

# **DISCLOSURE DOCUMENT FOR LISTING**

## **EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED**

**The shares covered hereby may only be bought and sold by Myanmar citizens and  
Myanmar companies**

**Dated 28<sup>th</sup> February, 2020**

**DISCLOSURE DOCUMENT FOR LISTING DATED [28th February, 2020]**

**(FILED WITH THE YANGON STOCK EXCHANGE ON 28th February 2020)**

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.**

The Directors (the “**Directors**”) of Ever Flow River Group Public Company Limited (“**EFR**” or the “**Company**”) have approved this disclosure document, which is called the “**Disclosure Document for Listing**,” for all outstanding ordinary shares of the company (“**Shares**”) to be listed on the Yangon Stock Exchange (“**YSX**”) (the “**Listing**”). No Shares are being offered for subscription or sale pursuant to this Disclosure Document for Listing. Each of the Directors takes full responsibility for the accuracy and completeness of the information contained herein. Having made all reasonable enquiries and to the best of his/her knowledge and belief, each of the Directors assures that there is no false or misleading statement in this Disclosure Document for Listing or other facts which if omitted would make any statement false or misleading.

Prior to the Listing, our Shares were not listed or quoted on any stock or securities exchange, whether in Myanmar or elsewhere. All of the Shares of the Company are unclassified and have identical rights and privileges.

**Any subsequent issue or transfer or other disposal of our Shares may be made to Myanmar citizens and Myanmar companies. As and when permitted by Applicable Laws, regulations, directives, notifications, order, or policies issued by any Governmental Authority in Myanmar, the Shares may be transferred, or otherwise disposed of, to foreign citizens or foreign companies.**

A prospective purchaser of Shares should rely on his/her own valuations and assess the risks related to purchasing Shares by considering his/her objective of the investment, risk profile, financial position, etc. If you have any doubt about this Disclosure Document for Listing or in considering the purchase of Shares, you should consult with securities firms, investment advisers, or other professional advisers.

**Investing in or otherwise holding our Shares involves risks, including those in Section PART VI. RISK FACTORS of this Disclosure Document for Listing, which contains a discussion of certain factors to be considered in connection with an investment in or continued holding of our Shares.**

**No Shares are being offered for subscription or sale pursuant to this Disclosure Document for Listing.**

To:

Yangon Stock Exchange  
Republic of the Union of Myanmar

**Name of Company** : Ever Flow River Group Public Company Limited  
**Name and Title of Representative** : U Kyaw Lwin Oo  
Chairman  
**Date of Application** : [28<sup>th</sup> February, 2020]  
**Location of the Registered Office** : Level 11, No. 62, Room 1104, Mahabandoola  
Complex B, Tarwatainthar Street, Pazundaung  
Township, Yangon, Republic of the Union of  
Myanmar 11171

**Contact Points**

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**Financial Adviser to Company** : KBZ Stirling Coleman Securities Co., Ltd.  
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the Union of Myanmar

**Auditor of the Company** : Win Thin & Associates  
Level 7, Unit E, F & G, Naing Group Office Tower II,  
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Union of Myanmar

**Principal Banker** : KBZ Bank  
No. (615/1), Pyay Road, Kamayut Township,  
Yangon, Republic of the Union of Myanmar

**Office at Which Copy of the Disclosure Document for Listing is made available for Public Inspection**

Name of Such Office : KBZ Stirling Coleman Securities Co., Ltd.

Location : Strand Square, Ground Floor  
No. 53 Strand Road, Pabedan Township  
Yangon, Myanmar

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## PART I. ABBREVIATIONS AND DEFINITIONS

<b>Applicable Laws</b>	The laws of the Republic of the Union of Myanmar
<b>Audit Committee</b>	The audit Committee of our Company
<b>Board or BoD</b>	The Company's Board of Directors
<b>BOT</b>	Build-Operate-Transfer
<b>CGT</b>	Capital Gains Tax
<b>CIT</b>	Corporate Income Tax
<b>Company or EFR or We</b>	Ever Flow River Group Public Company Limited. The terms "our", "our Company", and "us" have correlative meanings. References to our management and Directors are to the management and directors of our Company respectively
<b>CSC</b>	Citizenship Scrutiny Card issued to Myanmar citizens
<b>DICA</b>	Directorate of Investment and Company Administration
<b>Directors</b>	Our individual members of the Board of Directors as at the date of this Disclosure Document for Listing
<b>EFR GLE</b>	EFR G-Link Express Services Ltd.
<b>EFR Trading</b>	Ever Flow River Trading Co., Ltd.
<b>Executive Officers</b>	The executive officers of our Company as at the date of this Disclosure Document for Listing
<b>FY</b>	Financial year ended or ending 31 March, or 30 September, as the case may be
<b>Gold Shipping</b>	Gold Shipping Agency Services Co., Ltd.
<b>Governmental Authority</b>	Any domestic, national, territorial, state, or local governmental authority, governmental or self-regulatory organization, commission, tribunal, organization, or any regulatory, administrative or other agency, department or branch of any of the foregoing, as the context or the terms of this Disclosure Document for Listing may require
<b>Group</b>	Means subsidiaries of the company and/or any other entity in which the Company owns 20% or more of the shares
<b>HITLC</b>	Hlaing Inland Terminal and Logistics Co., Ltd.
<b>ICD</b>	Inland Container Depot
<b>JVA</b>	Joint Venture Agreement
<b>KEFR</b>	Kamigumi-EFR Logistics (Myanmar) Co., Ltd.
<b>Ks or Kyats or MMK</b>	The lawful currency of the Republic of the Union of Myanmar

<b>Latest Practicable Date</b>	[30 <sup>th</sup> September 2019], being the latest practicable date prior to the filing of this Disclosure Document for Listing with the YSX
<b>LDC Mandalay</b>	Ever Flow River Logistics & Distribution Center (Mandalay) Co., Ltd.
<b>Listing</b>	The listing of the Company and its Shares with the YSX, representing 100% of the issued and outstanding Shares of the Company
<b>MCA</b>	Myanmar Companies Act 1914
<b>MCL</b>	Myanmar Companies Law 2017
<b>MIC</b>	Myanmar Investment Commission
<b>MOA and AOA</b>	Memorandum of Association and Articles of Association of the Company
<b>MOU</b>	Memorandum of Understanding
<b>MRTW Logistics</b>	Myanmar Round the World Logistics Co., Ltd.
<b>MRTW Manufacturing</b>	MRTW Manufacturing & Inspection Co., Ltd.
<b>Multipack</b>	Multipack Engineering Services Co., Ltd.
<b>Principal Shareholders</b>	Means the shareholders listed as Principal Shareholders in <b>Section 6 of PART VIII</b> of this Disclosure Document for Listing
<b>Related Party</b>	Has the meaning ascribed to it in <b>Part IV</b> of this Disclosure Document for Listing
<b>RPT</b>	Related-Party Transaction
<b>SECM</b>	Securities and Exchange Commission of Myanmar
<b>SEL</b>	Securities Exchange Law 2013, as amended from time to time
<b>SER</b>	Securities Exchange Rules, as amended from time to time
<b>Shares</b>	Ordinary shares in the Company
<b>Shareholders</b>	Means the shareholders of the Company who are listed as such in Company's register of members
<b>SSA</b>	Means the Share Subscription Agreement between Chang Yang Development Company Limited and EFR dated 21 June 2019
<b>UCS</b>	Unison Choice Services Co., Ltd.
<b>USD or US\$</b>	The lawful currency of the United States of America
<b>UTOC Multipack</b>	UTOC Multipack Myanmar Co., Ltd.
<b>Yangon Port</b>	Means the Port of Yangon particularly described as the ports situated along the Strand Road
<b>YSX</b>	Yangon Stock Exchange

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Disclosure Document for Listing to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined in the Securities Exchange Law (“**SEL**”), the Myanmar Companies Law (“**MCL**”), or any statutory modification thereof and used in this Disclosure Document for Listing shall, where applicable, have the meaning ascribed to it under the SEL, the MCL, or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Disclosure Document for Listing shall be a reference to Myanmar time unless otherwise stated.

Certain names with Myanmar characters have been translated into English names. Such translations are provided solely for your convenience, may not have been registered with the relevant Myanmar authorities, and should not be construed as representations that the English names actually represent the Myanmar characters.

Any discrepancies in the tables, graphs, and charts included in this Disclosure Document for Listing between the listed amounts and the totals thereof are due to rounding. A number of rounding conventions have been used in this Disclosure Document for Listing. Accordingly, figures shown in totals in certain tables, graphs, or charts may not be an arithmetic aggregation of the figures that precede them.



## **PART II. LISTING SUMMARY**

### **Important notes**

No person is authorized to give any information or to make any representation not contained in this Disclosure Document for Listing and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us. This Disclosure Document for Listing shall not under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs, condition, and prospects or our Shares since the date hereof. Where such changes occur and are material and required to be disclosed by Applicable Laws, regulations, notifications, directives, orders, and/or policies issued by Governmental Authorities, we will make an announcement of the same and, if required, issue and file an amendment to this Disclosure Document for Listing or a supplementary Disclosure Document for Listing or replacement Disclosure Document for Listing. Investors should take notice of such announcements and documents and, upon release of such announcements or documents, shall be deemed to have notice of such changes. Unless otherwise required by Applicable Laws, regulations, notifications, directives, orders, and policies, no representation, warranty, or covenant, express or implied, is made by us or any of our affiliates, directors, officers, employees, agents, representatives, or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this document is, or shall be relied upon as, a promise, representation or covenant by us or our affiliates, directors, officers, employees, agents, representatives, or advisers.

None of us or any of our affiliates, directors, officers, employees, agents, representatives, or advisers is making any representation or undertaking to any Shareholder or investor in our Shares regarding the legality of an investment by such investor or the Listing herein contemplated under appropriate legal, investment, or similar laws. In addition, Shareholders of and investors in our Shares should not construe the contents of this Disclosure Document for Listing or its appendices as legal, business, financial, tax or other advice. Shareholders and investors should be aware that they may be required to bear the financial risks of an investment in our Shares for an indefinite period of time. Shareholders and investors should consult their own professional advisers as to the legal, business, financial, tax, and related aspects of an investment in or continued holding of our Shares.

This document does not constitute an offer of, or an invitation to subscribe for or purchase any of our Shares.

### **PART III. FORWARD-LOOKING STATEMENT**

All statements contained in this Disclosure Document for Listing, statements made in media advertisements, and releases and oral statements that may be made by our Company or our Directors, Executive Officers, or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements.” Statements that may be identified as forward-looking terms include, among others, “expect,” “believe,” “plan,” “intend,” “estimate,” “anticipate,” “may,” “will,” “would,” and “could,” or other similar words. It should, however, be noted that the above-mentioned words listed are not exhaustive with regard to the identification of forward-looking statements. All statements regarding our Company’s expected financial position, business strategy, plans, and prospects are considered forward-looking statements. These forward-looking statements, including statements regarding:

- our Company’s revenue and profitability;
- the development plan of the Hlaing Inland River Terminal Project and Inland Intermodal Logistics projects in Yangon and Mandalay, respectively;
- our Company’s dividend policy;
- our Company’s expected growth;
- expected industry trends;
- our Company’s prospects; and
- other matters discussed in this Disclosure Document for Listing regarding matters that are not historical facts,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause our Company’s actual results, performance, or achievements to be materially different from any future results, performance, or achievements expected, expressed, or implied by such forward-looking statements. Some of these risks, uncertainties, and other factors are discussed in more detail in this Disclosure Document for Listing, in particular, under the section “Risk Factors.” However, they are not exhaustive and other sections of this Disclosure Document for Listing may describe additional risks, uncertainties, and other factors that could materially and adversely affect our results, performance, or achievements. There may also be other risks, uncertainties, and other factors that are not yet known to us, or that we currently believe are not material but may subsequently turn out to be. All forward-looking statements by or attributable to our Company, or persons acting on our Company’s behalf, contained in this Disclosure Document for Listing are expressly qualified in their entirety by all such risks, uncertainties, and other factors.

These forward-looking statements are applicable only as of the date of this Disclosure Document for Listing.

Given the risks and uncertainties that may cause our Company’s actual future results, performance, or achievements to be materially different than expected, expressed, or implied by the forward-looking statements in this Disclosure Document for Listing, we advise you not to place undue reliance on those statements. Neither our Company nor any other person represents or warrants to you that our Company’s actual future results, performance, or achievements will be as discussed in those statements. Our Company’s actual future results, performance, or achievements may differ materially from those anticipated in these forward-looking statements. Furthermore, our Company disclaims any responsibility to update any of those forward-looking

statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events, or circumstances for any reason, even if new information becomes available or other events occur in the future.

## PART IV. SELECTED FINANCIAL DATA

Due to the Restructuring completed effectively only on 15 August 2017, our financial condition and results of operations as at and for the years ended 31 March 2018 and 2019 are not directly comparable because the former will reflect only seven and half months of operation starting from 15 August 2017 while the latter will reflect twelve months of operation. In order to provide a more meaningful comparison, we have included in this Disclosure Document for Listing unaudited pro-forma consolidated financial statements for the year ended 31 March 2018 showing how our financial condition and results of operations would have looked if the Restructuring had been completed as of 1 April 2017. Unaudited pro-forma consolidated financial statements for FY 2017-18 and audited consolidated financial statements for FY 2018-19 are prepared based on the audited financial statements of our subsidiaries and associates with certain pro-forma adjustments for FY 2017-18. The unaudited pro-forma consolidated financial information has been prepared for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods or the results that would actually have been realized during the specified periods.

### UNAUDITED CONSOLIDATED BALANCE SHEETS (PRO FORMA BASIC)

UNAUDITED PRO-FORMA CONSOLIDATED BALANCE SHEETS	AS OF 31 MARCH 2018 (MMK)	AS OF 31 MARCH 2019 (MMK)
<b>Assets</b>		
<b>Non-Current Assets</b>		
PPE	477,983,697	477,586,454
Intangible assets	5,844,798	30,388,064
Investments	1,567,970,082	2,386,749,158
Goodwill	25,192,689	-
Project under development		1,654,640,231
<b>Total Non-Current Assets</b>	<b>2,076,991,266</b>	<b>4,549,363,907</b>
<b>Current Assets</b>		
Project under development	194,184,582	-
Inventories	178,528,999	157,374,451
Trade and other receivables	3,455,765,103	6,272,591,387
Cash and cash equivalent	2,603,395,073	1,300,158,452
<b>Total Current Assets</b>	<b>6,431,873,757</b>	<b>7,730,124,290</b>
<b>Total Assets</b>	<b>8,508,865,023</b>	<b>12,279,488,1967</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Issued and paid-up share capital	5,455,450,000	5,455,450,000
Advance capital	205,180,000	-
Foreign exchange gain / (loss) reserve	(50,332,171)	386,462,770
Retained earnings	610,514,419	2,248,098,335
Non-Controlling Interest (NCI)	21,410,779	103,339,322
<b>Total Equity</b>	<b>6,242,223,027</b>	<b>8,193,350,427</b>
<b>Current Liabilities</b>		

Trade and other payables	2,266,641,996	4,086,137,770
<b>Total Current Liabilities</b>	<b>2,266,641,996</b>	<b>4,086,137,770</b>
<b>Total Equity and Liabilities</b>	<b>8,508,865,023</b>	<b>12,279,488,197</b>

#### AUDITED CONSOLIDATED BALANCE SHEETS (ACTUAL BASIC)

AUDITED CONSOLIDATED BALANCE SHEETS	AS OF 31 MARCH 2018 (MMK)	AS OF 31 MARCH 2019 (MMK)
<b>Assets</b>		
<b>Non-Current Assets</b>		
PPE	467,313,410	477,586,454
Intangible assets	31,037,486	30,388,064
Investments	1,683,664,025	2,386,749,158
Project under development	-	1,654,640,231
<b>Total Non-Current Assets</b>	<b>2,182,014,921</b>	<b>4,549,363,907</b>
<b>Current Assets</b>		
Project under development	-	-
Inventories	178,528,999	157,374,451
Trade and other receivables	3,234,423,508	6,272,591,387
Cash and cash equivalent	2,466,988,536	1,300,158,452
<b>Total Current Assets</b>	<b>5,879,941,043</b>	<b>7,730,124,290</b>
<b>Total Assets</b>	<b>8,061,955,964</b>	<b>12,279,488,197</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Issued and paid-up share capital	5,455,450,000	5,455,450,000
Advance capital	-	-
Foreign exchange gain / (loss) reserve	(50,332,171)	386,462,770
Retained earnings	663,464,283	2,248,098,335
Non-Controlling Interest (NCI)	-	103,339,322
<b>Total Equity</b>	<b>6,068,582,112</b>	<b>8,193,350,427</b>
<b>Current Liabilities</b>		
Trade and other payables	1,993,373,852	4,086,137,770
<b>Total Current Liabilities</b>	<b>1,993,373,852</b>	<b>4,086,137,770</b>
<b>Total Equity and Liabilities</b>	<b>8,061,955,964</b>	<b>12,279,488,197</b>

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS (PRO FORMA BASIC)

### Ever Flow River Group Public Company Limited

PRO-FORMA CONSOLIDATED PROFIT AND LOSS	FY 17-18 (MMK)	FY 18-19 (MMK)
Revenue	8,348,990,188	10,147,620,488
Cost of goods sold	(5,344,376,207)	(7,520,984,758)
Gross profit	3,004,613,981	2,626,635,730
Administration expenses	(2,768,998,737)	(2,417,610,227)
Selling and distribution expenses	-	-
Profit before interest and tax	235,615,244	209,025,503
Other income	62,994,038	1,781,117,215
Finance cost	-	(81,927)
Profit before tax	298,609,282	1,990,060,791
Income tax expenses	(173,969,414)	(181,089,864)
Profit after tax	124,639,868	1,808,970,927
Share of associates profit	(128,629,476)	(237,267,418)
Profit for the year	(3,989,608)	1,571,703,509
Other comprehensive income for the year	-	436,794,941
<b>Total comprehensive income for the year</b>	<b>(3,989,608)</b>	<b>2,008,498,450</b>
<b>Profit attributable to:</b>		
Owners of the Parent	1,251,748	1,584,634,053
Non-Controlling Interest (NCI)	(5,241,356)	(12,930,544)
Total profit for the year	(3,989,608)	1,571,703,509
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent	1,251,748	2,021,428,994
Non-Controlling Interest (NCI)	(5,241,356)	(12,930,544)
<b>Total comprehensive income for the year</b>	<b>(3,989,608)</b>	<b>2,008,498,450</b>

## AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS (ACTUAL BASIC)

### Ever Flow River Group Public Company Limited

CONSOLIDATED PROFIT AND LOSS	FY 17-18 (MMK)	FY 18-19 (MMK)
Revenue	4,870,244,276	10,147,620,488
Cost of goods sold	(3,117,552,788)	(7,520,984,758)
Gross profit	1,752,691,488	2,626,635,730
Administration expenses	(833,924,036)	(2,417,610,227)
Selling and distribution expenses	-	-
Profit before interest and tax	918,767,452	209,025,503
Other income	38,847,223	1,781,117,215
Finance cost	-	(81,927)
Profit before tax	957,614,675	1,990,060,791

Income tax expenses	(101,230,613)	(181,089,864)
Profit after tax	856,384,062	1,808,970,927
Share of associates profit	(137,270,709)	(237,267,418)
Profit for the year	719,113,353	1,571,703,509
Other comprehensive income for the year	(50,332,171)	436,794,941
<b>Total comprehensive income for the year</b>	<b>668,781,183</b>	<b>2,008,498,450</b>
<b>Profit attributable to:</b>		
Owners of the Parent	719,113,353	1,584,634,053
Non-Controlling Interest (NCI)	-	(12,930,544)
Total profit for the year	719,113,353	1,571,703,509
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent	668,781,183	2,021,428,994
Non-Controlling Interest (NCI)	-	(12,930,544)
<b>Total comprehensive income for the year</b>	<b>668,781,183</b>	<b>2,008,498,450</b>

For details on our financial information, our audited consolidated financial statements for financial years from 1 April 2018 to 31 March 2019 and from 1 April 2019 to 30 September 2019 have been disclosed under **Part XIV. Financial Information**.

## PART V. INFORMATION ON THE LISTING

### 1. Estimated expenses of the Listing

Disclose the estimated expenses of the Listing by each category of fee (i.e., registration fees, listing fees, printing, and advertising fees, professional advisory fees, etc.)

Estimated costs of the Listing are approximately MMK 340,000,000 as stated below:

ITEMS	ESTIMATED EXPENSES (MMK)
Professional Fees	300,000,000
- Financial Advisory and Management Fee	
- Legal Advisory Fee	
- Auditor Fee	
Listing & Registration Expenses	20,000,000
Miscellaneous Expenses	20,000,000
<b>Total Estimated Costs</b>	<b>340,000,000</b>

### 2. Capitalization

The following capitalization table sets forth on a consolidated statement of financial position, including both long- and short-term indebtedness, share capital, and retained earnings as of 31 March 2019

ITEMS	AS OF 31 <sup>ST</sup> MARCH 2019 (MMK)
<b>Current Indebtedness:</b>	
Trade and other payables	4,086,137,770
<b>Total Current Indebtedness</b>	<b>4,086,137,770</b>
<b>Non-current Indebtedness:</b>	
Borrowings	Nil
<b>Total Non-current Indebtedness</b>	<b>Nil</b>
<b>Total Indebtedness (1)</b>	<b>4,086,137,770</b>
<b>Shareholders' Equity:</b>	
Shares Capital	5,455,450,000
Foreign Currency Translation Reserve	386,462,770
Retained Earnings	2,248,098,335
<b>Total Shareholders' Equity (2)</b>	<b>8,090,011,105</b>
<b>Capitalization (1) + (2)</b>	<b>12,176,148,875</b>

**Note:** The group increased the equity stake of LDC Mandalay from 40% to 92.6% in July 2018.



## **PART VI. RISK FACTORS**

*An investment in or continued holding of our Shares involves significant risks and is suitable only for those persons who understand the risks highlighted in this Disclosure Document for Listing. You should consider carefully each of the following risks described in this section and all of the other information set out in this Disclosure Document for Listing before deciding to invest in our Shares. These are not the only risks we face. Some risks are not yet known to us and there may be others which we currently believe are not material but may subsequently turn out to be so. If any of these risks develop into actual events, our financial position, results, cash flow, business operations and prospects, and any investment in our Shares could be, directly or indirectly, materially and adversely affected.*

*This Disclosure Document for Listing also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described in this section and elsewhere in this Disclosure Document for Listing. You should also consider the warning regarding forward-looking statements in **PART III** of this Disclosure Document for Listing.*

*Before deciding to invest in or continue holding our Shares, you should seek professional advice from your advisers about your particular circumstances.*

### **1. Risks related to our business and operations**

#### **1.1. Our financial performance may be severely affected if we lose our top customers**

We are reliant on top customers in generating substantial revenue for the group. While we have served our customers well over the years by offering tailored logistics services in terms of time, cost, and efficiency, there can be no guarantee that the customers will continue working with us in the future, as we do not have any long-term contracts, commitments, and guarantees from them. In addition, even though we have had many years of successful business relationships with existing customers, they may work with our competitors for the logistics services. We continuously strive to retain our customers and build long-term customer relationship through our competitive pricing and tailored logistics solutions. However, in the event that we could not retain our customers despite our efforts, which is common in such competitive environment, we may lose out major revenue streams from the customers. In such event, we may not achieve our business plans that we set out to implement and it may have adverse effect on the operation results.

#### **1.2. We are dependent on third-party shipping lines and airlines**

As a total logistics service provider, we rely heavily on major shipping lines and airlines for both sea and air trade. We spend substantial amount of time building strong and lasting relationship with major shipping lines to drive shipping agency and freight forwarding businesses. While we have contractual agreement with major shipping lines that we work closely with for the services, the contracts are by no means long term in nature. Some of the agreements are merely one-year contracts renewable upon mutual consensus which we had renewed every year. However, there is no guarantee that we could renew the contracts with major shipping lines in the future. It is the same arrangement with airlines for cargo services that the contracts are on short-term basis. In the event that shipping lines or airlines discontinue the contracts with us, we may lose the capacity to serve our customers despite our diversification of the risks by working with different shipping lines and airlines. Although the logistics industry would likely show strong growth in the future, without sufficient capacity to provide logistics solutions to our clients, we may encounter a substantial drop in our revenue. Subsequently, it may have adverse effects on our operation results.

### **1.3. We are highly dependent on the management personnel**

Every member in the management team has more than 12years' experience in the logistics industry, with the majority having more than 20years' experience in addition to being with EFR for over 10 years. We rely heavily on the management personnel in the group to maintain relationships with existing customers, to acquire new customers, and to secure new projects for future growth. As these relationships are one of the key elements to stay competitive in the industry, we rely on the network, customer relationship, and experience of the management team to drive performance and to implement key projects. All the key management personnel have been working with us for over 10 years, and they themselves are shareholders and directors. However, there can be no guarantee that all the members in the management will continue working for the group, be it for personal reason, health issue, or other commitments. In such times, our performance may be severely affected, as we are dependent on their personal relationships and networks for driving our operational results. Although we have a succession plan in place in anticipation of such event, there can be no assurance that the successors would be an ideal match in terms of experience, network, and personal relationship. Failure to replace important positions with experienced and capable successors may unfavorably affect the operations; thus, it may have an adverse impact on the operation results of the group.

### **1.4. We are dependent on skilled employees to provide quality services**

We rely on our employees to offer reliable and cost-effective services to our customers. As most customers require tailored solutions depending on the requirements of the business, we are highly dependent on trained employees to come up with efficient and practicable solutions in order to provide seamless service to our clients. Since the skill sets required for the job take time to train, there is a shortage of skilled labor in the industry. While we devise multiple programs for talent retention, incentive structures, and competitive packages, talent retention may still be a challenge. With more foreign competitors establishing the presence in Myanmar market, they leverage on their financial strength to offer signing on packages that may be way above the market standard. Furthermore, they may even weaken our competitive position in the market by headhunting our experienced employees. Therefore, talent management may be of challenge to us. Without experienced employees serving clients, there can be no guarantee that we could consistently provide similar quality service to all our clients. In such conditions, both the financial condition and operation results may be adversely affected.

### **1.5. We face intense competition from existing and new competitors**

As the core business involves shipping agency, freight forwarding, and garment inspection, we may face intense competition not only from competitors offering similar services but also from major shipping lines or merchandisers who may possibly move down the supply chain by venturing into the logistics industry. While we offer the best quality service possible to our customers for long-term relationships, there is no assurance that the competitors may not come up with better quality and more competitive prices. In addition, as logistics business offers a decent margin with reasonable return-on-investment, it attracts new players into the market competing aggressively in terms of price and service. Such competitive environment may have a negative impact on our financial performance.

### **1.6. Our brand plays a crucial role in the performance of the company. When tarnished, our performance could be severely affected**

Over the past 20 years, the group has established strong track records in terms of trust, quality, and service and has managed not only to keep the existing customers highly satisfied but also to acquire new customers through word-of-mouth and references; thus, creating a tremendous

goodwill in the industry. While we offer customized logistics solutions to customers in consideration of time and cost efficiency, there may be times when delays arise due to third parties that are not within our control. In such an event, clients may not be satisfied with our service, as it could affect their business materially.

#### **1.7. Timely execution of projects is critical to future performance**

The purpose of implementing the projects is not to merely solve the constraints of terminal handling capacity for the existing services; it is also to create additional revenue streams for the group in order to expand its services which are aligned with the group's strategic direction. In order to provide return to the shareholders, it is extremely important that the projects are completed within the stipulated timeline in order to start generating enough cash flow for either dividend distribution or funding future growth for attractive new opportunities. Failing to complete the projects in time may hurt the overall financial performance of the group.

#### **1.8. We may require further financing for the existing projects or new opportunities**

As the projects are implemented in phases, we may require further financing to fund the second phase of the projects. Furthermore, we may encounter new business opportunities that are favorable to the overall performance of the group. In such times, we may need to raise the capital via equity or debt financing. The former may dilute shareholders' ownership in the group from the issuance of new Shares while the latter may affect the group from distributing dividends freely if stipulated in the financing terms. In addition, there is no assurance that we may obtain the financing terms that are acceptable to us when we require the funding for the projects. Without favorable financing to fund either existing projects or potential attractive opportunities, our progress for growth may stall and our financial conditions may be unfavorably impacted.

#### **1.9. We may face potential conflicts of interest on transactions with related parties**

Due to the nature of business in the industry, there are separate shipping agency Joint Ventures ("JVs") set up between EFR's Principal Shareholders and shipping lines, in order to support logistics business of the group; however, those JV entities are controlled and operated by the JV partners according to existing terms in Joint Venture Agreements ("JVAs"). While the business from the JVs may enhance the performance of the group, the transactions with related parties may cause potential conflicts of interest although the transactions would be approved with strict internal control guidelines and procedures (more details are provided in **PART IX**). While the group would enforce a stringent adherence of the guidelines and approval processes in such transactions, there may be some transactions that could potentially lead to conflicts of interest between the group and JV entities. In such events, our performance may be adversely affected.

#### **1.10. We are exposed to foreign exchange rate risk**

Due to the practices in the industry, most of our revenues are received in 'US\$' instead of local Myanmar currency 'MMK'. As a local public company, our costs of funding normally are in MMK terms; therefore, creating a currency exposure for the business. Furthermore, there are no financial instruments readily available in the market to hedge the currency exposure of the business. While our finance team is actively managing the hedging with the guidelines from the management, there is no guarantee that the hedging outcomes may be favorable to the company all the time. In the event that the US\$/MMK exchange rate prevailed unfavorable to the performance of the company, which is highly likely given the nature of volatility in the market, our overall performance may be adversely affected.

### **1.11. We may be affected by changes in technology or implementation of new systems**

Our company may be affected by changes in technology or implementation of new systems by relevant authorities or parties. We may need to upgrade our existing computer system or even purchase new systems. For instance, implementation of the Myanmar Automated Cargo Clearance System (“**MACCS**”) in the customs department requires both government officers and our employees to adapt and familiarize with the procedures of the new system. While we spend time to train our employees for the new system implemented by the customs department, our overall efficiency may not be optimized during the transition period, affecting the overall service quality. In such times, our performance may not be at the optimal level, and subsequently it may affect the operation results unfavorably.

## **2. Risks relating to Myanmar**

### **2.1. We may be affected by political, security, economic, and social situations in Myanmar**

The economy of Myanmar (including its financial sector and its accounting system) is still developing. EFR – as well as other companies – may have to deal with inadequate telecommunications, transportation, and other infrastructure as well as a shortage of utilities and other essential services, which will affect the ease and cost of doing business in Myanmar. While there has been significant progress in Myanmar, there is no certainty that the political, economic, and social reforms of the Myanmar Government will continue or be successful, and there is no certainty that the business and investment environment in Myanmar will continue to improve or be sustainable. Ethnic and sectarian tensions may possibly hamper investor confidence, and the growth and stability of the economy. Any unfavorable changes in the political, economic, or social conditions of Myanmar, or the existence of conditions impacting safety and security may adversely affect our operations including the development and operation of the new projects we are developing. In such circumstances, our business, operations, financial performance, financial condition, and economic prospects may be materially and adversely affected.

### **2.2. The Myanmar legal system is rapidly evolving to keep up with the changing of the times, yet gaps between practice and legislation and regulation might exist**

Our operations in Myanmar will be subject to the laws and regulations promulgated by the Myanmar legislature, and notifications and guidelines from various government authorities and bodies.

There recently have been significant changes to Myanmar laws and regulations which needs to keep up with the changing of time, and our Directors believe such changes are likely to continue. However, the Myanmar Government is still in the process of promulgating laws to meet the needs of investors and to encourage foreign investment. As the Myanmar economy is undergoing development at a faster pace than its legal system, some degree of uncertainty may exist in connection with whether and how existing laws and regulations will apply to certain events or circumstances.

While Myanmar adopts a mixed legal system of common law, and customary law, governmental policies play an overriding role in the implementation of the laws. It has been a common observation that most difficulties experienced by investments have to do with the unstable application and administration of Myanmar laws and regulations which are often subject to the discretion of authorities who refer to unofficial and unpublished internal guidelines and undocumented practices. This has often resulted in unsubstantiated differences in implementation across various regional governments and government authorities and bodies. There are also limited precedents on the interpretation, implementation, and enforcement of

Myanmar laws and regulations, seen in terms of the recently enacted ones and, for old laws -- in terms of the modern commercial context.

Further, the laws and regulations of Myanmar may be supplemented or otherwise modified by unofficial or internal guidelines and practices which exist but are either not documented or are not generally available to the public. Such guidelines and practices may not have been enacted by legislative bodies or ruled upon by the courts. Such guidelines may be subject to change without any notice or without adequate notice. Such guidelines may not be uniformly applied. There are also limited precedents on the interpretation, implementation, and enforcement of Myanmar laws and regulations. This may create further uncertainty over the interpretation and application of Myanmar laws and regulations.

In any event, the resolution of commercial and investment disputes by domestic tribunals, either through the courts or arbitration proceedings, is limited at present due to the workload of the Courts and insufficient judges. The experience of the Myanmar courts with respect to commercial disputes is also significantly limited. There is limited expertise on presiding commercial disputes. However, Myanmar has responded to the need to come up with modern laws by recently enacting the new Arbitration Law 2016 replacing the 1944 Arbitration Act, and Myanmar has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 and deposited an instrument of accession with the United Nations on 16 April 2013, consenting to be bound by the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "Convention"). The Convention will come into force in Myanmar on 15 July 2013. However, Myanmar Courts will interpret and apply the Arbitration Law according to the 2016 Arbitration Law and the provisions of the Code of Civil procedure in relation to the recognition and enforcement of foreign arbitral awards.

Myanmar is also a party to the ASEAN Comprehensive Investment Agreement (2009) and bilateral investment treaties with Brunei, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam. There are, however, no known and published precedents yet as to how disputes covered by and the protections afforded under such agreements will be treated and resolved by the Myanmar courts.

### **2.3. We may be affected by sanctions imposed on Myanmar**

Sanctions may come into play in Myanmar. Some (but not all) of the sanctions previously imposed on Myanmar have been either lifted or temporarily suspended. It is uncertain, however, whether these suspensions of the relevant sanctions will persist. With regard to sanctions currently in place, there have been encouraging signs that these sanctions could be lifted in the near future; however, this remains uncertain at present, and it cannot be discounted that further sanctions may be implemented. These continuing sanctions, the non-renewal of any suspension of these sanctions or the imposition of additional sanctions may hamper the economic growth of Myanmar, and may adversely affect our operations and the development and operations of the new projects we are developing. In the circumstances, our business, operations, financial performance, financial condition, and prospects may in turn be materially and adversely affected.

### **2.4. Sources of public and private financing for Myanmar projects continue to be weak**

The existence of project financing and other financing arrangements within Myanmar is limited and may continue to be so limited. While legislation has allowed licensed domestic banks to deal with foreign currency and to extend foreign currency loans to Myanmar companies, it is uncertain whether local banks have the financial capability to lend to capital-intensive, foreign-invested entities. Myanmar authorities have issued regulations on foreign loans. However, a uniform application of these regulations is yet to be seen as most approvals have largely been on a case-

by-case basis. Such approach does not result in much confidence in the system as the risks cannot be fully evaluated if regulations are not squarely implemented.

### **3 Risks relating to the Shares**

#### **3.1. Substantial future sale of Shares could favorably or adversely affect the market price of our Shares**

Any future sale or availability of our Shares on the Yangon Stock Exchange (“**YSX**”) can have an upward rise or a downward pressure on our Share price, according to the economic situation and the business of the company. The sale of a significant number of Shares on the YSX after the Listing, or the perception that such a sale may occur, could materially and favorably or adversely affect the market price of our Shares depending on many circumstances.

#### **3.2. The Myanmar securities market is relatively new, volatility and unsophisticated and may substantially limit the liquidity of Shares.**

The Myanmar securities market is relatively new, volatile and unsophisticated without much institutional investors. Although the regulations have been paved way for foreign investors to invest in the Myanmar securities market, we cannot expect qualified investors and sophisticated institutional investors will enter the Myanmar securities market very soon. There can be no assurance that our Shares will be actively traded on the YSX, even after the Shares have been Listed on the YSX and the holders of the Shares can sell the Shares at prices or at times that they deem appropriate.

#### **3.3. Our Share price may be volatile, which could result in substantial profits or losses for Shareholders or investors purchasing our Shares after they are Listed**

The market price of our Shares may fluctuate significantly and rapidly as a result of, among other things, the factors mentioned below:

- differences between our actual financial and operating results against those expected by investors and analysts
- perceived prospects for our business and operations
- fluctuations in stock market prices and volume
- changes in our operating results
- changes in securities analysts’ estimates of our financial performance and recommendations
- changes in market valuation of similar companies
- our involvement in litigation
- additions or departures of key personnel
- changes in general economic and stock market conditions
- changes in capital structure such as issuance of new shares or addition of debt financing

#### **3.4. We may require additional funding for our growth plans, and such funding or future equity offerings may result in a dilution of your ownership percentage unless the shareholders exercise their pre-emptive rights.**

We may require further funding in the future in order to grow and expand our operations. Under such circumstances, future equity offerings may be necessary to raise the required capital to develop these growth opportunities. If new Shares are issued, offered, and placed with new and/or existing Shareholders, the Shares may be priced at a discount to the then prevailing market price of our Shares, in which case the Shareholders’ existing equity interest will be diluted

unless they exercise their pre-emptive rights and subscribe to the newly offered shares in pro-rata basis.

**3.5. Our Company or any of our Principal Shareholders, Directors, or Executive Officers may face negative publicity, which may adversely affect our Share price**

Any unfavourable news relating to our company or any of our Principal Shareholders, Directors, or Executive Officers may adversely affect the performance of our Shares in the market, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, legal disputes, and failed attempts in takeovers and JVs.

**3.6. Our dividends to our Shareholders may vary and we may not be able to pay dividends to our Shareholders**

Subject to the restrictions in the MCL, the decision to pay out dividends or other distributions will depend on the group's:

- belief that profits can be retained which could increase the share price.
- reinvestment opportunities and their reasonable return
- profitability for the financial year
- cash flow after provisioning for the working capital requirements
- loan covenants restrictions (if any)

The aforementioned conditions are not exhaustive, and there could be other conditions arising for the board to consider withholding the dividend payments. The board has the full discretion to recommend if/when to pay out and the amounts of dividends. As such, there is no assurance that the group would be able to pay out the dividends consistently in the future.

## PART VII. COMPANY INFORMATION

### 1. Outline of the Company

#### History and Background of the Company

Our Chairman U Kyaw Lwin Oo started the business as a Customs Clearance Agent in 1998. Due to his extensive knowledge of the customs clearance, shipping, domestic transportation, and logistics sectors, he has managed to build up a vast network of international freight forwarders, shipping agents, and logistics partners, developed the business into the group of companies that we are now known as. EFR has built the reputation as an effective and efficient international freight forwarder that provides total logistics solutions to not only domestic customers but also international customers.

Keeping in mind that the core business of EFR is in the logistics sector, our Chairman has diversified the business into total logistics, trading, and logistics infrastructure development. With the economic reform that is taking place in Myanmar, our Chairman aims to take the opportunity to further develop the logistics infrastructure of Myanmar on a national level and improve the transportation and logistics sectors to be on par with neighboring countries.

EFR was incorporated as a public company limited by shares on 10 April 2014 in accordance with the Myanmar Companies Act 1914 (“MCA”). EFR has completed re-registration under the MCL and obtained a certificate of incorporation issued by the Directorate of Investment and Company Administration (“DICA”).

#### Restructuring

EFR was set up as public company in 2014, and the group businesses were operated under different subsidiaries for several years. The restructuring of the subsidiaries – the business operations – to consolidate these businesses under EFR was completed effectively only on 15 August 2017.

EFR owns eight subsidiaries and three associate companies as per the table below:

NAME OF SUBSIDIARY	EFR SHAREHOLDING
Myanmar Round the World Logistics, Ltd. (“MRTW Logistics”)	100%
Multipack Engineering Services, Ltd. (“Multipack”)	100%
Unison Choice Services, Ltd. (“UCS”)	100%
EFR G-Link Express Services, Ltd. (“EFR GLEEFR GLE”)	100%
MRTW Manufacturing & Inspection Co., Ltd. (“MRTW Manufacturing”)	100%
Gold Shipping Agency Services, Ltd. (“Gold Shipping”)	100%
Ever Flow River Trading Co., Ltd. (“EFR Trading”)	100%
Ever Flow River Logistics & Distribution Center (Mandalay) Co., Ltd. (“LDC Mandalay”)	92.6%
NAME OF ASSOCIATE COMPANIES	EFR SHAREHOLDING
Hlaing Inland Terminal and Logistics Co., Ltd. (“HITLC”)	49%
UTOC Multipack Myanmar Co., Ltd. (“UTOC MES”)	40%
Kamigumi-EFR Logistics (Myanmar) Co., Ltd. (“KEFR”)	30%



## **2. Outline of Parent, Subsidiaries, and Associated Companies**

### **Our vision**

Our vision is to be the industry leader, whether locally or globally, and to be true citizens contributing to the development of our nation.

### **Our mission**

We aim to offer superior products and services to our valued customers by deploying state-of-the-art technology with young, energetic, and qualified professionals. We believe in fairness, justice, and reasonable satisfaction of all our stakeholders.

## **3. Company's subsidiary and affiliate activity:**

### **Myanmar Round the World Logistics., Ltd. 100%**

Myanmar Round the World Logistics., Ltd. ("**MRTW Logistics**") is a wholly owned subsidiary of EFR, providing domestic transportation by both containerization as well as general cargo, international freight forwarding, and total logistics services. MRTW Logistics mainly focuses on the air freight market and is working with international airlines, such as Nippon Air and Etihad Air, as their appointed general sales agent/cargo sales agents. Its major customers are garment merchandizers from Japan.

