functions as such;
- (b) to conduct a supplementary or test audit of the company's accounts by such person or persons as he may authorize in this behalf; and for the purpose of such audit, to require information or additional information to be furnished to any person or persons, and in such form, as the matters, by such person or persons, and in such form, as the Auditor-General may, by general or special order, direct;
- (c) to require the company to produce before him such records or documents in its possession or under its control for the purposes of audit or supplementary or test audit of the company's account and at such time as may be specified by him.

(4) Any order requiring any information, records or documents to be furnished or produced by a company may also be addressed to any person who is, or has at any time been, an officer or employee of the company, and all the provisions of this section, so far as may be, shall apply in relation to such person as they apply in relation to the company.

(5) The auditor aforesaid shall submit a copy of his audit report to the Auditor-General who shall have the right to comment upon, or supplement, the audit report in such manner as he may think fit.

**\*145B.** Anything which under section 145A is required to be done by the Auditor-General may be done by any person authorized by him, either generally or specially.

**145C.** If a company in which Government holds any share fails to comply with an order made under section 145A, the company and every officer or employee thereof who is in default shall be punishable with imprisonment which may extend to two years or with fine which may extend to ten thousand kyats, or with both.

---

\* Inserted by Act XLVIII, 1959.

**145.** (1) Holders of preference shares and debentures of a company shall have the same right to receive and inspect the balance-sheets and profit and loss accounts of the company and the reports of the auditors and other reports as is possessed by the holders of ordinary shares in the company.

(2) This section shall not apply to a private company, nor to a company registered before the commencement of this Act:

Provided that in the case of any public company whether registered before or after the commencement of this Act the trustees for holders of debentures shall have the right conferred by subsection (1) on holders of preference shares and debentures of a company.

#### ***Carrying on Business with less than the Legal Minimum of Members.***

**147.** If at any time the number of members of a company is reduced, in the case of a private company, below two, or in the case of any other company, below seven, and it carries on business for more than six months while the number is so reduced, every person who is a member of the company during the time that it so carries on business after those six months and is cognizant of the fact that it is carrying on business with fewer than two members or seven members, as the case may be, shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be used for the same without joinder in the suit of any other member.

#### ***Service and Authentication of Documents.***

**148.** A document may be served on a company by leaving it at, or sending it by post to, the registered office of the company.

**149.** A document may be served on the Registrar by sending it to him by post, or delivering it to him, or by leaving it for him at his office.

**150.** A document or proceeding requiring authentication by a company may be signed by a director, secretary or other authorized officer of the company, and need not be under its common seal.

#### ***Tables, Forms and Rules as to Prescribed Matters***

**151.** (1) The forms in the Third Schedule or forms as near thereto as circumstances admit shall be used in all matters to which those forms refer.

(2) The President of the Union may alter any of the Tables and forms in the First Schedule, so that he does not increase the amount of fees payable to the Registrar in the said Schedule mentioned, and may alter or add to the forms in the Third Schedule.

(3) Any such Table or form, when altered, shall be published in the Gazette, and on such publication shall have effect as if enacted in this Act, but no alteration made by the President of the Union in Table A in the First Schedule shall affect any company registered before the alteration, or repeal, as respects that company, any portion of that Table.

(4) In addition to the powers hereinbefore conferred by this section, the President of the Union may make rules providing for all or any matters which by this Act are to be prescribed by his authority.

(5) Every such rule shall be published in the Gazette, and on such publication shall have effect as if enacted in this Act.

### *Arbitration and Compromises.*

**152.** (1) A company may by written agreement refer to arbitration, in accordance with the Arbitration Act, an existing or future difference between itself and any other company or person.

(2) Companies, parties to the arbitration, may delegate to the arbitrator power to settle any terms or to determine any matter capable of being lawfully settled or determined by the companies themselves, or by their directors or other managing body.

(3) The provisions of the Arbitration Act [ \* \* ]\* shall apply to all arbitration between companies and persons in pursuance of this Act.

**153.** (1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them, or between the company and its members or any class of them, the Court may, on the application in a summary way of the company or of any creditor or member of the company or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class of creditors or of the company or class of members, as the case may be, to be called, held and conducted in such manner as the Court directs.

---

\* Deleted by Act IV, 1944.

(2) If a majority in number representing three-fourths in value of the creditors or class of creditors, or members or class of members, as the case may be, present either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Court, be binding on all the creditors or the class or creditors, or on all the members or class of a company in the course of being wound up, on the liquidator and contributories of the company.

(3) An order made under sub-section (2) shall have no effect until a certified copy of the order has been filed with the Registrar, and a copy of every such order shall be annexed to every copy of the memorandum of the company issued after the order has been made, or in the case of a company not having a memorandum, of every copy so issued of the instrument constituting or defining the constitution of the company.

(4) If a company makes default in complying with sub-section (3) the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine not exceeding ten rupees for each copy in respect of which default is made.

(5) The Court may, at any time after an application has been made to it under this section, stay the commencement or continuation of any suit or proceeding against a company on such terms as it thinks fit and proper until the application is finally disposed of.



(6) In this section the expression “company” means any company liable to be wound up under this Act, and for the purposes of this section unsecured creditors who may have filed suits or obtained decrees shall be deemed to be of the same class as other unsecured creditors.

(7) An appeal shall lie from any order made by the Court exercising original jurisdiction under this section to the authority authorized to hear appeals from the decisions of the Court.

**153A.** (1) Where an application is made to the Court under section 153 for the sanctioning of a compromise or arrangement proposed between a company and any such persons as are mentioned in that section, and it is shown to the Court that the compromise or arrangement has been proposed for the purposes of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies, and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (in this section referred to as a “transferor company”) is to be transferred to another company (in this section referred to as “the transferee company”), the Court may, either by the order sanctioning the compromise or arrangement or by any subsequent order, make provision for all or any of the following matters: —

- (a) the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of any transferor company;
- (b) the allotting or appropriation by the transferee company of any shares, debentures, policies, or other like interests in that company which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;
- (c) the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company;
- (d) the dissolution, without winding up, of any transferor company;
- (e) the provision to be made for any persons who, within such time and in such manner as the Court directs, dissent from the compromise or arrangement;
- (f) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation shall be fully and effectively carried out.

(2) Where an order under this section provides for the transfer of property or liabilities, that property shall, by virtue of the order, be transferred to and vest in, and those liabilities shall, by virtue of the order, be transferred to and become the liabilities of, the transferee company, and in the case of any property, if the order so directs, freed from any charges which is by virtue of the compromise or arrangement to cease to have effect.

(3) When an order is made under this section, every company in relation to which the order is made shall cause a certified copy thereof to be delivered to the Registrar for registration within fourteen days after the completion of the order, and if default is made in complying with this sub-section, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine not exceeding fifty rupees.

(4) In this section the expression “property” includes property rights and powers of every description, and the expression “liabilities” includes duties.

(5) Notwithstanding the provisions of sub-section (4) of section 153, the expression “company” in this section does not include any company other than a company within the meaning of this Act.

**153B.** (1) Where a scheme or contract involving the transfer of shares or any class of shares in a company (in this section referred to as “the transferor company”) to another company, whether a company within the meaning of this Act or not (in this section referred to as the “transferee company”), has within four months after the making of the offer in that behalf by the transferee company been approved by the holders of not less than three-fourths in value of the shares affected, the transferee

company may, at any time within two months after the expiration of the said four months, give notice in the prescribed manner to any dissenting shareholder that is desires to acquire his shares, and where such a notice is given the transferee company shall, unless on an application made by the dissenting shareholder within one month from the date on which the notice was given the Court thinks fit to order otherwise, be entitled and bound to acquire those shares on the terms on which under the scheme or contract the shares of the approving share-holders are to be transferred to the transferee company:

Provide that, where may such scheme or contract has been so approved at any time before the 15<sup>th</sup> January, 1937,\* the Court may by order, on an application made to it by the transferee company within two months after the said date, authorize notice to be given under this section at any time within fourteen days after the making of the order, and this section shall apply accordingly, except that the terms on which the shares of the dissenting shareholder are to be acquired shall be such terms as the Court may by the order direct instead of the terms provided by the scheme or contract.

(2) Where a notice has been given by the transferee company under this section and the Court has not, on an application made by the dissenting shareholder, ordered to the contrary, the transferee company shall, on the expiration of one month from the date on which the notice has been given or, if an application to the Court by the dissenting shareholder is then pending, after that application has been disposed of, transmit a copy of the notice to the transferor company and pay or transfer to the transferor company the amount or other consideration representing the price payable by the transferee company for the shares which by virtue of this section that company is entitled to acquire, and the transferor company shall thereupon register the transferee company as the holder of those shares.

(3) Any sums received by the transferor company under this section shall be paid into separate bank account, and any such sums and any other consideration so received shall be held by that company on trust for the several persons entitled to the shares in respect of which the said sums or other consideration were respect

---

\* Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936).

(4) In this section the expression “dissenting shareholder” includes a shareholder who has not assented to the scheme or contract and any shareholder who has failed or refused to transfer his shares to the transferee company in accordance with the scheme or contract.

### ***Conversion of Private Company into Public Company.***

**154.** (1) If a company, being a private company, alters its articles in such manner that they no longer include the provisions which, under the provisions of clause (13) of sub-section (1) of section 2, are required to be included in the articles of a company in order to constitute it a private company, the company shall, as on the date of the alteration, cease to be a private company and shall, within a period of fourteen days after the said date, file with the Registrar a prospectus or a statement in lieu of prospectus in the form and containing the particulars set out in the form marked II in the Second Schedule.

(2) If default is made in complying with sub-section (1) of this section, the company and every officer of the company who is knowingly and willfully in default shall be liable to a fine not exceeding five hundred rupees.

(3) Where the articles of a company include the provisions aforesaid but default is made in complying with any of those provisions, the company shall cease to be entitled to the privileges and exemptions conferred on private companies under the provisions contained in this Act, and thereupon the provisions of this Act shall apply to the company as if it were not a private company:

Provided that the Court, on being satisfied that the failure to comply with the conditions was accidental or due to inadvertence or to some other sufficient cause, or that on other grounds it is just and equitable to grant relief, may, on the application of the company or any other person interested and on such terms and conditions as seem to the Court just and expedient, order that the company be relieved from such consequences as aforesaid.

## **PART V. WINDING UP.**

### *Preliminary.*

**155.** (1) The winding up of a company may be either —

- (i) by the Court; or
- (ii) voluntary; or
- (iii) subject to the supervision of the Court

(2) The provisions of this Act with respect to winding up apply, unless the contrary appears, to the winding up of a company in any of these modes.

### *Contributories.*

**156.** (1) In the event of a company being wound up, every present and past member shall, subject to the provision of this section, be liable to contribute to the assets of the company to an amount sufficient for payment of its debts and liabilities and the costs, charges and expenses of the winding up, and for the adjustment of the rights of the contributories among themselves, with the qualifications following (that is to say) : —

- (i) a past member shall not be liable to contribute if he has ceased to be a member for one year or upwards before the commencement of the winding up ;
- (ii) a past member shall not be liable to contribute in respect of any debt, or liability of the company contracted after he ceased to be a member;
- (iii) a past member shall not be liable to contribute unless it appears to the Court that the existing members are unable to satisfy the contributions required to be made by them in pursuance of this Act;
- (iv) In the case of a company limited by shares, no contribution shall be required from any member exceeding the amount (if any) unpaid on the shares in respect to which he is liable as a present or past member;
- (v) In the case of a company limited by guarantee, no contribution shall be required from any member exceeding the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up;
- (vi) Nothing in this Act shall invalidate any provision contained in any policy of insurance or other contract whereby the liability of individual members on the policy or contract is restricted, or whereby the funds of the company are alone made liable in respect of the policy or contract.
- (vii) a sum due to any member of a company in his character of a member, by way of dividends, profits or otherwise, shall not be deemed to be a debt of the company payable to that member in a case of competition between himself and any other creditor not a member of the company; but any such sum may be taken into account for the purpose of the final adjustments of the rights of the contributories among themselves.

(2) In the winding up of a company limited by guarantee which has a share capital, every member

of the company shall be liable, in addition to the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up, to contribute to the extent of any sums unpaid on any shares held by him.

**157.** In the winding up of a limited company any director, whether past or present, whose liability is, in pursuance of this Act, unlimited, shall, in addition to his liability (if any) to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of the winding up a member of an unlimited company:

Provided that —

- (i) a past director shall not be liable to make such further contribution if he has ceased to hold office for a year or upwards before the commencement of the winding up ;
- (ii) a past director shall not be liable to make such further contribution in respect of any debt or liability of the company contracted after he ceased to hold office.
- (iii) Subject to the articles a director shall not be liable to make such further contribution unless the Court deems it necessary to require that contribution in order to satisfy the debts and liabilities of the company, and the costs, charges and expenses of the winding up.

**158.** The term “contributory” means every person liable to contribute to the assets of a company in the event of its being wound up, and, in all proceedings for determining and in all proceedings prior to the final determination of the persons who are to be deemed contributories, includes any person alleged to be a contributory.

**159.** (1) The liability Of a contributory shall create a debt payable at the time specified in the calls made on him by the liquidator.

(2) No claim founded on the liability of a contributory shall be cognized by any Court of Small Causes.

**160.** (1) If a contributory dies either before or after he has been placed on the list of contributories, his legal representatives and his heirs shall be liable in a due course of administration to contribute to the assets of the company in discharge of his liability and shall be contributories accordingly.

(2) If the legal representatives or heirs make default in paying any money ordered to be paid by them, proceedings may be taken for administering the property of the deceased contributory, whether moveable or immovable, or both, and of compelling payment thereof of the money due.

(3) For the purposes of this section the surviving coparceners of a contributory who is member of a Hindu joint family governed by the Mitakshara School of Hindu Law shall be deemed to be his legal representatives and heirs.

**161.** If a contributory is adjudged insolvent either before or after he has been placed on the list of contributories, in then —

(1) his assignees shall represent him for all the purposes of the winding up, and shall be contributories accordingly, and may be called on to admit to proof against the estate of the insolvent, or otherwise to allow to be paid out of his assets in due course of law, any money due from the insolvent in respect of his liability to contribute to the assets of the company; and

(2) there may be proved against the estate of the insolvent the estimated value of his liability to future calls as well as calls already made.

#### ***Winding up by Court.***

**162.** A company may be wound up by the Court —

- (i) if the company has by special resolution resolved that the company be wound up by the Court;
- (ii) if default is made in filing the statutory report or in holding the statutory meeting;
- (iii) if the company does not commence its business within a year from its incorporation, or suspends its business for a whole year;
- (iv) if the number of members is reduced, in the case of a private company, below two; or, in the case of any other company, below seven;
- (v) if the company is unable to pay its debts;
- (va) if its licence is withdrawn in accordance with the provisions of section 55 of the Union Bank of Burma Act, 1952;
- (vi) if the Court is of opinion that it is just and equitable that the company should be wound up.

---

\* Inserted by Act IX, 1952.

**163.** (1) A company shall be deemed to be unable to pay its debts —

- (i) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding five hundred rupees then due, has served on the company, by causing the same to be delivered by registered post or otherwise at its registered office, a demand under his hand requiring the company to pay the sum so due and the company has for three weeks thereafter neglected to pay the sum, or to secure or compound for it to the reasonable satisfaction of the creditor; or
- (ii) if execution or other process issued on a decree or order of any Court in favour of a creditor of the company is returned unsatisfied in whole or in part; or
- (iii) if it is proved to the satisfaction of the Court that the company is unable to pay its debts and, in determining whether a company is unable to pay its debts, the Court shall take into account the contingent and prospective liabilities of the company.

(2) The demand referred to in clause (i) of sub-section (1) shall be deemed to have been duly given under the hand of the creditor if it is signed by an agent or legal adviser duly authorized on his behalf, or in the case of a firm if it is signed by such agent or by a legal adviser or any one member of the firm on behalf of the firm.

**164.** Where the High Court makes an order for winding up a company under this Act, it may, if it thinks fit, direct all subsequent proceedings to be had in a District Court; and thereupon such District Court shall, for the purpose of winding up the company, be deemed to be “the Court” within the meaning of this Act, and shall have, for the purposes of such winding up, all the jurisdiction and powers of the High Court.

**165.** If during the progress of a winding up in a District Court it is made to appear to the High Court that the same could be more conveniently prosecuted in any other District Court having jurisdiction to wind up companies, the High Court may transfer the same to such other Court, and thereupon the winding up shall proceed in such other District Court.

**166.** An application to the Court for the winding up of a company shall be by petition presented, subject to the provisions of this section, either by the company, or by any creditor or creditors (including any contingent or prospective creditor or creditors), contributory or contributories, or by all or any of those parties, together or separately, or by the Registrar:

Provided that —

(a) a contributory shall not be entitled to present a petition for winding up a company unless

- (i) either the number of members is reduced, in the case of a private company, below two, or, in the case of any other company, below seven, or
  - (ii) the shares in respect of which he is a contributory or some of them either were originally allotted to him or have been held by him, and registered in his name, for at least six months during the eighteen months before the commencement of the winding up, or have devolved on him through the death of a former holder;
- (aa) the Register shall not be entitled to present a petition for winding up a company —
- (i) except on the ground that from the financial condition of the company as disclosed in its balance-sheet or from the report of an inspector appointed under section 138 it appears that the company is unable to pay its debts, and
  - (ii) unless the previous sanction of the President of the Union has been obtained to the presentation of the petition:

Provided that no such sanction shall be given unless the company has first been afforded an opportunity of being heard;

- (b) a petition for winding up a company on the ground of default in filing the statutory report or in holding the statutory meeting shall not be presented by any person except a shareholder, nor before the expiration of fourteen days after the last day on which the meeting ought to have been held;
- (c) the Court shall not give a hearing to a petition for winding up a company by a contingent or prospective creditor until such security for costs has been given as the Court thinks reasonable and until a *prima facie* case for winding up has been established to the satisfaction of the Court.

**167.** An order for winding up a company shall operate in favour of all the creditors and of all the contributories of the company as if made on the joint petition of a creditor and of a contributory.

**168.** A winding up of a company by the Court shall be deemed to commence at the time of the presentation of the petition for the winding up.

**169.** The Court may, at any time after the presentation of the petition for winding up a company under this Act, and before making an order for winding up the company, upon the application of the company or of any creditor or contributory of the company, restrain further proceedings against the company, upon such terms as the Court thinks fit.

**170.** (1) On hearing the petition the Court may dismiss it with or without costs, or adjourn the hearing conditionally or unconditionally, or adjourn the hearing conditionally or unconditionally, or make any interim order or any other order that it deems just, but the Court shall not refuse to make a winding up order on the ground only that the assets of the company have been mortgaged to an amount equal to or in excess of those assets, or that the company has no assets.

(2) Where the petition is presented on the ground of default in filing the statutory report or in holding the statutory meeting, the Court may order the costs to be paid by any persons who, in the opinion of the Court, are responsible for the default.

(3) Where the Court makes an order for the winding up of a company it shall, except where a liquidator is appointed simultaneously, forthwith cause intimation thereof to be sent to the official receiver.

**171.** When a winding up order has been made or a provisional liquidator has been appointed no suit or other legal proceeding shall be proceeded with or commenced against the company except by leave of the Court, and subject to such terms as the Court may impose.

**171A.** (1) For the purposes of this Act, so far as it relates to the winding up of companies by the Court, the term “Official receiver” means the official receiver attached to the Court, or, if there is no such official receiver, then such person as the President of the Union may, by notification in the Gazette, appoint for the purpose.

(2) On the making of a winding up order, the official receiver shall become the official liquidator of the company and shall continue to act as such until his further continuance is terminated by an order of the Court.

(3) The official receiver shall as such official liquidator forthwith take into his custody and control all the books, documents and the assets of the company.

(4) The official receiver shall be entitled to such remuneration as the Court shall fix.

**172.** (1) On the making of a winding up order it shall be the duty of the petitioner in the winding up proceedings and of the company to file with the Registrar a copy of the order within a month from the date of the making of the order.

(2) On the filing of a copy of a winding up order, the Registrar shall make a minute thereof in his books relating to the company, and shall notify in the Gazette that such an order has been made.

(3) Such order shall be deemed to be notice of discharge to the servants of the company, except when the business of the company is continued.

**173.** The Court may at any time after an order for winding up, on the application of any creditor or contributory, and on proof to the satisfaction of the Court that all proceedings in relation to the winding up ought to be stayed, make an order staying the proceedings, either altogether or for a limited time, on such terms and conditions as the Court thinks fit.

**174.** The Court may, as to all matters relating to a winding up, have regard to the wishes of the creditors or contributories as proved to it by any sufficient evidence.

### ***Official Liquidators***

**175.** (1) For the purpose of conducting the proceedings in winding up a company and performing such duties in reference thereto as the Court may impose, the Court may appoint a person or persons other than the official receiver to be called an official liquidator or official liquidators.

(2) The Court may make such an appointment provisionally at any time after the presentation of a petition and before the making of an order for winding up, but shall before making any such appointment give notice to the company, unless for reasons to be recorded it thinks fit to dispense with notice.

(3) If more persons than one are appointed to the office of official liquidator, the Court shall declare whether any act by this Act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons.

(4) The Court may determine whether any, and what, security is to be given by any official liquidator on his appointment.

(5) The acts of an official liquidator shall be valid notwithstanding any defect that may afterwards be discovered in his appointment:

Provided that nothing in this sub-section shall be deemed to give validity to acts done by an official liquidator after his appointment has been shown to be invalid.

(6) A receiver shall not be appointed of assets in the hands of an official liquidator.

**176.** (1) Any official liquidator may resign or be removed by the Court on due cause shown.

(2) Any vacancy in the office of an official liquidator appointed by the Court shall be filled up by the Court and until the vacancy is so filled up the official receiver shall be and act as the official liquidator.

(3) There shall be paid to the official liquidator such salary or remuneration, by way of percentage or otherwise, as the Court may direct; and, if more liquidators than one are appointed, such remuneration shall be distributed amongst them in such proportions as the Court directs.

**177.** The official liquidator shall be described by the style of the official liquidator of the particular company in respect of which he is appointed, and not by his individual name.

**177A.** (1) Where the Court has made a winding up order or appointed an official liquidator provisionally, there shall, unless the Court thinks fit to order otherwise and so orders, be made out and submitted to the official liquidator a statement as to the affairs of the company verified by an affidavit and containing the following particulars, namely:—

- (a) the assets of the company, stating separately the cash balance in hand and at the bank, if any;
- (b) the debts and liabilities;
- (c) the names, residences and occupations of the creditors, stating separately the amount of secured debts and unsecured debts, and in the case of secured debts particulars of the securities, their value and the dates when they were given;
- (d) the debts due to the company and the names, residence and occupations of the persons from whom they are due and the amount likely to be realized therefrom.

(2) The statement shall be submitted and verified by one or more of the persons who are at the relevant date the directors and by the person who is at that date the secretary, manager or other chief officer of the company, or by such of the persons hereinafter in the sub-section mentioned as the official liquidator, subject to the direction of the Court, may require to submit and verify the statement, that is to say, persons —

- (a) who are or have been directors or officers of the company;
- (b) who have taken part in the formation of the company at any time within one year before the relevant date;
- (c) who are in the employment of the company or have been in the employment of the company within the said year and are in the opinion of the official liquidator capable of giving the information required;
- (d) who are or have been within the said year officers of or in the employment of a company which is, or within the said year was, an officer of the company to which the statement relates.

(3) The statement shall be submitted within twenty-one days from the relevant date, or within such extended time as the official liquidator or the Court may for special reasons appoint.

(4) Any person making or concurring in making the statement and affidavit required by this section shall be allowed, and shall be paid by the official liquidator or provisional liquidator, as the case may be, out of the assets of the company, such costs and expenses incurred in and about the preparation and making of the statement and affidavit as the official liquidator may consider reasonable, subject to an appeal to the Court.

(5) If any person, without reasonable excuse, knowingly and willfully makes default in complying with the requirements of this section, he shall be liable to a fine not exceeding one hundred rupees for every day during which the default continues.



(6) Any person stating himself in writing to be a creditor or contributory of the company shall be entitled by himself or by his agent at all reasonable times, on payment of the prescribed fee, to inspect the statement submitted in pursuance of this section, and to a copy thereof or extract therefrom.

(7) Any persona untruthfully so stating himself to be a creditor or contributory shall be guilty of an offence under section 182 of the Penal Code and shall, on the application of the liquidator or of the official receiver, be punishable accordingly.

(8) In this section the expression “the relevant date” means, in a case where a provisional liquidator is appointed, the date of his appointment, and, in a case where no such appointment is made, the date of the winding up order.

