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**ENTRY BARRIERS OF PUBLIC COMPANIES TO BE
LISTED COMPANIES**

AUNG MYO THAN
ROLL NO. 17
MBF 4TH BATCH

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ENTRY BARRIERS OF PUBLIC COMPANIES TO BE LISTED COMPANIES

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Supervised By

Daw Khin Nwe Ohn

Associate Professor

Department of Commerce

Yangon University of Economics

Submitted By

Mg Aung Myo Than

Roll No. 17

MBF 4th Batch

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ABSTRACT

The objective of this study is to identify the listing examination procedures for public companies to be listed in the Yangon Stock Exchange and to analyze the barriers of public companies to be listed in the Yangon Stock Exchange. A total of 59 public companies are operating in capital market of Myanmar. Among them, about 80 % of public companies were selected to be surveyed in this study. Primary data are collected by making questionnaire with top management level from each public company and the survey period was during November 2018. Descriptive method was used for data. The secondary data were gathered and recorded by compiling from Yangon Stock Exchange, Websites, previous researchers, books of libraries and other reports from internet. Comparative study on four main factors which are formal criteria, substantial criteria, fees and others factor for public companies found that the average of each factor by their corresponding statement such as others factor as one of the four factor contains. The study suggested that the listing criteria, fees and others factors are needed to consider to meet the requirement of public companies which want to be listed in Yangon Stock Exchange.

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CHAPTER I

INTRODUCTION

First of all, with the weak banking sector not being able to sufficiently support the financing needs of the local economy, hopes are high that the advent of the stock market (and of the corporate bond market at a later stage) will open new avenues of financing for local companies. According to the World Bank's Myanmar Investment Climate Assessment, lacking access to finance is still considered one of the main obstacles for business growth in Myanmar. The majority of local companies are still family-owned and self-funded. The development of strong capital markets in the country will allow companies to fund themselves easier and at a lower cost and risk. A successful stock market will set the foundation for the further development of the capital markets in Myanmar.

Secondly, the stock market will give investors access to a broader portfolio of investment possibilities. Stock markets can bring about growth to an economy by boosting the returns of domestic savings. In Myanmar, people have traditionally invested their money into real estate, foreign currencies, precious metals, and increasingly into bank savings accounts. With the establishment of the stock market, a broad range of the population receives the possibility to participate in the economic growth of the country by channeling money into the corporate sector.

Besides, stock markets can also serve as a channel for foreign capital inflow. Compared to Foreign Direct Investments (FDI), foreign portfolio investments into the local stock market can occur easier and within a much shorter time frame. With Myanmar having a weak local investor base, particularly when it comes to institutional investors, foreign investments can bring much needed support of the local stock market in the initial years.

Yangon Stock Exchange has been launched on 9 December, 2015 as a major milestone in the development of capital market in Myanmar. It is expected that an active stock market will bring a lot of benefits to the country. The establishment of stock exchange will disclose new financing benefits for local companies. The most of the local companies are still family-owned and self-funded.

The companies can be funded themselves easier and at a lower cost and risk because of the development of effective and efficient capital market. In Myanmar, The

foundation for the further development of the capital market will be set by the strong and successful stock market. Investors can get accessing to a broader portfolio of investment possibilities by emerging the stock market. Stock exchange can bring the sustainable development of the country economy by boosting the efficiency of capital market.

In Myanmar, most of the people have traditionally invested their money into real estate, foreign currencies, precious metals and bank's deposits. With the launching of the stock market, the wider scope of the population can receive the possibility to take part in the economic growth of the country by channeling money into the corporate sector. Besides, a channel for foreign capital inflow can be increased in the capital market since stock market has emerged.

The Securities and Exchange Commission of Myanmar, the supreme regulatory body, which was established in August 2014, is in charge of overseeing the stock market in country. For this, strong frameworks of institutions that protect property rights, enforce disclosure rules and prevent insider trading have been enacted by the government.

Each exchange has its own rules and regulations for companies seeking a listing, and continuing obligations for those already listed. All stock exchanges can run both a primary and a secondary market. Stock exchange monitors the market to ensure that it provides a safe business environment for customers by efficient and fair operations.

A stock market is a key component of a market economy. At present, five listed companies are participating in the stock market. An obligation of the respective Stock Exchange has to offer various types of public companies and encourage them to list and be active in stock markets. Therefore, we need to promote the public companies to list in Yangon Stock exchange for being more active stock market. Some of the benefits that accrue to a public company from listing include creating a market for the company's shares, enhancing the status and financial standing of the company, increasing public awareness and public interest in the company.

Stock Exchange can play an important role in furthering economic growth by making the financial sector more liquid and competitive. It is expected to accelerate economic growth by boosting listed companies in stock exchange. However, most of the public companies face some obstacles to list in Yangon Stock Exchange. This thesis aims to analyze the entry barriers of the public companies to list in the Yangon Stock Exchange.

1.1 Rationale of the Study

The general purpose of the study is to find out reasons of low listing by public companies in the Yangon Stock Exchange. Specifically study intends to identify barriers for listing in the YSX, to establish whether companies know the opportunities at the YSX, to identify the barriers faced by public companies in Myanmar.

The decision to list a company needs to be made once the company is realistically assessed in terms of its management, resources, stage of development, long-term strategy, goals and future prospects (Demirguc-Kunt and Levine, 1996).According to Capasso (2006), the decision of a company to go public and to issue shares is a complex one and it depends on the market related factors as well as the internal environment of the company.

In an analysis on why companies go public Pagano, Panetta, & Zingales (1998) found that the internal framework of the specific company's financial needs will determine their listing or lack thereof on the public market. This argument is picked up by Capasso (2006) where he finds that the development of the banking sector in any economy is directly related to the number of companies listed on the exchange due to the companies' need for balancing in the debt and equity financing mix.

The Lao Securities Exchange (LSX) was officially opened on 10th October 2010. There are currently 7 listed companies on the Lao stock market: Banque Pour Le Commerce Exterieur Lao (BCEL), EDL Generation (EDL-Gen), Lao World (LWPC), Petroleum Trading Lao (PTL), Souvanny Home Center (SVN), Phousi Construction and Development (PCD), and Lao Cement (LCC).

Companies that plan to sell shares on the Lao's stock market must overhaul their administrative structure to become more efficient and competitive. One of the most important requirements for listed companies is that they use a transparent accounting system and make a full public disclosure of their business operations, which is essential in creating confidence among potential investors. The Lao government believes that transparency will not only help companies to develop their business in a sustainable manner but will also strengthen their revenue base.

Changing the mindset of company owners is still the biggest hurdle to be overcome. These leaders need to understand the mechanism of the stock market, as well as the need for compliance and transparency in trading. "Company owners don't understand why they have to reveal their financial statements to the public." said Park

Ho-jeong, vice-chairman and chief operating officer of the Lao Securities Exchange (LSX).

The Cambodia Securities Exchange was incorporated on 23 February 2010. Although It lasted for about 9 years, there are only 5 listed companies on the Cambodia Securities Exchange: Sihanoukville Autonomous Port, Phnom Penh SEZ Plc., Phnom Penh Autonomous Port, Grand Twins International (Cambodia) Plc and Phnom Penh Water Supply Authority.

Yangon Stock Exchange is operating only 5 listed companies within 3 years, such as First Myanmar Investment Company Ltd. (FMI), Myanmar Thilawa SEZ Holdings Public Company Ltd. (MTSH), Myanmar Citizen Bank (MCB), First Private Bank (FPB) and TMH Telecom Public Company Ltd.(TMH).

Most of the public companies would also need to consider the timing of a listing in terms of market conditions and where the business is at that point in time. In addition, Public companies have to adhere to certain rules and regulations, which differ according to the market the company joins, and also have to meet accepted standards of corporate governance. It is important that the making decision whether to list the company in YSX. The decision to enter the stock market also involves the comparison of a wide array of costs and benefits in a company attempting to form the optimal financial or capital structure. The capital markets are seen as a source that the companies shy away from and opt for revenue surplus then debt financing and in the very last place equity financing. The research objectives of this study are to identify the entry barriers of domestic public company's listing decision on the YSX.

The stagnation in the number of listed companies in YSX was studied by the explore factors that faces as barriers of unlisted companies in this thesis and it seeks ways in which the same could be reversed to ensure its active participation in economic growth of Myanmar. Public companies would be deterred to list on the public exchange causing stagnation in the development of the stock market due to the heightened cost of access to capital. The study established existence of various factors which hinder the listing of public entities at YSX. Subsequently this thesis has suggested strategies to overcome these barriers.

1.2 Objectives of the Study

The followings are the objectives of the study:

- (1) To identify the listing examination procedures for public companies to be listed in the Yangon Stock Exchange
- (2) To analyze the barriers of public companies to be listed in the Yangon Stock Exchange

1.3 Scope and Method of the Study

Descriptive research is used to analyse in this thesis both of primary and secondary data were used. Primary data are gathered specifically for the problem by collecting data by structured questionnaire to potential listed companies which are allowed to issue share by Directorate of Investment and Companies Administration (DICA). Secondary data are gathered and recorded by compiling from Yangon Stock Exchange, Websites, previous researchers, books of libraries and other reports from internet.

There are 60 public companies in Myanmar capital market and sample size of this study is 47 public companies which are randomly selected. There is about 80% of total number of public companies.

1.4 Organization of the Study

This thesis consists of five chapters and is organized as follow: After chapter one commences an introduction of the entire thesis, chapter two reviews theoretical background of this thesis about role of stock exchange in the capital market, concept and definition of listing procedures, the Yangon Stock Exchange, listing criteria for public companies and listing examination procedures for public companies. The third chapter describes the overview of public companies in Myanmar. This chapter also presents to identify advantages and disadvantages of listing and listing procedures for public companies. Chapter four shows the analysis on the barriers of public companies to be listed companies. It also included four types of entry barriers. Eventually, chapter five concludes with the findings of this thesis as well as the suggestions for the future studies.

CHAPTER II

THEORETICAL BACKGROUND

In this chapter, we can study that the theoretical background of the entry barriers for public companies to be listed companies. It is included that the role of stock exchange in the capital market, the concept and definition of listing public companies, the Yangon Stock Exchange, listing criteria and listing examination procedures for public companies .

2.1 Role of Stock Exchange in the Capital Market

A stock exchange is an organized marketplace, licensed by a relevant regulatory body, where ownership stakes (shares) in companies are listed and traded. Listing happens in the so-called ‘primary market’, where a portion of a company’s shares are made available to the public. The company often uses the listing to raise funds through issuing new equity shares (an initial public offering or IPO). Investors can then buy and sell these listed shares in the so-called ‘secondary market’. While listing in the primary market may result in a flow of funds from investors to the firm, the trading between investors in the secondary market does not.