### **Multipack Engineering Services., Ltd. 100%**

Multipack Engineering Services., Ltd. ("**Multipack**"), a wholly owned subsidiary of EFR, is providing services such as logistics engineering, infrastructure, transport and installation, garment-on-hanger construction, telecom projects, general engineering services, civil engineering services, mechanical and electrical services, earthwork and road construction, project feasibility study and design development, project management and consultancy. Multipack aims to be able to provide turn-key project services.

Multipack has made a JVA with (UTOC Multipack Myanmar Co., Ltd.) with 40% interest on 05 April 2019 ("**UTOC Multipack**"); it's a JV company between Multipack and Asia UTOC Pte., Ltd. The main business activities of UTOC Multipack will be providing freight forwarding services, warehousing, machine installation and equipment work, and logistics services. Multipack's assets have been transferred to UTOC Multipack as part of the JVA and accompanying asset transfer agreement.

### **Unison Choice Services., Ltd. 100%**

Unison Choice Services., Ltd. ("**UCS**") was incorporated in 2012 and is a wholly owned subsidiary of EFR, especially providing freight forwarding services as well as total logistics solutions for international garment and textile products according to the demand for international garment and textile customers. The company earns its income by focusing on short-haul shipping in Asia. Moreover, the company became the authorized agent of Sinokor (Korean Shipping Line) since early 2016 and continues as the authorized agent of Sinokor. Although UCS provides total logistics solutions, its strength lies in logistics services related to garment exportation.

### **EFR G-Link Express Services., Ltd. 100%**

EFR G-Link Express Services., Ltd. (“**EFR GLE**”) is a wholly owned subsidiary of EFR, which was the first-ever established company of EFR and is a strategically important entity of EFR Group. EFR GLE provides 3PL/4PL services using international networks. Since it is the first subsidiary of EFR, EFR GLE retains many old and loyal customers and is highly reputable in the industry. Among the services provided, EFR GLE is strong in customs clearance and import-related services. In addition, EFR GLE is a highly reputable provider of total logistics solutions to customers.

### **MRTW Manufacturing & Inspection Co., Ltd. 100%**

MRTW Manufacturing & Inspection Co., Ltd. (“**MRTW Manufacturing**”) is a wholly owned subsidiary of EFR, specializing in garment inspection services, including inspection of sewing stitches, measurements, and accessories, and other services, such as needle detection services, outdoor inspection services, packaging, tagging and assortment services, barcode scanning services, and warehousing services, among others. As Cut-Make-Pack (“**CMP**”) activities gain momentum in Myanmar, there has been a huge demand for garment inspection services. The company was set up to opportunistically meet the growing demand in the garment industry.

### **Gold Shipping Agency Services., Ltd. 100%**

Gold Shipping Agency Services., Ltd. (“**Gold Shipping**”) was established in 2000 and is a wholly owned subsidiary of EFR. Its main business involves shipping agency services by working with internationally recognized carriers. The company has been an exclusive shipping agent of Hyundai Merchant Marine Co., Ltd. (“**HMM**”) for about 20 years. The majority of the company’s revenue comes from handling fees for HMM as commission.

### **Ever Flow River Trading Co., Ltd. 100%**

Ever Flow River Trading Co., Ltd. (“**EFR Trading**”) is EFR’s wholly owned trading subsidiary, focusing on trading services for import/export, trade financing and trade house facilities with support from international trade financiers and bankers. As customers require not only end-to-end logistics services but also trading services, EFR Trading is conducting trading as trade house and as buying agent according to the demand of the customers. In addition, EFR Trading is a highly reputable trading company not only by acting as a trade house for importation and distribution of electrical equipment and devices but also by carrying out exportation of raw rubber materials. Moreover, EFR Trading is importing rubber rollers for rice mills from Vietnam into Myanmar and distributing those rubber rollers in the Myanmar market.

### **Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd. 92.6%**

An inland intermodal terminal is directly connected by road or rail to a seaport and operating as a center for the transshipment of sea cargo to inland destinations. In Myanmar, inland intermodal terminals are necessary to take full advantage of its strategic location linking China and India, as well as connecting the Southeast Asian region.

The Government of Myanmar has designated eight cities to host an inland intermodal terminal with the focus on contribution to national development through an increase in international trade as well as domestic transportation and logistics services. To this end, the government has engaged selected companies to develop inland intermodal terminals on a Build-Operate-Transfer (“**BOT**”) basis.

A Memorandum of Understanding (“**MOU**”) was entered into between EFR, as the concessionaire, and the Mandalay Regional Government, as the land owner, concerning a land concession for an inland intermodal logistics project in Mandalay Region on a BOT basis with a term of 70 years (i.e., an initial 50 years plus two renewable periods of 10 years each) starting from the commercial operation date. The inland intermodal logistics project involves the railway transportation of merchandise and goods between Yangon and Mandalay.

The BOT contract has been agreed and signed. The contract provides for the construction of the intermodal terminal to allow the transportation of merchandise and goods via the Yangon-Mandalay railway. The total area of the inland intermodal logistics Project Land is 14.05 acres, which is rented from the Mandalay Government.

The value proposition of the project is to set up a one-stop intermodal inland terminal in Mandalay, providing cost savings through railway routes instead of trucking.

**Figure 1: Current Logistics Flow between Yangon and Mandalay**

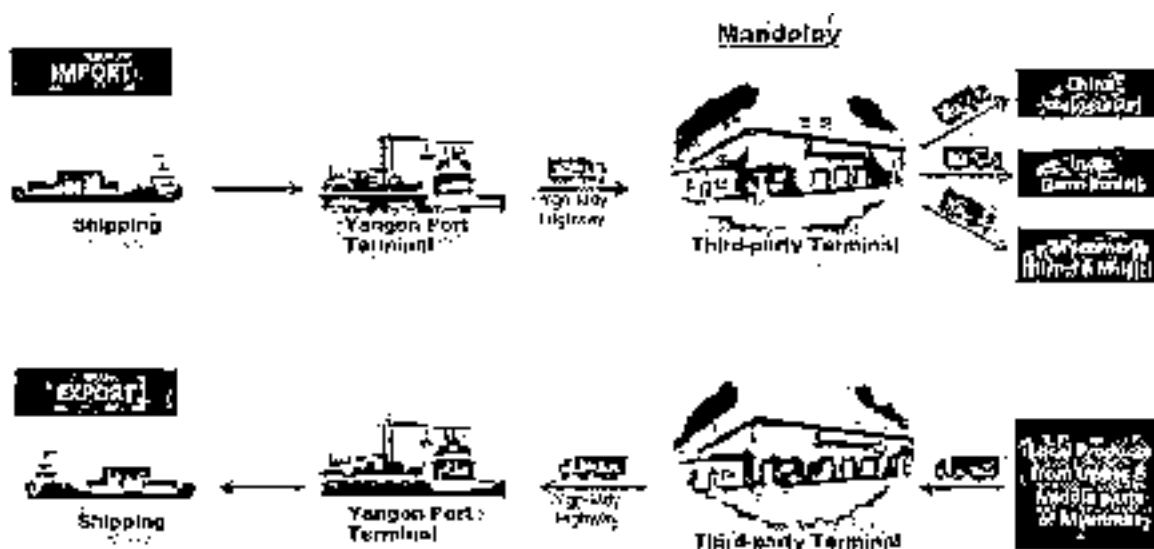


Figure 1 shows the current logistics flow between Yangon and Mandalay. After customs clearance is completed at the Yangon ports, imported containers are shipped to Mandalay. As most containers are transported via trucking, there is heavy traffic along the Yangon-Mandalay highway, often creating congestion on the road. Currently, EFR uses third-party terminals in Mandalay before further shipping to either middle and upper Myanmar or neighboring countries, such as China and India. Similarly, export containers are first transited at Mandalay and transported by way of trucks to Yangon ports for international trade.

**Figure 2: Logistics Flow with EFR LDC (Mandalay)**

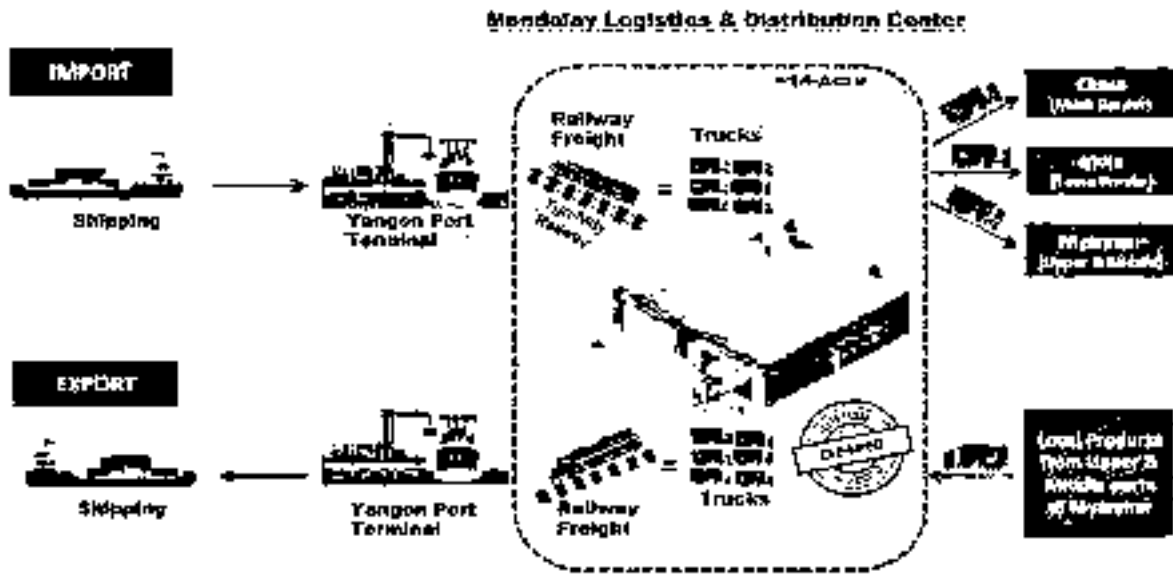


Figure 2 shows the movement of containers via railway freight instead of trucking. As the railway track is linked directly to the project site, building a logistics and distribution center has numerous advantages over other locations in Mandalay. Moreover, it is expected that the advantage of using railway freight could possibly be saving half the amount of costs for trucking. Most importantly, it solves the issue of traffic congestion on the Yangon-Mandalay highway. With more accuracy in estimating the transporting time on the railway route, it is more effective in terms of logistics planning for customers. The project will also provide container depot and warehouse services.

**Estimated Development Schedule of EFR LDC (Mandalay):**

Sr.	Description	2017				2018				2019				2020			
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
1	Land Related Documentation	Complete Status															
2	Contract Draft and Signing with mandalay state government		Complete Status														
3	Land survey (Topography, Bench Mark, Soil Test)			Complete Status													
4	Proposal Design for MIC, MCDC application and approval				Complete Status												
5	Detail Working Design for Contractor					Complete Status											
6	Selection of Contractors						Complete Status										
7	Construction Period of Phase I					Process Period	Process Period	Process Period	Process Period	Process Period	Process Period	Process Period					
8	Soft Opening of Phase I												Process Period	Process Period			
9	Aquired Licence and Permit												Process Period	Process Period			
10	Grand Opening of Phase I															Target Complete Period	
11	Phase II Construction																6 months (after one year opening of Phase I )
12	Phase II Operation																After Phase II construction

Phase 1 is completed and it is already operated in the end of 2019. Phase 1 includes warehouse 1, container yard as well as 1,000 square meter outdoor storage 1. Phase 2 is expected to start six to nine months after the grand opening. It includes warehouse 2 & 3 and outdoor storage 2 & 3.

**Hlaing Inland Terminal and Logistics Co., Ltd. 49%**

Hlaing Inland Terminal and Logistics Co., Ltd. (“**HITLC**”) is a JV company between EFR and Lann Pyi Marine Co., Ltd. (“**Lann Pyi**”), of which EFR holds a 49% interest. The project involves the construction of a port, container-storage yard, operation of logistics services and bonded warehouse services on a 40-acre area of land in Yangon near the North-west Industrial Zone. Lann Pyi holds an unlimited concession right over (the “**Project Land**”). The JVA is for a period of 70years (50 years + 10 years + 10 years).

EFR is responsible for operation of the main activities of the **HITLC** terminal project, which include providing an Inner River Port, Container Depot, Customs-bonded Warehouse, and Total Logistics Solutions. **HITLC** terminal project uses Barges for linking\_ the projects with the Thilawa Ports strategically.

The value proposition of the project is to provide a one-stop logistics service with an overall competitive cost and convenience to customers whose warehouses and factories are located in the western part of Yangon major industrial zones such as Hlaing Thayar, Shwe Lin Pan, and Htantapin. Upon completion, customers could benefit from substantial cost savings in both import and export with the logistics supply chains under EFR. The following demonstrates how the project adds value:

**Figure 1: Current Logistics Flow in Yangon**

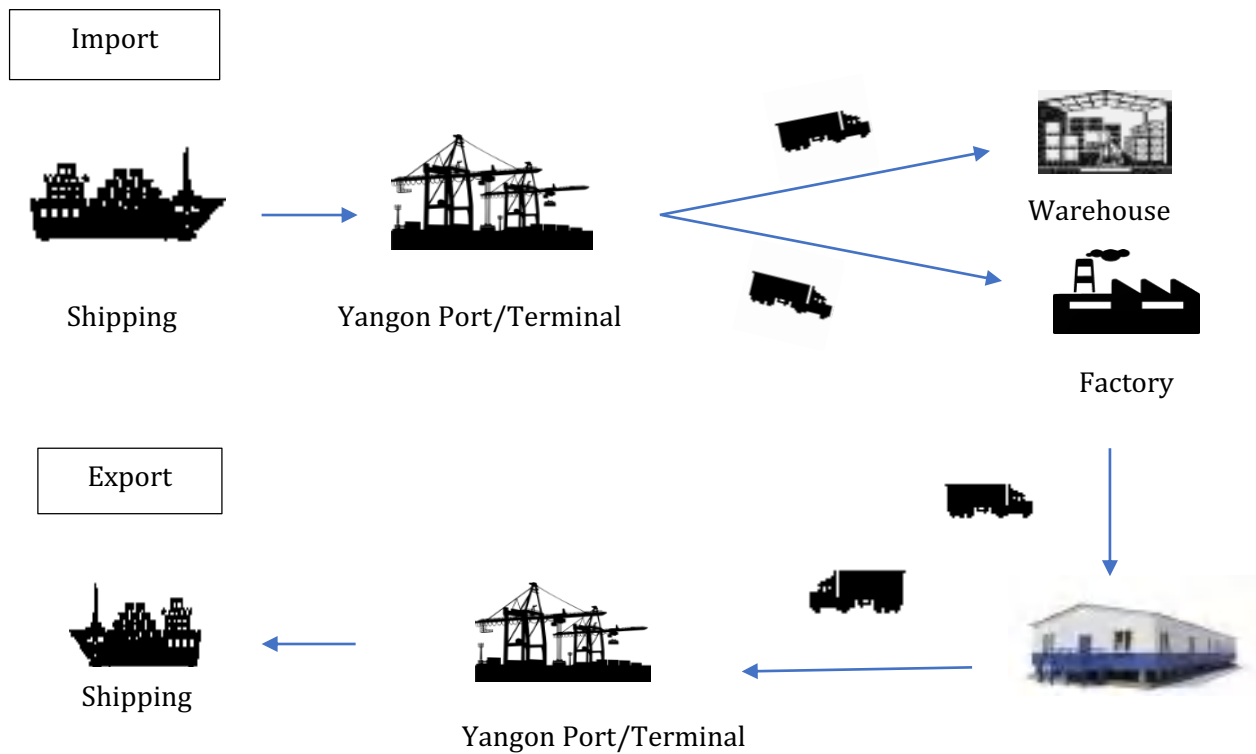


Figure 1 provides a simple demonstration on the logistics routes for both import and export in Yangon. For instance, when international ships are berthed at Yangon ports, import containers are initially unloaded for customs clearance and transported from the ports to the respective warehouse or factory via trucking, which is the most widely used mode of transport in current logistics operations. Despite its advantage in speed, trucking can only transport one container at a time. In addition to that, container trucks are regulated to only operate limited hours at night due to the heavy daytime traffic. As such, trucking is not the most cost-effective way despite providing certain advantages.

Similarly, when a customer plans for exporting goods overseas, empty containers are first transported to the warehouse or factory via trucking. After containers are packed, they are transported to Yangon ports for international shipment. It is also transported one container per truck each time and only at night

**Figure 2: Logistics Flow with HITLC**

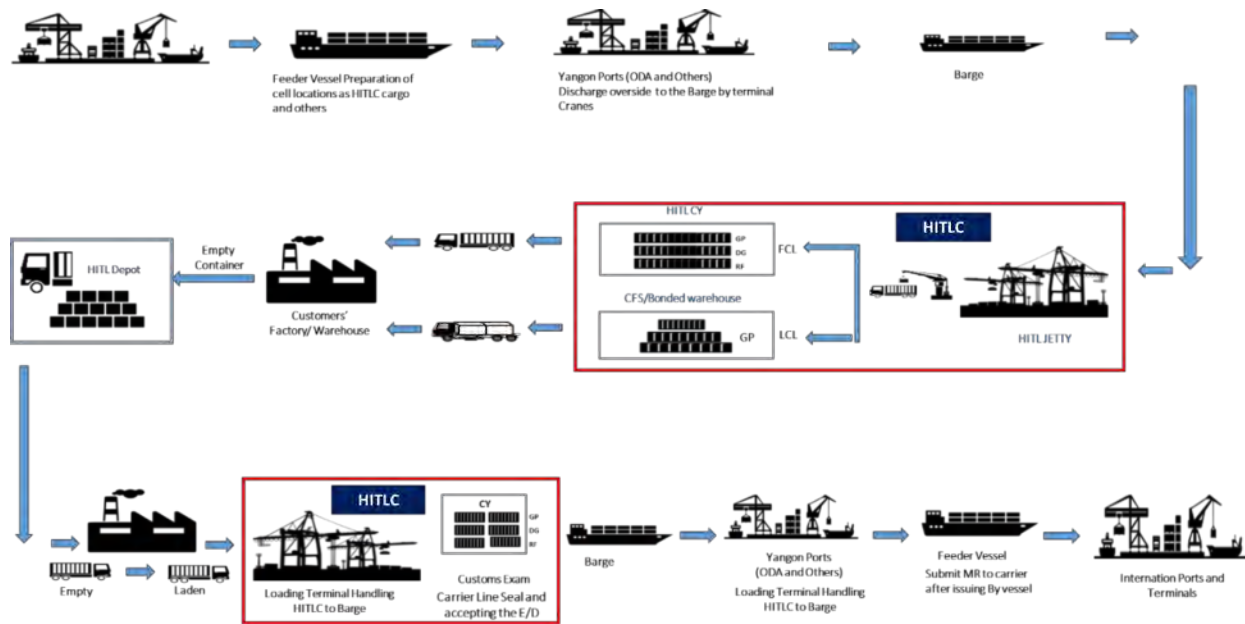


Figure 2 demonstrates the value proposition of the **HITLC** terminal project. When international ships are berthed at Yangon ports, import containers are immediately transferred to barges, transporting multiple containers directly to **HITLC** terminal via river route instead of trucking. Customs clearance can also be completed at the project terminal. With a 40-acre area of land, the project will provide warehouse services and even custom-built warehouses for major customers. Upon completion, customers will enjoy substantial cost savings. As major activities are completed within the terminal, customers will further benefit from the aspect of time and efficiency.

**Estimated Development Schedule of Hlaing Inland:**

Description	2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
Phase 1	Master Plan	completed														
	Sand Filling Process		completed													
	Compaction Process															
	Jetty & Warehouse Construction															
	Container Yard (Bounded)															
	Deployment of Equipment															
	Soft Launch															
Grand Opening																start of operation
Phase 2	Structure Design															
	Sand Filling Process															
	Jetty & Warehouse Construction 2															
Operation																Phase 2 operation at the end of 2025

For the Phase 1 development, master planning and sand filling process has been completed. It is expected to start the warehouse and jetty construction by the end of 2020 and complete the Phase 1 in the middle of 2021. Phase 2 is expected to start six to nine months after the operation of Phase 1, which includes warehouse 2, container yard, administrative area, 8-storey main office and truck terminal. It is planning to complete Phase 2 at the end of 2025.

#### **4. Strengths/Strategies**

##### **Established track record in the sector**

The company was founded in 1998, while the holding company, EFR, was newly set up to restructure all the businesses under one umbrella. Over the years, the company has garnered substantial goodwill in the industry for offering quality services to customers.

Although the group originally started with shipping agency and freight forwarding businesses, it has quickly expanded into complementary and adjacent businesses, such as trucking, garment inspection, trading and engineering, as well as design and construction for the logistics sector. Employing a customer-focused philosophy, the group managed to drive the complementary businesses into a great success, and they now contribute more than half of the group revenue, strengthening our financial and market position substantially and cementing its leading position. All this has led to rapid growth, better performance track records, and a strong reputation in providing quality services to customers.

##### **Experienced management and competent technical professionals**

The combined industrial experience of the management team of EFR is close to 20 years – each member in the management team has an average experience of approximately 20 years. U Kyaw Lwin Oo, founder and chairman of the group, has more than 24 years of experience steering the group from a small company into a top total logistics service provider with substantial market share in Myanmar. The chairman has been instrumental in devising strategies to bring the group to a leading role in Myanmar logistics sector. He was able to execute the strategies successfully with support and advice from other members in the management team who have specialized knowledge and experience in related engineering and design businesses. One of the valuable assets of the group is the experience and networks of the management team which is the engine for accelerated growth in a rather competitive environment. In order to provide seamless services to the customers, the management team in turn has to rely heavily on middle management and ground staff. Not only has the management trained its employees well but also managed to retain experienced and competent staff to provide quality services that are above the industry standards in Myanmar. With constant training and empowerment via increased job responsibilities, the group has managed to groom some of the middle managers to hold senior management positions and even directorships. Through cleverly designed and aligned incentive structures and job responsibilities, the group has formed a well-functioning management team supported by competent professionals who are some of the best among their peers in the industry.

##### **Loyal customer base**

One of the reasons of the group sustain the top spot in a domestic logistics service industry is the support and loyalty of a large customer base that the group has consistently built up through a customer-focused philosophy over the past 20 years. Steadily, the group has managed to gain the trust and loyalty of customers through offering quality and reliable services which are of the utmost importance for staying competitive among peers and maintaining a long-term relationship with customers. With the support and encouragement of customers, the group has



successfully expanded into other complementary businesses by applying the same customer-focused philosophy. Furthermore, the group has grown in confidence and has ventured into related businesses, creating better values to customers. Having a large pool of satisfied and loyal customers allows the group to grow exponentially paired with the success of entering into new businesses. It is believed that the group will continue to enjoy long-term success by creating better value for customers by striving to achieve the best quality services for them, which will also maximize shareholders' value in the long run.

### **Full-service provider**

For the group to become the de facto leading total logistics service provider competing at the international level, it is vital not only to seek technical collaboration with foreign partners but also manage the entire spectrum of the logistics supply chain. As such, venturing into the upstream business – port terminal operations – will place the group in a strategic position, making it possible to offer a seamless service to its customers. The chairman, together with the core management team, has made a long-term strategic decision by implementing key projects throughout Myanmar – including **HITLC** terminal and Ever Flow River Logistics and Distribution Center (Mandalay) projects – in the next five years.

Although the group has grown rapidly in the core businesses as shipping agents and freight forwarders– there are constraints in terms of terminal handling capacities which are handled by third-party port operators impacting on the overall growth of the group. With ambition to provide a better value proposition for the customers, the group has stepped into the upstream of supply chain by implementing inland terminal and logistics center projects so that the entire logistics supply chain is within the control of the group, which is essential for providing a smooth total logistics service experience for customers. Successful implementation of the projects will allow the group to become the leading total logistics service provider in Myanmar.

## **5. Strategic projects**

### **Hlaing Inland Terminal Project**

Although top clients of the group maintain their warehouses and manufacturing facilities in the western part of Yangon where major industrial zones, such as Hlaing Thayar, Shwe Lin Pan, and Htantapin, are located, the containers are usually inspected, cleared, and then transported from Yangon ports to the industrial zones through trucking, which are costly and highly inefficient at the moment due to unpredictable traffic in Yangon. Thus, the **HITLC** river terminal project ("**HITLC Terminal Project**"), located in close proximity to the industrial zones, and provides a better value proposition in terms of cost and time efficiency.

The **HITLC** Terminal Project, built on a 40-acre piece of land, will provide the handling capacity of approximately 35,000 to 70,000 containers per year. The terminal will not only accommodate most of the internal demand but also be able to render services to external clients. In a way, parts of the revenue for the port operations are secured with internal clients though the transactions will be on an arm's-length basis. Secondly, this project will bring about improved time efficiency, as the terminal will be designed to include facilities such as customs clearance, functionality of an ICD and customs-bonded facilities, as well as warehouse services within the same compound. As the clients are able to rent warehouse space and concurrently go through customs clearance in the same area without having to transport goods from external warehouses, there is a great deal of savings in terms of time and additional trucking costs.

Finally, the most significant value proposition of the project is the overall cost saving for clients. Normally, the containers are cleared at the terminals of Yangon Port after the container ships are berthed and transported via trucking to the warehouses or factories in industrial zones, but the

containers are transported one at a time. By using a barge as an alternative mode of transport, the containers from international markets could be shifted directly onto a barge and transported to complete the customs clearance at the project site instead of passing through Yangon Port. As a barge can carry at least 50 containers per trip, the transportation charge is reduced to half compared to that of the conventional trucking shipment, providing a substantial saving on total transportation costs. Overall, the project brings a tremendous value in three areas: capacity constraints, time efficiency, and cost saving.

### **Ever Flow River Logistics and Distribution Center (Mandalay)**

As per international logistics standards, goods are transported by only prime movers into regions less than 200 miles away for the obvious reasons of cost and energy efficiency. While the distance between Yangon and Mandalay is more than 350 miles, the majority of the containers are transported with prime movers and chassis trailers via highways. Not only is it not cost effective but also it creates highway traffic, which impedes trade within the country.

The Inland Intermodal Logistics Project facilitates the transportation of container goods by using railway network infrastructure between Yangon and Mandalay ("**Inland Intermodal Logistics Project**"). As the terminal is strategically located along the railway track at Paleik in Mandalay, it is ideal to develop one-stop service facilities for a logistics and distribution center, including rail terminal, empty depot, and customs-bonded facility, among others, within the compound. The Inland Intermodal Logistics Project is crucial for EFR, as Mandalay city is becoming an important logistics hub in facilitating trade flow due to its strategic location and infrastructure.

For instance, local products from middle and upper Myanmar flow through Mandalay to the Muse trade zone (on the border to China in the east) Tamu trade zone (on the border to India in the west), and Yangon Port in the south of Myanmar. From there, the goods are exported to international markets, and vice versa for the goods that are imported into the country. Implementing the Inland Intermodal Logistics Project in Mandalay will not only fulfill EFR's strategic vision but also bring in an additional source of income, creating long-term value for the shareholders.

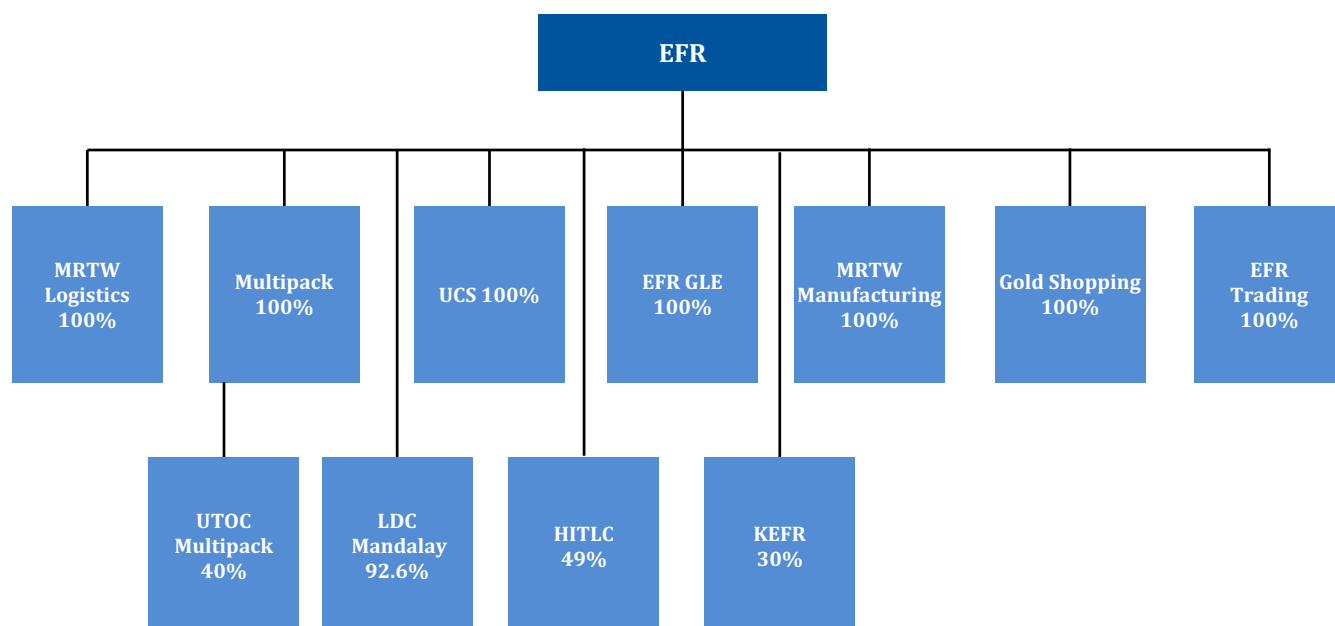
## **6. Summary of key strengths**

The key strength of our Company lies in the experience and network of professionals, a clear vision, and skills and expertise of management who can identify opportunities and strategically plan and execute those plans to turn opportunities into reality and positively impact the industry.

Another key factor contributing to our past success is the willingness of management and our employees to listen to our customers' needs, including their resourcefulness to create solutions to satisfy the ever-increasing needs of our customers.

## 7. Organizational structure of the Company and its Group

EFR owns eight subsidiaries and three associate companies as per the table below:



## 8. Employees

As at the Latest Practicable Date, apart from the CEO, CFO, and Operation Directors, our Company has a total of 632 employees, 23 of which are dedicated to the Company and 609 of which are employees of our subsidiaries and JV companies as detailed below.

EFR ALL STAFF LISTS SUMMARY						
SBU	MANAGEMENT AND PROFESSIONALS	SALES & MARKETING	ADMIN, HR & IT	FINANCE	OPERATION, PROJECT & BUSINESS DEVELOPMENT	TOTAL
EFR	6	0	2	3	12	<b>23</b>
MRTW Logistics	3	6	1	2	11	<b>23</b>
Multipack	1	2	2	2	12	<b>19</b>
UCS	0	5	3	2	8	<b>18</b>
EFR GLE	2	3	4	4	46	<b>59</b>
MRTW Manufacturing	6	1	3	4	346	<b>360</b>
Gold Shipping	3	7	3	2	8	<b>23</b>
EFR Trading	1	2	0	2	3	<b>8</b>
LDC Mandalay	1	3	2	1	1	<b>8</b>
HITLC	1	1	5	2	1	<b>10</b>
KEFR	0	9	1	4	67	<b>81</b>
<b>Total</b>	<b>24</b>	<b>39</b>	<b>26</b>	<b>28</b>	<b>515</b>	<b>632</b>

Other than the Directors, CEO, CFO, and Operation Directors, there are no other employees of the Company who may have significant influence in the Company's major and/or strategic planning and decision-making.

## 9. Description of business

### 9.1. Business overview

Myanmar's Gross Domestic Product ("GDP") was US\$ 67.4 billion in 2016.<sup>1</sup> It is estimated to grow 7% per annum to 2030, which is relatively high compared to neighboring countries. Since the economic liberalization in 2011, the trade volume has increased substantially and is expected to continue in an upward trend until 2030. However, there are significant needs in the infrastructure and logistics sectors to facilitate the efficient flow of domestic and international trade cargo.

The Ministry of Transport and Communication, with the assistance of the Japan International Cooperation Agency ("JICA"), is drawing up a National Logistics Master Plan to supplement a National Transport Master Plan. The purpose of creating such plans is to create an efficient and competitive logistics system that supports a multimodal transportation system in Myanmar. According to the National Transport Master Plan, cargo movement to and from Myanmar is estimated to increase to 312 million tonnages by 2030 compared to 169 million tonnages in 2015.<sup>2</sup> The major transport link of the cargo movement will be the north-south axis, where Yangon and Mandalay are the two strategic cities for China, India, and the rest of the international market.

Due to the lack of proper infrastructure and facilities, logistics costs are substantially high compared to Vietnam and Thailand. One of the shortcomings is the low capacity of port facilities that cater for increasing trade volumes, especially Yangon Port which often encounters congestion in trade handling. For domestic cargo movement, the road is used as the main transportation mode compared to river and railway, which are fairly underutilized due to poor facilities. The logistics costs could be significantly improved if river and railway facilities could be upgraded for domestic cargoes.

Developing the HITLC terminal project in Yangon and Ever Flow River Logistics and Distribution Center in Mandalay in line with the National Logistics Master Plan will not only facilitate the development and modernization of logistics sector in Myanmar but also create substantial value via cost savings to the customers. Since EFR is the leading logistics service provider with over 20 years of experience, the two projects will provide extensive synergies with existing businesses. Ultimately the implementation of the projects is aligned with the management vision of becoming the leading total logistics service provider with end-to-end solutions in Myanmar as well as ASEAN.

### 9.2. Outline of each business segment

#### Logistics

As part of the supply chain management functions, logistics management deals with planning, managing, and executing the process of moving goods from point A to point B. The key aspects of the logistics management are the planning and implementation of the entire process in the most effective and efficient way possible. While the transportation is a crucial function in implementing the process, it cannot be defined as logistics without planning but simply a subset of logistics management.

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<sup>1</sup> <https://tradingeconomics.com/myanmar/gdp>

<sup>2</sup> Presentation by Mr. Masayuki Karasawa on the National Logistics Master Plan at the Myanmar Infrastructure Summit 2018

Though EFR started as a freight forwarder, we understand that planning an effective and efficient process is essential to be successful in the logistics service industry. Only if we manage all the functions in the supply chain, would we achieve the quality that we benchmark ourselves in the industry and bring more value for our customers. Keeping that in mind, EFR has expanded the services vertically over the year. With the collective efforts to provide quality total logistics solutions to our customers, EFR is now able to provide services in the entire logistics supply chain. Our main services are as follows:

- Shipping
- Air freight
- International freight forwarding
- Customs clearance
- Domestic transportation
- Warehousing
- Distribution
- Survey and inspection
- Logistics engineering
- Trade financing

Other services are as follows:

- Packaging
- Containerization
- Documentation
- Insurance
- Storage
- Importing and exporting regulations
- Freight damage claims
- Vendor management
- Risk management

### **Logistics infrastructure development**

As a total logistics service provider, EFR strives to provide end-to-end services to customers – from the factory to the doorstep of end users – including ex-work transportation arrangements, customs clearance, insurance, sea/ air, stevedoring arrangement, local transportation via truck/ rail/ inland water, warehousing, and distribution. EFR is envisioned to be the leading player not only in logistics service solutions but also in logistics infrastructures, such as terminal handling, dry port, ICD, and bonded warehouses.

As the trades are growing along with the opening up of the Myanmar market, we see the opportunity in developing and operating logistics infrastructure projects. To become a de facto total supply chain logistics service provider in Myanmar, we have opted to develop projects in key cities in line with the National Infrastructure and Logistics Plan. In terms of priority, we will first implement HITLC Terminal Project (Yangon) and Inland Intermodal Logistics Project (Mandalay).

### **9.3. Sales and marketing**

Most of our transactions are through repeated customers with whom we have built long-term relationships. We market our services by targeting potential customers who are likely to seek total logistics solutions or one-stop-shop solutions. We have also built strong relationship with ship liners from whom we receive an enormous amount of business. Over the last 20 years, we

have steadily built a strategic alliance with ship liners; subsequently, our day-to-day business is intricately linked to their business as well.

Our corporate leaders constantly participate in industry-wide summits and trade association meetings; through these avenues, we communicate our core values, a clear understanding of customers' needs and frustrations as well as a customer-centric approaches aimed at solving logistics inefficiency and overcoming barriers to win new customers' trust and existing customers' loyalty.

We let our service speaks for itself by striving to provide the best total logistics solutions that set the industry standard. Over the past 20 years, we retain good reputation.

We train our employees to listen and truly understand our customers' needs and then cater the services to satisfy those specific needs. By truly understanding customers' needs, we can then come up with solutions to the entire logistics chain, from invoicing, arranging and managing shippers, to customs clearance and unloading goods, and taking care of end-to-end logistics.

We have instilled the core value in each of our employees that our customers' needs are our main priority. We thrive and excel in providing complete logistics solutions that would satisfy our customers' needs.

#### **9.4. Competition**

Our competition primarily lies in the domestic market from companies offering services similar to ours. In the logistics sector, there are a broad spectrum of services including freight forwarding, sea transportation, rail transportation, road transportation, air transportation, customs clearance, warehousing, as well as distribution and infrastructure such as ports. While our competitors offer similar services, most of them are specialized in only one or a few kinds of services and are capable of offering only a narrower spectrum of services. Our competitive advantage lies in our ability to offer total logistics services from start to end as well as upstream to downstream. Reinforcing this strength with our experienced management and competent technical professionals, we have built long-term relationships with our loyal customers and established a remarkable track record.

As we are planning to further expand our business through investment in logistics infrastructure, our competitors may also make additional investment and broaden their businesses and services. Our potential competitors may also arise from the entry of international logistics companies that offer similar services or also from major shipping lines or merchandizers who may possibly move down the supply chain by venturing into the logistics business.

#### **9.5. Material contracts**

##### **Multipack**

##### **JVA between Multipack and Asia UTOC Pte., Ltd.**

EFR, through its subsidiary Multipack, has entered into a JVA to establish and hold a 40% interest in UTOC Multipack, which is a JV company between Multipack and Asia UTOC Pte., Ltd. The main business activities of UTOC Multipack will be providing freight forwarding services, warehousing, machine installation and equipment work, and logistics services. The JVA was executed between Multipack, represented by U Aung Min Han, Director of Multipack, and Asia UTOC, represented by Mr. Jun Okuno, Managing Director of Asia UTOC, on 5 April 2018.

## **Gold Shipping**

### **Agency agreement with principal**

Gold Shipping was appointed as agent for the business in Myanmar of the principal, Hyundai Merchant Marine Co. Ltd. ("HMM"), The agreement was executed on 01 February 2000 for a term of one-year subject to automatic extension of the term of the agreement. The agreement included an addendum on various matters including the agent's compensation. The contract required Gold Shipping to provide all customary services of a container motor vessel liner agent to HMM, servicing inbound and outbound shipping to and from Myanmar and various parts of the world.

The latest re-appointment of Gold Shipping as the sole agent in Myanmar of Hyundai Merchant Marine Co., Ltd. ("HMM") through an agency agreement dated 1 January 2018. HMM is engaged in the business of providing general shipping service for full container vessels (owned, chartered, operated, and/or managed by HMM) between Myanmar and global ports. The agency has a term of one year from 1 January 2018 and, according to Article 9 of the agreement, "after the conclusion of the said period of one year, the Agreement shall continue to be in force but shall be terminated by each parties (sic) upon delivery to the other party at the principal office of written termination not less than 60 (sixty) days before date of termination."

Gold Shipping's obligations include the performance of functions in the following: sales and marketing, customer service and cargo transportation, vessel operation and husbanding, container equipment, and surveys and claims investigation for damage to cargo.

## **LDC Mandalay**

### **BOT agreement between Mandalay Regional Government and LDC Mandalay**

The BOT contract was executed on 25 February 2016 between the Mandalay Regional Government, as the owner, and LDC Mandalay. The BOT contract is in relation to the construction of an inland terminal project on the project land on a BOT basis and operation of the transportation of merchandise and goods via the Yangon-Mandalay railway. The total area of the project land is 14.05 acres. The concession period is up to 70 years (i.e., an initial 50 years plus two possible extension periods of 10 years each).

## **HITLC**

### **MOU between Lann Pyi and EFR**

Lann Pyi and EFR have signed an MOU for the building of a container port and total logistics center, and to carry out related logistics and inland port services. The total intended investment is US\$47 million, which EFR will contribute 49% in cash and Lann Pyi will contribute 51% in kind by way of the 50-year lease of the land to be used. EFR is required to procure machinery and equipment required for the business. The MOU is valid for 12 months from signing on 8 July 2016.

### **JVA between Lann Pyi and EFR**

A JVA was executed between EFR, represented by U Kyaw Lwin Oo, Chairman of EFR, and Lann Pyi, represented by General Khin Maung Than, Chairman of Lann Pyi, on 19 January 2017 in relation to co-operation in the construction of a port, construction of a container-storage yard, and operation of logistics services on 40 acres of land located between Aung Zaya Bridge and Shwe Pyi Thar Bridge, which is part of 150 acres of land addressed at Plot No. 1, Survey No. 15, Yaw Ah Twin Wun U Phoe Hlaing Road, Shwe Lin Pan Industrial Zone, Hlaing Thar Yar Township,



Yangon Region. The term of the JVA is 50 years and it shall be effective from the date of obtaining all required licenses and permits from the relevant government authorities.

