

Myanmar Jiale Fashion Ltd

Dated Jan 12th

By Gary Lee

Kei Lock Fashion Trading Limited

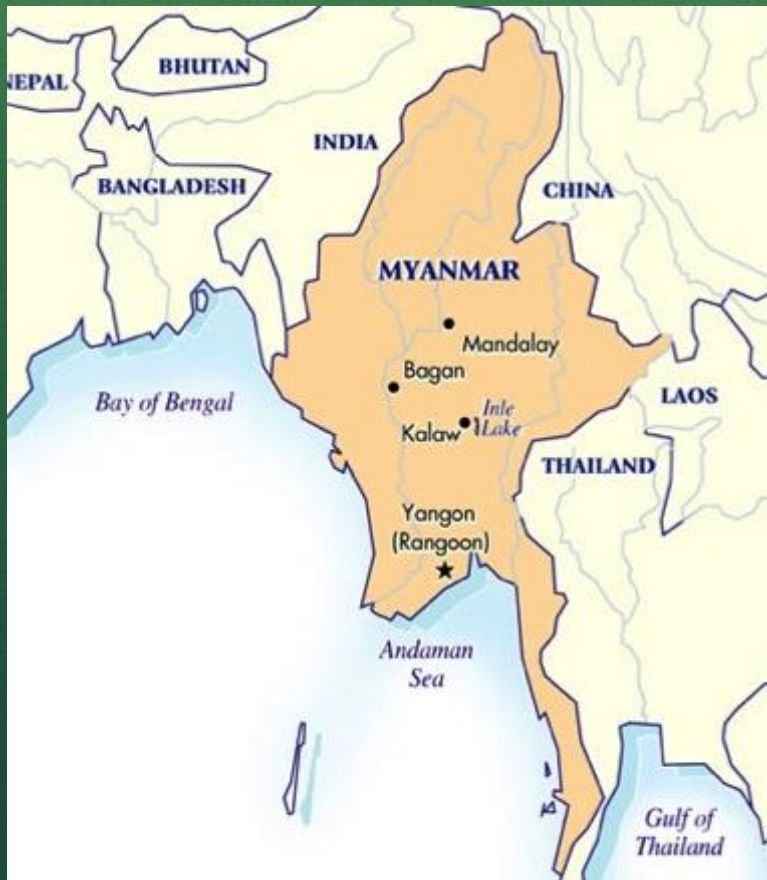


Jim Rogers Compares Myanmar Reforms to China Opening

Investor Jim Rogers, the chairman of Rogers Holdings who predicted a global commodities rally in 1999, said that Myanmar may be embracing reform as China did decades earlier and he's optimistic about the nation's prospects.

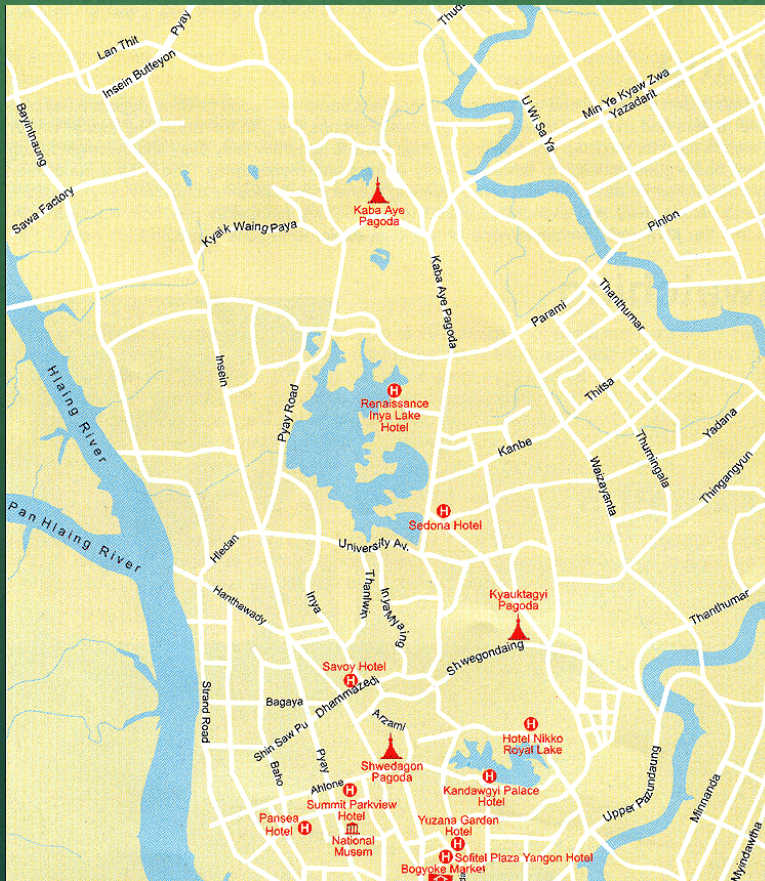
“If I could put all of my money into Myanmar, I would,” Rogers said at a conference in Singapore today. “Myanmar is in the same place China was in early 1979, when Deng Xiaoping said we have to do something new. Myanmar is now opening up.”