The stock market plays many roles in the economy of each country. It may be surprised to know the number of stock markets covering the world. In countries around the world, exchanges are used to help companies increase their capital and provide investors with the opportunity to support new and existing businesses. There is no geographical limitation or partiality in the stock market, which means that individuals in different countries can use the stock market to create wealth and invest their debts.

There are Six Stock Exchanges in CLMVT Countries as follows:

- | | |
|-------------|--|
| 1) Myanmar | Yangon Stock Exchange |
| 2) Thailand | Stock Exchange of Thailand |
| 3) Vietnam | Hochiminh Stock Exchange
Hanoi Stock Exchange |
| 4) Lao PDR | Lao Securities Exchange |
| 5) Cambodia | Cambodia Securities Exchange |

The market also serves as an intermediary for small and large investors who want to raise money beyond traditional banking institutions. The role of the stock market in the economy is to achieve maximum return on uncertainty savings on a static and low interest

bank account. Stock markets often promise and generate higher profits and in return, investors benefit from assurance's measures, diverse opportunities and flexibility. In addition, the stock market offers investor assurance through official control of the investment.

The stock market provides a ready and continuous market for bidding and offering of securities. The stock market is useful for industry securities valuation. This allows investors to know the true value of their assets at any time. The stock market can serve as a barometer for financial stability in a country by spreading the rise and fall, trends and changes in the national economy. The stock exchange also shows the state of health of the companies. The relationship between the company and the stock market is so deep that analysts can influence both the local economy and the stock market where they are located, showing only one or two optimistic perspectives.

Stock exchange helps companies to leverage by selling shares to invest publicly. They help the public to mobilize their savings to invest in high-yielding economic sectors that provide higher returns for individuals and the economy of the country. The stock market accelerates the process of capital formation. Stock exchange ensures security and fairness in transactions where are conducted in accordance with clear rules and regulations. The stock exchanges help companies develop through acquisitions or mergers. They help investors in casual and professional shares to gain their share of profitable business wealth. A publicly-traded company has a better management history than a private company because of stock exchange's stringent rules to be listed. Small investors can also participate in the growth of large companies by buying a not big number of shares.

The Exchange serves as a platform for offering government securities. It allows the government to increase public debt easily and quickly. Stock exchange provides members' clearing houses. He settles the transaction between members quickly and easily. Members must pay or receive only a net contribution (balance sheet) due to the Clearing House facility. The direct impact of stock market may have a different effect on the national economy. Stock prices are falling, costs are dwindling, consumers are losing confidence, and the country's financial condition is dwindling. On the other hand, stock prices are rising, confidence spreads, spending and investment are increasing.

Essentially, exchanges enhance the ability of entrepreneurs, as well as more established corporations with expansion plans, to access the capital they need to grow their businesses. The source of funds is the savings of domestic (and potentially, international) investors who are looking for investment growth. Stock markets are able to perform this ‘savings mobilization’ function for a number of reasons:

- Investment horizons
- Transparency
- Investor protection
- Pooling funds

While financing is at the heart of what exchanges do, stock exchanges have also historically played a strong role in the development of capital market institutions, standards and corporate practices. More recently, this traditional role of promoting good governance has expanded to include the introduction of capital market policies and instruments designed to promote more sustainable investment practices, address the barriers posed by climate change, and support the achievement of the Sustainable Development Goals (SDGs). These ESG practices are being promoted through various stock exchange-related instruments.

An overview of some of the ways in which stock exchanges can, and do, contribute to economic growth and sustainable development. It has focused on two main roles of exchanges: mobilizing resources to facilitate sustainable economic growth and development and promoting good governance. The mobilization of finance is central to what exchanges do and the existence of well-functioning exchanges can therefore contribute to economic growth and development.

There are also opportunities (which many exchanges have already identified) to build on this financing function to enhance SME access to finance, and to enable the mobilisation of capital to address significant long-term sustainability barriers. As part of their role in promoting corporate governance amongst listed issuers, many exchanges have already begun to encourage the disclosure of material ESG information. Finally, in seeking to improve SME access to finance, some exchanges have implemented dedicated programmes to improve SME governance and management. The ability of exchanges to perform these roles is dependent on the existence of a combination of relevant enabling policies, processes and institutional structures.

2.2 Concept and Definition of Listing Public Companies

Listing the company's stock on Yangon Stock Exchange makes it available for trading by a large number of investors including individuals in the YSX market. Orders for the company's stock will flow into and be gathered in the YSX market, and the share price will move based on market activity and be published daily. Listing provides liquidity and prices that allows companies to use direct financing methods, such as public offerings of shares issued at the market price, which broadens the range of options for raising capital. Companies also stand to gain from a higher profile and greater trust through share prices published daily and timely disclosure. Once a company's stock is listed, its shares will be available for investment to the general public. For the sake of protecting investors, listed companies are expected to maintain necessary internal control system and disclose their information in a timely and appropriately manner.

To protect investors and ensure market quality, YSX conducts listing examination to a company which wishes to list its shares regarding internal management systems and systems for disclosing information and determine whether it is properly established and operated. After listing, listed companies are also required to observe the rules stipulated by YSX to protect investors, such as disclosure of corporate information. It is to explain the outline of the listing criteria, and it is hoped that this would serve as a guide for the applicant company to understand the criteria and prepare for a listing examination.

Listing is the main stock exchange where a publicly traded company's stock is bought and sold. For companies, having a prestigious listing lends credibility to the stock and makes investors more likely to purchase its shares. In addition to its listing, a stock may also trade on other exchanges. A company might want to do this to increase its liquidity and ability to raise capital. In order to be listed on more than one exchange, a practice called "dual listing" or "cross-listing," the company must meet the requirements to be listed on the other exchange(s), such as company size and liquidity of shares. If the company does not continually meet an exchange's listing requirements, it will be delisted from that exchange. Stocks first become available on an exchange as part of a listing after a company conducts its initial public offering (IPO). In an IPO, a company prices and sells shares to an initial set of public shareholders. After the IPO "floats" these shares into the hands of public shareholders, these shares can begin to be bought and sold on a listed exchange, through the secondary market.

2.3 The Yangon Stock Exchange

In 1996, Myanma Economic Bank and Daiwa Institute of Research Ltd. (DIR) formed the Myanmar Securities Exchange Centre Co., Ltd. (MSEC) with the final goal of establishing a stock exchange. In May 2012, the Central Bank of Myanmar (CBM) under the Ministry of Finance and Revenue (MOFR), Daiwa Institute of Research Ltd. (DIR) and Japan Exchange Group, Inc. (JPX) signed an MOU to develop human resources and provide technical assistance for the development of financial and capital market in Myanmar.

The Securities and Exchange Law was enacted in July, 2013. The Securities and Exchange Commission of Myanmar (SECM) was formed under MOF in August, 2014. Yangon Stock Exchange Joint-Venture Company Limited (YSX) obtained permission of foreign investment from the Myanmar Investment Committee (MIC) in December. YSX was incorporated and registered by the Directorate of Investment and Company Administration (DICA). Myanma Economic Bank, DIR and JPX entered into a Joint-Venture Agreement of YSX.

YSX obtained permission of stock exchange business issued by SECM in April, 2015. Kanbawza Bank Ltd. (KBZ Bank) was selected as a fund settlement bank for cash settlement on stock trading at YSX. Securities Exchange Rule was prescribed by Ministry of Finance in July. In August, YSX made an announcement of its listing criteria. In the Grand Opening Ceremony of YSX which was hold on 9th December 2015. YSX entered into an agreement of a fund settlement for stock trading with Kanbawza Bank Limited (KBZ Bank) in February, 2016. In March 2016, YSX made a listing approval to the First Myanmar Investment Co., Ltd. (FMI) and granted trading qualification to five securities companies.

YSX started the first trading and FMI listed on YSX on 25th March. YSX makes an announcement of publishing new stock index named MYANPIX (Myanmar Stock Price Index) on 20th May. Myanmar Thilawa SEZ Holdings Public Ltd. (MTSH) listed on YSX in 20th May, 2016. Myanmar Citizens Bank Ltd. (MCB) listed on YSX on 26th August, 2016. First Private Bank Ltd. (FPB), the fourth listed company was listed on YSX on 20th January, 2017. YSX granted trading qualification to AIS on 20th January. The TMH Telecom Public company Limited was listed on YSX on 26th January, 2018.

Overview of YSX Systems

Stock trading in YSX, through the process from trading, clearing to settlement, is conducted by YSX's ICT system and message between securities companies and YSX is exchanged through encrypted internet VPN network.

System Infrastructure

YSX system is built on the virtualization technology with the aim to improve the system in terms of availability and scalability.

Availability

The virtualization provides redundancy to each and every virtual machine. In a hardware failure, it is configured to fail over and get started on the standby server which is 100% unused so that the production services can continue without degenerating the performance. The system is running on the blade servers and they are configured in a form of N+1 redundancy.

Scalability

Infrastructure of main system can be seen as Integrated Infrastructure Platform (Infra Platform) consisting of servers, storages, network equipment and virtual machines running on those hardware through Virtualization Technologies. The blade model used in Infra Platform is easy to add hardware resources. Hardware extension will be made based on consideration upon resource request of each system running in Virtualization Environment and physical resource provided by Infra Platform.

Data Transmission

Data transmission between securities companies and YSX through encrypted internet VPN network is conducted in the form of the Financial Information Exchange protocol (FIX, ver. 4.2) and SSH File Transfer Protocol (SFTP).

2.4 Listing Criteria for Public Companies

In 2015, Securities and Exchange Commission of Myanmar announced the listing criteria for public companies to be listed in Yangon Stock Exchange. There are formal criteria and substantive criteria.

2.4.1 Formal Criteria

An applicant public company must meet all of the following requirements. The applicant company is required to submit a written oath regarding whether it meets these formal criteria and a separate set of substantive criteria. The twelve formal criteria are

number of floating shares, floating market capitalization, number of shareholders, amount of profit, paid-in-capital, number of consecutive years in business, public company, financial reporting standards, restrictions on transfer of shares, entrustment of shareholders service agency, handling by designated book-entry transfer institution and lock-up period.

1) Number of Floating Shares

The number of floating shares by the day of listing is expected to be at least 5,000. Floating shares mean, in principle, shares owned by persons other than those listed below. This requirement shall be satisfied by the day of listing and does not need to be met at the time of application.