### **Share Subscription Agreement between Chang Yang Development Company Limited and EFR**

A share subscription agreement (“**SSA**”) was executed between Chang Yang Development Company Limited (“**Chang Yang**”) and EFR dated 21 June 2019. The SSA contains the agreement between the parties for Chang Yang to subscribe to 1,720,000 ordinary shares of EFR for a subscription price of MMK4,300,000,000 (MMK2,500 per subscribed share). Chang Yang will subscribe the subscription shares and pay the subscription price on the Closing Date, which is 10 days after the satisfaction by EFR of the conditions precedent (“**CPs**”) set out in the SSA, including provision of evidence that EFR’s total share capital is paid up to the satisfaction of Chang Yang. The CPs must be fulfilled before the Long-Stop Date which is one year from the date of the SSA. Upon closing, as defined in the SSA, the parties will not be able to rescind the SSA. Chang Yang is subject to a Lock-Up Period, which is a period post-listing in the YSX during which Chang Yang is restricted from selling or transferring its subscription shares or any other rights thereto for a certain duration to be defined by EFR or the YSX.

### **Port management agreement between Lann Pyi and HITLC**

A MOA has been signed between Lann Pyi and HITLC. Lann Pyi appointed HITLC exclusively for 50 years from August 2017 as its sales and marketing manager.

### **KEFR**

#### **JVA between EFR and Kamigumi Co., Ltd.**

EFR is party to a JVA between EFR and Kamigumi Co., Ltd., (referred to as “**KEFR**”). The agreement was executed on 1 November 2014, and is for a term of five calendar years, renewable annually until either party gives six months’ notice of its intent to terminate. KEFR was formed with US\$1,548,927.51 of assets and cash capital of US\$200,000. The business of KEFR is limited to providing in Myanmar any kind of logistics services, including international freight forwarding and customs clearance services.

#### **9.6. Property, plant, and equipment**

As at the Latest Practicable Date, our Company leases the following property:

<b>NAME OF COMPANY (LESSEE)</b>	<b>ADDRESS</b>	<b>LEASE PERIOD</b>	<b>SIZE</b>
MRTW Logistics	No.1101, 11 <sup>th</sup> Floor, Maharbandoola Complex B, Corner of Maharbandoola Road and Tarwatainthar Street, Pazundaung Township, Yangon	1 year, from 1 Sep 2014, extendable on a yearly basis (lease from MPA)	1,600 sq. ft
UCS	803, 8th floor, AMPS - Tower B, 50th St Condominium, Bodataung Township, Yangon	1 year, from 1 Nov 2016 to 31 Oct 2017, extendable on a yearly basis	1,500 sq. ft

NAME OF COMPANY (LESSEE)	ADDRESS	LEASE PERIOD	SIZE
EFR GLE	62, Rm 1001 and Rm 1002, Mahabandoola Complex, Housing (B), Pazundaung Township, Yangon	1 year, from 1 Jun 2017 to 31 May 2018, extendable on a yearly basis	3,200 sq. ft
Gold Shipping	707, 7 <sup>th</sup> floor, AMPS - Tower B, 50th St Condominium, Bodataung Township, Yangon	1 year, from 1 Apr 2017 to 31 Mar 2018, extendable on a yearly basis	1,800 sq. ft

Our Company does not hold any other material, tangible fixed assets.

### 9.7. Research and development

The nature of our business does not require us to undertake any intensive research and development activity other than feasibility studies on design, construction, and development of the projects our Company is going to invest or develop. As at the Latest Practicable Date, our Company has initiated the following feasibility studies:

No	NAME	DATE	PURPOSE
1	LDC Mandalay	2015-2017	Market feasibility study to analyze and forecast market size, market potential, and competition among other things.
2	LDC Mandalay	2014 - 2017	Technical feasibility study to analyze technical and operational feasibility and develop conceptual and master plan.
3	LDC Mandalay	2014-2016	Financial and economic feasibility study to analyze the profitability and develop financial model among other things.
4	HITLC	2015-2017	Market feasibility study to analyze and forecast market size, market potential, and competition among other things.
5	HITLC	2014 - 2018	Technical feasibility study to analyze technical and operational feasibility and develop conceptual and master plan.
6	HITLC	2014-2016	Financial and economic feasibility study to analyze the profitability and develop financial model among other things.

### 10. Management's discussion and analysis

Due to the Restructuring completed effectively only on 15 August 2017, our financial condition and results of operations for the years ended 31 March 2018 and 2019 are not directly comparable because the former will reflect only seven and half months of operation starting from 15 August 2017 while the latter will reflect the full twelve months of operation. In order to provide a meaningful comparison, we have included in this Disclosure Document for Listing unaudited pro-forma consolidated financial statements for the year ended 31 March 2018 showing how our financial condition and results of operations would have looked if the Restructuring had been completed as of 01 April 2017. Unaudited pro-forma consolidated financial statements for FY 2017-18 and audited consolidated financial statements for FY 2018-19 are prepared based on the audited financial statements of our subsidiaries and associates with certain pro-forma adjustments for FY 2017-18. The unaudited pro-forma consolidated financial information has been prepared for illustrative purposes only and is not necessarily indicative of the consolidated financial position or the results of operations in future periods or the results that would actually have been realized during the specified periods.

The following management's discussion and analysis of our operation and financial performance are based on unaudited pro-forma consolidated financial statements for FY 2017-18 and audited consolidated financial statements for FY 2018-19.

### 10.1 Operating results for FY 2017-18 compared with FY 2018-19

#### UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS (PRO FORMA BASIC)

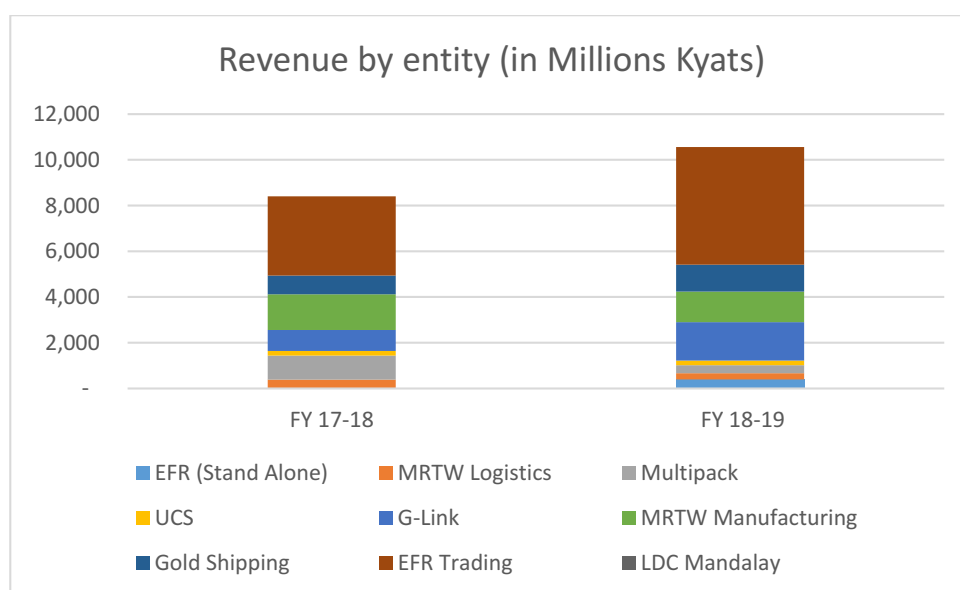
##### Ever Flow River Group Public Company Limited

PRO-FORMA CONSOLIDATED PROFIT AND LOSS	FY 17-18 (MMK)	FY 18-19 (MMK)
Revenue	8,348,990,188	10,147,620,488
Cost of goods sold	(5,344,376,207)	(7,520,984,758)
Gross profit	3,004,613,981	2,626,635,730
Administration expenses	(2,768,998,737)	(2,417,610,227)
Selling and distribution expenses	Nil	Nil
Profit before interest and tax	235,615,244	209,025,503
Other income	62,994,038	1,781,117,215
Finance cost	Nil	(81,927)
Profit before tax	298,609,282	1,990,060,791
Income tax expenses	(173,969,414)	(181,089,864)
Profit after tax	124,639,868	1,808,970,927
Share of associates profit	(128,629,476)	(237,267,418)
Profit for the year	(3,989,608)	1,571,703,509
Other comprehensive income for the year	-	436,794,941
<b>Total comprehensive income for the year</b>	<b>(3,989,608)</b>	<b>2,008,498,450</b>
<b>Profit attributable to:</b>		
Owners of the Parent	1,251,748	1,584,634,053
Non-Controlling Interest (NCI)	(5,241,356)	(12,930,544)
Total profit for the year	(3,989,608)	1,571,703,509
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent	1,251,748	2,021,428,994
Non-Controlling Interest (NCI)	(5,241,356)	(12,930,541)
<b>Total comprehensive income for the year</b>	<b>(3,989,608)</b>	<b>2,008,498,450</b>

#### ANALYSIS OF REVENUE

SUBSIDIARY	FY 17-18 (MMK)	% OF TOTAL	FY18-19 (MMK)	% OF TOTAL	GROWTH
EFR (stand-alone)	Nil	0.0%	396,065,000	3.8%	N/A
MRTW Logistics	382,990,235	4.6%	269,028,238	2.5%	- 29.8%
Multipack	1,054,639,281	12.6%	348,294,641	3.3%	- 67.0%
UCS	200,931,415	2.4%	204,484,898	1.9%	1.8%
EFR GLE	917,703,674	10.9%	1,684,961,834	16.0%	83.6%

MRTW Manufacturing	1,563,977,988	18.6%	1,330,743,548	12.6%	-
Gold Shipping	818,971,848	9.7%	1,176,217,826	11.1%	43.6%
EFR Trading	3,463,636,423	41.2%	5,151,580,276	48.8%	48.7%
LDC Mandalay	Nil	0.0%	Nil	0.0%	
<b>Total revenue</b>	<b>8,402,850,864</b>	<b>100.0%</b>	<b>10,561,376,261</b>	<b>100.0%</b>	<b>25.7%</b>
Intercompany transaction	(53,860,676)		(413,755,773)		
<b>Total revenue</b>	<b>8,348,990,188</b>		<b>10,147,620,488</b>		<b>21.5%</b>



Our consolidated revenue increased by 25.7% to MMK10,561,376,261 for FY 2018-2019 from MMK8,402,850,864 for FY 2017-2018. The growth in revenue is primarily driven by EFR Trading, EFR GLE and Gold Shipping which contributed 78.2%, 35.5% and 16.6% respectively. The revenue of EFR Trading grew 48.7% from MMK3,463,636,423 in FY 2017-18 to MMK 5,151,580,276 in FY 2018-19 due to increased trading volume and activity since we received not only advance income from Rubber exports but also achieved higher sale volume for facilitating electronic goods. Revenue of EFR GLE grew 83.6% from MMK917,703,674 FY 2017-18 to MMK1,684,961,834, as we managed to provide comprehensive total logistics services to big customers. The revenue of Gold Shipping also increased 43.6% from MMK818,971,848 in FY 2017-18 to MMK1,176,217,826 in FY 2018-19 due to the fact that our principal shipping company promoted additional services that are favorable for Asian trade.

#### ANALYSIS OF GROSS PROFIT

SUBSIDIARY	FY 17-18 (MMK)	% OF TOTAL	FY 18-19 (MMK)	% OF TOTAL	GROWTH
EFR (stand-alone)	Nil	Nil	396,065,000	13.5%	N/A
MRTW Logistics	242,705,777	8.0%	196,609,524	6.7%	-19.0%
Multipack	360,750,162	11.9%	76,403,759	2.6%	-78.8%
UCS	196,244,400	6.5%	202,520,704	6.9%	3.2%
EFR GLE	750,270,997	24.8%	870,295,662	29.7%	16.0%

MRTW Manufacturing	628,765,736	20.8%	349,980,003	11.9%	-44.3%
Gold Shipping	515,564,556	17.1%	520,192,375	17.7%	0.9%
EFR Trading	325,243,354	10.8%	321,660,837	11.0%	-1.1%
LDC Mandalay	Nil	0.0%	Nil	0.0%	
<b>Total Gross Profit</b>	<b>3,019,544,982</b>	<b>100.0%</b>	<b>2,933,727,864</b>	<b>100.0%</b>	<b>-2.8%</b>
Intercompany transaction	(14,931,000)		(307,092,133)		
<b>Total Gross Profit</b>	<b>3,004,613,982</b>		<b>2,626,635,731</b>		<b>12.6%</b>

<b>GROSS PROFIT MARGIN</b>	<b>FY 17-18</b>	<b>FY 18-19</b>	<b>GROWTH</b>
MRTW Logistics	63.4%	73.1%	15.3%
Multipack	34.2%	21.9%	-35.9%
UCS	97.7%	99.0%	1.4%
EFR GLE	81.8%	51.7%	-36.8%
MRTW Manufacturing	40.2%	26.3%	-34.6%
Gold Shipping	63.0%	44.2%	-29.7%
EFR Trading	9.4%	6.2%	-33.5%
LDC Mandalay			
<b>Total Gross Profit</b>	<b>35.9%</b>	<b>27.8%</b>	<b>-22.7%</b>

Our consolidated gross profit (“GP”) before offsetting intercompany transaction decreased by 2.8% to MMK2,933,727,864 for FY 2018-2019 from MMK3,019,544,981 for FY 2017-2018. Although our revenue increased by 25.7%, our gross profit decreased by 2.8% due to the decrease in gross profit margin of EFR GLE, MRTW Manufacturing, Gold Shipping and EFR Trading. The GP of EFR GLE increased by 16.0% while the GP margin decreased from 81.8% to 51.7% due to intense competition in the market. Both the GP and GP margin of MRTW manufacturing dropped 44.3% and 34.6% respectively mainly due to the increased labor charges and overtime payments. Although the revenue of Gold Shipping increased 43.6%, there was no significant change in the GP with the drop in GP margin from 63% to 44.2% as there was a change of revenue recognition method. Please refer to the notes of the financial statements for further information. Although revenue of EFR Trading increased 48.7%, there was no significant change in the GP because of the drop in GP margin from 9.4% to 6.2%. It was due to the increase of purchasing cost.

#### **ANALYSIS OF COMPREHENSIVE INCOME**

	<b>FY 17-18 (MMK)</b>	<b>FY 18-19 (MMK)</b>	<b>GROWTH</b>
EFR (Standalone)	(76,937,237)	(1,003,963)	-98.7%
MRTW Logistics	2,870,922	6,010,514	109.4%
Multipack	48,537,290	(5,925,876)	-112.2%
UCS	27,614,658	8,242,425	-70.2%
EFR GLE	113,184,810	230,864,961	104.0%
MRTW Manufacturing	(92,013,627)	(271,657,310)	195.2%
Gold Shipping	112,952,155	171,567,648	51.9%
EFR Trading	59,260,034	102,505,426	73.0%
LDC Mandalay	(70,829,136)	(173,564,330)	145.0%

	FY 17-18 (MMK)	FY 18-19 (MMK)	GROWTH
Share of Profit from Associates	(128,629,476)	(237,267,418)	84.5%
<b>Total net income for the year</b>	<b>(3,989,608)</b>	<b>(170,227,923)</b>	<b>4166.8%</b>
Intercompany transaction	Nil	77,753,761	
<b>Total net income for the year</b>	<b>(3,989,608)</b>	<b>(92,474,163)</b>	<b>2217.9%</b>
Other comprehensive income	Nil	436,794,941	
Gain (Loss) on disposal of subsidiary	Nil	1,664,177,672	
<b>Total comprehensive income for the year</b>	<b>(3,989,608)</b>	<b>2,008,498,450</b>	

NET PROFIT MARGIN	FY 17-18	FY 18-19	GROWTH
MRTW Logistics	0.7%	2.2%	198.0%
Multipack	4.6%	-1.7%	-137.0%
UCS	13.7%	4.0%	-70.7%
EFR GLE	12.3%	13.7%	11.1%
MRTW Manufacturing	-5.9%	-20.4%	247.0%
Gold Shipping	13.8%	14.6%	5.8%
EFR Trading	1.7%	2.0%	16.3%

Our consolidated comprehensive income increased to profit of MMK2,008,498,450 for FY 2018-19 from a loss of MMK3,989,608 for FY 2017-2018. It was mainly due to gain on disposal of our subsidiary and non-cash currency translation gain. On 5 April 2018, EFR, through its subsidiary Multipack, entered into a JVA by holding a 40% interest in UTOC Multipack, which is a JV company between Multipack and Asia UTOC Pte., Ltd. Based on the JVA and Asset Transfer Agreement, EFR transferred Multipack's assets to UTOC Multipack, resulting a gain of MMK1,664,177,672. The non-cash currency translation gain came from the difference in the translation of financial assets from the functional currency to the presentation currency as the functional currency is predominately in US\$. Please refer to our accounting policies disclosed in the Notes to our financial statements. Our net profit after tax for EFR GLE, Gold Shipping and EFR trading increased 104%, 51.9% and 73%, respectively as revenue and gross profits increased while administration expenses remained constant. Loss of MRTW Manufacturing increased 195% from MMK92,013,627 to MMK 271,657,310 due to a decrease in both revenue and gross profit margin; there was a renegotiation on the terms and conditions with a few of the existing regular customers. Our loss from LDC Mandalay increased 145% from 70,829,136 in FY 2017-18 to 173,564,330 in FY 2018-19 as the administrative costs for the projects were recognized as expense items instead of capitalizing as project development cost. Losses from associate companies increased due to initial project costs from HITLC and high depreciation costs from KEFR.

SHARE OF PROFIT FROM ASSOCIATES	FY 17-18 (MMK)	FY 18-19 (MMK)	GROWTH
KEFR	(89,671,753)	(108,254,589)	20.7%
HITLC	(38,957,723)	(69,778,310)	79.1%
Multipack	Nil	(59,234,519)	
Share of Profit from Associates	(128,629,476)	(237,267,418)	84.5%

For KEFR, it is more meaningful to look at earnings before interest, tax, depreciation and amortization (EBITDA) as the accounting depreciation life of a truck is shorter than the expected

condition of the truck. While KEFR's EBITDA is positive, the profit shown above is negative mainly due to the aggressive depreciation life. Management expects that the loss of HITLC will persist until it is officially launched for business in the second half of 2021. On the other hand, management believes that Multipack will turn positive after the operation is stable under the leadership of the new JV – UTOC Multipack.

## ANALYSIS OF COST AND EXPENSES

Our consolidated administration expenses increased by 0.7% from MMK 2,783,929,737 in FY 2017-18 to MMK 2,802,456,121 in FY 2018-19. We have controlled our cost and expenses in most of the subsidiaries except LDC Mandalay, where additional expenses were incurred before the operation starts. As EFR is a holding entity without the actual operation, the expenses increased 376.7% due to the fees payable to consultants for the listing preparation.

	FY 17-18 (MMK)	FY 18-19 (MMK)	GROWTH
EFR (Standalone)	(85,387,260)	(407,074,907)	376.7%
MRTW Logistics	(239,631,366)	(214,871,526)	-10.3%
Multipack	(306,213,042)	(83,911,684)	-72.6%
UCS	(183,999,832)	(201,552,631)	9.5%
EFR GLE	(605,619,708)	(563,343,911)	-7.0%
MRTW Manufacturing	(725,950,370)	(621,555,387)	-14.4%
Gold Shipping	(367,153,898)	(294,840,379)	-19.7%
EFR Trading	(197,141,817)	(205,946,048)	4.5%
LDC Mandalay	(72,832,445)	(209,359,650)	187.5%
<b>Total Administration expenses</b>	<b>(2,783,929,738)</b>	<b>(2,802,456,121)</b>	<b>0.7%</b>
<b>Intercompany transaction</b>	14,931,000	271,092,133	
<b>Gain on changes in equity interest</b>	Nil	113,753,761	
<b>Total Administration expenses</b>	<b>(2,768,998,738)</b>	<b>(2,417,610,227)</b>	<b>-12.7%</b>

## 10.2 Financial condition

### AUDITED CONSOLIDATED BALANCE SHEETS (ACTUAL BASIC)

AUDITED CONSOLIDATED BALANCE SHEETS	AS OF 31 MARCH 2018 (MMK)	AS OF 31 MARCH 2019 (MMK)
<b>Assets</b>		
<b>Non-Current Assets</b>		
PPE	467,313,410	477,586,454
Intangible assets	31,037,486	30,388,064
Investments	1,683,664,025	2,386,749,158
Project under development	Nil	1,654,640,231
<b>Total Non-Current Assets</b>	<b>2,182,014,921</b>	<b>4,549,363,907</b>
<b>Current Assets</b>		
Project under development	Nil	Nil
Inventories	178,528,999	157,374,451

Trade and other receivables	3,234,423,508	6,272,591,387
Cash and cash equivalent	2,466,988,536	1,300,158,452
<b>Total Current Assets</b>	<b>5,879,941,043</b>	<b>7,730,124,290</b>
<b>Total Assets</b>	<b>8,061,955,964</b>	<b>12,279,488,197</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Issued and paid-up share capital	5,455,450,000	5,455,450,000
Advance capital	Nil	Nil
Foreign exchange gain / (loss) reserve	(50,332,171)	386,462,770
Retained earnings	663,464,283	2,248,098,335
Non-Controlling Interest (NCI)	Nil	103,339,322
<b>Total Equity</b>	<b>6,068,582,112</b>	<b>8,193,350,427</b>
<b>Current Liabilities</b>		
Trade and other payables	1,993,373,852	4,086,137,770
<b>Total Current Liabilities</b>	<b>1,993,373,852</b>	<b>4,086,137,770</b>
<b>Total Equity and Liabilities</b>	<b>8,061,955,964</b>	<b>12,279,488,197</b>

## NON-CURRENT ASSETS

Our non-current assets comprise mainly project under development, property and equipment and our investment in associates. Project under development accounted for LDC Mandalay project under development cost. In FY 2018-19, we increased our capital contribution to LDC Mandalay and our ownership in the project increased from 40% to 92.6%. As a result, project under development cost of LDC Mandalay is fully consolidated as a subsidiary and removed from investment in associates account. Our investment in associates are investments in HITLC, KEFR and UTOC Multipack. It consists of our Company's subscription to 49.0% of the issued and paid-up capital of HITLC, 30.0% of the issued and paid-up capital of KEFR, indirectly through Multipack to 40.0% of the issued and paid-up capital of UTOC Multipack and our Company's proportionate share in the net loss of those associates.

The investment in associates consists of our Company's subscriptions for Shares in associates which were subsequently adjusted to take into account the additional investments, our Company's proportionate share in the net loss of those associates.

FY 2017-18	HITLC (MMK)	KEFR (MMK)	EFRDLC (MMK)	TOTAL (MMK)
Effective % interest held	49%	30%	40%	
Opening Investment in associates	481,103,755	537,359,733	144,025,598	<b>1,162,489,086</b>
Additional investment		483,958,985		<b>483,958,985</b>
Dividend / withdrawal				<b>0</b>
Foreign currency translation differences		174,486,664		<b>174,486,664</b>
Proportionate Profit / (Loss) for the Year	(38,957,723)	(69,981,331)	(28,331,654)	<b>(137,270,709)</b>
<b>Ending investment in associates</b>	<b>442,146,031</b>	<b>1,125,824,051</b>	<b>115,693,943</b>	<b>1,683,664,026</b>



FY 2018-19	HLAING INLAND (MMK)	KEFR (MMK)	EFRLDC (MMK)	UTOC MULTIPACK (MMK)	TOTAL (MMK)
Effective % interest held	49%	30%	40%	40%	
Opening Investment in associates	442,146,031	1,125,824,051	115,693,943	0	<b>1,683,664,026</b>
Additional investment	610,300,000			321,600,000	<b>931,900,000</b>
EFRLDC transfer to subsidiary			(115,693,943)		<b>(115,693,943)</b>
Dividend / withdrawal					<b>0</b>
Foreign currency translation differences		83,346,551		40,799,943	<b>124,146,494</b>
Proportionate Profit / (Loss) for the Year	(70,045,063)	(107,987,836)		(59,234,519)	<b>(237,267,418)</b>
<b>Ending investment in associates</b>	<b>982,400,969</b>	<b>1,101,182,766</b>	<b>0</b>	<b>303,165,424</b>	<b>2,386,749,159</b>

Property and equipment mainly consist of office equipment, furniture, machinery, and motor vehicles. Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

#### CURRENT ASSETS

Our current assets are composed of cash and cash equivalents as well as trade and other receivables. Cash and cash equivalents consist of cash-in-hand and deposits with various local banks. Trade and other receivables consist of advance and prepaids, advance tax, deposits, and other trade receivables.

Our trade and receivables comprise mainly of trade and other receivables from our customers, such as commissions from the shipping lines and remittances to be received from Singapore for services delivered. Advance account is mainly due to advances made to trade partners for the trading business, particularly in rubber trading.

Our account receivables increased to MMK 6,272,591,387 in FY2018-19 from MMK 3,234,423,508 in FY2017-18 due to the advances paid for rubber trading and the remittances to be received from Singapore. Our management regularly analyzes the aging of receivables and the receivables are within the acceptable credit terms.

Please refer to **Note 11** for our audited consolidated financial statements for FY 2018-19 for details about our trade and receivables.

The following items are included in trade and other receivables in our audited consolidated financial statement for FY 2018-19:

ITEM	TRADE AND OTHER RECEIVABLES	AMOUNT (MMK)	DESCRIPTION
1	Trade receivables – non related parties	1,027,833,954	It is related to the incomes of logistics service fees, profit-sharing arrangement with the oversea freight forwarders and shipping line agent commission, which are typical receivables for logistic service providers.

ITEM	TRADE AND OTHER RECEIVABLES	AMOUNT (MMK)	DESCRIPTION
			Typically, it was a back-to-back arrangement; as such, there was a related entry in trade payable – non related parties.
2	Subscription receivables	216,180,000	Right share issued to existing shareholders; yet, it was not fully paid during FY2018-19. Please refer to the payment transaction in PART XV: Subsequent Events.
3	Other receivables – associated companies	899,995,470	There are services provided internally between EFR and its associated companies: HITLC, KEFR and UTOC Multipack. These receivables derived from the transactions with the associated companies.
4	Other receivables – due from directors	210,558,510	The amount was agreed as temporary drawdown for all the existing shareholders in proportionate to the shareholding ratio. However, the amount was fully paid in January 2020. Please refer to the payment transaction in PART XV: Subsequent Events.
5	Other receivables – non related parties	611,612,465	If the revenue stream comes from additional services other than its core revenue in the respective subsidiaries, it falls into other incomes; therefore, it showed as other receivables for non related parties.
6	Deposit	353,387,401	To become authorized agents for airline cargo and major shipping lines, agents are required to provide deposits.
7	Prepayment	211,893,784	It was mainly prepaid for the rent of motor vehicles and office premises
8	Advanced tax	480,258,084	Advanced tax was paid as instructed from relevant tax office
9	Advance	2,037,259,831	Advance was mainly for the export orders of Ribbed Smoked Sheets (RSS) under EFR trading subsidiary and for the logistics related services provided in advance before settling with customers in other subsidiaries. Typically, it was a back-to-back arrangement; as such, there was a related entry in advance received under trade and other payables

ITEM	TRADE AND OTHER RECEIVABLES	AMOUNT (MMK)	DESCRIPTION
10	Other	223,611,888	Other incomes that were not recognized as mainstream logistics related incomes

## CURRENT LIABILITIES

Our current liabilities consist mainly of trade and other payables which comprise tax provisions, advance received, and accruals.

Our trade payables comprise mainly of the amounts payable to our suppliers and vendors such as storage charges, outsourcing tracking services, and the principal money collected for the shipping vendors. Other payables include an amount due to our Directors for the cash they have provided to the business as short-term advances from time-to-time as needed. Advances received is accounted for the amount received from our trading partner for rubber trading.

Our account payable increased to MMK 4,086,137,770 in FY2018-19 from MMK 1,993,373,852 in FY2017-18 mainly due to the tax provision and the advance received.

Please refer to Note 13 of our audited consolidated financial statements for FY 2018-19 for details of our trade and other payables.

The following items are included in trade and other payables in our audited consolidated financial statement for FY2018-19:

ITEM	TRADE AND OTHER RECEIVABLES	AMOUNT (MMK)	DESCRIPTION
1	Trade payables to – non related parties	960,587,587	It is related to the expenses of logistics service, profit-sharing arrangement with the oversea freight forwarders and ocean freight charges collected from customers on behalf of the shipping line/principle EFR represents, depot storage charges and port terminal charges, which are typical payables for logistic service providers. Typically, it was a back-to-back arrangement; as such, there was a related entry in trade receivables – non related parties.
2	Other payables – due to directors	236,662,360	The amount was agreed as temporary investment from all the existing shareholders in proportionate to the shareholding ratio. However, the amount was fully paid in January 2020. Please refer to the payment transaction in PART XV: Subsequent Events.
3	Other payables – non related parties	262,705,248	If the expenses come from additional services other than its

ITEM	TRADE AND OTHER RECEIVABLES	AMOUNT (MMK)	DESCRIPTION
			core revenue in the respective subsidiaries, it falls into other expenses; therefore, it showed as other payables for non-related parties.
4	Tax provision	852,997,035	It was provisioned based on the taxable amount
5	Advanced received	1,587,172,414	Advance received was mainly from the export orders of Ribbed Smoked Sheets (RSS) under EFR trading subsidiary and from the logistics related services provided in advance before settling with customers in other subsidiaries. Typically, it was a back-to-back arrangement; as such, there was a related entry in advance under trade and other receivables
6	Accruals	186,013,126	Other expenses that were not recognized as mainstream logistics related expenses

## EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

Our equity consists of issued and paid-up share capital and retained profits/accumulated losses.

### *FY 2017-18*

As at 31 March 2018 our equity amounted to MMK 6,068,582,112. It consisted of issued and paid-up share capital of MMK 5,455,450,000, accumulated profit of MMK 663,464,283, foreign exchange loss reserve of MMK 50,332,171.

### *FY 2018-19*

As at 31 March 2019 our equity amounted to MMK 8,193,350,427. It consisted of issued and paid-up share capital of MMK 5,455,450,000, accumulated profit of MMK 2,248,098,335, foreign exchange loss reserve of MMK 386,462,770 and non-controlling interest in LDC Mandalay of MMK 103,339,322.

## 11. Liquidity and capital resources

For FY 2017-18, we met our liquidity and working capital needs for operation through cash provided by investing activities (net cash acquired by acquisition of subsidiaries in exchange for issuance of our Shares) and cash provided by financing activities (which are both external sources). For FY 2018-19, we met our liquidity and capital needs for investments with cash surplus from previous fiscal year. As of the Latest Practicable Date, we did not have any committed but undrawn borrowing facilities.

**PART VIII. INFORMATION ON THE COMPANY'S MANAGEMENT, SHAREHOLDERS, AND SHARES**

**1. Board of Directors**

**Board of Directors and Committee Composition**

DIRECTOR NAME	BOD POSITION	AUDIT & LEGAL COMMITTEE	RISK MANAGEMENT & COMPLIANCE COMMITTEE	NOMINATION & REMUNERATION COMMITTEE
U Kyaw Lwin Oo	Chairman	Member		Member
U Mg Mg Oo	Vice-Chairman		Member	
U Min Sein	Independent Director	Chairman	Member	
Dr. Daw Hla Theingi	Independent Director		Chairman	Member
Prof. Daw Hla Myint	Independent Director	Member		Chairman
U Aung Min Han	CEO, Executive Director			
Daw Khin Sone	CFO, Executive Director			
Daw Zin Nyein Htwe @ Ju Ju	Executive Director			
Daw Lae Lae Mu	Executive Director			
Daw Hnin Yee Mon	Executive Director			

**2. Material background information**

**Board of Directors**

NAME	DATE OF BIRTH, GENDER, NATIONALITY	POSITION	TERM OF OFFICE	SHARE OWNERSHIP
U Kyaw Lwin Oo	24/04/1966, Male, Myanmar	Chairman	Since 10/04/2014	5,889,883
U Maung Maung Oo	26/11/1964, Male, Myanmar	Vice-Chairman	Since 10/04/2014	1,282,536
U Min Sein	01/05/1946, Male, Myanmar	Independent Director	Since 01/04/2019	0
Dr. Hla Theingi	16/12/1970, Female, Myanmar	Independent Director	Since 20/06/2019	0
Prof. Daw Hla Myint	18/11/1938, Female, Myanmar	Independent Director	Since 01/04/2019	0
U Aung Min Han	16/05/1976, Male, Myanmar	CEO, Executive Director	Since 10/04/2014	1,295,305
Daw Khin Sone	12/06/1972, Female, Myanmar	CFO, Executive Director	Since 10/04/2014	1,295,305
Daw Zin Nyein Htwe	24/07/1984, Female, Myanmar	Executive Director	Since 10/04/2014	330,522
Daw Lae Lae Mu	28/12/1977, Female, Myanmar	Executive Director	Since 10/04/2014	326,098

NAME	DATE OF BIRTH, GENDER, NATIONALITY	POSITION	TERM OF OFFICE	SHARE OWNERSHIP
Daw Hnin Yee Mon	10/09/1984, Female, Myanmar	Executive Director	Since 10/04/2014	328,980

### Managing Directors, Managers, and Managing Agents

Name	Date of Birth, Gender, Nationality	Position	Term of office	Share ownership
U Aung Min Han	16/05/1976, Male, Myanmar	<b>Chief Executive Officer (CEO)</b>	Since 10/04/2014	1,295,305
Daw Khin Sone	12/06/1972, Female, Myanmar	<b>Chief Financial Officer (CFO)</b>	Since 10/04/2014	1,295,305
Daw Zin Nyein Htwe	24/07/1984, Female, Myanmar	<b>Executive Director</b> Myanmar Round the World Logistics Co., Ltd. EFR Trading Co., Ltd. Hlaing Inland Terminal and Logistics Co., Ltd.	Since 10/04/2014	330,522
Daw Lae Lae Mu	28/12/1977, Female, Myanmar	<b>Executive Director</b> Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd.	Since 10/04/2014	326,098
Daw Hnin Yee Mon	10/09/1984, Female, Myanmar	<b>Executive Director</b> Gold Shipping Agency Services, Ltd. Unison Choice Services, Ltd.	Since 10/04/2014	328,980
U Than Aung	07/06/1974, Male, Myanmar	<b>Operation Director</b> EFR G Link Express Services, Ltd. MRTW Manufacturing & Inspection Co., Ltd.	Since 10/04/2014	326,098
U Kyaw Kyaw Thein	26/09/1966, Male, Myanmar	<b>Operation Director</b> Kamigumi-EFR Logistics Myanmar Co., Ltd.	Since 10/04/2014	326,098

### Companies Owned by Board of Directors Outside of EFR

Board of Director	Company	Position	Business Nature	Shareholding
U Kyaw Lwin Oo <sup>3</sup>	K Efficient Logistics Consortium Co., Ltd.	Director	Investment holding company	50%
	Ever Flow River Agro Venture Co., Ltd.	Director	Plantation	99%
	E.F.R. Hotel Group Co., Ltd.	Director	Hotel operation	48.5%
U Aung Min Han <sup>4</sup>	A&H Development Co., Ltd.	Director	Distribution of furniture and water purifier	50%
	SIM Co., Ltd.	Director	Oil & gas offshore supply	20%
	Open Sesame Co., Ltd.	Director	Online shopping	25%
Daw Khin Sone <sup>5</sup>	Golden Host Travels & Tours Co., Ltd.	Director	Travels & Tours	50%
	Win Wealth Trading Co., Ltd.	Director	Trading of construction materials	50%
Daw Hnin Yee Mon <sup>6</sup>	A&H Development Co., Ltd.	Director	Distribution of furniture and water purifier	50%




<sup>3</sup>U Kyaw Lwin Oo, founder and chairman of EFR, owns 50% of K Efficient Logistics Consortium Co., Ltd, which is an investment holding company intending to invest logistics portfolio that is not competing directly with the businesses of EFR. K Efficient Logistics Consortium Co., Ltd has an equity interest in Thilawa Multipurpose International Terminal Co., Ltd., which is a new container terminal at the Port of Thilawa. Please refer to PART IX: Conflict of Interest session for more information. U Kyaw Lwin Oo also owns 99% of Ever Flow River Agro Venture Co., Ltd, which is a mango plantation business. Furthermore, he owns 48.5% of E.F.R Hotel Group Co., Ltd which operates 2-star EFR Seconda Casa Beach Resort in Ngwe Saung Beach.

<sup>4</sup>U Aung Min Han, CEO of EFR, owns businesses outside of logistics industry as listed above.



<sup>5</sup>Daw Khin Sone, CFO of EFR, owns businesses outside of logistics industry as listed above.

<sup>6</sup>Daw Hnin Yee Mon, Executive Director of EFR, owns businesses outside of logistics industry as listed above.

## Biographies

 <p><b>U Kyaw Lwin Oo</b> <b>Chairman</b></p>	<p>U Kyaw Lwin Oo is the Chairman of EFR Group of Companies. U Kyaw Lwin Oo started his career as Operations Manager for Myanmar Container Line, the first containerized feeder carrier in Myanmar plying the Myanmar Singapore route, from 1990 to 1995. Based upon this extensive shipping knowledge gained from Myanmar Container Line (“MCL”). U Kyaw Lwin Oo registered Ever Flow River Forwarding &amp; General Services Co., Ltd. in 1998.</p> <p>With his spirit of entrepreneurship and leadership, EFR has built up a vast network of shipping agencies representing world-class container carriers and international freight forwarders. U Kyaw Lwin Oo, with his strong belief in development of business through diversification, managed to diversify into other lines of businesses across the supply-chain logistics.</p> <p>U Kyaw Lwin Oo is also the chairman of Myanmar Hoteliers Association (“MHA”), Ngwe Saung Hotel Zone, Adviser at Myanmar Mercantile Maritime Development Association (“MMMDA”), Vice-Chairman of the Board of Directors at Myanmar International Freight Forwarders Association (“MIFFA”), and Founder Member of Myanmar Customs Broker Association (“MCBA”).</p> <p>His spirit of entrepreneurship has made him what he is today. Taking the opportunity upon economic reforms in Myanmar, he has planned to develop the logistics infrastructure of Myanmar on a national level after obtaining approval from the high authorities. This is a very promising arrangement, as it would place Myanmar on the same level as some neighboring countries with regard to the transportation and logistics sectors.</p>
 <p><b>U Maung Maung Oo</b> <b>Vice Chairman</b></p>	<p>U Maung Maung Oo, is the Vice Chairman of EFR Group of Companies. He holds a Bachelor of Science from University of Yangon, International Business Finance and Financial Management Course Certificate (2002), Diploma in Maritime Law from University of Yangon (2003), and a Certificate in Multimodal Transport from MIFFA and AFFA.</p> <p>In 1996, U Maung Maung Oo joined EFR Freight Forwarding &amp; General Services Co., Ltd. as a marketing manager. In 2001 April, U Maung Maung Oo was assigned to work with World Class Container Carrier and Shipping agency as General Manager up to October 2007. With his advanced knowledge and diversified management skills gained throughout his career, U Maung Maung Oo is currently a member of the board of directors and the Vice Chairman of EFR Group of Companies and also a member of the board of directors of the MIFFA.</p>
 <p><b>U Min Sein</b> <b>Independent Director</b></p>	<p>U Min Sein is an independent director of EFR Group of Companies. He graduated with a Bachelor of Science in 1966 and became a registered accountant (R.A.) in 1971. He successfully passed the Higher-Grade Pleader (Law) Examination in 1969 and the Registered Lawyer’s Examination in 1975. He started his practice in Law since 1972 and successfully became an advocate of the Supreme Court in 1978. He specializes in Business and Corporate Law, Civil Law, Trade/Commercial Law, International Contracts, Trademark, and Intellectual property, Personal Law (Succession Law).</p> <p>U Min Sein is also an Independent Director of AYA Bank and Director of Myanmar M1 Investment Company Limited. He is also a Member of Australia Myanmar Chamber of Commerce and Management Committee Member of U Hla Tun Hospice.</p>



	<p>He also has teaching experience, including teaching Commercial Law to Government Officers, Auditor General's Department and Training Department from 1986 to 2006 as well as to the CPA 24th batch.</p>
 <p><b>Dr. Hla Theingi</b> <b>Independent Director</b></p>	<p>Dr. Hla Theingi is the independent director of EFR Group of Companies. She graduated with a Bachelor of Business Administration and MBA from Assumption University Thailand and received her PhD from Asian Institute of Technology Thailand. She has also passed CFA Level 1.</p> <p>As an academic professor, Dr. Hla Theingi has taught many subjects in the areas of economics, finance and accounting, international business, logistics, marketing and research for postgraduate, graduate and undergraduate students. She also published a book "Export Import Practices: ASEAN Focus" in 2013. She works as a mentor, guest speaker, reviewer, and editor for various institutions, conferences and journals. Her recent research, journal and book publications are in the area of SMEs, trade financing, remittance, sustainability, international business, ethical business, technology transfer and technology acceptance.</p> <p>As a practitioner, she is currently a Chief Executive Officer of MADP Distributing Co., Ltd. and a financial advisor and executive coach for telecom, trading, agriculture, animal feed, and education companies in Myanmar and Thailand. She worked as a consultant for Myanmar Automobile Development Public Co., Ltd. in 2015 and 2016. She has more than 20 years' experience of running her own container transportation business in Myanmar. She worked as a deputy chairperson of the Department of International Business Management, Martin de Tour School of Management, Assumption University, Thailand from 1996 to 1998. She was also a member of the Research Support Committee, Assumption University, Thailand for 2012 to 2016.</p>
 <p><b>Prof. Daw Hla Myint</b> <b>Independent Director</b></p>	<p>Prof. Daw Hla Myint is an independent director of EFR Group of Companies. She graduated with a Bachelor of Commerce with Honors Degree and received a Master of Commerce. She has attended a UNDP/UNIDO workshop on Project Planning and Control from the Ministry of Industry (1), Myanmar-Korea Executive Management Program of Samsung, Tourism Marketing Course from the Directorate of Hotel &amp; Tourism and Advill Consultancy. She has also attended Master of Arts Courses in Economics specializing in Development Economies (1961-62) from the University of Kansas City, Missouri, USA, MBA courses specializing in Management Information System, University of California, Los Angeles, and UNESCO Fellowship. She has attended a study tour focusing on Business Administration at the Kasetsart University, Bangkok, Thailand.</p> <p>Prof. Daw Hla Myint is currently an Emeritus Professor of the Department of Management Studies, Yangon University of Economics, Yangon. She is also a faculty member and the principal Academic Advisor of the Myanmar Human Resources Co., Ltd. She is the adviser of the Myanmar Women Entrepreneurs Association, an NGO, and a consultant cum senior trainer of STI Education.</p> <p>She served as a faculty member for 37 years as a tutor, lecturer, associate professor and professor in the following educational institutions.</p> <ol style="list-style-type: none"> <li>1. Department of Commerce &amp; Administrative Studies, University of Yangon</li> <li>2. Department of Economics, Defense Services Academy, Pyin Oo Lwin</li> <li>3. Department of Commerce, Institute of Economics, University of Yangon</li> <li>4. Department of Economics, Institute of Education, University of Yangon</li> <li>5. Department of Management Studies, Institute of Economics, University of Yangon</li> </ol>



**U Aung Min  
Han  
CEO**

U Aung Min Han is the Chief Executive Officer of EFR Group of Companies. He holds a Bachelor of Engineering (Civil) (2001), Certificate of Internal Auditor Training Course (2003), Diploma in International Freight Management Certificate in Multimodal Transport (2004), Certificate in Multimodal Transport (2004), and Master of Business Administration (2008).