**177B.** (1) In a case where a winding up order is made, the official liquidator shall, as soon as practicable after receipt of the statement to be submitted under section 177A, and not later than four, or with the leave of the Court, six months from the date of the order, or in a case where the Court orders that no statement shall be submitted, as soon as practicable after the date of the order, submit a preliminary report to the Court —

- (a) as to the amount of capital issued, subscribed, and paid up, and the estimated amount of assets and liabilities, giving separately under the heading of assets particulars of —
  - (i) cash and negotiable securities;
  - (ii) debts due from contributories;
  - (iii) debts due to and securities, if any, available to the company;
  - (iv) moveable and immovable properties belonging to the company;
  - (v) unpaid calls ; and
- (b) if the company has failed, as to the causes of the failure; and
- (c) Whether in his opinion further inquiry is desirable as to any matter relating to the promotion, formation, or failure of the matter relating to the promotion, formation, or failure of the company, or the conduct of the business thereof.

(2) The official liquidator may also, if he thinks fit, make a further report, or further reports, stating the manner in which the company was formed and whether in his opinion any fraud has been committed by any person in its promotion or formation, or by any director or other officer of the company in relation to the company since the formation thereof, and any other matter which in his opinion it is desirable to bring to the notice of the Court.

**178.** (1) The official liquidator, whether appointed provisionally or not, shall take into his custody, or under his control, all the property, effects and actionable claims to which the company is or appears to be entitled.

(2) All the property and effects of the company shall be deemed to be in the custody of the Court as from the date of the order for the winding up of the company.

**178A.** (1) The official liquidator shall within a month from the date of the order for the winding up of a company convene a meeting of the creditors of the company (as ascertained from the books and documents of the company) for the purpose of determining whether or not a committee in inspection shall be appointed to act with the liquidator, and who are to be members of the committee, if appointed.

(2) The official liquidator shall within a week from the date of the creditors’ meeting convene a meeting of the contributories to consider the decision of the creditors and to accept the same with or without modifications.

(3) If the contributories do not accept the decision of the creditors in its entirety, it shall be the duty of the official liquidator to apply to the Court for directions as to whether there shall be a committee of

inspection and, if so, what shall be the composition of the committee, and who shall be members thereof.

(4) A committee of inspection appointed under this section shall consist of not more than twelve members being creditors and contributories of the company, or persons holding general or special powers-of-attorney from creditors or contributories, in such proportions as may be agreed on by the meetings of creditors and contributories, or as, in case of difference, may be determined by the Court.

(5) The committee of inspection shall have the right to inspect the accounts of the official liquidator at all reasonable times.

(6) The committee shall meet at such times as they may from time to time appoint, and, failing such appointment, at least once a month, and the liquidator or any member of the committee may also call a meeting of the committee as and when he thinks necessary.

(7) The committee may act by a majority of their members present at a meeting, but shall not act unless a majority of the committee is present.

(8) A member of the committee may resign by notice in writing signed by him and delivered to the liquidator.

(9) If a member of the committee becomes bankrupt, or compounds or arranges with his creditors, or is absent from five consecutive meetings of the committee without the leave of those members who together with himself represent the creditors or contributories, as the case may be, his office shall thereupon become vacant.

(10) A member of the committee may be removed by an ordinary resolution at a meeting of creditors if he represents creditors, or of contributories if he represents contributories, of which seven days' notice has been given, stating the object of the meeting.

(11) On a vacancy occurring in the committee the liquidator shall forthwith summon a meeting of creditors or of contributories, as the case may require, to fill the vacancy, and the meeting may, by resolution, re-appoint the same or appoint another creditor or contributory to fill the vacancy.

(12) The continuing members of the committee, if not less than two may act notwithstanding any vacancy in the committee.

**179.** The official liquidator shall have power, with the sanction of the Court, to do the following things: —

- (a) to institute or defend any suit or prosecution, or other legal proceeding, civil or criminal, in the name and on behalf of the company;
- (b) to carry on the business of the company so far as may be necessary for the beneficial winding up of the same;
- (c) to sell the immoveable and moveable property of the company by public auction or private contract, with power to transfer the whole thereof to any person or company, or to sell the same in parcels;
- (d) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts, and other documents, and for that purpose to use, when necessary, the company's seal;
- (e) to prove, frank and claim in the insolvency of any contributory for any balance against his estate, and to receive dividends in the insolvency, in respect of that balance, as a separate debt due from the insolvent, and ratably with the other separate creditors;
- (f) to draw, accept, make and indorse any bill of exchange, hundi or promissory note in the name and on behalf of the company, with the same effect with respect to the liability of the company as if the bill, hundi, or note had been drawn, accepted, made or indorsed by or on behalf of the company in the course of its business;
- (g) to raise, on the security of the assets of the company, any money requisite;

- (h) to take out, in his official name, letters of administration to any deceased contributory, and to do in his official name any other act necessary for obtaining payment of any money due from a contributory or his estate which cannot be conveniently done in the name of the company; and in all such cases the money due shall, for the purpose of enabling the liquidator to take out the letters of administration or recover the money, be deemed to be due to the liquidator himself: Provided that nothing herein empowered shall be deemed to affect the rights, duties and privileges of the Administrator-General;
- (i) to do all such other things as may be necessary for winding up the affairs of the company and distributing its assets.

**180.** The Court may provide by any order that the official liquidator may exercise any of the above powers without the sanction or intervention of the Court, and, where an official liquidator is provisionally appointed, may limit and restrict his powers by the order appointing him.

**181.** The official liquidator may, with the sanction of the Court appoint a legal practitioner entitled to appear before the Court to assist him in the performance of his duties: Provided that, where the official liquidator is a legal practitioner, he shall not appoint his partner unless the latter consents to act without remuneration.

**182.** (1) The official liquidator of a company which is being wound up by the Court shall keep, in manner prescribed, proper books in which he shall cause to be made entries or minutes of proceedings at meetings, and of such other matters as may be prescribed, and any creditor or contributory may, subject to the control of the Court, personally or by his agent inspect any such books.

(2) Every official liquidator shall, at such times as may be prescribed but not less than twice in each year during his tenure of office, present to the Court an account of his receipts and payment as such liquidator.

(3) The account shall be in the prescribed form, shall be made in duplicate, and shall be verified by a declaration in the prescribed form.

(4) The Court shall cause the account to be audited in such manner as it thinks fit, and for the purpose of the audit the liquidator shall furnish the Court with such vouchers and information as the Court may require, and the Court may at any time require the production of and inspect any books or accounts kept by the liquidator.

(5) When the account has been audited, one copy thereof shall be filed and kept by the Court, and the other copy shall be delivered to the Registrar for filing, and each copy shall be open to the inspection of any creditor, or of any person interested.

**183.** (1) Subject to the provisions of this Act, the official liquidator of a company which is being wound up by the Court shall, in the administration of the assets of the company and in the distribution thereof among its creditors, have regard to any directions that may be given by resolution of the creditors or contributories at any general meeting or by the committee of inspection, and any directions given by the creditors or contributories at any general meeting shall in case of conflict be deemed to override any directions given by the committee of inspection.

(2) The official liquidator may summon general meetings of the creditors or contributories for the purpose of ascertaining their wishes, and it shall be his duty to summon meetings at such times as the creditors or contributories, by resolution, may direct, or whenever requested in writing to do so by one-tenth in value of the creditors or contributories, as the case may be.

(3) The official liquidator may apply to the Court in manner prescribed for directions in relation to any particular matter arising in the winding up.

(4) Subject to the provisions of this Act, the official liquidator shall use his own discretion in the administration of the assets of the company and in the distribution thereof among the creditors.

(5) If any person is aggrieved by any act or decision of the official liquidator, that person may apply to the Court, and the Court may confirm, reverse or modify the act or decision complained of, and make such order as it thinks just in the circumstances.

### ***Ordinary Powers of Court.***

**184.** (1) As soon as may be after making a winding up order, the Court shall settle a list of contributories, with power to rectify the register of members in all cases where rectification is required in pursuance of this Act, and shall cause the assets of the company to be collected and applied in discharge of its liabilities.

(2) In settling the list of contributories, the Court shall distinguish between persons who are contributories in their own right and persons who are contributories as being representatives of or liable for the debts of others.

**185.** The Court may, at any time after making a winding up order, require and contributory for the time being settled on the list of contributories and any trustee, receiver, banker, agent, or officer of the company to pay, deliver, surrender or transfer forthwith, or within such time as the Court directs, to the official liquidator any money, property or documents in his hands to which the company is *prima facie* entitled.

**186.** (1) The Court may, at any time after making a winding up order, make an order on any contributory for the time being settled on the list of contributories to pay, in manner directed by the order, any money due from him or from the estate of the person whom he represents to the company exclusive of any money payable by him or the estate by virtue of any call in pursuance of this Act.

(2) The Court in making such an order may, in the case of an unlimited company, allow to the contributory by way of set-off any money due to him or to the estate which he represents from the company on any independent dealing or contract with the company, but not any money due to him as a member of the company in respect of any dividend or profit; and may, in the case of a limited company, make to any director whose liability is unlimited or to his estate the like allowance:

Provided that, in the case of any company whether limited or unlimited, when all the creditors are paid in full, any money due on any account whatever to a contributory from the company may be allowed to him by way of set-off against any subsequent call.

**187.** (1) The Court may, at any time after making a winding up order, and either before or after it has ascertained the sufficiency of the assets of the company, make calls on the order payment thereof by all or any of the contributories for the time being settled on the list of the contributories to the extent of their liability, for payment of any money which the Court considers necessary to satisfy the debts and liabilities of the company, and the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

(2) In making the call the Court may take into consideration the probability that some of the contributories may partly or wholly fail to pay the call.

**188.** The Court may order any contributory, purchaser or other person from whom money is due to the company to pay the same into the account of the official liquidator in any scheduled bank instead of to the official liquidator, and any such order may be enforced in the same manner as if it had directed payment to the official liquidator.

**189.** All moneys, bills, hundis, notes and other securities paid and delivered into the bank where the liquidator of the company may have his account, in the event of a company being wound up by the Court, shall be subject in all respects to the orders of the Court.

**190.** (1) An order made by the Court on a contributory shall (subject to any right of appeal) be conclusive evidence that the money, if any, thereby appearing to be due or ordered to be paid is due.

(2) All other pertinent matters stated in the order shall be taken to be truly stated as against all persons and in all proceedings whatsoever.

**191.** The Court may fix a time or times within which creditors are to prove their debts or claims, or to be excluded from the benefit of any distribution made before those debts are proved.

**192.** The Court shall adjust the rights of the contributories among themselves, and distribute any surplus among the persons entitle thereto.

**193.** The Court may, in the event of the assets being insufficient to satisfy the liabilities, make an order as to the payment out of the assets of the costs, charge and expenses incurred in the winding up in such order of priority as the Court thinks just.

**194.** (1) When the affairs of a company have been completely wound up, the Court shall make an order that the company be dissolved from the date of the order, and the company shall be dissolved accordingly.

(2) The order shall be reported within fifteen days of the making thereof by the official liquidator to the Registrar, who shall make in his books a minute of the dissolution of the company.

(3) If the official liquidator makes default in complying with the requirements of this section, he shall be liable to a fine not exceeding fifty rupees for every day during which he is in default.

#### ***Extraordinary Powers of Court.***

**195.** (1) The Court may, after it has made a winding up order, summon before it any officer of the Company or person known or suspected to have in his possession any property of the company, or supposed to be indebted to the company, or any person whom the Court deems capable of giving information concerning the trade, dealings, affairs or property of the company.

(2) The Court may examine him on oath concerning the same, either by word of mouth or on written interrogatories, and may reduce his answers to writing and require him to sign them.

(3) The Court may require him to produce any documents in his custody or power relating to the company; but, where he claims any lien on documents produced by him, the production shall be without prejudice to that lien, and the Court shall have jurisdiction in the winding up to determine all questions relating to that lien.

(4) If any person so summoned, after being tendered a reasonable sum for his expenses, refuses to come before the Court at the time appointed, not having a lawful impediment (made known to the Court at the time of its sitting, and allowed by it), the Court may cause him to be apprehended and brought before the Court for examination.

**196.** (1) When an order has been made for winding up a company by the Court, and the official liquidator has applied to the Court stating that in his opinion a fraud has been committed by any person

in the promotion or formation of the company or by any director or other officer of the company, in relation to the company since its formation, the Court may, after consideration of the application, direct that any person who has taken any part in the promotion or formation of the company, or has been a director, manager or other officer of the company, shall attend before the Court on a day appointed by the Court for that purpose, and be publicly examined as to the promotion or formation or the conduct of the business of the company, or as to his conduct and dealings as director, manager or other officer thereof.

(2) The official liquidator shall take part in the examination, and for that purpose may, if specially authorized by the Court in that behalf, employ such legal assistance as may be sanctioned by the Court.

(3) Any creditor or contributory may also take part in the examination either personally or by any person entitled to appear before the Court.

(4) The Court may put such questions to the person examined as the Court thinks fit.

(5) The person examined shall be examined on oath, and shall answer all such questions as the Court may put to be put to him.

(6) A person ordered to be examined under this section may at his own cost employ any person entitled to appear before the Court, who shall be at liberty to put to him such questions as the Court may deem just for the purpose of enabling him to explain or qualify any answers given by him: Provided that if he is, in the opinion of the Court, exculpated from any charges made or suggested against him, the Court may allow him such costs as in its discretion it may think fit.

(7) Notes of the examination shall be taken down in writing, and shall be read over to or by, and signed by, the person examined, and may thereafter be used in evidence against him in civil proceedings, and shall be open to the inspection of any creditor or contributory at all reasonable times.

(8) The Court may, if it thinks fit, adjourn the examination from time to time.

(9) An examination under this section may, if the Court so directs, and subject to any rules in this behalf, be held before any District Judge or before any officer of the High Court, being an official referee, master, registrar or deputy registrar, and the powers of the Court under this section as to the conduct of the examination, but not as to costs, may be exercised by the person before whom the examination is held.

**197.** The Court, at any time either before or after making a winding up order, on proof of probable cause for believing that a contributory is about to quit the Union of Burma or otherwise to abscond, or to remove or conceal any of his property for the purpose of evading payment of calls or of avoiding examination respecting the affairs of the company, may cause the contributory to be arrested and his books and papers and moveable property to be seized, and him and them to be safely kept until such time as the Court may order.

**198.** Any powers by this Act conferred on the Court shall be in addition to, and not in restriction of, any existing powers of instituting proceedings against any contributory or debtor of the company, or the estate of any contributory or debtor, for the recovery of any call or other sums.

#### *Enforcement of and Appeal from Orders.*

**199.** All orders made by a Court under this Act may be enforced in the same manner in which decrees of such Court made in any suit pending therein may be enforced.

**200.** Any order made by a Court for or in the course of the winding up of a company shall be enforced in any place in the Union of Burma, other than that in which such Court is situate, by the Court that would have had jurisdiction in respect of such company if the registered office of the company had

been situate at such other place, and in the same manner in all respects as if such order had been made by the Court that is hereby required to enforce the same.

**201.** Where any order made by one Court is to be enforced by another Court, a certified copy of the order so made shall be produced to the proper officer of the Court required to enforce the same, and the production of such certified copy shall be sufficient evidence of such order having been made; and thereupon the last-mentioned Court shall take the requisite steps in the matter for enforcing the order, in the same manner as if it were the order of the Court enforcing the same.

**202.** Re-hearings of and appeals from any order or decision made or given in the matter of the winding up of a company by the Court may be had in the same manner and subject to the same conditions in and subject to which appeals may be had from any order or decision of the same Court In cases within its ordinary jurisdiction.

### ***Voluntary Winding up.***

**203.** A company may be wound up voluntarily –

(1) when the period (if any) fixed for the duration of the company by the articles expires, or the event (if any) occurs on the occurrence of which the articles provide that the company is to be dissolved, and the company in general meeting has passed a resolution requiring the company to be wound up voluntarily ;

(2) if the company resolves by special resolution that the company be wound up voluntarily ;

(3) if the company resolves by extraordinary resolution to the effect that it cannot by reason of its liabilities continue its business, and that it is advisable to wind up ;

and the expression “resolution for voluntarily winding up” when used hereafter in this Part means a resolution passed under clause (1), clause (2) or clause (3) of this section.

**204.** A voluntary winding up shall be deemed to commence at the time of the passing of the resolution for voluntarily winding up.

**205.** When a company is wound up voluntarily, the company shall, from the commencement of the winding up, cease to carry on its business, except so far as may be required for the beneficial winding up thereof:

Provided that the corporate state and corporate powers of the company shall, notwithstanding anything to the contrary in its articles, continue until it is dissolved.

**206.** (1) Notice of any special resolution or extraordinary resolution for winding up a company voluntarily shall be given by the company within ten days of the passing of the same by advertisement in the passing of the same by advertisement in the Gazette and also in some newspaper (if any) circulating in the district where the registered office of the company is situate.

(2) If a company makes default in complying with the requirements of this section, it shall be liable to a fine not exceeding fifty rupees for every day during which the default continues; and every officer of the company who knowingly and willfully authorizes or permits the default shall be liable to a like penalty.

**207.** (1) Where it is proposed to wind up a company voluntarily, the directors of the company or, in the case of a company having more than two directors, the majority of the directors may, at a meeting of

the directors held before the date on which the notices of the meeting at which the resolution for the winding up of the company is to be proposed are sent out, make a declaration verified by an affidavit to the company, and that, having so done, they have formed the opinion that the company will be able to pay its debts in full within a period, not exceeding three years, from the commencement of the winding up.

(2) Such declaration shall be supported by a report of the company's auditors on the company's affairs, and shall have no effect for the purposes of this Act unless it is delivered to the Registrar for registration before the date mentioned in sub-section (1) of this section.

(3) A winding up in the case of which a declaration has been made and delivered in accordance with this section is in this Act referred to as a "members' voluntary winding up", and a winding up in the case of which a declaration has not been made and delivered as aforesaid is in this Act referred to as a "creditors' voluntary winding up".

### ***Members' Voluntary Winding up.***

**208.** The provisions contained in sections 208A to 208E, both inclusive, shall apply in relation to a members' voluntary winding up.

**208A.** (1) The company in general meeting shall appoint one or more liquidators for the purpose of winding up the affairs and distributing the assets of the company, and may fix the remuneration to be paid to him or them.

(2) On the appointment of a liquidator all the powers of the directors shall cease, except so far as the company in general meeting, or the liquidator, sanctions the continuance thereof.

**208B.** (1) If a vacancy occurs by death, resignation or otherwise in the office of liquidator appointed by the company, to any arrangement with its creditors, fill the vacancy.

(2) For that purpose a general meeting may be convened by any contributory or, if there were more liquidators than one, by the continuing liquidators.

(3) The meeting shall be held in manner provided by this Act or by the articles, or in such manner as may, on application by any contributory or by the continuing liquidators, be determined by the Court.

**208C.** (1) Where a company is proposed to be, or is in course of being, wound up altogether voluntarily, and the whole or part of its business or property is proposed to be transferred or sold to another company, whether a company within the meaning of this Act or not (in this section called "the transferee company"), the liquidator of the first mentioned company (in this section called "the transferor company") may, with the sanction of a special resolution of that company conferring either a general authority on the liquidator or an authority in respect of any particular arrangement, receive, in compensation or part compensation for the transfer or sale, shares, policies, or other like interests in the transferee company, or distribution among the members of the transferor company, or may enter into any other arrangement whereby the members of the transferor company may, in lieu of receiving cash, shares, policies, or other like interests or in addition thereto, participate in the profits of or receive any other benefit from the transferee company.

(2) Any sale or arrangement in pursuance of this section shall be binding on the members of the transferor company.

(3) If any member of the transferor company who did not vote in favour of the special resolution expresses his dissent therefrom in writing address to the liquidator and left at the registered office of the company within seven days after the passing of the special resolution, he may require the liquidator



either to abstain from carrying the resolution into effect or to purchase his interest at a price to be determined by agreement or by arbitration in manner hereafter provided.

(4) If the liquidator elects to purchase the member's interest, the purchase money must be paid before the company is dissolved, and be raised by the liquidator in such manner as may be determined by special resolution.

(5) A special resolution shall not be invalid for the purposes of this section by reason that it is passed before or concurrently with a resolution for voluntary winding up or for appointing liquidators, but if an order is made within a year for winding up the company by or subject to the supervision of the Court, the special resolution shall not be valid unless sanctioned by the Court.

(6) The provisions of the Arbitration Act, other than those restricting the application of the Act in respect of the subject-matter of the arbitration, shall apply to all arbitrations in pursuance of this section.

**208D.** (1) In the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company at the end of the first year from the commencement of the winding up and of each succeeding year, or as soon thereafter as may be convenient within ninety days of the close of the year, and shall lay before the meeting an account of his acts and dealings and of the conduct of the winding up during the preceding year and a statement in the prescribed form containing the prescribed particulars with respect to the position of the liquidation.

(2) If the liquidator fails to comply with this section, he shall be liable to a fine not exceeding one hundred rupees.

**208E.** (1) As soon as the affairs of the company are fully wound up, the liquidator shall make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company for the purpose of laying before it the account and giving any explanation thereof.

(2) The meeting shall be called by advertisement specifying the time, place and object thereof, and published one month at least before the meeting in the manner specified in sub-section (1) of section 206 for publication of a notice under that sub-section.

(3) Within one week after the meeting, the liquidator shall send to the Registrar a copy of the account, and shall make a return to him of the holding of the meeting and of its date, and if the copy is not sent or the return is not sent or the return is not made in accordance with this sub-section the liquidator shall be liable to a fine not exceeding fifty rupees for every day during which the default continues :

Provided that, if a quorum is not present at the meeting, the liquidator shall, in lieu of the said return, make a return that the meeting was duly summoned and that no quorum was present thereat, and upon such a return being made the provisions of this sub-section as to the making of the return shall be deemed to have been complied with.

(4) The Registrar on receiving the account and either of the returns mentioned in sub-section (3) shall forthwith register them, and on the expiration of three months from the registration of the return the company shall be deemed to be dissolved :

Provided that the Court may, on the application of the liquidator or of any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the Court thinks fit.

(5) It shall be the duty of the person on whose application an order of the Court under this section is made, within twenty-one days after the making of the order, to deliver to the Registrar a certified copy of

the order for registration, and if that person fails so to do he shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

### ***Creditors' Voluntary Winding up.***

**209.** The provisions contained in sections 209A to 209H, both inclusive, shall apply in relation to a creditors' voluntary winding up.

**209A.** (1) The company shall cause a meeting of the creditors of the company to be summoned for the day, or the day next following the day, on which there is to be held the meeting at which the resolution for voluntary winding up is to be proposed, and shall cause the notices of the said meeting of creditors to be sent by post to the creditors simultaneously with the sending of the notices of the said meeting of the company.

(2) The company shall cause notice of the meeting of the creditors to be advertised in the manner specified in sub-section (1) of section 206 for the publication of a notice under that sub-section.

(3) The directors of the company shall —

(a) cause a full statement of the position of the company's affairs together with a list of the creditors of the company and the estimated amount of their claims to be laid before the meeting of creditors to be held as aforesaid ; and

(b) appoint one of their number to preside at the said meeting.

(4) It shall be the duty of the director appointed to preside at the meeting of creditors to attend the meeting and preside thereat.

(5) If the meeting of the company at which the resolution for voluntary winding up is to be proposed is adjourned and the resolution is passed at an adjourned meeting, any resolution passed at the meeting of the creditors, held in pursuance of sub-section (1) of this section, shall have effect as if it had been passed immediately after the passing of the resolution for winding up the company.

(6) If default is made —

(a) by the company in complying with sub-sections (1) and (2);

(b) by the directors of the company in complying with sub-section (3);

(c) by any director of the company in complying with sub-section (4) ;

the company, directors or director, as the case may be, shall be liable to a fine not exceeding one thousand rupees, and, in the case of default by the company, every officer of the company who is in default shall be liable to the like penalty.

**209B.** The creditors and the company at their respective meetings mentioned in section 209A may nominate a person to be liquidator for the purpose of winding up the affairs and distributing the assets of the company, and if the creditors and the company nominate different persons, the person nominated by the creditors shall be liquidator, and if no person is nominated by the creditors the person, if any, nominated by the company shall be liquidator:

Provided that, in the case of different persons being nominated, any director, member or creditor of the company may, within seven days after the date on which the nomination was made by the creditors, apply to the Court for an order either directing that the person nominated as liquidator by the company shall be liquidator instead of or jointly with the person nominated by the creditors, or appointing some other person to be liquidator instead of the person appointed by the creditors.