2) Floating Market Capitalization

The floating market capitalization on the day of listing is expected to be at least 500 million kyats. The market capitalization on the day of listing is calculated by multiplying the number of floating shares by the estimated share price. The estimated share price means, when the applicant company conducts a public offering or secondary offering related to the listing, the estimated offer price. When the applicant company does not conduct a public offering or secondary offering at the time of listing, an estimated share price appropriately calculated by the securities company which submits the recommendation letter to the applicant company.

3) Number of Shareholders

The number of shareholders is expected to be at least 100 by the day of listing. The increase in the number of shareholders due to public offering or secondary offering at the time of listing may be included.

4) Amount of Profit

Comprehensive income for the last two years was positive. The Starting point from which to count back “the last two years” is the end of the business year before that of the listing application. Therefore, in principle, “the last two years” means the business year before that of the listing application and the year before. Comprehensive income means comprehensive income in consolidated statement of comprehensive income of a company that prepares consolidated statement of comprehensive income in which case an applicant company does not need to make consolidated statement. The audit opinions of accounting auditors on financial statements and consolidated profit and loss statement for the last two years must be “unqualified opinion” or “qualified opinion”.

5) Paid-in Capital

Paid-in capital as of the initial listing application day shall be at least 500 million kyats.

6) Number of Consecutive Years in Business

The company has conducted business for more than two consecutive years prior to the listing application day.

7) Public Company

The company is a public company (meaning a public company stipulated in the Myanmar Companies Law) on the day of listing application.

8) Financial Reporting Standards

The applicant company shall comply with Myanmar Financial Reporting Standards.

9) Restrictions on Transfer of Shares

No restrictions are expected to be imposed on transfers of shares by the day of listing (excluding cases where such restrictions are imposed pursuant to laws and regulations).

10) Entrustment of Shareholders Service Agency

The applicant company shall have entrusted shareholder services to YSX as shareholder services agency. Shareholder services mean business related to the preparation of shareholders registers and payment of dividends (excluding such operations related to shares recorded to Special Accounts).

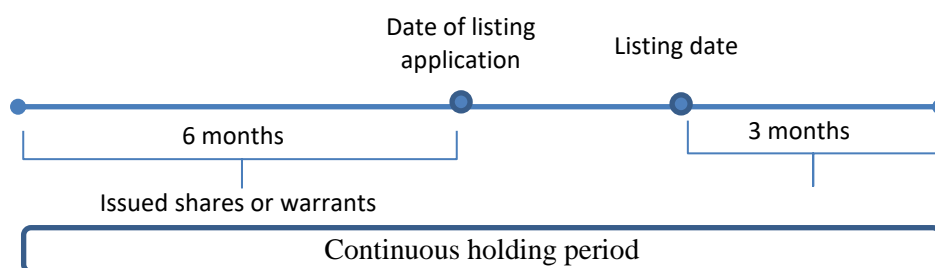
11) Handling by Designated Book-Entry Transfer Institution

Shares shall be handled by the book-entry transfer services provided by YSX as a book-entry transfer institution. Book-entry transfer services involve a framework for managing shareholders' rights electronically in accounts opened with YSX or a securities company.

12) Lock-Up Period

Where an applicant company has issued shares or subscription warrants to any specific entity within six months before the date of the initial listing application, such applicant company shall affirm with the allotted party that, as general rule, the allotted party shall hold the allotted shares or subscription warrants (including shares obtained by exercise of such subscription warrants) until three months elapse from the day of listing. The applicant company shall also submit such affirmation in writing.

Figure 2.1



Source: Guidelines for Initial Listing, YSX

2.4.2 Substantive Criteria

YSX examines an applicant company (the company group including the applicant company, its subsidiaries and affiliated companies; the same shall apply hereinafter) that fulfil the formal requirements, from the point of view as below. If any breach is proved to have occurred with respect to the descriptions on the initial listing application, the company shall raise no objection to any measures taken by YSX. The five substantive criteria are corporate continuity and profitability, soundness of corporate management, effectiveness of corporate governance and internal management systems, appropriate disclosure of corporate information and others matter for the public good and investor protection deemed necessary by YSX.

1) Corporate Continuity and Profitability

The business plan is drawn up properly based on such as its business model, business environment, risk factors. The content of the business plan is based on a policy for future business development and shall, preferably, incorporate at least key management indicators. Also, the business plan shall span three business years starting from the year of listing application, and is, preferably, reviewed at least once every business year.

Management activities shall be carried out continuously in a stable manner. The applicant company can be expected to carry out such as purchase, production, sales, financial activities, organizational operations continuously in a stable manner. The company can be reasonably expected to maintain stable profit. The applicant company is required to have a revenue base that can be expected to maintain stable profit.

2) Soundness of Corporate Management

The applicant company shall not be deemed to provide or gain unfair benefits to or from specific entities. The provision of unfair benefits to specific entities through

transactions or other means puts shareholders at a disadvantage and is not permitted. If there are such transactions, it is necessary to dissolve them or revise their terms and conditions. In case of gaining unfair profits from specific entities through transactions or other means, it is necessary to confirm the details and check whether it impacts on the soundness of the applicant company's management operations.

Directors of the applicant company shall be considered to execute their duties fairly and in good faith for the company. If directors of the applicant company do not appropriately execute their duties, such as by giving priority to the business or profits of other companies, the situation must be improved. Management activities of the applicant company shall be independent. Management activities of the applicant company shall be independent from specific related parties such as its parent company.

3) Effectiveness of Corporate Governance and Internal Management Systems

Systems to ensure the appropriate execution of duties by directors of the applicant company shall be properly established and operated. Internal management systems shall be properly established and operated. For appropriate proper decision making and business activities by the applicant company, it is necessary to properly establish and operate corporate governance and internal management systems. For this purpose, it is necessary that the board of director regulations, accounting regulations and other internal regulations are properly established and operated, and subject to internal audits and other periodic checks.

Appropriate accounting standards complying with Myanmar Financial Reporting Standards shall be adopted according to the company's actual situation and, in addition, necessary internal controls for accounting shall be properly established and operated. The applicant company must properly prepare and operate internal systems to prepare financial statements based on Myanmar Financial Reporting Standards and be subject to audit by accounting auditor. Any financial statement disclosed by the applicant company shall be attached with an "unqualified opinion" or "qualified opinion" by the accounting auditor. When there is a "qualified opinion", the reason must be appropriately disclosed. Effective systems for compliance with laws and regulations are properly established and operated, and acts that are likely to constitute a material breach of laws and regulations are not being carried out. The applicant company's business must be properly executed in accordance with laws, regulations and internal regulations.

4) Appropriate Disclosure of Corporate Information

The applicant company shall manage corporate information such as facts which have a significant impact on company management and disclose information in a timely and appropriate manner. Systems to prevent insider trading shall be appropriately established and operated. The applicant company is required to manage corporate information, such as facts that significantly influence its operations, and is able to disclose such corporate information in a timely and appropriate manner. Buying or selling of shares on non-public information is a legal violation and severely damages trust in the applicant company. Therefore, it is important to establish frameworks to prevent insider trading.

Documents for disclosing corporate information shall be established in accordance with laws and regulations, and shall properly describe matters that may potentially have a significant effect on investment decisions, matters considered as risk factors and matters to be regarded as significant premises for business activities, in an understandable manner. Transactions with specific parties or adjustments for the shareholding ratio shall not distort disclosure on the actual state of the corporate group.

5) Other Matters for the Public Good and Investor Protection Deemed Necessary by YSX

The contents of the rights of shareholders and the state of rights exercise are deemed appropriate for the public good and investor protection. The applicant company does not have any conflicts or disputes that would have a material effect on its management activities or business performance. No issues are identified as being contrary to the public good or investor protection.

2.5 Listing Examination Procedures for Public Companies

The examination will take about 45 business days, although it depends on whether there are problems found in the examination and responses from related parties. Listing examination procedures combined listing application, receipt and submission of written inquires and written responses, interviews and on-site inspections, interview with the president and listing approval. After obtaining listing approval, time will be required for the public offering and dematerialization process before the actual listing.

1) Listing Application

In principle, it is necessary for an applicant company to submit the following documents after the financial statements for the previous business year have been approved by the shareholders meeting to YSX.

- a) Initial listing application
- b) Written oath regarding initial listing application
- c) Minutes of board of directors meeting regarding initial listing application
- d) Certificate of registered matters
- e) Articles of Incorporation
- f) Prospectus or Disclosure Document for Listing.
- g) Recommendation letter
- h) Plans for public offering or secondary distribution (in the case of conducting public offering or secondary distribution)
- i) State of share distribution (in the case of not conducting public offering or secondary distribution)
- j) Document on computation of market capitalization
- k) Letter of Commitment

In the case where the applicant company cannot submit the documents in items (f) through (K) at the time of listing application, please submit the draft for each document and submit the official versions later. In addition, please submit the following documents at the time of listing application as far as possible for the sake of conducting listing examination smoothly by YSX. In the case where the applicant company cannot submit the documents at the time of listing application, please prepare them promptly for submission. Please feel free to contact us if there are any difficulties in preparing or submitting the documents.

Furthermore, YSX may request the applicant company to submit documents other than those stated below.

- a) Annual Report (business year of listing application and previous business year)
- b) Company Business Rules (such as Regulations of the Board of Directors, accounting rules.)
- c) Minutes of General Shareholders' Meetings and Minutes of Board of Directors (business year of listing application and previous business year)

- d) Notice of Convocation of General Shareholders' Meetings (business year of listing application)
- e) Top 10 major shareholders (including information on attributes of shareholders) (business year of listing application and previous business year)
- f) Organizational chart of company and employee structure chart
- g) Organizational chart of corporate group including parent company (which describes business contents, sales and profit, capital relationships and outline of business relationships of each company)
- h) List of major business partners (top 10 companies by sales and purchases) (business year before listing application)
- i) List of related party transactions (business year before listing application)
- j) Business plan (from the business year of listing application)
- k) Annual budget and budget management document for business year of listing application

2) Receipt and Submission of Written Inquiries and Written Responses

When YSX delivers a written inquiry to the applicant company, based on the documents submitted at and from the time of listing application, the applicant company shall prepare and submit a written response to YSX. YSX confirms whether applicant company satisfies listing criteria or not, in the course of an examination by repeating this process of exchanging written inquiries and responses several times. The number of times may vary depending on the state of confirmation.

3) Interviews and On-Site Inspections

YSX may hold interviews with the applicant company or the accountant or conduct on-site inspections at the office of the applicant company if YSX deems it necessary in the course of exchanging written inquiries and responses. We kindly ask for your cooperation.

