

**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.**



(Company Registration Number 112387595)

(Incorporated with limited liability in the Republic of the Union of Myanmar on 14 September 2015)

Listing of 23,804,946 Shares

This Disclosure Document for Listing is issued by the Company in connection with the Listing of 100.0% of the issued and outstanding Shares on the YSX.

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

The Shares of the Company may be bought and sold by Myanmar citizens and Myanmar Companies and foreign shareholders up to a limit in accordance with Notification No. 1/2019 issued by the SECM on 12 July 2019, Instruction No. 1/2020 issued by the SECM on 6 March 2020 and Announcement No. 4/2020 issued by the SECM on 13 May 2020.

No action has been or will be taken to permit the possession, circulation or distribution of this Disclosure Document for Listing in any other jurisdiction where action would be required for that purpose. Accordingly, this Disclosure Document for Listing may not be circulated or distributed in any other jurisdiction.

**Financial Adviser to the Listing  
KBZ Stirling Coleman Securities Company Limited**

To:

Yangon Stock Exchange Joint-Venture Company Limited  
Republic of the Union of Myanmar

Name of Company : Myanmar Agro Exchange Public Company Limited

Name and Title of Representative : U Win Aung, Chairman

Date of Application : 20 February 2023

Location of the Registered Office : Room No. A/03-01,02,03,  
262-264, Pyay Road, Dagon Centre, Block (A)  
4<sup>th</sup> Floor, Sanchaung Township  
Yangon Region, Myanmar

Contact Points

Address : See location of the Registered Office above

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Financial Advisers to the Company : KBZ Stirling Coleman Securities Company Limited  
Strand Square 6<sup>th</sup> Floor, Unit 631  
No. 53, Strand Road  
Pabedan Township,  
Yangon Region, Myanmar

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Pabedan Township,  
Yangon Region, Myanmar

Auditor to the Company : Win Thin and Associates  
Room (2B/2C) 1<sup>st</sup> Floor  
Rose Condominium  
No. 182/194, Botahtaung Pagoda Road  
Pazundaung Township  
Yangon, Myanmar

Principal Bankers : Kanbawza Bank Limited,  
No. (615/1), Pyay Road,  
Kamayut Township,  
Yangon, Myanmar  
Tel: +95 9 951018555  
Fax: N/A

Ayeyarwady Bank Limited, YGN-33  
No. (40 / A, B Ground Floor)  
Ma Po Road, Myae Ni Gone (North) Quarter,  
San Chaung Township  
Yangon, Myanmar  
Tel: 01-534378,01-504510,01-2306389  
Fax: 01-2306390,2306391

**Listing:**

Type of Securities to be listed : Ordinary Shares  
Number of Securities to be listed : 23,804,946  
Stock Exchange on which the Shares : Yangon Stock Exchange  
will be listed

**Offices at which copies of this Disclosure Document for Listing will be made available for public inspection**

Name and location of such offices

Myanmar Agro Exchange Public Company Limited  
262-264, Pyay Road, Dagon Centre, Block (A),  
4<sup>th</sup> Floor  
Sanchaung Township  
Yangon Region, Myanmar

KBZ Stirling Coleman Securities Company Limited  
Strand Square 6<sup>th</sup> Floor, Unit 631  
No. 53, Strand Road  
Pabedan Township,  
Yangon Region, Myanmar

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

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## **PART I – LISTING SUMMARY**

### **I. Important Notice**

- (a) This Disclosure Document for Listing has been prepared in connection with the listing of 100.0% of the issued and outstanding Shares of the Company on the YSX. No Shares are being offered for subscription or sale pursuant to this Disclosure Document for Listing.
- (b) No person is authorised 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 authorised by or on behalf of us. The delivery of 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, conditions and prospects or our Shares since the date hereof.
- (c) This Disclosure Document for Listing does not constitute legal, business, financial, tax or other advice. 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. Investors should consult their own professional advisers as to the legal, business, financial, tax and related aspects of an investment in our Shares.
- (d) The Shares of the Company may be bought and sold by Myanmar citizens and Myanmar Companies and foreign shareholders up to a limit in accordance with Notification No. 1/2019 issued by the SECM on 12 July 2019, Instruction No. 1/2020 issued by the SECM on 6 March 2020 and Announcement No. 4/2020 issued by the SECM on 13 May 2020.
- (e) This Disclosure Document for Listing is issued in both English and Myanmar languages. If there is any discrepancy between the English and Myanmar language versions, the English language version of the Disclosure Document for Listing shall prevail.

### **Responsibility statement by our Directors**

Each of our Directors accepts full responsibility for the accuracy of the material particulars of the Company given in this Disclosure Document for Listing and confirms after making all reasonable enquiries, that to the best of their knowledge and belief, there is no false or misleading statement or omission. Where information in this Disclosure Document for Listing has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Disclosure Document for Listing in its proper form and context.

The Directors will also collectively and individually ensure that the Company will observe the provisions and regulations of the YSX.

### **II. Forward Looking Statements**

Certain statements contained in this Disclosure Document for Listing constitute “forward-looking statements”. You can identify some of these statements by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “would”, “could” or other similar words. All statements regarding our Company’s expected financial position, business strategy, plans and prospects are forward-looking statements. These forward looking statements include statements about:-

- our revenue and profitability;
- the development plan of Phase 1.1, Phase 2 and Phase 2.1 of Danyingone Wholesale Market;
- our prospects;
- our dividend policy; and
- industry trends.

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, under the section “Risk Factors”. However, they are not exhaustive and other sections of this Disclosure Document for Listing describe additional risks, uncertainties and other factors which could materially and adversely affect our result, performance or achievements.

### III. Definitions

<b>“Applicable Laws”</b>	the laws, statutes, rules, regulations and by-laws for the time being having force and effect including all notifications, orders, directives, procedures and policies of any Governmental Authority;
<b>“Associate”</b>	<p>(a) in relation to any Director, the Managing Director or Controlling Shareholder of the Company (being an individual):</p> <p>(i) his spouse, brother, sister or lineal ascendant or descendant or any persons having any of the foregoing relationships created through adoption,</p> <p>(ii) the trustee of any trust of which he or any person listed in (i) above is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and</p> <p>(iii) any company which he and any person listed in (i) above together (directly or indirectly) Control; and</p> <p>(b) in relation to a Controlling Shareholder of the Company (being a company), any other company which is its subsidiary or holding company, or a subsidiary of its holding company;</p>
<b>“Associate Company”</b>	<p>The:</p> <p>(a) parent company of the Company;</p> <p>(b) subsidiaries of the parent company of the Company; and</p> <p>(c) subsidiaries of the Company and any other company in which it holds at least twenty (20) per cent of the voting shares.</p>
<b>“Audit Committee”</b>	a committee of the Board responsible for review

	and oversight of the Company’s financial statements, internal and external controls and auditing
<b>“Board” or “Board of Directors”</b>	the board of directors elected by the Shareholders at the Company’s annual general meeting. The Board carries out tasks described in the Company’s Constitution such as issuing shares;
<b>“Business”</b>	the business of the Company as described in <i>Part III – Company Information</i> of this Disclosure Document for Listing;
<b>“Business Day”</b>	a day (other than Saturday, Sunday or a statutorily declared public holiday) on which banks are generally open in Myanmar for banking business;
<b>“Capital”</b>	share capital of the Company;
<b>“CBM”</b>	the Central Bank of Myanmar;
<b>“Company”</b>	Myanmar Agro Exchange Public Company Limited;
<b>“Constitution”</b>	the Company’s constitution;
<b>“Construction Agreement”</b>	agreement executed between our Company and Dagon dated 18 October 2016 for the construction of the Danyingone Wholesale Market;
<b>“Control”</b>	in relation to a company, the capacity to dominate decision-making, directly or indirectly in relation to the financial and operating policy of the company;
<b>“Dagon”</b>	Dagon International Limited;
<b>“Dagon Group”</b>	Dagon Group of Companies including the Company, Dagon International Limited, Dagon Timber Limited, Dagon Rubber Plantation Limited, Dagon Construction Company Limited, Dagon Foods Limited, Dagon Agriculture Group Limited, Palm Tree Company Limited, Thuriya Energy Company Limited, Dagon Machinery and Automotive Limited, DMC Machinery Limited and New East Dagon Industrial Park Company Limited;
<b>“Danyingone Wholesale Market”</b>	the integrated wholesale complex for fresh fruits vegetables and flowers located in the corner of Khayae Pin Road and Industrial Road, Insein Township, Yangon, Myanmar;
<b>“Development Agreement”</b>	agreement executed between our Company and YCDC dated 22 March 2016 for the construction and development of the Danyingone Wholesale Market;
<b>“DICA”</b>	the Directorate of Investment and Company Administration;
<b>“Directors”</b>	the Company’s directors as of the date of this Disclosure Document for Listing;

<b>“Disclosure Document for Listing”</b>	this disclosure document for listing, including all annexures to this disclosure document for listing;
<b>“Entity at risk”</b>	(a) the Company; or (b) an Associate Company that is not listed on any stock or securities exchange recognised by the Board for this purpose;
<b>“Executive Officers”</b>	the Company’s executive officers;
<b>“Governmental Authority”</b>	any (a) nation, state, county, city, town, borough, village, district or other jurisdiction, (b) national, prefectural, local, municipal, foreign or other government, (c) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers), (d) multinational organisation or body, (e) body exercising or entitled or purporting to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or (f) an official of any of the foregoing;
<b>“KBZSC”</b>	KBZ Stirling Coleman Securities Company Limited;
<b>“Latest Practicable Date”</b>	18 February 2023 and after giving effect to the rights issue announced on 20 February 2023, being the latest practicable date of this Disclosure Document for Listing;
<b>“Listing”</b>	the listing of 100% of the issued and outstanding Shares on the YSX
<b>“Master Plan”</b>	plan and design of the Danyingone Wholesale Market;
<b>“Material Contracts”</b>	contracts entered into other than in the ordinary course of business, which are material to the business of the Company as set out in <b>Part III (II) - Description of Business, item 5 – Material Contracts</b> ;
<b>“MCL 2017”</b>	the Myanmar Companies Law (Law No. 29/2017);
<b>“Myanmar Companies”</b>	companies registered under the MCL 2017 in which an overseas corporation or other foreign person (or combination of them) owns or Controls, directly or indirectly, an ownership interest of less than thirty five percent;
<b>“New Constitution”</b>	the Constitution adopted by our Company at the general meeting of shareholders held on 10 March 2023 in accordance with the MCL 2017. The board of directors of our Company approved the effectiveness of the New Constitution on 22 May 2023. The adoption of the New Constitution will only become effective upon lodgment with DICA

	in accordance with Section 18 and 19 of the MCL 2017. This has not yet been done;
“Promoters”	the Company’s founding Shareholders;
“Related Party”	(a) Director, Executive Officer or Controlling Shareholder of the Company; (b) an Associate of such Director, Executive Officer or Controlling Shareholder; or (c) an Associated Company;
“SECM”	the Securities and Exchange Commission of Myanmar;
“SE Law”	the Securities and Exchange Law (Law No. 20/2013);
“SE Rules”	the Securities and Exchange Rules 2015, set out in Notification No. 1806/2015 of the SECM dated 27 July 2015;
“Shareholders”	our Company’s registered shareholders;
“Shares”	ordinary shares in our Company’s capital;
“YCDC”	Yangon City Development Committee; and
“YRG”	Yangon Regional Government
“YSX”	Yangon Stock Exchange.

References in this Disclosure Document for Listing to “we”, “our” and “us” shall be construed as references to the Company.

#### IV. Selected Financial Data

	Year ended 30 September 2021 (audited)	12 months ended 30 September 2022 (combined, unaudited) <sup>1</sup>
<b>Balance Sheet (thousands of Kyat)</b>		
<b>Cash and cash equivalent</b>		
Current Assets	10,368,033	11,482,842
Non-Current Assets	20,329,577	22,010,718
<b>Total Assets</b>	<b>30,697,610</b>	<b>33,493,560</b>
Current Liabilities	6,736,547	9,933,980
Long-Term Borrowings	-	-
Non-Current Liabilities	-	-
<b>Total Liabilities</b>	<b>6,736,547</b>	<b>9,933,980</b>
Share capital	21,753,001	21,753,001
Retained earnings	2,208,062	1,806,579
<b>Total Equity</b>	<b>23,961,063</b>	<b>23,559,580</b>

<sup>1</sup> In common with all other companies registered in Myanmar, our Company was required to change its fiscal year end in 2022 as enacted by the Government. In order for investors to understand the progress which our Company has made over the last two years ended 30 September 2022, we have combined the audited financial statements for the six months ended 30 March 2022 with the unaudited interim financial statements for the six months ended 30 September 2022 (noting that interim financial statements are not required to be audited).

**Profit & Loss Statement (thousands of Kyat)**

Sales of shop house	5,073,816	7,224,699
Rental Income	3,152,314	4,125,553
E commerce	119,349	56,735
<b>Total Revenue</b>	<b>8,345,479</b>	<b>11,406,987</b>
Cost of sales	(4,012,869)	(6,293,739)
<b>Gross Profit</b>	<b>4,332,610</b>	<b>5,113,248</b>
General and administrative	(1,370,468)	(1,603,900)
Marketing	(298)	(25,426)
Finance charges	(693)	(716)
Earning before share of profit to YCDC	3,031,268	3,767,356
Share of profit to YCDC	(766,141)	(952,716)
Income Tax	(58,088)	(619,220)
<b>Profit after tax</b>	<b>2,207,039</b>	<b>2,195,420</b>

This financial summary must be read in conjunction with the Financial Information set out in Part VI of this Disclosure Document for Listing. Financial information for previous financial years is available at our Company's website at <https://www.maex.com.mm/audit-report/>.

## PART II – INFORMATION ON THE LISTING

### I. Current share capital

The Company	Myanmar Agro Exchange Public Company Limited, a public company incorporated under the laws of Myanmar.
The Listing	All of the 23,804,946 Shares will be listed and traded on the YSX.
Lock-up Periods	A lock-up period of 3 months from the listing date applies to the 2,164,086 Shares issued as part of the rights issue announced on 20 February 2023.

### II. Details of Financial Adviser

Name	KBZ Stirling Coleman Securities Company Limited
Registered Address	Strand Square 6 <sup>th</sup> Floor, Unit 631 No. 53, Strand Road Pabedan Township, Yangon Region, Myanmar
Company Registration Number	135270385
Securities Licence Number	<b>No. 001</b>
Telephone Number	<b>01-2307300</b>
Fax Number	<b>01-2307309</b>
Website	<a href="https://kbzsc.com/">https://kbzsc.com/</a>

### III. Delivery of Securities

As the Shares will be listed on the YSX, no physical share certificates will be issued. Shareholders will have the number of Shares they hold as recorded in the Company's register of members credited to their securities account no later than 8am on the date of Listing.

### IV. Listing

All of the Shares of our Company will be listed and traded on the YSX, conditional upon approval of the YSX.

### V. Estimated Expenses of the Listing

The aggregate expenses payable by us in connection with the Listing are estimated to amount to approximately 290,343,153 Kyats, the breakdown of which is set out below:

Estimated Cost for Listing	Kyats
Professional Fees (financial advisory fee and legal advisory fee)	263,689,250

Listing Fees	12,659,903
Listing Examination Fees	1,500,000
Printing and Advertising Fees	7,500,000
Miscellaneous Expenses	5,000,000
<b>Total Estimated Expenses</b>	<b>290,349,153</b>

## VI. Capitalisation

The following table sets forth the capitalisation of our Company as of 31 May 2023.

<b>As at 31 May 2023 (unaudited)</b> <b>(thousands of Kyat)</b>	
<b>Equity</b>	
Share Capital	24,999,130
Retained earnings	3,030,219
<b>Total Equity</b>	<b>28,029,349</b>
<b>Non-current liabilities</b>	
Bank loan	4,000,000
<b>Total Non-current liabilities</b>	<b>4,000,000</b>
<b>Current liabilities</b>	
Trade and other payables	7,449,271
Provisions	1,910,156
<b>Total Current Liabilities</b>	<b>9,359,427</b>
<b>Total Equity &amp; Liabilities</b>	<b>41,388,776</b>

## VII. Risk Factors

*An investment in the Shares involves significant risks and is suitable only for those persons who understand the risks highlighted in this Disclosure Document for Listing. Prospective investors 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 Shares. These are not the only risks faced by our Company. Some risks are not yet known to us and there may be other risks which we currently believe are not material but may subsequently turn out to be so. If any of these risks develops into actual events, the Company's financial position, results, cash flow, business operations and prospects and any investment in the Shares could be, directly or indirectly, materially and adversely affected. In the event that this occurs, the trading price of the Shares could fluctuate or decline and investors may lose all or part of their investment in the Shares.*

*This Disclosure Document for Listing also contains forward-looking statements that involve risks and uncertainties. The actual results of the Company could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in this section and elsewhere in this Disclosure Document for Listing. Prospective investors should also consider the caution regarding forward-looking statements in Part II (III) **Forward-Looking Statements** of this Disclosure Document for Listing.*

## **Risks relating to the development of the Danyingone Wholesale Market**

### **1. The nature of our property rights in the buildings being constructed on the Danyingone Wholesale Market**

Our Company does not have any proprietary right (that is, rights granted under a land grant or lease) in the land on which the Danyingone Wholesale Market is being constructed. However, our Company has a licence (which may only confer a contractual right and not a proprietary right) to be in occupation of the land for the purpose of the development and operation of the market under the Development Agreement. Under Myanmar law, the person holding proprietary ownership of land will own all buildings constructed on it (that is, the YCDC, or any other applicable part of the Myanmar Government).

However, under the Development Agreement, our Company has rights over the operation and management of the buildings for a period of up to 70 years, after which all rights in the buildings (including under licence) will be “transferred” to the YCDC. For a summary of the Development Agreement, please see *Part III (II) - Description of Business, item 5 - Material Contracts*.

In addition, purchasers of the shop houses from us will receive an “ownership book” from YCDC providing assurance they will have the right (by way of licence) to occupy, use and transfer shop houses (or units in shop houses) which they have purchased, and to rebuild their shop house in the event that it is destroyed. However the YCDC may change the terms of the “ownership book” from time to time and there is no guarantee that this will not adversely affect the rights of purchasers of shop houses.

This unsatisfactory legal position may adversely affect the development of the market and the reputation and financial position of our Company.

### **2. The nature of our right to use the site for the Danyingone Wholesale Market**

20 of the 80.717 acres of land on which the Danyingone Wholesale Market is being developed is held by the Myanmar Government as state land. It had been agreed by our Company and YCDC that the YCDC would arrange for ownership of this parcel of land to be vested in YCDC and made available to the Company for the Danyingone Wholesale Market, and on 17 August 2022, the YCDC issued a letter confirming that 80.717 acres of land would be available for the Danyingone Wholesale Market.

However, the transfer has not yet been completed, and we cannot confirm when this transfer will be completed. Our Company and YCDC have agreed in the Development Agreement to renegotiate the Development Agreement for their mutual benefit should the land ultimately not be available to the Company.

However, the development of Danyingone Wholesale Market will be adversely affected if the Company is not able to access 20 acres of the land. The loss of the 20 acres of land would cause a loss of our Company’s expected revenues.

### **3. The development of the Danyingone Wholesale Market has not proceeded in accordance with the original schedule and we have incurred significant delays**

Our Company was originally required to complete the construction project in accordance with the

period mentioned in the Development Agreement, namely within 18 months of the execution of the Development Agreement in the case of the Market Buildings and YCDC Shops and within 30 months of the execution of the Development Agreement in the case of the Shops. Our Company was granted an extension for the construction project by a period of 18 months from the completion of certain works under Letter No. 2600/3552/ SiBin-Za (2019) issued by the YCDC on 6 December 2019, of which the outstanding work is the transfer of the 20 acres of land described in the risk factor above titled the nature of our property rights in the buildings being constructed on the Danyingone Wholesale Market is unclear.

There can be no assurance that further delays will not occur as a result of factors both within and outside the control of our Company. If YCDC exercises any of its rights in relation to our failure to complete the development of the Danyingone Wholesale Market in accordance with the agreed schedule, our financial condition, results of operations and cash flow will be adversely affected. If our Company does not complete construction within the agreed schedule, our Company may face penalties, including confiscating the site of the Danyingone Wholesale Market and tendering it to another company.

In addition, because our strategy to use proceeds from sales and rental income from the lease of shop houses to partly fund the construction of the Danyingone Wholesale Market depends on our ability to sell or lease the units, respectively, any inability to do so could impair our financial condition.

**4. Non-compliance with the Development Agreement may lead to its termination**

The Development Agreement with YCDC to develop the Danyingone Wholesale Market includes a number of specific conditions that must be complied with. If these conditions are not complied with, YCDC may be able to revoke our rights under the agreement without compensation, which would have a material adverse effect on our business and our financial condition and results of operations.

**5. Unsold shop houses and other properties may be illiquid**

There is no assurance that we will be able to sell or let the shop houses and other properties after completion of the project. Such unsold or unlet properties may be relatively illiquid and not capable of being converted into cash at short notice, which could have a material adverse effect on cash flows.

**6. Delays in payments and defaults by purchasers and tenants could adversely affect cash flow**

Payments from purchasers and tenants are generally made according to prescribed payment schedules. Delays in payments from purchasers and tenants could result in a prolonged time lag between disbursements for operating expenses and the receipt of payments from purchasers and tenants, which could adversely affect our cash flows from operations. In addition, there is the risk that debtors will default on their obligations, in which case the defaulted property will have to be re-sold or re-let in the market.

**7. We are dependent on Dagon as the main contractor for the Danyingone Wholesale Market**

The development of the Danyingone Wholesale Market is dependent on Dagon who is our sole contractor as well as our major Shareholder. In case of litigation, insolvency or other unforeseen adverse circumstances affecting Dagon, we would also be heavily affected as well.

Disputes between our sole contractor and other subcontractors may give rise to delays in completion.

## **Risks relating to the Company and the industry generally**

### **8. We face foreign exchange risks**

Our revenues are denominated in Kyat. However, a portion of our expenses is denominated in US\$ and other foreign currencies. Currently, there are no financial instruments available in Myanmar which will allow us to effectively hedge against the currency fluctuation risks of the Kyat. The Kyat operates on a managed float basis. The official Kyat-US\$ exchange rate has been sharply depreciating, with the Central Bank of Myanmar's reference exchange rate declining from around 1,470 Kyats per US\$ in the start of 2020 to 1,850 Kyats per US\$ from April 2022, and 2,100 Kyats per US\$ from August 2022.

Depreciation of the Kyat against the US\$ and other foreign currencies may materially and adversely affect our financial performance as it may increase our expenses in Kyat terms. Should the Kyat depreciate against other currencies, such as the US\$, the price of imported goods and services will rise, which could have an adverse impact on our business, financial condition and results of operations. Accordingly, changes in the exchange rate of the US\$ and other foreign currencies to the Kyat could have an adverse impact on our results of operations and financial condition.

### **9. Our business, results of operations and financial results may be affected by the COVID-19 pandemic**

Our Company's business has been affected in various ways by the outbreak of COVID-19 and may be further affected by any future developments of the pandemic both in Myanmar and globally. Since the outbreak of COVID-19, which has spread rapidly since 2020 in countries around the world, including Myanmar, the Myanmar government has implemented a number of measures aiming at controlling the spread of COVID-19. Such measures include lockdowns across Myanmar, and an extended period of public holidays declared from 17 July to 10 September 2021.

Governments and other authorities around the world have also imposed measures including travel bans, border closings, business closures, quarantines, shelter-in-place orders and social distancing measures. These measures have severely impacted economic activity. Our Company's business operations may also be adversely affected if it is required to restrict its operations or if there are any disruptions in any transportation or logistical infrastructure on which it or its customers operating at the Danyingone Wholesale Market depend, whether as a result of any severe escalation of the outbreak, governmental measures imposed to control the epidemic, infections discovered among employees, or otherwise. Moreover, the COVID-19 pandemic has resulted in volatility in global capital markets and investor sentiment, which may affect the availability, amount and type of financing available to our Company in the future.

In the event of an infectious outbreak within the Company, the Company's operations may be affected, which could have an impact on the Company's results of operations and financial condition. With vaccination rates in Myanmar remaining relatively low, there is a significant risk of further disruptions to Myanmar's economy due to COVID-19.

Although the World Health Organisation has announced that COVID-19 is no longer a global emergency, our Company is not able to predict how long the COVID-19 pandemic will persist or how long the measures that have been introduced to respond to it will be in place. The Company also cannot predict how long the effects of COVID-19 and the efforts to contain it will continue to impact its business after the pandemic is under control or if additional, more restrictive measures to combat the pandemic will be implemented. These impacts could result in a worsening of the effects of the

pandemic on the Company's business, cash flows, results of operations and price of its securities. The extent to which COVID-19 could impact the Company's business depends on future developments that are highly uncertain and are outside of the Company's control, including new information which may quickly emerge concerning the severity of the virus, the scope of the pandemic and actions to contain the virus or treat its impact and the efficacy of such actions, among others.

**10. We face significant operational risks in Myanmar.**

For example, our management has identified that energy security is a major risk for our Company, and interruptions in supply could adversely affect the progress and operation of our projects. We note that average energy consumption per store per month has been reduced from 1.47 kilo watt hour in 2018 to 0.33 kilo watt hour in 2021 and 0.030 kilo watt hour in 2022. We have also reserved funds to install solar panels on top of the market buildings. Nonetheless, there can be no assurance that we will have access to sufficient supplies to meet our energy requirements, particularly if there is a further worsening of the energy shortages in Myanmar.

In addition, our projects may be damaged as a result of natural disasters such as flooding. Our Company is not insured against all risks, and insurance in connection with certain risks and hazards may not be available or sufficient. To the extent a subcontractor was responsible for the damage, our Company's recourse to the relevant subcontractor may be limited by contract or the financial viability of such subcontractor. Such occurrences could also interrupt the Company's operations, delay the Company's projects or damage its reputation, which could have a material adverse effect on its business and the development and operation of our projects.

Our Company has also identified risks relating to security as important to our Company. We have entered into an agreement with a local security provider to supply security services at the Danyingone Wholesale Market. CCTV cameras have also been installed at our market to ensure the safety of those at our market, and we receive reports of the entry and exit of vehicles (including motorcycles), a CCTV report and security report. However, there can be no assurance that our security arrangements suffice to address the risks of being affected by security issues in Myanmar, and any such security risks may affect the Company's operations, delay the Company's projects or damage its reputation, which could have a material adverse effect on its business and the development and operation of our projects.