**209C.** The creditors at the meeting to be held in pursuance of section 209A or at any subsequent meeting may, if they think fit, appoint a committee of inspection consisting of not more than five persons, and if such a committee is appointed the company may, either at the meeting at which the resolution for voluntary winding up is passed or at any time subsequently in general meeting, appoint such number of persons as they think fit to act as members of the committee not exceeding five in number:

Provide that the creditors may, if they think fit, resolve that all or any of the persons so appointed by the company ought not to be members of the committee of inspection, and, if the creditors so resolve, the persons mentioned in the resolution shall not, unless the Court otherwise directs, be qualified to act as members of the committee, and on any application to the Court under this provision the Court may, if it thinks fit, appoint other persons to act as such members in place of the persons mentioned in the resolution.

**209D.** (1) The committee of inspection, or if there is no such committee, the creditors, may fix the remuneration to be paid to the liquidator or liquidators, and where the remuneration is not so fixed, it shall be determined by the Court.

(2) On the appointment of a liquidator, all the powers of the directors shall cease, except so far as the committee of inspection, or if there is no such committee, the creditors, sanction the continuance thereof.

**209E.** If a vacancy occurs by death, resignation or otherwise in the office of a liquidator, other than a liquidator appointed by or by the direction of the Court, the creditors may fill the vacancy.

**209F.** The provisions of section 208C shall apply in the case of a creditors' voluntary winding up as in the case of a members' voluntary winding up, with the under the said section shall not be exercised except with the sanction either of the Court or of the committee of inspection.

**209G.** (1) In the event of the winding up continuing for more than one year, the liquidator shall summon a general meeting of the company and a meeting of creditors at the end of the first year from the commencement of the winding up, and of each succeeding year, or as soon thereafter as may be convenient, and shall lay before the meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year and a statement in the prescribed form containing the prescribed particulars with respect to the position of the winding up.

(2) If the liquidator fails to comply with this section, he shall be liable to a fine not exceeding one hundred rupees.

**209H.** (1) As soon as the affairs of the company are fully wound up, the liquidator, shall make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purpose of laying the account before the meetings and giving any explanation thereof.

(2) Each such meeting shall be called by advertisement specifying the time, place and object thereof, and published one month at least before the meeting in the manner specified in sub-section (1) of section 206 for the publication of a notice under that sub-section.

(3) Within one week after the date of the meetings, or, if the meetings are not held on the same date, after the date of the later meeting, the liquidator shall send to the Registrar a copy of the account, and shall make a return to him of the holding of the meetings and of their dates, and if the copy is not sent or the return is not made in accordance with this sub-section the liquidator shall be liable to a fine not exceeding fifty rupees for every day during which the default continues:

Provided that, if a quorum (which for the purposes of this section shall be two persons) is not present at either such meeting, the liquidator shall, in lieu of such return, make a return that the meeting was duly summoned and that no quorum was present thereat, and upon such a return being made the provisions of this sub-section as to the making of the return shall, in respect of that meeting, be deemed to have been complied with.

(4) The Registrar on receiving the account and in respect of each such meeting either of the returns mentioned in sub-section (3) shall forthwith register them, and on the expiration of three months from the registration thereof the company shall be deemed to be dissolved:

Provided that the Court may, on the application of the liquidator or of any other person who appears to the Court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the Court thinks fit.

(5) It shall be the duty of the person on whose application an order of the Court under this section is made, within ten days after the making of the order, to deliver to the Registrar a certified copy of the order for registration, and if that person fails to do so he shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

### ***Members' or Creditors' Voluntary Winding up.***

**201.** The provisions contained in section 211 to 218, both inclusive shall apply to every voluntary winding up, whether a members' or a creditors' winding up.

**211.** Subject to the provisions of this Act as to preferential payments the property of a company shall, on its winding up, be applied in satisfaction of its liabilities *pari passu* and, subject to such application, shall, unless the articles otherwise provided, be distributed among the members according to their rights and interests in the company.

**212.** (1) The liquidator may —

- (a) in the case of a members' voluntary winding up, with the sanction of an extraordinary resolution of the company, and in the case of a creditors' voluntary winding up, with the sanction of either the Court or the committee of inspection, exercise any of the powers given by clauses (d), (e), (f) and (h) of section 179 to a liquidator in a winding up. The exercise by the liquidator of the powers given by this clause shall be subject to the control of the Court and any creditor or contributory may apply to the Court with respect to any exercise or proposed exercise of any of these powers;
- (b) without the sanction referred to in clause (a), exercise any of the other powers by this Act given to the liquidator in a winding up by the Court'
- (c) exercise the power of the Court under this Act of setting a list of contributories, and the list of contributories shall be *prima facie* evidence of the liability of the persons named therein to be contributories;
- (d) exercise the power of the Court of making calls;
- (e) summon general meetings of the company for the purpose of obtaining the sanction of the company by special or extraordinary resolution or for any other purpose he may think fit.

(2) The liquidator shall pay the debts of the company and shall adjust the rights of the contributories among themselves.

(3) When several liquidators are appointed, any power given by this Act may be exercised by such one or more of them as may be determined at the time of their appointment, or, in default of such determination, by any number not less than two.

**213.** (1) If from any cause whatever there is no liquidator acting, the Court may appoint a liquidator.  
(2) The Court may, on cause shown, remove a liquidator and appoint another liquidator.

**214.** (1) The liquidator shall, within twenty-one days after his appointment, deliver to the Registrar for registration a notice of his appointment in the form prescribed.

(2) If the liquidator fails to comply with the requirements of this section, he shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

**215.** (1) Any arrangement entered into between a company about to be, or in the course of being, wound up and its creditors shall, subject to the right of appeal under this section, be binding on the company if sanctioned by an extraordinary resolution, and on the creditors if acceded to by three-fourths in number and value of the creditors.

(2) Any creditor or contributory may, within three weeks from the completion of the arrangement, appeal to the Court against it, and the Court may thereupon, as it thinks just, amend, vary or confirm the arrangement.

**216.** (1) The liquidator or any contributory or creditor may apply to the Court to determine any question arising in the winding up of a company, or to exercise, as respects the enforcing of calls, staying of proceedings or any other matter, all or any of the powers which the Court might exercise if the company were being wound up by the Court.

(2) The liquidator or any creditor or contributory may apply for an order setting aside any attachment, distress or execution put into force against the estate or effects of the company after the commencement of the winding up.

Such application shall be made —

(a) if the attachment, distress or execution is levied or put into force by the High Court, to the High Court, and

(b) if the attachment, distress or execution is levied or put into force in any other Court, to the Court having jurisdiction to wind up the company.

(3) The Court, if satisfied that the determination of the question or the required exercise of power or the order applied for will be just and beneficial, may accede wholly or partially to the application on such terms and conditions as it thinks fit, or may make such other order on the application as it thinks just.

**217.** All costs, charges and expenses properly incurred in the winding up, including the remuneration of the liquidator, shall, subject to the rights of secured creditors, if any, be payable out of the assets of the company in priority to all other claims.

**218.** The winding up of a company shall not bar the right of any creditor or contributory to have it wound up by the Court, but in the case of an application by a contributory the Court must be satisfied that the rights of the contributories will be prejudiced by a voluntary winding up.

**219.** \* \* \* \*

**220.** Where a company is being wound up voluntarily, and an order is made for winding up by the Court, the Court may, if it thinks fit, by the same or any subsequent order, provide for the adoption of all or any of the proceedings in the voluntary winding up.

### ***Winding up subject of Supervision of Court.***

**221.** When a company has by special or extraordinary resolution resolved to wind up voluntarily, the Court may make an order that the voluntary winding up shall continue, but subject to such supervision of the Court, and with such liberty for creditors, contributories or others to apply to the Court, and generally on such terms and conditions as the Court thinks just.

**122.** A petition for the continuance of a voluntary winding up subject to the supervision of the Court shall, for the purpose of giving jurisdiction to the Court over suits, be deemed to be a petition for winding up by the Court.

**123.** The Court may, in deciding between a winding up by the Court and a winding up subject to supervision, in the appointment of liquidators, and in all other matters relating to the winding up subject to supervision, have regard to the wishes of the creditors or contributories as proved to it by any sufficient evidence.

**124.** (1) Where an order is made for a winding up subject to supervision, the Court may by the same or any subsequent order appoint any additional liquidator.

(2) A liquidator appointed by the Court under this section shall have the same powers, be subject to the same obligations, and in all respects stand in the same position as if he had been appointed by the company.

(3) The Court may remove any liquidator so appointed by the Court or any liquidator continued under the supervision order, and fill any vacancy occasioned by the removal or by death or resignation.

**225.** (1) Where an order is made for a winding up subject to supervision, the liquidator may, subject to any restrictions imposed by the Court, exercise all his powers without the sanction or intervention of the Court, in the same manner as if the company were being wound up altogether voluntarily.

(2) Except as provided in sub-section (1), and save for the purpose of section 196, any order made by the Court for a winding up subject to the supervision of the Court shall for all purposes, including the staying of suits and other proceedings, be deemed to be an order of the Court for winding up the company by the Court, and shall confer full authority on the Court to make calls, or to enforce calls made by the liquidators, and to exercise all other powers which it might have exercised if an order had been made for winding up the company altogether by the Court.

(3) In the construction of the provisions whereby the Court is empowered to direct any act or thing to be done to or in favour of the official liquidator, the expression "official liquidator" shall be deemed to mean the liquidator conducting the winding up subject to the supervision of the Court.

**226.** Where an order has been made for the winding up of a company subject to supervision, and an order if afterwards made for winding up by the Court, the Court may, by the last-mentioned order or by any subsequent order, appoint the voluntary liquidators or any of them, either provisionally or permanently, and either with or without the addition of any other person, to be official liquidator in the winding up by the Court.

### ***Supplemental Provisions.***

**227.** (1) In the case of voluntary winding up every transfer of shares, except transfers made to or with the sanction of the liquidator, and every alteration in the status of the members of the company, made after the commencement of the winding up, shall be void.

(2) In the case of a winding up by or subject to the supervision of the Court, every disposition of the property (including actionable claims) of the company, and every transfer of shares, or alteration in the status of its members, made after the commencement of the winding up, shall, unless the Court otherwise orders, be void.

**228.** In every winding up (subject in the case of insolvent companies to the application in accordance with the provision of this Act of the law of insolvency) all debts payable on a contingency, and all claims against the company, present or future, certain or contingent, shall be admissible to proof against the company, a just estimate being made, so far as possible, of the value of such debts or claims as may be subject to any contingency or for some other reason do not bear a certain value.

**229.** In the winding up of an insolvent company the same rules shall prevail and be observed with regard to the respective right of secured and unsecured creditors and to debts provable and to the valuation of annuities and future and contingent liabilities as are in force for the time being under the law of insolvency with respect to the estates of persons adjudged insolvent; and all persons who in any such case would be entitled to prove for and receive dividends out of the company may come in under the winding up, and make such claims against the company as they respectively are entitled to by virtue of this section.

**230.** (1) In a winding up there shall be paid in priority to all other debts –

- (a) all revenue, taxes, cesses and rates, whether payable to the Government or to a local authority, due from the company at the date hereinafter mentioned and having become due and payable within the twelve months next before that date;
- (b) all wages or salary of clerk or servant in respect of service rendered to the company within the two months next before the said date, not exceeding one thousand rupees for each clerk or servant;
- (c) all wages of any labourer or workman, not exceeding five hundred rupees for each, whether payable for time or piecework, in respect of services rendered to the company within the two months next before the said date;
- (d) compensation payable under the Workmen's Compensation Act in respect of the death or disablement of any officer or employee of the company;
- (e) all sums due to any employee from a provident fund, a pension fund, a gratuity fund or any other fund for the welfare of the employees maintained by the company; and
- (f) the expenses of any investigation held in pursuance of clause (iv) of section 138 of this Act.

(2) The foregoing debts shall –

- (a) rank equally among themselves and be paid in full, unless the assets are insufficient to meet them, in which case they shall abate in equal proportion; and
- (b) so far as the assets of the company available for payment of general creditors are insufficient to meet them, have priority over the claims of holders of debentures under any floating charge created by the company, and be paid accordingly out of any property comprised in or subject to that charge.

(3) Subject to the retention of such sums as may be necessary for the costs and expenses of the winding up, the foregoing debts shall be discharged forthwith so far as the assets are sufficient to meet them.

(4) In the event to the a landlord or other person distaining or having distained on any goods or effects of the company within three months next before the date of a winding up order, the debts to which priority is given by this section shall be a first charge on the goods or effects so distained on, or the proceeds of the sale thereof:

Provided that in respect of any money paid under any such charge the landlord or other person shall have the same rights of priority as the person to whom the payment is made.

(5) The date hereinbefore in this section referred to is —

(a) in the case of a company ordered to be wound up compulsorily which had not previously commenced to be wound up voluntarily, the date of the winding up order; and

(b) in any other case, the date of the commencement of the winding up.

**230A.** (1) When any part of the property of a company which is being wound up consists of land of any tenure burdened with onerous covenants, of shares or stock in companies, of unprofitable contracts, or of any other property that is unsalable, or not readily saleable, by reason of its binding the possessor thereof to the performance of any onerous act, or to the payment of any sum of money, the liquidator of the company, notwithstanding that he had endeavoured to sell or has taken possession of the property, or exercised any act of ownership in relation thereto, may, with the leave of the Court and subject to the provisions of this section, by writing signed by him, at any time within twelve months after the commencement of the winding up or such extended period as may be allowed by the Court, disclaim the property:

Provided that, where any such property has not come to the knowledge of the liquidator within one month after the commencement of the winding up, the power under this section of disclaiming the property may be exercised at any time within twelve months after he has become aware thereof or such extended period as may be allowed by the Court.

(2) The disclaimer shall operate to determine, as from the date of disclaimer, the rights, interests, and liabilities of the company, and the property of the company, in or in respect of the property disclaimed, but shall not, except so far as is necessary for the purpose of releasing the company and the property of the company from liability, affect the rights or liabilities of any other person.

(3) The Court, before or on granting leave to disclaim, may require such notices to be given to person interested, and impose such terms as a condition of granting leave, and make such other order in the matter as the Court thinks just.

(4) The liquidator shall not be entitled to disclaim any property under this section in any case where an application in writing has been made to him by any persons interested in the property requiring him to decide whether he will or will not disclaim, and the liquidator has not, within a period of twenty-eight days after the receipt of the application or such further period as may be allowed by the Court, given notice to the applicant that he intends to apply to the Court for leave to disclaim, and in the case of a contract, if the liquidator, after such an application as aforesaid, does not within the said period or further period disclaim the contract, the company shall be deemed to have adopted it.

(5) The Court may, on the application of any person who is, as against the liquidator, entitled to the benefit or subject to the burden of a contract made with the company, make an order rescinding the contract on such terms as to payment by or to either party of damages for the non-performance of the contract, or otherwise as the Court thinks just, and any damages payable under the order to any such person may be proved by him as a debt in the winding up.

(6) The Court may, on an application by any person who either claims any interest in any disclaimed property or is under any liability not discharged by this Act in respect of any disclaimed property, and on hearing any such persons as it thinks fit, make an order for the vesting of the property in or the delivery of the property to any persons entitled thereto, or to whom it may seem must that the property should be delivered by way of compensation for such liability as aforesaid, or a trustee for him, and on such terms as the Court thinks just, and on any such vesting order being made the property comprised therein shall vest accordingly in the person therein named in that behalf without any conveyance or assignment for the purpose:



Provided that, where the property disclaimed is of a leasehold nature, the Court shall not make a vesting order in favour of any person claiming under the company whether as under-lessee or as mortgagee except upon the terms of making that person –

- (a) subject to the same liabilities and obligations as those to which the company was subject under the lease in respect of the property at the commencement of the winding up; or
- (b) if the Court thinks fit, subject only to the same liabilities and obligations as if the lease had been assigned to that person at that date;

and in either event (if the case so requires) as if the lease had comprised only the property comprised in the vesting order, and any mortgagee or under-lessee declining to accept a vesting order upon such terms shall be excluded from all interest in and security upon the property, and, if there is no person claiming under the company who is willing to accept an order upon such terms, the Court shall have power to vest the estate and interest of the company in the property in any person liable, either personally or in a representative character, and either alone or jointly with the company, to perform the lessee's covenants in the lease, freed and discharged from all estates, incumbrances and interests created therein by the company.

(7) Any person injured by the operation of a disclaimer under this section shall be deemed to be a creditor of the company to the amount of the injury, and may accordingly prove the amount as a debt in the winding up.

**231.** (1) Any transfer, delivery of goods, payment, execution or other act relating to property which would, if made or done by or against an individual, be deemed in his insolvency a fraudulent preference, shall, if made or done by or against a company, be deemed, in the event of its being wound up, a fraudulent preference of its creditors, and be invalid accordingly.

(2) For the purposes of this section the presentation of a petition for winding up in the case of a winding up by or subject to the supervision of the Court, and a resolution for winding up in the case of a voluntary winding up, shall be deemed to correspond with the act of insolvency in the case of an individual.

(3) Any transfer or assignment by a company of all its property to trustees for the benefit of all its creditors shall be void.

**232.** (1) Where any company is being wound up by or subject to the supervision of the Court, any attachment, distress or execution put in force without leave of the Court against the estate or effects, or any sale held without leave of the Court of any of the properties, of the company after the commencement of the winding up shall be void.

(2) Nothing in this section applies to proceedings by the Government.

**233.** Where a company is being wound up, a floating charge on the undertaking or property of the company created within three months of the commencement of the winding up shall unless it is proved that the company immediately after the creation of the charge was solvent, be invalid except to the amount of any cash paid to the company at the time of, or subsequently to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of five per cent. per annum.

**234.** (1) The liquidator may, with the sanction of the Court when the company is being wound up by the Court or subject to the supervision of the Court, and with the sanction of an extraordinary resolution of the company in the case of a voluntary winding up, do the following things or any of them : –

- (i) pay any classes of creditors in full;

- (ii) make any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim, present or future, whereby the company may be rendered liable;
- (iii) compromise all calls and liabilities to calls, debts and liabilities capable of resulting in debts, and all claims, present or future, certain or contingent, subsisting or supposed to subsist, between the company and a contributory, or alleged contributory or other debtor or person apprehending liability to the company, and all questions in any way relating to or affecting the assets or the winding up of the company, on such terms as may be agreed, and take any security for the discharge of any such call, debt, liability or claim, and give a complete discharge in respect thereof.

(2) The exercise by the liquidator of the powers of this section shall be subject to the control of the Court, and any creditor or contributory liquidator, the Court may, unless it appears that the failure or neglect to comply was due to the liquidator not having in his hands sufficient assets of the company to enable him so to do, direct that the costs of the application shall be borne by the liquidator personally.

**238.** If any person, upon any examination upon oath authorized under this Act, or in any affidavit, deposition or solemn affirmation, in or about the winding up of any company under this Act, or otherwise in or about any matter arising under this Act, intentionally gives false evidence, he shall be liable to imprisonment for a term which may extend to seven years, and shall also be liable to fine.

**238A.** (1) If any person, being a past or present director, managing agent, manager or other officer of a company which at the time of the commission of the alleged offence is being wound up, whether by or under the supervision of the Court or voluntarily, or is subsequently ordered to be wound up by the Court or subsequently passes a resolution for voluntary winding up —

- (a) does not to the best of his knowledge and belief fully and truly discover to the liquidator all the property, real and personal, of the company, and how and to whom and for what consideration and when the company disposed of any part thereof, except such part as has been disposed of in the ordinary way of the business of the company; or
- (b) does not deliver up to the liquidator, or as he directs, all such part of the real and personal property of the company as is in his custody or under his control, and which he is required by law to deliver up; or
- (c) does not deliver up to the liquidator, or as he directs, all books and papers in his custody or under his belonging to the company and which he is required by law to deliver up; or
- (d) within twelve months next before the commencement of the winding up or at any time thereafter conceals any part of the property of the company to the value of one hundred rupees or upwards or conceals any debt due to or from the company; or
- (e) within twelve months next before the commencement of the winding up or at any time thereafter fraudulently removes any part of the property of the company to the value of one hundred rupees or upwards; or
- (f) makes any material omission in any statement relating to the affairs of the company; or
- (g) knowing or believing that a false debt has been proved by any person under the winding up, fails for the period of a month to inform the liquidator thereof; or
- (h) after the commencement of the winding up prevents the production of any book or paper affecting or relating to the property or affairs of the company; or
- (i) within twelve months next before the commencement of the winding up or at any time thereafter, conceals, destroys, mutilates or falsifies, or is privy to the concealment, destruction, mutilates or falsifies of, any book or paper affecting or relating to the property or affairs of the company; or

- (j) within twelve months next before the commencement of the winding up or at any time thereafter, makes or is privy to the making of any false entry in any book or paper affecting or relating to the property or affairs of the company; or
- (k) within twelve months next before the commencement of the winding up or at any time thereafter, fraudulently parts with, alters or makes any omission in, or is privy to the fraudulent parting with, altering or making any omission in, any document affecting or relating to the property or affairs of the company; or
- (l) after the commencement of the winding up or at any meeting of the creditors of the company within twelve months next before the commencement of the winding up, attempts to account for any part of the property of the company by fictitious losses or expenses; or
- (m) has within twelve months next before the commencement of the winding up or at any time thereafter, by any false representation or other fraud, obtained any property for or on behalf of the company on credit which the company does not subsequently pay for; or
- (n) within twelve months next before the commencement of the winding up or at any time thereafter, under the false pretence that the company is carrying on its business, obtains on credit, for or on behalf of the company, any property which the company does not subsequently pay for; or
- (o) within twelve months next before the commencement of the winding up or at any time thereafter, pawns, pledges or disposes of any property of the company which has been obtained on credit and has not been paid for, unless such pawning, pledging or disposing is in the ordinary way of the business of the company; or
- (p) is guilty of any false representation or other fraud for the purpose of obtaining the consent of the creditors of the company to the exercise or proposed exercise of any of these powers.

**235.** (1) Where, in the course of winding up a company, it appears that any person who has taken part in the formation or promotion of the company, or any past or present director, manager or liquidator, or any officer of the company has misapplied or retained or become liable or accountable for any money or misapplied or retained or become liable or accountable for any money or property of the company, or been guilty of any misfeasance or breach of trust in relation to the company, the Court may, on the application of the liquidator or of any creditor or contributory, made within three years from the date of the first appointment of a liquidator in the winding up, or of the misapplication, retainer, misfeasance or breach of trust, as the case may be, whichever is longer, examine into the conduct of the promoter, director, manager, liquidator or officer, and compel him to repay or restore the money or property or any part thereof respectively with interest at such rate as the Court thinks just, or to contribute such sum to the assets of the company by way of compensation in respect of the misapplication, retainer, misfeasance or breach of trust as the Court thinks just.

(2) This section shall apply notwithstanding that the offence is one for which the offender may be criminally responsible.

**236.** If any director, manager, officer or contributory of any company being wound up destroys, mutilates, alters or falsifies or fraudulently secretes any books, papers or securities, or makes, or is privy to the making of, any false or fraudulent entry in any register, book of account or document belonging to the company with intent to defraud or deceive any person, he shall be liable to imprisonment for a term which may extend to seven years, and shall also be liable to fine.

**237.** (1) If it appears to the Court in the course of a winding up by, or subject to the supervision of, the Court that any past or present director, manager or other officer, or any member, of the company has

been guilty of any offence in relation to the company for which he is criminally liable, the Court may, either on the application of any person interested in the winding up or of its own motion, direct the liquidator either himself to prosecute the offender or to refer the matter to the Registrar.

(2) If it appears to the liquidator in the course of a voluntary winding up that any past or present director, manager or other officer, or any member, of the company has been guilty of any offence in relation to the company for which he is criminally liable, he shall forthwith report the matter to the Registrar and shall furnish to him such information and give to him such access to and facilities for inspecting and taking copies of any documents, being information or documents in the possession or under the control of the liquidator relating to the matter in question, as he may require.

(3) Where any report is made under sub-section (2) to the Registrar, he may, if he thinks fit, refer the matter to the President of the Union for further inquiry, and the President of the Union shall thereupon investigate the matter and may, if he thinks it expedient, apply to the Court for an order conferring on any person designated by the President of the Union for the purpose with respect of the company concerned all such powers of investigation the affairs of the company as are provided by this Act in the case of a winding up by the Court.

(4) If on any report to the Registrar under sub-section (2) it appears to him that the case is not one in which proceedings ought to be taken by him, he shall inform the liquidator accordingly, and thereupon, subject to the previous sanction of the Court, the liquidator may himself take proceedings against the offender.