4) Interview with the President

YSX hold an interview with the president (Chairman or Managing Director) to confirm regarding the purpose of listing, policy of business management, policy for returning its profits to its shareholders after listing, and company's structure of timely disclosure.

5) Listing Approval

YSX will determine whether to grant listing approval based on such as the contents of written responses, the results of interviews and inspections.

CHAPTER III

OVERVIEW OF THE PUBLIC COMPANIES IN MYANMAR

In this chapter, it can study that the overview of the public companies in Myanmar. It is also included that the different between listed and unlisted company, advantages and disadvantages of listing and listing procedures for public companies.

3.1 Public Companies

A public company is a company that has issued securities through an initial public offering (IPO) and is traded on at least one stock exchange or in over-the-counter markets. Although a small percentage of shares may be initially floated to the public, becoming a public company allows the market to determine the value of the entire company through daily trading. Public companies are publicly traded within the open market with shares being purchased by a variety of investors. Most public companies originated from private companies that, after meeting all regulatory requirements, opted to become public in an effort to raise large amounts of capital.

Public companies have certain inherent advantages over private companies, including the ability to sell future equity stakes and increase access to debt markets. Once a company goes public, additional revenue can be generated through additional offerings, which involve the creation and sale of new shares within the marketplace. However, with these advantages come increased regulatory scrutiny and less control for majority owners and company founders. Public companies must meet mandatory reporting standards as regulated through government entities. Additionally, applicable shareholders are entitled to documents and notifications regarding the activities transpiring within the business upon which they hold an interest. There are two type of public company that is listed company and unlisted company.

3.1.1 Listed Companies

A listed company means a company which is listed on different stock exchanges and their shares are traded on stock exchanges. All Listed companies make an agreement with stock exchanges and follow the guidelines given in Listing Agreement of every exchange. The five public companies are listed in Yangon Stock Exchange in Myanmar capital market. There are as follows:

- 1) First Myanmar Investment Co., Ltd.

- 2) Myanmar Thilawa SEZ Holding Public Co., Ltd.
- 3) Myanmar Citizen Bank
- 4) First Private Bank
- 5) TMH Telecom Public Co., Ltd.

Listed companies are generally more known, valuable and visible than their private partners. These extended ratings can help plan the retirement of all shareholders as their shares will play the highest rating. Raising the rating can also enable the company to offer a more profitable offer of a stock of companies. The importance of the list of stock exchanges can help companies attract new customers and attract media attention to facts that can be difficult and costly for the company itself. The lack of cheap capital is one of the main barriers to business development. Listed companies can quickly build affordable capital by allocating more shares to stakeholders. Equity generated from the issue of shares can be used to help companies develop and pay different business expenses. Listed companies do not usually depend on the capital provided by the venture capital. In return for acquiring the company's stocks held with confidence, venture capitalists maintain a certain level of corporate regulation, including the election of members of board members. The funds allow companies to maintain more sovereignty and control, as those who acquire publicly-traded companies usually have limited rights to all stakeholders.

The listed securities are eligible to the funded person as collateral for credit instruments. A listed company may also be copied by a financial institution as satisfactorily assessed by a mortgage borrower; the company may also generate additional funds from the public through a new derivatives market with a higher degree of accounting. Companies can raise capital to fund strategic business goals both during the entry and subsequent financial events, providing the necessary stability to achieve their growth aspirations. Listed companies have different funding opportunities and access to a diverse global investment base and a large public fund to finance growth. These companies may also use their quoted shares as a currency to support their acquisition and growth goals.

Being listed increases the company's status and trust with its business partners, customers and employees through stringent disclosure standards and the standard of governance. Public quotes provide a way to evaluate the company's target market as well as create a liquid market for the sale of company shares to unlock value. Listing provides added value to the stock option system, which can help increase motivation and long-term

employee and executive performance, enabling listed companies to attract and retain their highest talents. Introducing public institutions for good corporate governance and good business processes that help improve business prospects and long-term survival.

3.1.2 Unlisted Companies

An unlisted public company, also known as an unquoted public company, is a firm which has issued shares that are no longer traded on a stock exchange. A public company might be unlisted because it is too small to qualify for a stock market listing, has too few shareholders for a listing or has delisted. It might also want to avoid ownership disclosure requirements under certain listing regimes. To be listed on an exchange, companies must exceed an annual income or market capitalization threshold. They must issue a specific number of shares and be able to afford the exchange listing fee.

By remaining unlisted, the firm's owners can operate the business more like a private company and avoid exchange regulations. But while unlisted public companies are less heavily regulated than listed public companies, they are more regulated than private ones. As public companies, they still have to comply with financial reporting requirements, and may be subject to the same takeover codes as listed companies. Unlisted public companies may also be banned from marketing themselves to investors. As unlisted securities, shares in unlisted public companies are bought and sold in over-the-counter markets. Because they are rarely traded and often illiquid, they are difficult to price. Unlisted public companies are valued using comparable such as price-earnings ratios. An unlisted company means a company whose shares are not available to general public for trading and not listed to stock exchanges. An unlisted company can be private limited company or public limited company. There are 55 unlisted companies in Myanmar are as appendix (A).

Listed companies are those which are included and traded on a particular stock exchange. The stock exchanges have various prerequisites that a company must fulfill and continue to fulfill in order to be and stay listed. A private company needs to go public in order to sell its share to the public; once it goes public they register themselves with a stock exchange. The reason companies like to go public is so that they can reduce their debt and have means of financing themselves apart from bank loans. A public company need not always be listed. An unlisted public company is one which is not listed on any

stock exchange but can have an unlimited number of shareholders to raise capital for any commercial venture. A company may not be listed for a number of reasons, such as not large enough to qualify for stock exchange listings, very few shareholders listing, is not seeking public investors.

Listed company is a company whose shares are traded on an official stock exchange. It must adhere to the listing requirements of that exchange, which may include how many shares are listed and a minimum earnings level. These are companies that are not listed on the stock exchange, so they are privately owned. Since they are not on the list, they do not have the opportunity to raise funds. They are becoming capital investors. The trading of the shares is “over the counter”, where the specifications of the agreement can be made in accordance with the requirements of the parties concerned (buyers and sellers); therefore, the exchange of controls is avoided. Unlisted companies have better control over their business operations.

The important point to keep in mind is that when an offer of this type is treated as a public offering, it must comply with all applicable requirements in the case of an initial public offering. This company would have the obligation to comply with the rules applicable to public companies not listed for the issuance of shares on preferential terms. The potential investor has the right to request from the public company that is not listed on the stock exchange an informative note with the highlights of the proposed private placement, which the company must provide. Investors should bear in mind that buying shares offered by an unlisted public company via a private placement with the promise of the same listing do not mean that the shares will automatically be included in the list. Nor does it mean that a stock exchange would be obliged to quote such shares.

An unlisted company must comply with requirements and make the initial public offering (IPO). Therefore, a mere promise to quote at a later date will depend on several factors. In addition, it is possible that the said company does not commit in writing to the shares listed on any of the recognized stock exchanges. Any investment in equity is still fraught with risks, which vary according to several factors. The directors of the unlisted public company, who has offered shares in a private placement, incur no additional liability if they have complied with the provisions of the Companies Act during the private placement. However, if the private placement offer is misleading or if the directors have committed fraud with the investors, they could be considered personally liable. However, investors should keep in mind that even if the directors of the unlisted

company had promised that such shares would be listed and that such listing would not occur, even if legal action could be brought against them, it would be difficult to seek effective action. In case the shares are not on the list, then the investors have no way out and if they intend to sell the shares, they have to wait for the people who sold them those shares. It is not mandatory for a company to appear on the list to succeed. Unlike listed companies, disclosure requirements for financial results are not subject to strict rules, so they are flexible and less complicated.

Investments in companies not listed on the stock exchange range from shares in reputable but unlisted public companies to dodgy deals dreamed up by con-artists. The more knowing about this less-regulated market, the more informed investment decisions will be. A public company is one that offers shares for sale to the public, and unlisted shares are shares in public companies that are not listed on a stock exchange. A private company, on the other hand, is one whose shares are not traded on the open market. Unlisted companies include those with an established track record that can give starting out or have a short history but look promising and may be worth the risk, and "companies" that are simply a front for a scam. Unlisted shares are not traded in a regulated market. Trade in these shares is said to take place "over the counter" (OTC).

Listed and unlisted are the two types of core companies. While profit maximization is the primary goal of both, there are many differences between listed and unlisted companies, depending on the size, structure, and methods of obtaining capital. The main difference between the listed company and the unlisted company is its ownership; listed companies are owned by many shareholders, while unlisted companies are owned by private investors. The decisions of the companies are made by the board of directors appointed by the shareholders, which includes the executive and non-executive directors. Board compositions are often specified and governed by various corporate governance requirements. Decisions must be taken into account in some important decisions. Shareholders are entitled to two forms of return by investing in a listed company. They are Dividends and Capital gains. Dividends are profits. Some shareholders prefer to collect dividends while others prefer to reinvest the amount of money to which they are entitled in the business, the so-called concept of reinvestment of dividends. Capital gains are profits from the sale of these investments.

3.2 Advantages and Disadvantages of Listing

Stock exchanges allow companies to access capital and optimize their public image. Knowing companies can use stock market control to develop and strengthen their business. Despite the significant financial and control costs associated with stock market registration, the benefits far outweigh the weaknesses. This is beneficial for companies and investors. The stock market allows companies to benefit from the growth, expansion and implementation of strategies to develop competitive strategies for financing at competitive prices. A Listed company that explores the global peer group in all sectors. Securities traded on a regulated market benefit from increased visibility by increasing coverage by researchers, investment banks, media and investors, as well as potential entry into the company market index. Making the choice to list on the stock exchange is a pivotal decision for the company.

The listing gives exclusive rights to securities on the stock market. Only listed shares are traded on the stock market. The stock market facilitates transparency in the trading of quoted securities in perfect balance and competitive conditions. The listing is useful for companies, investors and the public. A listing is the sale of stock by a company. Small companies looking to further the growth of their company often use a listing as a way to generate the capital needed to expand. Although further expansion is a benefit to the company, there are both advantages and disadvantages that arise when a company goes listing.

There are 14 advantages for listing are as follows:

Fund Raising and Exit Route to Investors

Basically, borrowing period from a bank is one year. You can raise your fund from capital market in the long term. It can be enhanced availability of future funds through offerings as well as potentially easier access to other forms of finance, such as bank loans. The listing allows companies / developers to raise capital for a new project / expansion / diversification and acquisition. The listing is also a starting point for private investors, as well as liquidity for employees.