Basic data of Myanmar



- Land Area: 676,577 km²
- Bordering countries: China, India, Thailand, Laos, Bangladesh
- Capital:
 - Yangon (commercial capital)
 - Nay Pyi Daw (Adm capital)
- Population: 60+ Millions
- Financial Year: 1st April – 31st March
- Rule by British Government 1886-1948

Basic data of Myanmar



- High literacy rate/Good English training
- Wealth of natural and labor resource
- Simple mind and hard working
- Burmese constitutional referendum,,: Democracy reform in 2008
- Aung San Suu Kyi was elected be the senator in April 2012

Main Challenges

- Inflation due to rapid development, wages are increasing
- Changing policies
- Inefficient banking system & support for trade
- Lack of power, poor internet
- Lack of middle management, skilled workers
- Very long logistic leadtime:
 - 18-30 by sea, 15 days by truck
- Inadequate infrastructure



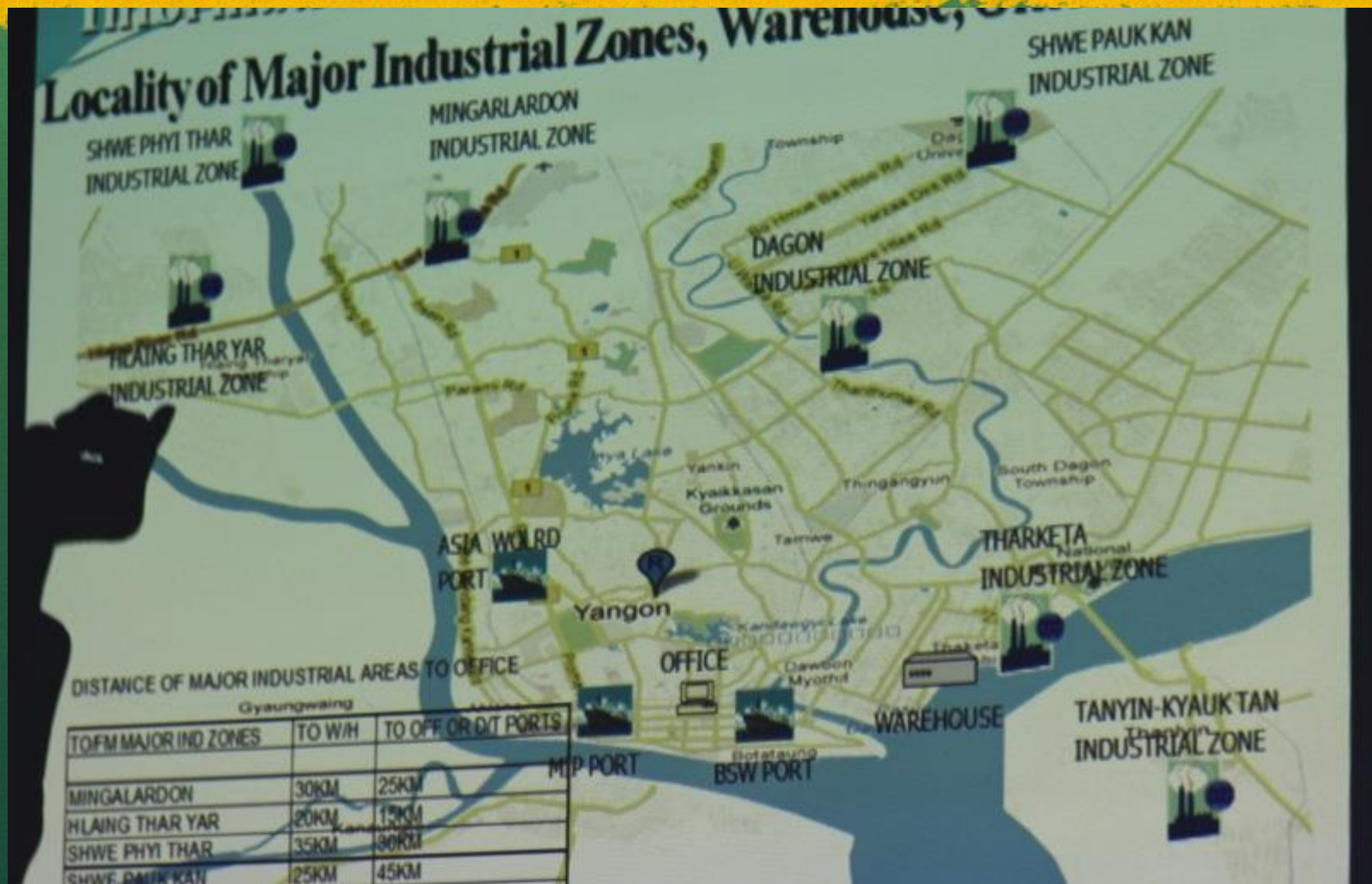
Prospects for Future Business

- Relied on Export
- Full of Labors for manufacturing – mainly garment
- Member of ASEAN countries
- GSP benefit from Dec 2012 for EU.....(USA soon)
- Import/Export & Local Tax benefit *most waived
- In 2011, 80 Garment factories and grow by 30% each year
- The Major export market is Korea and Japan: Quality

Running factory in Yangon

- Wage: US\$80-130 operator
- 30-50 machines per line
- Weekdays: 8+2 hours
- Weekend: 8+2 hours
- Sunday off
- Workers: hard working, simple-minded
- Piece rate vs hourly rate
- Electricity: kyats 75 per kW/H, Generator: 3X
- Land cost: usd1.5-2.5/m² per year (now 3.5/m²)
- Power cut 3-4 hours per week vs 3 days per week
- 1 USD to 1000+ KYATS
- Social security: factory 2/3 vs 1/3 workers

Major Industrial Zones, Warehouses, Ports



S.E.A. comparison

	China	Vietnam	Cambodia	Bangladesh	Myanmar
Population	1380 million	87 million	15 million	157 million	60 million
Worker wage	usd500-650	usd250-300	usd140-160	usd80	usd80-130