(5) If it appears to the Court in the course of a voluntary winding up that any past or present director, manager or other officer, or any member, of the company has been guilty as aforesaid, and that no report with respect to the matter has been made by the liquidator to the registrar, the Court may, on the application of any person interested in the winding up or of its own motion, direct the liquidator to make such a report, and on a report being made accordingly the provisions of this section shall have effect as though the report has been made in pursuance of the provisions of sub-section (2).

(6) If, where any matter is reported or referred to the Registrar under this section, he considers that the case is one in which a prosecution ought to be instituted, he shall place the papers before the Attorney-General or the Public Prosecutor and if advise to do so institute proceedings, and it shall be the duty of the liquidator and of every officer and agent of the company past and present (other than the defendant in the proceedings) to give him all assistance in connection with the prosecution which he is reasonably able to give:

Provided that no prosecution shall be undertaken without first giving the accused person an opportunity of making a statement in writing to the Registrar and of being heard thereon.

For the purposes of this sub-section, the expression "agent" in relation to a company shall be deemed to include any banker or legal adviser of the company and any person employed by the company as auditor, whether that person is or is not an officer of the company.

(7) If any person fails or neglects to give assistance in manner required by sub-section (6), the Court may, on the application of the Registrar, direct that person to comply with the requirements of the said sub-section, and where any such application is made with respect to a liquidator, the Court may, unless it appears that the failure or neglect to comply was due to the liquidator not having in his hands sufficient assets of the company to enable him so to do, direct that the costs of the application shall be borne by the liquidator personally.

**238.** If any person, upon any examination upon oath authorized under this act, or in any affidavit, deposition or solemn affirmation, in or about the winding up of any company under this Act, or otherwise in or about any matter arising under this Act, intentionally gives false evidence, he shall be liable to imprisonment for a term which may extend to seven years, and shall also be liable to fine.

**238A.** (1) If any person, being a past or present director, managing agent, manager or other officer of a company which at the time of the commission of the alleged offence is being wound up, whether by or under the supervision of the Court or voluntarily, or is subsequently ordered to be wound up by the Court or subsequently passes a resolution for voluntary winding up—

- (a) does not to the best of his knowledge and belief fully and truly discover to the liquidator all the property, real and personal, of the company, and how and to whom and for what consideration and when the company disposed of any part thereof, except such part as has been disposed of in the ordinary way of the business of the company; or
- (b) does not deliver up to the liquidator, or as he directs, all such part of the real and personal property of the company as is in his custody or under his control, and which he is required by law to deliver up; or
- (c) does not deliver up to the liquidator, or as he directs, all books and papers in his custody or under his control belonging to the company and which he is required by law to deliver up; or
- (d) within twelve months next before the commencement of the winding up or at any time thereafter conceals any part of the property of the company to the value of one hundred rupees or upwards or conceals any debt due to or from the company; or
- (e) within twelve months next before the commencement of the winding up or at any time thereafter fraudulently removes any part of the property of the company to the value of one hundred rupees or upwards; or
- (f) makes any material omission in any statement relating to the affairs of the company; or
- (g) knowing or believing that a false debt has been proved by any person under the winding up, fails for the period of a month to inform the liquidator thereof; or
- (h) after the commencement of the winding up prevents the production of any book or paper affecting or relating to the property or affairs of the company; or
- (i) within twelve months next before the commencement of the winding up or at any time thereafter, conceals, destroys, mutilates or falsifies, or is privy to the concealment, destruction, mutilation, or falsification of, any book or paper affecting or relating to the property or affairs of the company; or
- (j) within twelve months next before the commencement of the winding up or at any time thereafter, makes or is privy to the making of any false entry in any book or paper affecting or relating to the property or affairs of the company; or
- (k) within twelve months next before the commencement of the winding up or at any time thereafter, fraudulently parts with, alters or makes any omission in, or is privy to the fraudulent parting with, altering or making any omission in, any document affecting or relating to the property or affairs of the company; or
- (l) after the commencement of the winding up or at any meeting of the creditors of the company within twelve months next before the commencement of the winding up, attempts to account for any part of the property of the company by fictitious losses or expenses; or
- (m) has within twelve months next before the commencement of the winding up or at any time thereafter, by any false representation or other fraud, obtained any property for or on behalf of the company on credit which the company does not subsequently pay for; or
- (n) within twelve months next before the commencement of the winding up or at any time thereafter, under the false pretence that the company is carrying on its business, obtains on credit, for or on behalf of the company, any property which the company does not subsequently pay for; or
- (o) within twelve months next before the commencement of the winding up or at any time thereafter, pawns, pledges or disposes of any property of the company which has been obtained

on credit and has not been paid for, unless such pawning, pledging or disposing is in the ordinary way of the business of the company; or

(p) is guilty of any false representation or other fraud for the purpose of obtaining the consent of the creditors of the company or any of them to an arrangement with reference to the affairs of the company or to the winding up;

he shall be punishable, in the case of the offences mentioned respectively in clauses (m), (n), and (o) of this sub-section, with imprisonment for a term not exceeding five years, and, in the case of other offence, with imprisonment for a term not exceeding two years :

Provided that it shall be a good defense to a charge under any of clauses (b), (c), (d), (f), (n) and (o) if the accused proves that he had no intent to defraud, and to a charge under any of clauses (a), (h), (i) and (j) if he proves that he had no intent to conceal the state of affairs of the company or to defeat the law.

(2) Where any person pawns, pledges or disposes of any property in circumstances with amount to an offence under clause (o) sub-section (1), every person who takes in pawn or pledge or otherwise receives the property knowing it to be pawned, pledged or disposed of in such circumstances as aforesaid shall be punishable with imprisonment for a term not exceeding three years.

**239.** (1) Where by this Act the Court is authorized in relation to winding up to have regard to the wishes of creditors or contributories, as proved to it by any sufficient evidence, the Court may, if it thinks fit for the purpose of ascertaining those wishes, direct meetings of the creditors or contributories to be called, held and conducted in such manner as the Court directs, and may appoint a person to act as chairman of any such meeting and to report the result thereof to the Court.

(2) In the case of creditors, regard shall be had to the value of each creditor's debt.

(3) In the case of contributories regard shall be had to the number of votes conferred on each contributory by the articles.

**240.** When any company is being wound up, all documents of the company and of the liquidators shall as between the contributories of the company, be *prima facie* evidence of the truth of all matters purporting to be therein recorded.

**241.** After an order for a winding up by or subject to the supervision of the Court, the Court may make such order for inspection by creditors and contributories of the company of its documents as the Court thinks just, and any documents in the possession of the company may be inspected by creditors or contributories accordingly, but no further or otherwise.

**242.** (1) When a company has been wound up and is about to be dissolved, the documents of the company and of the liquidators may be disposed of as follows (that is to say): —

(a) in the case of winding up by or subject to the supervision of the Court, in such way as the Court direct;

(b) in the case of a voluntary winding up, in such way as the company by extraordinary resolution directs.

(2) After three years from the dissolution of the company, no responsibility shall rest on the company or the liquidators, or any person to whom the custody of the documents has been committed, by reason of the same not being forthcoming to any person claiming to be interested therein.

**243.** (1) Where a company has been dissolved, the Court may at any time within two years of the date of the dissolution, on an application being made for the purpose by the liquidator of the company or by any other person who appears to the Court to be interested, make an order, upon such terms as the Court

thinks fit, declaring the dissolution to have been void, and thereupon such proceedings may be taken as might have been taken if the company had not been dissolved.

(2) It shall be the duty of the person on whose application the order was made, within twenty-one days after the making of the order, to file with the Registrar a certified copy of the order, and if that person fails so to do he shall be liable to a fine not exceeding fifty rupees for every day during which the default continues.

**244.** (1) Where a company is being wound up, if the winding up is not concluded within one year after its commencement, the liquidator shall, once in each month, until the winding up is concluded, file in Court or with the Registrar, as the case may be, a statement in the prescribed form and containing the prescribed particulars with respect to the proceedings in and position of the liquidation.

(2) Any person stating himself in writing to be a creditor or contributory of the company shall be entitled, by himself or by his agent, at all reasonable times, on payment of the prescribed fee, to inspect the statement, and to receive a copy thereof or extract therefrom; but any person untruthfully so stating himself to be a creditor or contributory shall be deemed to be guilty of an offence under section 182 of the Penal Code, and shall be punishable accordingly on the application of the liquidator.

(3) If a liquidator fails to comply with the requirements of this section, he shall be liable to a fine not exceeding five hundred rupees for each day during which the default continues.

(4) When the statement is filed in Court a copy shall simultaneously be filed with the Registrar and shall be kept by him along with the other records of the company.

**244A.** (1) Every liquidator of a company which is being wound up by the Court shall, in such manner and at such time as may be prescribed, pay the money received by him into a scheduled bank:

Provided that if the Court is satisfied that for the purpose of carrying on the business of the company or of obtaining advances or for any other reason it is for the advantage of the creditors or contributories that the liquidator should have an account with any other bank, the Court may authorize the liquidator to make his payments into or out of such other bank as the Court may select and thereupon those payments shall be made in the prescribed manner.

(2) If any such liquidator at any time retains for more than ten days a sum exceeding five hundred rupees, or such other amount as the Court may in any particular case authorize him to retain, then, unless he explains the retention to the satisfaction of the Court, he shall pay interest on the amount so retained in excess at the rate or such part of his remuneration as the Court may think just and to be removed from his office by the Court, and shall be liable to pay any expenses occasioned by reason of his default.

(3) A liquidator of a company which is being wound up shall open a special banking account and pay all sums received by him as liquidator into such account.

**245.** \*(1) Any affidavit required to be sworn under the provisions or for the purposes of this Part may be sworn in the Union of Burma, or elsewhere before any Court, Judge or person lawfully authorized to take and receive affidavits, or in any place outside the Union of Burma before any Consul, Vice-Consul or Ambassador of His Britannic Majesty or the Union of Burma.

(2) All Courts, Judges, Justices, Commissioners and persons acting judicially in the Union of Burma shall take judicial notice of the seal or stamp or signature (as the case may be) of any such Court, Judge, person, Consul or [Vice-Consul or Ambassador]\* attached, appended or subscribed to any such affidavit or to any other document to be used for the purposes of this Part.

**246.** (1) The High Court may, from time to time, make rules\* consistent with this Act and with the Code of Civil Procedure concerning the mode of proceedings to be had for winding up a company in such Court and in the Courts subordinate thereto, and for voluntary winding up (both members' and creditors'), for the holding of meetings of creditors and members in connection with proceedings under section 153 of this Act, and for giving effect to the provisions hereinbefore contained as to the reduction of the capital and the sub-divisions of the shares of a company, and generally for all applications to be made to the Court under the provisions of this Act, and shall make rules providing for all matters relating to the winding up of companies which, by this Act, are to be prescribed.

(2) Without prejudice to the generality of the foregoing power, the High Court may by such rules enable or require all or any of the powers and duties conferred and imposed on the Court by this Act, in respect of the matters following, to be exercised or performed by the official liquidator and subject to the control of the Court, that is to say, the powers and duties of the Court in respect of —

- (a) holding and conducting meetings to ascertain the wishes of creditors and contributories;
- (b) settling lists of contributories and rectifying the register of members where required, and collecting and applying the assets;
- (c) requiring delivery of property or documents to the liquidator;
- (d) making calls;
- (e) fixing a time within which debts and claims must be proved:

Provided that the official liquidator shall not, without the special leave of the Court, rectify the register of members, and shall not make any call without the special leave of the Court.

### ***Removal of defunct Companies from Register***

**247.** (1) Where the Registrar has reasonable cause to believe that a company is not carrying on business or in operation, he shall send to the company by post a letter inquiring whether the company is carrying on business or in operation.

(2) If the Registrar does not within one month of sending the letter receive any answer thereto, he shall within fourteen days after the expiration of the month send to the company by post a registered letter referring to the first letter, and stating that no answer thereto has been received and that, if an answer is not received to the second letter within one month from the date thereof, a notice will be published in the Gazette with a view to striking the name of the company off the register.

---

\* See High Court Rules and Orders, and Burma Gazette, 1940, Part IV, page 1023.

(3) If the Registrar either receives an answer from the company to the effect that it is not carrying on business or in operation, or does not within one month after sending the second letter receive any answer, he may publish in the Gazette, and send to the company by post a notice that, at the expiration of three months from the date of that notice, the name of the company mentioned therein will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.

(4) If, in any case where a company is being wound up, the Registrar has reasonable cause to believe either that no liquidator is acting or that the affairs of the company are fully wound up, and the returns required to be made by the liquidator have not been made for a period of six consecutive months after notice by the Registrar demanding the returns has been sent by post to the company, or to the liquidator at his last known place of business, the Registrar may publish in the Gazette and send to the company a like notice as is provided in the last preceding sub-section.

(5) At the expiration of the time mentioned in the notice the Registrar may, unless cause to the contrary is previously shown by the company, strike its name off the register, and shall publish notice



thereof in the Gazette, and, on the publication in the Gazette of this notice, the company shall be dissolved: Provided that the liability (if any) of every director and member of the company shall continue and may be enforced as if the company had not been dissolved.

(6) If a company or any member or creditor thereof feels aggrieved by the company having been struck off the register, the Court, on the application of the company or member or creditor, may, if satisfied that the company was at the time of the striking off carrying on business or in operation, or otherwise that it is just that the company be restored to the register, order the name of the company to be restored to the register, and thereupon the company shall be deemed to have continued in existence as if its name had not been struck off; and the Court may by the order give such directions and make such provisions as seem just for placing the company and all other persons in the same position, as nearly as may be, as if the name of the company has not been struck off.

(7) A letter or notice under this section may be addressed to the company at its registered office, or, if no office has been registered, to the care of some director, manager or other officer of the company, or if there is no director, manager or other officer of the company whose name and address are known to the Registrar, may be sent to each of the persons who subscribed the memorandum, addressed to him at the address mentioned in the memorandum.

**247 A.** (1) Every foreign company or a company carrying on international trade shall surrender the permit granted to it under section 27A to such authority as the President of the Union may direct, and shall also notify such surrender to the Registrar within one month after the commencement of the winding up.

(2) If a foreign company or company carrying on international trade makes default in complying with the requirements of this section, the company, and every officer or agent of the company shall, on conviction, be liable to a fine not exceeding fifty kyats for every day during which the default continues.

## **PART VI.**

### **REGISTRATION OFFICE AND FEES.**

**248.** (1) For the purposes of the registration of companies under this Act, there shall be offices at such places as the President of the Union thinks fit, and no company shall be registered except at an office within the Union of Burma.

(2) The President of the Union may appoint such Registrars and assistant Registrars as he thinks necessary for the registration of companies under this Act, and may make regulations with respect to their duties.

(3) The salaries of the persons appointed under this section shall be fixed by the President of the Union.

(4) The President of the Union may direct a seal or seals to be prepared for the authentication of documents required for or connected with the registration of companies.

(5) Any person may inspect the documents kept by the Registrar on payment of such fees as may be appointed by the President of the Union, not exceeding one rupee for each inspection; and any person may require a certificate of the incorporation of any company, or a copy or extract of any other document or any part of any other document, to be certified by the Registrar on payment for the certificate, certified copy or extract, of such fees as the President of the Union may appoint, not exceeding three rupees for a certificate of incorporation, and not exceeding six annas for every hundred words or fractional part thereof required to be copied.

(6) Whenever any act is by this Act directed to be done to or by the Registrar it shall, until the President of the Union otherwise directs, be done to or by the existing Registrar of joint-stock companies, or in his absence to or by such person as the President of the Union may for the time being

authorize; but, in the event of the President of the Union may for the time being authorize; but, in the event of the President of the Union altering the constitution of the existing registry offices or any of them, any such act shall be done to or by such officer and at such place with reference to the local situation of the registered offices of the companies to be registered as the President of the Union may appoint.

---

\* Inserted by Act XXIII, 1955.

**249.** (1) There shall be paid to the Registrar in respect of the several matters mentioned in Table B in the First Schedule the several fees therein specified, or such smaller fees as the President of the Union may direct.

(2) All fees paid to the Registrar in pursuance of this Act shall be accounted for to the Government.

**249A.** (1) If a company, having made default in complying with any provision of this Act which requires it to file with, deliver or send to the Registrar any return, account or other document, or to give notice to him of any matter, fails to make good the default within fourteen days after the service of a notice on the company requiring it to do so, the Court may, on an application made to the Court by any member or creditor of the company or by the Registrar, make an order directing the company and any officer thereof to make good the default within such time as may be specified in the order.

(2) Any such order may provide that all costs of and incidental to the application shall be borne by the company or by any officers of the company responsible for the default.

(3) Nothing in this section shall be taken to prejudice the operation of any enactment imposing penalties on a company or its officers in respect of any such default as aforesaid.

## **PART VII.**

### **APPLICATION OF ACT TO COMPANIES FORMED AND REGISTERED UNDER FORMER COMPANIES ACTS.**

**250.** In the application of this Act to existing companies, it shall apply in the same manner in the case of a limited company, other than a company limited by guarantee, as if the company had been formed and registered under this Act as a company limited by shares; in the case of a company limited by guarantee, as if the company had been formed and registered under this Act as a company limited by guarantee; and, in the case of a company, other than a limited company, as if the company had been formed and registered under this Act as an unlimited company:

Provided that —

(1) nothing in Table A in the First Schedule shall apply to a company formed and registered under Act XIX of 1857\* and Act VII of 1860\*, or either of them, or under the Indian Companies Act, 1866\*, or the Indian Companies Act, 1882\*;

(2) reference, express or implied, to the date of registration shall be construed as a reference to the date at which the company was registered under Act No. XIX of 1857\* and Act No. VII or 1860\*, or either of them, or under the Indian Companies Act, 1866\*, or the Indian Companies Act, 1882\*, as the case may be.

**251.** This Act shall apply to every company registered but not formed under Act No. XIX of 1857\* and Act No. VII of 1860\*, or either of them, or under the Indian Companies Act, 1866\*, or the Indian

Companies Act, 1882\*, in the same manner as it is hereinafter in this Act declared to apply to companies registered but not formed under this Act:

Provided that reference, express or implied, to the date of registration shall be construed as a reference to the date at which the company was registered under the said Acts or any of them.

**252.** A company registered under Act XIX of 1857\* and Act VII of 1860\*, or either of them, may cause its shares to be transferred in the manner hitherto in use, or in such other manner as the company may direct.

## **PART VIII.**

### **COMPANIES AUTHORIZED TO REGISTER UNDER THIS ACT.**

**253.** (1) With the exceptions and subject to the provisions mentioned and contained in this section, —

- (i) any company consisting of seven or more members, which was in existence on the first day of May, eighteen hundred and eight-two, including any company registered under Act No. XIX of 1857\* and Act No. VII of 1860,\* or either of them, and
- (ii) any company formed after the date aforesaid, whether before or after the commencement of this Act, in pursuance of any Act of [Parliament of the United Kingdom of Great Britain and Ireland]+ or other law in force in the Union of Burma or of letter Patent, or being otherwise duly constituted according to law and consisting of seven or more members,

may at any time register under this Act as an unlimited company or as a company limited by shares, or as a company limited by guarantee; and the registration shall not be invalid by reason that it has taken place with a view to the company being wound up:

---

\* India Acts XIX of 1857 and VII of 1860 were repealed by India Act X of 1866.

India Act X 1866 was repealed by India Act VI of 1882, and the latter Act, in its turn, was repealed by India Act VII of 1913.

+ Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

(2) Provided as follows: —

- (a) a company having the liability of its members limited by Act of [Parliament of the United Kingdom of Great Britain and Ireland]\* or by any law in force in the Union of Burma or by Letters Patent, and not being a joint-stock company as hereinafter defined, shall not register in pursuance of this section;
- (b) a company having the liability of its members limited by Act of [Parliament of the United Kingdom of Great Britain and Ireland]\* or by any law in force in the Union of Burma or by Letters Patent shall not register in pursuance of this section as an unlimited company or as a company limited by guarantee;
- (c) a company that is not a joint-stock company as hereinafter defined shall not register in pursuance of this section as a company limited by shares;
- (d) a company shall not register in pursuance of this section without the assent of a majority of such of its members as are present in person or by proxy (in cases where proxies are allowed by the articles) at a general meeting summoned for the purpose;
- (e) where a company not having the liability of its members limited by Act of [Parliament of the United Kingdom of Great Britain and Ireland]\* or by any law in force in the Union of Burma or by Letters Patent in about to register as a limited company, the majority required to assent as

aforesaid shall consist of not less than three-fourths of the members present in person or by proxy at the meeting;

- (f) where a company is about to register as a company limited by guarantee, the assent to its being so registered shall be accompanied by a resolution declaring that each member undertakes to contribute to the assets of the company, in the event of its being wound up while he is a member or within one year afterwards, for payment of the debts and liabilities of the company contracted before he ceased to be a member, and of the costs and expenses of winding up, and for the adjustment of this rights of the contributories among themselves, such amount as may be required not exceeding a specified amount.

---

\* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

- (3) In computing any majority under this section when a poll is demanded regard shall be had to the number of votes to which each member is entitled according to the articles.
- (4) A company registered under the Indian Companies Act, 1882,\* shall not be registered in pursuance of this section.

**254.** For the purposes of this Part as far as relates to registration of companies as companies limited by shares, a joint-stock company means a company having a permanent paid up or nominal share capital of fixed amount divided into shares, also of fixed amount, or held and transferable as stock, or divided and held partly in one way and partly in the other, and formed on the principle of having for its members the holders of those shares or that stock, and no other persons; and such a company, when registered with limited liability under this Act, shall be deemed to be a company limited by shares.

**255.** Before the registration in pursuance of this Part of a joint-stock company, there shall be delivered to the Registrar the following documents (that is to say): —

- (1) a list showing the names, addresses and occupations of all persons who on a day name in the list, not being more than six clear days before the day of registration, were members of the company, with the addition of the shares or stock held by them respectively, distinguishing, in cases where the shares are numbered, each share by its number;
- (2) a copy of any Act of [Parliament of the United Kingdom of Great Britain and Ireland],+ law, Royal Charter, Letters instrument constituting or regulating the company; and
- (3) if the company is intended to be registered as a limited company, a statement specifying the following particulars (that is to say): —
  - (a) The nominal share capital of the company and the number of shares into which it is divided or the amount of stock of which it consists;
  - (b) The number of shares taken and the amount paid on each share;

---

\* Repealed by India Act VII of 1913.

+ Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

- (c) the name of the company, with the addition of the word “Limited” as the last word thereof, and
- (d) in the case of a company intended to be registered as a company limited by guarantee, the resolution declaring the amount of the guarantee.

**256.** Before the registration in pursuance of this Part of any company not being a joint-stock company, there shall be delivered to the Registrar —

- (1) a list showing the names, addresses and occupations of the directors of the company; and

- (2) a copy of any Act of [Parliament of the United Kingdom of Great Britain and Ireland],\* law, Letters Patent, deed of settlement, contract of co-partnery or other instrument constituting or regulation the company; and
- (3) in the case of a company intended to be registered as a company limited by guarantee, a copy of the resolution declaring the amount of the guarantee.

**257.** The list of members and directors and any other particulars relating to the company required to be delivered to the Registrar shall be duly verified by the declaration of any two or more directors or other principal officers of the company.

**258.** The Registrar may require such evidence as he thinks necessary for the purpose of satisfying himself whether any company proposing to be registered is or is not a joint-stock company as hereinbefore defined.

**259.** (1) Where a banking company, which was in existence on the first day of May eighteen hundred and eighty-two, proposes to register as a limited company, it shall, at least thirty days before so registering, give notice of its intention so to register to every person who has a banking account with the company, either by delivery of the notice to him, or by posting it to him at, or delivering it at, his last known address.

(2) If the company omits to give the notice required by this section, then as between the company and the person for the time being interested in the account in respect of which the notice ought to have been given, and so far as respects the account down to the time at which notice is given, but not further or otherwise, the certificate of registration with limited liability shall have no operation.

---

\* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

**260.** No fees shall be charge in respect of the registration in pursuance of this Part of a company if it is not registered as a limited company, or if before its registration as a limited company the liability of the shareholders was limited by some Act of [Parliament of the United Kingdom of Great Britain and Ireland]\* or law in force in the Union of Burma or by Letters Patent.

**261.** When a company is registered in pursuance of this Part with limited liability, the word “Limited” shall form and be registered as part of its name.

**262.** On compliance with the requirements of this Part with respect to registration, and on payment of such fees, if any, as are payable under Table B in the First Schedule, the Registrar shall certify under his hand that the company applying for registration is incorporated as a company under this Act, and in the case of a limited company that it is limited, and thereupon the company shall be incorporated and shall have perpetual succession and a common sea.