Ready Marketability of Securities

Original shareholders may benefit from the increased liquidity of their investment by listing. Investors are more likely to trade their shares. It accesses to a diversified, deep investor base consisting of both local and international investors. Listing brings in

liquidity and ready marketability of securities on a continuous basis adding prestige and importance to listed companies.

Ability to Raise Further Capital

An initial listing begins to improve the ability of the company to raise additional capital through various channels, such as a preferential issue, a right issue, qualified institutions and others investments, and this makes many interesting and professional institutional investors.

Supervision and Control of Trading in Securities

Transactions in securities traded on the stock exchange have to be carried out consistently in accordance with the Exchange rules and regulations. All securities transactions are monitored through regulatory mechanisms of exchange, thus preventing unfair commercial practices. This increases the trust and protection of small investors.

Fair Price for the Securities

Prices are usually quoted according to supply and demand; Stock prices usually reflect the true value of safety. Therefore, quotes can be made to generate an independent company rating on markets.

Timely Disclosure of Corporate Information

Signed in the listing agreement provides immediate disclosure of information relating to dividends, bonuses and rights by closing the book, ease of transfer, company information, etc. from the Company. , Ensuring transparency and increasing investor confidence.

Collateral Value of Securities

The listed securities are eligible to the borrower as collateral for the credit facility. Publicly traded company also easily take loans from financial institutions, as it is appreciated by the borrower of the capital; the company can also raise additional funds from the public through a new, higher-level issue market.

Better Corporate Practice

Since the violation of the listing agreement entails the delisting/suspension of securities from the rings of the exchange, listed companies are obliged to follow reasonable practices in favor of investors and the public.

Benefits to the Public

Data collected daily from exchanges in the form of quotes and other prices; provide the public with valuable information that can be used for research. Share prices

can be an index of economic conditions. Financial institutions, individual investors and others can make the right decision before investing.

Subdivision and Consolidation of Holdings

Stock exchange bye-laws provide for clear rules for the division and consolidation of securities at the request of investors. Special trading sessions are organized in exchange for the transformation of an odd batch into many markets organized by financial and institutional investors. Therefore, the listing helps to provide investors with flexibility in dividing and consolidating their funds quickly and seriously.

Reputation

As a result of satisfying YSX's listing regulations, reputation of company will be raised from such as customers, business counterparts .Company's name will be better known to the general public through the news form media (e.g. newspapers, television).

Corporate Governance

Management control will be developed in accordance with preparation for listing and checking by third parties (e.g. auditor, shareholders).

Ownership

Shareholders will benefit from listing their shares, leading to a potentially higher demand and higher prices than a limited market. A listing enables original shareholders to realize part or all their holdings. Company's shares can be used to finance acquisitions, as seller is more likely to accept marketable listed shares in exchange for their investment.

Motivation

The implementation of share incentive schemes may result in a significant improvement of the motivation of both staff and management. The public attention focused on the company by the media may boost the morale of employees, in accordance with enhancing reputation of the company.

There are 8 disadvantages for listing are as follows:

Loss of Control

The biggest disadvantage of taking your company public is that the promoters tend to lose control over the workings of the corporation. Whereas earlier, the promoters could make their decisions unilaterally but now they need to have a certain number of shareholders approving the decision. The worst consequence of going public is when the promoters dilute their holding way too much. In such scenarios, competitors and investors can just buy the majority holding from the marketplace and end up conducting a hostile

takeover. Over the years, many entrepreneurs have lost control over their businesses because of a hostile takeover.

Loss of Privacy

Privacy can be an extremely important asset when it comes to conducting business. The more information, a company gives out about itself, the more competitors can find out about the inner workings and the strategy being followed. However, when a company goes public, it is required to disclose its financial results periodically. These financial results can be reverse engineered to make a fair estimate about the operational strategy that is being followed by a company. Thus, going public may make a company lose its competitive edge especially if its edge is based on withholding certain information from their shareholders.

Performance Pressure

Going public creates enormous pressure on companies as they are required to perform every quarter. The financial results of the company are reported every quarter and the stock market is notorious for having very little tolerance for declining performance. Some long-term strategies require short-term decline in performance. For instance, if a company is investing for future growth, the results may not show up immediately. However, that does not mean that the company is not performing well. Going public therefore creates a scenario wherein the company also becomes short-sighted in its bid to keep the investors happy.

By going public a company will enter a highly competitive funding environment. Shareholders will expect a reasonable rate of return on their investment. Failure to meet these expectations can have a detrimental effect on the share price. The management of a public company must therefore balance the need to meet the demands of investors with the company's long term strategy and objectives. This may be difficult to achieve, especially in a reporting environment where public companies must release financial results on a quarterly or semi-annual basis.

Cost of Compliance

When companies list on the stock exchange, they have to spend an enormous amount of money trying to comply with the regulations that result from such listing. For instance, audits need to be done every quarter; financials need to be published every quarter, the management reviews also have to be sent along with the financials and therefore a whole lot of tasks need to be performed. All these tasks require the company to hire specialists and pay them fees periodically. A company that is not listed on the

exchange need not be so stringent about compliance and hence is not required to spend nearly as much. Listing a company on the stock exchange, therefore, requires huge upfront payments to investment bankers as well as regular expenses to other specialists that need to be incurred periodically over the company's lifetime.

Time

In addition to the total expense involved there is also a significant amount of management time involved in the process. The preparation time for an IPO is significant, but going public will also require ongoing dedication, for example in terms of investor relations and meeting regulatory requirements.

Management will require up-to-date information on company issues and must be available to present this to regulatory agencies, investors, analysts and the media. This may mean that management and accounting information systems will have to be upgraded. More importantly, a significant amount of time will be dedicated to this disclosure, limiting the time available for the management of the company's day-to-day operations.

Reduced Management Flexibility

Privately held companies have greater flexibility when making management decisions, as public companies must obtain the approval of the board of directors for many decisions and the approval of shareholders in certain situations. This can lead to a more restrained management culture, hindering the unilateral and swift decision making which many private companies exercise.

Market Volatility

External economic factors such as overall stock market volatility and sector trends, which may be unrelated to a company's business and outside of management's control, can have a strong impact on the value of a public company.

Cost

One of the main factors to consider in going public are the substantial initial and ongoing costs of such a process, which we will explore in more detail below. The issuance of public equity is also arguably the most expensive form of funding, compared to straight debt or hybrid capital. The expense involved in a public offering will be as high as 10-15% of the total value of shares issued.

While a successful offering may justify the expense, there is no guarantee of success, as effectively a large number of IPOs fail each year, principally due to volatility

in the equity market conditions. The cost of raising equity capital in an initial public offering is substantial. It comes in the form of initial fixed costs and running costs.

However, it should also be noted that compliance with strict corporate governance and regulatory standards may affect investors in their perception of a company. Some studies have shown that investors may be prepared to pay a premium for shares issued by companies that comply with tight corporate governance rules. The total cost will depend on the circumstances of the company and can deviate significantly from the above mentioned estimates based on the amount of funds raised, the country of domicile and the industry affiliation.

3.3 Listing Procedures for Public Companies to be Listed Companies

Listing on YSX takes a 7-step from advance preparation to listing date and the process takes approximately 1 year and 6 months for Full-scale preparation. There are preliminary preparation, full-scale preparation, final preparation, listing examination, offering shares, dematerialization of issued shares and listing on YSX.

1. Preliminary Preparation

Appointment of internal teams, appointment of experts and fundamental preparation were included in preliminary preparation.

An applicant company establishes internal teams to manage listing preparation. An applicant company appoints the underwriter to coordinate whole IPO process and underwrite offering shares. It also makes appointment accounting consultant to support preparing financial disclosure documents. For auditing financial disclosure documents, it appoints independent auditor. Moreover, an applicant company needs to assign legal counsel for guidance for risks and regulatory matters. For building a strategy and guide communications with stakeholders, it should have public and investor relation advisor.

An applicant company needs to make fundamental preparation such as developing robust financial and business plan, leading practice of corporate governance and reporting process, establishing financial reporting procedure and preparation of historical financial information, reviewing and implementing compliance control system and restructuring the ownership structure.

2. Full-scale preparation

The applicant company needs to make documentation and company restructuring for full-scale preparation. It will finalize summing up historical financial information,

commence due diligence by a lead underwriter and prepare prospectus for public offering or disclosure document for listing (DDL) as documentation for full-scale preparation. An applicant company will commence planned financial and business plan, restructure for management structure and implement financial reporting procedure.

3. Final preparation

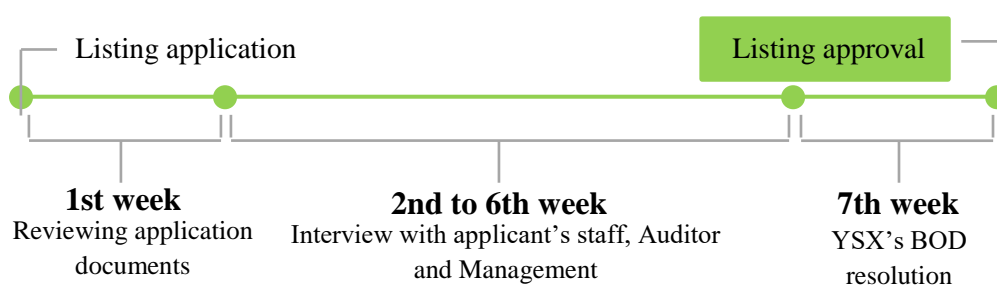
As preparation for listing examination, an applicant company will start financial and legal due diligence and complete drafting the prospectus or DDL and listing applicant documents. An applicant company prepares and makes road show presentations for targeted potential investors as preparation for offering shares.

4. Listing examination

An applicant company prepares all listing application documents and submits to YSX. The examination takes at least 7 weeks, in general but the schedule may be extended depending on the company's situation. Listing examination is conducted through reviewing applied documents, interviewing with staff, Auditor and company's management and field examination (if necessary). YSX judges listing eligibility of a company in terms of meeting the listing criteria such as business and financial soundness, corporate governance and internal management system. YSX makes an announcement of listing approval and a listing date of the applicant on YSX's website.

Figure 2.2

Model Schedule of the Examination (at earliest)



Source: Guidelines for Initial Listing, YSX

5. Offering shares

An applicant company lodge prospectus with SECM and receive an approval of offering shares. After getting approval from SECM, it can offer shares to existing shareholders (rights offering) and general public (public offering) with providing prospectus through underwriter securities companies.