**11. We may be adversely affected by sanctions and other foreign regulations**

Myanmar has been subjected to a program of international sanctions led by the United States (under Executive Order 14014 titled 'Blocking Property With Respect To The Situation In Burma' issued by President Biden on 11 February 2021), the United Kingdom (under the Sanctions and Anti-Money Laundering Act 2018 and the Myanmar (Sanctions) Regulations 2021), the European Union ("EU") (under two regulations and decisions passed on 22 March 2021 amending the existing framework for sanctions under Council Decision 2013/184/CFSP of 22 April 2013 and Council Regulation (EU) No. 401/2013 of 2 May 2013), Canada (under the Special Economic Measures (Burma) Regulations 2007) and Australia (under the Autonomous Sanctions Act 2011 and Autonomous Sanctions Regulations 2011) since a state of emergency was declared in Myanmar on 1 February 2021 under Order No. 1/2021 of the Office of the President (Pro Tem).

In October 2022, the Financial Action Task Force listed Myanmar as a high risk jurisdiction having significant strategic deficiencies to counter money laundering, terrorist financing and financing of proliferation. It called on its members to apply enhanced due diligence to business relations and transactions with Myanmar proportionate to the risk arising from Myanmar.

While the international community has been cautious of the effect of sanctions and other foreign regulations on Myanmar's civilian population, further such measures may be expected (including potentially sanctions by other jurisdictions) and such further measures may affect our business, operations and prospects.

**12. Inefficiency and a lack of coordination between government departments may adversely affect our ability to develop our projects**

In some cases, decisions by government departments in Myanmar can involve multiple processes, particularly where more than one government department is involved in decision-making or co-ordination is required between different government departments, and this can result in delays. For example, in the case of our Company, the development of the Danyingone Wholesale Market may be adversely affected by the delay in execution of the transfer of the 20 acres of state land held by the Myanmar Government to the YCDC.

Similar delays may affect our Company's ability to expand its business in future which could adversely affect the Group's financial condition and results of operations.

**13. So long as the Dagon Group continues to hold a significant percentage of our Company's Shares, it has the ability to control the outcome of any matter submitted to Shareholders for approval. Other companies in the Dagon Group may be our competitors**

As at 31 May 2023, corporate members of the Dagon Group and its directors and their spouses held 46.83% of our Company's Shares. As a result, such Shareholders may continue to influence fundamental decisions such as the appointment and removal of our directors, the approval of mergers or other business combination transactions, the sale of material assets or businesses and the declaration of dividends. Other companies in the Dagon Group are also involved in real estate and agricultural produce businesses and may be our competitors.

The interests of the Dagon Group and our Company may be different and, in those circumstances, there can be no assurance that our business would not be adversely affected.

**14. If we fail to obtain, maintain or renew the required approvals and permits for the development of the projects which we develop in the future, it could have a material adverse impact on our business on our financial condition and results of operations**

Real estate development is an area that is subject to a number of government regulations. Real estate development companies are required to possess various approvals and permits from the government to carry out developments, and potentially if it is, or becomes, a foreign person, to own or lease land for development. If our Company fails to obtain, maintain or renew the required approvals and permits for a development, it could have material adverse impact on the business of our Company and our financial condition and results of operations.

**15. Timely completion of the development of our projects is dependent on various factors**

Our financial performance may be significantly affected by factors that limit our ability to finance the development and operation of our projects. Time and costs involved in completing the development of our projects can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes with contractors and subcontractors, accidents, difficulty in procuring necessary approvals from relevant regulatory

authorities and government bodies, changes in laws and other unforeseen problems or circumstances.

Any of these factors could result in project delays and cost overruns, and may have a material adverse effect on our financial performance, financial condition and prospects.

**16. The construction and development of our projects is capital intensive in nature and there is the risk that we may be unable to obtain adequate capital to complete the entire project**

Our future financing and cash flows from operation may not be sufficient to meet our capital requirements for potential developments. If we cannot obtain adequate funds to satisfy our capital requirements, we may need to limit our operations and growth strategies accordingly, which would have an adverse effect on its business, results of operations, financial condition and prospect.

**17. Increases in raw material prices may adversely affect construction costs**

Prices of raw material used in the property development businesses, such as ready-mixed concrete, steel reinforcement bars, precast components, tiles, concreting sand, cement, steel welded mesh, steel strands, mild steel, stainless steel, aluminium, glass, wood and paint, will fluctuate according to the varying levels of supply and demand of these materials. Our projects will be completed over a number of years and it is difficult to predict the price of such raw materials. As such, the raw material costs incurred for a project may exceed initial projections, which could have a material adverse effect on our results of operations.

**18. Our Company may be unable to meet stringent health, safety and environmental regulations and standards**

The development of our projects is subject to health, safety and environmental regulations and standards in Myanmar. These regulations and standards generally govern wastewater discharges, air emissions, the setting up and operation of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid and hazardous materials and the remediation of contamination associated with such disposal.

The development of undeveloped or agricultural land and construction (as well as the operation thereafter) may result in, amongst other things, soil erosion and pollution to the air, water and land.

Construction activities may also be hazardous in nature, which may result in workplace injuries or fatalities.

Non-compliance with or changes in the applicable health, safety and environmental regulations and standards could materially and adversely affect our Company (including the initiation of investigations and the imposition of fines on our Company by the regulators).

**19. Competition for the acquisition of land for new projects and development may adversely affect our Company's business**

Our Company may face competition in connection with the acquisition of land for its projects. Its growth depends significantly on its ability to acquire or enter into agreements to develop additional land suitable for its projects. Our Company may experience difficulty acquiring land of suitable size in locations and at acceptable prices. If we are unable to acquire suitable land at acceptable prices or enter into agreements with joint venture partners to develop suitable land with acceptable returns, our Company's growth prospects could be limited and its business, financial condition and results of

operations could be adversely affected.

**20. Our corporate governance, business organisation and reporting structures have only been established recently**

We are a young organisation and were only incorporated in September 2015. Our organisational and reporting structure is relatively new and our audit, remuneration and nomination committees were only established on 4 March 2016, and our management committee on 18 July 2017. Our first independent director (U Aung Nyunt) was appointed on 2 February 2017.

Given the size of shareholding of our major Shareholders, and the strong presence of nominee Directors of those Shareholders it may take time for the business organisation, reporting and corporate governance structures to become fully embedded.

There is no assurance that these new structures will be fully effective in the short-term and their limitations could have a material adverse effect on our financial condition, results of operations and reputation.

**21. We may be affected by an adverse impact of the outbreak of communicable diseases (other than COVID-19).**

Myanmar has a greater susceptibility to outbreaks of other communicable diseases. For example, supplies of medication for the control of diseases such as tuberculosis have been impacted by measures to control the spread of COVID-19.

An outbreak of infectious disease in projects where we operate may have an adverse impact on our operations and financial performance. Market sentiment and consumer confidence could be affected and may lead to a deterioration of economic conditions. Further, in the event that our employees and/or workers or those of our sub-contractors or our suppliers are infected or suspected of being infected with any communicable disease, we may be required by health authorities to temporarily shut down the affected premises or project sites and quarantine the relevant workers to prevent the spread of the disease. This may have an adverse impact on our business and financial performance.

**Risks Relating to the Listing**

**22. Volatility of our share price**

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

- changes in our Company's major Shareholders;
- differences between the actual financial and operating results of our Group and those expected by the investing community;
- perceived prospects for our Company's business and operations;
- fluctuations in stock market prices and volume;
- changes in securities analysts' estimates of our Company's financial performance and recommendations;
- changes in market valuation of similar companies;
- any involvement in litigation;
- changes in key personnel; and

- changes in general economic and stock market conditions.

**23. YSX only began operations on 9 December 2015 and the first company was admitted to listing on 25 March 2016**

Listed companies have experienced sluggish prices, short liquidity and strong selling pressure. There has been slow progress in building the number of listed companies. There are currently only seven companies listed on the YSX.

The regulations, notifications, orders, instructions, directives and announcements related to securities in Myanmar are relatively new. It is likely that they will be supplemented over time as the YSX develops as a stock exchange and with changes to Myanmar's broader regulatory environment.

There can be no assurance that an active trading market in our Shares will develop.

**24. Our Shares may not be suitable as an investment for all investors**

The Shares may not be a suitable investment for all investors. There are certain features of Shares under the MCL 2017, which may constrain an investor's ability to realise the value of the Shares or earn profits from them at any given time. For example, our ability to pay dividends in the future will depend on our earnings, financial conditions, cash flows and capital requirements. There can be no assurance that we will be able to pay dividends in the future. Each potential investor must determine if an investment in the Shares is suitable in light of his circumstances.

Firstly, Shareholders do not have the right to require our Company to redeem the Shares at any time. The Shares can only be disposed of by sale in the secondary market, and there is no assurance that such sale would be for a price at or above the price at which the Shares were purchased, or at all, if the market for the Shares is illiquid at the time of the sale. Therefore, Shareholders should be aware that they may be required to bear the financial risks of an investment in the Shares until the winding-up of our Company or a return of capital is otherwise carried out.

Secondly, our Company's obligations in respect of the Shares constitute unsecured and subordinated obligations. In the event of the winding-up of our Company, the rights and claims of holders of the Shares will rank junior to the claims of our Company's creditors. In the event of a winding-up of our Company, there is a risk that an investor in the Shares will lose all of his investment.

**25. Substantial future sale of Shares could adversely affect the market price of our Shares**

Immediately following the Listing, our Shares may be sold in the public market in Myanmar. Any future sale or availability of our Shares in the public market can have a downward pressure on our Share price. The sale of a significant number of Shares in the public market after the Listing, or the perception that such sale may occur could materially and adversely affect the market price of our Shares.

**26. The impact of the introduction of trading of foreign share trading by foreign investors on the YSX is unpredictable and may lead to confusion among investors.**

Foreigners were permitted to trade shares on the YSX from 20 March 2020, under Notification No 1/2019 issued by the SECM on 12 July 2019. The YSX issued the Framework for Trading by Foreign Investors on 6 September 2019 implementing the SECM's Notification, and the SECM subsequently issued Instruction No 1/2020 on 6 March 2020 setting out the requirements for securities companies

to open accounts for foreigners to trade shares.

Under Instruction No 1/2020, both resident and non-resident foreigners are entitled to trade shares on the YSX. Each listed entity is also permitted to set its own limit for the shareholding by foreigners and, under its Framework for Trading by Foreign Investors, the YSX would suspend purchase orders by foreigners which risked exceeding the upper limit for foreign shareholding, being within five per cent of the upper limit set by the company. Further, listed entities are required under Instruction No 1/2020 of the SECM to suspend voting rights of foreign shareholders above the upper limit set by the listed entity (if required). The introduction of limits on the rights of a particular group of Shareholders, including suspension of their voting rights could lead to volatile price movements and potentially claims by affected investors.

**27. We may require additional funding for our growth plans, and such funding or future equity offering may result in a dilution of your investment.**

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 and offered and placed to new and/or existing Shareholders, they may be priced at a discount to the then prevailing market price of our Shares, in which case existing Shareholders' equity interest will be diluted. If our Company fails to utilise the new equity to generate a commensurate increase in earnings, our earnings per Share may be diluted and this could lead to a decline in the market prices of our Shares. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

**28. Negative publicity**

Any negative publicity or announcement relating to our Company or any of its major Shareholders, Directors, or Executive Officers may adversely affect the performance of the 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 new projects and joint ventures.

**29. Unauthorised information**

There may be press coverage regarding our Company's listing on the YSX in certain news publications in Myanmar which may include certain financial information, profit forecasts, operational projections, valuations, and other information. We do not accept any responsibility for the accuracy or completeness of any such information or that any such information was sourced from or authorised by us for dissemination to the public. We do not make any representation as to the appropriateness, accuracy, completeness or reliability of any such information and the underlying assumptions. In this regard, potential investors are cautioned to make their investment decisions on the basis of the information contained in this Disclosure Document for Listing only and should not rely on any other information.

## PART III – COMPANY INFORMATION

### I. Outline of the Company

#### 1. History and Background of the Company

Our Company was incorporated as a Myanmar public company in the Union of Myanmar under the Myanmar Companies Act 1914 on 14 September 2015 by 11 Promoters, being:

- Dagon (further is provided in **Part III (II)(2) – The Dagon Group of Companies**);
- Golden Land East Asia Development Limited (a public company engaged in general trading and investment, which is chaired by the Chairman of our Company);
- U Sit Lwin (further information is provided in **Part IV (III) – Material Background Information**);
- U Thurane Aung (further information is provided in **Part IV (III) – Material Background Information**);
- U Phone Phone Naing (further information is provided in **Part IV (III) – Material Background Information**);
- Daw Khine Thazin Soe (a former director of our Company);
- Daw Moe Mya Mya (the current finance director of Dagon Group);
- Daw Ei Hnin Pwint (the current head of the retail and distribution section of Dagon Group);
- U Ye Htut Win (currently director of Dagon Group’s Machinery and Equipment Department);
- U Kyaw Zaw Aung (deceased); and
- U Aung Gyi (the Chief Executive Officer of our Company).

Our Company’s original company number was 1789 of 2015-16 (YGN), and its legal and commercial name is Myanmar Agro Exchange Public Company Limited. Our Company’s registered office address is No. 262-264, Pyay Road, Dagon Centre, Block (A), 4<sup>th</sup> floor, Sanchaung Township, Yangon, Myanmar, and its website address is <http://www.maex.com.mm/>.

Our Company re-registered under the MCL 2017 upon its entry to force on 1 August 2018, and upon such re-registration, its’ company number was changed to 112387595.

At the general meeting of shareholders held on 10 March 2023, our Company adopted the New Constitution in accordance with the MCL 2017. The board of directors of our Company approved the effectiveness of the New Constitution on 22 May 2023. Our New Constitution will become effective only upon lodgement with DICA in accordance with Sections 18 and 19 of the MCL 2017. This has not yet been done.

Our Company was incorporated for the purpose of developing and managing Danyingone Wholesale Market. Danyingone Wholesale Market is located at the corner of Khayae Pin Road and Industrial Road in Insein Township. It obtained the right to construct and develop Danyingone Wholesale Market on 22 March 2016 upon executing the Development Agreement with YCDC.

On 9 August 2017, our Company obtained an MIC permit. The permit number is 013/2017.

In 2015, Dagon, one of our Promoters, participated in the tender process for the construction and management of the Danyingone Wholesale Market. More information on Dagon is provided in **Part III (II)(2) – The Dagon Group of Companies**. Dagon was awarded the tender on 31 March 2015 by the YRG and YCDC. One of the tender conditions and commitments given by Dagon was that the Danyingone Wholesale Market project would be undertaken through a project company which is incorporated as a public limited company under Myanmar law, and in which Dagon would hold at least a 45 per cent interest initially as a Promoter. Our Company was incorporated for this purpose. A further tender condition of YRG was that Dagon be appointed as the main construction contractor for the Danyingone Wholesale Market, and this was done under the

Construction Agreement, executed between our Company and Dagon on 18 October 2016.

Our Company has the right granted by YCDC to develop and operate the Danyingone Wholesale Market on a plot of land of 80.717 acres for a period of 50 years initially, with an option to extend for two additional periods of 10 years each in total under the Development Agreement. Under the original tender for the Danyingone Wholesale Market, it was intended to be developed on a plot of land of 85 acres. However, following a YCDC land survey of the project site, a plot of 82.78 acres was allocated for the Danyingone Wholesale Market by the YRG, under the Development Agreement. 2.063 acres of this original surveyed land area was subsequently allocated to road and drain areas and a boundary for an adjacent railway line. As a result, the original surveyed land area was reduced to 80.717 acres under a decision of the YCDC on 17 August 2022.

The Danyingone Wholesale Market was opened on 30 January 2018 and is under construction in four subphases with the last subphase scheduled to be completed by 31 March 2027. **See Part III (II) - Description of Business, item 1 – Nature of Business.**

## **2. Vision, Strengths and Strategies**

### *Vision, Strengths and Strategies*

Our Company's vision is to be the number one fresh food wholesale market and supply chain company in Myanmar and lead and commit for innovation, convenience, quality and excellence in the industry; and to develop the Myanmar agriculture and horticulture industry resulting in poverty alleviation of farmers, growers and sellers.

In addition to the Danyingone Wholesale Market, we have undertaken studies to examine the feasibility of constructing, and demand for, nationwide assembly and wholesale markets and retail markets in other states and divisions of Myanmar, in particular in Mandalay Region, Shan State and Bago Region. Other projects for which we have undertaken studies include the construction of a seafood terminal and processing plant, a grain terminal and rice mill plant. Where specialist expertise which we do not have is required to develop a project, we would partner with other groups to acquire this.

We believe that there is high growth potential in these areas. Existing facilities in Myanmar are disadvantaged by poor infrastructure such as power cuts and irregular water supply together with poor railway and port infrastructure and inefficient and expensive cold storage facilities.

We believe that we can address these deficiencies by utilising our industry leadership and commitment to innovation, convenience, quality and excellence.

To achieve our vision, we believe our key strength is our experienced management team which has hands on experience and in depth knowledge of agriculture, food, distribution, logistics and construction.

The focus of our management in developing projects will be on:

- Large integrated complexes
- Comprehensive and state of the art infrastructure
- Strategic locations
- Solid supply chains
- International standard processes
- Food safety

Details of how these principles have been applied in the case of the Danyingone Wholesale Market can be

found in *Part III (II) - Description of Business, item 1 – Nature of Business*, Danyingone Wholesale Market below.

### **3. Organisational structure of the Company and its group**

Dagon and several other Promoters are members of the Dagon Group. See *Part III (II) (2) – The Dagon Group of Companies* below regarding Dagon Group.

### **4. Outline of parent, subsidiaries and Associates**

Our Company does not have any Associate Companies and is a separate company in the Dagon Group.

### **5. Conditions of employees**

As of the Latest Practicable Date, our Company has a total of 216 employees. All our employees are based in Yangon region. The tables below provide a breakdown of the employees according to their job activities, academic qualifications and age as of the Latest Practicable Date:-

<b>Main category of activity</b>	<b>No. of employees</b>
Chief Executive Officer	1
Chief Financial Officer	1
Chief Accountant	1
Assistant Chief Accountant	1
General Manager	1
Deputy General Manager	3
Assistant General Manager	1
Manager	9
Assistant Manager	4
Senior Accountant	2
Senior Auditor	1
Auditor	1
Deputy Manager	1
Engineer	2
Compliance Officer	1
Electrician	4
IT Staff	4
Accountant	1
Junior Accountant	3
Supervisor	7
Cashier	3
Deputy Supervisor	1
Assistant Supervisor	9
Driver	3
Clarks	91
Plumber	5
Cleaning Team Leader	2
General Workers	53

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<b>Total</b>	<b>216</b>
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<b>Professional Qualification</b>	<b>No. of employees</b>
University Degree (Graduate)	49
University Degree (Undergraduate)	51
High School	57
Middle School	59
Primary School	-
None	-
<b>Total</b>	<b><u>216</u></b>

<b>Age of employees</b>	<b>No. of employees</b>
20-25	85
26-30	29
31-35	23
36-40	19
41-45	14
45+	46
<b>Total</b>	<b><u>216</u></b>

In addition to our employees, on 12 December 2017, we requested the Insein township office of the Loading and Unloading Committee of YCDC to supply 50 workers provide loading and unloading services for goods at the Danyingone Wholesale Market. YCDC requires all markets in Yangon to use the services of such workers. Our Company has no responsibility for these workers other than providing for them to offer their services on the market premises. The customers of our Company will pay the service fee for the loading and unloading services offered by these workers directly.

Our Company's employees are affiliated with trade unions in Myanmar. Our Company's employees have formed a workplace coordination committee in accordance with the Settlement of Labour Dispute Law (Law No. 5/2012).

## **II. Description of the Business**

### **1. Nature of business**

Our Company's primary business is the Danyingone Wholesale Market. The Danyingone Wholesale Market specialises in distributing fruits, vegetables, agri-commodities, flowers and fish. The Danyingone Wholesale Market targets the development of this underdeveloped sector and improvement of price predictability and farmers' incomes. The objectives are not only making a profit but also building links between farmers, consumers, local traders and exporters. It will not only promote the living standards of farmers and others dependent on agriculture but also create value added agriculture products and industry.

Danyingone Wholesale Market is the first wholesale market to be developed by our Company. It is a diverse cluster of businesses involved in distributing fruits, vegetables, agri-commodities, flowers and fish, and providing other business services. The site as a whole not only plays a critical role in the production of fruits, vegetables, fish, meat and flowers but also contributes to Yangon Region's and Myanmar's economy and is having a positive impact on local communities and families.

**(a) Integrated complex for the sale of fruit and vegetables**

Currently, businesses selling approximately 10 major items operate at the Danyingone Wholesale Market as our customers. These businesses are involved in the warehousing and trading of fresh fruit, vegetables and flowers, corn and cane, meat and fish, dry food, dry fish and meat, paste and sauce, consumer goods, agricultural medicines, food stall and microfinance businesses.

Our customers operate from shop houses, as well as shops in the Market Buildings of the Danyingone Wholesale Market.

Buyers of produce sold at the Danyingone Wholesale Market include independent greengrocers, supermarkets, restaurants, food processors and florists. Many more regional businesses are expected to receive deliveries and consignments directly from the Danyingone Wholesale Market.

The produce sold at the Danyingone Wholesale Market is sourced primarily from near Yangon and also other national producers.

**(b) Comprehensive and state of the art infrastructure**

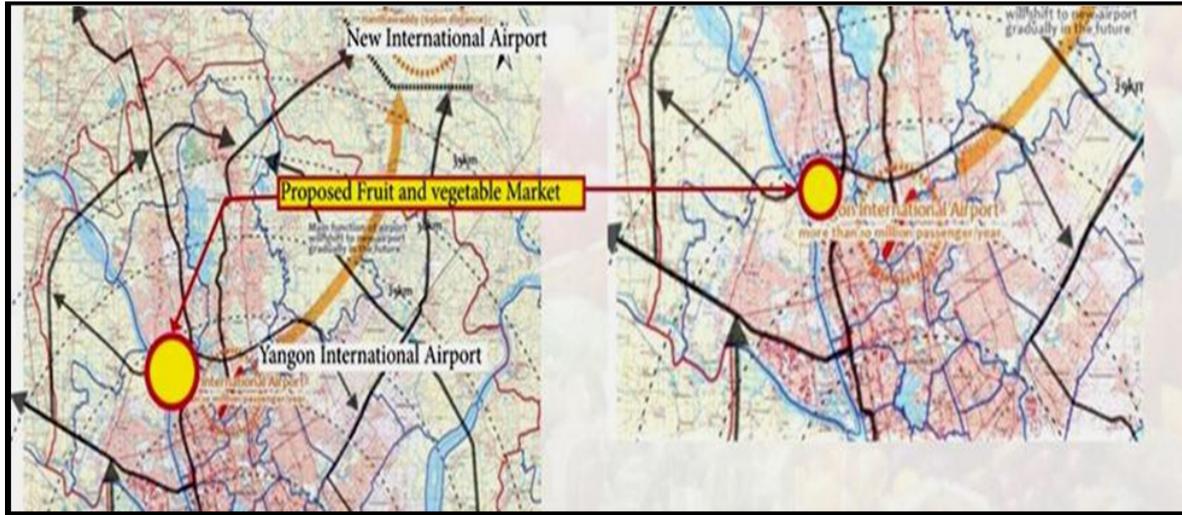
We have designed Danyingone Wholesale Market to offer a high quality and comprehensive level of services to our customers and buyers at the market, supported by an integrated system which includes a cold storage facility, hypermarket, large parking areas, a system allowing truck to truck direct sales and a three star hotel. The market building has a high ceiling, allowing natural ventilation.

We have a centralised warehouse and distribution centre to cater to the demands of our customers' stores. We are able to warehouse, process and distribute a larger quantity of goods than individual customers, and thus benefit from economies of scale. We are also able to minimise and more efficiently allocate and share the administrative and operational expenses of warehousing and distribution across all of the sellers at the Danyingone Wholesale Market, including manpower, transportation and fuel costs.

**(c) Strategic Location**

The Danyingone Wholesale Market is located in a major logistics route for Yangon, supported by transport links, and is close to highways 1, 4 and 5 and adjacent to Danyingone Circular railway station and cargo rail. It is also in close proximity to the city bus station and is easily accessible from the city. The nearest waterway is two km away and Yangon International Airport is approximately five km away.





**(d) Less Traffic Congestion**

Danyingone Wholesale Market benefits from its wide internal roads and has plenty of facilities for car and truck parking. As such, buyers and sellers at the market can save time and money, and have a better experience of shopping and loading and unloading goods at the market.

Danyingone Wholesale Market is also located on the outskirts of Yangon and on two sides of the market are six lane roads, which reduces the amount of traffic sellers and buyers face to arrive to the market.

**(e) Solid Supply Chain**

Our Company has built up strong relationships with farmers, growers, importers, collectors, consumers, retailers, food service providers and exporters to ensure a strong supply chain for the Danyingone Wholesale Market.

Currently, we have an approximately 80 per cent occupancy rate for our shops available at the Wholesale Fruit Market building and the Meat, Fish, Seafood & Kitchenwares Ground Market building which are available for occupancy for terms of six months or more.

This means availability at the Danyingone Wholesale Market of a wide range of agricultural products, including fresh foods like fruit and vegetables, dry foods like rice, beans, and pulses, and flowers.

This market is also operated in partnership with the YCDC and is the first of its kind in Yangon. The YRG is expected to progressively close down neighbouring markets and to relocate businesses operating in the markets to Danyingone Wholesale Market, further bolstering our supply chain.

**(f) International Standard Process**

Our business practice is benchmarked to the best business practice of wholesale markets in ASEAN. As part of the development of Danyingone Wholesale Market, our Company has followed best practice, including undertaking an ESIA, described in greater detail in *Part III (II) - Description of Business, item 8 – Environmental Matters*, which will ensure that we prioritise customer satisfaction, quality and efficiency.

**(g) Food Safety**

We follow international standards for fresh food handling, preparation and storage to prevent food-borne

diseases and avoid health hazards (described in greater detail in *Part III (II) - Description of Business, item 9 – Food Safety Regulation*).