**263.** All property, moveable and immoveable, including all interests and rights in, to an out of property, moveable and immoveable, and including obligations and actionable claims as may belong to or be vested in a company at the date of its registration in pursuance of this Part, shall, on registration, pass to and vest in the company as incorporated under this Act for all the estate and interest of the company therein.

**264.** The registration of a company in pursuance of this Part shall not affect the rights or liabilities of the company in respect of any debt or obligation incurred or any contract entered into, by, to, with, or on behalf of, the company before registration.

**265.** All suits and other legal proceedings which at the time of the registration of a company in pursuance of this Part are pending by or against the company, or the public officer or any member thereof, may be continued in the same manner as if the registration had not taken place; nevertheless execution shall not issue against the effects of any individual member of the company on any decree or order obtained in any such suit or proceeding; but, in the event of the property and effects of the company being insufficient to satisfy the decree or order, an order may be obtained for winding up the company.

---

\* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

**266.** When a company is registered in pursuance of this Part —

- (i) all provisions contained in any Act of [Parliament of the United Kingdom of Great Britain of Ireland],\* law in force in the Union of Burma, deed of settlement, contract of co-partnership, Letters Patent, or other instrument constituting or regulating the company, including, in the case of a company registered as a company limited by guarantee, the resolution declaring the amount of the guarantee, shall be deemed to be conditions and regulations of the company, in the same manner and with the same incidence as if so much thereof as would, if the company had been formed under this Act, have been required to be inserted in the memorandum, were contained in a registered memorandum, and the residue thereof were contained in registered articles;
- (ii) all the provisions of this Act shall apply to the company and the members, contributories and creditors thereof, in the same manner in all respects as if it had been formed under this Act, subject as follows (that is to say): —
  - (a) the regulations in Table A in the First Schedule shall not apply unless adopted by special resolution;
  - (b) the provisions of this Act relating to the numbering of shares shall not apply to any joint-stock company whose shares are not numbered;
  - (c) subject to the provisions of this section, the company shall not have power to alter any provision contained in any Act of [Parliament of the United Kingdom of Great Britain and Ireland]\* or law in force in the Union of Burma relating to the company;
  - (d) subject to the provisions of this section, the company shall not have power, without the sanction of the President of the Union, to alter any provision contained in any Letters Patent relating to the company;
  - (e) the company shall not have power to alter any provision contained in a Royal Charter or Letters Patent with respect to the objects of the company;
  - (f) in the event of the company being wound up, every person shall be a contributory, in respect of the debts and liabilities of the company contracted before registration, who is liable to pay or contribute to the payment of any debt or liability of the company contracted before registration, or to pay or contribute to the payment of any sum for the adjustment of the rights of the members among themselves in respect of any such debt or liability, or to pay or contribute to the payment of the cost and expenses of winding up the company, so far as relates to such debts or liabilities as aforesaid; and every contributory shall be liable to contribute to the assets of the company, in the course of the winding up, all sums due from him in respect of any such liability as aforesaid; and in the event of the death or insolvency of any contributory, the provisions of this Act with respect to the legal representatives and

heirs of deceased contributories, and with reference to the assignees of insolvent contributories, shall apply;

(iii) the provisions of this Act with respect to —

- (a) the registration of an unlimited company as limited;
- (b) the powers of an unlimited company on registration as a limited company to increase the nominal amount of its share capital and to provide that a portion of its share capital shall not be capable of being called up except in the event of winding up;
- (c) the power of a limited company to determine that a portion of its share capital shall not be capable of being called up except in the event of winding up;

shall apply notwithstanding any provisions contained in any Act of [Parliament of the United Kingdom of Great Britain and Ireland]\*, law in force in the Union of Burma, Royal Charter, deed of settlement, contract of co-partnership, Letters Patent or other instrument constituting or regulating the company;

(iv) nothing in this section shall authorize the company to alter any such provisions contained in any deed of settlement, contract of co-partnership, Letters Patent or other instrument constituting or regulating the company, as would, if the company had originally been formed under this Act, have been required to be contained in the memorandum and are not authorized to be altered by this Act;

(v) nothing in this Act shall derogate from any lawful power of altering its constitution or regulations which may, by virtue of any Act of [Parliament of the United Kingdom of Great Britain and Ireland]\*, law in force in the Union of Burma, deed of settlement, contract of co-partnership, Letters Patent or other instrument constituting or regulating the company, be vested in the company.

---

\* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

**267.** (1) Subject to the provisions of this section, a company registered in pursuance of this Part may by special resolution alter the form of its constitution by substituting a memorandum and articles for a deed of settlement.

(2) The provisions of this Act with respect to confirmation by the Court and registration of an alteration of the objects of a company shall, so far as applicable, apply to an alteration under this section with the following modification: —

- (a) there shall be substituted for the printed copy of the altered memorandum required to be filed with the Registrar a printed copy of the substituted memorandum and articles; and
- (b) on the registration of the alteration being certified by the Registrar, the substituted memorandum and articles shall apply to the company in the same manner as if it were a company registered under this Act with that memorandum and those articles, and the company's deed of settlement shall cease to apply to the company.

(3) An alteration under this section may be made either with or without any alteration of the objects of the company under this Act.

(4) In this section the expression “deed of settlement” includes any contract of co-partnership or other instrument constituting or regulating the company, not being an Act of [Parliament of the United Kingdom of Great Britain and Ireland]\*, a law in force in the Union of Burma, a Royal Charter or Letters Patent.

**268.** The provisions of this Act with respect to staying and restraining suits and legal proceedings against a company at any time after the presentation of a petition for winding up and before the making

of a winding up order shall, in the case of a company registered in pursuance of this Part, where the application to stay or restrain is by a creditor, extend to suits and legal proceedings against any contributory of the company.

**269.** When an order has been made for winding up a company registered in pursuance of this Part, no suit or other legal proceeding shall be commenced or proceeded with against the company or any contributory of the company in respect of any debt of the company, except by leave of the Court and subject to such terms as the Court may impose.

---

\* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

## **PART IX.**

### **WINDING UP OF UNREGISTERED COMPANIES**

**270.** For the purpose of this Part, the expression “unregistered company” shall not include a railway company incorporate by Act of [Parliament of the United Kingdom of Great Britain and Ireland]\* or by a law in force in the Union of Burma, nor a company registered under the Indian Companies Act, 1866, + or under any Act repealed thereby, or under the Indian Companies Act, 1882, ++ or under this Act, but save as aforesaid, shall include any partnership, association or company consisting of more than seven members.

**271.** (1) Subject to the provisions of this Part, any unregistered company may be wound up under this Act, and all the provisions of this Act with respect to winding up shall apply to an unregistered company, with the following exceptions and additions : —

- (i) the principal place of business of the company in the Union of Burma shall be deemed to be the registered office of the company;
- (ii) no unregistered company shall be wound up under this Act voluntarily or subject to supervision;
- (iii) the circumstances in which an unregistered company may be wound up are as follows (that is to say): —
  - (a) if the company is dissolved, or has ceased to carry on business or is carrying on business only for the purpose of winding up its affairs;
  - (b) if the company is unable to pay its debts;
  - (c) if the Court is of opinion that it is just and equitable that the company should be wound up;
- (iv) an unregistered company shall, for the purposes of this Act, be deemed to be unable to pay its debts —
  - (a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding five hundred rupees then due, has served on the company, by leaving at its principal place of business, or by delivering to the secretary, or some director, manager or principal officer of the company, or by otherwise serving in such manner as the Court may



approve or direct, a demand under his hand requiring the company to pay the sum so due, and the company has for three weeks after the service of the demand neglected to pay the sum, or to secure or compound for it to the satisfaction of the creditor;

---

\* Substituted by the Union of Burma (Adaptation of Laws) Order, 1948.

+ India Act X of 1866 was repealed by India Act VI of 1882.

++ India Act VI of 1882 was repealed by India Act VII of 1913.

- (b) if any suit or other legal proceeding has been instituted against any member for any debt or demand due, or claimed to be due, from the company or from him in his character of member, and notice in writing of the institution of the suit or other legal proceeding having been served on the company by leaving the same at its principal place of business or by delivering it to the secretary, or some director, manager or principal officer of the company or by otherwise serving the same in such manner as the Court may approve or direct, the company has not within ten days after service of the notice paid, secured or compounded for the debt or demand, or procured the suit or other legal proceeding to be stayed, or indemnified the defendant to his reasonable satisfaction against the suit or other legal proceeding, and against all costs, damages and expenses to be incurred by him by reason of the same;
- (c) if execution or other process issued on a decree or order obtained in any Court in favour of creditor against the company, or any member thereof as such, or any person authorized to be used as nominal defendant on behalf of the company, is returned unsatisfied; and
- (d) if it is otherwise proved to the satisfaction of the Court that the company is unable to pay its debts.

(2) Nothing in this Part shall affect the operation of any enactment which provides for any partnership, association or company being wound up, or being wound up as a company or as an unregistered company under any enactment repealed by this Act, except that references in any such first-mentioned enactment to any such repealed enactment shall be read as references to the corresponding provision (if any) of this Act.

(3) Where a company incorporated outside the Union of Burma which has been carrying on business in the Union of Burma it may be wound up as an unregistered company under this Part, notwithstanding that it has been dissolved or otherwise ceased to exist as a company under or by virtue of the laws of the country under which it was incorporated.

**272.** (1) In the event of an unregistered company being wound up, every person shall be deemed to be a contributory who is liable to pay or contribute to the payment of any debt or liability of the company, or to pay or contribute to the payment of any sum for the adjustment of the rights of the members among themselves, or to pay or contribute to the payment of the costs and expenses of winding up the company, and every contributory shall be liable to contribute to the assets of the company all sums due from him in respect of any such liability as aforesaid.

(2) In the event of any contributory dying or being adjudged insolvent, the provisions of this Act with respect to the legal representatives and heirs of deceased contributories, and to the assignees of insolvent contributories, shall apply.

**273.** The provisions of this Act with respect to staying and restraining suits and legal proceedings against a company at any time after the presentation of a petition for winding up and before the making of a winding up order shall, in the case of an unregistered company, where the application to stay or restrain is by a creditor, extend to suits and legal proceedings against any contributory of the company.

**274.** Where an order has been made for winding up an unregistered company, no suit or other legal proceedings shall be proceeded with or commenced against any contributory of the company in respect of any debt of the company, except by leave of the Court, and subject to such terms as the Court may impose.

**275.** If an unregistered company has no power to sue and be used in a common name, or if for any reason it appears expedient, the Court may by the winding up order or by any subsequent order, direct that all or any part of the property, moveable or immoveable, including all interests and rights in, to and out of property, moveable and immoveable, and including obligations and actionable claims as may belong to the company or to trustees on its behalf, is to vest in the official liquidator by his official name, and thereupon the property or the part thereof specified in the order shall vest accordingly; and the official liquidator may, after giving such indemnity (if any) as the Court may direct, bring or defend in his official name any suit or other legal proceeding relating to that property, or necessary to be brought or defended for the purposes of effectually winding up the company and recovering its property.

**276.** The provisions of this Part with respect to unregistered companies shall be in addition to, and not in restriction of, any provisions hereinbefore in this Act contained with respect to winding up companies by the Court, and the Court or official liquidator may exercise any powers or do any act in the case of unregistered companies which might be exercised or done by it or him in winding companies formed and registered under this Act; but an unregistered company shall not, except in the event of its being wound up, be deemed to be a company under this Act, and then only to the extent provided by this Part.

## **PART X.**

### **COMPANIES ESTABLISHED OUTSIDE THE UNION OF BURMA.**

+ **277.** \* \* \* \* \*

#### **277A.** Restriction on sale and offer for sale of shares

(1) It shall not be lawful for any person —

- (a) to issue, circulate or distribute in the Union of Burma any prospectus offering for subscription shares in or debentures of a company incorporated outside the Union of Burma, whether the company has or has not established, or when formed will or will not establish, a place of business in the Union of Burma, unless —
  - (i) before the issue, circulation or distribution of the prospectus in the Union of Burma a copy thereof, certified by the chairman and two other directors of the company as having been approved by resolution of the managing body, has been delivered for registration to the Registrar;
  - (ii) the prospectus states on the face of it that the copy has been so delivered;
  - (iii) the prospectus is dated ; and
  - (iv) the prospectus otherwise complies with this Part; or
- (b) to issue to any person in the Union of Burma a form of application for shares in or debentures of such a company or intended company as aforesaid, unless the form is issued with a prospectus which complies with this Part:

Provided that this provision shall not apply if it is shown that the form of application was issued in

connection with a *bona fide* invitation to a person to enter into an underwriting agreement with respect to the shares or debentures.

(2) This section shall not apply to the issue to existing members or debenture holders of a company of a prospectus or form of application relating to shares in or debentures of the company, whether an applicant for shares or debentures will or will not have the right to renounce in favour of other persons, but, subject as aforesaid, this section shall apply to a prospectus or form of application whether issued on or with reference to the formation of a company or subsequently.

---

+ Deleted by Act XXIII, 1955.

(3) Where any document by which any shares in or debentures of a company incorporated outside the Union of Burma are offered for sale to the public would, if the company concerned has been a company within the meaning of this Act, have been deemed by virtue of section 98A to be a prospectus issued by the company, that document shall be deemed to be, for the purposes of this section, a prospectus issued by the company.

(4) An offer of shares or debentures for subscription or sale to any person whose ordinary business or part of whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, shall not be deemed an offer to the public for the purposes of this section.

(5) Any person who is knowingly responsible for the issue, circulation or distribution of any prospectus, or for the issue of a form of application for shares or debentures, in contravention of the provisions of this section shall be liable to a fine not exceeding five thousand rupees.

(6) In this section and in section 277B, the expressions “prospectus”, “shares” and “debentures” have the same meanings as when used in relation to a company incorporated under this Act.

**277B. Requirements as to prospectus.**

(1) In order to comply with this Part a prospectus, in addition to complying with the provisions of sub-clauses (ii) and (iii) of clause (a) of sub-section (1) of section 277A, must —

- (a) contain particulars with respect to the following matters: —
  - (i) the objects of the company;
  - (ii) the instrument constituting or defining the constitution of the company;
  - (iii) the enactments or provisions having the force of an enactment, by or under which the incorporation of the company was effected;
  - (iv) an address in the Union of Burma where the said instrument, enactments or provisions, or copies thereof, and if the same are in a foreign language a translation thereof in the English language certified in the prescribed manner, can be inspected;
  - (v) the date on which and the country in which the company was incorporated;
  - (vi) whether the company has established a place of business in the Union of Burma and, if so, the address of its principal office in the Union of Burma:

Provided that the provisions of sub-clauses (i), (ii) and (iii) of this clause shall not apply in the case of a prospectus issued more than two years after the date at which the company is entitled to commence business:

- (b) subject to the provision of this section, state the matters specified in sub-section (1A) of section 93 and set out the reports specified in that section:

Provided that —

- (i) where any prospectus is published as a newspaper advertisement, it shall be a sufficient compliance with the requirement that the prospectus must specify the objects of the company if the advertisement specifies the primary object with which the company was formed, and
- (ii) in section 93 of this Act a reference to the articles of the company shall be deemed to be a reference to the constitution of the company.

(2) Any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus, shall be void.

(3) In the event of non-compliance with or contravention of any of the requirements of this section, a director or other person responsible for the prospectus shall not incur any liability by reason of the non-compliance or contravention if—

- (a) as regards any matter not disclosed, he proves that he was not cognizant thereof, or
- (b) he proves that the non-compliance or contravention arose from an honest mistake of fact on his part, or
- (c) the non-compliance or contravention was in respect of matters which, in the opinion of the Court dealing with the case, were immaterial or were otherwise such as ought, in the opinion of that Court, having regard to all the circumstances of the case, reasonably to be excused:

Provided that in the event of failure to include in a prospectus a statement with respect to the matters specified in clause (n) of sub-section (1) of section 93, no director or other person shall incur any liability in respect of the failure unless it be proved that he had knowledge of the matters not disclosed.

(4) Nothing in this section shall limit or diminish any liability which any person may incur under the general law or this Act, apart from this section.

**277C.** Restriction on canvassing for sale of shares.

(1) It shall not be lawful for any person to go from house to house offering shares of a company incorporated outside the Union of Burma for subscription or purchase to the public or any member of the public.

(2) In this section the expression “house” shall not include an office used for business purposes.

(3) Any person acting in contravention of this section shall be liable to a fine not exceeding one hundred rupees.

**277D.** The provisions of sections 109 to 117, both inclusive, and 120 to 125A, both inclusive, shall extend to charges on properties in the Union of Burma which are created and to charges on property in the Union of Burma which is acquired after the 15<sup>th</sup> January, 1937,\* by a company incorporated outside the Union of Burma which has an established place of business in the Union of Burma.

**277E.** The provisions of sections 118 and 119 shall *mutatis mutandis* apply to the case of all companies incorporated outside the Union of Burma but having an established place of business in the Union of Burma, and the provisions of section 130 shall apply to such companies to the extent of requiring them to keep at their principal place of business in the Union of Burma the books of account required by that section with respect to money received and expended, sales and purchase made, and assets and liabilities in relation to its business in the Union of Burma.

**277EA.** The provisions of section 9, 19 and 22 shall apply to all companies incorporated outside the Union of Burma but having an established place of business in the Union of Burma :

Provided that the Registrar shall, notwithstanding anything to the contrary contained in clause (c) of section 8 and clause (c) of section 19, retain and register the memorandum and the articles (if any) if a copy thereof duly certified by a director in that behalf setting out, *inter alia*, the name, address, nationality and description of each subscriber and those of the attesting witnesses to the memorandum and the articles (if any) is filed with him.

**277EB.** (1) Every company incorporated outside the Union of Burma which has an established place of business in the Union of Burma having no memorandum shall file with the Registrar a copy of the charter, statutes or other instruments constituting or defining the constitution of the company, certified by a director, and, if the said document is not written in the Burmese language a translation thereof duly certified by a director in that behalf shall be filed.

---

\* Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936)

+ Inserted by Act XXIII, 1955.

(2) Every company incorporated outside the Union of Burma but having an establish place of business in the Union of Burma shall, in every year, file with the Registrar —

- (i) in a case where by the law for the time being in force of the country in which the company is incorporates such company is required to file with the public authority an annual balance-sheet together with a statement showing the holding of its shares classified according to the nationality of the holders of such shares, and if the balance-sheet does not contain all the information provided for in the form marked H in the Third Schedule, such supplementary statements as shall furnish such information; or
- (ii) in a case where no such provision is made by the law for the time being in force of the county in which the company is incorporated such a statement in the form of a balance-sheet, together with a statement showing the holding of its shares classified according to the nationality of the holders of such shares, as such company would, if it were a company formed and registered under this Act, be required to file in accordance with the provisions of this Act.

(3) If any company makes default in complying with the requirements of this section, the company, and every officer or agent of the company who is knowingly a party to the default shall, on conviction, be liable to a fine not exceeding fifty kyats for every day during which the default continues.

## **PART XA.**

### **BANKING COMPANIES.**

**277F.** A “banking company” means a company which carries on as its principal business the accepting of deposits of money on current account or otherwise, subject to withdrawal by cheque, draft or order, notwithstanding that it engages in addition in any one or more of the following forms of business, namely:—

- (1) the borrowing, raising or taking up of money; the lending or advancing of money either upon or without security; the drawing, making, accepting, discounting, buying, selling collecting and dealing in bills of exchange, hundis, promis-sory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments, and

securities whether transferable or negotiable or not; the granting and issuing of letters of credit, travelers cheques and circular notes; the buying, selling and dealing in bullion and specie; the buying and selling of foreign exchange including foreign banks notes; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others; the negotiating of loans and advances; the receiving of all kinds of bonds, scrips or valuables on deposit, or for safe custody or otherwise; the collecting and transmitting of money and securities;

- (2) acting as agents for Governments or local authorities or for any other person or persons; the carrying on of agency business of any description other than the business of a managing agent, including the power to act as attorneys and to give discharges and receipts;
- (3) contracting for public and private loans and negotiating and issuing the same;
- (4) the promoting, effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, municipal or other loans, or of shares, stock, debentures, or debenture stock of any company, corporation or association, and the lending of money for the purpose of any such issue ;
- (5) carrying on and transacting very kind of guarantee and indemnity business ;
- (6) promoting or financing or assisting in promoting or financing any business undertaking or industry, either existing or new, and developing or forming the same either through the instrumentality of syndicates or otherwise ;
- (7) acquisition by purchase, lease, exchange, hire or otherwise of any property immoveable or moveable and any rights or privileges which the company may think necessary or convenient to acquire, or the acquisition of which in the opinion of the company is likely to facilitate the realization of any securities held by the company or to prevent or diminish any apprehended loss or liability;
- (8) managing, selling and realizing all property, moveable and immoveable, which may come into the possession of the company in satisfaction or part satisfaction of any of its claims;
- (9) acquiring and holding and generally dealing with any property and, any right, title or interest in any property, moveable or immoveable, which may form part of the security for any loans or advance or which may be connected with any such security;
- (10) undertaking and executing trusts;
- (11) undertaking the administration of estates as executor, trustee or otherwise;
- (12) taking or otherwise acquiring and holding shares in any other company having objects similar to those of the company;
- (13) establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or *ex*-employees of the company or the dependents or connections of such persons; granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful objects;
- (14) the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company;
- (15) selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of, or turning into account or otherwise dealing with all or any part of the property and rights of the company;
- (16) acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in this section;

(17) doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company.

**277G.** (1) No company formed after the 15<sup>th</sup> January, 1937,\* for the purpose of carrying on business as banking company, or which uses as part of the name under which it propose to carry on business the word “bank”, “banker” or “banking,” shall be registered under this Act unless the memorandum limits the objects of the company to the carrying on of the business of accepting deposits of money on current account or otherwise, subject to withdrawal by cheque, draft or otherwise, along with some or all of the form of business specified in section 277F.

---

\* Date of commencement of the Indian Companies (Amendment) Act, 1936 India (Act XXII, 1936)

(2) No banking company, whether incorporated in or outside the Union of Burma, shall after the expiry of two years from the said date carry on any form of business other than those specified in section 277F:

Provided that the President of the Union may, by notification in the Gazette, specify in addition to the businesses set forth in clauses (1) to (17) of section 277F other forms of business which it may be lawful under this section for a banking company to engage in.

**277H.** No banking company shall after the expiry of two years from the 15<sup>th</sup> January, 1937, \* employ or be managed by a managing agent other than a banking company for the management of the company.

**277I.** Notwithstanding anything contained in section 103, no banking company incorporated under this Act after the 15<sup>th</sup> January, 1937, \* shall commence business unless shares have been allotted to an amount sufficient to yield a sum of at least fifty thousand rupees as working capital, and unless a declaration duly verified by an affidavit signed by the directors and the manager that such a sum has been received by way of paid-up capital has been filed with the Registrar.

**277J.** No banking company shall create any charge upon any unpaid capital of the company, and any such charge shall be invalid.

**277K.** (1) Every banking company shall, after the 15<sup>th</sup> January, 1937, \* maintain a reserve fund.

(2) Every banking company shall out of the declared profits of each year, and before any dividend is declared, transfer a sum equivalent to not less than twenty per cent. of such profits to the reserve fund until the amount of the said fund is equal to the paid-up capital.

(3) A banking company shall investment the amount standing to the credit of its reserve fund in [securities issued or guaranteed by the Union Government], + or keep it deposited in a special account to be open by the company for the purpose in a schedule bank [or in the Union of Bank Burma]:++

---

\* Date of commencement of the Indian Companies (Amendment) Act, 1936 (India Act XXII, 1936).

+ Substituted by Act IX, 1952.

++ Inserted *ibid*.

Provided that the provision of the sub-section shall not apply to a banking company incorporated before the 15<sup>th</sup> January, 1937, \* till after the expiry of two years from the said date.

+ (4) Nothing in this section shall apply to a schedule bank.

**++277L.** If default is made in complying with the requirements of section 277G, section 277H, section 277J, section 277K or section 277M, every director or other officer of the company who is knowingly and willfully a party to the default shall be liable to a fine not exceeding five hundred rupees for every day during which the default continues.

**277M.** A banking company shall not form or hold shares in any subsidiary company, except a subsidiary company of its own formed for the purpose of undertaking and executing trusts, undertaking the administration of estates as executor, trustee or otherwise, and such other purposes set forth in section 277F as are incidental to the business of accepting deposits of money on current account or otherwise.

**277N.** (1) The Court may, on the application of a banking company which is temporarily unable to meet its obligations, make an order staying the commencement or continuance of all actions and proceedings against the company for a fixed period of time on such terms and conditions as it shall think fit and proper, and may from time to time extend the period.