6. Dematerialization of issued shares

An applicant company and securities company make necessary arrangements of confirming procedure of dematerialization of the company's shares. Existing shareholders of an applicant company make registration of shares into a securities account in a securities company having trading qualification. An applicant company, through securities companies, collects share certificates of existing shareholders who make registration of his/her owning shares into a securities account. An applicant company and securities company conduct data verification between the company's the latest shareholders list and shareholders data registered in ICT system of securities companies. An applicant company makes a special account shareholders list for shareholders who haven't opened a securities account made registration of owning shares by closing date set by the company.

7. Listing on YSX

An applicant company gets list on YSX on the listing date. Yangon Stock Exchange issues the listing approval to the applicant company when they meet the listing requirements.

CHAPTER IV

ANALYSIS OF ENTRY BARRIERS OF PUBLIC COMPANIES TO BE LISTED COMPANIES

This chapter explores the analysis of the requirements and barriers of public companies to be listed in the Yangon Stock Exchange. In this chapter, it can be studied that the survey design and criteria of the entry barriers for public companies to be listed in Yangon Stock Exchange. It is also included that entry barriers on formal criteria, substantial criteria, fees structure, others and comparison of barriers for public companies to be listed in YSX.

4.1 Survey Design

In this study, this objective is to identify the listing examination procedures for public companies to be listed in the Yangon Stock Exchange and to analyze the barriers of public companies to be listed in the Yangon Stock Exchange. In order to assess this objective, 47 public company as a sample from 60 companies are interviewed by using the structured questionnaire attached in Appendix B. The questionnaire is positive question type. If the answer is “strongly agree”, the companies satisfy the question and it isn’t barriers for public companies to be listed companies. If the answer is “strongly disagree”, they don’t satisfy the question and it is barriers for public companies. In analyzing the results based on questionnaire that is mainly focused on question pertaining to the criteria that influence the entry barriers of public companies to be listed companies namely formal criteria, substantial criteria, fees and others. These are concerning with formal criteria such as number of shareholders, number of floating shares, floating market capitalization, paid-up capital, net income be positive, amount of profit, in accordance with the existing laws management not be in black list, financial reporting standards, disclose financial statement, compliance with existing tax law, handling by designated book-entry transfer institution and restrictions on transfer of shares. All questions in second section of questionnaires are constructed with 5 point Likert scale ranging from 1 (strongly disagree), 2 (disagree), 3 (uncertain or not applicable), 4 (agree) and 5 (strongly agree).

As a sampling method, the simple random sampling method was employed in this study. In the process of sampling, 47 public companies are randomly chosen from the total 60 public company which are allowed to trade share in OTC market by Directorate

of Investment and Companies Administration (DICA). By this way a sample of 47 public companies were selected about 80% of the total sample. The chosen companies were requested to complete the questionnaire. All 47 public companies kindly responded to the questionnaires. After collecting the required data, the data were analyzed.

4.2 Entry Barriers on Formal Criteria

Formal criteria are the listing requirements that comprise the various standards established by stock exchanges to control membership in the exchange. Listing requirements are a set of conditions which firms must meet before listing securities on one of the organized stock exchanges. The requirements typically measure the size and market share of security being listed and the underlying financial viability of the issuing firm. The listing criteria for Myanmar's first stock exchange have been published, but important rules to protect shareholders are missing. In determining the entry barriers of public companies to be listed in Yangon Stock Exchange on formal criteria, 14 questions are considered such as requirements and barriers of the public companies towards knowledge of formal criteria. The scores for each question concerned with corresponding each statement are discussed. The sampled public companies were asked to rate on the statements that describe their perception and knowledge of entry examination. A lower scale demonstrates the public company requirement and barriers practices to be listed in YSX and vice versa. The following Table (4.1) presents mean score and standard deviation of each statement on formal criteria.

Table (4.1) shows that company should disclose any financial statement attached with an "unqualified opinion" or "qualified opinion" has the lowest mean score of 2.70. Therefore, one of the main barriers to entry of YSX is that company should disclose any financial statement attached with an "unqualified opinion" or "qualified opinion". If company should disclose any financial statement attached with an "unqualified opinion" or "qualified opinion", that company does not enter in YSX market. The other barriers for potential listed company is "the allotted party shall hold the allotted shares or subscription warrants (including shares obtained by exercise of such subscription warrants) until 3 months elapse from the day of listing" because it has the second lowest score of 2.71. It can be said that the formal criteria such as the above mentioned analysis factors are entry barriers for public companies to be listed in YSX.

Table 4.1
Entry barriers towards Formal Criteria

No.	Statement	Mean	Std. Deviation
1	The company have at least 100 shareholders and above	4.04	1.053
2	The number of floating shares must be at least 5000 shares at the listing date	3.63	1.199
3	Floating market capitalization of at least 500 million kyats has to be satisfied at the listing date	3.39	1.183
4	It is possible to have minimum paid--up capital of at least 500 million kyats to company	3.87	0.934
5	The total comprehensive income or net income after tax of your company for the last two years had to be positive	3.76	0.603
6	The company can be expected to maintain stable profit based on the pervious financial record and its current business operation	3.41	0.777
7	Company's business have to be properly executed in accordance with the existing laws, regulations and internal regulation	4.02	0.147
8	the company's BOD and any of its directors in management must not be in the black list maintained by the government organization	4.11	0.315
9	Company comply with the International Financial Reporting Standards (IFRS)	2.91	0.890
10	Company should disclose any financial statement attached with an “unqualified opinion” or “qualified opinion”	2.70	0.726
11	It is possible to be appropriately disclosed the reason when there is a “qualified opinion”	2.87	0.653
12	Company has to show its tax duties which has to or had to fulfil with the compliance of existing tax laws in Myanmar	3.85	0.515
13	It is need to make the process of Electronic Registration the securities(Dematerialization Process)	3.39	0.714
14	The allotted party shall hold the allotted shares or subscription warrants (including shares obtained by exercise of such subscription warrants) until 3 months elapse from the day of listing	2.71	0.662
Overall Mean Score		3.48	

Source: Survey Results 2018

While the company's BOD and any of its directors in management must not be in the black list maintained by the government organization has the highest mean score of 4.11. It can be said that company which is allowed to trade share in YSX market believe the company's BOD and any of its directors in management must not be in the black list maintained by the government organization. The second highest mean score was 4.04, so “have at least 100 shareholders and above” is the formal criteria that can be fulfil by public companies to be listed in YSX. The overall means scores of entry barriers towards formal criteria are 3.48. This result shows that formal criteria are not the one of the barriers to enter YSX market since mean scores is greater than statistical mean value 3.

4.3 Entry Barriers on Substantial Criteria

Listing requirements vary be exchange but there are certain metrics which are almost always included. The two most important categories of requirements deal with the character in its business environment and firm size of the firm. YSX examines an applicant company by substantive criteria. That have fulfil the formal requirements, from the point of view such as corporate continuity and profitability, soundness of corporate management, effectiveness of corporate governance and internal management systems, appropriate disclosure of corporate information, and public good and investor protection deemed necessary by YSX. In determining the entry barriers of public companies to be listed in Yangon Stock Exchange on substantial criterial, 9 questions are considered such as requirements and barriers of the public companies toward substantial criteria. The scores for each question concerned with corresponding each statement are discussed. The sampled public companies were asked to rate on the statements that describe their perception and knowledge of entry examination. A lower scale demonstrates the public company requirement and barriers practices to be listed in YSX and vice versa. The following Table (4.1) presents mean score and standard deviation of each statement on substantial criteria.

Table (4.2) shows that appointing the compliance officer for setting up proper internal control system has the lowest mean score of 2.91. Therefore, one of the main barriers to entry of YSX is that appointing the compliance officer for setting up proper internal control system. The BOD must be never faced any punishment by a court and must have been faced any lawsuits in conjunction with conducting business which has the mean score of 2.97 is the lower than statistical mean value, so it is the next one of the entry barriers.

Table 4.2
Entry Barriers towards Substantial Criteria

No.	Statement	Mean	Std. Deviation
1	Board of directors and heads of management of your company maintains good character in its business environment	4.09	0.463
2	The BOD must be never faced any punishment by a court and must have been faced any lawsuits in conjunction with conducting business	2.97	0.859
3	The BOD shall not be carried out the same interest of another company	3.22	0.786
4	The company have to disclose its corporate information in a timely manner	3.09	0.812
5	It is possible to appoint the compliance officer for setting up proper internal control system	2.91	0.890
6	Business plan of the company shall be prepared properly based on its business model, future prospects of the business	3.70	0.695
7	Insider trading is that buying or selling of share on non-public information is a legal violation	3.50	0.723
8	The directors have to execute their duties appropriately as per the law	3.93	0.327
9	The company shall be expected to maintain stable profit according to the previous business history and submitted business plan	3.37	0.679
Overall Mean Score		3.42	

Source: Survey Results 2018

While board of directors and heads of management of your company maintains good character in its business environment has the highest mean score of 4.09. It can be said that it is possible to be board of directors and heads of management of your company maintains good character in its business environment. The directors have to execute their duties appropriately as per the law is the second highest mean score of 3.93, so this criterion is not barriers for public companies. It is pointed that most of the public companies can follow this criterion to be listed in YSX. The overall means scores of entry barriers towards substantial criteria are 3.42. This result shows that substantial criteria are not the one of the barriers to enter YSX market since overall mean scores is greater than statistical mean value 3.

4.4 Entry Barriers on Fees

There are many fees such as consulting fees, auditing fees, underwriting fees, initial listing fee, and additional listing fee to be listed in Yangon Stock Exchange. To be assessment the entry barriers of public companies to be listed in Yangon Stock Exchange on fees, 9 questions are considered such as requirements and barriers of the public companies for variety of fees. These 9 questions are concerning with fees especially consulting fees, auditing fees, underwriting fees, fees related to listing YSX, initial listing examination fee, additional listing fee, fee for offering of new shares, fee for offering of existing shares. The scores for each question concerned with corresponding each statements are discussed. The sampled public companies were asked to rate on the statements that describe their perception and knowledge of entry examination. A lower scale demonstrates the public company requirement and barriers practices to be listed in YSX and vice versa. The following Table (4.1) presents mean score and standard deviation of each statement on fees.