#### **(h) COVID-19 Measures**

In response to the global pandemic, our Company has implemented COVID-19 prevention measures, which remain active. We continue to require social distancing and proper sanitation. We have regularly carried out awareness and wellness campaigns in our workplace as well as in the market. We have vaccinated all staff and sellers in the Danyingone Wholesale Market who were unable to vaccinate in their ward. We have set aside 90 per cent of our corporate social responsibility budget (of 86 million Kyats) to purchase much needed medical oxygen equipment and other supplies for prevention and treatment of COVID-19 for our community.

In March 2020 during the first wave of COVID-19 infections in Myanmar, our Company started an e-commerce business selling groceries online under the name Awere Taw. Under this business, basic foodstuffs from the Danyingone Wholesale Market are available to be ordered online using the Awere Taw Facebook page, website and mobile application, with delivery available in 32 townships in Yangon. A mobile phone application was rolled out in August 2020, with, from April 2022, a more advanced application with a number of additional features available for pre-order. Sales from Awere Taw have grown by 60 per cent in 2020-21, although there remains considerable scope to further improve demand among Myanmar consumers as well as our packaging and delivery logistics.

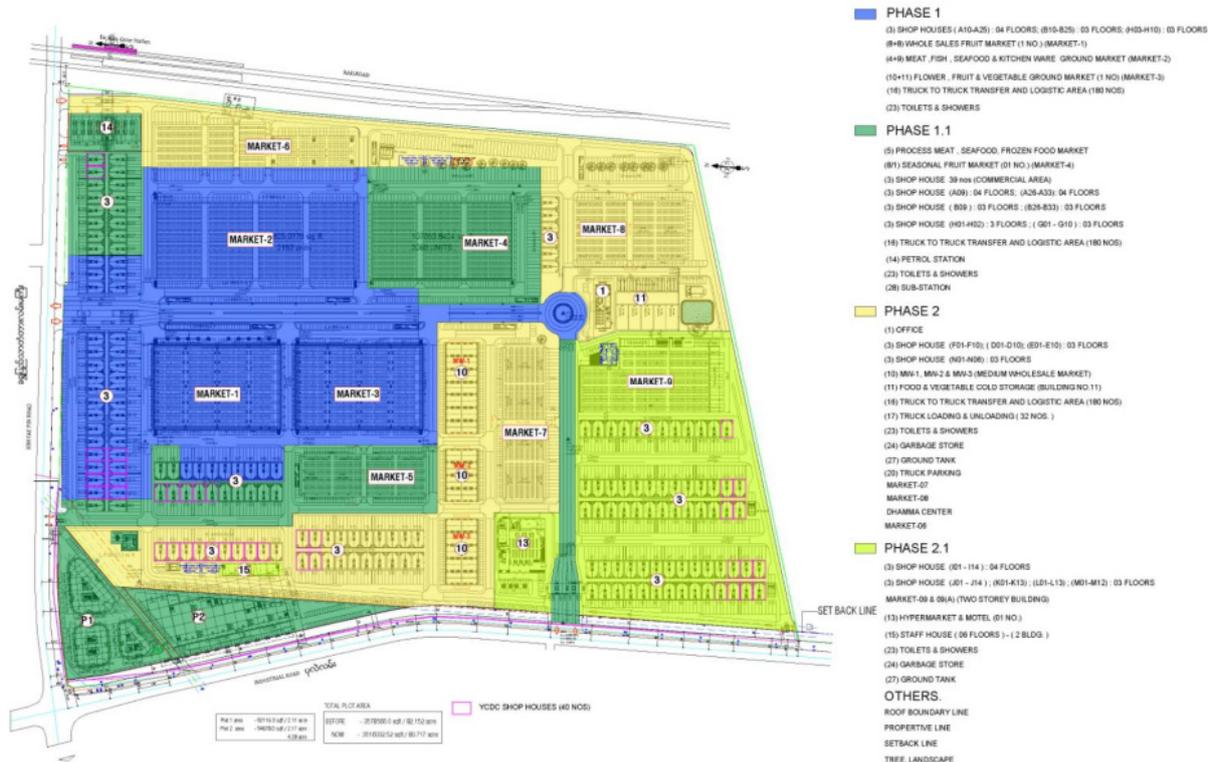
#### *Principal business activities*

Our principal business activities in respect of the Danyingone Wholesale Market currently are as follows:

- (1) developing and constructing Danyingone Wholesale Market's infrastructure and facilities;
- (2) selling Shop Houses we have developed and constructed at Danyingone Wholesale Market, or selling plots of land on which purchasers may develop and construct or self-build shop houses;
- (3) renting shops in the Market Buildings of Danyingone Wholesale Market;
- (4) operating cold storage facilities;
- (5) providing security and property management services for the Danyingone Wholesale Market; and
- (6) other businesses incidental to the operation of a wholesale market.

#### *Layout and facilities of the Danyingone Wholesale Market*

The current plan for Danyingone Wholesale Market is set out below:



Danyingone Wholesale Market comprises 80.717 acres of land. Approximately 2.7 million square feet of this land comprises the built up area of the market. In addition, there are expected to be 200 units of Shop Houses and YCDC Shop Houses, comprising 139 units of 3 storey buildings and 61 units of 4 storey buildings.

There will be eight Market Buildings as follows:

Building	Maximum number of shops
1. Wholesale Fruit Market	1,120
2. Farmer/Retailer Fresh Vegetable, Fruit and Flower Ground Market	3,304
3. Groceries and Kitchen Dry Commodity Market	1,120
4. Meat, Fish, Seafood and Kitchenware Ground Market	1,357
5. Processed Meat, Seafood, Frozen Food Market	680
6. Betel, Banana, Meat, Fish Market and Food and Drinks Shop Market	780
7. Fresh Vegetable Ground Market	1,232
8. Flower and Fresh Vegetable Ground Market	840

The Danyingone Wholesale Market is planned to have an eight storeys motel, a two storeys food court, a three storeys hypermarket and a three storeys office building. The method of development and operation of these facilities is still being considered by our Company. For example, our Company may lease the premises to a

third party to operate the relevant facilities. We may also operate these facilities by ourselves or sell or lease the premises to a third party to operate. We may also locate any of these facilities off-site if we consider that it would be more profitable to make more space available to sellers of produce instead.

Shop Houses are sold to large sellers, while shops in the Market Buildings are made available to small and medium-sized sellers. This categorisation of sellers is based not on their income or assets, but on their space requirements. Sellers at the market who require more space will need to purchase Shop Houses, while the amount of space available in Market Buildings allocated to medium sized sellers and small sellers will be smaller.

*Construction, Development and Financing of the Danyingone Wholesale Market*

Our Company has identified that the strategy to develop and manage the Danyingone Wholesale Market is to construct it in four sub-phases, described below and illustrated in the above map.

The table below sets out the current timing of these subphases. This phased approach is based on optimising the financing of the construction of the market. In particular, under our plan for the development of the Danyingone Wholesale Market, the construction of the shop houses is scheduled to be completed prior to the Market Buildings, and the sale of such Shop Houses will be used to finance the construction of the Market Buildings.

**Project timeline**

The project timeline was revised on 25 June 2018 primarily because of delays described in **Part II (XI) – Risk Factors**.

The current Project implementation plan by phase is as follows:

စဉ်	စီမံကိန်းအမည်	2016		2017		2018		2019		2020		2021		2022		2023		2024		2025		2026		2027								
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
1	Phase - 1	[Yellow bar spanning from Q1 2016 to Q4 2022]																														
2	Phase - 1.1																															
3	Phase - 2																															
4	Phase - 2.1																															

No.	Building reference on map above	Project Phase				Total
		Phase-1	Phase-1.1	Phase-2	Phase-2.1	
1	Office Building			1		1
2	Management Office		1	2	1	4
3	Shop House	40	61	34	65	200
4	MW1,2,3 (Medium Wholesale Market) (Two Storey Building)			64		64
5	Market-01	1				1
6	Market-02	1				1
7	Market-03	1				1
8	Market-04		1			1
9	Market-05		1			1

10	Market-06 + Food Court			1		1
11	Market-07			1		1
12	Market-08			1		1
13	Market-09 + Cold Storage (Two Storey Building)				1	1
14	Cold Storage			1		1
15	Hyper Market + Motel				1	1
16	Dormitory (Staff House)				1	1
17	Dhamma Center			1		1
18	Petrol Station		1			1
19	Sub-station		1			1
20	Water tank (Underground Tank)			2	1	3
21	Toilets & Showers	4	2	3	1	10
22	Bin Center		1	2	2	5
23	Gate	1	2	1	1	5
24	Road, Parking, M&E Area (square feet)	516567	179005.6	443937	288174	1427683.6
25	Drain (square feet)	24315.25	4327.55	9944.51	7060.58	45647.89

As at the Latest Practicable Date, Phase 1 had been completed.

Our Company plans to complete the construction of Phase 1.1 by December 2024.

Construction of Phase 2.1 depends on YCDC making the state land held by the Myanmar Government available to our Company (and such land vesting in YCDC, if required for that purpose). All of the Shop Houses planned for Phase 2.1 are planned to be built on this land. If this land is not made available to our Company, the construction work indicated above may be delayed or may not be carried out. Under the Development Agreement, our Company and YCDC have agreed to renegotiate the Development Agreement should the state land currently held by the Myanmar Government not be transferred to YCDC and made available to the Company. On 17 August 2022, the YCDC issued a letter confirming that 80.717 acres of land would be available for the Danyingone Wholesale Market.

We engaged Myanmar International Consulting Engineers Group to survey and assess certain buildings of Phase 1 of the Danyingone Wholesale Market after construction. In addition, we engaged Structure Design Group Co to assess whether construction work has been executed in accordance with the architectural and structural drawings.

#### *Financing of the Development of the Danyingone Wholesale Market*

As at the Latest Practicable Date, the construction of Phase 1 had been completed. The total construction cost was 31,937,600,000 Kyats. This cost was financed as follows:

<b><u>Source of funds</u></b>	<b><u>Millions of Kyats</u></b>
Share capital	21,753
Bank loans	4,000
Sales of shop houses	19,796

Rental and other income	12,095
Total	57,644

The estimated construction costs of the other three phases are as follows:

<u>Phase</u>	<u>Millions of Kyats</u>
1.1	17,258
2	27,009
2.1	29,328

*Current operations at the Danyingone Wholesale Market*

The following table shows the number of Shop Houses constructed and sold (or if only part of a shop house was sold, the number of rooms sold in shop houses) in the periods shown:

	Year ended 31 March 2018	Year ended 31 March 2019	Six months ended 30 September 2019	Year ended 30 September 2020	Year ended 30 September 2021	12 months ended 30 September 2022 (combined, unaudited)
Shop houses constructed	17 units	5 units	2 units	5 units	3 units	8 units
Shop houses sold	4 units	8 units	1 unit and 3 rooms	1 rooms	7 units and 2 rooms	10 units and 5 rooms
of which YCDC shop houses	-	-	8 units	-	-	-

Four of the Market Buildings of Danyingone Wholesale Market are currently operational, being Market Buildings 1, 2, 3 and 4 (as shown in the map above). Market Buildings 1 and 3 have only monthly rental shops and Market Buildings 2 and 4 have both monthly rental shops and day/night shift shops.

As of the Latest Practicable Date, 50 shops in Market Building 1 have been rented out of a total of 1,120 shops. Market Building 1 is currently reserved for medium sized sellers of vegetables and seasonal and wholesale fruits, and predominantly leased to watermelon, corn and pineapple sellers.

There are a total 3,304 shops in Market Building 2. As of the Latest Practicable Date, there are 652 day/night shift shops and 2,348 shops rented on a monthly rental basis. The occupancy rate is therefore around 91 per cent. Product type and number of sellers and shops are as follows:

No.	Product Type	No. of Seller	No. of Shop
1	Fresh Vegetable	600	2502
2	Bamboo Shoot	20	98
3	Betel and betel products	36	90
4	Fruits	38	160

5	Coconuts and Bananas	19	136
6	Flowers	7	14
	<b>TOTAL</b>	<b>720</b>	<b>3000</b>

There are 1,120 shops in Market Building 3, comprising monthly rental shops. As of the Latest Practicable Date, all shops were rented on a monthly rental basis. There is a restaurant located at the rear of this building. Product type and number of sellers and shops are as follows:

No.	Product Type	No. of Seller	No. of Shop
1	Bamboo Shoot, Lime and Lemon	5	14
2	Dry Food, Pulses and Groceries	155	613
3	Fishy, Dry Shrimp and Dry Meat	59	219
4	Paste and Sauce	26	94
5	Electrical and consumer goods	15	52
6	Medicines and cosmetics	11	28
7	Restaurants	17	100
	<b>TOTAL</b>	<b>288</b>	<b>1,120</b>

There are a total 1,357 shops in Market Building 4. As of the Latest Practicable Date, there are 694 day/night shift shops, and 410 shops rented on a monthly rental basis. The occupancy rate is therefore 81 per cent. Product type and number of sellers and shops are as follows:

No.	Product Type	No. of Seller	No. of Shop
1	Watermelon and Pineapple	39	154
2	Corn and cane	25	108
3	Sweet potato leaves and Fresh Vegetable	194	741
4	Meat and Fish	93	101
	<b>TOTAL</b>	<b>351</b>	<b>1,104</b>

#### *Pricing structure*

Our Shop Houses, plots of land sold to parties wishing to undertake the construction of Shop Houses by themselves and shops in the Market Buildings are priced at different rates to suit their particular characteristics and the needs of our clients, and taking into account the profitability of the Danyingone Wholesale Market. The Shop Houses will be sold to large sellers at rates based on the market price taking into account the space, profitability and characteristics of the Shop Houses. The sale and purchase agreements between our Company

and purchasers of Shop Houses are expressed to give the right to purchasers to use and resell the shop houses and to rebuild them in the case of a natural disaster at their own cost. Purchasers of shop houses and units in shop houses will also receive an “ownership book” from YCDC confirming their right (by way of contractual licence) to occupy, use and transfer the shop houses or units which they have purchased, and to rebuild their shop house in the event that it is destroyed.

Shops in the Market Buildings will be priced based on the term of the right to use the relevant space, with day or half day rights to use such space being at the lowest rates as they are available on a short-term basis to small-scale sellers. Shops available for a longer period are priced at a higher rate than the rates for shops available for a day or half day. The fees for shops in Market Buildings are also priced to take into account the types of products sold by the sellers. For example, sellers of fruits will be charged at a higher rate than sellers of vegetables, reflecting their greater profitability. In addition, such fees are priced to incorporate the cost of our additional, mandatory service as the manager of the property of the Danyingone Wholesale Market, to provide security, maintenance and property management services at the market.

The rental fees are as follows:

No.	Market	Space	Rental Basis	Rate (Kyat)	Rate Type
1	Market Building (1)	10Ft. 6 Inches x 13 Ft. (eight stalls in front corner)	Monthly	113,750	per month
2	Market Building (1)	15Ft. 6 Inches x 13 Ft. (36 stalls in front corner)	Monthly	113,750	per month
3	Market Building (1)	10Ft. x 13 Ft. (96 stalls in inside front)	Monthly	107,500	per month
4	Market Building (1)	5Ft. x 11 Ft. (540 stalls in inside)	Monthly	113,750	per month
5	Market Building (1)	5Ft. x 13 Ft. 8 Inches (216 stalls in inside)	Monthly	82,500	per month
6	Market Building (1)	10Ft. 6 Inches x 11 Ft. (120 stalls in inside corner)	Monthly	90,000	per month
7	Market Building (1)	13Ft. 8 Inches x 10 Ft. 6 Inches (48 stalls in inside corner)	Monthly	107,500	per month
8	Market Building (1)	10Ft. 6 Inches x 11 Ft. (40 stalls in outside corner)	Monthly	95,000	per month
9	Market Building (1)	13Ft. 8 Inches x 10 Ft. 6 Inches	Monthly	113,750	per month

		(16 stalls in outside corner)			
10	Market Building (2)	5Ft. x 5Ft.	Day Shift	800	per shift
11	Market Building (2)	5Ft. x 5Ft.	Night Shift	900	per shift
12	Market Building (2)	5Ft. x 5Ft.	Monthly	69,000	per month
13	Market Building (2)	5Ft. x 8Ft.	Day Shift	900	per shift
14	Market Building (2)	5Ft. x 8Ft.	Night Shift	1,400	per shift
15	Market Building (2)	5Ft. x 8Ft.	Monthly	72,000	per month
16	Market Building (4)	5Ft. x 6Ft.	Day/ Night	1,000	per shift
17	Market Building (4)	5Ft. x 15Ft.	Day/ Night	2,000	per shift
18	Market Building (4)	5Ft. x 15Ft.	Monthly	55,000	per month
19	Market Building (3)	5Ft. x 11Ft.	Monthly	62,500	per month
20	Market Building (3)	5Ft. x 13Ft.	Monthly	70,000	per month
21	Market Building (3)	5Ft. x 30Ft.	Monthly	100,000	per month

Day/night shift shops are leased on a half daily basis to small-scale sellers, based on a ticketing system, where a space is allocated on arrival to sellers, 7am to 7pm for day shift and 7pm to 7am for night shift.

Monthly shop renters must pay three months rental fee as a deposit and need to pay their monthly rental fees within 10 days of the beginning of each month.

#### *Future development of the Danyingone Wholesale Market*

Our Company is studying the feasibility of the development of a jetty and rail freight station in the Danyingone Wholesale Market.

## **2. Outline of each business segment**

The following table shows our revenue in each business segment for the periods shown:-

	<b>Year ended 30 September 2021 (audited) (1)</b>	<b>12 months ended 30 September 2022 (combined, unaudited)</b>
	<b>(thousands of Kyat)</b>	
Sales of shop houses (2)	<b>5,073,816</b>	<b>7,224,699</b>
Rental of shops (2)	<b>3,152,314</b>	<b>4,125,554</b>
E commerce	<b>119,349</b>	<b>56,735</b>
Total Revenue	<b>8,345,479</b>	<b>11,406,987</b>
Other services (3)	<b>20,497</b>	<b>179,772</b>
Interest income	<b>49,620</b>	<b>104,378</b>
Total	<b>70,117</b>	<b>284,150</b>
<b>Grand Total</b>	<b>8,415,596</b>	<b>11,691,137</b>

(1) Certain items have been adjusted from the audited financial statements to provide consistent treatment with the results for the 12 months ended 30 September 2022.

- (2) Service fees such as marketing and advertising, cleaning, administration, electricity and security are included in the revenues for sale of shop houses or rental of shops.
- (3) Other services include utilities, parking, internet online shopping (through the Awere Taw Facebook page, website and mobile application), security services, toilet cleaning services.

### **3. Sales and marketing**

The consumption of fresh fruits and vegetables has for many years shown a very positive trend in Myanmar. We attribute this to several factors, in particular, a growing interest in a healthy lifestyle. There is also an increasing demand for high quality food products, particularly the taste, shape, nutrition, variety and convenience of purchasing food products. The market for high quality food products can be expected to grow as incomes and the middle class expand in Myanmar.

There is also growing concern over food safety and the environmental considerations for food production, including how products are grown, transported and handled from the farm to the supermarket or end consumer. All these factors have influenced the business of food distribution and retailers and wholesalers both have to rely on consumer satisfaction in order to successfully compete in the market.

Our Company will focus on the following sales and marketing activities:

- promotion of the Danyingone Wholesale Market to farmers, breeders, growers, brokers and traders; and
- commitment to a fair and competitive environment to enhance industry leadership, innovation, quality and excellence.

### **4. Competition**

Apart from the Danyingone Wholesale Market, all wholesale wet markets in the Yangon region are owned and operated by YCDC.

The Danyingone Wholesale Market is being developed as part of plans unveiled by Union Government in February 2014. Under these plans, there will be one integrated wholesale market in each of Yangon, Nay Pyi Taw and Muse. Currently there is one other integrated fruit and vegetable market in Yangon, the Thiri Mingalar Market, located near downtown Yangon and which is our main competitor.

Although the Danyingone Wholesale Market is on the outskirts of Yangon, there are good road and waterway access routes. We consider that our competitive advantages include:

- greater size (for example, Danyingone Wholesale Market is four times the size of Thiri Mingalar Market and has more shops and Shop Houses);
- state of the art infrastructure such as loading and unloading services, drainage, ventilation, waste management, electricity, telephone and internet services and car parking facilities and traffic control;
- established procedures for leasing and sale of shops and shop houses;
- security services;
- cleanliness and hygiene;
- introduction of storage services (including cold storage); and
- value added services (e.g., grading, sorting, cutting & slicing, packaging, etc.).

We also believe that as a private enterprise the Danyingone Wholesale Market can be run in an efficient and cost effective manner.

### **5. Material contracts**

The Directors consider that the following contracts to which our Company is a party (other than those entered into in the ordinary course of business) are or may be material. The main provisions of these contracts are summarised below.

#### **(i) Development Agreement for Danyingone Wholesale Market**

##### *Licence to develop the Danyingone Wholesale Market*

Our Company and YCDC executed the Development Agreement on 22 March 2016 for the construction and development of Danyingone Wholesale Market pursuant to the decision of the YRG to award the tender for the market to our Company. Under the Development Agreement, our Company has a contractual licence to construct and operate the site of Danyingone Wholesale Market on 82.78 acres of land mainly owned by YCDC (revised by YCDC to 80.717 acres of land). 20 acres of the land is held by the Myanmar Government as state land but is expected to be transferred to YCDC, and made available to our Company, and under a letter dated 17 August 2022, the YCDC has authorised our Company to use this land. Our Company and YCDC have agreed to renegotiate the Development Agreement for their mutual benefit should the land ultimately not be available to the Company.

The term of the licence is for an initial period of 50 years, with the option for our Company to extend it for two terms of 10 years each with the consent of YCDC.

##### *Construction and operation of Danyingone Wholesale Market*

Our Company is required to construct the prescribed buildings comprising Danyingone Wholesale Market in accordance with the prescribed technical requirements.

Danyingone Wholesale Market comprises (a) certain Market Buildings labelled in the map set out in **Part III (II) - Description of Business** in the part on the layout and facilities of the Danyingone Wholesale Market (“**Market Buildings**”); (b) the units of shop houses to be transferred to YCDC at no cost (“**YCDC Shops**”); and (c) units of other shop houses, to be sold to, or constructed by, third party shop owners, labelled in the map. YCDC issues an “ownership book” confirming the rights of purchasers of shop houses (by way of contractual licence) to occupy, use and transfer shop houses which they have purchased, and to rebuild their shop house in the event that it is destroyed.

The Market Buildings and YCDC Shops were originally required to be constructed within 18 months of execution of the Development Agreement, and the Shops within 30 months, or our Company will face a penalty of 100,000 kyat per day overdue. Our Company has obtained a waiver from YCDC of these timelines. Under the waiver, our Company must construct such buildings after the completion of certain works, of which the pending work is the transfer of 20 acres of state land on the site of the Danyingone Wholesale Market which is held by the Myanmar Government to YCDC.

After construction of Danyingone Wholesale Market, our Company will be responsible for ongoing management of the Market Buildings.

Our Company is also required to lease shops in the Market Buildings to the tenants of the market previously existing on the land of Danyingone Wholesale Market.

##### *Liability*

Our Company is liable for any injuries, damages or losses caused in the course of construction of Danyingone

Wholesale Market.

### *Rights of YCDC*

YCDC is entitled to:

- 25 per cent of the annual profits before tax from the operation and development of the Market Buildings and certain other facilities prescribed in the Development Agreement;
- the YCDC shop houses, being 20 percent of the total developed shop houses;
- 25 per cent of the net profit from the sales of the shop houses;
- reimbursement from our Company of half of the costs of inspecting the designs for Danyingone Wholesale Market and inspecting the construction works prior to issuing a building completion certificate, and municipal taxes relating to construction; and
- appoint a director to the board of our Company.

### *Performance guarantee*

Our Company is required to provide a bank guarantee from a Myanmar bank guaranteeing it will construct the buildings comprising the Danyingone Wholesale market, valued at 500,000,000 Kyats within 14 days of execution of the Development Agreement.

### *Termination events*

YCDC may terminate the Development Agreement if our Company fails to rectify any of the following events of default within 30 days of written notice from YCDC requiring such rectification:

- failure to commence construction works within the prescribed period;
- failure to complete construction of Danyingone Wholesale Market without a valid reason;
- our Company carries out actions in the interests of its creditors in relation to the buildings comprising Danyingone Wholesale Market, enters into voluntary liquidation or appoints a receiver, without YCDC's consent; or
- breach of the Development Agreement.

In addition, the grounds of termination under the Development Agreement are: breach of the Development Agreement by us, occurrence of force majeure for a continuous period of six months, inability to implement the original targets or objects under the Development Agreement, and by the agreement of the parties.

### *Environmental protection*

Our Company is required to make arrangements for systematic disposal of waste materials, treatment of sewage and a system for disposal of wastewater, and otherwise take steps to prevent pollution of the environment in accordance with the Environmental Conservation Law and other laws.

## **(ii) Agreement for construction of buildings at Danyingone Wholesale Market**

Our Company and Dagon executed the Construction Agreement on 18 October 2016 for the construction of Danyingone Wholesale Market pursuant to the Development Agreement.

### *Fees, costs and expenses*

The total cost of construction under the Construction Agreement, required to be estimated transparently, and using the Plinth Area Estimate of the buildings to be constructed, is 99,800,000,000 kyats.

The actual costs of the works is required to be determined in accordance with the Yellow Book by calculating

the quantity and using the average yearly material price and labour rate issued by the regional government. Initial estimates of costs will be calculated based on the Plinth Area Estimate (or PAE) method by hearing survey from the similar building construction. Our Company is required to offset or pay (as the case may be) any differences from the PAE estimates in the Construction Agreement against the actual costs determined as described above.

Payment will be paid in stages upon meeting relevant construction milestones.

In addition to these fees, our Company is required to pay a 10 per cent service charge, to cover management expenses for staff involved in the construction works, installation of site offices and construction of temporary access roads, stationary, staff transport, emergency generator use, lighting, site security and other general expenses.

Dagon will also undertake design of the Danyingone Wholesale Market for a fee of one per cent of the total cost of the Construction Agreement.

#### *Term and extension of term*

Construction is required to be completed by 31 March 2019, provided that the parties may extend the construction period if there is an appropriate reason.

If the construction period is not extended, Dagon will become liable to us under the Construction Agreement for any delay in construction that is due to its negligence, for the same penalties (100,000 kyat per day overdue) to which our Company is liable to YCDC under the Development Agreement.

#### *Liability*

Dagon is liable for any loss or damage to our Company due to any negligence on its part during construction of the Danyingone Wholesale Market.