(2) No such application shall be maintainable unless accompanied by a report of the Registrar:

Provided, however, the Court may, for sufficient reasons, grant interim relief even if the application is not accompanied by such report.

(3) The Registrar shall for the purposes of his report be entitled at the cost of the company to investigate the financial condition of the company, and for such purpose to have the books and documents of the company examined by an accountant holding a certificate issued under section 144.

---

\* Date of commencement of the India Companies (Amendment) Act, 1936 (India Act XXII, 1936).

+ Inserted by Act IX, 1952,

++ Substituted *ibid*.

## **PART XI. SUPPLEMENTAL.**

### *Legal proceedings, offences, etc.*

**278.** (1) No Court inferior to that of a Magistrate of the first class shall try any offence against this Act.

(2) \* \* \* \*

(3) Notwithstanding anything in the Code of Criminal Procedure, every offence against this Act shall, for the purpose of the said Code, be deemed to be non-cognizable.

**279.** The Court imposing any fine under this Act may direct that the whole or any part thereof be applied in or towards payment of the costs of the proceedings, or in or towards the rewarding of the person on whose information the fine is recovered.

**280.** Where a limited company is plaintiff or petitioner in any suit or other legal proceeding, any Court having jurisdiction in the matter may, if it appears that there is reason to believe that the company will be unable to pay the costs of the defendant if successful in his defence, require sufficient security to be given for those costs, and may stay all proceedings until the security is given.



**281.** (1) If, in any proceeding for negligence, default, breach of duty or breach of trust against a person to whom this section applies, it appears to the Court hearing the case that person is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he has acted honestly and reasonably, and that having regard to all the circumstances of the case, including those connected with his appointment, he ought fairly to be excused for the negligence, default, breach of duty or breach of trust, the Court may relieve him, either wholly or partly, from his liability on such terms as the Court may think fit.

(2) Where any person to whom this section applies has reason to apprehend that any claim will or might be made against him in respect of any negligence, default, breach of duty or breach of trust, he may apply to the Court for relief, and the Court on any such application shall have the same power to relieve him as under this section it would have had if it had been a Court before which proceedings against that person for negligence, default, breach of duty or breach of trust had been brought.

(3) The persons to whom this section applies are the following:—

- (a) directors of company;
- (b) managers and managing agents of a company;
- (c) officers of a company;
- (d) persons employed by a company as auditors, whether they are or are not officers of the company.

**282.** Whoever in any return, report, certificate, balance-sheet or other document, required by or for the purposes of any of the provisions of this Act, willfully makes a statement false in any material particular, either description for term which may extend to three years, and shall also be liable to fine.

**282A.** Any director, managing agent, manager or other officer or employee of a company who wrongfully obtains possession of any property of a company, or having any such property in his possession wrongfully withholds it or willfully applies it to purposes other than those expressed or directed in the articles and authorized by this Act, shall, on the complaint of the company or any creditor or contributory thereof, be punishable with fine not exceeding one thousand rupees, and may be ordered by the Court trying the offence to deliver up or refund, within a time to be fixed by the Court, any such property improperly obtained or wrongfully withheld or willfully misapplied, or in default to suffer imprisonment for a period not exceeding two years.

**282B.** (1) All moneys or securities deposited with a company by its employees in pursuance of their contracts of service with the company shall be kept or deposited by the company in a special account to be opened by the company for the purpose in a scheduled bank, and no portion thereof shall be utilized by the company except for the purposes agreed to in the contract of service.

(2) Where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund (whether by the company or by the employees) or accruing by way of interest or otherwise to such fund after the 15<sup>th</sup> January, 1937, \* [shall be either deposited in a Post Office Savings Bank Account or invested]\* in securities mentioned or referred to in clauses (a) to (e) of section 20 of the Trusts Act, and all moneys belonging to such fund at the said date [which are not so deposited or invested shall be so deposited or invested]\* in such securities by annual installments not exceeding ten in number and not less in amount in any year than one-tenth of the whole amount of such moneys.

(3) Notwithstanding anything to the contrary in the rules of any fund to which sub-section (2) applies or in any contract between a company and its employees, no employee shall be entitled to receive, in respect of such portion of the amount to his credit in such fund as is invested in accordance

with the provisions of sub-section (2), interest at a rate exceeding the rate of interest yielded by such investment.

(4) An employee shall be entitled, on request made in this behalf to the company, to see the bank's receipt for any money or security such as is referred to in sub-section (1) and sub-section (2).

(5) Any director, managing agent, manager or other officer of the company who knowingly contravenes or permits or authorizes the contravention of the provisions of this section shall be liable on conviction to a fine not exceeding five hundred rupees.

**283.** If any person or persons trade or carry on business under any name or title of which "Limited" is the last word, that person or those persons shall, unless duly incorporated with limited liability, be liable to a fine not exceeding fifty rupees for every day upon which that name or title has been used.

**284.** The provisions of this Act with respect to winding up shall not apply to any company of which the winding up has commenced before the commencement of this Act, but every such company shall be wound up in the same manner and with the same incidents as if this Act had not been passed, and, for the purposes of the winding up, the Indian Companies Act, 1882, shall be deemed to remain in full force.

**285.** Every instrument of transfer or other document made before the commencement of this Act, in pursuance of any enactment hereby repealed, shall be of the same force as if this Act had not been passed, and for the purposes of that instrument or document the repealed enactment shall be deemed to remain in full force.

---

\* Substituted by Act XXVII, 1950.

**286.** (1) The offices existing at the commencement of this Act for registration of joint-stock companies shall be continued as if they had been established under this Act.

(2) Registers of companies kept in any such existing offices shall respectively be deemed part of the registers of companies to be kept under this Act.

(3) The existing Registrars, assistant Registrars and officers in those offices shall, during the pleasure of the President of the Union, hold the offices and receive the salaries hitherto held and received by them, but subject to any regulations of the President of the Union with regard to the execution of their duties.

**287.** Nothing in this Act shall affect the provisions of the Life Assurance Companies Act or of the Provident Insurance Societies Act.



# Appendix F

## **THE BURMA COMPANIES REGULATIONS, 1957**

In exercise of the powers conferred under the Burma Companies Act subsequently amended by the Burma Companies (Amendment) Act, 1955, the President of the Union of Burma hereby prescribes the Burma Companies Regulations, 1957, as follows:

In exercise of the powers conferred by section 27A of the Burma Companies Act, the President of the Union hereby prescribes the following Regulations, namely:

1. (1) These Regulations may be called the Burma Companies Regulations, 1975.  
(2) They shall come into force on such date as the President of the Union may, by notification, appoint.
2. In these Regulations, unless there is anything repugnant in the subject or context:-
  - (a) "Act" means the Burma Companies Act;
  - (b) "Form" means a form set out in the Schedule hereto annexed;
  - (c) "Permit" means a permit issued under section 27A of the Act;
  - (d) "Schedule" means the Schedule hereto annexed; and
  - (e) all words and expressions used in these Regulations and not otherwise defined shall have the meanings respectively assigned to them in the Act.
3. Every application for a permit under section 27A of the Act shall be made in Form A set out in the Schedule hereto annexed.
4. (1) Subject to the provisions of Regulation 5 a permit shall remain in force for such period as may be specified therein.  
(2) If a company makes any alteration in its Memorandum of Articles of Association, the President may, in the light of those alterations, amend the conditions in the permit as he may deem necessary.  
(3) Except as mentioned in sub-clause (2) above, the conditions in the permit shall not normally be amended during the period for which it is issued. If, however, the President deems it necessary to amend the conditions of the permit in national interest the company shall be given an opportunity to show cause why the permit should not be amended. Thereafter, the President may amend the conditions as he deems fit.
5. A permit may at any time be cancelled or suspended if any company as defined in Section 2 (2B) or (2C), or any officer or agent of the company as such, knowingly commits any of the following offences:-
  - (a) an offence under the Burma Income – Tax Act;
  - (b) an offence under the Foreign Exchange Regulation Act, 1947;
  - (c) an offence under the Sea Customs Act;

(d) any other offence in respect of which a company is liable to punishment under any law for the time being in force; and

(e) breach of any of the conditions as may be provided in the permit.

Provided that no such order of cancellation or suspension shall be made until an opportunity has been given to the company to show cause why the permit granted should not be cancelled or suspended.

6. Every company as defined in section 2 (2B) or (2C) in complying with the requirements of section 9, 19, 22, 277 EA and 277EB (1) shall state in writing which of the documents, namely, the documents in English and the documents in Burmese filed with the Registrar are to be treated as official documents in case of any discrepancy between the two versions.
7. Every company in applying for a permit under section 27A of the Act shall pay a fee at the rate prescribed in Table B of the First Schedule to the Act according to the amount of capital brought into the Union of Burma.
8. Every company as defined in section 2 (2B) or (2C) of the Act shall attach to the application for registration the permit and file with the Registrar, in addition to the documents required to be filed under sections 277EA and 277EB (1) of the Act, the following:-
  - (1) (a) the full address of the registered or principal office of the company in the Union of Burma;
  - (b) a list of the Directors and Managers (if any) of the Company;
  - (c) the names, and addresses and nationality of one or more persons resident in the Union of Burma authorized to accept on behalf of the company service of process and any notices required to be served on the company;

and, in the event of any alteration being made in any such instrument or in such address or in the Directors or Managers or in the names of or addresses of any such persons as aforesaid, the company shall, within two months from the date of the alteration, file with the Registrar a notice of the alteration.

- (2) Any process of notice required to be served on the company shall be sufficiently served if addressed to any person whose name has been so filed as aforesaid and left at or sent by registered post to the address which has been so filed.
- (3) Every company to which this regulation applies and which uses the word "Limited" as part of its name shall:-
  - (a) in every prospectus inviting subscriptions for its shares or debentures in the Union of Burma state the country in which the company is incorporated; and
  - (b) conspicuously exhibit on every place where it carries on business in the Union of Burma the name of the Company and the country in which the company is incorporated in letters easily legible in Burmese and English characters;
  - (c) have the name of the company and of the country in which the company is incorporated mentioned in legible Burmese and English characters in all bit heads and

letter papers, and in all notices, advertisements and other official publications of the company.

- (4) Every company to which this regulation applies shall if the liability of the members of the company is limited, cause notice of that fact to be stated in legible characters in every prospectus inviting subscriptions for its shares, and in all bill heads and letter papers, notices, advertisements and other official publications of the company in the Union of Burma, and to be affixed on every place where it carries on business.
- (5) For the purposes of this regulations:-
- (a) the expression “Certified” means certified in the manner provided in Regulations in Regulations 15 or 16, to be a true copy or a correct translation;
  - (b) the expression “place of business” includes a share transfer or share registration office;
  - (c) the expression “Director” includes any person occupying the position of Director, by whatever name called; and
  - (d) the expression “prospectus” means any prospectus, notice, circular, advertisement or other invitation offering to the public for subscription or purchase any shares or debentures of the company.
9. Every company as defined in section 2 (2B) (b) shall, in addition to any other documents required to be filed under the Act, file annually with the Registrar a copy each of Balance Sheet and Profit and Loss and Appropriation Accounts in Form B set out in the Schedule here to annexed or as near, there to as circumstances admit.
10. Every company as defined in section 2 (2B) of the Act which has been in existence before the Commencement of the Burma Companies (Amendment) Act, 1955, shall apply for reregistration within such time as may be prescribed by the President of the Union by notification. The application for reregistration shall be accompanied by the documents required to be filed under section 277 EA and section 277 EB (1) of the Act.
11. If any company as defined in section 2 (2B) or (2C) of the Act and which has been in existence before the commencement of the Burma Companies (Amendment) Act, 1955, fail to comply with the requirements of Regulation to, such company shall be deemed to be a new company for the purpose of registration and shall, without prejudice to any other penalty that may be imposed under the Act, be also liable to pay the fee prescribed in Regulation 7 at the time of registration.
12. Every company as defined in section 2 (2B) or (2C) of the Act shall pay to the Registrar a fee of Kay 5 in respect of any document filed with registrar in accordance with the provisions of the Act.
13. (1) Every banking company as defined in section 2 (2B) of the Act, shall, in addition to compliance with the requirements of the Union Bank Act, 1952, obtain a permit under section 27A of the Act. The application for such permit shall be accompanied by a certificated of the Union Bank to the effect that the company has complied with the requirements of the Union Bank Act, 1952, or of the rules framed there under for the issue of a licence.

- (2) No banking company as defined in section 2 (2B) of the Act and which has been in existence before the commencement of the Burma Companies (Amendment) Act, 1955, shall be required to produce such certificate granted by the Union Bank. Such company shall however be required to comply with the requirements laid down under section 27A and section 277EA and 277EB of the Act.
14. Every company as defined in section 2 (2B) of the Act whose objects require the operation of public utility services or the exploitation development or utilization of any of the natural resources within the Union of Burma shall attach to the application for a permit a certificate of the Ministry concerned that the company has complied with the requirements laid down in section 218 or 219 of the Constitution of the Union of Burma, or any other letter or certificate by which they have been authorized for such operations in the Union of Burma.
  15. A copy of a document required to be filed with the Registrar under the Act or these regulations shall be deemed to be certified in the following manner, in the case of a company incorporated in a foreign country, if
    - (a) duly certified as a true copy by an official of the Government to whose custody the original is committed, the signature or seal of such official being authenticated in accordance with the law for the time being in force of the country in which the company is incorporated and duly legalized by the Embassy or Consulate concerned; or
    - (b) duly certified as a true copy by a Notary Public of such country, the Certificate of the Notary Public being duly legalized by the Embassy or Consulate concerned.
  16. Translations of documents required to be filed with the Registrar under the Act or these regulations shall be deemed to be certified as correct translation, if certified to be correct translations thereof:
    - (1) Where such translation is made outside the Union of Burma in accordance with the law for the time being in force of the country in which the company is incorporated; and
    - (2) Where such translation is made within the Union of Burma by and Advocate, Attorney or Pleader entitled to appear before the High Court or by an affidavit of some person having in the opinion of the Registrar, a competent knowledge of the language of the original and of English or Burmese.



THE SCHEDULE  
**FORM A**  
(See Regulation 3)

“**NOTE** – This application is to be accompanied by:

- (1) A copy of the company’s Memorandum and Articles of Association or of the character, statutes or other instruments constituting or defining the constitution of the company;
- (2) Copies of the company’s Balance Sheets and Profit and Loss Account for the last two years preceding the application.”

Application by a Foreign Company or Company carrying on international trade for issue of a permit under section 27A of the Act:-

- (1) Name of Company
- (2) Country of incorporation of company
- (3) (a) Names, addresses and nationality of shareholders in case of companies incorporated in the Union of Burma.  
(b) Number of citizens or non-citizen shareholders together with the number of shares held by them separately in the case of companies incorporated outside the Union of Burma.
- (4) (a) Location of Company’s Head Office.  
(b) The Location of Company’s principal office in the Union of Burma.
- (5) The objects for which the Company is formed (field of business)
- (6) (a) The amount of capital and the number of shares into which the capital is divided.  
(b) If more than one class of share is authorized, the description of each class and the rights and the privileges pertaining to each.  
(c) Amount of capital brought or to be brought into the Union of Burma.  
(d) Whether there is any discrimination among different classes of shareholders with regard to number of votes he may cast.
- (7) (a) The maximum amount of indebtedness if any which may be incurred by the Company; and  
(b) the prohibition against the contracting of debts in excess of that amount.
- (8) Period for which Permit is applied for.
- (9) The officers who are to conduct the affairs of the company, duties of each, and the authority of the Board of Directors to fill the positions abovenamed.
- (10) The number of Directors, the manner of their powers.
- (11) The names, addresses and nationality of the Directors for the current year.
- (12) The names, addresses and nationality of the promoters.
- (13) Statements of compliance with legal requirements for initial capital including the amount to be paid in before commencement of business.



**FORM B**  
**(See Regulation 9)**

The Balance Sheet and Profit and Loss Account Shall be in this Form or as near thereto as circumstances admit, and shall include inter alia, the following items which must be separately shown :—

(A) Profit and Loss Account :—

- (1) Burma Trading Profit (or loss).
- (2) Commission received or receivable from whatever source.
- (3) Any exceptional or non-recurring revenue received or receivable in the Union of Burma.
- (4) Other revenue receipts.
- (5) Any charge by Head Office and or other Branch Offices for services performed on behalf of the Branch operating within the Union of Burma.
- (6) Directors' emoluments paid or payable within the Union of Burma.
- (7) Expenditure under the head of Salaries, Pensions, etc.
- (8) Other revenue expenditure.
- (9) Amount of Bad Debts written off or reserved for.
- (10) Depreciation provided on Assets hold within the Union of Burma specifying the rates used on various types of Assets.
- (11) Reserve for Burma Taxation.
- (12) Other Reserves and Provision (if any).

(B) Balance Sheet —

Liabilities —

- (1) Head office Fixed Account — Under this head shall be shown the Funds corresponding to Capital, which the Branches of Companies incorporated outside the Union of Burma have brought into the Union of Burma as a fixed Outlay for the Company to carry on its business.
- (2) Reserves — Reserves differentiation between Revenue and Capital Reserves and showing movements since the last Balance Sheet. Also show the disposal of the Profit and Loss Account Balance for the year.
- (3) Current liabilities :—
  - (a) Sundry creditors and Accrued charges.
  - (b) Bank Overdraft (showing nature of security)
  - (c) Loans (showing nature of security).
  - (d) Other liabilities (if any).
  - (e) Provisions.
  - (f) Current Taxation (if any).
- (4) Other Branch Current Accounts — To show clearly the indebtedness to other Branches By Burma Branch in respect of business transactions.

Assets —

- (5) Fixed Assets — The individual types of fixed Assets shall be shown under separate heads as in Form marked F in the Third Schedule of the Act, together with the total depreciation market value.
- (6) Investments — Investment, if any, be given with its original cost and present market value.
- (7) Current Assets : —
  - (a) Stock in Trade (to show method of valuation).
  - (b) Work in Progress.
  - (c) Sundry Debtors less Reserve for Bad and Doubtful
  - (d) Deferred Reserve Expenditure.
  - (e) Prepayments.
  - (f) Sundry Amounts Receivable.
  - (g) Deposits.
  - (h) Cash at Bank and in Hand.
  - (i) Other Assets (if any).
- (8) Other Branch Current Account — To show clearly the indebtedness by other Branches to the Burma Branch in respect of business transactions.

Profit and Loss Account of M/S ..... Co., Ltd.

Burma Branch, for the Year **ended** ..... 195  
**ending**

| K   | K  |
|---|--|
| Head Office or other Branch                               | Burma Trading Profit .....                         |
| Office Charge .....                                       | Commission Received or<br>Receivable .....         |
| Director's Emoluments .....                               | Any exceptional or non-<br>recurring Revenue ..... |
| Other Expenditure .....                                   | Other Revenue Receipts .....                       |
| Bad Debts written off (or<br>reserved) .....              |  |
| Depreciation : —  |  |
| ..... at percent per annum on Cost.                       |  |
| ..... at percent annum on Cost.                           |  |
| Balance carried down .....                                |  |
| Total ...   | Total .....  |
| <hr/>   |  |
| Reserve for Burma Taxation .....                          | Balance brought down .....                         |
| Reserves .....  |  |
| Provisions .....  |  |
| Balance, Net profit transferred<br>to Balance sheet ..... |  |
| Total ...   | Total .....  |

# Appendix G

## U MYINT LWIN LAW OFFICE

No. (162) ,1st,35th street , Kuauktada Township, yangon,myanmar,PO BOX:1126  
Tel, 9501371990, 9501372712, Fax: 9501296848, 9501371990, Mobile: 095001976  
Email: MYINT.Advocate@mptmail.net.mm,  
myint-ip-law@myanmar.com.mm,  
Web site: www.mipadvocate.com

Company Name : Option 1. \_\_\_\_\_ Option 2. \_\_\_\_\_ Option 3. \_\_\_\_\_

### Requirements :

#### For **Private Company**

1. At least two shareholder (Legal/natural) person are needed. **Copy of Natural person passports**
2. Each shareholder's Bank confirmation letter mentioned the balance of amount showing at least USD 50000 ( for services, Tour & Tourism, Bank representative Office and Insurance Representative Office) and at least USD 150000 ( for Industrial , Hotel and Construction ) from their Bank \*\*\*\*
3. **List of intended Business activities that will carry out in the Republic of Union of Myanmar ( To mentioned Only specific business)**

In the case of a **Foreign Branch or Legal Person**, the following shall be furnish in addition to above mentioned documents.

1. Memorandum and Article of Association of Parent Company\*\*\*\*
2. The Annual Report or Audited Financial Statement for the last previous two year of Parent Company\*\*\*\*
3. Appointed letter/ power of attorney for the Authorised Person \*\*\*\*
4. Board of Director's resolution of parent company.
5. List shareholder/Director of Parent Company
6. List of intended Business activities that will carry out in the Republic of Union of Myanmar (To Mentioned Only specific business)
7. Where the original Memorandum and Article of Association and other relevant documents are not in English Language authentication of translation into English.

#### For **Public Company**,

For a Public company, the following additional documents shall be submitted before commencing the Business.

1. List of Director to act as director
2. List of person who have consented to act as director
3. Agreement to take qualification shares
4. At least 7 share holders (Legal/natural) person are needed. Copy of Natural person passports \*\*\*\*
5. Each shareholder's Bank confirmation letter mentioned the balance of amount showing at least USD 50000 ( for Services, Tour & Tourism, Bank representative Office and Insurance Representative Office) and at least USD 150000 ( for Industrial , Hotel and Construction ) from their Bank \*\*\*\*
6. List of intended Business activities that will carry out in the Republic of Union of Myanmar ( To Mentioned Only specific business)

Registration Fee = **USD 2600**

Stamp Duty = **USD 250**

\*\*\*\*\* endorsed by Myanmar Embassy.