Table 4.3
Entry barriers towards Fess Related to listing YSX

No.	Statement	Mean	Std. Deviation
1	Consulting Fees to Securities Company and Law Firm	2.60	0.768
2	Auditing Fees to Accounting Firm or Accountant	3.80	0.331
3	Underwriting Fee for IPO to Underwriter	3.75	4.40
4	Fees related to listing to YSX	2.87	0.749
5	Initial listing examination fee	3.28	0.861
6	Initial listing fee	3.11	0.737
7	Additional listing fee	2.50	0.624
8	Fee for offering of new shares	2.39	0.614
9	Fee for offering of existing shares	2.43	0.655
Overall Mean Score		2.97	

Source: Survey Results 2018

Table (4.3) shows that the Fee for offering of new shares has the lowest mean score of 2.39. The second lowest mean score is 2.43 for offering of existing shares and third lowest mean score is 2.50 for additional listing fee. Therefore, one of the main barriers to entry of YSX is that it is necessary to pay the fees for offering of new shares, offering of existing shares and additional listing fee. The overall means scores of entry barriers towards fees are 2.97. It can be find that most of the issues under fees title are the

barriers for public companies to be listed in YSX. This result shows that fees to pay YSX and paying fees for consulting in the listing preparation period for public companies is the one of the barriers to enter YSX market since overall mean scores is lower than statistical mean value 3.

4.5 Others Entry Barriers

Needing the appoint the securities companies, receiving recommendation letter from securities company etc. are other barriers to listed Yangon stock exchange market. In this section, other barriers to list in YSX are measured the eight statement according to the interviews of company which are allowed to trade share in OTC market by Directorate of Investment and Companies Administration (DICA). The scores for each question concerned with corresponding each statements are discussed. The sampled public companies were asked to rate on the statements that describe their perception and knowledge of entry barriers. A lower scale demonstrates the public company requirement and barriers practices to be listed in YSX and vice versa. The following Table (4.4) presents mean score and standard deviation of each statement on fees.

Table 4.4
Others Entry Barriers

No.	Statement	Mean	Std. Deviation
1	the company need to appoint the Securities Companies or Accounting Firms for listing application	3.20	0.910
2	the company need to understand about the roles of securities companies and accounting firms	2.43	0.807
3	the company reestablish its internal organizations while in preparation for listing	2.46	0.721
4	The listing examination takes at least 45 working days	3.22	0.758
5	Listing application along with required documents inclusive of recommendation letter from securities company must be submitted at the time of making application to YSX	3.70	0.511
6	An effective team for the listing examination should be set up by the applicant company in order to correspond with YSX	2.22	0.834
7	A company cannot have different classes of shares to be listed	2.57	0.593
8	It is necessary for an applicant company to satisfy all listing criteria and requirements at the time of submitting the listing application to YSX	2.24	0.673
Overall Mean Score		2.76	

Source: Survey Results 2018

Table (4.4) shows that an effective team for the listing examination should be set up by the applicant company in order to correspond with YSX the lowest mean score is 2.22. The lowest mean score said that among the other barriers, most of the company are facing as the entry barriers for listing application along required an effective team for the listing examination should be set up by the applicant company in order to correspond with YSX. The second lowest mean score is 2.24 for necessary for an applicant company to satisfy all listing criteria and requirements at the time of submitting the listing application to YSX. It can be said that the public companies believe they don't need to fulfil all listing criteria for listing in YSX. The company need to understand about the roles of securities companies and accounting firms, the third lowest mean score is 2.43 and the mean score 2.46 is the company reestablish its internal organizations while in preparation for listing. It is pointed that these item are the entry barriers for public companies to be listed in YSX.

Listing application along with required documents inclusive of recommendation letter from securities companies must be submitted at the time of making application to YSX is highest mean scores of 3.70. Listing application along with required documents inclusive of recommendation letter from securities companies must be submitted at the time of making application to YSX in order to correspond with YSX, Securities Company and law firm. The highest mean scores can be said that it is necessary for most of the companies with the company need to submit the recommendation letter of securities companies. The overall means score of entry barriers towards other fact is 2.76. This result shows that other barriers to enter the YSX market need to consider the significant problem of the barriers to enter YSX market since overall mean scores is less than statistical mean value 3.

4.6 Comparison of Barriers to be Listed Companies

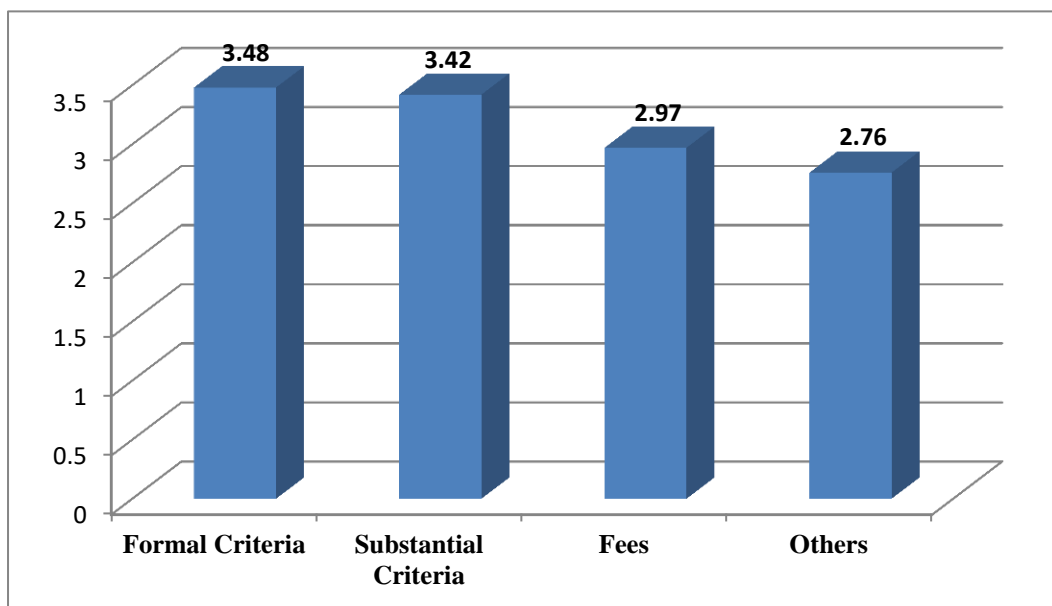
In the comparative analysis of four main factor that mainly effect the entry barriers of public companies to be listed in YSX, it will be taken the average of each factor by their corresponding statement, for instance "others" as one of the four factor contains 8 statement, it will take the average of 8 statement under others and compare with other factors average to see which factors is relative more difficult entry barriers for public company to be listed in Yangon Stock Exchange. The overall mean scores of each factor are illustrated in Table (4.5) and it illustrated in Figure (4.1).

Table (4.5)
Overall Average Scores for Each Factor

Factor	Overall Average Scores
Formal Criteria	3.48
Substantial Criteria	3.42
Fees	2.97
Ohers	2.76

Source: Survey Results, 2018

Figure 4.1
Bar Chart of the Overall Average for Each Factor



Source: Survey Results, 2018

The corresponding average scores of “Others” is 2.76 which the lowest scores as compare to other factor, so it can be assume that most of the companies which to be enter in YSX are facing the barriers of other criteria. In the second, the fees are second entry barriers to be listed in YSX compared with formal criteria and substantial criteria.

CHAPTER V

CONCLUSION

This chapter consists of discussions based on the aforementioned analysis to reach the objective of the thesis. Based on the findings, suggestions and needs for further research are presented.

5.1 Findings

The objective of the study was to identify the examination procedures for public companies to be listed in the Yangon Stock Exchange and to analyze the barriers of public companies to be listed in the Yangon Stock Exchange. Firstly, It was studied that concept and definition, listing criteria, listing procedures and listing examination as the theoretical background. Secondly, the study has been primarily concerned with the role of stock exchange, listed companies, unlisted companies and benefits of potential listed companies as overview of this thesis.

Thirdly, the analysis has concentrated on Listing Criteria of Yangon Stock Exchange such as Formal Criteria and Substantial Criteria, Fees, and Others. Therefore, it had made questionnaire about these criteria for asking the public companies for entry barriers to be listed in YSX. The findings of the study are the listing criteria are not the barriers for public companies generally. The findings suggest that others are the most barriers factor for entry barriers of public companies to be listed in YSX. Moreover, it is found that fees were a second major perceived influence on the entry barriers of public companies to be listed in YSX. Finally, the investigation of the concept of this thesis is that the public companies can consider about the barriers of entering to be listed in YSX. Therefore, it can be pointed that the findings of the study could support the public companies to consider the difficulties for listing. It can be found that this thesis can give the useful information for public companies which want to be listed company and YSX would determine about the listing criteria and process.

5.2 Suggestions

This thesis found that some of the criteria were barriers for public companies that want to be listed so the Yangon Stock Exchange needs to consider about the listing criteria for

public companies. Securities and Exchange Commission of Myanmar, the regulator for capital market, also needs to consider about them. They have to be more concentrated the others requirement of listing that was the most barriers of entering YSX among the rest of listing criteria for public companies. The number of listed companies are needed to be increased in the stock market so that development for capital market and national economy as well. Therefore, the four types of criteria for listing might be considered for amendment to increase the number of listed companies in YSX. The regulator for capital market and YSX should make discussion and negotiation with potential listed companies and public companies to become listed company in YSX. Besides, the government might deregulate the laws and regulations concern with the public companies to become more listed companies in capital market.

5.3 Needs for Further Studies

As is the thesis with any research, readers need to consider the presented results within the context of limitations. Also, the process of posing and answering particular research questions typically generates more questions that need to be explored through further research. Most importantly with respect to the current research, readers need to remember that it is considered only clearly determined sampling settings; reference to other settings may have produced different results. The extent to which our findings can be generalized certainly requires further investigation. The graduated influence of varying statistical mean should be of particular ongoing interest given that this feature had large influences on the other statistical tools for various model parameters.

Our preliminary verifications showed one limitation of this research: if the sample selection probabilities from the explored conditions, the presented questionnaire can no longer be applied. This phenomenon occurs in entry barriers when oversampling within certain explicit sampling strata is employed in order to accommodate precise parameter estimation for subgroups of listing criteria. Further research is needed to shed more light on this occurrence. Extended investigations may also show whether the results hold true for distributions of the dependent and explanatory variables other than the ones explored here. Finally, more research needs to be carried out on more complex models.