In June 1997, U Aung Min Han joined EFR, first as a marketing executive at Ever Flow River Forwarding & General Services Co., Ltd. and then was promoted to marketing manager and gradually up to the post of General Manager in sub-business units of EFR Group of Companies. His excellent interpersonal skills, wide knowledge and in-depth experience in marketing as well as administration and interest in the work concerned have contributed to his high level of performance in top-level management positions. As a brilliant, talented, dedicated and energetic young professional, U Aung Min Han was selected the Chief Executive Officer of EFR Group in 2012 as well as one of the board directors of EFR Group of Companies.

He is also a member of MIFFA and of MMMDA.



**Daw Khin  
Sone  
CFO**

Daw Khin Sone is the CFO of EFR. She received her B.Sc. (Mathematics) degree from the University of Yangon in 1995. She holds a diploma in Chinese from the University of Foreign Language and a diploma in Business Law from University of Yangon. Daw Khin Sone has also received a certificate from the Ministry of Foreign Affairs for a Basic Diplomatic Course and has also finished her LCCI (level I, II and III) in 2003. She has a master's degree at the University of Economics in Banking and Finance.

Daw Khin Sone started her career after her graduation as executive to chief accountant in Eagle Group of Companies (1997 to 2000) and then joined EFR Group of Companies as marketing executive in one of the shipping lines. From 2000-2011, she was assigned at Gold Shipping Agency Services Ltd., starting from executive post to being gradually promoted to deputy managing director after several years of her services with full commitment. From 2012 till to date, she has been assigned as group Chief Finance Officer. She is a member of Myanmar Mercantile Maritime Development Association (MMMDA) and member of the Board of Directors of MIFFA.





**Daw Zin Nyein  
Htwe  
Executive  
Director**


Daw Zin Nyein Htwe is one of the executive directors of EFR Group of companies who is in charge of Myanmar Round the World Logistic Co., Ltd. and EFR Trading Co., Ltd. She started her career with EFR in 2001 while she was in pursuit of her B.Sc. (Physics) Degree in University of Distance Education. She took on different responsibilities, has played different roles successfully within the organization from Receptionist, Sales & Marketing Coordinator, to Customer Service Executive as well as being in charge of Mitsui O.S.K Lines and obtaining experience in shipping and forwarding fields.





EFR has been grateful to have her support and teamwork in reference to International Trading business before she moved on to her new role in 2007. She has extensive knowledge in the commercial trading field.



She holds an MBA from the University of the Thailand Chamber of Commerce, a Bachelor of Science (Physics) from Yangon University, and Advanced Diploma in Supply Chain Management, Singapore Logistics Association.

 <p><b>Daw Hnin Yee Mon</b> <i>Executive Director</i></p>	<p>Daw Hnin Yee Mon is one of the Executive Directors of EFR Group of Companies who is in charge of Gold Shipping Agency Services., Ltd. and Unison Choice Services, Ltd. She received her BA (Economic) degree in 2004 from Patheingyi University. In July 2004, Daw Hnin Yee Mon joined EFR, first as receptionist and personal assistant of the Chairman of EFR Group of Companies from 2004 to 2005.</p> <p>As a brilliant and energetic talent, she has taken on many different assignments from EFR Group and has executed her duties and responsibilities in a reliable and satisfactory level. She took roles as Assistant of Mitsui O.S.K Lines which is one of the top-10 container carriers in the world and was promoted to Manager (Import Marketing) in charge of CMA-CGM Lines which is also one of the top10 carriers in the world and was in charge of EFR's Conventional Department from 2008 to 2010 and gradually up from basic level to General Manager in EFR Forwarding &amp; General Services Co., Ltd.</p>
 <p><b>Daw Lae Lae Mu</b> <i>Executive Director</i></p>	<p>Daw Lae Lae Mu is one of the Executive Directors and is in charge of Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd.</p> <p>In 2001, she joined China Shipping Container Line as Senior Sales &amp; Marketing Executive and served in this position until 2007. Daw Lae Lae Mu joined Myanmar Indo Orient Co., Ltd. (MIO was established to act as agent for CMA CGM in Myanmar) with the position of Deputy General Manager. In 2011, she became a General Manager of MIO and of CMA CGM in 2014.</p> <p>Daw Lae Lae Mu holds a Bachelor of Science (Physics) (Hon), Certificate of Attendance – Air Freight Forwarder's Basic Course conducted by Myanmar International Freight Forwarder's Association (MIFFA) and Singapore Air Cargo Agents Association (SAAA), Certificate of Attendance -Japan's Program for improving Efficiency of "Logistics and Distribution", of The East-West Economic Corridor" and "Southern Economic Corridor" conducted by MIFFA and Ministry of Transport.</p>

### **Key Management Personnel (Executive Directors)**

 <p><b>U Aung Min Han</b> <i>CEO</i></p>	<p>U Aung Min Han is the Chief Executive Officer of EFR Group of Companies. U Aung Min Han holds a Bachelor of Engineering (Civil) (2001), Certificate of Internal Auditor Training Course (2003), Diploma in International Freight Management Certificate in Multimodal Transport (2004), Certificate in Multimodal Transport (2004) and Master of Business Administration (2008).</p> <p>In June 1997, U Aung Min Han joined EFR, first as a marketing executive at Ever Flow River Forwarding &amp; General Services Co., Ltd. and then was promoted to marketing manager and gradually up to the post of General Manager in sub-business units of EFR Group of Companies. His excellent interpersonal skills, wide knowledge and in-depth experience in marketing and administration and interest in the work concerned leads him to excel in the top-level management position. As a brilliant, talented, dedicated and energetic young professional, U Aung Min Han became the Chief Executive Officer of EFR Group in 2012 as well as a member of the board directors of EFR Group of Companies.</p> <p>He is also a member of MIFFA and of MMMDA.</p>
	<p>Daw Khin Sone is the CFO of EFR Group of Companies. She received her B.Sc. (Mathematics) degree from the University of Yangon in 1995. She holds Dip in Chinese from University of Foreign Language and Dip in Business Law from University of Yangon. Daw Khin Sone has also received a certificate from Ministry of Foreign Affairs</p>

 <p><b>Daw Khin Sone</b> <i>CFO</i></p>	<p>for Basic Diplomatic Course and has also finished her LCCI (level I, II and III) in 2003. She also has a master's degree at University of Economics in Banking and Finance.</p> <p>Daw Khin Sone started her career after her graduation as executive to chief accountant in Eagle Group of Companies (1997 to 2000) and then joined EFR group of Companies as marketing executive in one of the shipping lines. From 2000-2011, she was assigned at Gold Shipping Agency Services, Ltd., starting from executive post to gradually promoted to deputy managing director after several years of her services with full commitment. From 2012 till to date, she has been assigned as group chief finance officer.</p> <p>She is a member of MMMDA and member of the Board of Directors of MIFFA.</p>
 <p><b>Daw Zin Nyein Htwe</b> <i>Executive Director</i></p>	<p>Daw Zin Nyein Htwe is one of the executive directors of EFR Group of companies who is in charge of Myanmar Round the World Logistic Co., Ltd. and EFR Trading Co., Ltd. She started her career with us in 2001 while she was in pursuit of her B.Sc. (Physics) Degree in University of Distance Education. She took different responsibilities, has played different roles successfully within the organization from Receptionist, Sales &amp; Marketing Coordinator, to Customer Service Executive as well as in charge of Mitsui O.S.K Lines and obtained experience in shipping and forwarding fields.</p> <p>EFR has been grateful to have her support and teamwork in reference to International Trading business before she moved on to her new role in 2007. She has extended knowledge in commercial trading field.</p> <p>She holds M.B.A from University of the Thailand Chamber of Commerce and Bachelor of Science. (Physics) from Yangon University and Advanced Diploma in Supply Chain Management, Singapore Logistics Association.</p>
 <p><b>Daw Hnin Yee Mon</b> <i>Executive Director</i></p>	<p>Daw Hnin Yee Mon is one of the Executive Directors of EFR Group of Companies who is in charge of Gold Shipping Agency Services, Ltd. and Unison Choice Services, Ltd. She received her B.A (Economic) degree in 2004 from Patheingyi University. In July 2004, Daw Hnin Yee Mon joined E.F.R, first as receptionist &amp; personal assistant of Chairman of EFR Group of Companies from 2004 to 2005.</p> <p>As a brilliant and energetic talent, she has taken over many different assignments from EFR Group and has executed her duties and responsibilities in a reliable and satisfactory level. She took roles as Assistant of Mitsui O.S.K Lines which is one of the top 10 container carriers in the world and was promoted to Manager (Import Marketing ) in charge of CMA-CGM Lines which is also one of the top 10 carriers in the world and was in charge of EFR's Conventional Department from 2008 to 2010 and gradually up from basic level to General Manager in E.F.R Forwarding &amp; General Services Co., Ltd.</p>
 <p><b>Daw Lae Lae Mu</b> <i>Executive Director</i></p>	<p>Daw Lae Lae Mu is one of the Executive Directors and is in-charge of Ever Flow River Logistics and Distribution Center (Mandalay) Co., Ltd.</p> <p>In 2001, she joined China Shipping Container Line as Sr. Sales &amp; Marketing Executive and served in this position till 2007. Daw Lae Lae Mu joined Myanmar Indo Orient Co., Ltd. (MIO was established to act as agent for CMACGM in Myanmar) with the position of Deputy General Manager. In 2011 she became a General Manager of MIO and of CMA CGM in 2014.</p> <p>Daw Lae Lae Mu holds Bachelor of Science (Physics) (Hon), Certificate of Attendance – Air Freight Forwarder's Basic Course conducted by Myanmar International Freight Forwarder's Association (MIFFA) and Singapore Air Cargo Agents Association (SAAA), Certificate of Attendance -Japan's Program for improving Efficiency of "Logistics and</p>

	Distribution”, of The East-West Economic Corridor” and “Southern Economic Corridor” conducted by MIFFA and Ministry of Transport.
 <p><b>U Than Aung</b> <i>Executive Director</i></p>	<p>U Than Aung is one of the Executive Directors in charge of EFR EFR GLE Express Services., Ltd. and MRTW Inspection and Logistics Co., Ltd.</p> <p>He obtained a Bachelor of Science degree from Yangon University in 1997, specializing in Botany. He also received a master’s degree in Business Management from the University of the Thai Chamber and Commerce.</p> <p>He joined EFR in 1998 as an Assistant Manager for documentation and was promoted along his career. He has attended courses and trainings for logistics and supply chain management and had shared his experience to this industry as a Trainer with MIFFA. He has contributed to Myanmar Customs Broker Association as an Executive Committee Member for 10 years and was also a member of International Federation of Customs Broker Association.</p>
 <p><b>U Kyaw Kyaw Thein</b> <i>Executive Director</i></p>	<p>U Kyaw Kyaw Thein is one of the Executive Directors in charge of Kamigumi-EFR Logistics (Myanmar) Co., Ltd.</p> <p>He received his BA (History) degree from the University of Yangon in 1994. U Kyaw Kyaw Thein worked as Site Foreman for Ryobi-Kiso (S) Pte., Ltd., a Singapore Bored Piling Construction Company from 1994 to 2000. In Singapore U Kyaw Kyaw Thein also attended and completed course for Building Construction Safety Supervisors Course, Lifting Supervisor Safety Course and Heavy Machinery Crawler Crane Installation Course.</p> <p>He joined EFR in 2001, as an HR Department Executive Officer and worked hard throughout his career and was assigned as a Member of the board of directors of Kamigumi-EFR Logistics (Myanmar) Co., Ltd.</p>

### 3. Remuneration and benefits in kind

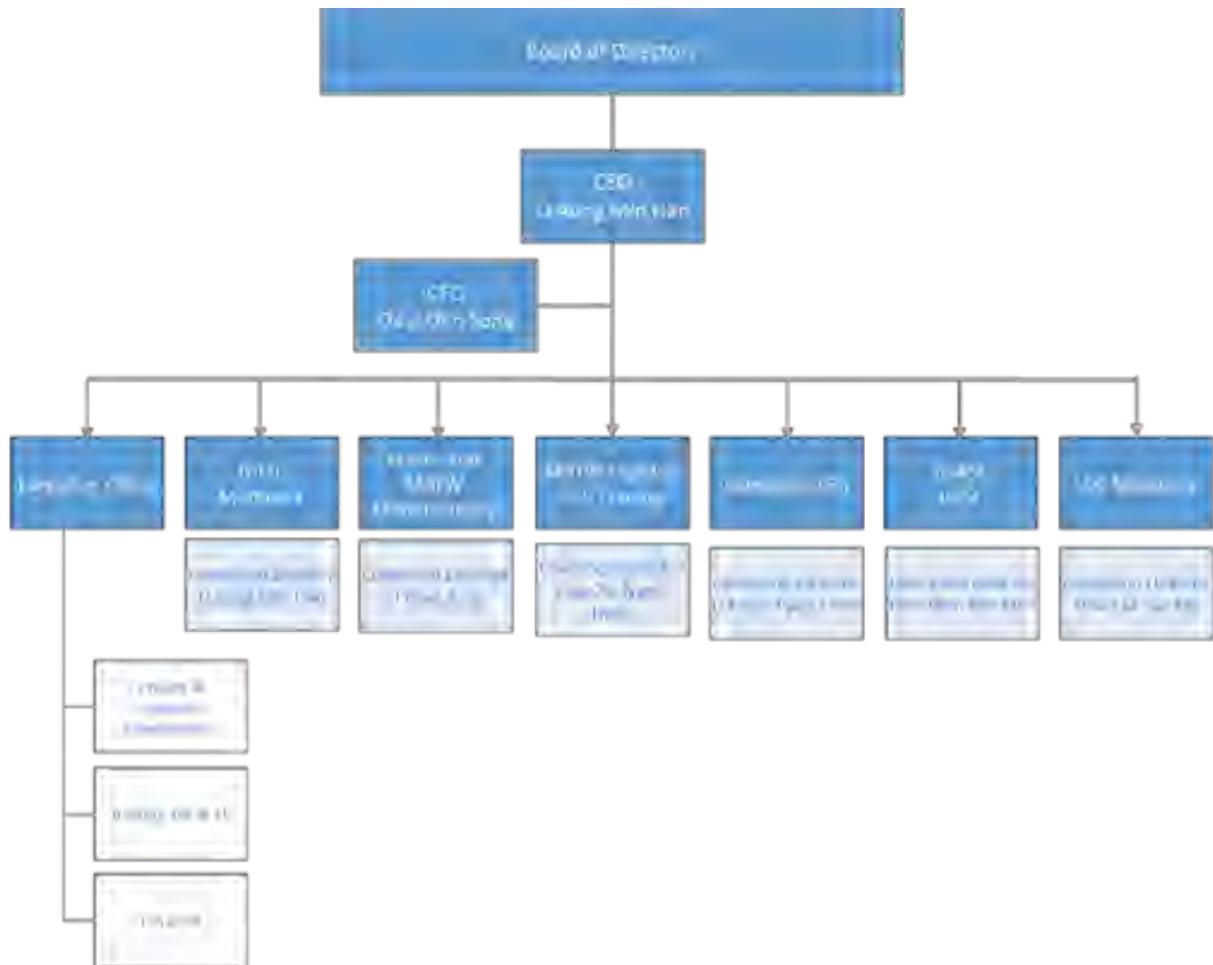
TOTAL OF REMUNERATION AND ALLOWANCES RECEIVED BY DIRECTORS AND EXECUTIVE OFFICERS		
	FY 2017-18 (ACTUAL) (MMK)	FY 2018-19 (ACTUAL) (MMK)
Directors	346,684,020	194,052,000
Executive officers	182,619,415	154,597,811
Total	529,303,435	348,649,811

For FY 2017-18 (from April to Mar), the above-mentioned amount was paid to all directors and executive officers.

For FY 2018-19 (from April to Mar), the above-mentioned amount was paid to all directors and executive as salary basic according to the performance.

#### 4. Management reporting structure

The management structure chart showing the reporting lines and the functional responsibilities of our Directors and Executive Officers as at the Latest Practicable Date is set out below:



## 5. Corporate governance

Our Directors recognize the importance of corporate governance and the maintenance of high standards of accountability to our Shareholders, as well as adopting corporate governance practices which are to the extent reasonably practicable consistent with prevailing international principles, taking into account local conditions in Myanmar.



### Committees

- **Audit & Legal Committee**
  - Overseeing financials and internal control effectiveness in the company. Operational control effectiveness should also be included.
  - Overseeing Internal Auditor's plan and results, including follow-up action.
  - Advice on legal and tax matters.
- **Risk Management & Compliance Committee**
  - Overseeing that the executive team has identified and assessed all the potential risks in the organization and has established a risk management infrastructure capable of addressing those risks.
  - Developing corporate governance policies and overseeing adherence to the policies.

- Reviewing, at least annually, the corporate governance principles and recommending any updates as needed to the board.
- **Nomination & Remuneration Committee**
  - Providing guidance to the board in overseeing and determining executive nomination and remuneration policies and practices and disclose to shareholders – appointment, removal, and retirement of Directors, key managerial personnel and senior management; evaluation of their performance; and advising best practice for their remuneration.
- **Compliance Officer & Team**
  - Reporting directly to Audit & Legal Committee, Risk Management & Compliance Committee, and BOD.
  - Under the supervision of the Committees, advising management statutory duties under the law, corporate governance requirements and practices, and facilitating governance activities.
  - First line authorized person to oversee all the internal regulations and policies, such as Related-Party Transactions policy, Insider Trading Prevention policy, and responsible person for timely disclosure of information.
  - Supervision of Corporate Secretary’s duties and responsibilities.

## 6. Shareholders

The following information regarding the Company's 12 largest shareholders (“**Principal Shareholders**”) is provided as of the Latest Practicable Date: the names, the national registration card numbers or passport numbers, the nationalities, and the addresses of the 12 largest shareholders, as well as the number of shares and the percentage of outstanding shares of each class owned by each of them as of the Latest Practicable Date and immediately after the Listing in the following table;

Below is a breakdown of shares by shareholder type so far as the Company is aware (for example financial institutions, other domestic corporations, individuals, and others, and central and local governments). All shares currently issued by the Company are ordinary shares.

Our Principal Shareholders as of Latest Practicable Date are as follows:

NAME	CSC OR PASSPORT NO. & NATIONALITY	ADDRESS	NUMBER OF SHARES	PERCENTAGE OF OUTSTANDING SHARES
U Kyaw Lwin Oo <sup>1</sup>	12 / Ka Ma Ya (Naing) 009222; Myanmar	Building 21, Room 201, Yuzana Street, 5 Ward, Hlaing Township, Yangon.	5,889,883	29.48%
Daw Saw Sandar <sup>2</sup>	12 / Ka Ma Ya (Naing) 036809; Myanmar	Building 21, Room 201, Yuzana Street, 5 Ward, Hlaing Township, Yangon.	5,534,662	27.70%
Chang Yang Development	Registration No. 120783084	Shwe Own Ping Housing (2), Building (34), Room (21), Yankin Township, Yangon	1,720,000	8.61%

<sup>1</sup>U Kyaw Lwin Oo, founder and chairman of EFR, owns 29.48% of EFR.

<sup>2</sup>Daw Saw Sandar, spouse of U Kyaw Lwin Oo, owns 27.70% of EFR and does not hold any executive role in EFR. Effectively, U Kyaw Lwin Oo and Daw Saw Sandar together owns 57.18% of EFR.



NAME	CSC OR PASSPORT NO. & NATIONALITY	ADDRESS	NUMBER OF SHARES	PERCENTAGE OF OUTSTANDING SHARES
Company Limited <sup>3</sup>				
U Aung Min Han	12 / Ma Ga Ta (Naing) 074429; Myanmar	No. 5, Mya Marlar Street, 3 Ward, Kamayut Township, Yangon.	1,295,305	6.48%
Daw Khin Sone	12 / La Ma Na (Naing) 002027; Myanmar	No. 25 (B), West Htantapin Street, 3 Ward, Kamayut Township, Yangon.	1,295,305	6.48%
U Maung Maung Oo	12 / Ka Ma Ya (Naing) 026201; Myanmar	No. 23, West Htantapin Street, 3 Ward, Kamayut Township, Yangon.	1,282,536	6.42%
Daw Wut Hmone	12 / Ba Ta Hta (Naing) 001541; Myanmar	No. 230, Kantaw Myaing 3 <sup>rd</sup> Street, 23 Ward, Thuwunna, Thingangyun Township, Yangon.	1,282,536	6.42%
Daw Zin Nyein Htwe	12 / Da Ga Ma (Naing) 014654; Myanmar	No. 5C, Cherry Garden Condo 2, South Okkalar Township, Yangon.	330,522	1.65%
Daw Hnin Yee Mon	14 / Ma Ma Na (Naing) 157907; Myanmar	No. 28, 7 <sup>th</sup> Floor, Dhama Darna Street, Mahlwagone Htay Kywe (Ka) Ward, Tamwe Township, Yangon.	328,980	1.65%
Daw Lae Lae Mu	12 / Ma Ga Ta (Naing) 070277; Myanmar	No. 13, 6 <sup>th</sup> Street, Pathein Nyunt Ward, Mingalar Taung Nyunt Township, Yangon.	326,098	1.63%
U Than Aung	12 / Ou Ka Ma (Naing) 000208; Myanmar	No. 164, Ouzanar 6 <sup>th</sup> Street, Zakwe Ward, North Okkalapa Township, Yangon.	326,098	1.63%
U Kyaw Kyaw Thein	12 / Ka Ma Ya (Naing) 034879; Myanmar	No. 602, Thazin Myaing Street, 49 Ward, Dagon (North) Township, Yangon.	326,098	1.63%

## 7. Equity structure

The following table shows the history of equity structure since the inception:

DATE	NUMBER OF SHARES ISSUED AND ALLOTTED	CONSIDERATION PER SHARE IN CASH (MMK)	AGGREGATE NUMBER OF SHARES (PAID UP AS OF THE DATE OF ISSUE AND ALLOTMENT)	AGGREGATE AMOUNT OF PAID UP CAPITAL CONTRIBUTED AS OF THE DATE OF ISSUE AND ALLOTMENT (MMK)
27/12/2012	1,000	100,000	1,000	100,000,000
25/06/2014	Nil	10,000	10,000	100,000,000
25/06/2014	40,000	10,000	50,000	500,000,000
01/08/2017	280,545	10,000	330,545	3,305,450,000

<sup>3</sup>Chang Yang Development Company Limited owns 8.61% of EFR via a recent private placement. The new share subscription agreement was signed on 21 June 2019. Please refer to PART VII: Description of Business – Material Contracts for more information.

DATE	NUMBER OF SHARES ISSUED AND ALLOTTED	CONSIDERATION PER SHARE IN CASH (MMK)	AGGREGATE NUMBER OF SHARES (PAID UP AS OF THE DATE OF ISSUE AND ALLOTMENT)	AGGREGATE AMOUNT OF PAID UP CAPITAL CONTRIBUTED AS OF THE DATE OF ISSUE AND ALLOTMENT (MMK)
30/03/2018	215,000	10,000	545,545	5,455,450,000
28/03/2019	Nil	500	10,910,900	5,455,450,000
21/06/2019	7,346,323	529	18,257,223	9,338,599,000
04/07/2019	1,720,000	2,500	19,977,223	13,638,599,000
<b>Total</b>			<b>19,977,223</b>	<b>13,638,599,000</b>

**Notes:**

- 27/12/2012: EFR group of companies was set up as private company with the intention of going public listing in the future. EFR was incorporated as public company status on 10 April 2014
- 25/06/2014: EFR first split the share 1:10 and had a right issue of 40,000 shares to existing shareholders
- 01/08/2017: EFR issued 280,545 shares due to restructuring of the businesses
- 30/03/2018: EFR had right issue of 215,000 shares for investment in projects
- 28/03/2019: EFR split the share 1:20 for listing preparation
- 21/06/2019: EFR had right issue of 7,346,323 shares for investment in projects
- 04/07/2019: EFR issued 1,720,000 new shares via a private placement to Chang Yang Development Company Limited
- 21/01/2020: All the outstanding shares are fully paid up

## 8. Dividends and dividend policy

Subject to the MCL, our Company may, from time to time with the approval of Shareholders in a general meeting, declare dividends to be paid to the Shareholders; however, no dividend shall be declared in excess of the amount recommended by our Board. We must declare and pay all dividends out of profits of our Company. Our Directors may declare an interim dividend without seeking Shareholders' approval.

Our Board has the discretion to recommend payment of dividends.

Further, in considering the timing, manner, and amounts of dividends, if any, our Board intends to take into account various factors, including:

- the level of cash, gearing, return on equity, and retained earnings
- our Company's expected financial performance
- our Company's projected investment plans, including the new projects we are developing
- restrictions on payment of dividend that may be imposed on our Company under our financing arrangements

We will pay cash dividends, if any, in MMK.

Please see the **PART XIII.TAXATION** for information relating to taxes payable on dividends.

## 9. Description of the Company's Shares

The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Myanmar and the MOA and AOA. These statements summarize the material provisions of the MOA and AOA but are qualified in entirety by reference to the MOA and AOA.

## **Ordinary Shares**

Our Company has one class of Shares; namely, ordinary Shares, which have identical rights in all respects and rank equally with one another.

## **New Shares**

New Shares in the capital of our Company may only be issued with the prior approval of our Shareholders in a general meeting. Unless a contrary instruction is provided in such resolution approving the issue, all such new Shares shall first be offered to our existing Shareholders in proportion to their respective interests in our Company. All Shares shall be paid up in full upon allotment.

## **Shareholders**

Only persons who are registered in our register of members are recognized as our Shareholders. A registered shareholder shall include any person who has acquired Shares in the Company in accordance with the rules and regulations prescribed by a corresponding stock exchange in which Shares of the Company are traded.

## **Transfer of Shares**

Shares in our Company may be transferred in any usual or common form which our Directors approve, and for Shares traded on listed and traded in a duly constituted stock exchange (such as the YSX), the transfer of any share in the Company shall be in the usual or common form prescribed by the corresponding stock exchange or by any depository or clearing organization designated by the stock exchange. Except with respect to Shares listed and traded in a duly constituted stock exchange (such as the YSX), our Directors may suspend registration of transfers during the 14 days immediately preceding any ordinary annual general meeting.

## **General Meeting of Shareholders**

The ordinary general meeting of our Shareholders shall be held within 18 months from the date of our Company's incorporation, and thereafter, at least once in every year, at such time and place as may be determined by our Company. Such general meeting may also be called by any two Shareholders.<sup>4</sup>

The Board of Directors ("**BoD**") may convene an extraordinary general meeting whenever it thinks fit<sup>5</sup> and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held.

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<sup>4</sup> Article 34 of the MOA and AOA states: "The General Meeting shall be held within 18 months from the establishment of the company in accordance with the Companies Act. After holding the General Meeting, at most once a year of the calendar year (at no more than 5 months after the holding of the last General Meeting), the General Meeting shall be convened at agreed date, time and place in accordance with the company General Meeting notice (or) If the convening of the meeting is cancelled, any two shareholders may convene the meeting in the way of the meeting convening by board of directors, in the coming month.

<sup>5</sup> Article 36 of the MOA and AOA states: "The Directors may convene an extraordinary General Meeting whenever they think fit. Also, by request (or) failure to convene the meeting, Directors may convene the meeting. If at any time, there is no enough number of the directors in Myanmar to meet the meeting quorum, any of the directors (or) any two shareholders may convene the extraordinary General Meeting in the closest ways of the convening of the meeting by the Directors.

Unless otherwise required by law or by the MOA and AOA, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting.<sup>6</sup> An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under the Companies Law, including voluntary winding up, amendments to the MOA and AOA, a change of the corporate name, and a reduction in the share capital.<sup>7</sup>

Our Company must give at least 14 days' notice in writing for every general meeting convened for the purpose of passing an ordinary resolution.<sup>8</sup> Special resolutions generally require at least 21 days' notice in writing.<sup>9</sup> The notice must set forth the place, the day, and the hour of the meeting and, in the case of special business, the general nature of that business.<sup>10</sup>

## **Voting rights**

Our Shareholders are entitled to attend, speak, and vote at any general meeting. Our Shareholders may exercise their voting rights in person or by proxy, and proxies need not be a Shareholder. The instrument appointing a proxy, and the power-of-attorney or other authority (if any) under which it is signed, must be deposited at our Company's registered office no less than 72 hours before the time for holding the meeting at which the proxy shall vote.<sup>11</sup>

## **Dividend**

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. Our Directors

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<sup>6</sup> Article 44 of the MOA and AOA states: "At any general meeting, a resolution to put the vote of the meeting by at least (2) members must be decided on a show of hands, before or on the declaration of the result of the show of hands, unless a poll is demanded by the chairman. Unless a poll is demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against the resolution."

Articles 46 and 48 further state:

Article 46: "In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded is entitled to a second or casting vote."

Article 48: "On a show of hands, every member or representative of a member who is present in person has one vote. On a poll, every shareholder member has one vote for each share the member holds."

<sup>7</sup> This was required under Section 81 of then Companies Act 1914 and replaced by Section 1 (c) (xl) of MCL which states: "special resolution" means a resolution which has been passed by a majority of not less than three-fourths of the votes of members entitled to vote as a representative in person or by proxy (where allowed) at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given;"

<sup>8</sup> Article 37 of the MOA and AOA states: "Following the special resolutions mentioned under section 81, sub section 2 and related provisions under the Companies Act, the notice shall be sent at least 14 days before, (the date of the notice sent (or) excluding the date seemed as the date in which the notice has already been sent, however the date of the notice sent shall be counted) together with the meeting time, hour, date and place to the shareholders. For extra ordinary work, the notice shall be sent in accordance with the following instructions for that work condition (or) if there is any other way, the company General Meeting may decide. While sending notice, the notice shall be sent in accordance with the Companies Act or the rules and regulations of the Company to the allowed shareholders to receive the notice. If failure to send notice (or) any of the shareholders not receiving the notice shall not cause to failure of the performances in any of the General Meeting."

<sup>9</sup> This was required under Section 81 of then Companies Act 1914. The MCL is silent as to the general period for notice.

<sup>10</sup> See Note 7.

<sup>11</sup> Article 53 of the MOA and AOA states: "Under the contract of the appointed proxy or the person who has been given authority (if it exists), the appointer, by signing (or) by making a copy of the contract which has been signed and affirmed by a notary for such authority (or) power the person whose name has been described under such contract, may register at the Company's Registered Office no less than 72 hours before the time holding the meeting at which the proxy shall vote."

may also, from time to time, pay to our Shareholders such interim dividends as appear to them to be justified by the profits of our Company. In any event, we must pay all dividends out of our profits, and no dividend declared and payable shall bear interest against our Company.

### **Bonus and rights issues**

The BOD may, with approval of our Shareholders at a general meeting, capitalize any reserves and distribute the same as bonus Shares credited as paid up to our Shareholders in proportion to their shareholdings.

### **Takeovers**

Myanmar does not have any laws or regulations that may delay, deter, or prevent a future takeover or change in control of our Company as a public company.

### **Liquidation or other return of capital**

If our Company liquidates or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their Shareholdings, subject to any special rights attaching to any other class of Shares.

### **Limitations on rights to hold or vote on Shares**

On 12 July 2019, the SECM issued Notification 1/2019 allowing foreigners to trade shares of listed companies in the YSX. This notification further requires prior SECM approval and conditions for foreign participation as well as which shares will be covered. Listed companies are likewise required to notify the YSX about the percentage of foreign ownership allowed in such company and that the permission of the relevant organization has been obtained prior to notifying the YSX. Note, however, that this is subject to YSX's further announcement of the date on which foreigners may start such trade.

## PART IX. RELATED-PARTY TRANSACTIONS

### 1. Material transactions with Related Parties

The MCL contains the framework governing transactions between a Myanmar public company and related parties. In addition to these safeguards, our Company has enacted a policy to manage such transactions.

### 2. Past, present, and ongoing RPTs

Since our Company offers total logistics services by integrating unique services of each subsidiary and associate under our Group, there were past transactions and will be present and ongoing transactions between subsidiaries and associates within our Group (“**Intercompany Transactions**”).

Moreover, due to the nature of our business, there were past transactions and will be present and ongoing transactions between freight forwarding and tracking companies in our Group, specifically EFR GLE, MRTW Logistics, UCS, KEFR, and shipping agencies that our Principal Shareholders have interest in RPTs. For details, see **Section 6** of this **PART IX**.

The total amount of such Intercompany Transactions and RPTs is not more than 5% of our Group’s consolidated revenue. In our opinion, such intercompany transactions and RPTs allow us to provide our customers with a better value proposition and are synergistic in nature, supporting business of others rather than being disadvantageous to our Company.

U Kyaw Lwin Oo, major shareholder of EFR, has the following holdings:



The details of the specific holdings by Directors are fully disclosed under **PART VIII**, Material Background Information. Although U Kyaw Lwin Oo invested 50% in K Efficient Logistics Consortium Co., Ltd and other non-logistics companies, there was no RPTs between EFR and other investments owned by U Kyaw Lwin Oo.

There are receivables and payables between EFR and the directors:

In our audited consolidated financial statements for FY2018-19, MMK210,558,510 of other receivables – due from directors have been recorded, and details are as shown in the following:

No.	NAME	POSITION	RECEIVABLE – DUE FROM DIRECTOR (MMK)	DESCRIPTION
1	U Kyaw Lwin Oo	Director	68,585,466	Temporary drawdown
2	Daw Saw Sandar	Director	63,738,195	Temporary drawdown
3	U Maung Maung Oo	Director	14,769,915	Temporary drawdown
4	U Aung Min Han	Director	14,916,965	Temporary drawdown
5	Daw Wut Hmone	Director	14,769,915	Temporary drawdown
6	Daw Khin Sone	Director	14,916,965	Temporary drawdown
7	U Than Aung	Director	3,755,390	Temporary drawdown
8	U Kyaw Kyaw Thein	Director	3,755,390	Temporary drawdown
9	Daw Lae Lae Mu	Director	3,755,390	Temporary drawdown
10	Daw Hnin Yee Mon	Director	3,788,583	Temporary drawdown
11	Daw Zin Nyein Htwe	Director	3,806,337	Temporary drawdown
<b>Total</b>			<b>210,558,510</b>	

In our audited consolidated financial statements for FY2018-19, MMK 236,662,360 of other payables – due to directors have been recorded, and details are as shown in the following.

No	NAME	POSITION	PAYABLE – DUE TO DIRECTOR (MMK)	DESCRIPTION
1	U Kyaw Lwin Oo	Director	77,088,303	Temporary investment
2	Daw Saw Sandar	Director	71,640,095	Temporary investment
3	U Maung Maung Oo	Director	16,601,005	Temporary investment
4	U Aung Min Han	Director	16,766,286	Temporary investment
5	Daw Wut Hmone	Director	16,601,005	Temporary investment
6	Daw Khin Sone	Director	16,766,286	Temporary investment
7	U Than Aung	Director	4,220,962	Temporary investment
8	U Kyaw Kyaw Thein	Director	4,220,962	Temporary investment
9	Daw Lae Lae Mu	Director	4,220,962	Temporary investment
10	Daw Hnin Yee Mon	Director	4,258,270	Temporary investment

No	NAME	POSITION	PAYABLE – DUE TO DIRECTOR (MMK)	DESCRIPTION
11	Daw Zin Nyein Htwe	Director	4,278,225	Temporary investment
<b>Total</b>			<b>236,662,360</b>	

Except for those disclosed above and those disclosed under **Sections 1 and 6** of this **PART IX**, our Directors do not currently expect that there will be other ongoing recurring RPTs.

Our Directors acknowledge the need for the interests of minority Shareholders to be safeguarded. In view of the foregoing, our Directors have voluntarily adopted the RPT Procedures (as set out below).

### 3. RPT Policy and Procedures

RPTs can present a potential or actual conflict of interest which may be against the best interest of a company and its stakeholders. Such transactions are appropriate only if they are in the best interest of the Company and our Shareholders. Thus, the BOD, acting upon the recommendation of its Audit Committee (the “**Committee**”), has adopted the following policy and procedures regarding RPTs, as defined below. This policy (the “**RPT Policy**”) is in addition to the provisions dealing with conflicts of interest in the Company’s code of conduct. In case of a conflict between the provisions of the RPT Policy and applicable law, the provisions of the applicable law shall prevail. The Committee will review and may amend the RPT Policy from time to time.

#### **Purpose**

The RPT Policy is intended to:

- ensure that every RPT is conducted in a manner that will protect the Company from conflict of interest which may arise between the Company and its Related Parties; and
- ensure proper review, approval, ratification, and disclosure of transactions between the Company and any of its Related Parties as required in compliance with legal and regulatory requirements.

#### **Definitions**

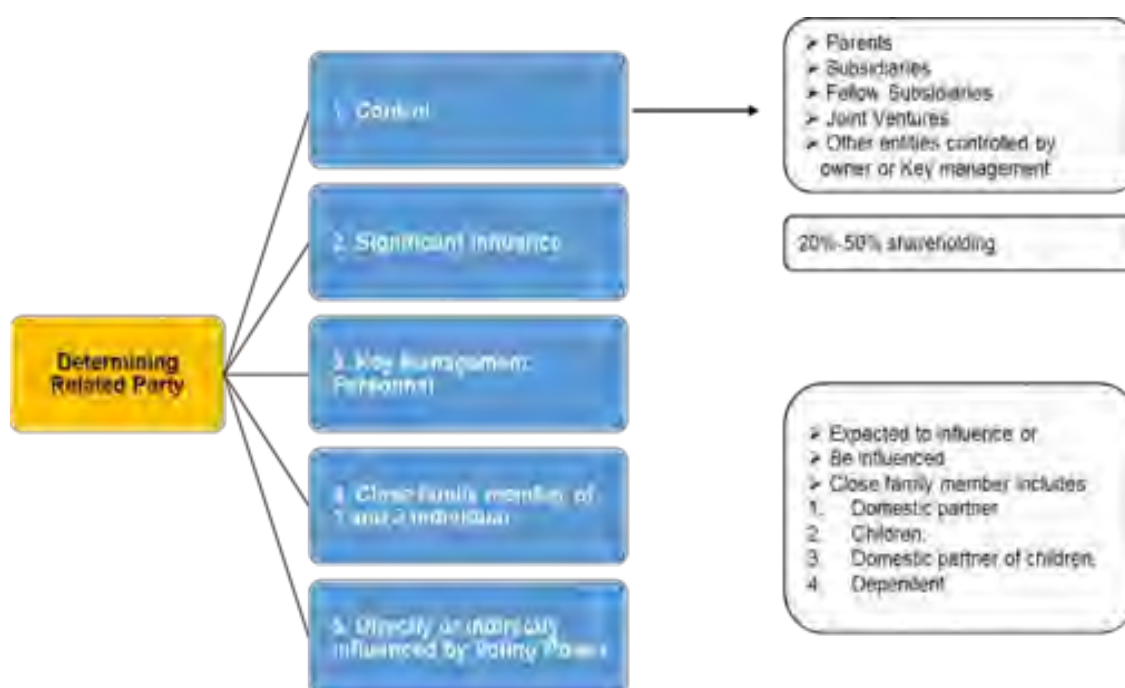
*Related Party* -A party is related to an entity if:

- (a) directly, or indirectly through one or more intermediaries, the party:
  - (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (ii) has an interest in the entity that gives it significant influence over the entity; or
  - (iii) has joint control over the entity;
- (b) the party is an associate (as defined in MAS 28 *Investments in Associates*) of the entity;
- (c) the party is a JV in which the entity is a venturer (see MAS 31 *Interests in Joint Ventures*);
- (d) the party is a member of the key management personnel of the entity or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d);
- (f) the party is an entity that is controlled, jointly controlled, or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or



- (g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

**Figure 5: Related Parties**



An RPT is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

*Close members of the family of an individual* are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include:

- (a) the individual's domestic partner and children
- (b) children of the individual's domestic partner
- (c) dependents of the individual or the individual's domestic partner

*Compensation* includes all employee benefits (as defined in MAS 19 *Employee Benefits*) including employee benefits to which MFRS 2 *Share-based Payment* applies. Employee benefits are all forms of consideration paid, payable, or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:

- (a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within 12 months of the end of the period), and non-monetary benefits (such as medical care, housing, cars, and free or subsidized goods or services) for current employees
- (b) post-employment benefits, such as pensions, other retirement benefits, post-employment life insurance, and post-employment medical care
- (c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within 12 months after the end of the period, profit-sharing, bonuses, and deferred compensation
- (d) termination benefits
- (e) share-based payment

*Control* is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

*Joint control* is the contractually agreed sharing of control over an economic activity.