#### *Termination events*

Our Company may terminate the Construction Agreement at any time, provided that it must pay Dagon for the works it has already performed, less any damages or losses if the termination is due to a breach of Dagon, or Dagon is otherwise at fault for the termination.

### **(iii) Transfer of shares to Dagon in lieu of payment under the Construction Agreement**

Our Company and Dagon executed an agreement on 30 March 2017 for Dagon to subscribe for 27,679 shares under a private placement pursuant to section 107(b) of the SE Rules.

Dagon had applied for 35,000 shares in our Company as part of a prior public offering of shares by our Company in 2017. It had been issued 7,321 of those shares pursuant to that offering, and this agreement provided for the issue to Dagon of the remainder of the 35,000 shares. Under a 10-for-1 share split approved by our Company on 28 April 2018, these shares were split to 350,000 shares in our Company.

The shares were valued (together with the shares issued under the public offering) at the time of issue at 367,500,000 kyats. This means they were issued at a premium of 500 kyats above the then applicable par value per share of 10,000 kyats. Dagon paid this consideration in kind by foregoing a part of the fees required to be paid to it under the Construction Agreement.

### **(iv) Lease of head office**

Our Company has signed a six month lease with Dagon to rent office space at Dagon Centre. The current term of the lease is from 1 October 2022 to 31 March 2023. The rent payable is 6,000,000 Kyat, all of which has been paid in advance as per normal market practice.

#### **6. Property, Plant and Equipment**

Currently, our Company is in the process of constructing the Danyingone Wholesale Market on the site of the market. The current state and utilisation of this land, and our Company's facilities is described in **Part III (II) Description of Business, item 1 – Nature of Business**.

#### **7. Research and Development**

We have undertaken research and development activities in Shan State as part of examining the feasibility of constructing wholesale and retail markets in Shan State, including considering potential short listed sites in Shan State and exploring master plan design.

#### **8. Environmental Matters**

In May 2016, National Engineering & Planning Services Co., Ltd., a Myanmar company, submitted the environmental and social impact assessment for the Danyingone Wholesale Market (“ESIA”), which it conducted in consultation with Norconsult AS of Norway. The ESIA concluded that there are no environmental impacts from the Danyingone Wholesale Market as to prevent its completion, but reasonable mitigation measures should be taken in respect of waste disposal, drainage, traffic congestion, air pollution, noise pollution, and pollution of surface or ground water.

Our Company has developed an Environment Monitoring Plan (“EMP”) through the ESIA process to mitigate the potential harms identified in the ESIA. The EMP will play a vital role in safeguarding the environment and ensures that the Promoters and all contractors and subcontractors including consultants, understand the potential environmental risks arising from the implementation of the projects.

The main objectives of the EMP include:

- to provide a database from which the environmental impacts of the project can be assessed;
- to provide an early indication should any of the environmental control measures or practices fail to achieve the acceptable standard;
- to monitor the performance of the project and the effectiveness of mitigation measures;
- to determine project compliance with regulatory requirements, standards and government policies;
- to take remedial action if unexpected problems or unacceptable impacts arise.

The ESIA of our Company has not yet been approved by the Ministry of Natural Resources and Environmental Conservation through the issue of a final Environmental Compliance Certificate. The issue of such certificates has been significantly delayed in Myanmar.

#### ***Scope of the Environmental Monitoring Program***

The scope of the EMP shall include inter alia:

- to identify and resolve environmental issues and other functions that may arise during the construction and operational phases;
- to implement water quality, air quality and noise impact monitoring program during the operational phase;
- to check and quality the construction contractor's as well as the hotel operator's overall

environmental performance, implement action plans and recommend and implement remedial actions;

- to conduct regular reviews of monitored data as the basis for assessing compliance with defined criteria and to ensure that necessary mitigation measures are identified, designed and implemented.
- to assess and interpret all environmental monitoring data to ascertain whether environmental control measures and practices are functioning in accordance with specifications;
- to manage and liaise with all stakeholders (residents of the surrounding areas, local authorities, business operators) concerning any environmental issues during the construction phase;
- conduct formal and informal site visits during the construction and operation phases to assess difference of the concerned parties to the mitigation measures as set out in the environmental report.

### ***Measures our Company has implemented***

Pursuant to our Corporate Governance Policies, Principles and Guidelines, our Company has adopted an environmental policy, which sets out that our Company will aim to:

- maintain compliance with applicable legal and relevant rules, regulations, laws and obligations of Myanmar;
- foster constructive relationships with our stakeholder groups and regulators, and take an active and positive role in the community where we work;
- ensure we reliably deliver clean, safe products and services to our customers, remove the industrial waste and return cleanly to the environment without causing harm;
- ensure that all our employees and those who work on our behalf have received appropriate environmental and quality training and have developed an awareness of issues included in this policy;
- continue to reduce and prevent pollution through innovative technology, effective management control systems, and through targeted efficient investment, shared throughout the Group;
- proactively conserve and enhance biodiversity, through efficient and effective practices;
- manage our land resources in a socially and environmentally responsible manner, balancing the needs of our shareholders, customers, partners and stakeholders with our duty as promoter of the natural environment;
- maintain and enhance services for our customers, especially farmers, in the face of extreme weather and the changing climate, to an acceptable level;
- play our part in mitigating future climate change by managing the greenhouse gas emissions produced in our operations and embedded in our supply chain, and also by managing the emission of pollutants;
- help to ensure energy security for Myanmar and our business by being efficient and by optimizing the use;
- work with colleagues and our supply chain (goods and services) to drive improvements in the sustainable use of resources; and
- we will aim to do all of the above where practicable and at an affordable cost to our shareholders and to our customers.

In keeping with this policy, average water consumption per store per month has been reduced from 0.17 cubic meter since we started recording in 2018 to 0.047 cubic meter for 2021 and now in 2022 it has been reduced to 0.041 cubic meter. Average waste per store per month has been reduced from 6.56 kilogram since we started recording in 2018 to 3 kilograms for 2021 and now in 2022 it has been reduced to 2.89 kilogram. Current waste recycle is now, on average 160.2 ton a month. Going forward, we will have more and more emphasis on renewable resources such as rainwater harvesting to be used in toilets and also washing and cleaning needs within the market.

## **9. Food Safety Regulation**

Our Company has a Food Safety Regulations Guide, to provide standard guidelines and consistent information to ensure we provide fresh, safe and quality food products to consumers. This guide also attempts to encourage farmers and wholesalers to comply and acknowledge environmentally friendly practices and environmental concerns. This may not pertain to all issues concerning the wholesale, retail and distribution of fruits and vegetables, meats and fish, produce and other products. The Food Safety Regulations Guide was developed by our Company as a source of reference and may not immediately comply with rules, regulations and standards in Myanmar. In an effort to bolster local food entrepreneurship while ensuring food safety, it offers advice on food items that may be sold, conditions that must be met at the point of sale and helpful tips on food safety.

Specifically, according to the Food Safety Regulations Guide the following may be sold with no restrictions: fresh fruits and vegetables (only minimally rinsed to remove visible soil but otherwise unprocessed); grains, seeds, beans and nuts which are whole and unprocessed and unspouted; popcorn (provided that it cannot be popped); and fresh herb sprigs and dried herbs in bunches (cut for harvesting and minimally rinsed to remove visible soil). On the other hand, the following items are prohibited from sale: wild-type mushrooms harvested from the wild; home-canned foods (other than jam, jellies and preserves allowed under cottage food operations); raw milk or dairy products made of raw milk; ice cream made in uninspected facilities; home butchered meat, poultry or wild game; home vacuum-packed products; and fast foods prepared at home.

Other than for raw agricultural products and cottage food products, the facilities and processes for other goods intended for direct retail sale or distribution must be inspected by the local health department. The facilities and processes for products other than raw agricultural products which are intended for wholesale distribution must be inspected by the department of markets or the local health department. In addition, perishable foods are required to be transported and held at or below 41<sup>o</sup> Fahrenheit (5<sup>o</sup> Celsius).

In addition to the above, the Food Safety Regulations Guide also sets out food handling procedures, such as for example, that hand washing is required prior to any food handling on site.

## **10. Corporate Social Responsibility**

Our Company plans to conduct several trainings, workshops and tasks for farmers and in relation to environmental cleanliness and safety, which include the following:

- Conducting a vigorous and comprehensive training and workshop for farmers with regard to food safety and the wholesale market standard operating procedures;
- Providing technical assistance support on Good Agricultural Practices (GAP), Integrated Pest Management (IPM) and Hazard Analysis Critical Control Point (HACCP) implementation to farmers, traders and agrochemical suppliers to reduce chemical hazards;
- Educating and training farmers to improve post-harvest handling and storage; and
- Providing training on maintain cleanliness and hygiene of market environment.

In the past financial year, our Company has undertaken measures such as spraying chlorine solution in our market building in response to COVID-19, providing financial support for people who are suffering COVID-19, buying oxygen machines and provide oxygen cylinders, collaborating with Government organisations and some health-related organisations to procure vaccines for shopkeepers and employees at the Danyingone Wholesale Market and making donations to a COVID-19 quarantine centre.

## (1) Management's Discussion and Analysis

### PRESENTATION OF FINANCIAL INFORMATION

The audited financial statements for the six-month period ended 31 March 2022 are not comparable with the audited financial results for the year ended 30 September 2021. In common with all other companies registered in Myanmar, in 2022 our Company was required to change its fiscal year end as enacted by the Government.

In order for investors to understand the progress which our Company has made over the last two financial years ended 30 September 2022, we have combined the audited financial statements for the six months ended 30 March 2022 with the unaudited interim financial statements for the six months ended 30 September 2022. These combined financial statements have been prepared by our management and have been reviewed by our auditors, Win Thin & Associates. Win Thin & Associates as set out in the Accountants Report at the end of this section of the Disclosure Document for Listing.

For further information you should refer to the audited and unaudited financial statements included elsewhere in this Disclosure Document for Listing.

### OPERATING RESULTS

#### Statements of Comprehensive Income

	Year ended 30 September 2021 (audited) (1)	12-month period ended 30 September 2022 (unaudited, combined)
	(thousands of Kyat)	
Revenue - net	8,345,479	11,406,987
Cost of sales	(4,012,869)	(6,293,739)
<b>Gross profit</b>	<b>4,332,610</b>	<b>5,113,248</b>
Other income	70,117	284,150
<b>Expenses</b>		
- General and administrative	(1,370,468)	(1,603,900)
- Marketing	(298)	(25,426)
- Finance charges	(693)	(716)
<b>Profit before Share of profit to YCDC</b>	<b>3,031,268</b>	<b>3,767,356</b>
Share of profit to YCDC	(766,141)	(952,716)
Profit before tax	2,265,127	2,814,640
Income tax expense	(58,088)	(619,220)
<b>Total comprehensive income</b>	<b>2,207,039</b>	<b>2,195,420</b>
<b>Earnings per share (Kyat per share)</b>	<b>102</b>	<b>102</b>

(1) Certain items have been adjusted from the audited financial statements to provide consistent treatment with the results for the 12 months ended 30 September 2022.

A more detailed breakdown of revenue is as follows:

	Year ended 30 September 2021 (1) (audited)	12 months ended 30 September 2022 (combined, unaudited)
	(thousands of Kyat)	
Sales of shop houses (2)	5,073,816	7,224,699
Rental of shops (2)	3,152,314	4,125,553
E commerce	119,349	56,735
Total Revenue	8,345,479	11,406,987
Other income		
Other services (3)	20,497	180,251
Interest income	49,620	103,899
Total	70,117	284,150
<b>Grand Total</b>	<b>8,415,596</b>	<b>11,691,137</b>

- (1) Certain items have been adjusted from the audited financial statements to provide consistent treatment with the results for the 12 months ended 30 September 2022.
- (2) Service fees such as marketing and advertising, cleaning, administration, electricity and security are included in the revenues for sale of shop houses or rental of shops.
- (3) Other services include utilities, parking, internet online shopping (through the Awere Taw Facebook page, website and mobile application), security services, toilet cleaning services.

Our Company's revenue for the 12-month period ended 30 September 2022 was 11.41 billion Kyat. This represented a 37% increase from the previous year. The two main sources of revenue in the 12-month period ended 30 September 2022 were the sale of shop houses and revenue from market operations, which increased by 42% and 31% respectively compared to the previous year. In the 12-month period ended 30 September 2022, 10 units of and 5 rooms in shop houses were sold compared to 7 units of and 2 rooms in shop houses in the previous year. The increase in market operations revenue was due to increased rental revenue and also an improvement in the overall management of operations in the Danyingone Wholesale Market and an increase in the number of customers using the market.

In terms of expenses, general and administrative expenses increased by 17% in the 12-month period ended 30 September 2022 compared to the previous year to 1.6 billion Kyat. This was mainly due to higher salaries and an increase in the number of staff. Marketing expenses increased from 298 million Kyat in the year ended 30 September 2021 to 25.426 million Kyat in the 12-month period ended 30 September 2022. This increase reflected our marketing efforts to attract customers and produce vendors to the Danyingone Wholesale Market and efforts to attract potential purchases of shop houses.

As a result, the Company's gross profit for the year was 5.113 billion Kyat, an increase of 18% compared to the previous year. Profit before tax for the 12-month period ended 30 September 2022 was 2.8 billion Kyat, representing an increase of 24% compared to the previous year.

Income tax expense for the 12-month period ended 30 September 2022 was 619 million Kyat compared to 58 million Kyat in the previous year. The reason for this sharp increase was that our Company was exempt from the payment of income tax until June 2021. As a result, total comprehensive income for the 12-month period ended 30 September 2022 was 2.2 billion, a decrease

of 1% compared to the previous year.

## FINANCIAL CONDITION

A summary of financial position of the Company for the 12-month period ended 30 September 2022 and previous year ended 30 September 2021 is as follows:

	<b>As at 30 September 2021 (audited)</b>	<b>12-month period ended 30 September 2022 (unaudited, combined)</b>
	(Thousands of Kyats)	
<b>Assets</b>		
Current assets	10,368,033	11,482,842
Non-current assets	20,329,577	22,010,718
<b>Total assets</b>	<b>30,697,610</b>	<b>33,493,560</b>
<b>Less: Liabilities</b>		
Current liabilities	6,736,547	9,933,980
Non-current liabilities	0	0
<b>Total liabilities</b>	<b>6,736,547</b>	<b>9,933,980</b>
<b>Net Assets</b>	<b>23,961,063</b>	<b>23,559,580</b>
<b>Equity</b>		
Issued Share Capital	21,753,001	21,753,001
Retained Earnings	2,208,062	1,806,579
<b>Total Equity</b>	<b>23,961,063</b>	<b>23,559,580</b>

Current assets as of 30 September 2022 increased to 11.48 billion Kyat, an increase of 11% compared to the previous period. This increase reflected the construction and expansion of the market and completion of 10 shop house units during the 12 months ended 30 September 2022.

Non-current assets as of 30 September 2022 increased to 22 billion Kyat, an increase of 8% compared to the previous year. This increase reflected the Company's higher investment in investment properties/market buildings and investment in a range of facilities at the Danyingone Wholesale Market including car parking, lavatories, vehicles and machinery, and technology such as CCTV and software.

Current liabilities increased to 9.93 billion Kyat as of 30 September 2022, an increase of 47% compared to the previous year. This increase reflected increased deposits received from purchasers of shop house units, dividends payable to shareholders for the financial year 2020-2021 and the six-month period ended 30 September 2022 which had been declared but not paid and other payables such as payable construction cost and deposit received from sellers of market building 1, 2, 3 and 4. Our Company's equity decreased slightly by 2% to 23.6 billion Kyat at 30 September 2022, reflecting the payment of dividend in respect of the financial year 2020-2021 and the six months ended 31 March 2022.

## LIQUIDITY AND CAPITAL RESOURCES

A summary of the Company's cash flow statement for the periods shown is as follows:

<b>Year ended 30 September</b>	<b>12-month period ended 30 September 2022</b>
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	2021 (audited)	(unaudited, combined)
	(Thousands of Kyats)	
<b>Cash flow from operating activities</b>		
Profit before tax	2,265,127	2,814,640
<i>Adjustments for:</i>		
- Depreciation and amortization	572,289	686,410
- Interest income	(49,620)	(103,899)
- Write off of intangible assets	-	(170,424)
Operating profit before working capital changes	<b>2,787,796</b>	<b>3,226,727</b>
Changes in working capital		
- Trade and other receivables	(2,426,901)	(77,893)
- Advances and prepayments	(344,299)	(452,153)
- Utilities stock	(2,141)	-
- Inventory	-	1,147
- Work in progress	2,635,449	(1,469,878)
- Trade and other payables	4,619,433	1,446,335
- Provisions	722,881	529,102
Cash generated from operation	<b>7,992,218</b>	3,203,387
Interest received	49,620	103,899
Income tax paid	(56,000)	(174,925)
<b>Net cash provided by operating activities</b>	<b><u>7,985,838</u></b>	<b><u>3,132,361</u></b>
<b>Cash flows from investing activities</b>		
Additions to investment properties	(1,926,004)	(292,439)
Additions to property, plant and equipment	(737,640)	(1,810,718)
Additions to intangible assets	(1,748)	(93,969)
<b>Net cash used in investing activities</b>	<b><u>(2,665,392)</u></b>	<b><u>(2,197,126)</u></b>
<b>Cash flows from financing activities</b>		
Repayment of bank loan	(1,600,000)	-
Dividend paid to shareholders	(1,298,452)	(1,992,202)
<b>Net cash used in financing activities</b>	<b><u>(2,898,452)</u></b>	<b><u>(1,992,202)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,421,994</b>	<b>(1,056,967)</b>
Cash and cash equivalents at beginning of period	<b>803,292</b>	<b>3,225,286</b>
<b>Cash and cash equivalents at end of period</b>	<b><u>3,225,286</u></b>	<b><u>2,168,319</u></b>

Cash generated from operation for the 12-month period ended 30 September 2022 was 3.2 billion Kyat compared to 7.99 billion Kyat in the previous year. The decrease was mainly due to payment of income tax and dividends and payments to suppliers and contractors.

Cash and cash equivalents decreased from 3.22 billion Kyat as of 30 September 2021 to 2.17 billion Kyat as of 30 September 2022, a decrease of 32.8%.

For the 12-month period ended 30 September 2022, we met our liquidity needs through cash generated by operation. We are satisfied that cash to be provided by operating activities, the proceeds of rights issues and bank loans will be sufficient for our working capital requirements for at least the next 12 months from the date of this Disclosure Document for Listing.

## Forward Outlook

The Company's business, the products sold at Danyingone Wholesale Market, continues to grow as it offers staple food, fresh vegetables, fruits and dry food. In addition, the improved management and cleanliness of the market is attracting more customers.

With rising inflation, people are also investing more in real estate, and demand is high for our shop houses.

We continue our efforts to follow the UN Sustainable goals by reducing waste, water and energy. We also plan to implement solar energy in 2023. In addition to the current activities, the management of the Company will continue to develop and implement further development plans for the long-term growth of the Company. In future, our Company may consider investing in new nationwide assembly, wholesale market and retail market projects (including those described in ***Part III (I) - Outline of the Company, item 2 – Vision, Strengths and Strategies***).

We are working on a variety of approaches, emphasising business sustainability and greater resilience in the long-term interests of the Company and its shareholders.

In future, we may diversify our current operations into new fields of business.

## **(2) The Dagon Group of Companies**

Dagon is one of our promoters/founder shareholders, and is a member of the Dagon Group. Dagon Group is one of the most highly regarded and diversified groups in Myanmar. Dagon Group started its business in 1953 with the establishment of the Dagon Tin Factory. Dagon was established as the first company to be formed under Dagon Group in 1990, as a trading company. Over 30 years later, Dagon Group has expanded to a group of companies covering various sectors including agriculture, property development and construction, hospitality management, retail and distribution, manufacturing, automobile, food, logistics and petroleum.

Dagon is best known for its real estate and property development business in Myanmar. The company has successfully designed, built and delivered residential developments, offices and shopping malls. It has built more than 5,000 homes to date, and is a pioneer in the modern retail sector in Myanmar with Dagon Center 1 being one of the first modern shopping malls in Myanmar when it opened in 2004. Dagon has since also constructed Dagon Center 2. Dagon Group's Construction & Engineering Division was initially established to be the in house construction arm for Dagon Real Estate Division, however it has since evolved into a stand-alone business division and also provides construction and engineering services for projects where Dagon Group is not the developer. Dagon Construction and Engineering Division has delivered various projects in Myanmar, including Ayer Wun and Yadanar affordable housing project, Ministry of Hotel and Tourism and Ministry of National Planning's office buildings in Nay Pyi Taw, Maubin University, Yangon National Library and a number of cyclone shelters after the Cyclone Nargis for both INGOs and the Government. Dagon Concrete was also formed to support Dagon Group's real estate and property arm and it produces ready mix concrete; it has four production facilities across Yangon.

The Agricultural & Plantation Division of Dagon Group, which is operated through Dagon Agriculture Group Ltd., Dagon Timber Limited and Dagon Rubber Plantation Limited. Dagon Group owns large tracts of farmland across Yangon Region in Ywar Thar Gyi and Thandapin, which are used for growing rice to be used as seed production and research and development to produce hybrid seeds. In Nay Pyi Taw, Dagon Group owns and operates an organic vegetable farm, while it operates a beans and pulses farm in Magway. Dagon Timber Limited is primarily involved in palm oil plantations, and owns close to 18,000 acres of plantation land in Tanintharyi Division. Dagon Rubber Plantation Limited cultivates around 500 acres of land in Bago Division.

Dagon Group has invested in two hotels namely, the Palm Beach Resort, Ngwe Saung and Oasis Hotel, Nay Pyi Taw. Their third hotel is now under construction in Yangon called the Grand Golden View Hotel and will be a five star hotel once completed. Dagon Group operates 3 main petrol stations to distribute gasoline, octane and diesel fuel, which are located in Tamwe, Sanchaung and Lanmadaw.

Global Sky Co Ltd, another member of the Dagon Group, handles a distribution business and represents well known international brands such as Mamy Poko, Sofy, Del Monte and Acecook, among others. The Food Division of Dagon has a fruits and vegetable processing factory in Haling Htet and has been exporting its products to Japan, Korea, Germany and Thailand.

The Dagon Group has various foreign joint ventures with well-known multinationals.

## PART IV – INFORMATION ON THE COMPANY’S MANAGEMENT, SHAREHOLDERS AND SHARES

### I. Board of Directors and Directors

The following gives a list of the Board of Directors and Directors as at 31 May 2023.

<b>Name</b>	<b>Date of Birth/Gender/Nationality</b>	<b>Address</b>	<b>Date of Appointment</b>	<b>Interest or deemed interest in Shares</b>
U Win Aung (nominated by Dagon International Limited)	30 Sep 1953 Male/Myanmar	No.105, University Avenue, Kamayut Township, Yangon	14 September 2015	10,416,378 <sup>2</sup>
U Sit Lwin	23 July 1960 Male/Myanmar	No.644, 1st Floor, Merchant Road, Pabedan Township, Yangon	14 September 2015	668,431
U Thurane Aung	23 July 1982 Male/Myanmar	No.105, University Avenue, Kamayut Township, Yangon	14 September 2015	612,728
Daw Yan Lin	28 November 1971 Female/Myanmar	C-301, Highway Complex, Kamayut Township, Yangon	2 February 2017	567,503
U Ye Phone Hlaing	4 June 1969 Male/Myanmar	No. 51/E, University Avenue Street, Bahan Township	28 April 2018	557,025
U Phone Phone Naing	11 Jan 1977 Male/Myanmar	No.290-C, U Wisara Road, (10) Ward, Kamayut Township, Yangon	14 September 2015	534,745
U Min Sein	14 December 1948 Male/Myanmar	No.225, Nat Maw Street, Garden North	2 February 2017	147,840

<sup>2</sup> This is considered deemed interest in Shares as the Shares are held by the nominating company. We understand that the practice in Myanmar as approved by DICA is for this deemed interest to satisfy the share qualification requirement as provided in our New Constitution.

U Sai Tun Win	21 October 1961 Male/Myanmar	Ward, Lat Saung Mon Store, Hinthata Township, Ayeyawaddy Region No. 68/B, Thanda Street, Aung Myay Tar Shi Housing, (1) Quarter, Kamayut Township, Yangon	28 April 2018	111,405
U Kyaw Tin Myint	1 September 1961 Male/Myanmar	No. A/136, Bayintnaung Pwe Yone, Khatta Street, Mayangone Township	28 April 2018	32,184
Daw Aye Aye Aung	17 May 1979 Female/Myanmar	No. 101, 5-C, Thanlwin Road, Kamayut Township, Yangon	28 April 2018	22,000
U Aung Nyunt (Independent Director)	1 June 1944 Male/Myanmar	No. 8(B), Thiri Street, (14) Quarter, Yankin Township, Yangon	2 February 2017	0
Dr. Zaw Oo (Independent Director)	11 January 1966 Male/Myanmar	Block I, Room (7/A), Parami Condo, U Thin Pe Road. Hlaing Township, Myanmar	1 August 2018	0
U Thaung Tin (nominated by YCDC pursuant to the Development Agreement)	3 June 1971 Male/Myanmar	Marketing Department, Yangon City Development Committee, Maha Bandula Road, Kyauktada Township	28 April 2018	0
Daw Tin May	23 May 1948	No. 796, Aung	20 October	0

Oo (Independent Director)	Female/Myanmar	Thit Sar Lane (5), (4/ South) Quarter, Tharketa Township, Yangon	2022
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Other than as specified in the MCL 2017, the Directors have responsibility for administrative affairs for the Company, and the following specific activities, provided that no Director shall be involved in the day-to-day operations of the Company unless he or she is also appointed to the management of the Company:

- (i) considering the Company's strategy and direction;
- (ii) continuous monitoring on the effectiveness of business plans and business policies;
- (iii) sustainable business growth and development;
- (iv) shareholders' profitability and benefit in the long term;
- (v) effective and efficient good corporate governance system; and
- (vi) matters as mentioned in the MCL 2017, other laws, rules and matters as mentioned in the Company's Constitution.

