

Serious corruption risk as Ever Flow River prepares to float on Yangon Stock Exchange

Human rights activists warn that EFR funding could bring in major profits for the Myanmar military, and support ongoing war crimes and crimes against humanity

25th May 2020, Myanmar: Transportation and logistics conglomerate Ever Flow River (EFR) is set to be the sixth publicly-listed company on the Yangon Stock Exchange (YSX), when they go public on May 28th 2020. EFR is a business partner of military conglomerate Myanma Economic Holdings Public Company Limited (MEHL), and profits from EFR's YSX listing may further systemic military corruption and support ongoing war crimes and crimes against humanity.

EFR and MEHL are developing an integrated inland port complex in Yangon, registered under the name Hlaing Inland Terminal and Logistics Co. Ltd. EFR has announced an intended investment of USD\$47 million for the project, while Lann Pyi Marine, an MEHL subsidiary, will provide the land under a 50-year lease. According to EFR, Lann Lyi Marine holds "unlimited concession right over [the project land]".

The land is part of a 150-acre lot between Aung Zeya Bridge and Shwe Pyi Thar Bridge in Hlaing Thar Yar.

MEHL holds 51% of the shares in Hlaing Inland Terminal and Logistics through Lann Pyi Marine, an MEHL subsidiary. EFR holds the remaining 49%.

The inclusion of a customs-bonded warehouse, customs clearance and port services within the project adds heightened corruption risk.

One of MEHL's Directors, retired Brigadier-General Kyaw Htin, is also Director-General of the Myanmar Customs Department. A second MEHL Director, retired Major Ni Aung, is Managing Director of Myanma Port Authority, the government agency that regulates and operates ports.

Brigadier-General Kyaw Htin and Major Ni Aung therefore have a serious conflict of interest, as they will be directly profiting from their public positions through MEHL's business with EFR.

Justice For Myanmar Spokesperson Yadanar Maung says: "One of EFR's key businesses could bring major profits for the Myanmar military cartel, reinforcing their power, enriching war criminals and supporting ongoing war crimes and crimes against humanity. It is shocking that the Yangon Stock Exchange has approved EFR's listing. This raises serious concerns about the stock exchange's standards of due diligence and ability to operate independently from military and crony influence."

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While the Yangon Stock Exchange's listing criteria requires disclosure "of relevant corporate information and the facts that the public should be known [sic]", it is concerning that EFR has not disclosed that Lann Pyi Marine is a subsidiary of MEHL and that there is a conflict of interest involving Brigadier-General Kyaw Htin and Major Ni Aung. They have also failed to disclose evidence of how MEHL acquired the 40 acres of prime Yangon riverside and industrial land being used for the project, or of the conflict of interest of MEHL directors.

MEHL was featured in an August 2019 report by the UN Independent International Fact-Finding Mission on Myanmar, which recommended that *"no business enterprise active in Myanmar or trading with or investing in businesses in Myanmar should enter into or remain in a business relationship of any kind with the security forces of Myanmar [...] in particular MEHL and MEC and all of their subsidiaries and business relationships. Relevant business relationships include granting loans to these companies or investing capital into their operations and procuring services from Tatmadaw related companies (including real estate rental)."*

Yadanar Maung continues: "The military's grave human rights violations continue because of the military's profits from businesses like EFR, which grant the institution revenue that is autonomous from any democratic oversight and the generals with immense personal privilege. By approving the listing, the YSX is also perpetuating military corruption and continuing human rights violations."

EFR is providing the capital to complete the project, using funds that will be raised through the YSX, which is a joint venture between the state-owned Myanma Economic Bank, Daiwa Institute of Research (a subsidiary of Daiwa Securities Group) and the Japan Exchange Group. The Japan Exchange Group also operates Tokyo Stock Exchange. The Japanese government agency JICA provides consultancy services to companies listing on the YSX.

Note to Editors

Justice For Myanmar, a group of covert activists campaigning for justice and accountability for the people of Myanmar, is calling for investors to steer clear from investing in businesses that have links to the Myanmar military and support federal democracy and a sustainable peace.

The Yangon Stock Exchange was officially opened in 2015, and the first public listing was in 2016. Yangon Stock Exchange opened to foreign traders in March 2020, enabling foreign investors to hold equity in Hlaing Inland Terminal and Logistics Co. Ltd through EFR.

The UN Fact-Finding Mission report: *The Economic Interests of the Myanmar Military*, lists MEHL, Lann Pyi Marine and Hlaing Inland Terminal. It also confirms the dual positions of Brigadier-General Kyaw Htin and Major Ni Aung. An unofficial Burmese translation of the report is available [here](#).

To view Ever Flow River's disclosures on the YSX, [click here](#).

For the Lann Pyi Marine website, [click here](#).



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