Min wage	usd240-290	usd90-130	usd128	usd68	NO--usd56
Shipment time from CN	1-7 days	10-12 days	12-14 days	12-14 days	22-30 days Direct shipment?
Tax	thousands....	?	?	0.3% FOB	Nil for 5 years
GSP	Nil	Nil	US & EU	US & EU	EU
Ease of find workers	you know...	not in HCMC	ok..but union	no problem	no problem
worker age	35.5	27.5	22.5	23.5	29
Strike/Hartal	rare....unless	sometimes	political	election	sometimes
Efficiency	100	80	70	50 w/o helper	70

Yangon (Rangoon) International Airport

- Clean and Efficient
- Direct flights from Guangzhou and Yunnan



Hotels

* Nice hotels, decent rooms,
and foods



Logistic company

Phee group holdings limited



Factory building



Factory information

- First phase – Factory name: Myanmar Jiale Fashion Ltd
- Ownership: 100% own
- Address: No.13, Min Aye Yar Road, Shwe Than Lwin Industrial Zone, Hlaing Tharyar Township, Yangon, Myanmar
- Size: 68,000 sqft (10 years lease @usd0.2-0.25/ft²)
- No of workers: 1100+ people, 18 lines x 30 machines
- Capacity (per style per month)*
Blazer: 150,000pcs, Trench Coat: 120,000pcs, Trouser: 220,000pcs

Production arrangement

- Commencing date: Sept 2013, 3-6 months to get the MIC
- Management: existing Top management & technicians from HK and China
- Fabric & Trim: from China, Korea, Taiwan
- Sampling: 5-7 days
- Order lead-time: 12-15 weeks
- QA system: AQL 2.5, GPQ
- Compliance: complied to local law & ETI (Sedex)
- Washing/Embroidery/Printing: Out Source

Future planning

Next Phase

- 2015: 10 acres land
- Factory size: 350,000 sqft, Can fit approx. 90 lines
- in-house washing mill, embroidery, printing
- No of workers: 6,000 people
- Capacity (per style per month)*
Blazer: 800,000pcs, Trench Coat: 660,000pcs, Trouser: 3,300,000pcs

Products

- Woven, women and men
- Jacket
- Trench coat
- Blazer
- Dress/ Skirt
- Trouser

Thank you

Kei Lock Fashion Trading Limited