# Appendix H



## Long-List Projects

| No. | Project Name                   | Location  | Sector      | Component   | Executing Agency                                     | Contract type (*)  | Project Length   | Project Stage         | Schedule   | Companies involved  | Countries supporting the project (if any)                       | Notes  | Estimated Cost               |
|-----|--------------------------------|---|-------------|---|--|--------------------|--|-----------------------|--|---|---|--|------------------------------|
| 1   | Hantharwaddy Airport           | Bago Region                                     | Airport     | Runway (12,000 x 200) ft., Taxiway (12,000 x 100) ft., Apron (2000 x 800) ft., Airport Building and Related Works, Electricity Supply , Adequate Water Supply   | Department of Civil Aviation, Ministry of Transport  | BOT / PPP/ JV      | 5 years<br>From: 2013<br>To: 2017,<br>(Construction 5 Years)     | 3. Under procurement  | P/Q Issued: July 9, 2012<br>P/Q Results: Sep 9, 2012<br>Starting towards the end of 2013, Han-thawady International Airport Project is expected to start work in early 2017. | (Companies who passed P/Q)<br>Yongnam-CAPEJGC Consortium, Taisei Corporation, Gamuda-Cree Joint Venture, BOUYGUES BATIMENT International, ITNL International Pte Ltd, VINCI Airport, Incheon Airport Consortium.  | —   | Hanthawady International Airport will be almost 10 times as large as Mingalardon International Airport. It will handle around 12 million travelers annually, many more than the 1002-acre Mingalardon Airport, which can handle 2.7 million travelers. Starting towards the end of 2013, Hanthawady International Airport Project is expected to start work in early 2017.   | —                            |
| 2   | Yangon Airport (Expansion)     | Yangon Region                                   | Airport     | Business center, domestic terminal buildings, extra car parks   | Department of Civil Aviation , Ministry of Transport | BOT / PPP/ JV      | 3 years<br>From: 2013<br>To: 2015<br>(construction 3 Years )     | 3. Under procurement  | P/Q Issued: Dec 5, 2012  | (Companies who passed P/Q)<br>Invest Import AD, Toyota Tsusho Corporation, Vinci Airport, ITNL International Pte Ltd, ACO Investment Group Co Ltd, Incheon Airport Consortium, Okkar Thiri Co Ltd, Pioneer Aerodrome Services Co Ltd, Sojitz Corporation, Bouygues Batiment-First Pacific-Yoma-FMI, Yongnam-CAPE-JGC Consortium | —   | Target to complete the upgrade of Yangon International Airport by 2015.  | —                            |
| 3   | Mandalay Airport               | Mandalay Region                                 | Airport     | Airport master plan, passenger terminal, airside and landside, ground handling, catering, cargo, pavement, visual aids, electrical systems, aviation aids   | Department of Civil Aviation, Ministry of Transport  | PPP/ JV            | From: 2013<br>To: Not known                                      | 3. Under procurement  | P/Q Issued: Sep 12, 2012   | (Companies who passed P/Q)<br>Mitsubishi-Jalux in association with SPA, Munich Urban Frontier, Aung Myanmar, Essar, ITNL International Pte Ltd, China Harbour Engineering, AVIC International Holdings Corporation, VINCI Airport, Bouygues Bati-ment International   | —   | The DCA will implement the development arrangements as a whole with a form of public-private partnership with private sector financing. DCA intends to develop Mandalay International Airport as a major logistic hub with private sector participation.   | —                            |
| 4   | Dawei Airport                  | Dawei Township                                  | AirPort     | It has one runway designated 16/34 with a concrete surface measuring 2,135 meters by 30 meters (7,005 ft. x 98 ft.).  | Department of Civil Aviation, Ministry of Transport  | Government project | —  | 1. Under plan         | Suspended due to delay in Dawei SEZ Project.   | —   | —   | Dawei Deep Sea Port and Economic and Technological Zone are planned for development, the airport will also be upgraded into an international airport level. The existing Dawei domestic airport will be upgraded to international status within three years at a cost of about USD 4 million, officials at the Civil Aviation Department under the Ministry of Transport said in February, 2012. Suspended due to delay in Dawei SEZ Project.  | —                            |
| 5   | Main Grids Development Project | Meiktila (Mandalay Region) & Bago (Bago Region) | Electricity | The three-phase project (1) 500 KV power line 146 miles (Meikthilar to Taungoo), (2) 500KV power line 117 miles (Taungoo - Bago), (3) to construction of three power plants between Thabaywa and Kamarnat | Ministry of Electric Power                           | —                  | 3 years<br>From: 2013<br>To: 2015 ( Construction Period 3 Years) | 4. Under construction | —  | —   | Serbia, Economic Development of Cooperation of South Korea, USA | The three-phase project will be respectively implemented by Serbia on a 233-kilometer Thabaywa-Toungoo power grid at a cost of 116.32 million USD as the first phase, while the second phase of 187-kilometer power grid at a cost of 87.75 million dollars will be funded by Economic Development of Cooperation of South Korea and the third phase, which involves construction of three power plants between Thabaywa and Kamarnat, will be implemented at a cost of 87 million USD funded by Japan 's Official Development Assistance (ODA). | Estimate Cost USD 87 million |

## Long-List Projects

| No. | Project Name                            | Location                              | Sector                                       | Component   | Executing Agency   | Contract type (*) | Project Length   | Project Stage                           | Schedule   | Companies involved  | Countries supporting the project (if any) | Notes  | Estimated Cost               |
|-----|---|---------------------------------------|--|---|--|-------------------|--|---|--|---|---|--|------------------------------|
| 6   | Myeik Coal Fired Power Plant            | Tanintharyi Region                    | Electricity (Coal-fired Thermal Power Plant) | Survey work, civil construction works                         | Ministry of Electric Power   | —                 | From: 2012<br>To: Not known<br>(Construction 3 Years)                    | 2. Under plan (with specific investors) | MOU signed: July 2012  | Than Phyto Thu Mining Co  | —   | To build a 65-million USD 50-megawatt coal-fired power plant in Myeik. The planned plant will be built near Lut Lut village, about 27 kilometres (17 miles) from Myeik on the Myeik-Dawei road. It will use coal mined within Tanintharyi Region.  | Estimate Cost USD 65 million |
| 7   | Kalewa Coal Fired Thermal Plant Project | Kalaewa, Sagaing Region               | Electricity (Coal-fired Thermal Power Plant) | Survey work, civil construction works                         | Ministry of Electric Power   | —                 | Construction Period 5 Years 2011-2015                                    | 4. Under construction                   | —  | The Tun Thwin Mining Company Ltd and China Company(Guodian Corporation)   | China                                     | Kalaywa Coal Fried Thermal Plant to be installed with 600-megawatt generation capacity between Kalaywa and Tamu regions. This project is located at a place seven miles north of Kalaywa of Kalay District of Sagaing Region. There are 19 hydropower-, one coal-fired and 15 gas-fired power stations totaling 35 in Myanmar, generating 2,660 megawatts (mw), 120 mw and 714 mw of electricity respectively. | —                            |
| 8   | Thaketa Thermal Power Plant             | Yangon Region                         | Electricity (Gas-fired thermal power plant)  | Gas turbines, head-recovery stream generators, stream turbine | Ministry of Electric Power   | JV                | From: 2013<br>To: Not known<br>(Construction Period 3 Years (2013-2015 ) | 2. Under plan (with specific investors) | MOU signed: Oct 2012   | Resources & Engineering Co Ltd (Myanmar), Busan Korea Biotechnology Co, Korea Western Power Co, Hyundai Engineering and Construction Co, Hana Daetoo Securities Co and Hexa International Co, Marubeni Co.  | —   | Installed capacity 500 mega-watts, there are two coal power plant projects under feasibility study with MoU signed for three gas engine power plant projects and one gas combined cycle factory project and MoA signed for two gas combined cycle factory projects to be implemented with investments of local and foreign private investors as joint ventures.  | —                            |
| 9   | Lay Myo Project                         | Rakhine State                         | Electricity (Hydro Power Plant)              | 500-megawatt hydroelectric dam on the Lay Myo (Lemro) River   | Department of Hydro Power Implementation, Ministry of Electric Power | JV                | 10 years<br>From: 2008<br>To: 2018<br>(construction period 10 Years )    | 4. Under construction                   | Land has been leased for the Laymyro site and pre-construction activities are underway at the site and in the surrounding area MOA signed: July 2007 | Shwe Taung Development Co Ltd and Datang Company  | China                                     | Negotiations with Bangladesh government and Construction period 2018 But this Project is temporarily suspended.  | Investment USD 1 Billion     |
| 10  | Shweli Project 3                        | Momeik (Mongmit) Township, Shan State | Electricity (Hydro Power Plant)              | Shweli 3 (Installed capacity: 360 megawatts)                  | Department of Hydro Power Implementation, Ministry of Electric Power | PPP/ JV           | Construction Period 2011-2018) 8 Years Project                           | 4. Under construction                   |  | Asia World Co Ltd (Myanmar), Yunnan Joint Power Development Co (YUPD), Yunnan Huaneng Lancang River Hydropower Co, Yunnan Machinery Equipment Import & Export Co Ltd (YMEC), Yunnan Power Grid Co, a subsidiary of China Southern Power Grid Sinohydro Corporation (Bureau 14), Sichuan Machinery and Equipment Import & Export Corpn (SCMEC), Kunming Hydroelectric Investigation, Design and Research Institute (CHECC) (China) | China                                     | In February 2010, the Ministry of Electrical Power 1 signed a contract with a Swiss company, Colenco Power Engineering, for the Shweli No. 3 hydropower project.   | USD 1.5 Billion              |

## Long-List Projects

| No. | Project Name   | Location                           | Sector                                       | Component   | Executing Agency   | Contract type (*) | Project Length               | Project Stage                           | Schedule                 | Companies involved  | Countries supporting the project (if any) | Notes  | Estimated Cost             |
|-----|--|------------------------------------|--|---|--|-------------------|------------------------------|---|--------------------------|---|---|--|----------------------------|
| 11  | Shweli Project 2                                       | Shan State                         | Electricity (Hydro Power Plant)              | Shweli 2 (Installed capacity: 460 MW)   | Department of Hydro Power Implementation, Ministry of Electric Power | BOT / JV          | —                            | 4. Under construction                   | MOU signed: Nov 2009     | Asia World Co Ltd (Myanmar), Yunnan Joint Power Development Co (YUPD), Yunnan Huaneng Lancang River Hydropower Co, Yunnan Machinery Equipment Import & Export Co Ltd (YMEC), Yunnan Power Grid Co, a subsidiary of China Southern Power Grid Sinohydro Corporation (Bureau 14), Sichuan Machinery and Equipment Import & Export Corpn (SCMEC), Kunming Hydroelectric Investigation, Design and Research Institute (CHECC) (China) | China                                     | November 2009, the ministry signed a contract with China's Huaneng Lancang River Hydropower Co Ltd for the Shweli No.2 hydropower project  | —                          |
| 12  | Upper Thanlwin (Kunglong) Hydro Power Project          | Shan State                         | Electricity (Hydro Power Plant)              | (Installed capacity 2,400 megawatts)  | Department of Hydro Power Implementation, Ministry of Electric Power | JV                | —                            | 2. Under plan (with specific investors) | —                        | Asia World Co Ltd, Hanergy Holding Group (formerly Farsighted Investment Group), Gold Water Resources Company   | China                                     | Hydropower Implementation Department (MEPE) and /Farsighted Investment Group Co Ltd will jointly implement the Upper Thanlwin Hydro Power Project to generate about 2,400 megawatts.   | —                          |
| 13  | Hta Man Thi Hydro Power Project                        | Sagaing Region                     | Electricity (Hydro Power Plant)              | (Installed capacity 1,200 MW)   | Department of Hydro Power Implementation, Ministry of Electric Power | JV                | —                            | 2. Under plan (with specific investors) | —                        | National Hydro Power Corporation (NHPC) of India  | India                                     | Htamathi Multi purpose Hydro electrical Power Dam Project being implemented on Chindwin River. The project that will be undertaken by Hydel Power Projects Implementation Department of the ministry, that the 1,200-megawatt power station will generate 6,685 million kilowatt hours of electricity annually | —                          |
| 14  | Tamintharyi (Malikyun Palaw) Hydro Power Project       | Tamintharyi Region                 | Electricity (Hydro Power Plant)              | (Installed capacity 600 megawatts)  | Department of Hydro Power Implementation, Ministry of Electric Power | JV                | 6 years From: 2012 To: 2017  | 2. Under plan (with specific investors) | Mou signed: Dec, 2011    | Italian-Thai Co   | Thailand                                  | Field survey was conducted in September 2011.  | —                          |
| 15  | Saingdin Hydro Power Project                           | Buthidaung Township, Rakhine State | Electricity (Hydro Power Plant)              | (Installed capacity 70 mega-watts)  | Department of Hydro Power Implementation, Ministry of Electric Power | BOT               | 3 years From: 2013 To : 2015 | 2. Under plan (with specific investors) | —                        | Datang Co, Shwe Taung Development Co  | China                                     | Project period: 2015, According to the Myanmar authorities, power generated from the Saing Din waterfall hydro power plant will be distributed in Rakhine State  | —                          |
| 16  | Shwezaye Hydro Power Project                           | Sagaing Region                     | Electricity (Hydro Power Plant)              | (Installed capacity 660 megawatts)  | Department of Hydro Power Implementation, Ministry of Electric Power | JV                | —                            | 2. Under plan (with specific investors) | MOU signed: Sep 23, 2008 | National Hydro Power Corporation (NHPC) of India  | India                                     | Under negotiation  | Investment USD 1.3 billion |
| 17  | Tha Htay Chaung Hydro Power Project                    | Rakhine State                      | Electricity (Hydro Power Plant)              | (Installed capacity 111 megawatts)  | Department of Hydro Power Implementation, Ministry of Electric Power | JV                | 10 years From: 2009 To: 2019 | 2. Under plan (with specific investors) | —                        | Bharat Heavy Electricals Ltd (BHEL), Myanmar Chancellor Construction Co Ltd.  | India                                     | Now 23% completed. Annual Production: 394 GWh. Tha Htay Chaung Hydropower Project is expected to cost 60 million USD this includes the cost of transmission lines and other related infrastructure. Project Period 2009-2019. Temporarily suspended due to increasing cost.                                    | —                          |
| 18  | Alone Natural-Gas-fired and Combined Cycle Power Plant | Yangon Region                      | Electricity (Natural gas-fired and combined) | Feasibility study, cycle power plant, environmental and social impact assessments | Ministry of Electric Power   | —                 | —                            | 2. Under plan (with specific investors) | MOU signed: Aug 2012     | Toyo-Thai Corporation Public Company, Marubeni Co.  | —   | According to the MoU, the Toyo-Thai Co is to conduct a feasibility study for a 100-megawatt (mw) combined cycle power plant.   | —                          |
| 19  | Tet Kone Industrial Zone                               | Nay Pyi Taw Region                 | Industrial Zone                              | —   | Industrial Development Committee, Ministry of Industry               | —                 | —                            | 1. Under plan                           | —                        | —   | —   | The project is at the stage of carrying out feasibility study.   | —                          |

## Long-List Projects

| No. | Project Name                                | Location                          | Sector                    | Component   | Executing Agency  | Contract type (*) | Project Length  | Project Stage         | Schedule  | Companies involved | Countries supporting the project (if any) | Notes   | Estimated Cost |
|-----|---|-----------------------------------|---------------------------|---|---|-------------------|---|-----------------------|---|--------------------|---|---|----------------|
| 20  | Ponnakyun Industrial Zone                   | Rakhine State                     | Industrial Zone           | —   | Industry Development Committee, Ministry of Industry                        | —                 | —   | 1. Under plan         | —   | —                  | —   | The project feasibility study is carrying out currently.  | —              |
| 21  | Myawaddy Industrial Zone                    | Kayin State                       | Industrial Zone           | —   | Industry Development Committee, Ministry of Industry                        | —                 | —   | 1. Under plan         | —   | —                  | —   | —   | —              |
| 22  | Phayar Thone Zu Industrial Zone             | Kayin State                       | Industrial Zone           | —   | Industry Development Committee, Ministry of Industry                        | —                 | —   | 1. Under plan         | —   | —                  | —   | —   | —              |
| 23  | Muse Industrial Zone                        | Northern Shan State               | Industrial Zone           | —   | Industry Development Committee, Ministry of Industry                        | —                 | —   | 1. Under plan         | —   | —                  | —   | —   | —              |
| 24  | Tada-U Industrial Zone                      | Mandalay Region                   | Industrial Zone           | —   | Industry Development Committee, Ministry of Industry                        | —                 | —   | 1. Under plan         | —   | —                  | —   | —   | —              |
| 25  | Hpa-an (Kayin State)                        | Kayin State                       | Industrial Zone           | About 4,000 acres, processing and manufacturing industries, infrastructure part of building roads | Industry Development Committee, Ministry of Industry                        | —                 | From: 2013<br>To: Not known   | 4. Under construction | —   | —                  | —   | The zone is close to the city and near the airport, the Thanlwin River and in the general vicinity of the proposed East-West Economic Corridor road linking Vietnam, Cambodia, Thailand, Myanmar, Bangladesh and India. 80% of earth work has been completed. | —              |
| 26  | Ayeyarwaddy River Waterway Transport        | Along Ayeyarwaddy River           | Inland Waterway Transport | Waterway: 2190 miles, ports, dockyard, river maintenance,   | Inland Water Transport, Ministry of Transport                               | —                 | —   | 1. Under plan         | —   | —                  | —   | Upgrade Ayeyarwaddy River waterway transport  | —              |
| 27  | Ayeyarwaddy Delta Region Waterway Transport | Ayeyarwaddy Region                | Inland waterway transport | Water way: 2526 miles, Ports, dockyard River maintenance  | Inland Water Transport, Ministry of Transport                               | —                 | —   | 1. Under plan         | —   | —                  | —   | Upgrade Ayeyarwaddy Delta Region waterway transport   | —              |
| 28  | Chindwin Region Waterway Transport          | Sagain Region                     | Inland waterway transport | Water way 1529 miles, Ports, dockyard River maintenance and Upgrade                               | Inland Water Transport, Ministry of Transport                               | —                 | —   | 1. Under plan         | —   | —                  | —   | Upgrade Chindwin region waterway transport  | —              |
| 29  | Thanlwin Region Waterway Transport          | Mon State                         | Inland waterway transport | Water way 231 miles, Ports, dockyard River maintenance and Upgrade                                | Inland Water Transport, Ministry of Transport                               | —                 | —   | 1. Under plan         | —   | —                  | —   | To upgrade waterway transport in Thanlwin region  | —              |
| 30  | Rakhine Coastal Region Waterway Transport   | Rakhine State                     | Inland waterway transport | Water way 1230 miles, ports, dockyard, river maintenance and upgrade                              | Inland Water Transport, Ministry of Transport                               | —                 | —   | 1. Under plan         | —   | —                  | —   | To upgrade waterway transport in Rakhine Coastal region   | —              |
| 31  | Botataung Wharf Renovation (Yangon Port)    | Botataung Township, Yangon Region | Port                      | Extension of retention walls at Botataung Port, building recreation facilities and shops          | Civil Engineering Department, Myanmar Port Authority, Ministry of Transport | BOT / JV          | 3 years<br>From: 2013<br>To: 2015<br>(construction 3 years and project period 15 years) | 3. Under procurement  | P/Q Issued: Aug 23, 2012 x<br>P/Q Results: Nov 07, 2012 | Pearl Land Co Ltd  | —   | Pearl Land Co Ltd, which has won the tender to renovate Botataung Port, is to pay the monthly land lease rental of 100 million MMK. The company is to work under a 15- year contract.   | —              |

## Long-List Projects

| No. | Project Name                            | Location                          | Sector               | Component   | Executing Agency  | Contract type (*) | Project Length   | Project Stage         | Schedule  | Companies involved   | Countries supporting the project (if any) | Notes  | Estimated Cost             |
|-----|---|-----------------------------------|----------------------|---|---|-------------------|--|-----------------------|---|--|---|--|----------------------------|
| 32  | Sule Wharf Renovation (Yangon Port)     | SeikkanTownship, Yangon Region    | Port                 | Construction of berthing for international container ships and freighters, installation of machines to handle goods and construction of port buildings  | Civil Engineering Department, Myanmar Port Authority, Ministry of Transport | BOT / JV          | 3 years<br>From: 2013<br>To: 2015<br>(construction 3 years and project period 15 years )                                   | 3. Under procurement  | P/Q Issued: Aug 23, 2012<br>P/Q Results: Nov 07, 2012   | Myanmar Harmony Management Co  | —   | Myanmar Harmony Management Co is going to invest over USD 95 million in the renovation of Sule Wharf, and is to improve the piers Nos 1, 2, 3 and 4, which are 70 years old, to international standards.   | Estimate USD 95 million    |
| 33  | Pansodan Wharf Renovation (Yangon Port) | SeikkanTownship, Yangon Region    | Port                 | Pansodan Wharf is to be renovated into a modernized passenger terminal.   | Civil Engineering Department, Myanmar Port Authority, Ministry of Transport | BOT / JV          | 3 years<br>From: 2013<br>To: 2015<br>(construction 3 Years and project period 15 years)                                    | 3. Under procurement  | P/Q Issued: Aug 23, 2012<br>P/Q Results: Nov 07, 2012   | Starting Bell Co Ltd, New Downtown Co Ltd and Starting Asia Pacific Co Ltd   | —   | Pansodan Port (Nanthida Wharf) Renovation Project has selected the 3 companies, which are to accomplish the work within 3 years. The 3 companies will be paying the annual land lease rentals of USD 16.5 million, USD 12.5 million and USD 10.399 million respectively.   | —                          |
| 34  | Kyaukpyu Deep Sea Port                  | Rakhine State                     | Port (Deep Port) Sea | Logistics Cluster (Sea port), Industrial Cluster (40 km <sup>2</sup> ) (Oil refinery and petrochemical industries (12 km <sup>2</sup> ), Metal Industries (14 km <sup>2</sup> ), 4 Marine Service Industry (3 km <sup>2</sup> ), Processing and manufacturing   | Myanmar Port Authority, Ministry of Transport                               | BOT / PPP/ JV     | 6 years (tentative)<br>From: Development work commencing Date First quarter of 2009<br>To: 2015 ( Construction 6 Years and | 4. Under construction | MoUs signed between Ministry of NPED and CITIC Group<br>1st MOU: Dec, 2009<br>2nd MOU: Feb, 2011<br>Land leveling has been completed, Oil tanks complete installed. | CITIC Construction Company, Japanese engineering company Nippon Koei Co Ltd  | China, Japan                              | —  | —                          |
| 35  | Dawei Deep Sea Port                     | Tanintharyi Region                | Port (Deep Port) Sea | Port, Toll road, Railway<br>Integrated steel mills, Industrial estate, petrochemical complex, logistics, coal-fired power plant (Cancelled by the Government), Township, fertilizer plants, utility services, Hydropower plant, shipyards, telecoms, refinery and gas complex, chemical complex, world-class holiday resort, pulp and paper plant | Myanmar Port Authority, Ministry of Transport, Dawei Development Co         | BOT / PPP/ JV     | From: Apr 2011<br>(Construction 10 Years 2011-2020, Project Period 75 Years)   | 4. Under construction | 1st Phase construction of Dawei Project targeted to complete by end-2015.   | Italian-Thai Co, TEAM Consulting Engineering and Management Co Ltd, Halcrow, Aurecon and Nippon Koei (Port), Epsilon, Tesco and Mindway ( Road ) | Thailand                                  | Reoperation by early 2014 to create local employment soonest. Currently Thai & Myn have agreed to revise all development projects in Dawei. New studies on this Mega project will cover infrastructure including road, a deep-sea port, water, power, industrial estate. The study will be completed in 2013-march. Both Government agreed a special purpose vehical (SPV) will be set up with Thai and Myanmar sides holding a combined 60%, with the rest from Japan and South Korea. These eight Special Purpose Companies (SPCs) would be set up to manage infrastructure projects including the deep-sea port, road and rail links, power plants, water facilities, industrial estates a telecom network and the township. Dawei Development (DDC), which was set up by the ITD to manage the project will be transformed to an SPC. ITD has invested \$200 mmillion in the past two years. Furthermore, The Japan International Cooperation Agency has agreed to finance up to 80% of the \$2.5 billion required for the road link and port, while the Japan Bank for International Cooperation will support power plants that required \$10 billion for coal-fired generators only. But according to the experts Dawei project is not successful as it has been planned citing a reason as lack of transparency, for instance in 2012, President U Thein Sein signed agreement with Thai Government though what has been signed remained unknown up to the present day. | Estimate USD 12.5 billions |
| 36  | Patheingyi Deep Sea Port                | Patheingyi Township               | Port (Deep Port) Sea | Dredging, Container yard,   | Civil Engineering Department, Myanmar Port Authority, Ministry of Transport | BOT               | —  | 1. Under plan         | —   | —  | —   | Approval from the government   | —                          |
| 37  | Yangon-Mandalay Railroad                | Yangon Region and Mandalay Region | Railroad             | Length: 385.5 miles (620 kilometers), replacing old rail tracks, laying gravel, bridges and rail yards  | Department of Civil Engineering, Ministry of Rail Transport                 | BOT               | —  | 1. Under plan         | —   | —  | —   | The ministry will start work, jointly with private companies, in 2013  | —                          |
| 38  | Yangon Circular Railroad                | Yangon City                       | Railroad             | Length: 29.5 miles, laying gravel, digging underground tunnels and building overpasses over existing railways   | Department of Civil Engineering, Ministry of Rail Transport                 | PPP/ JV           | 3 years<br>From: 2013<br>To: 2015 (tentative)  | 4. Under construction | —   | —  | Japan                                     | Yangon City Circular Rail would be supported by Japan. Japan has started survey in 2013. Yangon City Circular Railway Project (Increasing the frequency of train services, improving train time schedule, improving amenities inside and around stations)<br>Construction work started in february 2013.   | —                          |