## II. Management Personnel

Name	Date of Birth/Gender/Nationality	Address	Date of Appointment	Share Ownership
U Aung Gyi (Chief Executive Officer)	26 July 1964 Male/Myanmar	No.19, Nyung Si Yay Kan Kyaung Street, (2) Ward, Hlaing Township, Yangon	14 September 2015	118,800
Daw Khin Khin Maw (Chief Accountant)	22 July 1968 Female/Myanmar	(59) Room (8) Pha Hsa Pa La, Mingalar Taung Nyunt	16 November 2016	5,907
U Myo Thaw Khaing (Chief Financial Officer)	22 March 1962 Male/Myanmar	31, Gantgaw Street, Myohaung Middle Ward, Thanlyin Township	2 December 2019	4,400

## III. Material Background Information

None of our Company's Directors or management has:

- at any time during the last three years, had an application or a petition under any bankruptcy laws filed against him/ her or against a company of which he/she was then a director, managing director;
- ever been convicted of any offence that is punishable with imprisonment or is the subject of any pending criminal proceedings for such purpose;
- ever been disqualified from acting as a director, managing director or manager; or

- ever been concerned with the management or conduct of the affairs of any company that has been investigated for a breach of any applicable law or regulatory requirement.

Certain information on the business and working experience of our Directors is set out below:

### **U Win Aung**

U Win Aung is the Non-Executive Chairman of the Company. He founded and continues as the Chairman of Dagon which is the flagship company of Dagon Group, since its establishment in 1990. Dagon Group engages in a wide range of business, including residential and commercial development, hotel development, integrated agricultural development, value added food industry, logistics and distribution, automobile distribution, petroleum distribution, and in other business sectors.

U Win Aung is currently the Chairman of Myanmar Thilawa SEZ Holdings Public Co., Ltd. He is one of the initiators and the lead negotiator and founding Chairman for the Myanmar private sector's involvement in the implementation of the Thilawa SEZ jointly with Japanese investors, to create investment opportunities for Myanmar citizens.

He is also the Chairman and one of the Promoters of Golden Land East Asia Development Public Co., Ltd., a public company engaged in general trading and investment. Representing the YRG, he serves as Director and Board Secretary of Yangon Metropolitan Development Public Co., Ltd, a Government linked company which aims to develop public housing and upgrade the infrastructure of the greater Yangon city and region.

U Win Aung served as President of UMFCCI from 2011 to 2016, Chairman of the ASEAN Business Advisory Council (ABAC) from 2013 to 2014 and Chairman of the Greater Mekong Sub-region Business Forum (GMS-BF) from 2002 - 2004 and 2012 - 2014. He was also one of the members of the National Economic and Social Advisory Council and UN-ESCAP Advisory Council. U Win Aung has been serving as Chairman of the Company since 2015.

### **U Sit Lwin**

U Sit Lwin is a Non-Executive Vice Chairman of our Company. U Sit Lwin has extensive experience in the gold commodity trading sector. In 1996, he established a gold jewellery business called Moe Ma Kha Gold & Jewelry, a market leader, specializing in manufacture and wholesale of gold jewellery. He has over 20 years of experience in managing nationwide distribution network of gold and diamond jewellery. He also serves as an influential member of Yangon Gold Association where his technical knowledge in the field helps steer the association towards framing better policies relating to the industry.

He is also the founder of Willow Myanmar Investment Co., Ltd which has strategic holdings in various businesses such as hotels and tourism, commodity trading as well as infrastructure businesses such as Myanmar Thilawa SEZ holdings.

In 1982, he graduated with a Bachelor of Economics Degree from the Yangon Institute of Economics. U Sit Lwin has been serving as Vice Chairman of the Company since 2015.

### **U Thurane Aung**

U Thurane Aung is a Non-Executive Director of our Company. He is the son of our Company's Chairman U Win Aung and the son-in-law of one of our Company's Vice Chairmen U Sit Lwin. He is currently the Chief Executive Officer of Dagon Group.

With regard to Dagon Group, he works on business growth strategies and expansion plans and actively leads and works on new business ventures as part of Dagon Group's expansion into new industries in Myanmar.

He is also the project director of Myanmar Thilawa SEZ Holdings Public Co., Ltd. with responsibility for ensuring that all the projects in relation to infrastructure, residential and industrial facility are progressing within the time schedule.

He holds a Bachelor of Arts (BA) in Business Information Management in Finance, which he obtained from the University of Westminster, United Kingdom, in 2004. U Thurane Aung has been serving as a Director of the Company since 2015.

### **Daw Yan Lin**

Daw Yan Lin has been serving as a Non-Executive director of the Company since 2015. She is also a director at Golden Land East Asia Development Public Co., Ltd and the managing director of San Thit Lwin Trading Company Limited, which imports clothing material and fabrics from Korea, Thailand and China. She also owns and operates San Thit Lwin Fashion and Tailoring and May Lin Fashion store.

She graduated from the University of Mandalay and holds a degree in history.

### **U Ye Phone Hlaing**

U Ye Phone Hlaing is a director of Suntac Group of Companies and is also the managing director of Suntac Technologies Ltd. and Suntac Engineering Co., Ltd. as well as a director of Tun Thitsar Forwarding and Services Co., Ltd.

Suntac Group of Companies is involved in four different key sectors which are the Technology sector, Engineering and Construction, Trading and Hospitality. The companies which are operating in these sectors are as follows: Suntac Technologies Co., Ltd., Suntac Engineering and Construction, Suntac International Trading Co., Ltd., Bay of Bengal Resort (Ngwe Saung).

U Ye Phone Hlaing is currently involved in business activities in sectors such as hotel and tourism, infrastructure development, import of motor vehicles, agriculture, engineering and technology services, information technology and telecommunications services, investment projects in energy and power and logistics and transportation.

U Ye Phone Hlaing graduated in 1994 from the Yangon Technological University and holds a Bachelors degree in Electrical Power. He received a Masters of Business Administration (MBA) in 2000 from the University of Economics, Yangon. He also received a Diploma in Business Law from Yangon University in 2001.

He has been serving as a director of the Company since 2018.

### **U Phone Phone Naing**

U Phone Phone Naing is a Non-Executive Director of our Company. He is the brother-in-law of our Director U Thurane Aung. He is currently the Managing Director of the distribution arm of Dagon Group. He has valuable experience in the trading business.

Through the Global Sky Company Limited, he has expanded the business portfolio into personal hygiene products (from Japan/Thailand), personal care products (from the Philippines), fruit and vegetable drinks

(from Thailand), food and beverage products (from the Philippines/United States of America) and locally grown and manufactured food products.

He completed his BA in economics from Knox College, Galesburg, Illinois, United States of America.

U Phone Phone Naing has been serving as a director of the Company since 2015.

### **U Min Sein**

U Min Sein has been serving as our Company's Non- Executive Director as well as audit committee member. He is also a director at Golden Land East Asia Development Public Co., Ltd. He also serves as a director for First Private Bank Ltd. for three years and played an integral role in the opening of the Hindatha Bank Branch of First Private Bank Ltd.

U Min Sein is involved in different business sectors such as the operation of Let Saung Mon Mini Markets in Hinthada City, trading of seasonal fruits, brewery in Kyaung Kone City, microfinance and motels at Chaung Tha beach, mobile top up card distribution service and the City View Real Estate and Property Service in Yangon.

He has been serving as a director of the Company since 2015.

He graduated from Yangon Workers' College with a B.A (Philosophy) Degree in 1977.

### **U Sai Tun Win**

U Sai Tun Win is chairman of North East Gate Fruit Public Company Limited and is a patron of the Muse City Fruits Wholesaler Association.

From 1980 to 1981, he was involved in the gems mining business in Mogok City. In 1982, he expanded into the agriculture and livestock sector and the distribution of products of that sector to Mandalay. He served in the former Ministry of Cooperatives of the Myanmar Government for four years. In 1988, he started a fruits trading business in Muse City, exporting papaya and mangoes to Shwe Li city in China. In 1995, the Muse City Fruits Wholesaler Association was founded, and he served as its chairman from 2000.

In 2015, North East Gate Fruit Public Limited was founded by 15 fruits wholesale companies, and he has been chairman of this company since its inception. In addition, he is also chairman of Shwe Fruits and Vegetables Agriculture Company and Taiwan Wholesalers Warehouse.

U Sai Tun Win served as vice chairman of the Muse City Fruits Wholesaler Association from 2007 to 2017, and he remains as a patron.

He has been serving as a director of the Company since 2018.

### **Daw Aye Aye Aung**

Daw Aye Aye Aung has been serving as our Company's Non-Executive Director as well as remuneration and management committee member.

Daw Aye Aye Aung holds a Bachelor Degree in Engineering in Electronics and is certified by the Myanmar Engineering Council as a Professional Engineer (P.E). In 2014, she received the ASEAN Engineer Certificate issued by the AFEO Governing Board in Brunei. In addition, she received an MBA from the University of

Economics (Yangon) in 2012. She joined Asia World Co., Ltd. in 1995 and served as a director until 2009, running operations such as PP Woven Bag Factory and Myanmar Paper Mill Factory.

She is the managing director of Asia Mega Link Co., Ltd. and is a director of Asia Mega Link Services Co., Ltd. Since 2009, she has been responsible for, and active in, IT-related businesses such as the installation, implementation and maintenance of mobile hubs, telecommunications centers and fiber optic cables, and the manufacture and distribution of phone top up cards. She is also an executive committee member of the IT sector of Yangon International Airport and a director of Yatanarpon Teleport Public Co., Ltd.

The companies in which she is involved take part in the following businesses: manufacturing and trading, IT-related businesses such as the installation, implementation and maintenance of mobile hubs, telecommunications centers and fiber optic cables, the manufacture and distribution of phone top up cards, telephone and mobile network services, IT-related development projects in Yangon International Airport, technological advancements in airports, ports and transportation sectors and businesses in several other sectors.

She has been serving as a director of the Company since 2018.

### **U Kyaw Tin Myint**

U Kyaw Tin Myint has been serving as Director of the Company since 8 June 2021. He is chairman of Kaung Pyae San Co., Ltd. and also the managing director of Hope Flower Trading. He is also the executive director of Myanmar Automobile Development Public Co., Ltd. He is vice chairman of Myanmar Fertilizer, Seed and Pesticide Entrepreneurs Association, an executive member of the Myanmar Industrial Association and chief executive officer of Myanmar Pulses, Beans and Sesame Seeds Merchants Association (MPBSMA). U Kyaw Tin Myint holds a Master's degree from Yangon University. He holds M.A., M.Res, LL.B, B.Sc, D.B.L, D.M.L, D.I.L, D.D.S, D.L.I.S, D.A.Psy and H.G.P degrees.

### **U Aung Nyunt**

U Aung Nyunt is an Independent Director of our Company and is also the Chairman of the Audit Committee. He has 40 years of experience working in the treasury department of Myanmar Timber Enterprise and retired as General Manager (Planning). He has served as a director (finance) in public companies such as The Republic of the Union of Myanmar Forest Products Joint Venture Corporation Public Company Limited.

He has participated in several workshops and seminars on financial management in different countries. As a financial consultant, he has implemented and initiated Standard Operating Procedures in terms of treasury and finance in three major companies. He has worked as an independent auditor for the UMFCCI and the Myanmar Engineering Society from 2008 to 2013. He is a director of Myanmar Thilawa SEZ Holdings Public Co., Ltd.

He graduated from Yangon University of Economics in 1964 and holds a degree in Accounting. He is also a Certified Public Accountant accredited by the Myanmar Accounting Council. U Aung Nyunt has been serving as an Independent Director and the Chairman of the Audit Committee of the Company since 2017.

### **Dr. Zaw Oo**

Dr. Zaw Oo is an Independent Director and Chairman of the Remuneration Committee. Currently, he is the Chief Director for the Centre for Economic and Social Development and is responsible for developmental research and training.

He served as the Economic Advisor to the President from 2012 to 2016. From 2006 to 2011, he served as the

rector for research and taught International Studies at Chiang Mai University. He has been actively involved in research on economic changes and policies in ASEAN countries and has participated in over 30 international conferences relating to economic and democratic changes.

He holds a master's degree in International Development Studies from Columbia University and a master's degree and PhD in Finance from American University, Washington D.C. Dr. Zaw Oo has been serving as an Independent Director and Chairman of the Remuneration Committee of the Company since 2016.

### **U Thaung Tin**

U Thaung Tin is the Deputy Department Head, Markets Department of the YCDC.

He holds a Bachelor of Arts (B.A) degree in Myanmar Literature. He served in the Military from 1991 to 2004 and in 2004, he retired as Major. From 2004 to 2014, he served as the assistant department head in the production department, Environmental Conservation department and Sanitation department. As of now, he is the Deputy Department Head of the Markets Department.

U Thaung Tin has been serving as a Non-Executive YCDC Director of the Company since 2018.

### **Daw Tin May Oo**

Daw Tin May Oo served as a Commission Member of the Securities and Exchange Commission from its formation in 2014 until 2022. She was involved in the establishment of the SECM and the Yangon Stock Exchange as well as the drafting of the Securities Exchange Law and related rules.

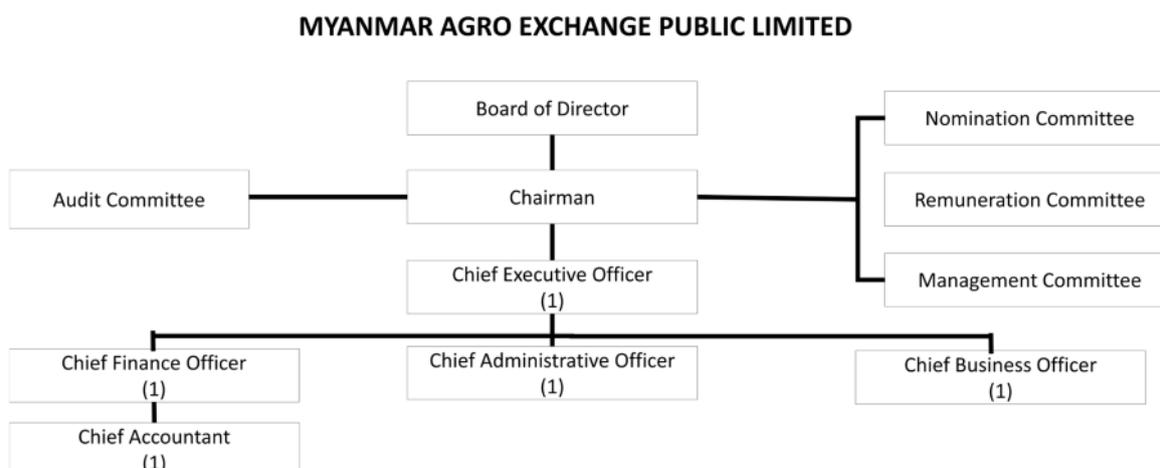
She previously worked in the Project Appraisal and Progress Reporting Department of the Myanmar Ministry of Planning and Finance for 27 years before being assigned in 1996 to form the Myanmar Securities Exchange Center Co. Ltd. (MSEC), where she served as Board Secretary-cum-Deputy Director and Executive Director at MSEC.

She holds a Bachelors in Economics (Agriculture Economics) and a Masters of Development Studies.

## **IV. Remuneration and Benefits in Kind**

None of our Directors (to the extent they act in an executive capacity) has entered into any employment agreement with our Company. Our Directors (other than our Independent Directors and our director nominated by YCDC) do not receive any compensation other than an allowance for attending meetings. Our two independent directors and the director nominated by YCDC each received an honorarium of 18,000,000 Kyats for the period 1 October 2020 to 31 March 2022, and our independent director U Tin Htut Oo who resigned from the office of director during the financial year ended 30 September 2021 received an honorarium of 6,000,000 Kyats. We expect in due course to hire dedicated employees who will work solely for our Company and who will be separately remunerated. Employment agreements have been entered into with our executive officers and our Company.

## V. Management Reporting Structure



## VI. Corporate Governance

Our Directors recognise the importance of corporate governance and the maintenance of high standards of accountability to our Shareholders, and have adopted the Corporate Governance Policies, Principles & Guidelines. Our corporate governance practices are generally consistent with prevailing international principles, to the extent reasonably practicable, taking into account local conditions in Myanmar.

### 1. Independent Directors

Our Company has appointed three independent directors with a view to making the Board stronger and independent. The three independent directors are U Aung Nyunt and Dr. Zaw Oo and Daw Tin May Oo.

### 2. Board Committees

Our Board has established four independent committees: (a) Audit Committee; (b) Remuneration Committee; (c) Nomination Committee; and (d) Management Committee.

#### *Audit Committee*

The Audit Committee comprises of the following members:

<b>Name</b>	<b>Position</b>
U Aung Nyunt	Chairman
U Thaung Tin	Member
U Sit Lwin	Member
U Min Sein	Member

Our Audit Committee will assist our Board in discharging its responsibility to safeguard our asset, maintain adequate accounting records and develop, risk management to ensure good corporate governance and to safeguard shareholders investment and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Company.

Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit. The Committee reviews and implements the Company's Code of Conduct in accordance with the corporate governance policies of our Company.

#### *Remuneration Committee*

The Remuneration Committee comprises of the following members:

<b>Name</b>	<b>Position</b>
Dr. U Zaw Oo	Chairman
Daw Aye Aye Aung	Member

The Remuneration Committee recommends to our Board a framework of remuneration for our Directors and key executives, and determining specific remuneration packages for each Director and key executives. The recommendations of our remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind are covered by the Remuneration Committee. Each member of the Remuneration Committee is required to abstain from voting on any resolutions and making recommendations and/or participating in any deliberations of the Remuneration Committee in respect of his own remuneration package.

#### *Nomination Committee*

<b>Name</b>	<b>Position</b>
Dr. U Zaw Oo	Chairman
U Ye Phone Hlaing	Member
U Kyaw Tin Myint	Member
Daw Aye Aye Aung	Member

Our Nomination Committee is responsible for (a) re-nomination of our Directors having regard to a Director's contribution and performance, (b) determining annually whether or not a Director is independent, and (c) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director.

The Nomination Committee decides how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which address how the Board has enhanced long term Shareholders' value. The Board intends to implement a process to be carried out by the Nomination Committee in order to assess the effectiveness of the Board as a whole and to assess the contribution by each individual Director to the effectiveness of the Board. Each member of the Nominating Committee is required to abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the Nomination Committee in respect of the assessment of his performance or re-nomination as Director.

#### *Management Committee*

<b>Name</b>	<b>Position</b>
U Thurane Aung	Chairman
U Thaung Tin	Member
U Phone Phone Naing	Member
Daw Yan Linn	Member
Daw Aye Aye Aung	Member
U Ye Phone Hlaing	Member
U Aung Gyi	Member

The Management Committee is responsible for (a) formulating short term and long term strategies which will guide the Company in the ideal direction which the Board and stakeholders envision the Company to be in; (b) delegating and managing employees in a manner which is in line with the Company's values and principles; and (c) ensuring the effective management of the organisation of and its activities.

## VII. Shareholders

The following table shows information about the 10 largest shareholders as at 31 May 2023.

<b>Name</b>	<b>Company registration, NRC or passport number and nationality</b>	<b>Address</b>	<b>No. of Shares</b>	<b>Percentage of outstanding Shares</b>
Dagon International Limited	115393715 Myanmar	No.262-264, Pyay Road, Dagon Centre, Block A, 7th Floor, Myanigone, Sanchaung T/S, Yangon	10,416,378	43.76%
Golden Land East Asia Limited	115075667 Myanmar	No.29, Min Ye Kyaw Swar Street, Lanmadaw T/S, Yangon.	2,200,000	9.24%
U Sit Lwin	14/PaTaNa(Naing) 150674 Myanmar	No.644, 1st Floor, Merchant Road, Pabedan Township, Yangon	668,431	2.81%
U Thurane Aung	12/KaMaYa(Naing) 050839 Myanmar	No.105, University Avenue, Kamayut Township, Yangon	612,728	2.57%
Willow Myanmar Investment Co., Ltd.	105408897 Myanmar	Building (507/519), Room 234, Ground Floor, Mahabandoola Road, Pabedan Township, Yangon	605,000	2.54%
Daw Yan Lin	1/MaNyaNa(Naing) 027160 Myanmar	C-301, Hiway Complex, Kamayut Township, Yangon	567,503	2.38%
U Ye Phone Hlaing	12/BaHaNa(Naing) 054971 Myanmar	No.51/E, University Avenue Street, Bahan Township, Yangon	557,025	2.34%
U Phone Phone Naing	9/MaNaMa(Naing) 007593 Myanmar	No.290-C, U Wisara Road, (10) Ward, Kamayut Township, Yangon	534,745	2.25%

Myanmar Creative Business Groups Co., Ltd.	116205718 Myanmar	Pyay Road, No. 268, Room No. 14-C, 14th Floor, Dagon Centre (II), Sanchaung Township, Yangon Region, Myanmar	440,000	1.85%
Daw Khin Htar Win	1/MaNyaNa(Naing) 074303 Myanmar	C-201, Hiway Complex, Kamayut Township, Yangon	357,610	1.50%

Except as disclosed in *Part IV(IX) – item 2 Issue of Shares*, there has been no significant change in the ownership of the 10 largest shareholders in the last two years prior to the Latest Practicable Date.

### **VIII. Dividends, Dividend Policy**

Our Company has paid dividends of 1,298,452,000 Kyats in the financial year ended 30 September 2021. This included dividends of 649,120,000 Kyats (or 30 Kyats per Share) approved in relation to each of the financial years ended 30 September 2020 and 30 September 2019.

Our Company’s policy is described in *Part IV(IX)-1 - Constitution and rights attaching to shares-Dividend*.

### **IX. Description of the Company’s Shares**

At the general meeting of shareholders held on 10 March 2023, our Company adopted the New Constitution in accordance with the MCL 2017. The board of directors of our Company approved the effectiveness of the New Constitution on 22 May 2023. Our New Constitution will become effective only upon lodgement with DICA in accordance with Sections 18 and 19 of the MCL 2017. This has not yet been done. The summary below is based on the New Constitution.

#### **1. Constitution and rights attaching to Shares**

##### *Rights attaching to Shares*

The rights attaching to Shares are set out in the New Constitution and, in certain circumstances, regulated by the MCL 2017, YSX’s business regulations and the general law. The principal rights, liabilities and obligations attaching to the Shares are summarised below.

##### *Foreign shareholders*

In accordance with the SE Law and SE Rules (as described in **Part VII – II**) foreign shareholders may be permitted to hold Shares in our Company up to the aggregate foreign shareholding ratio approved by our Company’s Directors in accordance with the SE Law and SE Rules. Our Company’s New Constitution adopted on 23 May 2023 will provide that if the actual foreign shareholding in our Company exceeds the approved amount at any time, the Shares in excess of the permitted amount (which shall in principle be the last Shares to be traded based on the chronological order of traded Shares according to the YSX) shall not have a vote at general meetings of our Company.

##### *Voting*

At a general meeting, every Shareholder present in person or by proxy, attorney or corporate representative has one vote in respect of each fully paid Share held by him on a poll and one vote on a show of hands. In the case of joint holders, the vote of the holder named first in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

At any general meeting a resolution put to the vote of the meeting shall be decided on a poll, unless a show of hands is (before or on the declaration of the result of the poll) demanded. A poll may be demanded by the chairman of the general meeting, at least five Shareholders or Shareholders with at least ten (10) per cent of the votes that may be cast on the poll.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the general meeting has a second or casting vote.

#### *Dividends*

The Company in general meeting may declare dividends, provided that such dividends shall not exceed the amount recommended by the Directors. The Directors may pay any interim dividend from time to time without any confirmation by a general meeting as, in their judgment, appear to be justified by the profits of the Company. No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits.

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies or for equalising dividends, or for any other purpose to which the profits of the Company may be properly applied.

The Company may not pay a dividend unless the (i) Company will, immediately after the payment of the dividend, satisfy the solvency test prescribed in the MCL 2017, (ii) making of the dividend is fair and reasonable to the Company's shareholders as a whole, and (iii) payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

Subject to any special rights attaching to Shares with special dividend rights, of which none are currently on issue, all dividends must be paid equally on all Shares and in proportion to the number of such Shares.

#### *Issue of Shares*

Subject to the provisions of the New Constitution, MCL 2017 and the YSX's business regulations, the Directors may with the sanction of the Company in general meeting by an extraordinary resolution, increase its capital by the issue of new Shares of such amount as and in such numbers as such resolution prescribes, and with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of share capital or otherwise, as the Company may from time to time by special resolution determine. The New Constitution provides existing Shareholders with pre-emption rights, which can be disapplied in a general meeting by an extraordinary resolution.

#### *Variation of class rights*

The rights attached to a class of Shares may be varied or cancelled (a) with the written consent of at least 75 per cent of the members of the Company or (b) special resolution passed at a meeting of the class of members whose rights are being varied or cancelled.

### *Transfer of Shares*

Shareholders may transfer Shares in compliance with the SE Law and SE Rules.

### *General meetings and notices*

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of our Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the New Constitution or the MCL 2017. At least 28 days' notice of a meeting must be given to the Shareholders.

### *Dissolution*

Dissolutions of the Company will be in accordance with the Insolvency Law (Law No. 1/2020).

### *Directors – appointment and removal*

The minimum number of Directors is seven and the maximum may not be more than 21. Directors are elected at general meetings of the Company, in accordance with the MCL 2017 and the New Constitution. The qualification of a Director (except where expressly provided) is the holding of 25,000 Shares, and the qualifications listed in the MCL 2017.

The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next general meeting of the Company, which must be called within 6 months of such appointment.

One third (or if their number is not three or a multiple of three, the nearest whole number to one third) of the Directors for the time being shall retire from office at every general meeting. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by the chairman of the meeting. Retiring Directors shall be eligible for re-election.

The Company may also by ordinary resolution passed at a general meeting called for this purpose or by written resolution passed in accordance with the MCL 2017 remove any Director.

### *Directors – voting*

Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

### *Directors – remuneration*

The Directors shall be paid by way of fees for services, the maximum aggregate sum as may be approved from time to time by the Directors.

### *Alteration of Share Capital*

Our Company may alter its share capital in accordance with the MCL 2017, SE Law and SE Rules.

### *Directors' and officers' indemnity*

Every Director and every other officer of the Company is fully indemnified by the Company to the full

extent permitted by law against all losses and expenses incurred in the preliminary process of securing project approval or awards by the Government or local authorities and in any other normal discharge of his duties except in the case of wilfully dishonest acts or defaults.

#### *Variation of the New Constitution*

The New Constitution may only be varied by a special resolution of the Company. At least 28 days written notice specifying the intention to propose resolution must be given.

## **2. Issue of Shares**

Set out below is a table on the number of Shares issued since our Company's incorporation.