*Key management personnel* are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director, alternate director (whether executive or otherwise), member of management board of that entity.

*Significant influence* is the power to participate in the financial and operating policy decisions of an entity but is not control over those policies. Significant influence may be gained by share ownership, statute, or agreement.

*Material Threshold* is set at 5% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or US\$100,000; whichever is lower.

*Material RPT* means a transaction with a Related Party if the transaction/transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds Material threshold.

The Audit Committee shall appoint a Compliance officer or Corporate Secretary who will, among other duties, oversee compliance to this policy and directly report to the Committee.

### ***Exception***

Any transaction that involves the providing of compensation to a director or alternate director or Member of management board in connection with his or her duties to the Company or any of its subsidiaries or affiliates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business, is not deemed to be an RPT.

### ***Policy***

All RPTs must be reported to the Compliance Officer or Corporate Secretary and referred for approval or ratification by the Committee in accordance with this policy.

### ***Identification of Related Party and RPTs***

Each director, alternate director, and member of management board is required to complete a questionnaire that asks about their close family members and any current, past and proposed RPTs.

## **4. Compliance Officer or Corporate Secretary**

In addition, each director, alternate director and member of management board is responsible for providing written notice to the Compliance Officer or Corporate Secretary of any potential RPT involving him or her or his or her close family member, including any additional information about the transaction that the Compliance Officer or Corporate Secretary may reasonably request. The Compliance Officer or Corporate Secretary, in consultation with an outside counsel, as appropriate will determine whether the transaction does, in fact, constitute an RPT requiring compliance with this policy.

The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Compliance Officer or Corporate Secretary has adequate time to obtain and review information about the proposed transaction and to refer it to the appropriate approval authority.

## **5. Review and Approval of RPTs**

### ***Approval by General Council or Corporate Secretary***

All RPTs must be reported to the Compliance officer or Corporate Secretary, which may approve or disapprove the non-material RPTs in consideration of the “RPT consideration criteria.”

### ***Approval by Committee***

All material RPTs will be referred by the Compliance Officer or Corporate Secretary to the Committee for review and approval or ratification. Any member of the Committee who has a potential interest in the transaction will excuse himself or herself and abstain from voting on the approval or ratification.

The Committee may approve or disapprove the transaction in consideration of the “RPT consideration criteria.” To review an RPT, the Committee will be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

### ***RPT consideration criteria***

In determining whether to approve or ratify an RPT, the following factors will be considered, among others, to the extent relevant to the RPT:

- Whether the terms of the RPT are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party
- Whether there are any compelling business reasons for the Company to enter into the RPT and the nature of alternative transactions, if any
- Whether the RPT would impair the independence of an otherwise independent director
- Whether the Company was notified about the RPT before its commencement and if not, why pre-approval was not sought, and whether subsequent ratification would be detrimental to the Company
- Whether the RPT would present an improper conflict of interest for any director, alternate director, or member of management board of the Company, taking into account the size of the transaction, the overall financial position of the director, alternate director, member of management board or other Related Party, the direct or indirect nature of the director’s, alternate director’s, member of management board’s or other Related Party’s interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant

### ***Omnibus approval***

Omnibus approval for transactions may be obtained from the Audit Committee subject to compliance with the following conditions:

- a. The Audit Committee shall, after obtaining approval of the BOD, specify the criteria for granting the omnibus approval in line with the Policy, and such approval shall include the following:
  - i. Maximum value of the transaction, in aggregate, which can be allowed under the omnibus route in a year
  - ii. The maximum value per transaction which can be allowed
  - iii. The extent and manner of disclosures to be made to the audit committee at the time of seeking omnibus approval
  - iv. A review of RPT entered into by the company pursuant to each omnibus approval made, at such intervals as the Audit Committee may deem fit
  - v. Transactions which cannot be subject to the omnibus approval by the Audit Committee
- b. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
  - i. repetitiveness of the transactions (in past or in future)
  - ii. justification for the need of omnibus approval
- c. The Audit Committee shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.
- d. The omnibus approval shall provide details of (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum aggregated value of the particular type of transaction that can be entered into, (ii) basis of arriving at the indicative base price/current contracted price and the formula for variation in the price if any and (iii) such other conditions as the Audit Committee may deem fit.
- e. The Audit Committee shall review, at least on a quarterly basis, the aggregated value and other details of RPTs transacted into by the company pursuant to the omnibus approval given.
- f. Such omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after expiry of such financial year.
- g. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company.
- h. Any other conditions as the Audit Committee may deem fit.

### ***Criteria for granting omnibus approval***

In compliance with the approval of the BOD, the Audit Committee of the Company has specified the following criteria for granting omnibus approval:

- a. The maximum value of the transactions, in aggregate, which can be allowed under omnibus route in a year will be 10% of the annual consolidated turnover of the company as per last its audited financial statements or US\$500,000; whichever is lower.

- b. The maximum value per transaction which can be approved under omnibus route will be the same as per the materiality threshold.
- c. While assessing a proposal put up before the Audit Committee/Board for approval, the Audit Committee/Board may review the following documents/seek the following information from the management in order to determine if the transaction is in the ordinary course of business and at arm's length or not:
  - i. Nature of the transaction, i.e., details of goods or property to be acquired/transferred or services to be rendered/availed (including transfer of resources) – including description of functions to be performed, risks to be assumed, and assets to be employed under the proposed transaction
  - ii. Key terms (such as price and other commercial terms contemplated under the arrangement) of the proposed transaction, including value and quantum
  - iii. Key covenants (non-commercial) as per the draft of the proposed agreement/contract to be entered into for such transaction
  - iv. Special terms covered to be covered in separate letters or undertakings or any other special or sub-arrangement forming part of a composite transaction
  - v. Benchmarking information that may have a bearing on the arm's-length-basis analysis, such as:
    - 1. Market analysis, research report, industry trends, business strategies, financial forecasts, etc.
    - 2. Third-party comparable, valuation reports, price publications including stock exchange and commodity market quotations
    - 3. Management assessment of pricing terms and business justification for the proposed transaction
    - 4. Comparative analysis, if any, of other such transaction entered into by the company
- d. The Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered by the company pursuant to each omnibus approval given
- e. Transactions of following nature will not be subject to the omnibus approval of the Audit Committee:
  - 1. Transactions which are not at arm's length or not in the ordinary course of business
  - 2. Transactions which are not repetitive in nature
  - 3. Each Transaction exceeding materiality thresholds
  - 4. Transactions in respect of selling or disposing of the undertaking of the company
  - 5. Financial Transactions, e.g., loans to related parties, Inter Corporate Deposits, subscriptions to bonds, debenture or preference shares issued by the related parties, and corporate guarantees given/received from related parties
  - 6. Any other transaction the Audit Committee may deem not fit for omnibus approval

#### ***RPTs commenced without approval***

In any case where the Committee determines not to ratify an RPT that has been commenced without approval, the Committee may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction, or modification of the transaction to make it acceptable for ratification. In connection with any review of an RPT, the Committee has authority to modify or waive any procedural requirements of this Policy.

#### ***Approval by BOD***

If the Committee or its Chair determines that an RPT should be brought before the BOD, or if the BOD in any case elects to review any such matter, then the considerations set forth above shall apply to the BOD's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

### ***Policy amendments***

This policy has been adopted by the BOD of the Company. Any amendment to the terms of this policy must be approved by the Audit Committee of the BOD. The General Counsel and Corporate Secretary are responsible to suggest and report to the Audit Committee any appropriate amendments or modifications to this policy.

### **6. Conflicts of interest**

Except in very limited circumstances specified under the MCL, there is no legal or regulatory framework in Myanmar dealing with potential conflict of interests or requiring disclosure of potential conflict of interests in the context of the Listing. The disclosure of potential conflicts of interest below is made by the Shareholders on a strictly voluntary basis and may, therefore, not be complete. Our Board does not assume any responsibility for any incomplete disclosure and/or any conflicts of interests not so disclosed.

<b>NAME OF ENTITY</b>	<b>NAME OF DIRECTOR OR PERSON INVOLVED</b>	<b>NATURE AND EXTENT OF INVOLVEMENT</b>	<b>NATURE OF BUSINESS</b>
Container Service and Shipping Agency Co., Ltd.	Principal Shareholders	100% shareholding and directorship	Shipping Line
EFR Forwarding and General Services Co., Ltd	Principal Shareholders	100% shareholding and directorship	Shipping Line
Myanmar Indo Orient Co., Ltd.	Principal Shareholders	100% shareholding and directorship	Shipping Line
Myanmar Greenways Shipping Agency Co., Ltd.	Principal Shareholders	100% shareholding and directorship	Shipping Line
Tri Speed Logistics Services Ltd	Principal Shareholders	35% shareholding and directorship	Forwarding business
Fly Biz Logistics Services Ltd	Principal Shareholders	40% shareholding and directorship	Airline
Ever King Logistics Services Ltd.	Principal Shareholders	100% shareholding and directorship	Forwarding Business
Carewell Premium Logistics Services Limited	Principal Shareholders	100% shareholding and directorship	Forwarding Business

### ***Potential conflicts of interest***

The following potential conflicts of interest have been disclosed by the relevant Shareholders and Directors appointed to the BOD:

1. Our Chairman, U Kyaw Lwin Oo, has informed our BOD that he is a director of and has 14% effective equity interest in Thilawa Multipurpose International Terminal Co., Ltd., which is developing a new container terminal at the Port of Thilawa that will be able to handle larger ships and growing demands of containers. The new terminal, once completed, may not be in direct competition with any of our business but may create potential conflict of interest due to its customer supplier relationship with our Company.

2. Our CEO, U Aung Min Han, has informed our BOD that he is a director of and has significant influence over SIM Co., Ltd. through his 20% equity interest. SIM Co., Ltd. has been awarded an MIC Permit to develop an offshore supply base in Nga Yoke Kaung Bay area, Ayarwaddy Region. The offshore supply base, once completed, may not be in direct competition with any of our business but may create potential conflict of interest due to its customer-supplier relationship with our Company.

To mitigate risks from RPTs as well as current and potential conflicts of interest, our Company relies on the safeguards provided under the MCL, specifically Division 18, which requires every director who has an express or implied interest in any transaction entered into by or on behalf of the company, to disclose the nature of their interests at the meeting of the directors when the transaction arises or at the first meeting of the directors after the relevant conflict of interest arises; this will prohibit interested directors from voting on any contract or arrangement they are interested in and the presence of such interested directors will not be counted for purposes of quorum at the time of the vote.

## **PART X. THE MYANMAR SECURITIES MARKET**

The primary law governing securities in Myanmar is the Securities Exchange Law (“**SEL**”) which was immediately took effect after it was issued on 31 July 2013. Subordinate legislation was passed, the most notable of which is the Securities Exchange Rules 27 July 2015 (“**SE Rules**”).

### **1. Regulators and enforcement**

The passage of the SEL in 2013 resulted in the creation of the Myanmar Securities Exchange Market (“**SECM**”) in August 2014. The SECM is the principal regulator of capital markets in the country and has broad administrative powers such as the authority to (i) grant a license for the conduct of any securities business, (ii) grant a license for the conduct of any securities business, (ii) issue permits to a stock exchange or an over-the-counter market, (iii) supervise the securities business, and (iv) approve a public offering, among others. Under the SEL, the Ministry of Finance (now Ministry of Planning, Finance and Industry (“**MOPFI**”)) shares rule making functions with the SECM to implement the SEL.

As far as enforcement goes, SECM has the power to take administrative actions such as license revocation and imposition of penalties against offenders. SECM also has the right to summon, obtain, and examine evidence from any person if there is reason to believe an offense has been committed. However, the SECM does not have the powers of arrest and seizure, thus, requiring the assistance for these purposes of the police force or of the Bureau of Special Investigation of the Ministry of Home Affairs.

### **2. Securities business**

The SEL regulates the following activities considered as securities businesses: (i) securities dealing, (ii) securities brokerage, (iii) securities underwriting, (iv) securities investment advisory, and (v) securities depository and clearing. The SECM can add a category of securities business through a notification.

Each type of securities business will be covered by a separate license, without which, any entity is prohibited from carrying out any securities business. Such violation will expose the violator to a criminal penalty.

Securities dealing, securities brokerage, and securities underwriting can exclusively be carried out by a licensed securities company which must have been incorporated as a company limited by shares, with an authorized capital and a minimum paid-up capital. A licensed securities company cannot allow any person other than its licensed representative to operate the securities business in its name. Failure to comply with this can result in the imposition of a criminal penalty.

Any responsible person or staff of a securities company is prohibited from participating in any other securities company, or any other company or other economic enterprise, without the permission of the SECM.

In addition to the conduct of any of the above-mentioned activities, a licensed securities company may conduct the securities investment advisory business without a separate license. Any other person which is a not a licensed securities company which desires to carry out a securities investment advisory business needs to obtain a license.

The SECM also has the power to suspend a license for a certain period of time or to revoke a license in the following circumstances: (i) upon a violation of any of the terms and conditions of



a license, (ii) failure to perform any of the functions and duties a license holder is required to undertake, or (iii) the commission of any of the prohibited acts stipulated in the SEL or SE Rules.

### **3. Disclosure**

In case a company desires to make a public offering of its shares, it must first submit to the SECM the procedure of the proposed public offering. Such submission will include the drafting of a prospectus. The approval of the SECM for the public offering must be given before any the shares are finally offered to the public.

The SECM issued Directive No.5/2016 dated 7 April 2016, which provides that non-compliance with, or contravention of, the requirements under the Companies Act subjects a person knowingly responsible for the issue of the relevant prospectus to a fine. Any person who violates any prohibition contained in the SE Rules could also be punished with imprisonment, a fine, or both non-compliance with, or contravention of, the prospectus requirements provided in the SE Rules would be subject to the above-mentioned criminal penalty. In addition, making any false statement in a prospectus made willfully by a person in respect of any material detail required by the MCL is punishable by imprisonment and a fine under the MCL and under the SEL.

The SEL is silent about civil liabilities in case of the commission of the offenses of making misleading or untrue statement in a prospectus. However, this is dealt with under the MCL which provides that directors at the time of issue of the prospectus and other persons who have authorized the issue of the prospectus will, subject to certain defenses, be liable for all losses or damage incurred by subscribers for shares on the faith of the prospectus.

Other disclosure requirements include the requirement for a public company to file with the SECM an annual report, a semi-annual report, and extraordinary reports for the benefit of investors buying or selling shares in the secondary market, and to also make copies of those documents available at the registered office of the company or on its website. This is found in the SE Rules.

### **4. Prohibited fraudulent conduct**

Part IX of the SEL enumerates the prohibited acts. These are acts generally deemed detrimental to the interests of the general public and to the protection of investors. The commission by any person of any the prohibited acts will subject such person to imprisonment for a term not exceeding 10 years and a fine.

The prohibited acts are:

- involvement in any act, such as cheating, deceiving, making false statements, or concealing important information, which seriously causes deception or influence on certain securities-related activities and securities market;
- disclosing incorrect information in order to incite or entice other persons to buy or sell securities, or disclosing insufficient or untimely information that seriously affects the price of the securities in the market;
- using internal information to buy or sell securities for its own account or for other persons, or disclosing or providing internal information or giving advice to other persons to buy or sell securities based on undisclosed internal information; and
- conspiracy in buying or selling securities by creating false demand and supply, or buying or selling continuously or using trading methods by conspiring with others or by enticing others in order to manipulate the price of securities.

## 5. The Myanmar securities market

Before the establishment of the YSX, shares of two public companies have been traded since late 1990. As early as 1996, Myanmar has seen efforts aimed at developing capital markets. One of such efforts is the creation of the Myanmar Securities Exchange Centre Co., Ltd. (“**MSEC**”), a JV company between Myanmar Economic Bank and Daiwa Securities Group Inc. The operations of MSEC were under the guidance of the then-Ministry of Finance.

The YSX is owned by Yangon Stock Exchange Joint-Venture Company Limited, a JV company owned by state-owned Myanmar Economic Bank, Daiwa Institute of Research, and Japan Exchange Group. The trading of shares on the YSX started on 25 March 2016.

There are currently five companies listed on the YSX as of the date of this Disclosure Document for Listing. These include First Myanmar Investment Co. Ltd., Myanmar Thilawa SEZ Holdings Public Ltd, Myanmar Citizens Bank Limited, First Private Bank Limited, and TMH Telecom Public Co. Ltd.

The SEL provides for the creation of stock exchanges, as well as an over-the-counter market (“**OTC Market**”) or an organized market for trading of unlisted securities. An OTC Market, on the one hand, can be formed by not less than three securities companies with the permission of the SECM. The requirements and procedures for the permission, as well as organizational matters and its functions and duties, are provided in the SE Rules.

A stock exchange, on the other hand, can be formed as a limited liability company or a JV. Although it is not clear from the provisions of the SEL, it is envisaged (particularly in relation to the YSX), that trading participants who can trade on a stock exchange market are securities companies and that they are not necessarily shareholders of a stock exchange. A stock exchange must obtain a permit from the SECM and is subject to its supervisory and regulatory authority, including permission for any amendment of its charter or business rules. The details of the requirements and procedures for the permit are as prescribed in the SE Rules. A stock exchange has self-regulatory power, among other things, to determine listing criteria and matters relating to trading participants.

A stock exchange is allowed to carry out the securities depository and clearing business without a permit from, but by giving notice to, the SECM. The book-entry transfer system has been introduced in Myanmar in respect of listed shares, and the YSX is envisioned to become the central securities depository. Companies listed in the YSX are allowed, under Notification No.86/2016 dated 28 March 2016, to register electronic securities certificates and the rights thereto with DICA.

## **PART XI. LOGISTICS OVERVIEW**

Myanmar is the largest country in mainland Southeast Asia, and shares borders with five countries. The western side of the country is bordered by Bangladesh and India and on the eastern side by Laos and Thailand. China forms a border with the northeast of Myanmar. Due to its geographical advantage, Myanmar has enormous potential to become a key regional transport and logistics hub. However, the country suffers from a notable lack of spending on infrastructure. Despite the completion of several major highway projects, Myanmar's road network continuously requires upgrades, while the national rail network – the largest in ASEAN by kilometers of track – continues to suffer from poor maintenance and underinvestment. A sizeable amount of funding is needed to close its infrastructure gap, and officials are working with international lenders and bilateral partners to finance new transport projects. As a result, there is an increased emphasis on public-private partnerships, which offers attractive opportunities for foreign private investors.

The logistics industry in Myanmar has undergone significant development in the past few years, spurred on by increased trade flow, better connectivity, and an influx of big international players. Sea trade has played a vital role in driving Myanmar's logistics sector, accounting for approximately 70% of total trade. Another approximately 20% of trade is handled via border trade, with the remainder handled via air freight and railroad trade.

### **1. Drivers of the Logistics Industry**

The construction, automobile, industrial, and garment sectors account for the majority of the logistics spending in Myanmar in recent years.

#### ***Construction sector***

Yangon's population is estimated to grow within the next 10 years requiring massive housing investments. According to World Top Exports, the imported value of cement in Myanmar is US\$81.7 million in 2018. Most of the construction materials which are cement, steel and other materials are imported from other countries. The need of these materials can drive the growth of the logistics sector.

#### ***Automobile sector***

After the government lifted restrictions for individuals to import the latest model cars in 2012, new car imports have surged. There was a 120% jump in motor vehicle sales in 2018 (17,524 new cars sold) compared to that of 2017. Recently, more international motor companies – Suzuki, Nissan, and Toyota – have entered the Myanmar automotive industry, establishing distribution channels and manufacturing facilities.

#### ***Garment sector***

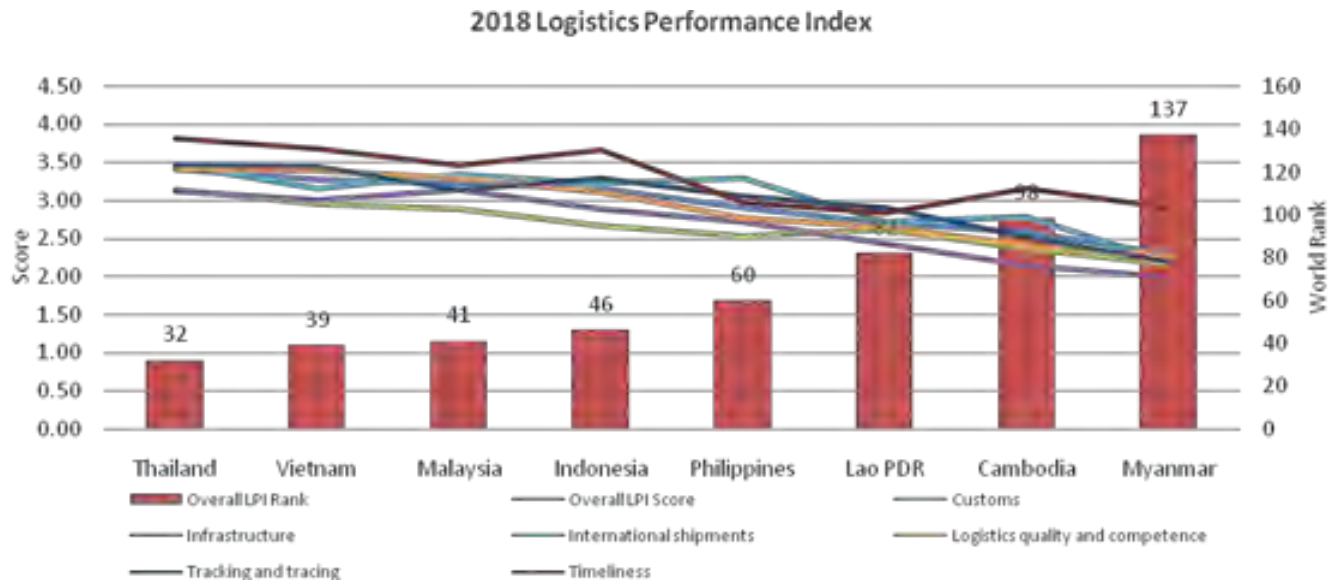
According to World Trade Organization (“WTO”) data, the total value of Myanmar's garment exports reached US\$986 million in 2014, nearly triple that of the 2010 level of US\$337 million. Exports from garment factories that operate under the CMP system earned US\$2.2 billion from April to September 2018, which is an increase of US\$1 billion compared to the period of the previous financial year, according to the Ministry of Commerce.

The garment sector is one of the prioritized sectors that drives increasing exports. In addition, the CMP garment industry is considered significantly promising, with preferential trade from western countries.

Garment exports are primarily targeted to Japanese and European markets. Additionally, garments are exported to markets in South Korea, China, and the United States.

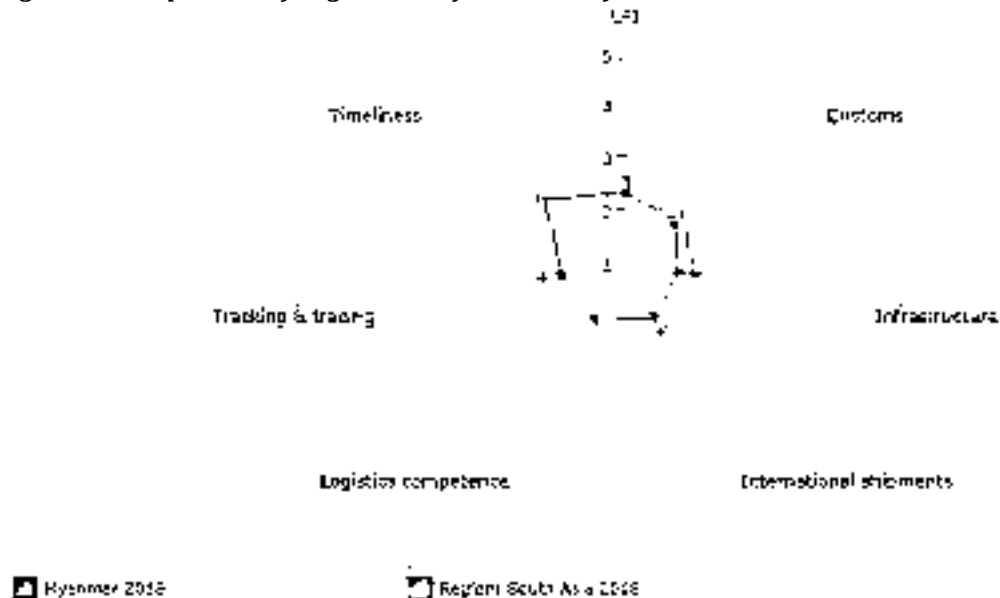
## 2. Myanmar Logistics Performance

**Figure 6: 2018 Logistics Performance Index, Southeast Asia**



Source: <https://lpi.worldbank.org/international/scorecard/radar/254/C/MMR/2018/R/SAS/2018>

**Figure 7: Comparison of Logistics Performance, Myanmar vs Southeast Asia 2018**



Among Southeast Asian countries, Myanmar scored the lowest in the 2018 Logistics Performance Index, and is ranked 137 in the world (see Figures 1 and 2 above). The index is based on six components: customs, infrastructure, international shipments, logistics competence, tracking and tracing, and timeliness.

The major challenges encountered in the Myanmar logistics sector are as follows:

### ***Poor infrastructure***

Current transport infrastructure capacity will not be able to meet the rapidly increasing domestic and trade cargo volumes, and the existing standards need to be upgraded to meet the requirements for the transport of valuable manufactured goods without damage. The current conditions of roads and domestic ports are deemed unsuitable for handling fully loaded 40-ft containers with an average weight of 15 tons, and up to a maximum of 30 tons.

### ***High transportation and labor costs***

The freight transportation cost in Myanmar is twice as high as that of comparable countries, such as Thailand or Vietnam. For instance, the cost for transport between Yangon to Mandalay amounts to US\$2 per kilometer, while transport for the same distance is only US\$0.9 per kilometer in counterpart countries. There is also a rather lengthy average terminal dwell time for both trucks and vessels – 36 hours per trip and seven days voyage time, respectively. Because of the prolonged working hours, labor costs are higher, adding to the overall transportation cost.

### ***Low cargo transport efficiency***

The cargo load factor is quite low (on average 0.5), especially in rural areas or along links connecting urban and rural areas. This low cargo transport efficiency is a major cause of high transport costs. The capacity of truck terminals at major cities is almost saturated and cargo transport efficiency has been declining due to traffic congestion in the terminals.

### ***Limited gateway capacity***

The capacity of gateways for trade cargoes is insufficient at international ports and cross-border facilities, thereby extending the cargo dwell time, which escalates the transportation costs.

### ***Customs***

In recent years, customs agents lost the market for clearance procedures of export items due to the decline in exports. Fluctuation in exchange rates was highlighted as the main reason for the differences in customs clearance rates. Bribery issues were also heavily scrutinized under the new government. In addition, agents faced difficulties due to the technology failure of MACCS, which was introduced a few years back.

## **3. Recent Infrastructure Developments**

It is no secret that Myanmar's location – at the crossroads of India and China, as well as the entry point to mainland Southeast Asia from the West– presents sizeable opportunities for international trade. However, significant improvements are needed in hard infrastructure and the regulatory framework if the country is to fulfill its potential in this area. Before Myanmar aspires to become a regional logistics hub, the country needs to first address its infrastructure gaps. Seeing this as an economic opportunity, Myanmar's neighboring countries are pursuing large-scale infrastructure projects aimed at boosting connectivity. China sees Myanmar as a key component of its ambitious Belt and Road Initiative, particularly in regard to its planned deep-water port and SEZ in Kyaukphyu in Rakhine State. The largest initiative in the pipeline is the China-Myanmar Economic Corridor (“CMEC”), which is a north-south logistics corridor between Yangon and southern China: a multi-billion-dollar project that has the potential to shake up global

trade and improve transnational infrastructure links. The CMEC will include four key cities in Myanmar; namely, Yangon, Mandalay, Kyaukphyu, and Muse. It will drive deeper integration and connectivity among these cities, boost trade within the region, and support several infrastructure developments along the corridors. Some of the new projects have positioned themselves as part of the CMEC, such as the New Yangon City, Myotha Industrial Park, and Muse Central Business District projects.

### ***Land***

The growing economy has placed a high demand on roads in a country where only 40% are paved, and at least 60% of the highways require maintenance. Although only 20% of trade is transported via roads, it is still a crucial transport network, especially in the CMEC. With more infrastructure projects aimed at improving the road network in critical areas linked to border trade zones in neighboring countries, there is a significant opportunity for logistics players in the border areas.

### ***Air***

The government has put tremendous effort into improving the country's air connectivity with the region. In collaboration with a consortium now led by Japan-based JGC Corporation, Singapore's Yongnam Holdings Limited, and Changi International Airport, the construction of the new Hantharwaddy International Airport is expected to be completed in 2022. Located in Bago, just 80 km northeast of Yangon, the 9,000-acre airport will cater to an initial capacity of 12 million passengers per annum, which will make it the biggest airport in Myanmar.

In the meantime, to accommodate more international traffic, Yangon International Airport was upgraded to handle a total of six million passengers per annum, doubling the previous capacity of 2.7 million passengers per annum. The Ministry of Transport and Communication is confident that there will be more air passenger traffic in 2019, thus, increasing  
The project is being done in two phases and is expected to be completed by its efforts to open up new markets.

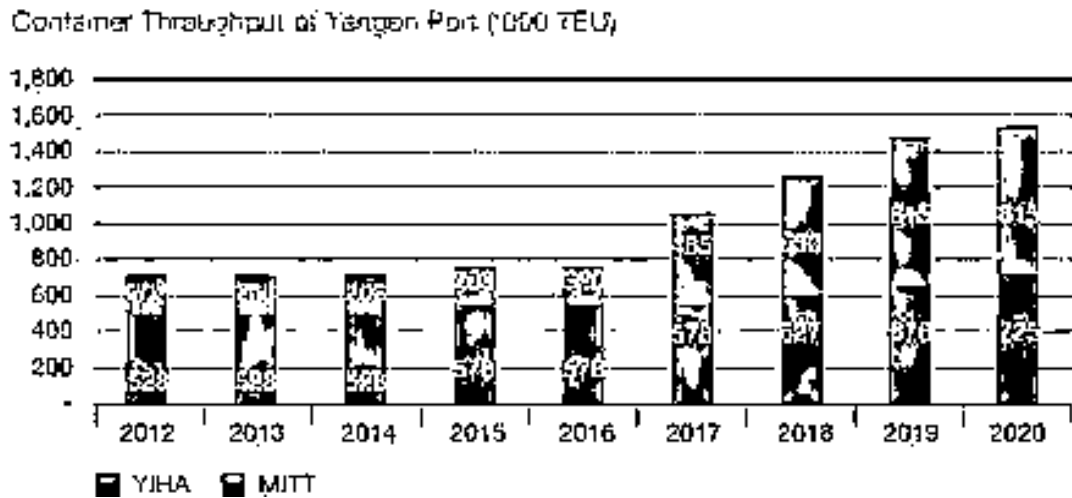
Myanmar's Department of Civil Aviation has invited local and foreign firms to bid for the development of the Mandalay International Airport, which is expected to handle 3 million passengers per annum.

### ***Rail***

Railroad transportation is the most convenient mode for moving commodities; however, Myanmar's poor rail infrastructure has been a major hindrance. To improve current rail conditions, the government is upgrading the Yangon-Mandalay railroad with help from the JICA. The 620 km railway upgrade will be funded through a US\$2 billion Official Development Assistance loan from Japan.

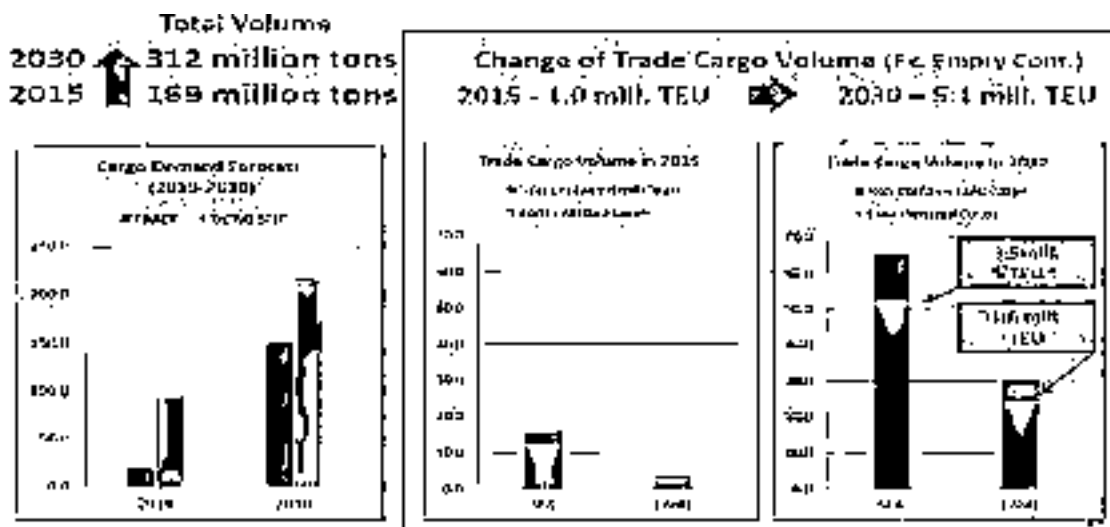
2023. The first phase covers the Yangon-Taungoo route, and the second phase covers the Taungoo-Mandalay route. Upon completion, travel time between Yangon and Mandalay will decrease to eight hours from the current 14 hours.

**Figure 8: Yangon Port Container Throughput**



Source: PWC: Myanmar Business Guide

**Figure 9: Cargo Demand Forecast for 2030**



Source: [https://www.unescap.org/sites/default/files/Myanmar\\_CBStrengthening%20Transport\\_March.pdf](https://www.unescap.org/sites/default/files/Myanmar_CBStrengthening%20Transport_March.pdf)

**Sea**

Myanmar has a total of nine international ports to cater for seaborne and coastal trade. Despite being the only river port, Yangon Port handles 90% of import and export cargo. Most of the other ports are proposed locations for development – some of these have small structures with minimal operations. Yangon Port is the gateway for import and export in Myanmar. The wharves/berths at Yangon Port can currently handle general cargo, containerized cargo, oil and bitumen. Yangon Port is divided into two areas- the Yangon Inner Harbor Area (“YIHA”) and Thilawa Port Area (also known as the Myanmar International Thilawa Terminal, or “MITT”). YIHA historically handled the majority of the container throughput, while MITT is expected to surpass YIHA in terms of container throughput in Figure 3 in 2018. The data shown in Figure4 is forecasted for cargo demand volume in the next 10 years. Yangon Port experienced frequent traffic congestion

due to trade volume growth, poor infrastructure, and inefficient handling processes. Moreover, Yangon Port has limited capacity to handle large vessels due to their draft level. Therefore, new ports in strategic locations, such as the Thilawa SEZ, the Dawei SEZ, and the Kyaukphyu SEZ are under development to attract large-scale foreign investments.

### ***Thilawa SEZ***

Thilawa SEZ, located 20 km southeast of Yangon, is the first SEZ to be built in Myanmar. It has been fully operational since September 2015. The 400-hectare Zone A was constructed according to international industrial zone standards. The construction of Zone B, comprising approximately 500 to 700 hectares, began at the end of 2016 and is due to be completed in 2022.

### ***Dawei SEZ***

Dawei SEZ is located in Dawei township, Tanintharyi division and is situated about 614.3 km south of Yangon. Dawei SEZ is a seven-year development project by Thailand and Myanmar with the aim of developing local businesses, providing local employment opportunities, and stimulating the construction of infrastructure in the Tanintharyi region. The project is aimed for labor intensive industries such as garment manufacturing, food processing and heavy chemical industries. Dawei SEZ is touted as having the potential to become Southeast Asia's largest industrial and trade zone.

### ***Kyaukphyu SEZ***

Kyaukphyu SEZ is located in Kyaukphyu, Rakhine State, along the central western coast of Myanmar. Kyaukphyu SEZ is uniquely positioned to serve as a trade corridor connecting three economies – China, India, and the ASEAN. In December 2015, CITIC Consortium was awarded the concessions to develop a deep sea port and an industrial park in Kyaukphyu SEZ. This deep sea port, with the designed capacity of 7.8 million tonnes of bulk cargo and 4.9 million TEU containers p.a., occupies 1,700 hectares of land. Phase 1 of this project will be around 1,000 hectares of industrial park. The government is committed to invest in the surrounding infrastructure including energy, telecommunication, water, and road upgrades. The port facility will be developed over a period of 20 years.

### **Dry Ports**

To further improve logistics networks, the government has initiated plans to develop dry ports across major cities in Myanmar. In August 2014, the MOTC announced tenders for two inland dry ports – Ywar Thargyi dry port (Yangon) and Myit Nge dry port (Mandalay). A Hong Kong-based company, Kerry Resources Transport, and Myanmar-based Resources Group Logistics won the concession to operate both ports. The concession period is 50 years with an option to renew for two conservative 10-year periods.

In 2018, Yangon Region Government launched the Ngwe Pin Le Integrated Logistics Park and Inland Water Transport Jetty Linked Port project with the aim of reducing road congestion and lowering logistics transportation costs between ports and the western side of Yangon. The project is located approximately 20 km north of Yangon's central business district and has a total site area of 224 acres with direct access to 1,000 feet of river front. The project is close to major industrial zones in Yangon, including Hlaing Thayar, Ngwe Pin Le, Shwe Lin Ban, and Shwe Pyi Thar.

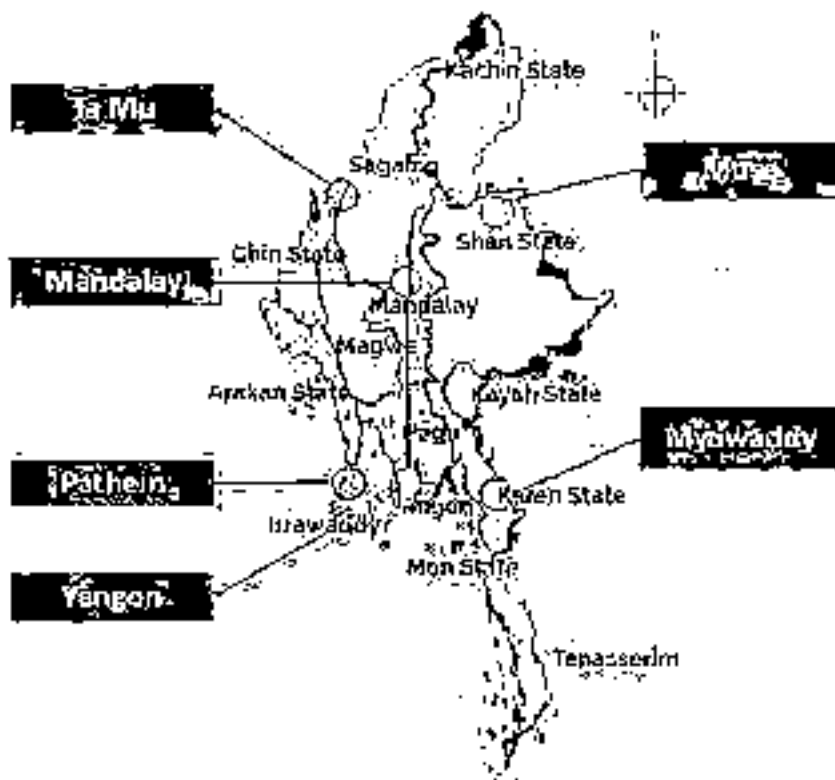


#### 4. Further Opportunities

The Ministry of Transport and Communications has collaborated with JICA to establish a National Logistics Master Plan for further implementation of the National Transport Master Plan. The aim of the plan is to create the capacity to handle an increase of 85% (312 million tonnes) in cargo movement to and from Myanmar by 2030. The sheer scope of the government's National Logistics Master Plan creates huge potential opportunities for private companies and foreign firms to ensure that the projects are structured and implemented in line with international standards.

The national export strategy emphasizes the export of agricultural produces and manufactured goods which will eventually enhance the intra-regional trade. It is projected that the trade value via sea and border will be increased more than 7 times between 2015 and 2030.<sup>18</sup> Moreover, the trading volume between Myanmar and China as well ASEAN increased substantially since 2011. Countries bordering Myanmar, such as China, India and Thailand, will be the key trading partners for which the major transport links will be formed. Figure 8 demonstrated the key cities crucial for cargo movement to neighboring countries: Muse for China, Ta Mu for India, Myawaddy for Thailand, and Patheingyi and Yangon for the world market. Mandalay will be the key city in linking the strategic bordering cities to different markets.

*Figure 8: Strategic Locations for EFR Future Logistics Development Plan*



In line with the National Logistics Master Plan, EFR is prioritizing to implement two key projects in Yangon and Mandalay, which will be the foundation towards providing seamless logistics experience to its customers. Subsequently, EFR has plans to announce the implementation of different projects in the remaining key cities that allows EFR to become the leading total logistics service provider in Myanmar.

<sup>18</sup>The National Logistics Master Plan: Presentation of Outline of Final Report, 14 February 2018.

## **PART XII. SUMMARY OF MATERIAL MYANMAR LAWS AND REGULATIONS**

The following sets out a summary of relevant aspects of applicable laws and regulations, which our business and operations are subject to in Myanmar, and is not intended to be and does not constitute legal advice. The following does not purport to contain all conditions, qualifications, and exceptions nor is the following a complete and exhaustive review of all laws and regulations of Myanmar with respect to the stated matters. The summary is based on laws, regulations, and interpretations in effect and available as at the Latest Practicable Date. The laws, regulations, and interpretations, however, may change at any time, and any change could be retroactive. While this discussion is considered to be a correct interpretation of existing laws and regulations in force, no assurance can be given that the courts or government authorities responsible for the enforcement and administration of such laws or regulations will agree with this interpretation or that changes in such laws or regulations will not occur.