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Appendix (A)**Lists of Public Companies in Myanmar**

No.	Company Name	Industry
1.	Asia Business Synergy Public Co., Ltd.	Construction
2.	Asia Green Development Bank Ltd.	Finance & Insurance
3.	Ayeyar Pathein Development Public Co., Ltd.	Agriculture & Forestry
4.	Ayeyarwaddy Farmers Development Bank Public Co., Ltd.	Finance & Insurance
5.	C.B Bank Ltd.	Finance & Insurance
6.	Cherry Yoma Group Public Co., Ltd.	Education, and Finance
7.	Danya Gone Yee Development Public Co., Ltd.	Construction
8.	Dawei Development Public Company Limited	Real Estate & Housing
9.	Elite Telecom Public Co., Ltd.	Telecommunication
10.	Farmers Development Public Bank Co., Ltd.	Finance & Insurance
11.	Global Treasure Bank Public Co., Ltd.	Finance & Insurance
12.	Golden Land East Asia Development Ltd.	Agriculture & Forestry
13.	Golden Myanmar Airline Public Co.,Ltd.	Transportation
14.	Golden Zaneka Public Co., Ltd.	Health Services
15.	Grand Guardian Insurance Public Co.,Ltd.	Finance & Insurance
16.	Great Hor Khan Public Co., Ltd.	Construction
17.	Hanthawady Green Land Public Co., Ltd.	Construction
18.	Htawara Aung Myae Public Co., Ltd.	Construction
19.	Industrial Resources Development Public Co., Ltd.	Resources Management
20.	Kayin State Development Public Co., Ltd.	Construction
21.	Kaytumadi Development Public Co.,Ltd.	Real Estate
22.	Mandalay Myotha Industrial Development Public Co., Ltd.	Construction
23.	Maubin Development Public Co., Ltd.	Construction
24.	Myanma Agricultural & General Development Public Ltd.	Agriculture & Forestry
25.	Myanma Economic Holdings Ltd.	Many kind of Business
26.	Myanma Motion Picture Development Public Co., Ltd.	Business & Information
27.	Myanma Tourism Bank Public Co., Ltd.	Finance & Insurance
28.	Myanma Tourism Development Public Co., Ltd.	Tourism

No.	Company Name	Industry
29.	Myanmar Agribusiness Public Corporation(MAPCO) Ltd.	Agriculture & Forestry
30.	Myanmar Agro Exchange Public Ltd.	Construction and Real Estate
31.	Myanmar Automobile Development Public Co., Ltd.	Transportation
32.	Myanmar Construction And Development Public Co., Ltd.	Construction
33.	Myanmar Economic Development Corporation Public Co., Ltd.	Motor Vehicle
34.	Myanmar Edible Oil Industrial Public Corporation (MEICO) Ltd.	Agriculture & Forestry
35.	Myanmar Industries Alliances Public Co., Ltd.	Telecommunication
36.	Myanmar Information & Communication Technology Development Corporation Ltd.	Information Technology
37.	Myanmar Irrawaddy Development Public Co., Ltd.	Construction
38.	Myanmar Native Land Public Co., Ltd.	Construction
39.	Myanmar Payment Union Public Co., Ltd.	Finance & Insurance
40.	Myanmar Technologies and Investment Corporation Ltd.	Information Technology
41.	Myanmar Telecommunication Network Public Co., Ltd.	Telecommunication
42.	Myeik Future Development Public Co., Ltd.	Construction
43.	Myeik Public Corporation Ltd.	Construction
44.	National Development Company Group Ltd.	Construction
45.	New City Development Public Co., Ltd.	Real Estate
46.	Oleander Construction Group Public Co., Ltd.	Construction
47.	Rakhine Development Corporation Ltd.	Food Stuff
48.	Rakhine Economic Initiative Public Co., Ltd	Agriculture & Forestry
49.	Royal Yatanarpon Telecom Public Co., Ltd.	Telecommunication
50.	Small & Medium Industrial Development Bank Ltd.	Finance & Insurance
51.	Tanintharyi Division Development Public Company Ltd.	Construction
52.	The Republic of the Union of Myanmar Forest Products Joint Venture Corporation Ltd.	Agriculture & Forestry
53.	WPG Capital Public Co., Ltd.	Finance, Hotel, Construction and Real Estate
54.	Yangon Bus Public Co., Ltd.	Transportation
55.	Yatanarpon Teleport Public Co., Ltd.	Telecommunication

Questionnaire for Entry Barriers of Public Companies to be listed Companies

Company Name :

Company Business :

Company Address :

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.....

This questionnaire will be used for MBF Thesis about Entry Barriers of Public Companies to be Listed Companies and this does not relate to other businesses. Please read each question and kindly respond as indicated in following. Thank you for your time and commitment.

The following questions are positive question type. If the answer is “strongly agree”, the companies satisfy the question and it isn’t barriers for public companies to be listed companies. If the answer is “strongly disagree”, they don’t satisfy the question and it is barriers for public companies.

No.	Questions	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
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Formal Criteria

1.	Do you agree the company shall have at least 100 shareholders and above?	①	②	③	④	⑤
2.	According to “Securities Listing Business Regulations” of YSX, the number of floating shares must be at least 5,000 shares at the listing date. Can the company comply with this regulation?	①	②	③	④	⑤
3.	According to “Securities Listing Business Regulations” of YSX, floating market capitalization of at least 500 million Kyats has to be satisfied at the listing date. Do you think the company can follow this regulation?	①	②	③	④	⑤
4.	Is it possible to have minimum paid-up capital of at least 500 million kyats to company?	①	②	③	④	⑤
5.	The total comprehensive income or net income after tax of your company for the last two years had to be positive . Is it reasonable criterion for the company?	①	②	③	④	⑤

6.	Can the company be reasonably expected to maintain stable profit based on the previous financial records and its current business operation?	①	②	③	④	⑤
7.	Does your company's business have to be properly executed in accordance with the existing laws, regulations and internal regulations?	①	②	③	④	⑤
8.	Do you agree the company's board of directors and any of its directors in management must not be in the black list maintained by the government organizations?	①	②	③	④	⑤
9.	Shall the company comply with the International Financial Reporting Standards (IFRS) ?	①	②	③	④	⑤
10.	Do you believe the company should disclose any financial statement attached with an "unqualified opinion" or "qualified opinion" by the auditor.	①	②	③	④	⑤
11.	Is it possible to be appropriately disclosed the reason when there is a "qualified opinion", by auditor for the company?	①	②	③	④	⑤
12.	Do you agree the company has to show its tax duties which has to or had to fulfil with the compliance of existing tax laws in Myanmar.	①	②	③	④	⑤
13.	Is it needed to make "the process of Electronic Registration the securities" (Dematerialization Process)?	①	②	③	④	⑤
14.	If an applicant company has issued shares or subscription warrants to any specific entity within 6 months before the date of the initial listing application , such applicant shall affirm with the allotted party that, as a general rule, the allotted party shall hold the allotted shares or subscription warrants (including shares obtained by exercise of such subscription warrants) until 3 months elapse from the day of listing . Is it reasonable for the applicant company that shall also submit such affirmation in writing?	①	②	③	④	⑤

No.	Questions	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Substantial Criteria						
15.	What do you consider about the board of directors and heads of management of your company maintains good character in its business environment ?	①	②	③	④	⑤
16.	The board of directors must be never faced any punishment by a court and must have been faced any lawsuits in conjunction with conducting businesses of the company. Is it probably to comply with the applicant company?	①	②	③	④	⑤
17.	The board of directors of your company shall not be carried out the same interest of another company such as the company in same business field, doing same business segment, etc. without getting the approval of shareholder meeting. Can it be the reasonable criterion for the company?	①	②	③	④	⑤
18.	Does the company have to disclose its corporate information in a timely manner in accordance with the rules and regulations prescribed by YSX?	①	②	③	④	⑤
19.	Is it possible to appoint the compliance officer for setting up proper internal control system that is operating to enhance the corporate governance, its board of director regulations, accounting regulations and other internal regulations?	①	②	③	④	⑤
20.	Do you think business plan of the company shall be prepared properly based on its business model, future prospects of the business, business environment, risk factors, etc.	①	②	③	④	⑤
21.	Insider trading is that buying or selling of shares on non- public information is a legal violation and it severely damages trust in your company once it is listed. Therefore, it is important to establish frameworks to prevent insider trading. Shall the company make it to prevent the insider trading accordingly?	①	②	③	④	⑤

22.	The directors have to execute their duties appropriately as per the law. It is necessary to confirm the details and check its impacts on the soundness of your company management operations. Do you agree management activities of the company shall be carried out continuously in a stable manner?	①	②	③	④	⑤
23.	Do you think the company shall be reasonably expected to maintain stable profit according to the previous business history and submitted business plan?	①	②	③	④	⑤

No.	Questions	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
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Fees

24.	Shall the company pay Consulting Fees to Securities Company and Law Firm?	①	②	③	④	⑤
25.	Is it necessary to pay Auditing Fees to Accounting Firm or Accountant?	①	②	③	④	⑤
26.	Is it possible to pay Underwriting Fee for IPO to Underwriter?	①	②	③	④	⑤
27.	Do you reckon the company shall pay Fees related to listing to Yangon Stock Exchange?	①	②	③	④	⑤
28.	YSX have to collect 1,500,000 kyats for initial listing examination fee . Is it reasonable for the company?	①	②	③	④	⑤
29.	YSX have to collect “Market capitalization as of the listing date * 0.05%” for initial listing fee . Do you agree to pay it for the company?	①	②	③	④	⑤
30.	YSX have to collect “Number of additional listing shares * issue price * 0.05%” for additional listing fee . Do you reckon it is reasonable fee for the company?	①	②	③	④	⑤
31.	YSX have to collect “Number of offering shares * offering price * 0.04%” for fee for offering of new shares . Do you believe it is probably to pay to YSX?	①	②	③	④	⑤

32.	YSX have to collect “Number of offering of existing shares * offering price * 0.01%” for fee for offering of existing shares . Do you consider it is reasonable for the company?	①	②	③	④	⑤
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No.	Questions	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
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Others

33.	Does the company need to appoint the Securities Companies or Accounting Firms for listing application?	①	②	③	④	⑤
34.	Does the company need to understand about the roles of Securities Companies and Accounting Firms?	①	②	③	④	⑤
35.	Should the company reestablish its internal organizations while in preparation for listing?	①	②	③	④	⑤
36.	The listing examination takes at least 45 working days (about 7 weeks). How do you consider it is reasonable period for the company?	①	②	③	④	⑤
37.	Listing application along with required documents inclusive of recommendation letter from Securities Company must be submitted at the time of making the application to YSX. Do you suppose it is reasonable for the company?	①	②	③	④	⑤
38.	An effective team for the listing examination should be set up by the applicant company in order to correspond with YSX; Securities Company and Law Firm. The reason is the timely disclosures of corporate information, public relationship has to be duly carried out later on after the listing. With the support from Securities Company and Law Firm, the team has to response to the queries and questions raised by YSX. Is it necessary for the company?	①	②	③	④	⑤
39.	A company cannot have different classes of shares to be listed. Is it possible to have the company?		②	③	④	⑤

40.	Is it necessary for an applicant company to satisfy all listing criteria and requirements at the time of submitting the listing application to YSX?	①	②	③	④	⑤
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