<b>Date</b>	<b>Type of issue</b>	<b>No. of Shares issued and allotted</b>	<b>Issue Price per Share (in Myanmar Kyat)</b>	<b>Consideration</b>
24 Dec 2015	Initial paid up capital	500,000	10,000	Cash
16 Aug 2016	1 <sup>st</sup> rights issue	500,000	10,000	Cash
31 Oct 2016	2 <sup>nd</sup> rights issue	572,000	10,000	Cash - 122,000 Shares Other than cash - 450,000 Shares
10 Mar 2017	IPO	500,000	10,000/10,500	Cash - 492,679 Shares Other than cash - 7321 Shares
30 Mar 2017	Private placement	92,086	10,000/10,500	Cash - 64,407 Shares Other than cash - 27,679 Shares
31 May 2023	3 <sup>rd</sup> rights issue	2,164,086	1,500	Cash

On 20 February 2023, our Company announced a 10:1 rights issue. The purpose of the rights issue is primarily to raise funds for further business expansion and also give existing shareholders an opportunity to purchase additional shares before listing. Funds raised from the rights issue will be used to accelerate the construction of market buildings, shophouses and other infrastructure works within the next 3 to 4 years. The rights issue will also provide more balance to our Company's gearing ratio as we are able to increase equity capital. Pricing for the rights issue is based on the fair assessment of our Company's current development plans and valuation.

As of 31 May 2023, the paid up capital of the Company is 23,804,946,000 Kyats. All issued Shares are fully paid.

## PART V – RELATED PARTY TRANSACTIONS

### I. Material Transactions with Related Parties

Our Company’s Director, U Thurane Aung is the son of our Company’s Chairman, U Win Aung and the son-in-law of our Company’s Vice Chairman, U Sit Lwin. Another Director, U Phone Phone Naing is the brother-in-law of U Thurane Aung.

The main contractor of Danyingone Wholesale Market is Dagon and the Dagon Group is headed by our Company’s Chairman, U Win Aung. U Win Aung and U Thurane Aung are the Chairman and Chief Executive Officer of Dagon Group, respectively. Other companies in the Dagon Group are involved in real estate and agricultural produce business.

U Aung Gyi is the Chief Executive Officer of our Company and also a non-share owning Director in subsidiaries of Dagon Group.

The list of directors and shareholders of Dagon and its subsidiaries are provided below.

Name	Company Name	Position	Percentage of shares
U Win Aung	Dagon International Limited	Chairman	50%
Daw Moe Mya Mya	Dagon International Limited	Director	50%
U Thurane Aung	Dagon International Limited	Chief Executive Officer	-
U Kyaw Zaw Aung	Dagon International Limited	Director	-
<b>Subsidiaries</b>			
U Aung Gyi	Thuriya Energy Depot Ltd.	Director	-

#### *Past, Present and Ongoing Related Party Transactions*

A Related Party Transaction (“**RPT**”) is defined as a transaction between an Entity at Risk and Related Parties.

RPT will include, without limitation the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments.

We have identified the following RPT entered into by our Group:-

Related party	Nature of related party	Voting right ratio	Outline of transaction	Terms of transaction	Amount (Kyat)	Item in combined, unaudited financial statement for the 12 months ended 30 September 2022	Balance at end of 30 September 2022 (Kyat)
Dagon	Shareholder	43.76%	Dagon is the main contractor for the Danyingone Wholesale Market in accordance with the tender conditions of the YCDC. Dagon was appointed as the main contractor due to its qualification, which has been endorsed by letter No.4/7-1 (1)/Thit Swan dated 31 March 2015 from YRG.	Please refer to <b>Part III (II) - Description of Business, item 5(ii)</b>	Please refer to <b>Part III (II) - Description of Business, item 5(ii)</b>	Note 16(a) <ul style="list-style-type: none"> <li>• Advance construction contract – DIL</li> <li>• Advance Steel structure</li> <li>• Payable construction contract – DIL</li> </ul>	3,108,268,000  740,724,000  1,589,510,000
Dagon	Shareholder	43.76%	Our Company has a 6 month lease with Dagon in relation to office space at the	Please refer to <b>Part III (II) - Description of Business, item</b>	Please refer to <b>Part III (II) - Description of Business, item</b>	N/A	N/A

			Dagon Centre.	<b>5(iv)</b>	<b>5(iv)</b>		
Daw San San Wai	Executive Officer	0	Sale and purchase of shop house	Our Company's standard terms for the sale and purchase of shop houses	486,326,000	Note 16(a) – Shop house sales to director and executive officer	112,337,000
Dagon	Shareholder	43.76%	Payment made by the Company on behalf of Dagon for construction goods	Payment of construction costs upfront	10,579,000	Note 21(b) – Payment made by the Company on behalf of DIL	14,547,000

## II. Other Conflicts Of Interests

Our Company believes that any conflict of interest will be addressed by the fiduciary obligations of our Directors and the directors' duties under the MCL 2017, pursuant to which they are required to disclose any interest in respect of any contract, arrangement, or any other proposal whatsoever in which they have any personal material interest, directly or indirectly, or any actual or potential conflicts of interests. Upon such disclosure, such Director(s) will abstain from voting in respect of the relevant contract, arrangement, proposal, transaction or matter unless the non-interested members of our Audit Committee have determined that no such conflicts of interest exist.

One of our Directors, U Thaung Tin is an employee of YCDC. Apart from the Danyingone Wholesale Market, all Wet Markets and wholesale markets in the Yangon region are owned and operated by YCDC. It has been agreed that this Director will recuse himself from any discussions and decisions of our Board where he may have a conflict.

### *RPT Procedures*

Our Directors have adopted RPT Procedures with a view to ensure that RPT are on normal commercial terms and are transacted in an arm's length capacity on terms and prices not more favourable to the Related Party than if they were a third party with no prejudice to the interest of our Company and our minority Shareholders. Our Directors may from time to time revise the RPT Procedures in such a manner which is considered appropriate by our Board and will be disclosed in our Company's annual report, if so revised.

### *General Procedures*

The following procedures have been implemented by our Company in relation to RPTs;

- When purchasing any product or procuring any services from a Related Party, two additional quotations from non-Related Parties will be obtained as a comparison to ensure that our Company's interests and minority Shareholders' interests are not at a disadvantage. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two additional quotations from non-Related Parties. Pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be considered in determining the most competitive price or fee;
- When selling any products or supplying services to a Related Party, the price or fee and terms of two other successful transactions of a similar nature with non-Related Party will be used as a comparison to ensure that the interests of our Group and minority Shareholders are not at a disadvantage. The price or fee for the sale of products or the supply of services shall not be lower than the lowest price or fee of the two other successful transactions with non-Related Parties;
- When renting properties from or to a Related Party, appropriate steps will be taken to ensure that such rent matches prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (including an independent valuation reported by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rates of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- Where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from a Related Party, the RPT will be approved by either our Chief Executive Officer or Chief Financial Officer, if he has no interest in the transaction, or failing which, by our Audit Committee, in accordance with our usual business practices and policies will approve the RPT. In determining the transaction price payable to the Related Party for such products or services, factors including but not limited to quantity, requirements and specifications will be taken into account.

### *Review and Approval Procedures*

- a. All RPTs entered into by our Company will be categorised in the following manner:
  - (i) Category 1: A RPT where the value thereof is equal or in excess of 3.0% of the latest audited net tangible asset of the Company.
  - (ii) Category 2: A RPT where the value thereof is below 3.0% of the latest audited net tangible asset of the Company but is equal to or in excess of 100,000,000 Kyats.
  - (iii) Category 3: A RPT where the value thereof is below 100,000,000 Kyats.
- b. The relevant thresholds applicable in determining each category of RPT may be revised by our Board from time to time as considered appropriate by our Board.
- c. Category 1 RPT must be approved by our Audit Committee prior to entry.
- d. Category 2 RPT need not be approved by our Audit Committee prior to entry, but must be approved by our Chief Executive Officer and Chief Financial Officer prior to entry and shall be reviewed on a quarterly basis by our Audit Committee.
- e. Category 3 RPT need not be approved by our Audit Committee or Chief Executive Officer or Chief Financial Officer prior to entry, but shall be reviewed on a quarterly basis by our Audit Committee.
- f. Our Audit Committee will review all RPTs, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis. In accordance with the procedures outlined above, our Audit Committee will take into account all relevant non-quantitative factors.
- g. We shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register recording all RPTs. The basis for entry into the transactions, including quotation and other evidence obtained to support such basis, shall also be recorded in the register.
- h. The following will apply to the review and approval process for all categories of RPTs:
  - (i) If our Chief Executive Officer or Chief Financial Officer has an interest in the transaction or is a nominee for the time being of the relevant Related Party, the review and approval process shall be undertaken by the Chairman of our Audit Committee or another member of our Audit Committee (who is not a nominee of the Related Party and has no interest in the transaction) as designated by the Chairman of our Audit Committee from time to time for such purpose.
  - (ii) If a member of our Audit Committee has an interest in a transaction or is a nominee for the time being of the relevant Related Party, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

### *Disclosure*

Our Company's annual report shall contain our policy with regards to RPTs and disclose the aggregate value of RPTs entered into during the financial year and the aggregate value of the RPTs entered into with the same Related Party (as determined reasonably by our Board).

## **PART VI – FINANCIAL INFORMATION**

### **I. Financial Information**

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**

**FINANCIAL STATEMENTS  
30 SEPTEMBER 2021**

Currency – Kyat (In Thousands)

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED  
FINANCIAL STATEMENTS**

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Statement of cash flows	7
Notes to the financial statements	8-21



# MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED.

No. 262-264, Pyay Road, Dagon Centre (1), Block (A), 4<sup>th</sup> Floor, Sanchaung Township, Yangon, Myanmar.  
Tel : 95-1-503928, 503929, 514226 Fax : 95-1-516616

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED

It is the responsibility of the management to prepare the financial statements which give a true and fair view of the financial position of **Myanmar Agro Exchange Public Company Limited** ("the Company") as at 30 September 2021 and the statements of comprehensive income, changes in equity and cash flows for the 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;
- 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 Company. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of Management



U Win Aung  
Chairman  
Myanmar Agro Exchange Public Company Limited

29 December 2021



ဝင်းသင်နှင့်အဖွဲ့၊ တာရင်းစစ်များ။

# WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

**HEAD OFFICE:-** Room (2B/2C) 1<sup>st</sup> Floor, Rose Condominium, No.182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel: 95-1-8201798, 8296164, Fax: 95-1-8245671 Email: info@winthinassociates.com

**MANDALAY BRANCH:-** Room (9/10), East Wing of Bahtoo Stadium, 70<sup>th</sup> Street (Between 29<sup>th</sup> & 30<sup>th</sup> Street), OFFICE Mandalay Region, Myanmar. Tel: 95-2-4034451, Fax: 95-2-4034498

**Ref: 333 / M-283 / September 2021**

## INDEPENDENT AUDITOR'S REPORT

**To the members of Myanmar Agro Exchange Public Company Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **Myanmar Agro Exchange Public Company Limited** ("the Company"), which comprise the statement of financial position as at 30 September 2021, and the statements of comprehensive income, changes in equity and cash flows for the 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 (MFRS) 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 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 the auditor's 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, the auditor considers 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.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of **Myanmar Agro Exchange Public Company Limited** as at 30 September 2021, and of its financial performance and its cash flows for the year then ended in accordance with MFRS and the provision of the Myanmar Companies Law.

**Report on Other Legal and Regulatory Requirements**

In accordance with the provisions of the Myanmar Companies Law, we also 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 258 of the Law.



Saw Nelson (PAPP-400)  
Engagement Partner  
WIN THIN & ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS



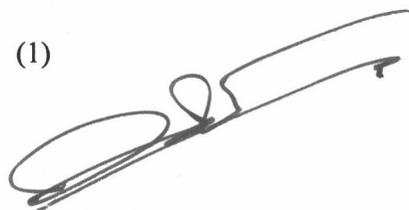
29 December 2021

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 MMK'000	2020 MMK'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	6	10,854,472	9,168,188
Property, plant and equipment	7	9,424,537	9,000,194
Intangible asset	8	50,568	68,092
		<u>20,329,577</u>	<u>18,236,474</u>
<b>Current assets</b>			
Cash and cash equivalents	9	3,225,286	803,292
Trade and other receivables	10	3,186,226	684,913
Advances and prepayments	11	982,964	657,077
Utilities stock		5,681	3,540
Work-in-progress	12	2,967,876	5,603,324
		<u>10,368,033</u>	<u>7,752,146</u>
		<u>30,697,610</u>	<u>25,988,620</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	21,753,001	21,753,001
Retained earnings		2,208,062	1,299,475
		<u>23,961,063</u>	<u>23,052,476</u>
<b>Non-current liabilities</b>			
Bank loan	14	-	1,600,000
		<u>-</u>	<u>1,600,000</u>
<b>Current liabilities</b>			
Trade and other payables	15	5,883,604	1,198,573
Provisions	16	852,943	137,571
		<u>6,736,547</u>	<u>1,336,144</u>
		<u>30,697,610</u>	<u>25,988,620</u>

The accompanying notes form an integral part of the Financial Statements.

(1)



Win Aung  
Chairman  
Myanmar Agro Exchange Public Limited

(2)



Aung Gyi  
Chief Executive Officer  
Myanmar Agro Exchange Public Limited

(3)



Director

Myanmar Agro Exchange Public Limited

(4)



Director

Myanmar Agro Exchange Public Limited

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 MMK'000	2020 MMK'000
<b>Revenue - net</b>	17	<b>8,345,479</b>	2,535,757
Cost of sales	19	<u>(3,495,577)</u>	<u>(411,157)</u>
<b>Gross profit</b>		<b>4,849,902</b>	2,124,600
Other income	18	70,117	76,735
<b>Expenses</b>			
- General and administrative	19	(1,887,760)	(1,664,335)
- Marketing	19	(298)	(15,614)
- Finance charges	19	<u>(693)</u>	<u>(10,336)</u>
		<b>3,031,268</b>	511,050
Share of profit to YCDC	16	<u>(766,141)</u>	<u>(130,063)</u>
Profit before tax		<b>2,265,127</b>	380,987
Income tax expense		<u>(58,088)</u>	<u>(3,572)</u>
<b>Profit after tax</b>		<b>2,207,039</b>	377,415
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>2,207,039</b>	377,415
<b>Earnings per share (Kyat per share)</b>		<b>102</b>	17
<b>Basic earnings per share</b>	21	<u>102</u>	<u>17</u>

*The accompanying notes form an integral part of the Financial Statements.*

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Share capital	Retained earnings	Total
	MMK'000	MMK'000	MMK'000
At 1 October 2020	21,753,001	1,299,475	23,052,476
Profit for the year	-	2,207,039	2,207,039
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	21,753,001	3,506,514	25,259,515
<b>Contribution from and distributions to owners</b>			
Issue of share capital	-	-	-
Dividend (Note 23)	-	(1,298,452)	(1,298,452)
	-	(1,298,452)	(1,298,452)
<b>At 30 September 2021</b>	<b>21,753,001</b>	<b>2,208,062</b>	<b>23,961,063</b>
At 1 October 2019	21,753,001	922,060	22,675,061
Profit for the year	-	377,415	377,415
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	21,753,001	1,299,475	23,052,476
<b>Contribution from and distributions to owners</b>			
Issue of share capital	-	-	-
Dividend	-	-	-
	-	-	-
<b>At 30 September 2020</b>	<b>21,753,001</b>	<b>1,299,475</b>	<b>23,052,476</b>

*The accompanying notes form an integral part of the Financial Statements.*

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 MMK'000	2020 MMK'000
<b>Cash flows from operating activities</b>			
Profit before tax		2,265,127	377,415
<i>Adjustments for:</i>			
- Depreciation and amortization		572,289	512,860
- Interest income		(49,620)	(40,501)
- Income tax adjustment		-	3,572
Operating profit before working capital changes		2,787,796	853,346
Changes in working capital			
- Trade and other receivables		(2,426,901)	596,884
- Advances and prepayments		(344,299)	7,452
- Utilities stock		(2,141)	292,573
- Work in progress		2,635,449	1,007,438
- Trade and other payables		4,619,433	802,601
- Provisions		722,881	(41,972)
Cash generated from operation		7,992,218	3,518,322
Interest received		49,620	40,501
Income tax paid		(56,000)	(43,263)
<b>Net cash provided by operating activities</b>		<b>7,985,838</b>	<b>3,515,560</b>
<b>Cash flows from investing activities</b>			
Additions to investment properties		(1,926,004)	(14,528)
Additions to property, plant and equipment		(737,640)	(3,239,023)
Additions to intangible assets		(1,748)	(24,376)
<b>Net cash used in investing activities</b>		<b>(2,665,392)</b>	<b>(3,277,927)</b>
<b>Cash flows from financing activities</b>			
Repayment of bank loan		(1,600,000)	(200,000)
Dividend paid to shareholders		(1,298,452)	-
<b>Net cash used in financing activities</b>		<b>(2,898,452)</b>	<b>(200,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,421,994</b>	<b>37,633</b>
Cash and cash equivalents at beginning of year		803,292	765,659
<b>Cash and cash equivalents at end of year</b>	9	<b>3,225,286</b>	<b>803,292</b>

*The accompanying notes form an integral part of the Financial Statements.*

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. General information**

Myanmar Agro Exchange Public Company Limited (“the Company”) was incorporated as a public company in the Republic of the Union of Myanmar under The Myanmar Companies Law on September 14, 2015. The Company’s registration certificate issued by the Ministry of National Planning and Economic Development was 1789/2015-2016 dated 14 September 2015. As per certificate of registration number 112387595, the Company has been re-registered with the new Myanmar Companies Law.

The Company was established by eleven promoters for the purpose of developing and managing Danyingone Wholesale Market. Danyingone Wholesale Market is located at the Corner of Shwe Pyi Thar Bridge Road and Palae Road in Insein Township. In early 2015, Dagon International Limited (DIL) participates in submitting the tender for construction and management of Danyingone Wholesale Market along with other bidders. DIL was awarded the tender on 31 March 2015 by Yangon Regional Government and Yangon City Development Committee (YCDC). One of the tender conditions and commitments given by DIL was that the project will be carried out through a project company which is a public company in nature and will hold 45% interest in such Public company as a promoter/founder, hence the creation of Myanmar Agro Exchange Public Company Limited. After incorporation, DIL was appointed as the main construction contractor for the Danyingone Wholesale Market construction to meet the tender condition clause 5(a), 16 of Yangon Regional Government.

The Company has leased a plot of land of 82.78 acres from Yangon Region Government, YCDC, for 50 years initially with an extended period of 20 years for constructing of Danyingone Wholesale Market. After the completion of the main market building, the Wholesale Market shall be opened and the Company will manage the overall administration of the Market according to the terms of the land lease agreement.

The registered office of the Company is No. 262 - 264, Pyay Road, Dagon Centre, Block (A), 4<sup>th</sup> Floor, Myaynigone, Sanchaung Township, Yangon Region, Myanmar.

The Company obtained permit from Myanmar Investment Commission on 25 June 2018 and accordingly entitled to receive income tax exemption starting by that date and it was expired by June 2021.

**2. Summary of significant accounting policies**

The Principal accounting policies which have been applied consistently throughout the financial years are summarized below:

**A Basis of preparation**

The accompanying financial statements of the Company have been prepared in accordance with Myanmar Financial Reporting Standards (MFRS) and have been prepared under the historical cost convention. In preparing these financial statements, certain reclassifications and rearrangements have been made on 30 September 2020 financial statements to conform to the classifications used on 30 September 2021.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**B Foreign currency translation**

*(1) Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in MMK, which is also the functional currency of the Company.

*(2) Transactions and balances*

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

**C Investment properties**

Investment properties are properties held to earn rental and/or capital appreciation (or both). Investment properties are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

The cost of major renovations and improvements is capitalized and the carrying amounts of the replaced components are recognized in profit or loss. The cost of maintenance, repair and minor improvements is recognized in profit or loss when incurred.

Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of fifty years.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognized in profit or loss.

**D Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of property, plant and equipment. The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

**MYANMAR AGRO EXCHANGE PUBLIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

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

Depreciation on property, plant and equipment is calculated using the straight-line methods to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Furniture and fittings	3 years
Office equipment	2-3 years
Motor vehicle	5 years
MPT phone line	5 years
Site equipment	3 years
Development cost	50 years

**E Intangible asset**

An item of intangible asset is stated at cost less any amortization and allowance for value (if any) except for goodwill which is considered to have an indefinite life.

The amortization method is on the straight-line basis.

	<u>Estimated useful lives</u>
Market operation system	3 years
E commerce system	3 years

**F Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash in hand and deposits with various local banks.

**G Inventories**

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. The costs of finished goods and work-in-progress comprise raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) and borrowing costs. Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

**H Trade and other receivables**

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

**MYANMAR AGRO EXCHANGE PUBLIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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

**I Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Company 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 (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

**J Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

**K Share capital**

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

**L Dividends**

Dividends to the Company's shareholders are recognized when they become legally payable.

**M 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 balance sheet date.

**N Revenue**

Revenue is recorded on accrual basis. 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 Company's activities.

**O Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3. Significant accounting judgments and estimates**

The preparation of the Company's financial statements in conformity with MFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses) assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**4. Financial risk management**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The main areas of financial risks faced by the Company and the policy in respect of these risks are set out as follows:

*(a) Foreign exchange risk*

There is no foreign exchange risk during the reporting period. The Company had minimized the foreign currency balance in bank to avoid from unexpected losses for the foreign exchange rate fluctuations.

*(b) Credit risk*

There are carrying amount of bank deposits, other receivables, prepayment and deposits included in the financial statements of the company. However, the Company had made necessary arrangement by laying down policy so that risk is at a minimum.

*(c) Market risk*

The Company is operating in Yangon and there is no impact of movement in foreign market risk.

*(d) Liquidity and cash flow risks*

The Company monitors and maintains a level of bank balances deemed adequate by the directors to finance the operation and mitigate the effects of fluctuation in cash flow.

**5. Capital management**

The Company's capital management major objective is to ensure that it maintains a strong credit rating and working capital ratios to support its business developments and maximize shareholder value.

The Company manages its capital structures and ensures that it meets its financial obligations as they fall due.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**6. Investment properties**

	2021 MMK'000	2020 MMK'000
<b>Cost</b>		
Balance at beginning of the year	9,723,712	9,750,449
Additions	2,763,753	14,528
Cost adjustment	(837,749)	(41,265)
Balance at end of the year	<u>11,649,716</u>	<u>9,723,712</u>
<b>Accumulated depreciation and impairment losses</b>		
Balance at beginning of the year	555,524	346,881
Depreciation for the year	239,720	208,643
Balance at end of the year	<u>795,244</u>	<u>555,524</u>
<b>Net book value</b>	<u>10,854,472</u>	<u>9,168,188</u>

Investment properties are rented to non-related parties. (Note 19)

The following amounts are recognized in the income statement:

	2021 MMK'000	2020 MMK'000
Rental income (Note 17)	3,260,701	2,385,599
Direct operating expense assigning from:		
- investment properties that generate rental income (Note 19)	279,139	258,002
- investment properties that do not generate rental income	-	-

The term of the contract between the Company and YCDC is fifty years, first extension period is ten years and second is ten years, and the buildings are to be transferred to YCDC at the expired date. Therefore, investment property is measured at cost less accumulated depreciation and amortization.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**7. Property, plant and equipment**

	Furniture and fittings MMK'000	Office equipment MMK'000	Motor vehicle MMK'000	MPT phone line MMK'000	Site equipment MMK'000	Development cost* MMK'000	Total MMK'000
<i>Cost</i>							
At 1 October 2020	14,317	47,095	25,345	26,718	501,136	9,126,498	9,741,109
Additions	1,107	5,526	–	–	198,385	532,622	737,640
At 30 September 2021	15,424	52,621	25,345	26,718	699,521	9,659,120	10,478,749
<i>Accumulated depreciation and impairment losses</i>							
At 1 October 2020	11,777	32,676	18,587	16,031	328,377	333,467	740,915
Depreciation	1,981	9,767	5,069	5,344	95,473	195,663	313,297
At 30 September 2021	13,758	42,443	23,656	21,375	423,850	529,130	1,054,212
<i>Net book value</i>							
At 30 September 2021	1,666	10,178	1,689	5,343	275,671	9,129,990	9,424,537
<i>Cost</i>							
At 1 October 2019	13,230	37,189	25,345	26,718	416,281	5,999,774	6,518,537
Additions	1,087	9,906	–	–	84,855	3,143,175	3,239,023
Cost adjustment	–	–	–	–	–	(16,451)	(16,451)
At 30 September 2020	14,317	47,095	25,345	26,718	501,136	9,126,498	9,741,109
<i>Accumulated depreciation and impairment losses</i>							
At 1 October 2019	8,254	19,954	13,518	10,687	193,614	206,526	452,553
Depreciation	3,523	12,722	5,069	5,344	134,763	126,941	288,362
At 30 September 2020	11,777	32,676	18,587	16,031	328,377	333,467	740,915
<i>Net book value</i>							
At 30 September 2020	2,540	14,419	6,758	10,687	172,759	8,793,031	9,000,194

\*Development cost included cost of shop house which was transferred to YCDC during the year (2019 – 2020)

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**8. Intangible asset**

	Market operation system MMK'000	E commerce system MMK'000	Total MMK'000
<i>Cost</i>			
At 1 October 2020	89,621	2,011	91,632
Additions	620	1,128	1,748
At 30 September 2021	90,241	3,139	93,380
<i>Accumulated amortization and impairment losses</i>			
At 1 October 2020	23,334	206	23,540
Amortization	18,279	993	19,272
At 30 September 2021	41,613	1,199	42,812
<i>Net book value</i>			
At 30 September 2021	48,628	1,940	50,568
<i>Cost</i>			
At 1 October 2019	67,256	–	67,256
Additions	22,365	2,011	24,376
At 30 September 2020	89,621	2,011	91,632
<i>Accumulated amortization and impairment losses</i>			
At 1 October 2019	7,685	–	7,685
Amortization	15,649	206	15,855
At 30 September 2020	23,334	206	23,540
<i>Net book value</i>			
At 30 September 2020	66,287	1,805	68,092

**9. Cash and cash equivalents**

	2021 MMK'000	2020 MMK'000
Cash in hand	1,515,423	7,050
Cash at banks*	1,709,863	796,242
	3,225,286	803,292

\* Cash at banks include bank guarantee amounting to MMK 500,000,000 (September 2020: MMK 500,000,000) at Ayeyarwady Bank.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**10. Trade and other receivables**

	2021 MMK'000	2020 MMK'000
Trade receivables	3,171,724	677,994
Accrued interest income	2,754	1,100
Advances	620	620
Other receivables – related parties {Note 22 (b)}	5,290	–
Other receivables – non related parties	5,838	5,199
	<u>3,186,226</u>	<u>684,913</u>

**11. Advances and prepayments**

	2021 MMK'000	2020 MMK'000
Advance commercial tax	286,753	77,110
Advance income tax	56,000	–
Advance feasibility study {Note 22 (b)}	522,440	522,440
Other advances & Project cost	89,688	29,196
Prepayments	28,083	28,331
	<u>982,964</u>	<u>657,077</u>

**12. Work-in-progress**

	2021 MMK'000	2020 MMK'000
Infrastructure and others	1,125,357	1,625,911
Shop house	85,514	–
Construction contract {Note 22 (a)}	1,757,005	3,977,413
	<u>2,967,876</u>	<u>5,603,324</u>

**13. Share capital**

	Number of shares	MMK'000
At 1 October 2020	21,640,860	21,753,001
Additions	–	–
<b>At 30 September 2021</b>	<u>21,640,860</u>	<u>21,753,001</u>
At 1 October 2019	21,640,860	21,753,001
Additions	–	–
At 30 September 2020	<u>21,640,860</u>	<u>21,753,001</u>

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**14. Bank loan**

The Company acquired no additional loan (30 September 2020: Nil) from Ayeyarwady Bank during the financial year. The details are as follows:

	2021 MMK'000	2020 MMK'000
Opening balance	1,600,000	1,800,000
Additions	-	-
	<u>1,600,000</u>	<u>1,800,000</u>
Payments made during the year	<u>(1,600,000)</u>	<u>(200,000)</u>
	<u>-</u>	<u>1,600,000</u>

The company has pledged some of its properties for loan taken from Ayeyarwady Bank. The loan has now been repaid and it's written off as collateral.