### **1. Myanmar Companies Law**

#### *Introduction*

The MCL was approved by the Pyidaungsu Hluttaw on 23 November 2017 has repealed and replaced the British-era MCA. Generally speaking, the MCL adjusts corporate rules to current practices and aligns it with corporate rules from other regional common law jurisdictions, such as Singapore.

#### *General*

The MCL, as was done in the MCA, regulates the formation and registration, share capital, management and administration, and winding-up and dissolution of companies in Myanmar.

#### *Public companies*

Public companies under the MCL are subject to some specific requirements, including:

- A requirement to have at least three directors, at least one of whom must be a Myanmar citizen who is ordinarily resident in the Union.
- A public company is prohibited (save as specifically permitted in the MCL) from giving, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the company.
- The directors of a public company or of a subsidiary company of a public company are not permitted, except with the consent of the company concerned in general meeting: (a) sell or dispose of the undertaking of the company; or (b) remit any debt due by a director.
- Certain requirements are applicable to meetings of shareholders of public companies, including in relation to notice of meeting, notice period and demand for a poll.
- A public company is prohibited from making any loan or guaranteeing any loan made to a director of the company or to a firm of which such director is a partner or to a private company of which such director is a director.
- Except as may be expressly permitted by the MCL, a director of a public company shall not vote as a director on any contract or arrangement in which he is either directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of any such vote; and if he does so vote, his vote shall not be counted.

## *Constitution*

Most companies operating under the old MCA are currently using an MOA and AOA as well as a 'form of permit' as their fundamental corporate documents, based on Table A, a statutory template for the MOA and AOA.

Under the MCL, companies will require a single document – a constitution – for their incorporation. Even though DICA will issue a model constitution, this model will not be mandatory and investors will have more flexibility in the management and administration of their company.

## **2. Laws and Regulations concerning logistics services**

Logistics services encompass maritime cargo, storage and warehousing, as well as domestic and international road and rail transport. A non-exhaustive list of applicable laws to these services appears below:

- The Yangon Ports Act (1905)
- The Ports Act (1908)
- The Outports Act (1914)
- The Bill of Lading Act (1856)
- The Carriers Act (1865)
- The Carriage of Goods by sea Act (1925)
- The Myanmar Carriage of Goods by Sea Act (1925)
- The Road Transport and Inland Water Transport law (1963)
- The Road Transport and Inland Water Transport Functional Rules (1964)
- The Road Transport and Inland Water Transport Functional Regulations (1965)
- The Railways Act (1890)
- Motor Vehicle Law (1964)
- Motor Vehicle Rules (1989)

## **3. Laws concerning dry docks**

While Myanmar does not currently have any regulatory framework relating specifically to the development and operation of dry docks, there are many overlapping areas of existing regulation that are likely to apply.

A dry dock development in Mandalay is likely to involve the following government ministries and departments:

- Ministry of Transport
  - Myanma Port Authority
- Ministry of Construction
- Ministry of Rail Transportation
- Ministry of Trade and Commerce
  - Directorate of Trade
  - Department of Border Trade
- Ministry of Finance and Revenue
  - Department of Customs
- Ministry of Home Affairs
- Ministry of National Planning and Economic Development
  - DICA
  - MIC
- Ministry of Labor, Immigration, and Population
  - Department of Immigration
- Ministry of Health

- Department of Quarantine
- Regional Government of Mandalay
- Mandalay City Development Committee

Trade, transport, and customs laws will all be applicable, in addition to investment licensing, and various agreements within the private sector.

## PART XIII. TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Shares. It is a discussion of certain tax matters arising under the current tax laws in Myanmar and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. There may be laws and other rules, regulations, or official notifications, or unofficial or internal guidelines, which exist but which are not published or which are not generally available to the public, and the existence of the same may affect the discussion herein.

The discussion is limited to a general description of certain tax consequences in Myanmar with respect to ownership of the Shares by Myanmar investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, hold or dispose of the Shares.

### 1. Scope of tax

The following discussion describes the material Myanmar income tax, tax on dividends, capital gains tax in accordance with Union Tax Law 2017, and stamp duty consequences of the subscription for, ownership, and disposal of the Shares.

### 2. Individual income tax

All Myanmar citizens residing in Myanmar and foreigners residing in Myanmar for 183 days or more during an income year are treated as tax residents for purposes of Myanmar income taxation. If a foreigner is residing less than 183 days, such foreign individual will be considered as a non-resident for income tax purpose in Myanmar. For resident taxpayers, income tax is imposed on the worldwide income after a deduction of prescribed tax reliefs and allowances, whereas for non-residents income tax is imposed only on Myanmar-sourced income before deduction of any reliefs. Taxable income includes salaries and wages, income from the practice of a profession, income from business, and income derived from other sources.

The income tax rates are as follows:

FROM MMK	TO MMK	INCOME TAX RATE
1	2,000,000	0 %
2,000,001	5,000,000	5 %
5,000,001	10,000,000	10 %
10,000,001	20,000,000	15 %
20,000,001	30,000,000	20 %
30,000,001 and above		25 %

For rental income received from renting out land, buildings, and apartments, income tax shall be assessed at a rate of 10% on the total rental income after deduction of prescribed tax reliefs and allowances.

Undisclosed sources of income will be subject to income tax at 30% for both citizens and foreigners before deduction of prescribed tax reliefs and allowances. However, if the citizen can

disclose the source of income used for buying, constructing, or acquiring any capital assets or establishing a new business or expanding an existing business, the portion of income that source can be proved shall be deducted from the total undisclosed income and the balance of the undisclosed income will be taxed at the progressive rates mentioned in the table below.

INCOME (MMK)	INCOME TAX RATE
1 - 30,000,000	15%
30,000,001 - 100,000,000	20%
100,000,001 and above	30%

### 3. Corporate income tax

The current corporate income tax (“CIT”) rate is 25% for Myanmar companies, branches registered under the MCA, and companies operating under permission from the MIC (i.e., foreign-owned resident companies with an investment license from the MIC granted under the Foreign Investment Law and Myanmar Investment Law 2016). Resident entities, which are defined as companies established under the MCA, are obliged to declare and pay CIT on their worldwide income. Non-residents, which are defined as entities other than residents, including branches registered under the MCA, are only obliged to pay CIT on their Myanmar-sourced income.

### 4. Dividend distributions


Dividends received from a company are exempt from income tax.

### 5. Gains on disposal of shares

Capital assets include land, buildings and their rooms, vehicles, and work-related capital assets. The expression also includes shares, bonds, securities and similar instruments. Capital gains tax (“CGT”) is applicable to both resident and non-resident taxpayers deriving a profit from the sale, exchange, or transfer of capital assets in Myanmar. CGT is payable by the person deriving the profit. A CGT return must be lodged by any person who sells, exchanges, or transfers capital assets, even if there is a loss.

Gains received on the disposal of shares, except for companies engaging in oil and gas sector, are subject to CGT computed at the rate of 10%. The taxable capital gain is calculated as sale proceeds less cost of shares and expenditures incurred in the sale of shares. No tax shall be assessed on the capital gain if the total value of shares sold does not exceed MMK10,000,000. Stamp duty must be paid at the rate of 0.1% of the value of shares sold.

**PART XIV. FINANCIAL INFORMATION**

— **Win Thin & Associates**  
Certified Public Accountants 

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**  
As at and for the financial year ended 31 March 2019

Currency— Myanmar Kyat (MMK)

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at and for the financial year ended 31 March 2018**

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**DIRECTORS' REPORT**

For the financial year ended 31 March 2019

The directors approve their report in the manner together with the audited consolidated financial statements for the financial year ended 31 March 2019.

In the opinion of the directors,

- (a) the consolidated financial statements as set out on pages 6 to 42 are drawn up so as to give a true and fair view of the consolidated financial position of Ever Flow River Group Public Company Limited ("the Company") and its subsidiaries ("the Group") as at 31 March 2019 and the consolidated financial performance, changes in equity and cash flows for the financial year covered by the consolidated financial statements; and
- (b) at the date of this report, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

**Directors**

The directors in office at the date of this report are as follows:

- ✓ U Kyaw Linn Oo, Managing Director
- ✓ U Aung Mye Han @ U Ko Ko Aung, Director
- ✓ Daw Saw Nanda, Director
- ✓ U Aung Mying Oo, Director
- ✓ Daw Khin Sane, Director
- ✓ Daw Win Hmye, Director
- ✓ U Than Aung @ Boney Barua, Director
- ✓ U Kyaw Kyaw Tun, Director
- ✓ Daw Min Yee Mon, Director
- ✓ Daw Lin Lan Kyi, Director
- ✓ Daw Zin Mye Win, Director

**Main activities**

The Company was incorporated 3 November 2012 as a private company and converted existing private company into a public company on 10 April 2018 and have not been carrying out any business activities and have acquired a subsidiary through which business activities are carried out.

**Issue of shares**

The Company did not issue any new shares during the financial year.

**Dividends**

There has been no distribution of dividends during the financial year.

**Directors' contractual benefits**

No director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a partner or with a company in which he has a substantial financial interest except the directors' remuneration.

1. EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**DIRECTORS' REPORT (CONTINUED)**  
 For the financial year ended 31 March 2019


**Directors' interests in shares or debentures**

The Directors of the Company holding office at the end of the financial year had interests in the shares and no interests in the debentures of the Company and / or the related corporations. The details of Directors' shareholding are as follows:

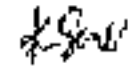
	Number of ordinary shares	
	2019	2018
U Kyaw Lwin Oo	3,564,020	177,741
Daw Eay Sane	3,302,840	364,142
U Myung Myung Oo	765,300	38,288
U Aung Min Han @ U Ko Ko Aung	772,380	36,649
Daw Khin Sane	772,590	38,640
Daw Win Hmann	705,360	38,288
U Thein Aung @ Bama Mya	188,600	3,730
U Kyaw Myaw Thaw	194,600	4,730
Daw Hnin Yan Mya	196,320	5,218
Daw Eay Lwe Mya	194,600	3,730
Daw Zin Nyan Hnin	192,240	5,252

The Company has split its one issued and paid up share into twenty issued and paid up shares on 4 October 2018.

On behalf of the directors

  
 U Kyaw Lwin Oo  
 Managing Director  
 ဦးကျော်လွင်ဝေ  
 မြန်မာ့စွယ်စုံကျမ်းတိုက်ကြီးလမ်း၊ ရန်ကင်းမြို့နယ်၊ ရန်ကင်းမြို့၊ မြန်မာနိုင်ငံတော်



  
 Daw Eay Sane  
 Director  
 ဒေါ်အေးစန်း  
 မြန်မာ့စွယ်စုံကျမ်းတိုက်ကြီးလမ်း၊ ရန်ကင်းမြို့နယ်၊ ရန်ကင်းမြို့၊ မြန်မာနိုင်ငံတော်

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

It is the responsibility of the Management to prepare the consolidated financial statements for each financial year which give a true and fair view of consolidated financial position as at 31 March 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the Management is required to:


- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

The Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of Management:

  
Ever Flow River Group Public Company Limited



  
Director  
Ever Flow River Group Public Company Limited

20 September 2019

No.82, Room (1104), 11<sup>th</sup> Floor, Mahabandoola Hoising Complex (B), Corner of Mahabandoola Road & Tanwattinthe Street,  
Pazundaung Esp, Yangon, Myanmar.

☎ (EVER FLOW RIVER GROUP) 2027-452008093 and 2027-452008093  
[www.efrgroupmyanmar.com](http://www.efrgroupmyanmar.com), [www.facebook.com/everfrgroup](https://www.facebook.com/everfrgroup)



အိတ်ထင်နီအေ့စ်၊ လီမိတက်ဒ်

# WIN THIN & ASSOCIATES

CHARTERED PUBLIC ACCOUNTANTS

ကွမ်တိုင်စီဒီ (ပတ်) နှစ် ဖိတ် နှစ် ငြိမ်စံအောင်၊ ၈၀၊ ၈၂၊ ၈၃၊ ၈၄၊ ၈၅၊ ၈၆၊ ၈၇၊ ၈၈၊ ၈၉၊ ၉၀၊ ၉၁၊ ၉၂၊ ၉၃၊ ၉၄၊ ၉၅၊ ၉၆၊ ၉၇၊ ၉၈၊ ၉၉၊ ၁၀၀၊  
တောင်ကျောင်း၊ အမှတ် ၅၀၊ ၄၅၊ ၄၆၊ ၄၇၊ ၄၈၊ ၄၉၊ ၅၀၊ ၅၁၊ ၅၂၊ ၅၃၊ ၅၄၊ ၅၅၊ ၅၆၊ ၅၇၊ ၅၈၊ ၅၉၊ ၆၀၊ ၆၁၊ ၆၂၊ ၆၃၊ ၆၄၊ ၆၅၊ ၆၆၊ ၆၇၊ ၆၈၊ ၆၉၊ ၇၀၊  
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Ref: 706/F-03/March 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Ever Flow River Group Public Company Limited

### Report on the Audit of the Financial Statements

We have audited the accompanying consolidated financial statements of Ever Flow River Group Public Company Limited ('the Company') and its subsidiaries ('the Group'), which comprise consolidated financial position as at 31 March 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards (MFRSs) and the provisions of the Myanmar Companies Law. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

WIN THIN & ASSOCIATES

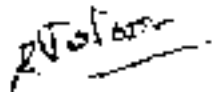
**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Ever Flow River Group Public Company Limited ("the Company") and its subsidiaries ("the Group"), as at 31 March 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with MFRSs and the provisions of the Myanmar Companies Law.

**Report on Other Legal and Regulatory Requirements**

In accordance with the provisions of the Myanmar Companies Law, we report that:

- (i) we have obtained all the information and explanations we have required; and
- (ii) the financial records have been maintained by the Company as required by Section 235 of the Law.



Eain Nelson (PA - 430)  
Partner  
Win Thin & Associates  
Certified Public Accountants

30 September 2019

WIN THIN ASSOCIATES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2019


Currency - Myanmar Kyat (MMK)

	Note	2019	2018
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	477,586,454	467,312,412
Intangible assets	8	30,388,054	31,037,408
Investments accounted for using the equity method	8	2,286,749,158	1,803,304,025
Project under development	8	6,654,640,231	-
<b>Total non-current assets</b>		<b>4,569,363,907</b>	<b>2,182,314,921</b>
<b>Current assets</b>			
Overseas	10	157,374,451	178,529,999
Trade and other receivables	11	6,272,581,387	3,234,423,508
Cash and bank balances	12	1,300,158,452	2,406,948,532
<b>Total current assets</b>		<b>7,730,124,290</b>	<b>6,879,941,043</b>
<b>Total assets</b>		<b>12,279,488,197</b>	<b>8,061,855,864</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	4,086,137,770	1,893,373,852
<b>Total liabilities</b>		<b>4,086,137,770</b>	<b>1,893,373,852</b>
<b>Net assets</b>		<b>8,193,350,427</b>	<b>6,068,582,112</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Company:</b>			
Share capital	14	6,455,450,000	6,125,450,000
Foreign currency translation reserve	15	388,482,770	(90,332,121)
Retained earnings		2,248,098,235	653,464,233
		8,090,011,105	6,068,582,112
<b>Non-controlling interests</b>		<b>103,339,322</b>	<b>-</b>
<b>Total equity</b>		<b>8,193,350,427</b>	<b>6,068,582,112</b>

The notes on pages 88 to 92 are an integral part of the Financial Statements.

Authenticated by Directors:

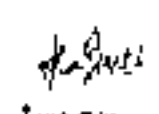
(1)



U Tun Aung  
 Director



(2)



U Tun Aung  
 Director

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the financial year ended 31 March 2018  
 Currency – Myanmar Kyat (MMK)

	NOTE	2019	2018
Revenue from contracts with customers	16	10,147,620,488	4,870,244,278
Other income	21	1,787,717,216	30,647,228
<b>Total income</b>		<b>11,935,337,704</b>	<b>4,900,891,498</b>
Operating expenses	23	(8,721,505,051)	(1,231,814,421)
Purchases	27	(4,834,071,617)	(1,752,395,805)
Changes in inventories		14,381,809	(32,242,568)
Staff costs	22	(1,425,878,200)	(718,674,088)
Present donation & entertainment		(78,368,328)	(39,652,592)
Travelling expenses		(212,568,182)	(162,031,478)
Utilities, electricity and communication		(108,092,413)	(34,730,064)
Rental on operating lease		(252,420,149)	(182,366,347)
Repair & maintenance expenses		(87,987,571)	(55,834,948)
Depreciation and amortisation expense	3.8	(97,017,658)	(44,838,260)
Professional fees		(88,876,881)	(50,658,084)
Management fees		(18,837,088)	(159,477,366)
Commercial tax expense		(3,547,914)	(47,268,019)
Others	28	(66,627,166)	568,216,083
Finance cost		(81,927)	-
<b>Profit before interest and tax</b>		<b>1,980,060,791</b>	<b>957,614,678</b>
Share of associates loss	8	(237,267,418)	(137,270,708)
<b>Profit before tax</b>		<b>1,742,793,373</b>	<b>820,343,970</b>
Income tax expense	29	(181,089,864)	(101,230,613)
<b>Profit for the year</b>		<b>1,561,703,509</b>	<b>719,113,357</b>
<b>Other comprehensive income:</b>			
Foreign currency translation	15	436,704,941	(50,330,171)
<b>Total comprehensive income</b>		<b>2,008,408,450</b>	<b>668,783,186</b>

Translation of foreign currencies to the reporting currency is the Myanmar Kyat (MMK)



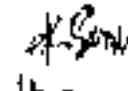
† FINANCIAL STATEMENTS

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**

For the financial year ended 31 March 2018  
 Currency - Myanmar Kyat (MMK)

	Note	2018	2017
Profit attributable to			
Equity holders of the Company		1,884,634,052	719,113,354
Non-controlling interests		(12,930,543)	-
		<u>1,871,703,509</u>	<u>719,113,354</u>
Total comprehensive income			
attributable to:			
Equity holders of the Company		2,021,428,893	886,781,183
Non-controlling interests		(12,930,543)	-
		<u>2,008,498,350</u>	<u>886,781,183</u>
Earnings per share for profit attributable			
to the equity holders of the Company			
(MMK per share):			
			After
			splitting
			shares
			Before
			splitting
			shares
Basic earnings per share	301a)	<u>0.46</u>	<u>0.52</u>
Diluted earnings per share	301a)	<u>0.46</u>	<u>0.52</u>

For other pages refer to notes at the end of the financial statements.

1,871,703,509

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial year ended 31 March 2019  
 Currency - Myanmar Kyat (MMK)

	Attributable to equity holders of the Company					Total Equity
	Share capital	Advanced capitals	Foreign currency translation reserve	Retained earnings	Non- controlling interests	
<b>2019</b>						
Beginning of financial year	5,455,450,000	-	(50,332,171)	663,464,283	-	6,068,582,112
Profit (loss) for the year	-	-	-	1,584,634,068	(12,930,843)	1,571,703,225
Other comprehensive income for the year	-	-	436,784,941	-	-	436,784,941
Total comprehensive income for the year	-	-	436,784,941	1,584,634,068	(12,930,843)	2,008,498,165
Acquisition of a subsidiary	-	-	-	-	230,023,826	230,023,826
Changes of equity interest	-	-	-	-	(113,763,761)	(113,763,761)
Total transactions with owners, recognised directly in equity	-	-	-	-	116,260,065	116,260,065
End of financial year	5,455,450,000	-	386,452,770	2,248,098,351	508,339,322	8,498,350,427

The figures on pages 17 to 22 are in millions of US Dollars



*[Handwritten signature]*  
 Director  
 Ever Flow River Group Public Company Limited

*[Handwritten signature]*  
 Director  
 Ever Flow River Group Public Company Limited

B | FINANCIAL STATEMENTS

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the financial year ended 31 March 2019  
 Currency - Myanmar Kyat (MMK)

	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	Total Equity
2019						
Beginning of financial year	500,000,000	100,000,000	150,000,000	750,000,000	-	750,000,000
Profit for the year	-	-	719,113,354	719,113,354	-	719,113,354
Other comprehensive income for the year	-	(50,332,171)	-	(50,332,171)	-	(50,332,171)
Total comprehensive income for the year	-	(50,332,171)	719,113,354	668,781,183	-	668,781,183
Issue of new shares	3,171,050,000	-	-	3,171,050,000	-	3,171,050,000
Advanced capital contributed	100,000,000	(100,000,000)	-	-	-	-
Acquisition of a subsidiary	1,583,000,000	-	-	1,583,000,000	-	1,583,000,000
Total transactions with owners, recognised directly in equity	4,854,050,000	(100,000,000)	719,113,354	5,463,163,354	-	5,463,163,354
End of financial year	5,455,450,000	(50,332,171)	869,126,354	6,254,144,183	-	6,254,144,183

This table comprises 70% of the consolidated statements



*[Handwritten signature]*  
 Director

*[Handwritten signature]*  
 Director

5 - 100% of the company's equity is held by the public

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
 For the financial year ended 31 March 2018  
 Currency - Myanmar Kyat (MMK)

	Notes	2018	2017
<b>Cash flows from operating activities</b>			
Profit for the year		1,871,703,610	739,173,384
Adjustments for:			
Income tax expense		161,088,854	101,730,612
Reclassification		-	6,380,600
Negative goodwill		-	174,472,673
Gain on changes in equity interest		(113,753,763)	-
Gain on disposal of interests		(1,604,177,872)	-
Depreciation and amortisation expenses		97,017,850	44,898,280
Gain on disposal of property, plant and equipment		(5,778,257)	(284,304)
Write-off property, plant and equipment		1,087,638	398,127
Share of associates loss after tax		227,287,418	157,270,709
Unrealised currency translation		274,331,359	(218,520,540)
		<u>578,727,815</u>	<u>14,204,822</u>
Change in working capital, net of effects from acquisition of subsidiaries:			
Inventories		21,184,848	30,185,893
Trade and other receivables		(2,269,813,819)	(646,382,890)
Trade and other payables		1,768,728,480	(421,831,068)
Cash generated from operations		68,705,124	11,022,234,289
Income tax paid		(139,008,626)	(131,177,080)
<b>Net cash used in operating activities</b>	35	<u>(70,303,502)</u>	<u>(1,753,471,505)</u>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	12	(1,079,004,463)	1,221,182,217
Additions to property, plant and equipment		(104,834,479)	(41,193,120)
Proceeds from disposal of business		1,527,120,000	-
Proceeds from disposal of property, plant and equipment		20,282,010	1,800,000
Cash paid for project under development		(1,480,485,640)	-
<b>Net cash (used in) / provided by investing activities</b>		<u>(1,098,616,972)</u>	<u>1,082,740,097</u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of shares capital		-	2,431,860,000
<b>Net cash provided by financing activities</b>		<u>-</u>	<u>2,431,860,000</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<u>(1,168,830,089)</u>	<u>3,759,188,792</u>
Cash and cash equivalents at beginning of financial year		2,468,828,536	106,700,064
<b>Cash and cash equivalents at end of financial year</b>	12	<u>1,300,000,462</u>	<u>2,466,888,836</u>

The notes on pages 12 to 57 are an integral part of this Financial Statement

**FINANCIAL STATEMENTS**

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

**1. General information**

Ever Flow River Group Public Company Limited (the Company) was incorporated in the Republic of the Union of Myanmar under the Myanmar Companies Act 1954 on 10 April 2014 as a Public Company Limited by Shares as per Certificate of Incorporation No. 114822617.

The Company was formerly incorporated as a Private Company on 2 November 2012 under The Myanmar Companies Act 1954. The Company at its extra-ordinary General Meeting held on 25 March 2014 resolved to convert existing private company into a public company and accordingly the Company filed the said special resolution together with amended Memorandum and Article of Association and Form II (statement in lieu of prospectus). However upon the instructions of the Directorate of Investment and Company Administration (DICA), other formation papers had to be filed as though a new public company was formed. The DICA issued a New Certificate of Incorporation No. 114822617.

The registered office of the Company is located at Room 6, 4<sup>th</sup> Floor, United Comco Tower 1, 39 Anawraha Pagoda Road, Yangon Region, Republic of the Union of Myanmar.

The Company have not been carrying on any business activities itself and have acquired its subsidiaries through which the following business activities are carried out:

1. Business of international standard water use & distribution
2. Container ship and port service
3. Business of inland water transport

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the accompanying consolidated financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

**A. Basis of preparation**

The accompanying consolidated financial statements of the Group have been prepared in accordance with Myanmar Financial Reporting Standards (MFRSs) and are based on historical cost convention.

**B. Revenue recognition**

Sales comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented net of discounts, tax rebates and discounts and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognizes revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

**(a) Sales of goods - Electronic goods and rubber exported**

Revenue from these sales is recognized when the Group has delivered the goods to locations specified by its customers and the customers have accepted the goods in accordance with the sales contract.

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency – Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**B Revenue recognition (continued)**

**(b) Rendering of service – Logistics services**

Revenue from logistics services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual work provided as a proportion of the total services to be performed.

**(c) Rendering of service – Engineering services**

Revenue from engineering services is recognised when the projects are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

**(d) Rendering of services – Inspection services**

Revenue from inspection services is recognised when the goods inspected are delivered.

**(e) Interest income**

Interest income is recognised when the interest is deposited into the bank.

**(f) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**C Group accounting**

**(a) Subsidiaries**

**(i) Consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date in which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Noncontrolling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Compendy - Myanmar Kyat (MMK)**

**2. Summary of significant accounting policies (continued)**

**C. Group accountancy (continued)**

**(M) Acquisitions**

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangements and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable intangible assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognizes any noncontrolling interest in the acquiree at the date of acquisition either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any noncontrolling interest in the acquiree and the acquiree's identifiable fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

**(N) Dispositions**

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are reclassified. Amounts previously recognized in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognized in profit or loss.

**(O) Transactions with non-controlling interests**

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amount of the noncontrolling interest and the fair value of the consideration paid or received is recognized with equity attributable to the equity holders of the Company.

**(P) Associated companies**

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding of 20% and above but not exceeding 50%.

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Burmese - Myanmar Kyat (MMK)

**1. Summary of significant accounting policies (continued)**

**1. Group accounting (continued)**

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

**(i) Acquisitions**

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill or associated intangible assets represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

**(ii) Equity method of accounting**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of its associated companies' post-acquisition profits or losses of the periods in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses unless it has incurred legal or constructive obligations to make, or has made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of net profits equals the share of losses not recognised.

Unrealised gains or transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

**(iii) Disposals**

Investments in associated companies are derecognised when the Group loses significant influence of the retained equity interest in the former associated company. If a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and the fair value and any proceeds net of related disposal, is recognised in profit or loss.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency – Myanmar Kyat (Mkk)

**2. Summary of significant accounting policies (continued)**

**D Property, plant and equipment**

**(a) Measurement**

**(i) Land and buildings**

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amount less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on a regular basis and wherever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation of the date of revaluation is eliminated against the gross carrying amount of the asset. The net increase or decrease related to the revalued amount of the asset

increases or decreases in carrying amounts arising from revaluation, including currency translation differences are recognised in other comprehensive income and accumulated in equity unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase are recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of such asset and reduce the amount accumulated in equity. All other decreases to carrying amounts are recognised in profit or loss.

**(ii) Other property, plant and equipment**

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

**(iii) Components of costs**

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Costs also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.

**(b) Depreciation**

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful life
Office equipment	5- 10 years
Furniture & fittings	5- 10 years
Computer & accessories	3- 10 years
Machineries	5- 10 years
Major vehicles	5- 10 years
Leasehold property (residual)	5- 10 years

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency - Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**D. Property, plant and equipment (continued)**

The residual value, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate at each reporting date. The effects of any changes are recognised in profit or loss when the changes arise.

**(i) Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment has been already been recognised included in the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

**(ii) Disposal**

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "other gains and losses". Any amount in provisioned reserve relating to that item is transferred to retained profit/losses.

**E. Intangible assets**

**(a) Goodwill**

Goodwill on acquisition of subsidiaries and businesses represents the excess of in the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously equity interest in the acquiree over (i) the fair value of the identifiable intangible assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of joint ventures and associated companies represents the excess of the cost of the acquisition over the group's share of the fair value of the identifiable intangible assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gain or loss on disposal of subsidiaries, joint ventures and associated companies includes the carrying amount of goodwill relating to the entity sold.

**(b) Acquired computer software licenses**

Acquired computer software licenses are initially recognised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software and expenses of other incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight line method over their estimated useful lives of 10 years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any review are recognised in profit or loss when the changes arise.

**17. FINANCIAL STATEMENTS**

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency – Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**F. Investments in subsidiaries and associated companies**

Investment in subsidiaries are accounted for at cost less accumulated impairment losses in the Company's statement of financial position.

Associates are all entities over which the investor has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

On disposal of such investments, no difference between disposal proceeds and the carrying amounts of the investments are recognised as profit or loss.

**G. Impairment of non-financial assets**

**(a) Goodwill**

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is an event or change in circumstances that indicates that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units (CGUs) expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss in goodwill is recognised as an expense and is not reversed in a subsequent period.

**(b) Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies**

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment, whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of sale and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. In this case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is determined to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

(c) EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER HLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency - Myanmar Kyat (MMK)

**2 Summary of significant accounting policies (continued)**

**G Impairment of non-financial assets (continued)**

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount. In which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its former recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss or accumulated amortisation or depreciation been recognised, by the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

**H Financial assets**

**(i) Classification**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

**(ii) Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

**(iii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised more than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are measured at "cost and other receivables" (Note 17) and "cash and cash equivalents" (Note 12) on the statement of financial position.

**16 FINANCIAL INSTRUMENTS**

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Gwanga, - Myanmar Kyat (MMK)

**2 Summary of significant accounting policies (continued)**

**H Financial assets (continued)**

**(ii) Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the reporting date which are presented as current assets.

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the reporting date.

**(h) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognized on trade date - the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognized in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are secured with banks and other financial institutions with recourse to the Group are not derecognized until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding debt received from the financial institutions is recognized as borrowing.

**(c) Initial measurement**

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognized at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.

**(d) Subsequent measurement**

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognized in profit or loss when the changes arise.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency - Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**4. Financial assets (continued)**

Interest and dividend income on available-for-sale financial assets are recognized separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortized cost of the securities and other changes in currency translation differences are recognized in profit or loss and the other changes are recognized in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

**(e) Impairment**

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

**(i) Loans and receivables/hold-to-maturity financial assets**

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in subsequent periods when the amount of impairment has decreased and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortized cost had no impairment been recognized in prior periods.

**(ii) Available-for-sale financial assets**

In addition to the objective evidence of impairment described in Note 4 (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indication that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and current fair value less any impairment loss on that financial asset previously recognised in profit or loss. The impairment losses recognised in the statement of equity are not reversed through profit or loss in subsequent periods.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency - Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**H. Financial assets (continued)**

**(f) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**I. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances (Note 17).

**J. Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are to be paid. They are classified as current liabilities if payment is due within one year or less (or within the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

**K. Leases**

The Group leases office premises (airlines major airports) and warehouses under operating leases with related parties and / or non-related parties.

Leases where substantially all risks and rewards associated to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as profit or loss on a straight-line basis over the period of the lease.

**L. Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid or recovered from the tax authorities using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when it is deferred income tax arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Current + Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**L. Income taxes (continued)**

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties (investment property measured at fair value is presumed to be recovered entirely through sale)

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is measured separately goodwills on acquisition.

**M. Provisions**

Provisions for warranty, refunds and volume discounts, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination payments and employee termination payments. Provisions are not recognised for future operating losses.

The Group recognises the estimated liability to repair or replace products only under warranty to refund and to provide volume discounts to customers at the reporting date if a provision is recognised based on historical experience.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a present discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised immediately in profit or loss when the changes occur.

**N. Employee compensation**

Employee benefits are recognised as an expense unless the cost qualifies to be capitalized as an asset.

**(i) Short-term compensated absences**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

Currency - Myanmar Kyat (MMK)

**3. Summary of significant accounting policies (continued)**

**(i) Currency translation**

**(a) Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The financial statements are presented in Myanmar Kyat, which is the functional currency of the Company.

**(b) Transactions and balances**

Transactions of a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised as profit or loss, wherever, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency transactions designated and qualifying as net investment hedges and net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment in the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within 'finance cost'. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'other gains and losses'.

Monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined.

**(c) Translation of Group entities' financial statements**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing at the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions; and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. The currency translation differences are reclassified to profit or loss on disposal of the entity giving rise to such reserve.



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**2. Summary of significant accounting policies (continued)**

**D. Currency translation (continued)**

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rate at the reporting date.

**E. Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

**F. Inventories**

Inventories comprise inventories for resale and supplies to be consumed in the rendering of services. Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first in first out method. Net realizable value is the estimated selling price in the ordinary course of business less the applicable variable selling expenses.

**G. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

**H. Dividends to the Company's shareholders**

Dividends to the Company's shareholders are recognized when the dividends are approved for payment.

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**3. Significant accounting judgements and estimates**

The preparation of the Company's financial statements in conformity with Myanmar Financial Reporting Standards (MFRS) requires Management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Judgements made in applying accounting policies

The following are the key judgements made by Management in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

*Impairment of property, plant and equipment*

The carrying value of property, plant and equipment are reviewed for impairment when there are indications of impairment. As at 31 March 2019 there is no indication of impairment and the carrying value of the Group's plant and equipment were MMK 477,536,454.

*Impairment of goodwill*

The carrying value of goodwill are reviewed for impairment when there are indications of impairment. As at 31 March 2019 there is no indication of impairment and the carrying value of the Group's goodwill was MMK 25,432,000.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Useful lives of property, plant and equipment*

The cost of property, plant and equipment for the Company and the Group operations is depreciated on a straight line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 5 to 10 years. These are consistent with expectations within the industry. Changes in the expected levels of usage could impact the estimated useful lives and the residual value of these assets and accordingly future depreciation charges could be revised. The carrying values of the Group's property, plant and equipment are disclosed in Note 5.

*Impairment of non-financial assets*

The Group and the Company assess whether there are any indications of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the projected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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**3. Significant accounting judgments and estimates (continued)**

**(b) Key sources of estimation uncertainty (continued)**

**Measurement of trade and receivables**

The Group and the Company assess at each date of the statement of financial position whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade and receivables at the date of the statement of financial position are MMR 1,027,633,954.

**Income taxes**

Significant judgement and assumptions are involved in determining the Company's provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax balances in the year in which such determinations are made. The carrying amount of the Group's income tax payable at the date of the statement of financial position is MMR 304,589,576.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**4 Financial risk management**

**4.1 Financial risk factors**

The Group's activities expose it to market risk, including currency risk, interest rate risk and price risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimize any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Management regularly monitors the financial risks of individual entities in the Group. Because of the complexity of the financial structure and the current conditions of individual entities in the Group, no hedging program is undertaken by Management.

**(a) Market risk**

**• Currency risk**

Currency risk arises with entities in the Group when transactions are denominated in foreign currencies such as United States Dollars (US\$). Any changes in the exchange rates of US\$ to Naira will impact the operating results of individual entities in the Group. Individual group entities currently do not undertake any foreign currency hedging.

**• Cash flow and fair value interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Except for bank deposits which carry the local prevailing market interest rates, the Group has no other significant interest-bearing assets or liabilities. The related interest income is not significant. The Management considers that the Group's exposure to cash flow interest rate risk is low and no sensitivity analysis is performed.

**(b) Credit risk**

Credit risk refers to the risk that counterparties will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective management at entity level based on existing credit standing. The counterparty's credit pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Board of Directors.

As the Group and the Company duties are collected, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

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**4 Financial risk management**

**(a) Credit risk (continued)**

**(i) Financial assets that are neither past due nor impaired**

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit quality counterparties. Trade receivables that are neither past due nor impaired are substantially comprised with a good collection track record with the Group and Company.

**(ii) Financial assets that are past due and/or impaired**

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables that are past due and/or impaired is as follows:

	2018	2017
Past due < 3 months	561,717,677	1,052,139,371
Past due 3 to 6 months	300,403,693	61,525,423
Past due over 6 months	178,712,123	25,232,500
	<u>1,041,133,483</u>	<u>1,139,367,295</u>

**(b) Liquidity risk**

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions at a short notice. At the reporting date, assets held by the Group for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

Management continually taking measures to improve the liquidity position of the Group on the basis of expected cash flow. In addition, the Group's liquidity management policy includes projecting cash flows in major currencies, considering the level of liquid assets necessary to meet these and maintaining liquidity ratios.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
<b>At 31 March 2018</b>				
Trade and other payables	1,059,856,734	-	-	-
<b>At 31 March 2017</b>				
Trade and other payables	1,272,214,431	-	-	-

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**\* Financial Risk Management (continued)**

**(3) Capital risk**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value to our long-term shareholders, or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings less cash and other liquid assets (cash and cash equivalents). Total capital is calculated as total equity plus net debt.

	2018	2017
Net debt	2,785,472,340	1,413,614,684
Total equity	3,193,340,420	2,168,582,141
Total capital	<u>11,979,329,744</u>	<u>5,504,357,427</u>
Gearing ratio	<u>23%</u>	<u>(6%)</u>

The gearing ratio of the Group was increased from 18% to 23% in financial year (FY) 2018 - 2019. However, the gearing ratio of the Group does not exceed the threshold of the Group. That's why the Board have decided not to take any action to reduce gearing ratio.

**(a) Fair value measurement**

The carrying amounts of the Group's financial assets and liabilities are assumed to approximate their fair values due to their short maturities.

EVER FLOW RIVER GROUP OF COMPANIES (PUBLIC) LIMITED AND ITS SUBSIDIARIES  
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2019 Coat	Property, plant and equipment						Total
	Office equipment	Furniture & fittings	Computer & accessories	Motor vehicles	Machinery	Leasehold property renovation	
Beginning of financial year	74,434,085	29,174,786	81,192,807	218,344,522	91,864,083	48,819,730	810,824,019
Foreign currency translation differences	14,343,313	5,282,144	7,799,588	36,836,476	22,101,353	10,283,784	95,626,678
Acquisition of a subsidiary	2,898,933	2,231,342	8,819,013	-	-	-	10,870,288
Additions	24,881,288	6,751,871	23,896,736	30,275,393	19,069,362	-	104,554,470
Write off/disposal	(27,134,668)	(1,736,229)	(4,746,638)	(37,260,908)	-	-	(70,898,466)
End of financial year	88,223,888	41,780,614	83,860,513	244,872,932	132,816,798	58,903,824	650,876,987
Accumulated depreciation							
Beginning of financial year	6,982,829	2,683,824	3,631,296	13,987,974	11,888,920	4,888,075	43,810,609
Foreign currency translation differences	6,780,843	2,582,588	3,389,238	13,196,745	11,477,887	4,828,388	41,853,439
Depreciation charge	14,361,813	6,478,854	8,787,287	30,892,311	23,804,746	11,551,426	96,368,236
Write off/disposal	(2,897,312)	(272,648)	(692,405)	(4,903,685)	-	-	(8,671,771)
End of financial year	25,408,273	11,464,827	16,125,410	52,827,522	48,648,922	29,835,869	173,280,813
Net book value							
End of financial year	63,416,615	30,288,097	67,335,103	191,845,110	88,166,878	38,067,965	477,586,454

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5. Property, plant and equipment (continued)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	7
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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency - Myanmar Kyat (MMK)

B Intangible assets		
	2019	2018
Composition		
Goodwill	25,192,688	25,192,688
Computer software	5,195,375	5,844,797
	<u>30,388,064</u>	<u>31,037,485</u>
(a) Goodwill		
	2019	2018
Cost		
Beginning of financial year	25,192,688	-
Currency translation differences	-	-
Acquisition of a subsidiary	-	25,192,688
Additions	-	-
End of financial year	<u>25,192,688</u>	<u>25,192,688</u>
Accumulated impairment		
Beginning of financial year	-	-
Impairment charge	-	-
End of financial year	<u>-</u>	<u>-</u>
Net book value	<u>25,192,688</u>	<u>25,192,688</u>
(b) Computer software		
	2019	2018
Cost		
Beginning of financial year	6,223,627	-
Currency translation differences	270,592	-
Acquisition of a subsidiary	-	6,225,627
Additions	-	-
End of financial year	<u>6,494,219</u>	<u>6,429,627</u>
Accumulated amortization		
Beginning of financial year	378,630	-
Currency translation differences	270,692	-
Amortisation charge	649,422	378,630
End of financial year	<u>1,298,744</u>	<u>378,630</u>
Net book value	<u>5,195,375</u>	<u>5,844,797</u>

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency—Myanmar Kyat (MMK)

**7 Investment in subsidiaries**

	2019	2018
Unquoted equity shares, at cost		
Beginning of financial year	1,199,660,000	-
Acquisition of subsidiaries during the year	-	1,632,600,000
Transfer from investment in associates	115,893,643	-
Additional capital contributed into subsidiaries during the financial year	1,256,425,000	714,960,000
End of financial year	<u>3,269,978,643</u>	<u>1,897,560,000</u>

The Group had the following subsidiaries as at 31 March 2019 and 31 March 2018 respectively

Name	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by the parent		Proportion of ordinary shares held by the Group	
			2019	2018	2019	2018
Esia Shipping Agency Services Limited (ESAS)	Acting as an agent for Hyundai, Linclear and Merline Shipping Lines	Myanmar	100.00%	100.00%	100.00%	100.00%
E.F.R.G. with Express Services Limited (EESL)	Providing freight forward services for road, logistics and airfreight including inland sea, air and waterway services	Myanmar	100.00%	100.00%	100.00%	100.00%
Myanmar Round the World Logistics Limited (MRWL)	Providing freight forward services especially for air cargo	Myanmar	100.00%	100.00%	100.00%	100.00%
Manufacturing & Inspection Co., Ltd (MISCI)	Providing handling, shoring and bagging inspection services especially for Japanese Buyer's cargo	Myanmar	100.00%	100.00%	100.00%	100.00%
Mindock Engineering Services Limited (MES)	Provide a one-stop services to various sectors such as installation for garment or training in software training, lumbar optical and construction of electrical, pipes installation and construction of telecommunication tower	Myanmar	100.00%	100.00%	100.00%	100.00%

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS  
 Currency - Myanmar Kyat (MMK)

7 Investment in subsidiaries (continued)

Name	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by the parent		Proportion of ordinary shares held by the Group	
			2019	2018	2019	2018
Ever Flow River Trading Co., Ltd (EFR Trading)	Selling domestic goods to retail and distribution of rice to other and doing rubber trade. Providing freight forwarder service especially for handling sea cargo and airport account normal and cargo.	Myanmar	100.00%	100.00%	100.00%	100.00%
Winnor Choice Services Limited (WCS)	Establishing a dry port and a container yard and running stationer related services apart from empty container depot. Container weight station, water container depot and container transportation services with added services such as packaging, assembling services for re-transportation, produce bonded warehouse services to supply containers with intermodal and border container services.	Myanmar	100.00%	100.00%	100.00%	100.00%
Ever Flow River Logistics & Distribution Co., Ltd (Mandalei Company Limited (EFR DL JV) (Myanmar)	Establishing a dry port and a container yard and running stationer related services apart from empty container depot. Container weight station, water container depot and container transportation services with added services such as packaging, assembling services for re-transportation, produce bonded warehouse services to supply containers with intermodal and border container services.	Myanmar	82.55%	40.00%	82.55%	40.00%

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency - Myanmar Kyat (MMK)

**B. Investment in associated companies**

	2019	2018
Beginning of financial year	1,583,684,925	1,152,489,085
Currency translation differences	124,146,494	174,468,864
Acquisition of a subsidiary	329,000,000	483,858,995
Profit contributed with associated companies during the financial year	616,300,000	-
Transfer to investment in subsidiaries at cost	(115,393,943)	-
Share of loss	(237,267,418)	(327,270,709)
End of financial year	<u>2,388,749,158</u>	<u>1,863,384,025</u>

On 24 April 2018, the subsidiary of the Group has contributed US\$ 400,000 into UTCC Multipack Myanmar Co., Ltd (UTCC MMS), Joint Venture Company to obtain 40% equity interest in UTCC MMS. That's why, the Group had 40% equity interest in UTCC MMS indirectly through MMS.

