

Corporate Governance Report

Updated : 31st October, 2023
Company Name : Ever Flow River Group Public Co., Ltd.
Company Representative : Daw Yee Mon Oo (Compliance Officer)
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URL : <https://www.efrgrouppmm.com/>
Code : 00006

I . Fundamental Views on Corporate Governance and Other Key Information

1 . Corporate Attributes

Fiscal Year-End	31 st March, 2023 (FY2022-2023)
Sector Classification	Logistics
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	487 employees
Revenue, Profit after Tax, Total Assets and Net Assets (consolidated) for the Previous Fiscal Year	MMK 51,038,413,623 (Revenue), MMK 1,746,425,966 (Profit after tax), MMK 30,861,121,375 (Total Assets), MMK 18,734,585,109 (Net Assets)
Number of Consolidated Subsidiaries and Associated Companies as of the End of the Previous Fiscal Year	8 Subsidiaries, 3 Project Units, 1 Associate

2 . Fundamental Views on Corporate Governance

At E.F.R., the Board of Directors and stakeholders are fully aware of the importance of setting up strong corporate governance practices. They take their responsibility seriously in developing a suitable framework that safeguards and improves shareholder value as well as the company's performance.

E.F.R. acknowledges the significance of maintaining high levels of accountability for corporate governance and is making every effort to implement practices that comply with prevailing international principles while taking into account local conditions in Myanmar.

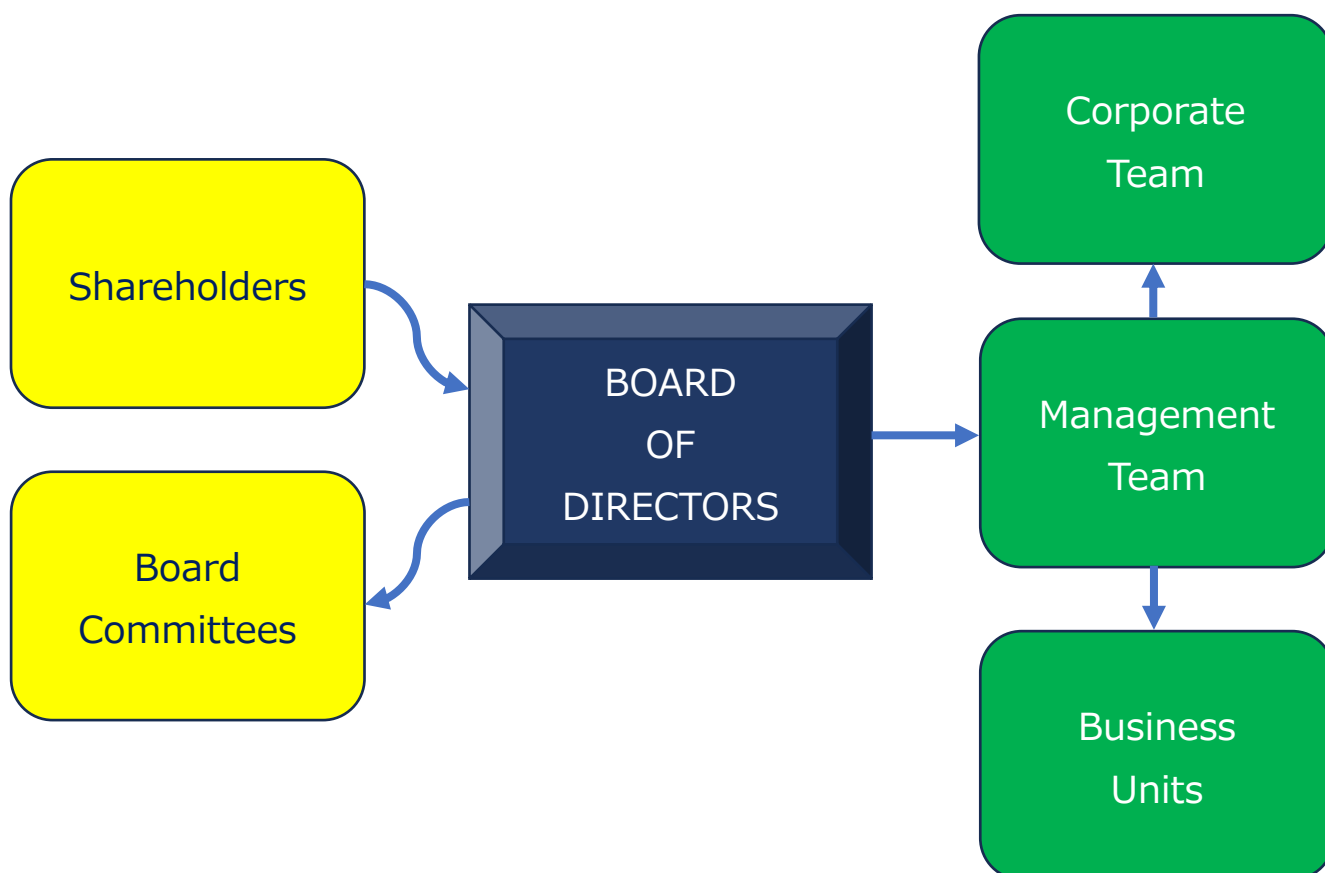
E.F.R is dedicated to creating a transparent management structure that is governed by robust principles, which facilitate efficient coordination between the Board of Directors and the Board Committees throughout the organization.