**15. Trade and other payables**

	2021 MMK'000	2020 MMK'000
Advance from contract with customer	3,950,900	10,000
Dividend payable (Note 23)	181,225	-
Other payables -related parties {Note 22 (a)}	1,243,871	868,191
Other payables_ non-related parties	507,608	320,382
	<u>5,883,604</u>	<u>1,198,573</u>

**16. Provisions**

	2021 MMK'000	2020 MMK'000
Provision for commercial tax	28,714	7,508
Provision For income tax	58,088	-
Provision For YCDC *	766,141	130,063
	<u>852,943</u>	<u>137,571</u>

\* Provision is made in accordance with the agreement between the Company and YCDC which describes that YCDC is entitled to receive 25% of net profit before tax from rents and sales of the remaining 80% of shop houses after transferring 20% of 200 shop houses to YCDC, medium-sized wholesale shops and gasoline shops.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**16. Provisions (continued)**

The details are as follows:

	2021 MMK'000	2020 MMK'000
<b>Revenue-net</b>		
Sale of shop house	5,073,816	155,340
Rental income	3,152,314	2,305,909
Cost of sales	<u>(3,388,423)</u>	<u>(345,126)</u>
Gross profit	4,837,707	2,116,123
Other income	70,112	76,734
<b>Expenses</b>		
- General and administrative	(1,842,415)	(1,646,967)
- Marketing	(150)	(15,304)
- Finance charges	<u>(690)</u>	<u>(10,336)</u>
Net profit before tax *	3,064,564	520,250
Share of YCDC (25%)	<u>766,141</u>	<u>130,063</u>

\*Net profit before tax excludes revenue, cost of sales and related expenses from online sales of meat, fish and vegetables which are shown in details as follows;

	2021 MMK'000	2020 MMK'000
<b>Revenue-net</b>		
Income from E commerce (Note 17)	119,349	74,508
Cost of sales	<u>(107,154)</u>	<u>(66,031)</u>
Gross profit	12,195	8,477
Other income	5	1
<b>Expenses</b>		
- General and administrative	(45,345)	(20,940)
- Marketing	(148)	(310)
- Finance charges	<u>(2)</u>	<u>-</u>
Net loss	<u>(33,295)</u>	<u>(12,772)</u>

**17. Revenue - net**

	2021 MMK'000	2020 MMK'000
<i>Revenue</i>		
Sale of shop house {Note 22 (a)}	5,226,030	160,000
(-) Commercial tax (3%)	<u>(152,214)</u>	<u>(4,660)</u>
	5,073,816	155,340
Rental income (Note 6)	3,260,701	2,385,599
(-) Commercial tax (5%)	<u>(108,387)</u>	<u>(79,690)</u>
	3,152,314	2,305,909
E commerce (Note 16)	119,349	74,508
	<u>119,349</u>	<u>74,508</u>
	<u>8,345,479</u>	<u>2,535,757</u>

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**18. Other income**

	2021 MMK'000	2020 MMK'000
Interest income	49,620	53,097
Miscellaneous receipt from market	20,497	23,638
	<u>70,117</u>	<u>76,735</u>

**19. Expenses by nature**

The total of cost of sales, general and administrative expenses, marketing expenses and finance charges are as follows:

	2021 MMK'000	2020 MMK'000
Construction Cost	3,109,284	87,124
Service charges for rental (Note 6)	279,139	258,002
E commerce charges	107,154	66,031
Depreciation and amortization	572,289	512,860
Professional Fees	43,339	38,011
Audit Fees	33,810	32,309
General Administrative Expenses	134,663	128,516
Salary & benefit	574,225	483,214
Key management personnel and director remuneration {Note 22 (c)}	138,832	130,321
Securities service fee	162,658	164,834
Utilities	123,130	60,668
Insurance	39,824	43,239
Marketing & promotion	12,992	37,184
Honorarium fees {Note 22 (c)}	44,000	48,000
Bad debts *	9,000	306
Exchange gain/ (loss)	(704)	487
Finance expenses	693	10,336
	<u>5,384,328</u>	<u>2,101,442</u>

\* Sale contract for half of three-story shop house was void by the first buyer and then it was sold to the second buyer. The difference arising from the two selling prices amounting to kyat 9,000,000 was recorded as bad debt.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**20. Significant commitments and obligations**

The Company has appointed DIL as its main construction- contractor in order that the terms and conditions of tender para 5(A) 16 could be fulfilled. The Company has signed a contract of land lease on 22 March 2016 to pay the following benefits:

1. Contract with YCDC

The Company has executed land lease agreement with the following rights:

- To give to YCDC 20% of 200 shop house to which 40 (shop house including large broker house, living quarters, offices);
- After the business has started, to pay an amount equal to 25% of profit before tax from rents and sales of the remaining 80% of shop houses, shops, medium-sized wholesale shops and gasoline shops.

2. Contract with DIL

- (a) The Company has contracted DIL to construct of Danyingone Wholesale Market in order to fulfill the terms and conditions of tender para 5(A) 16;
- (b) The Company has signed agreements with DIL to set off its contributions, 45% of second right issue 450,000 shares and 35,000 of public offering 500,000 shares, against cost of Danyingone Wholesale Market construction on 31 October 2016 and 30 March 2017 respectively.

**21. Earnings per share**

**Basic earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2021	2020
Net profit attributable to equity holders of the Company	2,207,039,000	377,415,000
Weighted average number of ordinary shares outstanding for basic earnings per share	21,640,860	21,640,860
Basic earnings per share	<u>102</u>	<u>17</u>

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**22. Related party transactions**

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and the related parties at terms agreed between the parties;

*(a) Sales and purchase of goods and services*

	2021 MMK'000	2020 MMK'000
Advance construction contract - DIL (Note 12)	1,757,005	3,977,413
Payable construction contract - DIL (Note 15)	1,243,871	868,192
Shop House sales to director and executive officer (Note 17)	<u>355,500</u>	<u>-</u>

*(b) Other*

	2021 MMK'000	2020 MMK'000
Payment made by the Company on behalf of DIL (Note 10)	5,290	-
Advance feasibility study (Note 11)	522,440	522,440

*(c) Key management personnel and director remuneration (Note 19)*

	2021 MMK'000	2020 MMK'000
Remuneration	138,832	130,321
Honorarium fees	44,000	48,000
	<u>182,832</u>	<u>178,321</u>

*(d) Agreement between related parties (Note 22.2)*

DIL was selected as the major contractor as it was awarded the winner by Tender Selection Committee of Yangon Region Government among other tender bidders' participants to develop and manage Danyingone project.

**23. Dividend**

Board of directors of the Company has resolved at Annual General Meetings held on 16<sup>th</sup> October 2020 and 8<sup>th</sup> June 2021 to propose a dividend of kyats 30 per share for the periods ended 30 September 2019 and 2020.

**24. Authorization of financial statements**

The financial statements of the Company for the year ended 30 September 2021 were authorized for issue on 29 December 2021.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**

**COMBINE FINANCIAL STATEMENTS**

**For the period from**

**1 OCTOBER 2021**

**to**

**30 SEPTEMBER 2022**

Currency – Kyat (In Thousands)



ဝင်းသင်နှင့်အဖွဲ့လီမိတက်

**WIN THIN & ASSOCIATES LTD**

CERTIFIED PUBLIC ACCOUNTANTS

Room (2B/2C) 1<sup>st</sup> Floor, Rose Condominium, No. 182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel: 95-1-8201798, 8296164, Fax: 95-1-8245671 Email: info@winthinassociates.com

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## ACCOUNTANTS' REPORT ON COMBINED FINANCIAL INFORMATION

**To the members of Myanmar Agro Exchange Public Company Limited**

### **Report on the combined Financial Statements**

We report on the accompanying combined financial statements of **Myanmar Agro Exchange Public Company Limited** ("the Company") for the twelve-month period ended 30 September 2022. These statements combined the audited financial statements of the company as at and for the six months ended 31 March 2022, and the unaudited financial statements as at and for the six months ended 30 September 2022.

### *Management's Responsibility for the combined Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements.

### *Accountants' Responsibility for the combined Financial Statements*

We have fully discussed with the management the basis of preparation of the combined financial statements.

### *Opinion*

In our opinion, the combined financial statements have properly been compiled by the management.

Saw Nelson (PAPP-400)

Engagement Partner

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

15 May 2023

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2022**

	Note	30 September, 2022 MMK'000	30 September, 2021 MMK'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	1	11,069,605	10,854,472
Property, plant and equipment	2	10,839,595	9,424,537
Intangible asset	3	101,518	50,568
		<u>22,010,718</u>	<u>20,329,577</u>
<b>Current assets</b>			
Cash and cash equivalents	4	2,168,319	3,225,286
Trade and other receivables	5	3,263,498	3,186,226
Advances and prepayments	6	1,086,297	982,964
Utilities stock			5,681
Inventory-shop house		4,534	-
Work-in-progress	7	4,960,194	2,967,876
		<u>11,482,842</u>	<u>10,368,033</u>
		<u>33,493,560</u>	<u>30,697,610</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	21,753,001	21,753,001
Retained earnings		1,806,579	2,208,062
		<u>23,559,580</u>	<u>23,961,063</u>
<b>Current liabilities</b>			
Trade and other payables	9	8,553,860	5,883,604
Provisions	10 (a)	1,380,120	852,943
		<u>9,933,980</u>	<u>6,736,547</u>
		<u>33,493,560</u>	<u>30,697,610</u>

The accompanying notes form an integral part of the financial statements.



**Aung Gyi**  
**Chief Executive Officer**  
**Myanmar Agro Exchange Public Limited**



**Director**  
**Myanmar Agro Exchange Public Limited**

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 1 OCTOBER 2021 TO 30 SEPTEMBER 2022**

	Note	<b>1 October 2021 to 30 September 2022</b>	1 October 2020 to 30 September 2021
		MMK'000	MMK'000
<b>Revenue - net</b>	11	<b>11,406,987</b>	8,345,479
Cost of sales		<b>(6,293,739)</b>	(4,012,869)
<b>Gross profit</b>		<b>5,113,248</b>	4,332,610
Other income	12	<b>284,150</b>	70,117
<b>Expenses</b>			
- General and administrative	13	<b>(1,603,900)</b>	(1,370,468)
- Marketing	13	<b>(25,426)</b>	(298)
- Finance charges	13	<b>(716)</b>	(693)
		<b>3,767,356</b>	3,031,268
Share of profit to YCDC	10 (b)	<b>(952,716)</b>	(766,141)
Profit before tax		<b>2,814,640</b>	2,265,127
Income tax expense		<b>(619,220)</b>	(58,088)
<b>Profit after tax</b>		<b>2,195,420</b>	2,207,039
Other comprehensive income for the period/year			
<b>Total comprehensive income for the period/year</b>		<b>2,195,420</b>	2,207,039
<b>Basic earnings per share</b>	15	<b>102</b>	102

The accompanying notes form an integral part of the financial statements.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	Share capital	Retained earnings	Total
	MMK'000	MMK'000	MMK'000
At 1 October 2021	21,753,001	2,208,062	23,961,063
Profit for the period (2021-2022)FY	-	597,777	597,777
Profit for the period (2022-2023)FY	-	1,597,643	1,597,643
Total comprehensive income for the period	<u>21,753,001</u>	<u>4,403,482</u>	<u>26,156,483</u>
<b>Contribution from and distributions to owners</b>			
Issue of share capital	-	-	-
Dividend	-	(2,596,903)	(2,596,903)
<b>At 30 SEPTEMBER 2022</b>	<u>21,753,001</u>	<u>1,806,579</u>	<u>23,559,580</u>
At 1 October 2020	21,753,001	1,299,475	23,052,476
Profit for the year	-	2,207,039	2,207,039
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	<u>21,753,001</u>	<u>3,506,514</u>	<u>25,259,515</u>
Contribution from and distributions to owners			
Issue of share capital	-	-	-
Dividend	-	(1,298,452)	(1,298,452)
	-	(1,298,452)	(1,298,452)
At 30 September 2021	<u>21,753,001</u>	<u>2,208,062</u>	<u>23,961,063</u>

The accompanying notes form an integral part of the financial statements.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	<b>1 October 2021 to 30 September 2022</b>	1 October 2020 to 30 September 2021
	<b>MMK'000</b>	MMK'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,814,640	2,265,127
<i>Adjustments for:</i>		
- Depreciation and amortization	686,410	572,289
- Interest income	(103,899)	(49,620)
- Write off of intangible assets	(170,424)	-
Operating profit before working capital changes	<u>3,226,727</u>	<u>2,787,796</u>
Changes in working capital		
- Trade and other receivables	(77,893)	(2,426,901)
- Advances and prepayments	(452,153)	(344,299)
- Utilities stock	-	(2,141)
- Inventory	1,147	-
- Work-in-progress	(1,469,878)	2,635,449
- Trade and other payables	1,446,335	4,619,433
- Provisions	529,102	722,881
Cash generated from operation	<u>3,203,387</u>	<u>7,992,218</u>
Interest received	103,899	49,620
Income tax paid	(174,925)	(56,000)
<b>Net cash provided by operating activities</b>	<u>3,132,361</u>	<u>7,985,838</u>
<b>Cash flows from investing activities</b>		
Additions to investment properties	(292,439)	(1,926,004)
Additions to property, plant and equipment	(1,810,718)	(737,640)
Additions to intangible assets	(93,969)	(1,748)
<b>Net cash used in investing activities</b>	<u>(2,197,126)</u>	<u>(2,665,392)</u>
<b>Cash flows from financing activities</b>		
Repayment of bank loan	-	(1,600,000)
Dividend paid to shareholders	(1,992,202)	(1,298,452)
<b>Net cash used in financing activities</b>	<u>(1,992,202)</u>	<u>(2,898,452)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(1,056,967)</u>	<u>2,421,994</u>
Cash and cash equivalents at beginning of period/year	<u>3,225,286</u>	<u>803,292</u>
<b>Cash and cash equivalents at end of period/year</b>	<u>2,168,319</u>	<u>3,225,286</u>

The accompanying notes form an integral part of the financial statements.

**MYANMAR AGRO EXCHANGE PUBLIC COMPANY  
LIMITED  
NOTES TO THE FINANCIAL STATEMENTS**

**1. Investment properties**

	<b>30 September, 2022</b>	30 September, 2021
	<b>MMK'000</b>	MMK'000
<b>Cost</b>		
Balance at beginning of the period/year	<b>11,885,865</b>	9,723,712
Additions	<b>56,290</b>	2,763,753
Cost adjustment	<b>179,798</b>	(837,749)
Balance at end of the period/year	<b>12,121,953</b>	11,649,716
<b>Accumulated depreciation and impairment losses</b>		
Balance at beginning of the period/year	<b>924,229</b>	555,524
Depreciation for the period/year	<b>128,119</b>	239,720
Balance at end of the period/year	<b>1,052,348</b>	795,244
<b>Net book value</b>	<b>11,069,605</b>	10,854,472

Investment properties are rented to non-related parties.

The following amounts are recognized in the income statement:

	<b>30 September, 2022</b>	30 September, 2021
	<b>MMK'000</b>	MMK'000
Rental income (Note 11)	<b>2,225,583</b>	3,260,701
Direct operating expense assigning from:		
- investment properties that generate rental income (Note 13)	<b>176,531</b>	279,139
- investment properties that do not generate rental income	-	-

The term of the contract between the Company and YCDC is fifty years, first extension period is ten years and second is ten years, and the buildings are to be transferred to YCDC at the expired date. Therefore, investment property is measured at cost less accumulated depreciation and amortization.

## 2. Property, plant and equipment

	Furniture and fittings	Office equipment	Office building	Motor vehicle	MPT phone line	Site equipment	Development cost*	Total
	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000	MMK'000
<b>Cost</b>								
At 1 October 2021	15,424	52,621	-	25,345	26,718	699,521	9,659,120	10,478,749
Additions	12,715	25,131	560,000	159,966	-	89,449	1,143,255	1,990,516
Transfer to investment property	-	-	-	-	-	-	(179,798)	(179,798)
<b>At 30 September 2022</b>	<b>28,139</b>	<b>77,752</b>	<b>560,000</b>	<b>185,311</b>	<b>26,718</b>	<b>788,970</b>	<b>10,622,577</b>	<b>12,289,467</b>
<i>Accumulated depreciation and impairment losses</i>								
At 1 October 2021	13,758	42,443	0	23,656	21,375	423,850	529,130	1,054,212
Depreciation	2,898	10,338	-	25,685	5,343	132,249	219,147	395,660
<b>At 30 September 2022</b>	<b>16,656</b>	<b>52,781</b>	<b>-</b>	<b>49,341</b>	<b>26,718</b>	<b>556,099</b>	<b>748,277</b>	<b>1,449,872</b>
<b>Net book value</b>								
<b>At 30 September 2022</b>	<b>11,483</b>	<b>24,971</b>	<b>560,000</b>	<b>135,970</b>	<b>-</b>	<b>232,871</b>	<b>9,874,300</b>	<b>10,839,595</b>
<b>Cost</b>								
At 1 October 2020	14,317	47,095	-	25,345	26,718	501,136	9,126,498	9,741,109
Additions	1,107	5,526	-	-	-	198,385	532,622	737,640
<b>At 30 September 2021</b>	<b>15,424</b>	<b>52,621</b>	<b>-</b>	<b>25,345</b>	<b>26,718</b>	<b>699,521</b>	<b>9,659,120</b>	<b>10,478,749</b>
<i>Accumulated depreciation and impairment losses</i>								
At 1 October 2020	11,777	32,676	-	18,587	16,031	328,377	333,467	740,915
Depreciation	1,981	9,767	-	5,069	5,344	95,473	195,663	313,297
<b>At 30 September 2021</b>	<b>13,758</b>	<b>42,443</b>	<b>-</b>	<b>23,656</b>	<b>21,375</b>	<b>423,850</b>	<b>529,130</b>	<b>1,054,212</b>
<b>Net book value</b>								
<b>At 30 September 2021</b>	<b>1,666</b>	<b>10,178</b>	<b>-</b>	<b>1,689</b>	<b>5,343</b>	<b>275,671</b>	<b>9,129,990</b>	<b>9,424,537</b>

\*Development cost included cost of shop house which was transferred to YCDC during the year 2019 – 2020

### 3. Intangible asset

	Market operation system	E commerce system	Total
	MMK'000	MMK'000	MMK'000
<b>Cost</b>			
At 1 October 2021	90,241	3,139	93,380
Additions	93,969	-	93,969
Write off	(26,781)	-	(26,781)
At 30 September 2022	<b>157,429</b>	<b>3,139</b>	<b>160,568</b>
<b>Accumulated amortization and impairment losses</b>			
At 1 October 2021	41,613	1,199	42,812
Amortization	32,600	1,046	33,646
Write off	(17,408)	-	(17,408)
At 30 September 2022	<b>56,805</b>	<b>2,245</b>	<b>59,050</b>
<b>Net book value</b>			
At 30 September 2022	<b>100,624</b>	<b>894</b>	<b>101,518</b>
<b>Cost</b>			
At 1 October 2020	89,621	2,011	91,632
Additions	620	1,128	1,748
Write off			
At 30 September 2021	90,241	3,139	93,380
<b>Accumulated amortization and impairment losses</b>			
At 1 October 2020	23,334	206	23,540
Amortization	18,279	993	19,272
Write off			
At 30 September 2021	41,613	1,199	42,812
<b>Net book value</b>			
At 30 September 2021	48,628	1,940	50,568

### 4. Cash and cash equivalents

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Cash in hand	272,040	1,515,423
Cash at banks*	1,896,279	1,709,863
	<b>2,168,319</b>	<b>3,225,286</b>

\* Cash at banks include bank guarantee amounting to MMK 500,000,000 (September 2020: MMK 500,000,000) at Ayeyarwady Bank.

## 5. Trade and other receivables

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Trade receivables		
– Related parties	112,337	355,500
– Non related parties	3,125,003	2,816,224
Accrued interest income	3,884	2,754
Advances		620
Other receivables		
– Related parties	14,547	5,290
– Non related parties	7,727	5,838
	<b>3,263,498</b>	<b>3,186,226</b>

## 6. Advances and prepayments

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Advance commercial tax	568,376	286,753
Advance income tax	229,000	56,000
Advance feasibility study	97,125	522,440
Other advances & project cost	160,508	89,688
Prepayments	31,288	28,083
	<b>1,086,297</b>	<b>982,964</b>

## 7. Work-in-progress

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Infrastructure and others	1,068,800	1,125,357
Shop house	42,402	85,514
Construction contract	3,108,268	1,757,005
Advance Steel Structure	740,724	-
	<b>4,960,194</b>	<b>2,967,876</b>

## 8. Share capital

	Number of shares	MMK'000
At 1 October 2021	21,640,860	21,753,001
Additions	-	-
<b>At 30 September 2022</b>	<b>21,640,860</b>	<b>21,753,001</b>
At 1 October 2020	21,640,860	21,753,001
Additions	-	-
<b>At 30 September 2021</b>	<b>21,640,860</b>	<b>21,753,001</b>

## 9. Trade and other payables

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Advance from contract with customer	5,510,000	3,950,900
Dividend payable	604,701	181,225
Other payables		
- Related parties	1,593,510	1,247,803
- Non-related parties	845,649	503,676
	<b>8,553,860</b>	<b>5,883,604</b>

### 10.(a) Provisions / Share of profit to YCDC

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Provision for commercial tax	13,967	28,714
Provision For income tax	677,309	58,088
Provision For YCDC *	688,844	766,141
	<b>1,380,120</b>	<b>852,943</b>

\* Provision is made in accordance with the agreement between the Company and YCDC which describes that YCDC is entitled to receive 25% of net profit before tax from rents and sales of the remaining 80% of shop houses after transferring 20% of 200 shop houses to YCDC, medium-sized wholesale shops and gasoline shops.

#### Share of profit to YCDC

Share of profit to YCDC for the period -

(a) 1 October 2021 to 31 March 2022 (already paid)	263,872 MMK'000
(b) 1 April 2022 to 30 September 2022 (Provision)	688,844 MMK'000
Total Share of profit to YCDC for the reporting period	<b>952,716 MMK'000</b>

The details are as follows:

### 10.(b) Share of profit to YCDC

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
<b>Revenue-net</b>		
Sale of shop house	7,224,699	5,073,816
<b>Rental income</b>	4,125,553	3,152,314
Cost of sales	(6,240,578)	(3,905,715)
Gross profit	5,109,674	4,320,415
Other income	284,145	70,112
<b>Expenses</b>		
- General and administrative	(1,558,067)	(1,325,123)
- Marketing	(24,192)	(150)
- Finance charges	(696)	(690)
Net profit before tax *	3,810,864	3,064,564
Share of YCDC (25%)	952,716	766,141

	<b>30 September, 2022</b>	30 September, 2021
	MMK'000	MMK'000
<b>Revenue-net</b>		
Income from E commerce (Note 11)	56,735	119,349
Cost of sales	(53,162)	(107,154)
Gross profit	<b>3,573</b>	12,195
Other income	5	5
<b>Expenses</b>		
- General and administrative	<b>(45,833)</b>	(45,345)
- Marketing	<b>(1,235)</b>	(148)
- Finance charges	(20)	(2)
Net loss	<b>(43,510)</b>	<b>(33,295)</b>

## 11. Revenue - net

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
<i>Revenue</i>		
Sale of shop house		
-Non related parties	7,441,440	4,870,530
-Related parties	-	355,500
	<u>7,441,440</u>	<u>5,226,030</u>
(-) Commercial tax (3%)	<u>(216,741)</u>	<u>(152,214)</u>
	<u>7,224,699</u>	<u>5,073,816</u>
Rental income (Note 1)	4,274,541	3,260,701
(-) Commercial tax (5%)	<u>(148,988)</u>	<u>(108,387)</u>
	<u>4,125,553</u>	<u>3,152,314</u>
E commerce (Note 10)	56,735	119,349
	<u>56,735</u>	<u>119,349</u>
	<u>11,406,987</u>	<u>8,345,479</u>

## 12. Other income

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Interest income	103,899	49,620
Miscellaneous receipt from market	180,251	20,497
	<u>284,150</u>	<u>70,117</u>

### 13. Expenses by nature

The total of cost of sales, general and administrative expenses, marketing expenses and finance charges are as follows:

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Construction cost	5,300,966	3,109,284
Service charges for rental (Note 1)	342,308	279,139
E commerce charges	53,162	107,154
Depreciation and amortization	686,410	572,289
Professional fees	36,000	43,339
Audit fees	18,300	33,810
Miscellaneous	251,171	134,663
Write off of intangible assets	9,373	-
Salary & benefit	665,938	574,225
Key management personnel and director remuneration	154,452	138,832
Securities service fee	154,308	162,658
Utilities	114,548	123,130
Insurance	52,170	39,824
Marketing & promotion	25,426	12,992
Honorarium fees	34,000	44,000
Bad debts *	-	9,000
Exchange gain/ (loss)	(20,352)	(704)
Finance expenses	716	693
Listing Cost	35,548	-
Tax Adjustment	9,337	-
	<b>7,923,781</b>	<b>5,384,328</b>

### 14. Dividend

	30 September, 2022	30 September, 2021
	MMK'000	MMK'000
Number of share	21,640,860	21,640,860
Dividend per share	120	30
<b>Total (in thousands)</b>	<b>2,596,903</b>	<b>649,227</b>
Dividend paid during the period	1,992,202	468,002
Payable {Note (9 - second item)}	604,701	181,225
	<b>2,596,903</b>	<b>649,227</b>

## 15. Earnings per share

	<b>1 October, 2021</b>	1 October, 2020
	<b>to</b>	to
<u>Myanmar Kyat (In Thousands)</u>	<b>30 September, 2022</b>	30 September, 2021
Net profit attributable to equity holders of the Company (Myanmar Kyat in thousands)	<b>2,195,420</b>	2,207,039
Weighted average number of ordinary shares outstanding for basic earnings per share (Share in thousands)	<b>21,640</b>	21,640
<b>Basic earnings per share (Myanmar Kyat)</b>	<b>102</b>	102

## 16. Related party transactions for the period from 1 October 2021 to 30 September 2022

### (a) Sales and purchase of goods and services

	Transactions value for the period 1 October 2021 to	Payment for the period 1 October 2021 to	Net Transactions value for the period 1 October 2021 to	Balance outstanding as at
	30-Sep-22	30-Sep-22	30-Sep-22	30-Sep-22
	MMK'000	MMK'000	MMK'000	MMK'000
Advance construction contract – DIL	8,110,578	-6,759,315	1,351,263	3,108,268
Advance Steel structure				740,724
Payable construction contract - DIL	1,342,296	-996,657	345,639	1,589,510
Shop House sales to director and executive officer	243,163	-486,326	-243,163	112,337

### (b) Other

	Transactions value for the period 1 October 2021 to	Payment for the period 1 October 2021 to	Net Transactions value for the period 1 October 2021 to	Balance outstanding as at
	30-Sep-22	30-Sep-22	30-Sep-22	30-Sep-22
	MMK'000	MMK'000	MMK'000	MMK'000
Payment made by the Company on behalf of DIL	19,836	-10,579	9,257	14,547

### (c) Key management personnel and director remuneration

	Transactions value for the period 1 October 2021 to	Payment for the period 1 October 2021 to	Net Transactions value for the period 1 October 2021 to	Balance outstanding as at
	30-Sep-22	30-Sep-22	30-Sep-22	30-Sep-22
	MMK'000	MMK'000	MMK'000	MMK'000
Remuneration	153,252	-153,252	0	0
Honorarium fees	34,000	-33,932	68	4,000

## **II. Legal Proceedings**

Our Company is not engaged in any legal proceedings which could have a material adverse effect on the Company's financial position or results of operations.