## Long-List Projects

| No. | Project Name  | Location  | Sector                | Component  | Executing Agency  | Contract type (*) | Project Length   | Project Stage                           | Schedule  | Companies involved   | Countries supporting the project (if any) | Notes  | Estimated Cost             |
|-----|---|---|-----------------------|--|---|-------------------|--|---|---|--|---|--|----------------------------|
| 39  | Kyaukphyu-Muse Railroad   | Rakhine Shan  | Railroad              | Length: 500 miles, laying gravel, underground tunnels and overpasses over existing railline  | Department of Civil Engineering, Ministry of Rail Transport                                       | JV                | —  | 1. Under plan                           | —   | China Railway International Ltd  | China                                     | China Railway International Ltd, construction of an expressway parallel to the railway line  | —                          |
| 40  | Sittwe-An-Minbu Railroad  | Rakhine Magwe   | Railroad              | Length: 257 miles, laying gravel, bridges, railroads and rail yards  | Department of Civil Engineering, Ministry of Rail Transport                                       | JV                | 4 years<br>From: 2012<br>To: 2015  | 4. Under construction                   | —   | Steel Stone Co Ltd, IGE Co Ltd, MGC Co Ltd   | —   | 2010: fixing the route and land survey have been completed.  | —                          |
| 41  | Lashio-Muse Railroad  | Shan State  | Railroad              | Length: 145 miles, laying gravel, 41 bridges, 36 tunnels   | Department of Civil Engineering, Ministry of Rail Transport                                       | JV                | —  | 4. Under construction                   | —   | China Railways Engineering Corporation   | China                                     | The Muse-Lashio section will cost about 1.6 billion USD and will have seven stations. A border checkpoint will be built between East Shweli Station and Muse Station.  | Estimate 1.6 billion USD   |
| 42  | Ayeyarwady River Maintenance and Multilateral Development Project | Along Ayeyarwady River                                    | River Maintenance     | —  | Directorate of Water, Water Resources and Improvement of River Systems, Ministry of Transport     | —                 | —  | 1. Under plan                           | —   | —  | —   | Hluttaw forms the new commission on 5.2.2013 to protect Irrawaddy river maintenance & to address the environmental-I problems.   | —                          |
| 43  | Meiktila-Taunggyi-Loilem-Kyaingtong Road                          | Mandalay Region/ Shan State (South)/ Shan State           | Road                  | Road length is 420/7 miles and paved road 320 miles, unpaved road 100 miles  | Public Works, Ministry of Construction  | BOT               | —  | 1. Under plan                           | —   | —  | —   | To upgrade Meiktila-Taunggyi-Loilem-Kyaingtong Road, part of ASEAN Highway section 2 and newly proposed Myanmar-Laos-Vietnam Trilateral Corridor.  | —                          |
| 44  | Monywa-Pale-Gangaw-Kalaymyo Road                                  | Sagaing Region/ Magwe Region                              | Road                  | Road Length is 193/3 miles, paved road 100 miles and unpaved road 93 miles   | Public Works, Ministry of Construction  | BOT               | —  | 4. Under construction                   | —   | —  | —   | To upgrade Monywa-Pale-Gangaw-Kalaymyo Road, part of ASEAN Highway section 1   | —                          |
| 45  | Minbu-Ann-Kyauktaw-Sittwe Road                                    | Magwe Region/Rakhine                                      | Road                  | Road Length is 296/5 miles, paved road 230 miles, unpaved road 60 miles  | Public Works, Ministry of Construction  | BOT               | —  | 4. Under construction                   | —   | —  | —   | To upgrade Minbu-Ann-Kyauktaw-Sittwe Road, a section of newly proposed Myanmar-Laos-Vietnam Trilateral Corridor  | —                          |
| 46  | India-Myanmar-Thailand Tripartite Highway                         | This road will pass through about 20 townships in Myanmar | Road                  | 1,360-kilometer (845-mile) highway will stretch across Myanmar from the Indian border post of Moreh to the Thai town of Mae Sot.   | Public Works, Ministry of Construction  | BOT               | —  | 2. Under plan (with specific investors) | —   | —  | India, Thailand, Myanmar                  | This tripartite highway is also included in the 5 special highways in Myanmar. It is called No 5 Highway or the West Highway. In Myanmar, it will pass through about 20 townships—Tamu, Kalewa, Myoma, Chaungma, Yimabin, Linkataw, Letsekan, Pakokku, Letpan Chepaw, Bagan, Kyaukpadaung, Pyawbwe, Oktwin, Htantabin, Kyaukkyi, Shwekyin, Donzayit, Theinzayat, Thaton, Hpa-an Kawkarok and Myawaday—and will join the town of Mae Sot in Thailand. This highway will play an important role for India to travel to ASEAN countries | Estimate 252 million USD   |
| 47  | Yangon-Mandalay Highway   | Yangon Mandalay   | Road (Highway)        | 367 miles (590 kilometers) paving of concrete highway 4-Lanes  | Public Works, Ministry of Construction  | BOT               | —  | 2. Under plan (with specific investors) | —   | Shwe Taung Development Co, Asia World Co   | —   | Upgrade for 8-lane high-way Bitumin Road   | —                          |
| 48  | Thanphyuzayat-Ye-Dawei-Myeik-Kawthaung Road                       | Mon-Thanintharyi Region                                   | Road (Highway)        | Road Length is 580/5 miles and Paved Road 429 mile Bitumin Unpaved Road 151  | Public Works, Ministry of Construction  | BOT               | —  | 1. Under plan                           | —   | —  | —   | Upgrade for Thanphyuzayat-Ye-Dawei-Myeik-Kawthaung Road, ASEAN Highway section.  | —                          |
| 49  | Dawei SEZ   | Dawei, Tanintharyi Region                                 | Special Economic Zone | Port: Servicing liquid cargo, agricultural products, general cargo, containers and bulk cargo, Road Link: 4-Lane Toll Highway with expansion to 8-Lane Toll Highway in later phase, Access Road ( Dawei – Phu Nam Ron, Thailand ) : 150 Kilometers | Ministry of NPED, Myanmar Investment Commission, Dawei Special Economic Zone Management Committee | BOT / PPP/ JV     | From: 2011<br>To: 2020, Project Period 60 Years (construction period 10 years) | 4. Under construction                   | G-to-G MoUs signed 1st MOU: May 19, 2008. 2nd MOU: July 23, 2012 Construction completed 50% | Italian-Thai Co, TEAM Consulting Engineering and Management Co Ltd, Halcrow, Aurecon and Nippon Koei ( Port ), Epsilon, Tesco and Mindway ( Road ) | Thailand                                  | Agreement of Project:<br>(a) Project established as a Special Economic Zone (SEZ)<br>(b) Concession Period: 60 Years + Possible Extension<br>(c) Land Lease Period: up to 75 Years and First phase construction period aimed 10 year from 2011 to 2020.  | Investment USD 8.6 billion |

## Long-List Projects

| No. | Project Name  | Location                | Sector                 | Component  | Executing Agency   | Contract type (*) | Project Length   | Project Stage                           | Schedule  | Companies involved  | Countries supporting the project (if any) | Notes  | Estimated Cost                  |
|-----|---|-------------------------|------------------------|--|--|-------------------|--|---|---|---|---|--|---------------------------------|
| 50  | Kyaukphyu SEZ   | Kyaukpyu, Rakhine State | Special Economic Zone  | City Cluster (28 km <sup>2</sup> ) (2,000 MW power plant, Industrial water and sewage plants, Residential areas, business centers, hospitals, schools and tourist areas), Logistics Cluster (24 km <sup>2</sup> ) (Airport expansion, Sea port, Railway), Industrial Cluster (40 km <sup>2</sup> ) (Oil refinery and petrochemical industries (12 km <sup>2</sup> ), Metal Industries (14 km <sup>2</sup> ), Marine Service Industry (3 km <sup>2</sup> ), Processing and manufacturing industries (11 km <sup>2</sup> ) | Ministry of NPED, Myanmar Investment Commission, Kyaukpyu Special Economic Zone Management Committee.      | BOT / PPP/ JV     | —  | 2. Under plan (with specific investors) | MoUs signed between Ministry of NPED and CITIC Group<br>1st MOU: Dec, 2009<br>2nd MOU: Feb, 2011  | CITIC Construction Company, Japanese engineering company Nippon Koei Co Ltd | Japan, China                              | According to a feasibility study-1 by CITIC Construction Company, the zone will require an initial investment of USD 8.3 billion and a total USD 89.2 billion over 35 years, using 120 Km <sup>2</sup> (30,000 acres) of land as well as 70 Km <sup>2</sup> of waterways. Kyaukpyu Special Economic Zone Management Committee and Nippon Koei Co are trying to choose the site for the zone, and to design the National Master Plan including a power supply system by gas turbines. | Estimate Costs USD 40.2 billion |
| 51  | Thilawa SEZ   | Thanlyin                | Special Economic Zone  | Inside Infrastructure: Part A infrastructure will be for hi-tech and hi-technology-based manufacturing industry for international participation and Part B infrastructure part of building roads, drainage, and flood prevention measures. Outside Infrastructure: to be undertaken by the government  | Ministry of NPED, Myanmar Investment Commission (MIC), Thilawa Special Economic Zone Management Committee. | BOT / PPP/ JV     | From: Development work commencing Date First quarter of 2013<br>To: Earliest Operational Date 2015 (Infrastructure Completion 2015, Project Period 60 Years) | 1. Under plan                           | G-to-G MOU signed: xMOU signed: Jan, 2011<br><br>F/S :80% completed, Detailed Master Plan .60% completed<br>EIA Study : will completed middle 2013<br>Targeted date of infrastructure completion 2015 | (1) Mitsubishi, (2) Sumitomo, (3) Marubeni and A public company (Myanmar)   | Japan                                     | According to MOC Thilawa SEZ will be development by Japan-Myanmar joint venture company and said the JV company will be formed by Japanese consortium and Myanmar consortium. Japanese consortium will be formed and operational in the first quarter of 2013. The commercial operation of the Thilawa SEZ will be commenced in 2015. JICA- ODA loaned 66 billion Yen (USD 704.28 million) for the development work in Myanmar 20 billion Yen for Thilawa SEZ.                       | —                               |
| 52  | Myanmar Communication Network Development Project (Software production project) | Under plan              | Telecommunication      | To provide communication service: Mobile, PSTN, IT, Internet   | Myanmar Posts & Telecommunications, Ministry of Communications, Posts and Telegraphs                       | JV                | —  | 1. Under plan                           | P/Q Issued: Jul 11, 2012  | —   | —   | —  | —                               |
| 53  | Myanmar Communication Network Development Project (Network towers project)      | Under plan              | Telecommunication      | To provide communication service: Mobile, PSTN, IT, Internet   | Myanmar Posts & Telecommunications, Ministry of Communications, Posts and Telegraphs                       | JV                | —  | 1. Under plan                           | P/Q Issued: Jul 11, 2012  | —   | —   | —  | —                               |
| 54  | Yangon Waste Water and Sewage Treatment Project                                 | Yangon City             | Waste water and sewage | Area of plant, primary sedimentation tank, secondary sedimentation tank, laboratory, chlorination tank etc   | Department of Engineering (Water & Sanitation), Yangon City Development Committee                          | —                 | —  | —                                       | —   | —   | Japan                                     | Sanitation and sewerage sector for the Yangon City area is under the responsibility of Engineering Department (Water and Sanitation) under Yangon City Development Committee. To establish proper treatment system for the existing sewerage system  | —                               |
| 55  | Mandalay Waste Water and Sewage Treatment Project                               | Mandalay City           | Waste water and Sewage | Area of plant, primary sedimentation tank, secondary sedimentation tank, laboratory, chlorination tank etc   | Department of Engineering (Water & Sanitation), Mandalay City Development Committee                        | —                 | —  | 2. Under plan (with specific investors) | —   | SUNJIN Engineering and Architecture Co Ltd.)                                | (KOREA)                                   | Sanitation and sewerage sector for the Mandalay City area is under the responsibility of Engineering Department (Water and Sanitation) under Mandalay City Development Committee To establish proper treatment system for the existing sewerage system. A survey will be conduct, and it will take four months to complete.  | —                               |

\* BOT: Build-Operate-Transfer  
JV: Joint Venture  
PPP: Public-Private Partnership  
—: information not available

### Sources of Information

The list was prepared based on the information from the following sources:

- JETRO "Infrastructure Report", 2012 (the information is updated)
- Announcements by Ministries concerned: Announcements made by the ministries concerned are carried by the government newspapers.
- Advertisements related to infrastructure projects: Weekly news journals and newspapers carrying out advertisements related to infrastructure projects.
- Announcements by the Special Projects Implementation Committee: The SPIC occasionally issues announcements regarding special projects to be implemented in the government newspapers. The committee holds regular meetings and special meetings.
- Interviews with Ministries concerned: Interview with concerned government officials
- Interviews with private companies concerned: Interview with infrastructure-related companies in Myanmar and Japan

# Appendix I



## Appendix I: Reference

| Chapter | Author  | Year  | Title   | URL (if applicable)   |
|---------|---|-------|---|---|
| 1       | Asian Development Bank                                      | 2009  | Infrastructure for a Seamless Asia  |   |
| 2       | Asian Development Bank                                      | 2012  | Key Indicators for Asia and the Pacific 2012  |   |
| 2       | -   | 2001  | List of Districts, Townships, Cities/Towns, Wards, Village Groups and Villages in Union of Myanmar  |   |
| 2       | Food and Agriculture Organization of United Nations         |       | Aquastat database   | <a href="http://www.fao.org/nr/water/aquastat/data/query/index.htm">http://www.fao.org/nr/water/aquastat/data/query/index.htm</a>   |
| 2       | International Monetary Fund                                 | 2012  | 2011 Article IV consultation.   | <a href="http://www.imf.org/external/pubs/ft/scr/2012/cr12104.pdf">http://www.imf.org/external/pubs/ft/scr/2012/cr12104.pdf</a>   |
| 2       | The Economist   | 2012  | Myanmar's Economy – Crawling Up Through the Wreckage  |   |
| 2       | Central Intelligence Agency                                 |       | The World Fact Book   | <a href="https://www.cia.gov/library/publications/the-world-">https://www.cia.gov/library/publications/the-world-</a>   |
| 2       | Central Statistical Organization (Myanmar)                  | 2010  | Statistical Yearbook  |   |
| 2       | The World Bank  | 2013  | World Development Indicators  |   |
| 2       | Central Statistical Organization (Myanmar)                  | /2012 | Selected Monthly Economic Indicators  |   |
| 2       | United Nations Development Programme                        | 2011  | Integrated Household Living Conditions Assessment   | <a href="http://www.mm.undp.org/IHLCA/">http://www.mm.undp.org/IHLCA/</a>   |
| 3       | The Republic of Myanmar                                     | 2012  | Foreign Investment Law  | <a href="http://www.president-office.gov.mm/en/sites/default/files/laws/11-2012/NEW%20FIL%20english0.pdf">http://www.president-office.gov.mm/en/sites/default/files/laws/11-2012/NEW%20FIL%20english0.pdf</a>   |
| 3       | Myanmar Investment Commission                               | 2013  | Myanmar Investment Commission Notification No. 1/2013 (Unofficial translation)  |   |
| 3       | Ministry of National Planning and Economic Development      | 2013  | The Ministry of National Planning and Economic Development Notification No. 11/2013 (Unofficial translation)  |   |
| 3       | The State Law and order Restoration Council                 | 1989  | State Owned Economic Enterprises Law  | <a href="http://www.mcpt.gov.mm/sites/default/files/pdf/laws%20and%20regulation/Miscellaneous/The%20State-owned%20Economic%20Enterprises%20Law.pdf">http://www.mcpt.gov.mm/sites/default/files/pdf/laws%20and%20regulation/Miscellaneous/The%20State-owned%20Economic%20Enterprises%20Law.pdf</a> |
| 3       | -   | 1914  | The Burma Companies Act   |   |
| 3       | -   | 1957  | The Burma Companies Regulations   |   |
| 3       | Directorate of Investment and Company Administration (DICA) |       | A Guide to Business Organizations   |   |
| 3       | International Business Publications                         | 2008  | Myanmar Company Laws and Regulations Handbook   |   |
| 3       | Dr Tin Latt   | -     | The Foreign Investment Law and Myanmar's Evolving Tax Framework by Dr Tin Latt (Chartered Certified/Certified Public Accountant & Auditor Member of Parliament's Commission for Assessment of Legal Affairs & Special Issues. Republic of The Union |   |
| 3       | Myanmar Legal Services Ltd.                                 |       | Doing Business in Myanmar   | <a href="http://www.myanmarlegalservices.com/index.php/doing-business-in-myanmar/">http://www.myanmarlegalservices.com/index.php/doing-business-in-myanmar/</a>   |
| 4       | Asian Development Bank                                      | 2013  | Institutional Strengthening of National Energy Management Committee in Energy Policy and Planning :Project Data Sheet   | <a href="http://www.adb.org/projects/46389-001/main?ref=countries/myanmar/projects">http://www.adb.org/projects/46389-001/main?ref=countries/myanmar/projects</a>   |
| 4       | Asian Development Bank                                      | 2012  | Myanmar: Interim Country Partnership Strategy (2012-2014)   | <a href="http://www.adb.org/documents/myanmar-interim-country-partnership-strategy-2012-2014">http://www.adb.org/documents/myanmar-interim-country-partnership-strategy-2012-2014</a>   |
| 4       | Asian Development Bank                                      | 2012  | Myanmar Energy Sector Initial Assessment  | <a href="http://www.adb.org/documents/myanmar-energy-sector-initial-assessment">http://www.adb.org/documents/myanmar-energy-sector-initial-assessment</a>   |

| Chapter | Author   | Year | Title  | URL (if applicable)   |
|---------|--|------|--|---|
| 4       | Asian Development Bank                             | 2012 | ADB, Norway to Help Update Myanmar Electricity Law   | <a href="http://www.adb.org/news/adb-norway-help-update-myanmar-electricity-law">http://www.adb.org/news/adb-norway-help-update-myanmar-electricity-law</a>   |
| 4       | Project Finance International                      | 2013 | Turning on the lights in Myanmar   |   |
| 4       | World Bank   | 2011 | Data bank  | <a href="http://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC">http://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC</a>   |
| 4       | Ministry of Electric Power                         | 2013 | Master Plan of Thermal Power to Increase Power Generation and Opportunities for Foreign Investments  |   |
| 4       | Ministry of Electric Power                         | 2012 | Myanmar Electricity Outlook with reference to Demand Scenario  |   |
| 4       | EU Energy Initiative                               | 2012 | Mission Report, Energy Scoping for Myanmar   | <a href="http://www.euei-pdf.org/sites/default/files/files/field_pblctn_file/EUEI_PDF_Myanmar_Energy%20Scoping_Report_May2012_EN.p">http://www.euei-pdf.org/sites/default/files/files/field_pblctn_file/EUEI_PDF_Myanmar_Energy%20Scoping_Report_May2012_EN.p</a> |
| 4       | Asian Development Bank                             | 2010 | Greater Mekong Subregion   |   |
| 4       | ASEAN  | 2012 | Masterplan on ASEAN Connectivity   |   |
| 4       | Ministry of Construction                           |      | Implementation Procedure of PPP project  |   |
| 4       | Public Works                                       |      | Consultant based on the interview with MoC   |   |
| 4       | Public Works                                       |      | Public Works material and interview to MoC   |   |
| 4       | Myanmar Port Authority Website                     |      | Myanmar and Its Ports  | <a href="http://www.mot.gov.mm/mpa/our_services.html">http://www.mot.gov.mm/mpa/our_services.html</a>   |
| 4       | Myanmar Port Authority                             | 2012 | Current situation of Yangon Port and Investment Opportunities in Port Sector   | <a href="http://www.mlit.go.jp/common/000232000.pdf">http://www.mlit.go.jp/common/000232000.pdf</a>   |
| 4       | Overseas Coastal Area Development Institute (OCDI) | 2010 | Containers in Myanmar (in Japanese), <i>The Overseas Coastal Area Development Institute (OCDI) Quarterly 81</i> , 2010/Vol.3,4.  |   |
| 4       | Myanmar Port Authority                             | 1998 | Tarrif and Dues  | <a href="http://www.mot.gov.mm/pdf/tariff_dues.pdf">http://www.mot.gov.mm/pdf/tariff_dues.pdf</a>   |
| 4       | Kankeiren  | 2012 | "Mizu infra kokusaitenkai kenkyukai Myanmar/Thailand chousadan houkoku (in Japanese)" <i>Keizaijin May 2012</i> . (「水インフラ国際展開研究会 ミャンマー・タイ調査団報告」『経済人』2012年5月)   | <a href="http://www.kankeiren.or.jp/keizaijin/pdf/closeup1205_2.pdf">http://www.kankeiren.or.jp/keizaijin/pdf/closeup1205_2.pdf</a>   |
| 4       | -  | 2004 | From vision to action, a synthesis of experiences in least-developed countries in southeast Asia the FAO -ESCAP pilot project on national water vision phase 2, Bangkok, December 2004.                  | <a href="http://www.fao.org/docrep/008/ae546e/ae546e00.HTM">http://www.fao.org/docrep/008/ae546e/ae546e00.HTM</a>   |
| 4       | Si, Soe  | 2013 | "Current Status and Specific Technical Issues on Water Infrastructure and Information for Water Infrastructure Projects in the Near Future " for the Forth Meeting of the PPP Council for Overseas Water |   |
| 4       | Nomura Equity Research                             | 2012 | Myanmar – an untapped telco marketf  | <a href="http://www.iflr.com/pdfs/newsletters/Asia%20Telecoms%20-%20Myanmar-an%20untapped%20telco%20market%20(14%20Mar%202012).pd">http://www.iflr.com/pdfs/newsletters/Asia%20Telecoms%20-%20Myanmar-an%20untapped%20telco%20market%20(14%20Mar%202012).pd</a>   |
| 4       | Herbert Smith                                      | 2012 | Intellectual Property & Technology, Media and Telecommunications newsletter April 2012   | <a href="http://www.herbertsmithfreehills.com/-/media/HS/T-240412-25.pdf">http://www.herbertsmithfreehills.com/-/media/HS/T-240412-25.pdf</a>   |
| 4       | International Telecommunication Union              | 2012 | Wireless broadband Masterplan for the Union of Myanmar   | <a href="http://www.itu.int/ITU-D/tech/broadband_networks/WirelessBDMasterPlans_AS P/WBB_MasterPlan_Myanmar.pdf">http://www.itu.int/ITU-D/tech/broadband_networks/WirelessBDMasterPlans_AS P/WBB_MasterPlan_Myanmar.pdf</a>                                       |

| Chapter | Author  | Year | Title   | URL (if applicable)   |
|---------|---|------|---|---|
| 4       | Republic of Myanmar<br>Telecommunications Operator Tender<br>Evaluation and Selection Committee | 2013 | Rules for Pre-qualification Applications Regarding Two Nationwide<br>Telecommunications Licences in the Republic of the Union of<br>Myanmar   | <a href="http://www.mpt.net.mm/sites/default/files/Rules%20for%20Pre-qualification%20Applications.pdf">http://www.mpt.net.mm/sites/default/files/Rules%20for%20Pre-qualification%20Applications.pdf</a>   |
| 4       | Herbert Smith Freehills LLP (2013),   | 2013 | Updates on key telecoms and e-commerce regulatory developments in<br>Myanmar and Indonesia, January 2013  | <a href="http://www.lexology.com/library/detail.aspx?g=c29c0751-9b67-4dd8-9efe-458ac71a91f2">http://www.lexology.com/library/detail.aspx?g=c29c0751-9b67-4dd8-9efe-458ac71a91f2</a>                       |
| 6       | Min, Aung and Kudo, Toshihiro   | 2012 | Newly Emerging Industrial Development Nodes in Myanmar: Ports,<br>Roads, Industrial Zones along Economic Corridors  | <a href="http://www.ide.go.jp/English/Publish/Download/Brc/pdf/08_chapter6.pdf">http://www.ide.go.jp/English/Publish/Download/Brc/pdf/08_chapter6.pdf</a>   |
| 6       | Zin New Myint   | 2006 | Environmental problems of Yangon city: Establishment of industrial  |   |
| 6       | International Enterprise Singapore  | 2012 | Myanmar: Opportunities in Asia's last frontier  |   |
| 6       |   | 2012 | Aung and Kudo,<br>A Study on Economic Corridors and Industrial Zones, Ports, and<br>Metropolitan and Alternative Roads in Myanmar in Intra- and Inter-<br>City Connectivity in the Mekong Region, edited by Masami Ishida,<br>BRC Research Report No.6, Bangkok Research Center, IDC-JETRO,<br>Bangkok, Thailand. | <a href="http://www.ide.go.jp/English/Publish/Download/Brc/pdf/06_chapter5.pdf">http://www.ide.go.jp/English/Publish/Download/Brc/pdf/06_chapter5.pdf</a>   |
| 6       | Myanmar Survey Research   | 2013 |   |   |
| 6       | IDE-JETRO   | 2012 | Myanmar Infrastructure Map  |   |
| 7       | Japan International Cooperation Agency  | 2012 | Republic of the Union of Myanmar Data Collection Survey on<br>Modernization of the Financial System   |   |
| 8       | Biswa Nath, Bhattacharyay   | 2010 | ADB Working Paper Series - Estimating Demand for Infrastructure<br>in Energy, Transport, Telecommunications, Water and sanitation in<br>Asia and the Pacific: 2010-2020   |   |
| 8       | Barrow, Michael   | 2010 | Private Financing of Infrastructure in Asia" ADB Workshop on<br>APEC Growth Strategy, Sapporo, Japan, (June 2010).  |   |
| 8       | Economic Intelligence Unit,   | 2011 | Evaluating the environment for public-private partnerships in Asia-<br>Pacific The 2011 Infrascop   | <a href="http://www.managementthinking.eiu.com/sites/default/files/downloads/Infrascop%202011_Asia.pdf">http://www.managementthinking.eiu.com/sites/default/files/downloads/Infrascop%202011_Asia.pdf</a> |