Set out below are the associated companies of the Group as at 31 March 2019 and 31 March 2018 respectively. The associated companies as listed below have share capital consisting wholly of ordinary shares which are held directly and indirectly by the Group. The Group had 14.78% equity interest in KEFR JV directly and 16.81% equity interest in KEFR JV indirectly through EFR Trading.

Name	Principal activities	Country of incorporation	% of ownership interest	
			2019	2018
Kamgum EFR Logistics Co. Ltd (KEFR JV)	Providing to bring containers and cross border services, inland container depot operation and port to Singapore services forwarding and customs clearance services, inspection, valuation and inland water transportation services.	Myanmar	30.00%	30.00%
UTCC Myanmar Company Limited (UTCC MMS)	Providing repair and maintenance of machinery and equipment, operation of bulking, civil engineering, specialized construction activities, land transport and transport for pipelines, water treatment, air transport, warehousing and support activities for transportation, rental and leasing activities.	Myanmar	40.00%	-
Hing Tatma Inland Logistics Company Limited (HITL JV)	For goods supply and transport, container services, inland container transport, inland terminal and logistics center, export value added services, bonded warehouse services and inland container depot services and other main activities.	Myanmar	49.00%	49.00%

of EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVEN FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Currency - Myanmar Kyat (MMK)**

**B Investment in associated companies (continued)**

Set out below are the summarized financial information for associated companies

	2019			2018		
	UTOC MIES	HITLCO JV	KEFR JV	HITLCO JV	EFRUDCO JV	KEFR JV
Assets	2,305,702,382	2,909,629,958	4,859,347,808	1,617,134,210	584,524,858	4,480,340,840
Liabilities	1,527,788,831	904,729,426	104,919,614	114,765,475	275,200,000	1,563,224,712
Revenue	787,643,957	-	4,169,132,643	-	-	2,780,663,364
Loss for the year	(148,096,293)	(142,846,107)	(358,967,952)	(78,505,627)	(20,079,138)	(246,809,852)

**B Project under development**

	2019	2018
Beginning of financial year	-	-
Acquisition of a subsidiary	194,184,583	-
Additions	1,460,405,649	-
Construction costs	1,304,312,029	-
Vehicles	64,770,000	-
Intangible intangible	71,331,760	-
Software	3,008,000	-
Others	18,141,820	-
End of financial year	1,554,648,231	-

The above project under development represents the construction cost of a dry port and a container yard on a 14.08 acre site near Patheingyi Railway Station, Sankung Townships, Yangon District, Mandalay Region, Republic of the Union of Myanmar.

**D Inventories**

	2019	2018
Quantities for resale	157,374,451	171,966,259
Air conditioner	44,531,002	163,374,400
Rice roller	112,840,448	3,591,628
Consumables	-	6,460,740
	157,374,451	178,568,996

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**2018/19 - Myanmar Kyat (MMK)**

**14 Trade and other receivables**

	2019	2018
Trade receivables	1,027,833,854	1,198,367,297
- Non related parties	<u>1,027,833,854</u>	<u>1,198,367,298</u>
Subscription receivables	215,180,000	208,160,000
Other receivables	1,722,166,445	938,588,442
- Assessed companies	<u>888,995,478</u>	<u>325,750,479</u>
Over term accounts	279,868,510	97,571,884
Non related parties	<u>609,126,968</u>	<u>445,278,595</u>
Deposits	363,387,401	308,712,748
Prepayments	274,893,784	727,012,601
Advances tax	480,258,184	197,518,552
- Withholding tax	<u>28,255,282</u>	<u>28,077,845</u>
- Corporation tax	<u>33,002,902</u>	<u>79,440,707</u>
- Corporate income tax	<u>218,999,999</u>	<u>89,999,999</u>
Advances	<u>8,887,285,831</u>	<u>877,303,078</u>
Divers	<u>223,671,888</u>	<u>4,924,187</u>
	<u><u>6,272,391,397</u></u>	<u><u>3,234,423,588</u></u>

**15 Cash and cash equivalents**

	2019	2018
Cash on hand	677,032,943	1,870,622,448
Cash at bank	429,125,509	668,468,987
	<u><u>1,106,158,452</u></u>	<u><u>2,539,091,435</u></u>

**Acquisition of subsidiary**

The equity investments by the Group in EFRLOC JV has changed from 40.00% to 52.50% due to additional capital contribution into EFRLOC JV in financial year (FY) 2018 - 2019. The purchase activity of EFRLOC JV would remain a subsidiary of the Company in current financial year has been disclosed in investment in subsidiaries (Note 7)

Details of the additional consideration paid, the assets brought and liabilities assumed and the effects on the cash flows of the Group are as follows:

**(a) Additional consideration**

Cash	
EFRLOC	<u>1,218,415,000</u>

**(b) Effect on cash flows of the Group**

Cash paid:	
The Group	1,218,415,000
Less: Cash and cash equivalents in subsidiary acquired	<u>126,406,637</u>
Cash outflow non-cash	<u><u>(1,091,998,363)</u></u>

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EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 NOTES TO THE FINANCIAL STATEMENTS  
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13. Trade and other payables

	2019	2018
Trade payables to:	880,887,587	738,258,342
- Non-related parties	860,887,587	728,258,342
Other payables:	492,287,808	586,217,872
Due to directors	234,882,380	240,884,474
Non-related parties	252,709,248	293,588,168
Due to associated companies	-	17,804,000
Tax provision:	832,957,035	281,516,167
- Corporate income tax	322,522,445	181,024,076
- Commercial tax	332,216,072	162,432,891
- Capital gain tax	178,162,516	-
Advances/retained	1,587,172,494	207,111,368
Accruals	165,012,126	140,261,772
	4,086,137,110	7,955,373,852

14. Share capital

	No. of ordinary shares	Amount
2019		
Beginning of financial year	545,845	5,455,450,000
Shares split	10,369,365	-
End of financial year	10,915,210	6,455,450,000
2018		
Beginning of financial year	50,000	500,000,000
Shares issued	4,965,450	4,955,450,000
End of financial year	5,015,450	5,455,450,000

There is no par value for ordinary shares issued

The Company has split 10 times issued and paid up share into twenty times split and paid up shares on 1 December 2015

During financial year (FY) 2017 - 2018, the Company has allotted 280,845 shares at MMK 10,000 per share on 1 August 2017 and 276,000 shares at MMK 10,000 per share on 30 March 2018 respectively.

Out of which MMK 276,000,000 which has been presented as long-term receivables under prepayment and other receivables have not been paid in FY 2017 - 2018. Out of MMK 280,845,000 the shareholders have subscribed MMK 40,000,000 in FY 2016 - 2017

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**16 Foreign currency translation reserves**

	2019	2018
Currency translation	<u>388,462,770</u>	<u>(50,332,171)</u>
(a) Movement		
	2019	2018
Beginning of financial year	(50,332,171)	—
Net currency translation differences of financial statements of subsidiaries and associated companies	436,794,941	(50,332,171)
End of financial year	<u>388,462,770</u>	<u>(50,332,171)</u>

**16 Revenue from contracts with customers**

	2019	2018
Sale of goods (Note 1f)	6,151,590,275	2,020,454,580
Rendering of services - engineering services (Note 1d)	348,294,641	872,226,956
Rendering of services - logistic services (Note 1e)	3,317,052,025	1,967,283,068
Rendering of services - inspection services (Note 2j)	1,330,743,547	985,330,669
Total sales	<u>10,147,620,488</u>	<u>4,870,246,273</u>

**17 Sale of goods**

Sales of goods from external customers are derived mainly from the sale of electronic and rubber exported. Breakdown of the sales of goods is as follows:

	2019	2018
Composition		
Electronic goods	2,522,428,021	800,856,462
Rubber exported	2,629,151,854	1,219,604,128
	<u>5,151,580,276</u>	<u>2,020,454,580</u>

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**18. Rendering of services - engineering services**

Rendering of services - engineering services from external customers are derived mainly from the erection and construction of tower, general engineering services and installation of equipment on tower in various types of locations of the territory of services - engineering services is as follows:

	2019	2018
Composition		
Civil and general engineering services	324,807,833	573,060,574
Installation of equipment on tower	20,827,108	29,169,594
	<u>348,294,641</u>	<u>602,229,858</u>

**19. Rendering of services - logistic services**

Rendering of services - logistic services from external customers are derived mainly from the freight forwarding and acting as air agent. Breakdown of the rendering of services - logistic services is as follows:

	2019	2018
Composition		
Freight forwarding	161,859,599	120,387,551
Commission	507,941,300	432,047,740
Others	2,654,702,106	1,830,637,818
	<u>3,324,503,005</u>	<u>3,383,073,109</u>

**20. Rendering of services - inspection services**

Rendering of services - inspection services from external customers are derived mainly from the quality inspection of building. Breakdown of the rendering of services - inspection services is as follows:

	2019	2018
Composition		
Inspection	1,279,778,326	543,847,712
Others	50,995,221	61,449,480
	<u>1,330,773,547</u>	<u>605,297,192</u>

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

21 Other income	2019	2018
Interest Income		
- Bank deposits	29,326,644	17,902,476
Gain on business disposed	1,664,177,672	-
Service income		
- Custom clearance	818,131	-
- Trucking	18,447,000	-
Others	88,348,868	20,944,747
	<u>1,781,117,215</u>	<u>38,847,223</u>

MES, the subsidiary of the Group, has entered into asset purchase agreement with UTQC MES in which the Group indirectly own 40% equity interest on 26<sup>th</sup> July 2018. As per asset purchase agreement, MES sold its business at the consideration of US\$ 1,250,000 including plant and equipment amount of US\$ 31,833 and staff and transferred its business to UTQC MES on 1<sup>st</sup> August 2018. The gain arising from its business disposed presented under other income was gain after providing capital gain tax.

22 Staff costs	2019	2018
Wages and salaries	1,260,561,804	480,187,018
Directors remuneration	-	161,844,000
Other short-term benefits	145,415,686	86,543,083
	<u>1,425,978,200</u>	<u>718,574,099</u>

23 Operating expenses	2019	2018
Operating expenses – engineering services (Note 24)	262,408,062	377,915,200
Operating expenses – logistic services (Note 25)	1,484,182,121	423,590,250
Operating expenses – inspection services (Note 26)	874,914,868	620,408,971
	<u>2,721,505,051</u>	<u>1,331,914,421</u>

24. Operating expenses – engineering services	2019	2018
Installation charges	262,408,062	377,508,700
Labour charges	-	406,500
	<u>262,408,062</u>	<u>377,915,200</u>

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**Company – Myanmar Kyin (AMK)**

**26 Operating expenses – logistic services**

	2019	2018
BL & RO fees	63,208,477	66,892,134
Rear and maintenance – container	(628,084)	(4,235,167)
Transportation charges	562,803,227	9,453,884
Demurrage charges	575,883,714	149,565,260
Demurrage fees	84,398,084	69,892,923
Warehouse charges	1,282,866	48,433,308
Commenital	16,873,875	1,752,120
Handling fees	6,076,928	28,976,174
Trial expenses	67,205,264	87,157,196
Project cost	52,448,000	-
Others	78,965,788	17,875,813
	<u>1,484,182,121</u>	<u>423,687,760</u>

**26 Operating expenses – inspection services**

	2019	2018
Inspection cost	118,388,336	23,613,606
Factory expenses	23,773,028	27,454,624
Consultant fees	82,880,058	43,488,077
Inspector salary	744,285,451	441,643,564
	<u>874,914,889</u>	<u>630,438,871</u>

**27 Purchases**

	2019	2018
Electric power	2,270,082,600	654,553,614
Rubber	2,544,009,017	1,097,842,296
	<u>4,814,091,517</u>	<u>1,752,395,910</u>

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**28. Others**

	2019	2018
Advertising	7,868,597	8,602,908
License & registration fee	30,448,231	11,542,648
Insurance premium	18,343,280	15,954,177
Office expense	24,263,782	19,789,820
Bad debt	28,834,848	17,387,403
Gain on disposal of property, plant and equipment	(5,778,287)	(234,206)
Write off property, plant and equipment	1,827,848	798,127
Negative goodwill	-	(774,472,513)
Gain on changes in equity interest (note 33)	(113,763,781)	-
Foreign currency translation	7,414,838	9,885,588
Others	85,880,184	30,803,380
	<u>85,622,186</u>	<u>(880,215,593)</u>

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**29 Income tax expenses**

**(a) Income tax expenses**

	2019	2018
Tax expense attributable to profit or loss		
- Profit for the financial year		
Current income tax	175,234,184	76,302,258
- Under provision in prior financial year		
Current income tax	5,459,607	22,928,345
- Tax penalty	395,013	-
	<u>181,089,804</u>	<u>99,230,603</u>

**(b) Movement in current income tax liabilities**

	2019	2018
Beginning of financial year	141,024,075	-
Currency translation differences	139,454,841	(1,322,983)
Acquisition of a subsidiary	-	142,352,388
Advance income tax	-	(50,649,871)
Income tax paid	(138,009,536)	(50,623,625)
Income tax expense	175,234,184	76,302,258
Under provision in prior financial year	5,459,607	22,928,345
Tax penalty	395,013	-
End of financial year	<u>322,698,449</u>	<u>111,324,575</u>

(c) The tax impact, if any, resulting to each component of other comprehensive income is as follows:

	Before tax	Tax charges	After tax
<b>2019</b>			
Currency translation differences arising from acquisition of subsidiary	436,754,841	-	436,754,841
Other comprehensive income	<u>436,754,841</u>	<u>-</u>	<u>436,754,841</u>
<b>2018</b>			
Currency translation differences arising from acquisition of subsidiary	(50,332,171)	-	(50,332,171)
Other comprehensive income	<u>(50,332,171)</u>	<u>-</u>	<u>(50,332,171)</u>

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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 Currency – Myanmar Kyat (MMK)

**20 Earnings per share**

**(a) Basic earnings per share.**

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2019	2018	
		After splitting shares	Before splitting shares
Profit attributable to equity holders of the Company (MMK)	1,584,634,052	719,113,854	719,113,854
Weighted average number of ordinary shares in issue (shares)	10,910,900	4,740,600	237,030
Basic earnings per share (MMK per share)	145	152	3,034

**(b) Diluted earnings per share**

For the purpose of calculating diluted earnings per share profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares convertible bonds and share options.

Convertible bonds are assumed to have been converted into ordinary shares or securities and the profit for the year is adjusted to eliminate the interest expense less the tax effect.

For share options the weighted average number of shares in issue has been adjusted so that double share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same time periods is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the numerator for the year.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	2019	2018	
		After splitting shares	Before splitting shares
Profit attributable to equity holders of the Company (MMK)	1,584,634,052	719,113,854	719,113,854
Interest expense on convertible bonds, net of tax	-	-	-
Profit used to determine diluted earnings per share	1,584,634,052	719,113,854	719,113,854
Weighted average number of ordinary shares outstanding	10,910,900	4,740,600	237,030
for basic earnings per share (shares)			
Adjustments for:			
- Convertible bonds	-	-	-
+ Share options	-	-	-
	10,910,900	4,740,600	237,030
Diluted earnings per share (MMK per share)	145	152	3,034

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

Currency - Myanmar Kyat (MMK)

**31 Ultimate controlling party**

The Company's ultimate controlling parties are U Kyaw Linn Oo and Daw Saw Sanda who are residents of Myanmar.

**32 Related party transactions**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties or were agreed between the parties:

(a) Sales and purchases of goods and services

	2019	2018
Sales of goods and/or services to		
- associated companies	1,518,058	46,322,464
- other related parties	-	-
	<u>1,518,058</u>	<u>46,322,464</u>
Purchases of goods and/or services from		
+ associated companies	-	-
+ other related parties	-	-
	<u>-</u>	<u>-</u>
Management fees paid to other related parties	<u>71,863,267</u>	<u>159,477,368</u>

Other related parties comprise key management personnel of the Group and the Companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 March 2019 and 31 March 2018, arising from sales/purchases of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 11 and 13 respectively.

(b) Key management personnel compensation

	2019	2018
Salaries and benefits	<u>794,052,300</u>	<u>751,844,000</u>

**4. FINANCIAL STATEMENTS**

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**23. Change in equity interest**

The equity interest held by the Group in EFRLOC JV has changed from 49.00% to 92.55% due to additional capital contribution into EFRLOC JV in financial year (FY) 2019 - 2020. The principal activity of EFRLOC JV which became a subsidiary of the Company in current financial year (as also mentioned in investment in subsidiaries (Note 7).

Details of the additional consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group arising from the changes in equity interest in EFRLOC JV are as follows:

(a) Additional consideration

Cash	
EFRLOC JV	<u>1,215,416,000</u>

(b) Effect on cash flows of the Group

Cash paid	
The Group	1,215,416,000
Less: Cash and cash equivalents in subsidiary acquired	<u>136,108,537</u>
Cash outflow in subsidiary acquired	<u>1,079,307,463</u>

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



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(B) Changes in equity interest (continued)

(c) Gain on changes in equity interest

The assets acquired and liabilities assumed at the date of change in equity interest i.e. 1 April 2019 and at the reporting date i.e. 31 March 2019 are as follows.

	31 March 2019	1 April 2018
Property plant and equipment	84,257,719	10,870,298
Project under development	1,830,640,231	184,164,582
Repayment and other receivables	465,741,680	222,254,000
Cash and cash equivalents	184,758,116	138,406,637
Other payables and accruals	(1,017,752,126)	(275,230,616)
Net assets	<u>1,387,605,225</u>	<u>280,234,858</u>
Loss for the financial year ended	<u>(123,564,330)</u>	<u>(70,829,138)</u>
Equity interest held by the Company	<u>92.63%</u>	<u>46.00%</u>
Share of net assets as at 1 April 2018		129,683,944
Additional consideration paid during the financial year		1,215,415,000
Share of loss for the financial year ended 31 March 2019		(160,631,786)
Share of net assets as at 31 March 2019		<u>1,170,475,156</u>
Gain on changes in equity interest		<u>1,040,791,156</u>

The gain on changes in equity interest of MMK 1,040,791,156 has been arisen from the additional consideration paid by the Group into EFRLOJ JV which was used to change in equity interest in FY 2018-2019. Because of this reason, the Group has right to entitle certain portion of share of net assets which were previously held to entitle by NCI in EFRLOJ JV.

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**34 Comparative figures – the subsidiaries of the Group**

The financial information of the subsidiaries of the Group reflected in consolidated financial statements for financial year (FY) 2017 - 2018 cover seven months ended 31 March 2018. The financial information of the subsidiaries of the Group reflected in consolidated financial statements for FY 2018 - 2019 cover seven months ended 31 March 2019.

Additional capital contributed by the Group into EFRLOC JV in FY 2018 - 2019 will lead to change the equity interest held by the Group in EFRLOC JV from 40.00% to 82.55% in FY 2018 - 2019 in preceding financial years. As per equity method of accounting the financial performance of EFRLOC JV has been presented under share of associates. Loss in consolidated statement of comprehensive income as the Group has significant influence over EFRLOC JV. From FY 2018 - 2019 onwards, EFRLOC JV has been consolidated as the Group has obtained control in EFRLOC JV.

The comparative financial information of the subsidiaries of the Group is as follows:

	2019		2018	
	Revenue	Profit / Loss for the year	Revenue	Profit / (Loss) for the year
BSA	1,176,217,826	171,587,648	477,233,534	65,858,757
GUPY	1,584,961,834	230,864,987	535,227,147	66,024,479
MRTW	263,028,208	8,010,614	223,418,570	1,874,764
MRTW Inspection	1,330,743,646	(271,657,310)	912,320,498	(53,874,818)
MES	246,294,841	1,398,017,275	816,266,247	28,313,448
EFR Trading	5,151,580,278	45,465,287	2,020,464,580	7,004,762
LDC	204,484,888	5,742,426	177,209,962	16,100,550
EFRLOC JV	-	(173,563,330)	-	-
	<u>10,166,311,261</u>	<u>1,745,451,397</u>	<u>4,601,663,023</u>	<u>70,658,672</u>

MRTW Inspection is a construction subsidiary. There is no. The Management of MRTW Inspection has claimed to restructure the team to cater the demand in market. The Management believes MRTW Inspection will make profit in foreseeable future.

MES, the subsidiary of the Group, has engaged in business and transferred its staff to LTDC MES which is the associated company of the Group on 1 August 2019. Management of MES does not have intention to invest and run any new business again.

EFRLOC JV has not generated income yet as the income generating assets are still under construction.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**35. Continuing and discontinued operations**

MES (the subsidiary of the Group), has disposed its business and transferred its staff to JTUC MES which is the associated company of the Group on 1 August 2019. Management of MES does not have intention to invest and run any new business itself in foreseeable future. The survivability of MES will depend on the share of profit earned through JTUC MES.

The financial information of continuing and discontinued operations of the Group is as follows:

(a) Normal operating profit after tax for the year ended 31 March:

	2019		Total	2018 Continuing operations
	Continuing operations	Discontinued operations		
Total income	11,873,861,019	349,278,890	11,828,737,709	4,908,051,469
Total expense	(9,890,826,107)	(355,802,586)	(10,052,430,673)	(4,725,849,324)
Normal operating profit before tax	1,882,232,908	(5,925,879)	1,876,307,022	1,182,142,166
Income tax expenses	(181,069,864)	-	(181,069,864)	(181,239,613)
Normal operating profit after tax	1,701,142,044	(5,925,879)	1,695,217,168	1,001,152,552

(b) Net cash used in operating activities for the year ended 31 March:

	2019	2018
Cash generated from operations	68,786,121	(1,022,234,426)
- Continuing operations	233,305,828	(1,022,234,426)
- Discontinued operations	(164,519,606)	-
Income tax paid	(139,008,538)	(131,177,060)
- Continuing operations	(139,008,538)	(131,177,060)
- Discontinued operations	-	-
Net cash used in operating activities	(70,214,416)	(1,153,411,506)

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**35. Commitments**

As at 31 March 2018, the Group had the following outstanding commitment in respect of accrued expenses as follows:

**Service agreement of Government**

On 22 January 2018, HITCO JV associated company of the Group, has entered into agreement with Myanmar Hermal Group Company Limited to construct container store structure, container handling on basin bank area (dry area) between the bridges of Aung Zaya and Suwa Kyi that fully retained right of management from Lanti Pyaw of the land area one hundred and fifty acres, Plot No 1, Land Survey No (15), Shwepyithar Industrial Zone, Yaw Aung Myath Thar Hlaing Street, Hlaing Tharyar Township, Yangon Region, Republic of the Union of Myanmar belonging to Myanmar Economic Holding Limited. The amount payable under non-cancellable service agreement at the end of the reporting period are as follows:

	2018	2017
Within one year	1,000,000,000	-
Later than one year but not later than five years	6,000,000,000	-
	<b>7,000,000,000</b>	<b>-</b>

**36. New or revised accounting standards and interpretations**

The Company has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 April 2018. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

**36. Changes of the name**

The name of the Company was changed from Ever Flow River Group Of Companies (Public) Limited to Ever Flow River Group Public Company Limited as per special resolution dated 10 January 2018.

**37. Authorization of financial statements**

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Ever Flow River Group Public Company Limited on 20 September 2018.



**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**  
As at and for the financial period ended 30 September 2018

Currency – Myanmar Kyat (MMK)

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at and for the financial period ended 30 September 2013**

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**DIRECTORS' REPORT**

For the financial period ended 30 September 2019

The Directors present their report to the members together with the audited consolidated financial statements for the financial period ended 30 September 2019 under the Section 261 of the Myanmar Companies Law 2017.

In the opinion of the directors:

- (a) the consolidated financial statements set out on pages 6 to 19 are drawn up so as to give a true and fair view of the consolidated financial position of Ever Flow River Group Public Company Limited (the Company) and its subsidiaries (the Group) as at 30 September 2019 and the consolidated financial performance, changes in equity and cash flows for the financial period covered by the consolidated financial statements; and
- (b) at the date of this report, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

**Directors**

The directors in office at the date of the report are as follows:

- ✓ U Kyaw Lwin Oo, Managing Director
- ✓ U Aung Mye Han Zin U Ko Ko Aung, Director
- ✓ Daw Say Say Soe, Director
- ✓ U Maw Mye Aung Oo, Director
- ✓ Daw Khin Soe, Director
- ✓ Daw Wui Linthee, Director
- ✓ U Thein Aung, ex-Barmay Heron, Director
- ✓ U Kyaw Kyaw Thaw, Director
- ✓ Daw Hnin Yas Mon, Director
- ✓ Daw Lwe Lwe Kha, Director
- ✓ Daw Zin Mye Hnwe, Director

**State of the Company's affairs**

The Company was incorporated on 2 November 2012 as a Private Company and converted existing private company into a public company on 10 April 2014 and have not been carrying on any business activities itself and have acquired its subsidiaries through which business operations are carried out. The Company has rendered all the approval activities to its subsidiaries.

	30 September 2019	31 March 2019
Financial results		
Revenue (including other operating income)	447,903,634	1,730,673,646
Profit/(Loss) before depreciation & tax	(18,257,219)	1,208,804,604
Depreciation	(50,760)	(9,720)
Profit/(Loss) after depreciation	(18,307,979)	1,208,814,324
Income taxes	-	-
Profit/(Loss) for the period	(18,307,979)	1,208,814,324

**Transfer to reserve account**

No amount was transferred to the reserve account during the financial period ended 30 September 2019.

**Dividend**

No dividend is recommended for the current financial period due to conservatism of profit incurred by the Company.

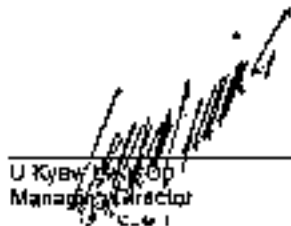
EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**DIRECTORS' REPORT (CONTINUED)**  
For the financial period ended 30 September 2019


**Risks and Uncertainties**

The Company did not face any risks and uncertainties during the current financial period

On behalf of the directors

  
U Kyav Kyav  
Managing Director



  
Daw Khin Soe  
Director

U Kyav Kyav (U Kyav Kyav) (U Kyav Kyav)

Daw Khin Soe (Daw Khin Soe) (Daw Khin Soe)



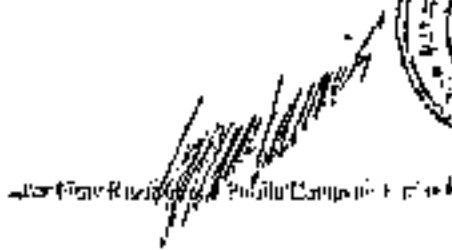
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

It is the responsibility of the Management to prepare the consolidated financial statements for each financial period which give a true and fair view of consolidated financial position as at 30 September 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes. In preparing these financial statements, the Management is required to:

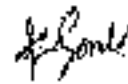
- Select suitable accounting policies and then apply them consistently and
- Make judgments and estimates that are reasonable and prudent.

The Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of Management

  
Ever Flow River Group Public Company Limited  
30 December 2019



  
Director  
Ever Flow River Group Public Company Limited

No 62, Room (104), 11<sup>th</sup> Floor Mahabandoola Housing Complex (B), Corner of Mahabandoola Road & Tawwatainthe Street,  
Pazundaung Tsp, Yitagon, Myanmar

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www.everflowrivergroup.com, www.facebook.com/everflowrivergroup



ဝင်းထင်နီနှင့် ပေးချင်းစင်ချော

# WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

NO. 111, 112 & 113, Block (211-26) 1<sup>st</sup> Floor, Rose Circle Building, No. 182/161, Dadaungmye Pagoda Road, Patheingyi Township,  
Yangon Region, Myanmar. Tel: 05-1-4301197, 8296552 Fax: 05-1-434567 Email: info@winthinassociates.com  
အလယ်၊ ၂၁၂၊ ၂၁၃၊ ၂၁၄၊  
အလယ် ၂၁၂၊ ၂၁၃၊ ၂၁၄၊  
Block (211-26) 1<sup>st</sup> Floor, Rose Circle Building, No. 182/161, Dadaungmye Pagoda Road, Patheingyi Township,  
Yangon Region, Myanmar. Tel: 05-1-4301197, 8296552 Fax: 05-1-434567 Email: info@winthinassociates.com

Ref: 893/E-37/September 2019

## INDEPENDENT AUDITOR'S REPORT

To the members of Ever Flow River Group Public Company Limited

### Report on the Audit of the Financial Statements

We have audited the accompanying consolidated financial statements of Ever Flow River Group Public Company Limited (the Company) and its subsidiaries (the Group) which comprise consolidated financial position as at 30 September 2019, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards (MFRSS) and the provisions of the Myanmar Companies Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

W. WIN THIN & ASSOCIATES

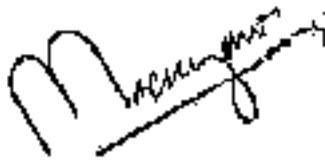
## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Ever Flow River Group Public Company Limited (the Company) and its subsidiaries (the Group) as at 30 September 2019, and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with MFRSS and the provisions of the Myanmar Companies Law.

## Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Law, we report that

- (i) we have obtained all the information and explanations we have required; and
- (ii) the financial records have been maintained by the Company as required by Section 256 of the Law.



Moa Kyaw (PA - 349)  
Managing Partner  
Win Thin & Associates  
Chartered Public Accountants

30 December 2019

မြတ်ဗွတ် & အဖွဲ့ချုပ်

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at 30 September 2019  
 Currency – MYR and RM (in RMK)

	Note	30 September 2019	31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	624,783,431	477,628,454
Intangible assets	8	30,083,353	30,388,064
Investments accounted for using the equity method	9	2,211,958,494	2,320,749,158
Projects under development	9	2,781,468,486	1,684,640,281
<b>Total non-current assets</b>		<b>5,648,293,764</b>	<b>4,523,385,957</b>
<b>Current assets</b>			
Inventories	10	677,168,826	157,271,461
Trade and other receivables	11	19,407,417,001	6,272,592,387
Cash and cash equivalents	12	4,306,815,623	1,300,159,452
<b>Total current assets</b>		<b>23,391,391,450</b>	<b>7,730,023,299</b>
<b>Total assets</b>		<b>28,939,685,214</b>	<b>12,253,409,256</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	2,904,473,590	4,086,137,770
<b>Total liabilities</b>		<b>2,904,473,590</b>	<b>4,086,137,770</b>
<b>Net assets</b>		<b>26,035,211,624</b>	<b>8,167,271,486</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	14	13,519,598,000	8,881,550,000
Foreign currency translation reserve	15	494,340,344	366,482,770
Retained earnings		1,897,500,803	2,246,596,335
		<b>15,911,439,147</b>	<b>11,494,629,105</b>
<b>Non-controlling interests</b>		<b>97,132,077</b>	<b>107,382,381</b>
<b>Total equity</b>		<b>16,008,571,224</b>	<b>8,167,271,486</b>

The above statement is true and correct as at the end of the financial year.

Authenticated by Directors:

2 | EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 For the financial period ended 30 September 2019  
 Currency - Myanmar Kyat (MMK)

	Note	30 September 2019	31 March 2019
Revenue from contracts with customers	19	5,604,029,271	10,347,600,469
Other income	21	80,089,638	1,781,117,715
<b>Total income</b>		<b>5,685,024,930</b>	<b>11,928,737,782</b>
Operating expenses	23	(1,074,588,712)	(3,721,505,051)
Purchases	27	(3,687,069,116)	(4,814,071,517)
Changes of inventories		418,784,575	12,591,808
Staff costs	22	(746,832,785)	(1,405,076,200)
Present donation & entertainment		(31,418,880)	(75,553,328)
Traveling expenses		(101,201,020)	(912,565,162)
Utilities, electricity and communication		(51,412,783)	(108,082,413)
Rent of operating lease		(110,228,898)	(252,052,245)
Repair & maintenance expense		(40,580,277)	(67,387,571)
Depreciation and amortisation expenses	50	(58,716,992)	(87,017,055)
Professional fees		(218,777,485)	(68,378,651)
Management fees		-	(1,651,026)
Others	28	(63,192,860)	(63,470,101)
Finance cost		-	181,927
<b>Profit / (Loss) before interest and tax</b>		<b>(84,328,307)</b>	<b>1,990,863,781</b>
Share of associates' loss	3	(171,790,864)	(237,257,416)
<b>Profit / (Loss) before tax</b>		<b>(256,119,971)</b>	<b>1,753,706,373</b>
Income tax expense	29	(87,824,206)	(161,089,651)
<b>Profit / (Loss) for the period</b>		<b>(358,804,177)</b>	<b>1,571,763,608</b>
Other comprehensive income:			
Foreign currency translation	15	15,485,674	436,794,841
<b>Total comprehensive income</b>		<b>(341,318,602)</b>	<b>2,008,498,452</b>

The notes on pages 12 to 40 form an integral part of this financial statement.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**  
For the financial period ended 30 September 2019  
Currency - Myanmar Kyat (MMK)

	Note	30 September 2019	31 March 2018
Profit / (Loss) attributable to:			
Equity holders of the Company		(380,897,532)	1,584,634,062
Noncontrolling interests		(6,206,646)	(12,030,643)
		<u>(387,104,178)</u>	<u>1,572,603,419</u>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		(335,111,858)	2,021,420,993
Noncontrolling interests		(6,206,646)	(12,030,643)
		<u>(341,318,504)</u>	<u>2,009,390,350</u>
<b>Earnings per share for profit / (loss) attributable to the equity holders of the Company (MMK per share):</b>			
Basic earnings per share	30 (a)	<u>(35)</u>	<u>145</u>
Diluted earnings per share	30 (a)	<u>(36)</u>	<u>145</u>

The above figures represent the consolidated results of the Group Company.

A handwritten signature in black ink is written over a circular official stamp. The signature appears to be 'U. Aung Mye Thazan'. The stamp is partially obscured by the signature and contains some illegible text.

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 For the financial period ended 30 September 2019  
 Currency - Myanmar Kyat (MMK)

	Attributable to equity holders of the Company		Minority interest	Total	Total equity
	Share capital	Foreign currency translation reserve			
30 September 2018					
Beginning of financial period	5,469,450,000	386,452,770	2,248,098,335	8,090,011,105	8,143,350,427
Loss for the period	-	-	(350,597,532)	(350,597,532)	(350,597,532)
Other comprehensive income for the period	-	45,485,974	-	45,485,974	45,485,974
Total comprehensive income for the period	-	45,485,974	(350,597,532)	(305,111,558)	(305,111,558)
Acquisition of a subsidiary	-	-	-	-	-
Issue of new shares	8,183,148,000	-	-	8,183,148,000	8,183,148,000
Total transactions with owners, recognised directly in equity	8,183,148,000	-	-	8,183,148,000	8,183,148,000
End of financial period	13,638,099,000	401,938,744	1,897,500,803	15,938,048,147	16,035,180,824

The above statement has been prepared in accordance with the Myanmar Accounting Standards

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FINANCIAL STATEMENTS

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

For the financial period ended 30 September 2019  
 Currency - Myanmar Kyat (MMK)

	← Shares capital		← Amountable to equity holders of the Company		Non-controlling interest	Total equity
	MMK	Foreign currency translation reserve	Reserves	Total		
<b>31 March 2019</b>						
Beginning of financial year	9,455,450,000	(90,302,171)	653,494,283	6,068,582,112	-	8,668,582,112
Profit (Loss) for the year	-	-	1,594,634,062	1,594,634,062	(12,630,563)	1,571,753,509
Other comprehensive income for the year	-	488,784,911	-	488,784,911	-	488,784,911
Total comprehensive income for the year	-	488,784,911	1,594,634,062	2,021,228,983	(12,630,563)	2,008,488,450
Acquisition of a subsidiary	-	-	-	-	230,023,826	230,023,826
Changes in equity interest	-	-	-	-	(113,753,761)	(113,753,761)
Total transactions with owners, recognised directly in equity	-	-	-	-	116,269,865	116,269,865
End of financial year	9,455,450,000	388,482,774	2,243,099,335	8,090,014,109	103,339,322	8,713,392,427

The above table is a true and fair view of the financial position



*(Signature)*  
 Director

*(Signature)*  
 Director

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the financial year ended 30 September 2019  
(Lumajang – Myanmar Kyat (MMK))

	30 September 2019	31 March 2019
<b>Cash flows from operating activities</b>		
Profit (Loss) for the period	(156,804,177)	1,371,100,010
Adjustment for:		
Income tax expense	97,884,206	99,089,834
Gain on changes in equity interest	-	(13,793,784)
Gain on disposal of business	-	(1,064,177,972)
Depreciation and amortisation expenses	56,715,992	67,017,689
Gain on disposal of property, plant and equipment	(15,798,045)	8,778,287)
Write-off property, plant and equipment	-	1,027,438)
Share of associate loss after tax	-174,790,664	237,287,418
Unrealised currency translation	12,478,669	274,531,358
	<u>(30,803,694)</u>	<u>878,712,616</u>
<b>Change in working capital, net of effects from acquisition of subsidiaries:</b>		
Inventories	(419,784,976)	21,154,528
Trade and other receivables	1,896,214,325	12,309,913,519)
Trade and other payables	(1,326,501,225)	1,758,728,180)
Cash generated from operations	118,896,834	88,165,124)
Income tax paid	(142,918,925)	(139,007,578)
<b>Net cash used in operating activities</b>	<u>(23,919,091)</u>	<u>(10,914,412)</u>
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary, net of cash acquired	-	(1,079,002,403)
Contribution into associated companies	(700,000,000)	-
Additions to property, plant and equipment	(223,180,752)	1,134,984,470)
Proceeds from disposal of business	-	1,007,192,870)
Proceeds from disposal of property, plant and equipment	41,578,436	28,282,418)
Cash paid for project under development	(1,129,819,296)	(1,490,455,849)
<b>Net cash used in investing activities</b>	<u>(2,008,400,511)</u>	<u>(1,966,615,572)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	2,038,056,834	-
<b>Net cash provided by financing activities</b>	<u>2,038,056,834</u>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>6,667,171</u>	<u>(1,196,830,034)</u>
Cash and cash equivalents at beginning of financial period	1,300,158,452	2,466,988,536
Cash and cash equivalents at end of financial period	<u>1,306,825,623</u>	<u>1,270,158,502)</u>

Consolidation scope: 12-to-9 months financial period from March forward.

111 FINANCIAL STATEMENTS

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency—Myanmar Kyat (MMK)

**1 General information**

Ever Flow River Group Public Company Limited (the Company) was incorporated in the Republic of the Union of Myanmar under the Myanmar Companies Act 1914 on 19 April 2014 as a Public Company Limited by Shares as per Certificate of Incorporation No. 114922817.

The Company was formerly incorporated as a Private Company on 2 November 2012 under the Myanmar Companies Act 1914. The Company at its extraordinary General Meeting held on 20 March 2014 resolved to convert existing private company into a public company and accordingly the Company had the new special resolution together with amended Memorandum and Article of Association and Form 11 (Statement in lieu of prospectus). However upon the insistence of the Directorate of Investment and Company Administration (DICA) other formalized papers had to be filed as though a new Public company was formed. The DICA issues a new Certificate of Incorporation No. 114922817.

The registered office of the Company is located at No. 52 Room No. (1104), 11st Floor, Mahabandoola Complex (B), Tatwalaithar Street, Pasundaying Township, Yangon Region, the Republic of the Union of Myanmar.

The Company have not been carrying on any business activities as yet and have acquired the subsidiaries through which the following business activities are carried out:

1. Business of international student services & distribution
2. Consumer retail and post service
3. Business of inland water transport

**2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the accompanying consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**A. Basis of preparation**

The accompanying consolidated financial statements of the Group have been prepared in accordance with Myanmar Financial Reporting Standards (MFRSs) and are based on historical cost convention.

**B. Revenue recognition**

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Sales are presented, net of consumer tax rebates and discounts, and after eliminating sales return the Group.