## PART VII – MYANMAR SECURITIES MARKET

### I. Outline of the legal/regulatory system in Myanmar

The SE Law came into force on 31 July 2013. Under the SE Law, the SE Rules were promulgated on 27 July 2015. The SECM has also promulgated certain notifications and other subordinate legislation to implement the SE Law and the SE Rules, for example, Notification No. 2/2015, which makes provision for companies to undertake public offerings. The SECM was formed by the Myanmar Government on 19 August 2014, through the issue of Notification No. 64/2014 of the Union Government, appointing seven members chaired by the Deputy Union Minister for Planning and Finance. The SECM is supported by the Office of the SECM, which officially opened on 24 February 2015.

#### *Regulators and Enforcement*

SECM is the principal regulator of Myanmar’s capital markets. SECM currently consists of seven members appointed by the Union Government. Every two years, two members of the SECM are required to retire pursuant to section 5 of the SE Law and regulation 8 of the SE Rules, provided that a retiring member may be reappointed. The chairman of SECM is also appointed by the Union Government. SECM has broad administrative powers to inter alia grant a licence for the conduct of a securities business, grant a permit to a stock exchange or an over-the-counter market, supervise securities businesses, and approve public offerings.

The Ministry of Planning and Finance (“**MOPF**”) shares rule-making functions with SECM to implement the SE Law. The MOPF has the power, with the approval of the Union Government, to issue rules, regulations, by-laws under the SE Law, in coordination with the SECM, and in addition, can together with the SECM, issue notifications, orders, directives and procedures. The MOPF issued the SE Rules pursuant to such power.

On the enforcement side, the SECM is authorised to take administrative actions, such as revocation of a licence, and to impose a range of administrative penalties against offenders. SECM also has the right to summon, examine, and obtain evidence from any relevant person if there is a reason to believe an offence has been committed.

#### *Disclosure*

A public company is required under the SE Law to submit to SECM the procedure of a public offering, including a prospectus, before making a public offering of its securities, and to obtain the approval of SECM for the public offering. The definitions of public company, public offering, and prospectus are not provided in the SE Law but in the MCL 2017. A public company will be subject to the requirements provided in the MCL 2017 and to those in the SE Law and the SE Rules and notifications promulgated thereunder.

Accordingly, a prospectus used for a public offering needs to satisfy both requirements. As for financial statements, under the MCL 2017, a prospectus must include an auditor’s report with respect to the profits of the company and its subsidiaries, and the rates of dividends, for the latest three years. The audited financial statements, comprising balance sheets and income statements, for the latest two years are expected to be required under the SE Rules, which may also contain adjustment provisions to harmonise the financial information requirements under the MCL 2017 and the SE Rules.

Any non-compliance with, or contravention of, the requirements under the MCL 2017 subjects a person knowingly responsible for the issue of the relevant prospectus to a fine. As any person who violates any prohibition contained in the SE Rules could 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, if there is any false or misleading statement in a prospectus, a person who wilfully makes a false statement in any material particular required by the MCL 2017 would be subject to imprisonment and a fine under the MCL 2017, while such false statement may constitute a prohibited act under Part IX of the SE Law and could subject a responsible person to imprisonment and a fine. Although nothing is provided in the SE Law about civil liabilities, if there is any misleading or untrue statement in a prospectus, directors at the time of issue of the prospectus and other persons who have authorised the issue of the prospectus will, subject to certain defences, be liable under the MCL 2017 for all losses or damage incurred by subscribers for shares on the faith of the prospectus.

The SE Rules impose continuous disclosure obligations on listed companies, public companies whose securities are trading over the counter, are approved by the SECM to undertake a public offering, or which have the prescribed number of investors, requiring such companies to file with SECM and publicly disclose an annual report, a semi-annual report, and extraordinary reports for the benefit of investors buying or selling shares in the secondary market.

### ***Prohibited Fraudulent Conduct***

The prohibited acts are provided in Chapter IX of the SE Law, which are detrimental to the interests of the general public and to the protection of investors. Any person, including not only a securities company, but also an investor or a public company, is prohibited from conducting the prohibited acts and upon its violation will be subject to imprisonment for a term not exceeding 10 years and also possibly to 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.

## **II. Overview of the Securities Market in Myanmar**

The YSX officially began operations on 9 December 2015, and commenced listing and trading activities on 25 March 2016. The first securities companies were awarded their licenses on 26 February 2016.

Under section 51 of the SE Law, a stock exchange, such as YSX, is allowed to carry out a 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 YSX will become the central securities depository. Trading of shares on the YSX takes place in dematerialised form, pursuant to Notification No. 1/2015 dated 7 August 2015. Before that, all transfers of shares were done in physical form. In addition, the MOPF also released Notification No.86/2016 on 28 March 2016, allowing listed companies on the YSX to register electronic securities certificates and the rights thereto with DICA.

The YSX is owned by Yangon Stock Exchange Joint-Venture Company Limited, a joint venture company

owned by Myanmar Economic Bank, a state-owned bank, Daiwa Institute of Research, a Japanese company, and Japan Exchange Group, a Japanese company.

Myanmar Securities Exchange Centre Co., Ltd. was established in 1996 as a joint venture company between Myanmar Economic Bank and Daiwa Securities Group Inc, a Japanese securities company to develop the capital markets in Myanmar in accordance with the guidance of MOPF.

In addition to the stock exchange, the SE Law also has provisions for an over-the-counter market, or an organised market for trading of unlisted securities. It 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 organisational matters and its functions and duties, are provided in the SE Rules.

A stock exchange is the centrepiece of the Myanmar securities market. It can be formed as a limited liability company or a joint-venture under Myanmar law. Although it is not clear from the provisions of the SE Law, it is envisaged, in particular in relation to 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 will be 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.

Foreigners were permitted to trade shares on the YSX from 20 March 2020, in accordance with Notification No. 1/2019 issued by the SECM on 12 July 2019. The YSX issued the Framework for Trading by Foreign Investors on 6 September 2019 implementing the SECM's notification by setting out the roles and responsibilities of listed companies, securities companies and the YSX in relation to foreigners trading shares on the YSX, and the SECM subsequently issued Instruction No. 1/2020 on 6 March 2020 setting out the requirements for securities companies to open accounts for foreigners to trade shares.

Under Instruction No. 1/2020:

- both resident and non-resident foreigners are entitled to trade shares on the YSX; and
- each listed entity is permitted to set its own limit for the shareholding by foreigners (and under its Framework for Trading by Foreign Investors, the YSX would suspend purchase orders by foreigners which risked exceeding the upper limit for foreign shareholding (being within five per cent of the upper limit set by the company)).

As of the Latest Practicable Date, all but one listed company (Myanmar Citizens Bank Limited) had permitted foreigners to trade their shares, while trading of the shares of First Myanmar Investment Public Co., Ltd. by foreigners had been suspended as it had exceeded the cap on foreign shareholding.

The YSX has also announced the establishment of a pre-listing board, to provide fundraising opportunities to unlisted public companies which do not yet meet the criteria to list on the YSX's mainboard. On 2 October 2020, the YSX issued the Securities Registration Business Regulations and Business Operations Manual, required to implement the pre-listing board, and on 28 October 2020 it approved seven companies to advise on registrations on the pre-listing board (including all of the securities companies licensed under the SE Law).

### **III. Listing and trading on the YSX**

There are currently seven listed companies on the YSX as of the Latest Practicable Date, being First Myanmar Investment Public Co. Ltd., Myanmar Thilawa SEZ Holdings Public Co. Ltd., Myanmar Citizens Bank Limited, First Private Bank Limited, TMH Telecom Public Co. Ltd., Ever Flow River Group Public Co., Ltd. and Amata Holding Public Co., Ltd.

## **PART VIII – SUMMARY OF MATERIAL MYANMAR LAWS AND REGULATIONS**

A summary of relevant aspects of applicable laws and regulations that our business and operations are subject to in Myanmar is provided below. The following is not intended to be and does not constitute legal advice. The following does not purport to contain all conditions, qualifications and exceptions and the following is not a complete and exhaustive review of all laws and regulations of Myanmar with respect to the stated matters. 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.

### **I. Myanmar Companies Law (Law No. 29/2017)**

The MCL 2017 is the primary law dealing with the incorporation and operation of companies in Myanmar. It was enacted on 6 December 2017 and came into force on 1 August 2018. The MCL 2017 modernises the MCA 1914 based on international companies laws (including the Australian Corporations Act).

Importantly, companies incorporated under the MCL 2017 are classified as either a “foreign company” or a “Myanmar company”. This distinction is important as there are a number of legal and practical restrictions to foreign companies doing business in Myanmar. For example, the practice of Myanmar government agencies under the 1987 Transfer of Immoveable Property Restriction Law was to prohibit the transfer of immoveable property to, or its acquisition or lease for more than one year by, a foreign company. However, while under the MCA 1914, a Myanmar company was defined as a company with no foreign shareholding, under the MCL 2017, up to 35% foreign shareholding will be permitted in such a company.

The MCL 2017 also abolished the requirement for foreign companies to obtain a permit to trade, required under section 27A(3) of the MCA 1914 for a foreign company to carry on business in Myanmar, and which in practice, was only very rarely given for foreign companies intending to engage in trading activities.

The MCL 2017 also streamlined the process for incorporating and operating companies in Myanmar. Unlike under the MCA 1914, single member companies may be incorporated under the MCL 2017, and greater flexibility is provided to companies to manage their capital. The MCL 2017 also introduced a statutory set of directors’ duties and more stringent corporate governance requirements, aimed at bolstering the conduct of companies in Myanmar.

### **II. Myanmar Investment Law (Law No. 40/2016)**

The Myanmar Investment Law (“**MIL**”), which came into effect on 30 March 2017, combined the previous local and foreign investment laws into one law and provides for a streamlined investment approval process. The MIL is administered by the Myanmar Investment Commission (“**MIC**”). On 30 March 2017, the MIC issued the Myanmar Investment Rules (Notification No 35/2017) setting out the process of obtaining approval under the MIL.

Generally, a permit will be required under the MIL from the MIC for both foreign and local investments that are strategically important, capital intensive, have a large potential impact on the environment or local community, use state-owned land and other designated investments. Foreign investors will require a land rights authorisation from the MIC under the MIL to have the right to enter into a long-term lease of land (in view of the restrictions under the 1987 Transfer of Immoveable Property Restriction Law noted below).

### **III. Securities Exchange Law (2013)**

This law requires improved corporate governance and accountancy standards, a robust regulatory and reporting framework, and a level of transparency that will give investors adequate information for investment decisions.

### **IV. Labour and Manpower Regulations**

Employment is regulated contractually in Myanmar, subject to the requirements of a number of labour laws regulating minimum standards in different aspects of employment, such as overtime and occupational health and safety, including the following:

1. Leave and Holidays Act 1951
2. Minimum Wages Law 2013
3. Social Security Law 2012
4. Factories Act 1951
5. Labour Organization Law 2011
6. Settlement of Labour Dispute Law 2012
7. Employment and Skill Development Law 2013
8. Shops and Establishment Law 2016
9. Payment of Wages Law 2016
10. Occupational Safety and Health Law, 2019

Myanmar has amended several of these laws, and there continues to be a push for further amendment. Under the Employment and Skills Development Law, an employer is required to finalise a written employment contract within 30 days of commencement of employment. The employment contract is required to be filed with the local township office of the Ministry of Labour. The Ministry has for this purpose issued Notification No. 140/2017 on 28 August 2017 prescribing a template employment contract for use of business in Myanmar.

This also includes the obligation to register all employees with the Myanmar Social Security Board within 15 days from the commencement of its operations.

### **V. Myanmar Environmental Regulations**

Myanmar's environmental regulation is underpinned by the Environmental Conservation Law of 2012 ("ECL"). The ECL requires certain businesses, workplaces, factories and workshops to obtain a permit from the Ministry of Natural Resources and Environmental Conservation ("MONREC"), prior to conducting their business. MONREC has issued Notification No. 616/2015 under the ECL, to prescribe the Environmental Impact Assessment Procedure ("EIAP") applicable to Myanmar. The EIAP sets out when prior permission is required and the process for obtaining it through conducting an environmental impact assessment.

The first step under the EIAP is to conduct an initial environmental examination. MONREC may issue an Environmental Compliance Certificate upon completion of such initial examination or require a full environmental impact assessment prior to the issue of the Environmental Compliance Certificate. MONREC may inspect and enforce compliance with any conditions of any such certificate.

Apart from the ECL, businesses may be subject to specific environmental laws, including in respect of the conservation of water, or sectoral environmental requirements.

### **VI. General Regulations on Construction Activities in Myanmar**

Construction activities in Myanmar are regulated by rules and policies implemented by:

- The ministry level (e.g., the Ministry of Construction) either directly or indirectly through the Department of Urban and Housing Development (“**DUHD**”);
- The various city development committees, (hereinafter referred to as the “**Development Committees**”); and/or
- The various regional governments where the land or construction activity is intended to be undertaken.

The permitting process involves two stages. A building permit will first be given for the construction of the works, and a building completion certificate will be issued after inspection of the completed works. Generally, the building permit’s terms and conditions will require construction to be completed within one year. In June 2020, the Ministry of Construction published a National Building Code that sets out standards for construction works. These standards are intended to be applied by township-level development committees when they approve construction works.

More broadly, planning and zoning regulations are still developing in Myanmar. The YCDC has developed a draft zoning scheme for Yangon, which it applies but has not yet been finalised or published.

## **VII. Laws and By-Laws of Yangon City Development Committee (YCDC)**

### **1. Yangon City Development Law of 2018**

YCDC is administered under the Yangon City Development Law of 2018 to carry out development projects effectively in Yangon. The YCDC’s duties are stipulated as follows:

- formulating urban projects;
- supervising and implementing real estate;
- taking action against constructions of buildings, houses and huts without permission on land owned by the YCDC, vacant land, reserve land and roads or deposits on any of the above and requiring the dismantling, removal or relocation of the above;
- replacing the original plans for the land owned or administered by the YCDC or reserve land with new plans which will support further urban development; and
- construction, maintenance, repair and management for the development of markets and supervision of privately owned markets, stores and shopping centres.

### **2. By-Laws of YCDC**

The YCDC has enacted 30 by-laws between 1995 and 2018, which includes three by-laws related to market development:

- By Law on Town Planning and Land Use (No3/2001) (May 7, 2001);
- Bylaw on Building (No.2/2014) (December 6, 2014) which provides permission and application for construction and issuance of licence for buildings owned by the YCDC, buildings which are inappropriate or dangerous for use as residences, taxes for trespass, sign boards and advertisement and prohibitions; and
- Bylaw for Markets (No. 7/1999) (December 22, 1999) which provides supervision for the development of affairs and restrictions.

## **VIII. Myanmar Anti-Corruption Law**

Myanmar’s Anti-Corruption Law came into effect on 7 August 2013. The Anti-Corruption Law prohibits the

giving, accepting, obtaining, attempting to obtain, proposal, promise or discussion by any means of any bribe (being consideration or appropriate value for the purpose of bribery) to any person in exchange for that person to perform (or not perform) a lawful act or grant someone a legal right or incorrectly prohibit a legal right.

Sanctions for breach of the Anti-Corruption Law vary according to the position of the person who committed the breach. If a holder of a political post commits such a breach, he will be liable to a penalty of up to 15 years and/or a fine. If any other “Competent Authority” commits such a breach, he will be liable to a penalty of up to 12 years and/or a fine. A “Competent Authority” is defined in the Anti-Corruption Law as a public servant, foreign public servant, a person who holds a political post, senior official or administrator, or representative of a “public organisation” (which is defined to include the legislature, executive and judicial branches of any level of government in Myanmar, any company with any government ownership and any public company incorporated under the MCL 2017). If any other person (including any other private businesses other than public companies) breaches the Anti-Corruption Law he will be liable to a penalty of up to 7 years and/or a fine.

## **IX. Anti-Money Laundering and Customer Due Diligence**

The legislation currently in force in Myanmar relating to anti-money laundering (“AML”) is the Anti-Money Laundering Law of 2014 (“AMLL”). The Ministry of Home Affairs issued the Anti-Money Laundering Rules under the AML by issuing Notification No. 1201/2015 on 11 September 2015.

The AMLL brings Myanmar in line with international best practice. Under the AMLL, “reporting organisations” (such as banks, financial institutions and other designated bodies) are responsible to carry out assessments to identify risks of money laundering and terrorism financing that may arise in relation to new products, services, businesses or technologies and take appropriate measures to manage and mitigate such risks, undertake customer due diligence, monitor certain transactions, comply with certain record keeping and reporting obligations and implement certain internal policies.

## **X. Real Estate Laws**

There is no single piece of legislation governing land in Myanmar. The legal framework with regard to land in Myanmar exists in the form of numerous laws that deal with specific areas or concerns relating to land (such as the Village Act (amended 1961), the Forest Law (2018) and the Farmland Law (2012), just to give a few examples).

Generally, there are two primary types of interests in land in Myanmar, freehold land and leasehold land. In Myanmar, a limited amount of freehold land exists in parts of Yangon and Mandalay. The government typically grants “grant land”, which is leasehold land owned by the Myanmar government and leased to private parties on a long-term basis. Although technically grant land is leasehold land, it is widely considered to be analogous to freehold land in Myanmar, as there is a high expectation that upon the expiry of the leasehold interest in such land it will be automatically rolled over.

Myanmar nationals and companies may generally receive land grants for any period as specified in the corresponding grant without the need of securing or perfecting any special or additional approval from the government (apart from the issuance of the land grant itself).

A typical development model involves a Government entity permitting a developer to construct houses or apartments on a particular plot of land. Once the development is complete, the Government entity will issue a land grant for houses or right of occupancy for apartments to the buyers. Collectively and individually the owners of the houses/apartments have a landlord and tenant relationship with the Government entity and have collective rights to the common property of the development. The developer may maintain a management

role in the development through a contractual relationship with the collective house/apartment owners' association.

### **Transfer of Property Act 1882**

This Act relates to various types of property transfer including the sale, gift, exchange and lease of property and defines the basic rights and obligations of the buyer and seller.

### **Myanmar Stamp Act of 1899**

Stamp duty is payable on execution of instruments, including lease agreements and transfers of property. As of 1 August 2017 (pursuant to the Law Amending the Stamp Act of 2017), stamp duty for transfers of property has been levied at a flat rate of 2% for properties located inside of the Nay Pyi Taw administrative area, and at 4% for those elsewhere. Stamp duty is also levied on leases of immovable property ranging from 0.5% to 2% depending on the length of the lease and on extensions to grants which are calculated by reference to sq. ft. The Internal Revenue Department has issued appraised values for different areas of Yangon and provided a minimum threshold for tax payments to avoid the practice of under-reporting the value of property transactions.

### **Registration of Instruments Law of 2018**

This legislation prescribes the types of documents required to be registered, or which may be registered at the option of the document holder. Mortgages and all non-testamentary instruments that create or extinguish a present or future interest in immovable property are required to be registered under this law. All transfers of property, as well as leases above one year in length or which have yearly rent must be registered.

### **Transfer of Immovable Property Restriction Law 1987**

This Act provides for restrictions on the transfer of immovable property to, or its acquisition or lease for more than one year by, foreign citizens and foreign-owned companies from owning immovable property or leasing immovable property for a term exceeding one year. The definition of 'foreign-owned companies' under the TIPRL refers to companies that are not 50% or more owned or controlled by Myanmar citizens.

### **Farmland Law of 2012**

This law governs the rights attaching to farmland, which is land that may be used for agricultural purposes.

### **Vacant, Fallow and Virgin Lands Management Law of 2012**

This law governs the rights attaching to vacant, fallow and virgin land, which is abandoned farmland or wild land.

## **XI. General**

In addition to the above, all businesses in Myanmar are required to comply with general laws, notifications and regulations relating to taxation, intellectual property, labour and employment, and environmental and pollution control, etc.

## PART IX – TAXATION

*The summary below is provided for general information only and has not been reviewed by our Company's professional advisers. Investors are strongly advised to take their own professional advice.*

In addition, prospective investors of the Shares should consult their own tax advisers regarding Myanmar tax consequences and other tax consequences of owning, and disposing of, the Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in this Listing accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Shares.

### I. Scope of tax

The following discussion describes the material Myanmar income tax, tax on dividends, capital gains tax in accordance with Union Tax Law 2023 and stamp duty consequences of the subscription for, ownership, and disposal of the Shares.

### II. 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 deducting 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 percent
2,000,001	10,000,000	5 percent
10,000,001	30,000,000	10 percent
30,000,001	50,000,000	15 percent
50,000,001	70,000,000	20 percent
30,000,001 and above		25 percent

For rental income received from renting out land, building 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 source 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 source for 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.

No.	Income (MMK)	Income tax rate
(a)	1 - 30,000,000	3%
(b)	30,000,001 - 600,000,000	5%
(c)	600,000,001 - 1,000,000,000	10%
(d)	1,000,000,001 - 3,000,000,000	15%

No.	Income (MMK)	Income tax rate
(e)	3,000,000,001 and above	30%

### III. Corporate income tax

The current corporate income tax (“CIT”) rate is 22% for Myanmar companies, branches registered under the MCL 2017, 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 MIL). Resident entities, which are defined as companies established under the MCL 2017, are obliged to declare and pay CIT on their worldwide income. Non-residents, which are defined as entities other than residents, including overseas corporations registered under the MCL 2017, are only obliged to pay CIT on their Myanmar-sourced income. The corporate income tax (“CIT”) for the public companies listed at the Yangon Stock Exchange is 17%. Furthermore, if these companies failed to pay income tax in full in the past, they shall identify the full income for the last two financial years before the income tax due, and if they pay the income tax in full, they shall be exempted from fines and prosecution under the Tax Administration Law.

### IV. Dividend distributions

Dividends received from a company are exempt from income tax.

### V. 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 Ks10,000,000. Stamp duty must be paid at the rate of 0.1% of the value of shares sold.

## **PART X – OTHER INFORMATION**

### **1. Approvals**

The Listing of the Shares were approved at meetings of the Board of Directors on 20 October 2022 and 3 February 2023 and at a general meeting of shareholders on 17 March 2023.

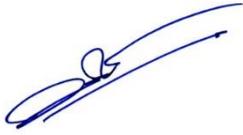
### **2. Consents**

Win Thin & Associates have consented to the inclusion of their Accountants Report in this Disclosure Document for Listing.

### **3. General**

At the general meeting of shareholders held on 10 March 2023, our Company adopted the New Constitution in accordance with the MCL 2017. The board of directors of our Company approved the effectiveness of the New Constitution on 22 May 2023. Our New Constitution will become effective only upon lodgement with DICA in accordance with Sections 18 and 19 of the MCL 2017. This has not yet been done. A copy of the New Constitution may be inspected at our registered office at No.262-264, Pyay Road, Dagon Centre (1), Block A, 7<sup>th</sup> Floor, Myaynigone, Sanchaung Township, Yangon Region., Myanmar during normal business hours for a period of six (6) months from the date of this Disclosure Document for Listing.

PART XI – SIGNATURES OF THE DIRECTORS



U Win Aung



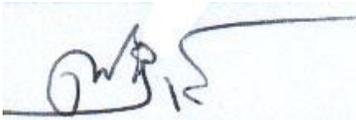
U Sit Lwin



U Thurane Aung



Daw Yan Lin



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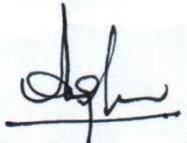
U Sai Tun Win



Daw Aye Aye Aung



U Kyaw Tin Myint



U Aung Nyunt



Dr. Zaw Oo



U Thaung Tin



Daw Tin May Oo