The Group acts as an agent or principal for each transaction and in an agency arrangement the amounts included on behalf of the principal are excluded from revenue. The Group recognize revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

**(a) Sale of goods – Electronic goods and mobile expenses**

Revenue from these sales is recognized when the Group has delivered the parts to locations specified by its customers and the customers have accepted the parts in accordance with the sales contract.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency – Kwacha (K) (MK)

**B. Summary of significant accounting policies (continued)**

**B. Revenue recognition (continued)**

**(A) Rendering of service – Logistics services**

Revenue from logistics services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

**(B) Rendering of service – Engineering services**

Revenue from engineering services is recognised when the services are rendered. Where services are provided in stages, revenue is recognised using the percentage-of-completion method based on the actual service provided as a proportion of the total services to be performed.

**(C) Rendering of services – Inspection services**

Revenue from inspection services is recognised when the goods inspected are delivered.

**(D) Interest income**

Interest income is recognised when the interest is deposited into the bank.

**(E) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**C. Group accounting**

**(a) Subsidiaries**

**(i) Consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date they cease to be subsidiaries.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains or losses between group entities are eliminated. Unrecognised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, except that results in the non-controlling interests having a deficit balance.

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency – Myanmar Kyat (MMK)

**2 Summary of significant accounting policies (continued)**

**C. Group acquisition (continued)**

**(i) Acquisitions**

The acquisition method of accounting is used to account for business combinations achieved by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any non-cash consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair value at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable intangible assets and liabilities are initially recognised at fair value in a business combination and, with limited exceptions, measured initially at their fair value at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of net identifiable intangible assets transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any residual equity interest in the acquiree over the (or) fair value of the identifiable net assets acquired is recorded as goodwill.

**(ii) Dispositions**

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised as other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings, if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the interest held at the date when control is lost and its fair value is recognised in profit or loss.

**(iii) Transactions with non-contributing entities**

Changes in the Group's ownership interest in a subsidiary does not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-contributing interest and the fair value of the contribution shall be recorded as a loss (recognised with equity attributable to the equity holders of the Company).

**(iv) Associated companies**

Associated companies are entities over which the Group has significant influence but not control, generally represented by a shareholding of 20% to 50% and some but not exceeding 50%.

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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Company - Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**2. Group accounting (continued)**

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

**(i) Acquisitions**

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

**(ii) Equity method of accounting**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of the associated companies' post-acquisition profits or losses (or the investor's profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income). Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make or has made payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are prepared where necessary to ensure consistency with the accounting policies adopted by the Group.

**(iii) Derecognition**

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

**10. FINANCIAL INSTRUMENTS**

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency - Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**5 Property, plant and equipment**

**(a) Measurement**

**(i) Land and buildings**

Land and buildings are initially recognized at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on a regular basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the relevant amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognized in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognized in profit or loss. In this case, the increases are recognized in profit or loss. Decreases in carrying amounts are recognized in other comprehensive income to the extent of any credit balance resulting in the equity in respect of that asset and reduce the amount accumulated in equity. All other decreases in carrying amounts are recognized in profit or loss.

**(ii) Other property, plant and equipment**

All other items of property, plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

**(iii) Components of costs**

The cost of an item of property, plant and equipment includes expenditure incurred to acquire the asset and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are classified above the hedging reserve.

**(iv) Depreciation**

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Office equipment	5 - 10 years
Furniture & fittings	5 - 10 years
Computer & accessories	5 - 10 years
Machineries	5 - 10 years
Motor vehicles	5 - 10 years
Leasehold property revaluation	5 - 10 years

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**NOTES TO THE FINANCIAL STATEMENTS**  
(Currency – Myanmar Kyat (MMK))

**2. Summary of significant accounting policies (continued)**

**D. Property, plant and equipment (continued)**

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment cost has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss, together with gains and losses. Any amount in evaluation reserve relating to that item is transferred to retained profits directly.

**E. Intangible assets**

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the production of net value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognized separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of joint ventures and associated companies represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) Acquired computer software licenses

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the asset for its intended use. Direct expenditures including employee costs which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 10 years.

The amortisation periods and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

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**EVER FLOW POWER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency - Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**F Investments in subsidiaries and associated companies**

Investment in subsidiaries are accounted for at cost less accumulated impairment losses in the Company's statement of financial position.

Associates are all entities over which the investor has significant influence but not control, generally comprising a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

**G Impairment of non-financial assets**

**(a) Goodwill**

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The net impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to its other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

**(b) Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies**

Intangible assets, property, plant and equipment and investments in subsidiaries and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount is the higher of the fair value less cost to sell and the value-in-use. It is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If that is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

EVER FLOW POWER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES



**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency – Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**G Impairment of non-financial assets (continued)**

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount in which case such impairment loss is treated as a revaluation decrease. Except for the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if and only if there has been a change in the estimator used to determine the asset's recoverable amount since the last assessment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised in the past in other years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount. In which case, such reversal is treated as a revaluation increase, however, to the extent that an impairment loss on the same (revalued) asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

**H Financial assets**

**(a) Classification**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

**(i) Financial assets at fair value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented equity investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedging assets in this category and presented as current assets if they are either held for trading or are expected to be realised within 12 months after the reporting date.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the reporting date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 1); and "cash and cash equivalents" (Note 12) in the statement of financial position.

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EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO THE FINANCIAL STATEMENTS  
Currency – Myanmar Kyat (MMK)

2. Summary of significant accounting policies (continued)

iv. Financial assets (continued)

(i) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be impaired and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the reporting date which are presented as current assets.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are neither trading nor in this category or are classified in any of the other categories. They are presented as non-current assets unless the overall intent, nature or arrangement intends to dispose of the assets within 12 months after the reporting date.

(a) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is recognised in profit or loss.

Trade receivables that are received via banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(b) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs, except for financial assets at fair value through profit or loss which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(c) Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends are recognised in profit or loss when the changes arise.

20) EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 Currency—Kenyan Ksh (KSh)

**2. Summary of significant accounting policies (continued)**

**(i) Financial assets (continued)**

Interest and dividend income on available-for-sale financial assets are recognized separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analyzed into currency translation differences on the functional cost of the securities and other changes; the currency translation differences are recognized in profit or loss and the other changes are recognized in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognized in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

**(e) Impairment**

The Group addresses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

**(i) Loans and receivables/available-for-sale financial assets**

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes unimpaired, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized against the same line item in profit or loss.

The impairment allowance is reversed through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortized cost had no impairment been recognized in prior periods.

**(ii) Available-for-sale financial assets**

In addition to the objective evidence of impairment described in Note 14 (i) a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If there is objective evidence of impairment, the cumulative loss may have been recognized in other comprehensive income is reclassified from equity to profit or loss. The amount of cumulative loss that is reclassified is measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss. The impairment losses recognized as an expense for an equity security are not reversed through profit or loss in subsequent periods.

**EYER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency—Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**H. Financial assets (continued)**

**ii) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**I. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less loss allowance (Note 1).

**J. Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less for in the normal operating cycle of the business or longer. Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

**K. Leases**

The Group leases office premises, factories, motor vehicles and warehouses under operating leases from related parties and/or non-related parties.

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised as an expense or income on a straight-line basis over the term of the lease.

**L. Income taxes**

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred income tax arises from the initial recognition of goodwill as an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates, joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency - Kwacha (K) (MKK)

**2. Summary of significant accounting policies (continued)**

**4. Income taxes (continued)**

**Deferred income tax is measured**

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequences that will follow from the transfer in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**4. Provisions**

Provisions for warranty, returns and volume discounts, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be incurred to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

The Group recognises the equipment liability to repair or replace products sold under warranty, in return and to provide volume discounts to customers at the reporting date. This provision is calculated based on historical experience.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of profit or loss as interest expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when they change.

**4. Employee compensation**

Employee benefits are recognised as an expense, unless they qualify to be capitalised as an asset.

**(i) Short-term compensated absences**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

**2.1 FINANCIAL INSTRUMENTS**

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency - Myanmar Kyat (MMK)

**2. Summary of significant accounting policies (continued)**

**(i) Currency translation**

**(A) Functional and presentation currency**

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The financial statements are presented in Myanmar Kyat, which is the functional currency of the Company.

**(B) Transactions and balances**

Transactions in a currency other than the functional currency ('foreign currency') are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised as profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loss forming part of the net investment of the foreign operation is realised, a proportionate share of the accumulated currency translation differences is recognised to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are disclosed in the income statement within 'Finance cost'. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within 'Other gains and losses'.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

**(C) Translation of Group entities' financial statements**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are recognised to profit or loss on disposal of partial disposal of the entity giving rise to such reserve.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency – Myanmar Kyat (MMK)

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**2. Summary of significant accounting policies (continued)**

**Q. Currency translation (continued)**

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rate at the reporting date.

**R. Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to a insignificant risk of change in value.

**U. Inventories**

Inventories comprise inventories for resale and supplies to be consumed in the rendering of services. Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

**P. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

**S. Dividends to the Company's shareholders**

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency – Malawi Kwacha (MK)

**3 Significant accounting judgments and estimates**

The preparation of the Company's financial statements in conformity with Malawi Financial Reporting Standards (MFRSs) requires Management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including developments of future events that are believed to be reasonable under the circumstances.

(a) Judgments made in applying accounting policies

The following are the judgments made by Management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

*Impairment of property, plant and equipment*

The carrying values of property, plant and equipment are reviewed for impairment when there are indications of impairment (such as obsolescence of equipment). As at 30 September 2019, there is no indicator of impairment and the carrying value of the Group's plant and equipment were MKK 624,783,450.

*Impairment of goodwill*

The carrying values of goodwill are reviewed for impairment when there are indications of impairment. As at 30 September 2019, there is no indicator of impairment and the carrying value of the Group's goodwill was MKK 26,142,889.

(b) Key sources of estimation uncertainty-

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Useful lives of property, plant and equipment*

The cost of property, plant and equipment for the Company and the Group's operations is depreciated on a straight line basis over the useful lives of the property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 5 to 10 years. There are various life expectancies apparent in the industry. Changes in the expected levels of usage could impact the economic useful lives and the residual value of these assets. Life expectancy, future depreciation charges could be revised. The carrying values of the Group's property, plant and equipment are as discussed in Note 5.

*Impairment of non-financial assets*

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.



**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Currency - Myanmar Kyat (MMK)

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**3. Significant accounting judgments and estimates (continued)**

**(i) Key sources of estimation uncertainty (continued)**

*Impairment of loans and receivables*

The Group and the Company assess at each date of the statement of financial position whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and delay or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the date of the statement of financial position are MMK 1,131,374,432.

*Income taxes*

Significant judgment and assumptions are involved in determining the Company's provision for income taxes. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amount of the Group's income tax payable at the date of the statement of financial position is MMK 273,279,315.

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Summary – Mavumara Kya Mkhosi

**4 Financial risk management**

**a Financial risk factors**

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimize any adverse effects from the unpredictability of financial markets on the Group's financial performance.

Management regularly manage the financial risks of individual entities in the Group. Because of the simplicity of the financial structure and the current operations of individual entities in the Group, no hedging activities are undertaken by Management.

**(a) Market risk**

**• Currency risk**

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollars ("USD"). Any changes in the exchange rates of USD to MKK will impact the operating results of individual entities in the Group. Individual group entities currently do not undertake any foreign currencies hedging.

**• Cash flow and fair value interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Except for bank deposits which carry interest at prevailing market interest rates, the Group has no other significant interest-bearing assets or liabilities. The related interest income is not significant. The Management considers that the Group's exposure to cash flow interest rate risk being low and not sensitively analyzed is permitted.

**(b) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the respective management at entity level based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the Board of Directors.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments recognized on the statement of financial position.

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EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
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4 Financial risk management

(a) Credit risk management

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit quality counterparties. Trade receivables that are neither past due nor impaired are substantially comprised with a good collection track record with the Group's Company.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	30 September 2019	31 March 2019
Past due < 3 months	592,232,480	561,717,877
Past due 3 to 6 months	29,132,826	803,108,658
Past due over 6 months	188,108,856	170,617,155
	<u>1,209,474,162</u>	<u>1,545,443,690</u>

(b) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to raise new market financing at a short notice. At the reporting date, assets held by the Group for managing liquidity risk included cash and short-term deposits as disclosed in Note 17.

Management monitors rolling forecasts of the liquidity position of the Group on the basis of expected cash flow. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies, considering the level of liquid assets necessary to meet these and managing liquidity risks.

The table below analyses non-derivative financial liabilities of the Group into various maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 30 September 2019				
Trade and other payables	1,405,107,880	—	—	—
At 31 March 2019				
Trade and other payables	1,489,555,154	—	—	—

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**4 Financial risk management (continued)**

**(a) Capital risk**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or adjust an optimal capital structure, the Group may adjust the amount of dividend payments, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus lease and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	30 September 2019	31 March 2019
Net debt	1,597,659,584	2,785,979,314
Total equity	16,035,180,827	8,193,350,432
Total capital	<u>17,632,840,411</u>	<u>10,979,328,744</u>
Gearing ratio	<u>9%</u>	<u>25%</u>

The gearing ratio of the Group was decreased from 25% to 9% in the financial period ended 30 September 2019.

**(c) Fair value measurement**

The carrying amounts of the Group's financial assets and liabilities are assumed to approximate their fair values due to their short maturities.

EVER FLOW RIVER GROUP OF COMPANIES (PUBLIC) LIMITED AND ITS SUBSIDIARIES  
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5 Property, plant and equipment

	Office equipment	Furniture & fittings	Computer & accessories	Motor vehicle	Architectural drawings	Leasehold property renovation	Total
30 September 2018							
Cost							
Beginning of financial period	88,829,866	41,700,614	63,860,513	24,673,633	132,815,798	58,903,524	630,878,957
Foreign currency translation differences	810,393	321,328	520,372	2,161,481	7,558,345	1,183,721	8,577,188
Acquisition of a subsidiary	-	-	-	-	-	-	-
Additions	5,684,727	982,000	4,725,421	187,847,789	-	71,820,835	229,180,752
Write off/Disposal	(190,000)	-	-	(45,848,521)	-	-	(46,038,521)
End of financial period	96,219,206	42,973,940	69,286,846	338,833,379	136,386,143	138,117,639	834,736,686
Accumulated depreciation							
Beginning of financial period	23,408,273	11,414,527	16,126,410	52,827,529	46,648,922	80,803,850	193,280,573
Foreign currency translation differences	293,130	117,824	137,220	471,284	642,090	285,504	1,948,472
Depreciation charge	8,216,368	3,482,309	4,065,852	19,387,487	13,747,830	5,819,647	58,392,391
Write off/Disposal	(10,000)	-	-	(23,688,281)	-	-	(23,678,281)
End of financial period	33,908,759	15,014,360	22,328,482	59,022,792	60,638,642	87,042,070	209,982,655
Net book value							
End of financial period	62,312,747	27,959,580	46,958,364	287,810,689	73,748,901	104,075,570	624,754,031

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EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
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6 Property, plant and equipment (continued)

	2019	2018	Computer & software	Furniture & fixtures	Laboratory equipment	Motor vehicles	Machinery	Leasehold property	Total
Cost									
Beginning of financial year	74,424,011	59,171,786	61,102,207	2,353,841	2,353,841	2,353,841	2,353,841	2,353,841	57,817,612
Foreign currency translation differences	14,843,813	5,202,144	7,759,858	1,502,442	1,502,442	1,502,442	1,502,442	1,502,442	14,843,813
Acquisition of a subsidiary	2,515,833	2,287,342	5,833,113	-	-	-	-	-	10,933,268
Additions	24,581,208	5,751,571	23,346,736	52,345,693	52,345,693	52,345,693	52,345,693	52,345,693	104,554,670
Disposals	(27,134,658)	(1,135,259)	(14,148,828)	(27,269,369)	(27,269,369)	(27,269,369)	(27,269,369)	(27,269,369)	(75,895,490)
End of financial year	64,620,385	66,991,434	73,880,575	34,672,632	34,672,632	34,672,632	34,672,632	34,672,632	180,876,827
Accumulated depreciation									
Beginning of financial year	6,882,229	2,623,824	3,871,280	13,897,871	13,897,871	13,897,871	13,897,871	13,897,871	43,150,809
Foreign currency translation differences	1,705,943	2,502,588	9,209,208	13,409,745	13,409,745	13,409,745	13,409,745	13,409,745	41,938,984
Depreciation charges	14,361,813	2,470,824	9,797,287	34,682,311	34,682,311	34,682,311	34,682,311	34,682,311	96,309,236
Write-off disposal	(2,897,372)	(272,548)	(2,624,820)	(34,682,311)	(34,682,311)	(34,682,311)	(34,682,311)	(34,682,311)	(76,924,273)
End of financial year	25,108,213	14,444,027	18,135,470	62,627,829	62,627,829	62,627,829	62,627,829	62,627,829	173,290,313
Net book value									
End of financial year	63,493,813	66,986,087	67,836,105	18,144,803	18,144,803	18,144,803	18,144,803	18,144,803	107,586,514

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6 Intangible assets

	30 September 2019	31 March 2019
Composition:		
Goodwill	25,192,689	25,192,689
Computer software	4,870,864	5,155,375
	<u>30,063,553</u>	<u>30,348,064</u>

(a) Goodwill

	30 September 2019	31 March 2019
Cost		
Beginning of financial period	25,192,689	25,192,689
Currency translation differences	-	-
Acquisition of a subsidiary	-	-
Additions	-	-
End of financial period	<u>25,192,689</u>	<u>25,192,689</u>
Accumulated impairment		
Beginning of financial period	-	-
Impairment charge	-	-
End of financial period	<u>-</u>	<u>-</u>
Net book value	<u>25,192,689</u>	<u>25,192,689</u>

(b) Computer software

	30 September 2019	31 March 2019
Cost		
Beginning of financial period	5,494,219	6,274,627
Currency translation differences	-	870,802
Acquisition of a subsidiary	-	-
Additions	-	-
End of financial period	<u>5,494,219</u>	<u>7,145,429</u>
Accumulated amortisation		
Beginning of financial period	1,298,844	375,630
Currency translation differences	-	270,882
Amortisation charge	324,711	648,421
End of financial period	<u>1,623,555</u>	<u>1,295,933</u>
Net book value	<u>4,870,864</u>	<u>5,155,375</u>

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7 Investment in subsidiaries

	31 September 2019	31 March 2019
Unquoted equity shares, at cost		
Recognising net financial period	3,253,808,943	1,698,680,000
Acquisition of subsidiaries during the period	-	-
Disposal of subsidiaries, net of expenses	-	155,653,993
Additional capital contributions into subsidiaries during the financial period	2,238,465,000	1,255,455,000
End of financial period	<u>5,502,273,943</u>	<u>3,109,809,993</u>

The Group has the following subsidiaries as at 31 September 2019 and 31 March 2019 respectively.

Name	Principal activities	Country of incorporation	Proportion of ordinary shares owned by the Group		Proportion of ordinary shares held by the Group	
			31 September 2019	31 March 2019	30 September 2018	31 March 2019
Sea Shipping Agency Services Limited (SSA)	Acting as an agent for Hyundai Merchant Marine Shipping Line providing freight forward services for total logistics package including inland sea air and warehouse services	Myanmar	100.00%	100.00%	100.00%	100.00%
E.F.G. Link Express Services Limited (EL)	Providing freight forward services especially for air cargo	Myanmar	100.00%	100.00%	100.00%	100.00%
Myanmar Round The World Logistics Limited (MRTWL)	Providing garments, shoes and bags inspection services especially for garment buyers	Myanmar	100.00%	100.00%	100.00%	100.00%
MRTW Manufacturing Inspection Co., Ltd. (MRTWI)	Providing garments, shoes and bags inspection services especially for garment buyers	Myanmar	100.00%	100.00%	100.00%	100.00%

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**Investment in subsidiaries (continued)**

Name	Principal activities	Country of incorporation	Proportion of ordinary shares directly held by the parent		Proportion of ordinary shares held by the Group	
			30 September 2019	31 March 2019	30 September 2018	31 March 2018
Mullerco Engineering Services Limited (MSES)	Providing engineering services for logistic sectors such as installation for equipment at port area in Cambodia including building and set up, construction of container house, installation and construction of inter-terminal road in boxes	Myanmar	100.00%	100.00%	100.00%	100.00%
Ever Flow River Trading Co., Ltd (EFR Trading)	Selling electronic goods, importer and distributor of auto parts and doing rubber trade	Myanmar	100.00%	100.00%	100.00%	100.00%
Minist Choice Services Limited (MCS)	Providing freight forwarding services especially for handling sea cargo and inland transport for inland sea	Myanmar	100.00%	100.00%	100.00%	100.00%
Ever Flow River Logistics & Distribution Center (Mikawady) Myanmar Kyst (EF-RDC, KM Myanmar)	Exporting a dry port and a container yard and running container-related services, port truck empty container depot, container freight station, inland container depot and inland transport terminal services, value-added services such as packaging, assembling, services for re-transportation, customs bonded warehouse services that have relations with businesses and business container services	Myanmar	92.86%	92.63%	92.55%	92.55%

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**5 Investment in associated companies**

	30 September 2019	31 March 2019
Beginning of financial period	2,386,749,158	1,629,864,025
Currency translation differences	-	124,736,494
Acquisition of a subsidiary	-	327,500,000
capital contributed into association with assets during the financial period	-	810,000,000
Transfer of investment in subsidiaries at cost	-	(117,593,943)
Share at loss	(174,790,864)	(207,207,418)
End of financial period	<u>2,211,958,294</u>	<u>2,568,799,158</u>

On 24 April 2019, MES, subsidiary of the Group, has contributed USD 400,000 into LTQC Myanmar Co Ltd (LTQC MES), Joint Venture Company to obtain 40% equity interest in LTQC MES. Accordingly, the Group held 40% equity interest in LTQC MES indirectly through MES.

Set out below are the associated companies of the Group as at 30 September 2019 and 31 March 2019 respectively. The associated companies as listed below have share capital consisting solely of ordinary shares, which are held directly and indirectly by the Group. The Group held 74.79% equity interest in KEFR JV directly and 25.21% equity interest in KEFR JV indirectly through EFR Trading.

Name	Principal activities	Country of incorporation	% of ownership interest	
			30 September 2019	31 March 2019
Kamgwin EFR Logistics Co, Ltd (KEFR JV)	Providing trucking (overseas and cross border) service, inland container depot operation and related logistic services, forwarding and custom clearance services, inspection, quarantine and inter-modal transportation services.	Myanmar	30.00%	30.00%
LTQC Myanmar Company Limited (LTQC MES)	Providing repair and installation of machinery and equipment, construction of building, civil engineering, specialized construction activities, road transport and transportation pipelines, water transport, air transport, warehouses and storage activities for transportation containers and heavy vehicles.	Myanmar	40.00%	40.00%
Kamgwin Inland Terminal And Logistic Company Limited (MILC JV)	For good supply and transport, container services, marine container transport, inland terminal and logistics center, repair value added services, bonded warehouses services, inland container depot services and cold chain services.	Myanmar	49.00%	49.00%

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8 Investment in associated companies (continued)

See (a) below for the summarized financial information for associated companies.

	30 September 2019			31 March 2019		
	UTOC MES	HITLC JV	KEFR JV	UTOC-MES	HITLC JV	KEFR JV
Assets	2,226,158,814	2,537,701,384	4,327,797,008	2,085,702,893	2,900,825,156	4,629,247,804
Liabilities	1,680,682,516	1,808,837,424	41,674,723	1,627,708,893	264,738,428	1,442,319,811
Revenue	798,606,057	-	1,492,348,004	797,648,857	-	1,780,132,643
Loss for the period	(123,482,910)	(75,226,787)	(281,788,245)	(118,086,138)	(143,849,107)	(358,967,955)

9. Project under development

	30 September 2019	31 March 2019
Beginning of financial period	1,684,840,291	-
Acquisition of a subsidiary	-	484,194,002
Dividends	1,126,819,255	1,400,483,646
Construction costs	1,124,926,705	1,204,812,039
Vehicles	(86,770,000)	86,770,000
Transformer and generator	31,319,870	71,334,708
Software	-	3,000,000
Others	38,242,990	16,141,920
End of financial period	2,731,438,486	1,854,840,291

The above project under development represents the construction cost incurred for construction of a dry port and a container yard on a 1476 acre land plot near Panik Nauway Station, Sittoung Township, Kyaukse District, Mandalay Region, Republic of the Union of Myanmar. These cost will be transferred to property, plant and equipment when the commission of the dry port and container yard will be completed.

10 Inventories

	30 September 2019	31 March 2019
Inventories for resale:		
Air conditioner	500,522,058	44,531,002
Rice paddy	78,836,887	112,543,147
	579,358,945	157,074,149

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11 Trade and other receivables

	30 September 2019	31 March 2019
Trade receivables	1,131,374,182	1,027,833,854
- Non related parties	1,131,374,182	1,027,833,854
Subscription receivables	8,368,272,166	218,180,000
Other receivables	2,232,208,088	1,722,188,445
+ Associated companies	1,699,995,170	1,099,995,170
+ Due from directors	211,823,036	210,558,510
+ Non related parties	420,389,882	411,634,765
Deposit	540,380,006	369,287,401
Prepayment	148,615,773	211,683,794
Advance tax	680,578,302	480,252,084
- Withholding tax	24,965,888	29,653,232
- Commercial tax	355,025,108	233,288,068
- Corporate Income tax	300,587,306	217,310,784
Advance	121,030,078	2,037,259,831
Other	394,820,437	223,611,888
	11,407,417,007	5,272,591,387

12 Cash and cash equivalents

	30 September 2019	31 March 2019
Cash on hand	792,878,887	871,832,943
Cash at bank	913,938,756	429,125,689
	1,306,816,623	1,300,958,452

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၇၅. Trade and other payables

	30 September 2019	31 March 2019
Trade payables to	819,661,051	960,587,587
- Non-related parties	819,661,051	960,587,587
Other payables	605,555,030	456,267,806
- Due to directors	31,001,294	236,662,360
- Non-related parties	574,553,736	219,605,446
Tax provisions	927,372,247	962,567,036
- Corporate income tax	273,270,318	322,586,446
- Commercial tax	606,818,413	362,518,052
+ Capital gain tax	148,182,516	186,182,518
Advance received	341,643,256	4,167,172,824
Accruals	227,347,406	168,073,128
	<u>2,904,475,690</u>	<u>4,969,187,772</u>

၇၆. Share capital

	No of ordinary shares	Amount
30 September 2019		
Beginning of financial period	10,818,000	5,495,400,000
Shares issued	3,068,323	8,143,149,000
End of financial period	<u>13,886,323</u>	<u>13,638,549,000</u>
31 March 2019		
Beginning of financial year	515,545	6,155,490,000
Shares sold	10,350,390	-
End of financial year	<u>10,865,935</u>	<u>6,155,490,000</u>

There is no par value for ordinary shares issued.

The Company has issued its own issued and paid up share certificates issued and paid up shares on 4 October 2019.

The Company has allotted 3,068,323 shares at MMK 2,654,000 during the period ended 30 September 2019. Out of which, MMK 8,143,149,000 has not been received yet and has been reflected as subscription receivables in accompanying consolidated financial statements.

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**16 Foreign currency translation reserve**

	30 September 2019	31 March 2019
Currency translation	401,848,344	388,482,770
<b>Total Movement</b>		
	30 September 2019	31 March 2019
Beginning of financial period	386,462,770	(60,332,171)
Net currency translation differences of financial statements of subsidiaries and associated companies	16,485,574	438,704,941
End of financial period	401,948,344	389,482,770

**16 Revenue from contracts with customers**

	30 September 2019	31 March 2019
Sale of goods (Note 17)	3,405,863,746	5,151,660,278
Rendering of services—engineering services (Note 18)	-	348,244,541
Rendering of services—logistic services (Note 18)	1,642,218,970	3,317,002,026
Rendering of services—inspection services (Note 20)	55,853,833	1,330,743,547
<b>Total sales</b>	<b>5,604,026,279</b>	<b>10,147,620,488</b>

**17 Sale of goods**

Sales of goods from external customers are derived mainly from the sale of electronic and mobile equipment. Breakdown of the sales of goods is as follows:

	30 September 2019	31 March 2019
<b>Composition:</b>		
Electronic goods	1,824,384,831	2,522,428,927
Rubber equipment	1,594,868,817	2,629,261,954
	<b>3,405,863,748</b>	<b>5,151,660,278</b>

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**19. Rendering of services + engineering services**

Rendering of services + engineering services from external customers are derived mainly from the erection and commissioning of Dams, general engineering services and installation of garments in foreign in plant and boxes. Breakdown of the rendering of services + engineering services is as follows:

	30 September 2019	31 March 2019
Composition		
Civil and general engineering services	—	324,357,538
Installation of garment in foreign	—	29,827,100
	<u>—</u>	<u>354,184,638</u>

**20. Rendering of services + logistic services**

Rendering of services + logistic services from external customers are derived mainly from the freight forwarding and acting as an agent. Breakdown of the rendering of services + logistic services is as follows:

	29 September 2019	31 March 2019
Composition		
Freight forwarding	320,828,495	451,859,659
Commission	192,245,837	300,591,920
Other logistic services	1,189,144,657	2,054,232,105
	<u>1,542,218,989</u>	<u>3,817,083,684</u>

**21. Rendering of services – inspection services**

Rendering of services – inspection services from external customers are derived mainly from the quality inspection of clothing. Breakdown of the rendering of services – inspection services is as follows:

	30 September 2019	31 March 2019
Composition		
Inspection	645,801,134	1,279,116,628
Others	10,052,399	23,865,221
	<u>655,853,533</u>	<u>1,302,981,849</u>

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**21 Other income**

	30 September 2019	31 March 2019
Interest income		
- Bank deposits	3,091,779	29,325,544
Gain on business disposed	-	1,664,177,872
Service income		
- Custom clearance	9,757,757	818,121
Trucking	47,210,276	18,447,090
Other	4,418,357	-
- Dividends	16,490,492	68,346,808
	<u>80,990,658</u>	<u>1,781,117,215</u>

MES, a subsidiary of the Group, has entered into a sale purchase agreement with UTQC MES in which the Group indirectly own 40% equity interest on 26<sup>th</sup> July 2018. As per asset purchase agreement, MES sold its business at the consideration of USD 1,250,000 including plant and equipment amount of USD 37,385 and staff and transferred its business to UTQC MES on 1<sup>st</sup> August 2018. The gain arising from its business disposed presented under other income was gain after providing capital gain tax.

**22 Staff costs**

	30 September 2019	31 March 2019
Wages and salaries	705,608,801	1,210,587,504
Other short-term benefits	41,274,254	145,416,928
	<u>746,883,055</u>	<u>1,356,004,432</u>

**23 Operating expenses**

	30 September 2019	31 March 2019
Operating expenses + engineering services (Note 24)	-	262,406,082
Operating expenses + logistic services (Note 25)	897,706,900	1,484,182,121
Operating expenses – inspection services (Note 26)	466,883,732	974,714,888
	<u>1,364,590,632</u>	<u>2,721,303,091</u>



**EYER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**24. Operating expenses – engineering services**

	30 September 2019	31 March 2019
Installation charges	–	252,408,062
Labour charges	–	–
	<u>–</u>	<u>252,408,062</u>

**25. Operating expenses – logistic services**

	30 September 2019	31 March 2019
BL & FO fees	24,458,789	63,207,477
Repair and maintenance – transport	1,385,284	(673,084)
Transportation charges	234,909,182	562,303,227
Demurrage charges	286,042,260	575,393,714
Responsibility fees	6,243,178	64,388,094
Warehousing charges	55,363,910	1,282,856
Conventional handling fees	–	15,523,876
Truck expenses	(62,254,380)	6,075,020
Truck expenses	16,031,223	87,205,254
Project cost	4,034,500	52,448,000
Others	40,552,038	76,965,788
	<u>607,705,980</u>	<u>1,484,183,121</u>

**26. Operating expenses – inspection services**

	30 September 2019	31 March 2019
Inspection cost	24,866,360	116,388,888
Factory expenses	18,731,168	23,273,028
Consultant fees	59,001,517	82,880,058
Inspector salary	272,284,667	749,288,451
	<u>459,883,732</u>	<u>1,071,914,859</u>

**27. Purchases**

	30 September 2019	31 March 2019
Electronic goods	2,148,380,438	2,270,862,500
Hardware	1,537,688,679	2,544,008,617
	<u>3,687,089,117</u>	<u>4,814,871,517</u>

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**78 Others**

	30 September 2019	31 March 2019
Advertising	1,268,243	7,868,697
License & registration fee	18,474,704	30,448,331
Insurance premium	19,037,588	18,243,280
Office expense	12,865,966	24,763,782
Bad debt	2,328,836	28,634,649
Gain on disposal of property, plant and equipment	(15,798,646)	(5,778,297)
Write off surplusty, plant and equipment	-	1,027,638
Gain on changes in equity interest	-	(15,755,751)
Contingent liability expense	89,182	2,647,814
Foreign currency translation	(6,274,849)	7,419,835
Others	38,109,847	85,950,154
	<u>69,192,890</u>	<u>69,470,100</u>

EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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**29 Income tax expenses**

(a) Income tax expense

	30 September 2019	31 March 2018
Tax expense attributable to profit is made up of:		
- Profit for the financial period:		
Current income tax	83,265,310	175,234,184
- Under provision in prior financial years:		
Current income tax	1,444,555	6,459,667
Tax payable	2,974,341	395,013
	<u>87,684,206</u>	<u>181,989,864</u>

(b) Movement in current income tax liabilities

	30 September 2019	31 March 2019
Beginning of financial period	372,698,445	411,078,076
Currency translation differences	16,912,590	139,434,041
Advanced income tax offset	(21,000,000)	-
Income tax paid	(142,915,926)	(139,009,538)
Income tax expense	83,265,310	175,234,184
Under provision in prior financial years	1,444,555	6,459,667
Tax payable	2,974,341	395,013
End of financial period	<u>273,279,316</u>	<u>322,538,445</u>

(c) The tax (charge)/credit relating to each component of other comprehensive income is as follows

	Before tax	Tax charges	After tax
<b>30 September 2019</b>			
Currency translation differences arising from consolidation of subsidiaries	16,485,574	-	16,485,574
Other comprehensive income	<u>16,485,574</u>	<u>-</u>	<u>16,485,574</u>
<b>31 March 2019</b>			
Currency translation differences arising from consolidation of subsidiaries	436,754,541	-	436,754,541
Other comprehensive income	<u>436,754,541</u>	<u>-</u>	<u>436,754,541</u>

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**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. Earnings per share**

**(a) Basic earnings per share**

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	30 September 2019	31 March 2018
Profit/(Loss) attributable to equity holders of the Company (MMK)	(350,597,632)	1,584,634,062
Weighted average number of ordinary shares in issue (shares)	9,988,612	10,910,900
Basic earnings per share (MMK per share)	(35)	145

**(b) Diluted earnings per share**

For the purpose of calculating diluted earnings per share profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has two categories of dilution potential ordinary shares convertible bonds and share options.

Convertible bonds are assumed to have been converted into ordinary shares at the end of the year for the year to eliminate the interest expense less the tax effect.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined by the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit for the year.

Diluted earnings per share attributable to equity holders of the Company is calculated as follows:

	30 September 2019	31 March 2018
Profit/(Loss) attributable to equity holders of the Company (MMK)	(350,597,632)	1,584,634,062
Interest expense on convertible bonds net of tax	-	-
Profit/(Loss) to determine diluted earnings per share	(350,597,632)	1,584,634,062
Weighted average number of ordinary shares outstanding	9,988,612	10,910,900
Adjustments for:		
Convertible bonds	-	-
Share options	-	-
	9,988,612	10,910,900
Diluted earnings per share (MMK per share)	(35)	145

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**01 Ultimate controlling party**

The Company's ultimate controlling parties are U Kyaw Linn Oo and Daw Kaw Sanmy who are residents of Myanmar.

**02 Related party transactions**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties.

**(a) Sales and purchases of goods and services**

	30 September 2019	31 March 2019
Sales of goods and/or services to		
– associated companies	45,000,000	80,518,058
– other related parties	–	–
	<u>45,000,000</u>	<u>80,518,058</u>
Purchases of goods and/or services from		
– associated companies	–	–
– other related parties	–	–
	<u>–</u>	<u>–</u>
Management fees paid to other related parties	–	17,230,267

Other related parties comprise key management personnel of the Group and the Companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 30 September 2019 and 31 March 2019, arising from sales/purchase of goods and services are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 11 and 13 respectively.

**(b) Key management personnel compensation**

	30 September 2019	31 March 2019
Salaries and benefits	<u>181,050,000</u>	<u>194,052,000</u>

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**33. Changes to financial year**

On 19 May 2019, the Internal Revenue Department (IRD) under the Ministry of Planning and Finance of the Republic of the Union of Myanmar, passed the 2019 Union Taxation Law which provides the change of financial year in conance with the fiscal year of 31 September year end for all entities for the purpose of tax calculation. Thus, the Company had changed its financial reporting date from 31 March to 30 September to align with the new provision.

**34. Comparative figures**

The financial statements for 30 September 2019 covered the period from 1 April 2019 to 30 September 2019. The financial statements for 31 March 2019 covered twelve months ending 31 March 2019.

**35. Comparative figures – the subsidiaries of the Group**

The financial information of the subsidiaries of the Group reflected in the consolidated financial statements for 31 March 2019 covered twelve months ending 31 March 2019. The financial information of the subsidiaries of the Group reflected in the consolidated financial statements for 30 September 2019 covered the period from 1 April 2019 to 30 September 2019.

The comparative financial information of the subsidiaries of the Group is as follows:

	30 September 2019		31 March 2019	
	Revenue	Profit / (Loss) for the period	Revenue	Profit / (Loss) for the year
BSA	568,232,852	76,909,820	678,217,828	17,567,646
G LINA	736,752,478	149,877,843	1,604,967,836	260,864,581
MRTW	460,710,457	26,872,929	239,028,238	8,012,314
MRTW Insurance	355,863,338	(160,845,197)	1,330,749,548	(271,032,210)
MES	-	(57,663,074)	316,294,641	2,599,017,276
EFR Trading	3,405,853,748	13,373,819	5,151,664,216	45,453,254
UC	217,978,092	(4,689,095)	234,424,838	8,242,422
EPRI (DC JV)	-	(82,310,676)	-	(173,564,350)
	<u>5,541,480,874</u>	<u>(69,782,897)</u>	<u>10,785,311,261</u>	<u>7,557,457,584</u>

MRTW Insurance is a 100% holding subsidiary. The Company, the Management of MRTW Insurance has planned to restructure the team to cater the demands in market. The Management believes MRTW Insurance will make profit in foreseeable future.

MES, the subsidiary of the Group, has disposed its business and transferred the staff to UIC (P) Ltd which is the associated company of the Group as at 31 March 2019. Management of MES does not have intention to invest and run any new business itself.

EPRI (DC JV) has not generated income yet as the intangible assets are the project construction.

**36. EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**EVER FLOW RIVER GROUP PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

**34. Commitments**

As at 30 September 2019, the Group has the following outstanding commitment in respect of accrued expenses as follows:

**Service agreement commitment**

On 22 January 2019, HITEC-JV, associated company of the Group, has entered into agreement with Marvix Farm Group Company Limited to construct concrete stone stable, concrete house on vacant land area forty acres between the bridges of Ayung Zaya and Shwe Pyi Thar fully retained right of management from Land Pyi out of the Land area one hundred and fifty acres, Plot No. 1, Land Survey No.145, Shwe Lu Pan Industrial Zone, Yangon Area (What U Pong) Hlaing Shwe Hlaing Township, Yangon Region, Republic of the Union of Myanmar belonging to Myanmar Economic Holding Limited. The contract operates under non-cancelable service agreement in the end of the reporting periods the as follows:

	30 September 2019	31 March 2019
Within one year	408,480,000	1,582,500,000
After one year but not later than two years	6,000,000,000	6,000,000,000
	6,408,480,000	7,582,500,000

**35. New or revised accounting standards and interpretations**

The Company has not yet adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Company's accounting periods beginning on or after 1 April 2019. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Company in the period of their initial adoption.

**36. Authorization of financial statements**

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Ever Flow River Group Public Company Limited on 26 December 2019.

**37. Financial instruments**

## **PART XV. SUBSEQUENT EVENTS**

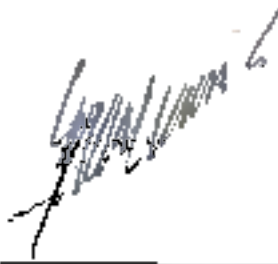
The events and transactions listed below occurred subsequent to 31 September 2019.

- The company received all of the subscription receivables amounting to MMK6,360,272,166 (as of 31 September 2019) on 21 January 2020, of which MMK2,060,272,166 came from the Principal Shareholders and other shareholders and MMK4,300,000,000 came from Chang Yang Development Co., Ltd.
- Other receivables due from director were MMK210,558,510 as of 31 March 2019 and MMK211,823,036 as of 31 September 2019. The company received the amount due from director – MMK211,823,036 on 24 January 2020
- Other payables due to director were MMK236,662,360 as of 31 March 2019 and MMK31,681,294 as of 31 September 2019. The balance of MMK31,681,294 remains as the bank guarantee deposit with one of the airlines EFR represents as the authorized agent. This amount will be settled in FY2019-20 (October 2019 to September 2020)

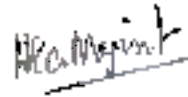


**PART XVI. SIGNATURE**

Provide the signatures of directors, managing directors, managers and managing agents of the Company.



U Kyaw Lwin Oo



Daw Hla Myint



U Min Setn



Daw Hla Theingi



U Maung Maing Oo



U Aung Min Han



Daw Khin Sone



Daw Zin Nyein Htwe



Daw Lae Lae Mu



Daw Hnin Yee Mon