Corporate Governance Report

The structure promotes the objectives of;

- Early identification of opportunities and challenges
- Efficient process for informed decision-making
- Agile planning and fast execution
- Sound controls, checks, and balances, and compliance
- Clear allocation of authorities and responsibilities
- Safe operations

In the meantime, we have organized 4 Committees, namely Nomination, Remuneration and Corporate Governance Committee, Audit and Risk Management Committee, Investment and Portfolio Management Committee, and Legal Committee to ensure that all of our business operations are conducted effectively and transparently and in compliance with all the applicable laws and regulations. In addition, we have a Compliance & Corporate Secretary Team dedicated to delivering the Company's information to all stakeholders in a timely manner.



Corporate Governance Report

3. Status of Major Shareholders (As of Record Date : 03rd July 2023)

	Name	Attributes (director, employee, institutional investor, etc.)	Nationality	Number of shares held	Shareholding ratio (%)
1	U Kyaw Lwin Oo	Chairman	Myanmar	5,857,623	29.32%
2	Daw Saw Sandar	Individual Investor	Myanmar	5,509,910	27.58%
3	Chang Yang Development	Institutional Investor	Myanmar	1,720,000	8.61%
4	Daw Khin Sone	Finance Director	Myanmar	1,289,629	6.46%
5	Daw Wutt Hmone	Director	Myanmar	1,276,916	6.39%
6	U Maung Maung Oo	Vice Chairman	Myanmar	1,273,853	6.38%
7	U Aung Min Han	CEO	Myanmar	1,169,629	5.85%
8	Daw Zin Nyein Htwe	COO	Myanmar	329,082	1.65%
9	Daw Hnin Yee Mon	COO	Myanmar	327,540	1.64%
10	U Kyaw Kyaw Thein	Individual Investor	Myanmar	326,098	1.63%
11	Daw Lae Lae Mu	COO	Myanmar	324,670	1.63%
12	U Than Aung(1)	COO	Myanmar	322,670	1.62%

(Note) Total issued shares: 19,977,223 shares

4. Policy on Foreigner Ownership

Foreign Shareholding Ratio (As of the End of FY 2022-2023)	0.0148 % of Total Shares
Foreign Shareholding Limit Determined by the Company	1.50% (≈300,000 shares)
Reasons for setting the above Foreign Shareholding Limit and a future policy on foreigner ownership	Above ratio is set in accordance with the Company's business strategies as well as relevant rules and regulations and our future policy on foreign ownership is financing for projects development under Group Public Company

5. Policy on Dividends

The decision to declare and pay dividends, including the procedure for making dividend payments on each type and class of shares, shall be made at the Annual General Meeting ("AGM") of shareholders, upon the recommendation of the Board of Directors ("BOD").

Corporate Governance Report

The resolution of the BOD shall be presented in the form of a recommendation to shareholders.

Subject to the MCL, our Company may, from time to time with the approval of Shareholders in a general meeting, declare dividends to be paid to the Shareholders; however, no dividend shall be declared in excess of the amount recommended by our Board. We must declare and pay all dividends out of the profits of our Company. Our directors may declare an interim dividend without seeking Shareholders' approval. Our Board has the discretion to recommend payment of dividends and we will pay cash dividends, if any, in MMK.

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

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

Being under development for all projects in the company, most of the retain earnings were used for business expansion for the past fiscal years until FY2022-2023. As a result, no dividend was being proposed by the board of directors for those periods. However, our BOD has decided to pay dividends for FY2022-2023 due to achieving significant increase in earnings during the respective period.

Dividend per share (FY2022-2023): 38 MMK

Total Amount of Dividends: 19,977,223 shares x 38 MMK = 759,134,474 MMK

II. Status of Corporate Governance Systems

1. Composition of Corporate Governance Structure

(1) Composition of Corporate Governance Structure

The Board of Directors holds a crucial position in guiding and supervising the strategic direction and performance of the company. Comprised of experienced professionals from various backgrounds, the board ensures effective decision-making and enforces sound governance practices. Throughout the reporting period, the board held six meetings, addressing crucial matters such as Investment and portfolio management, financial performance, and long-term sustainability.

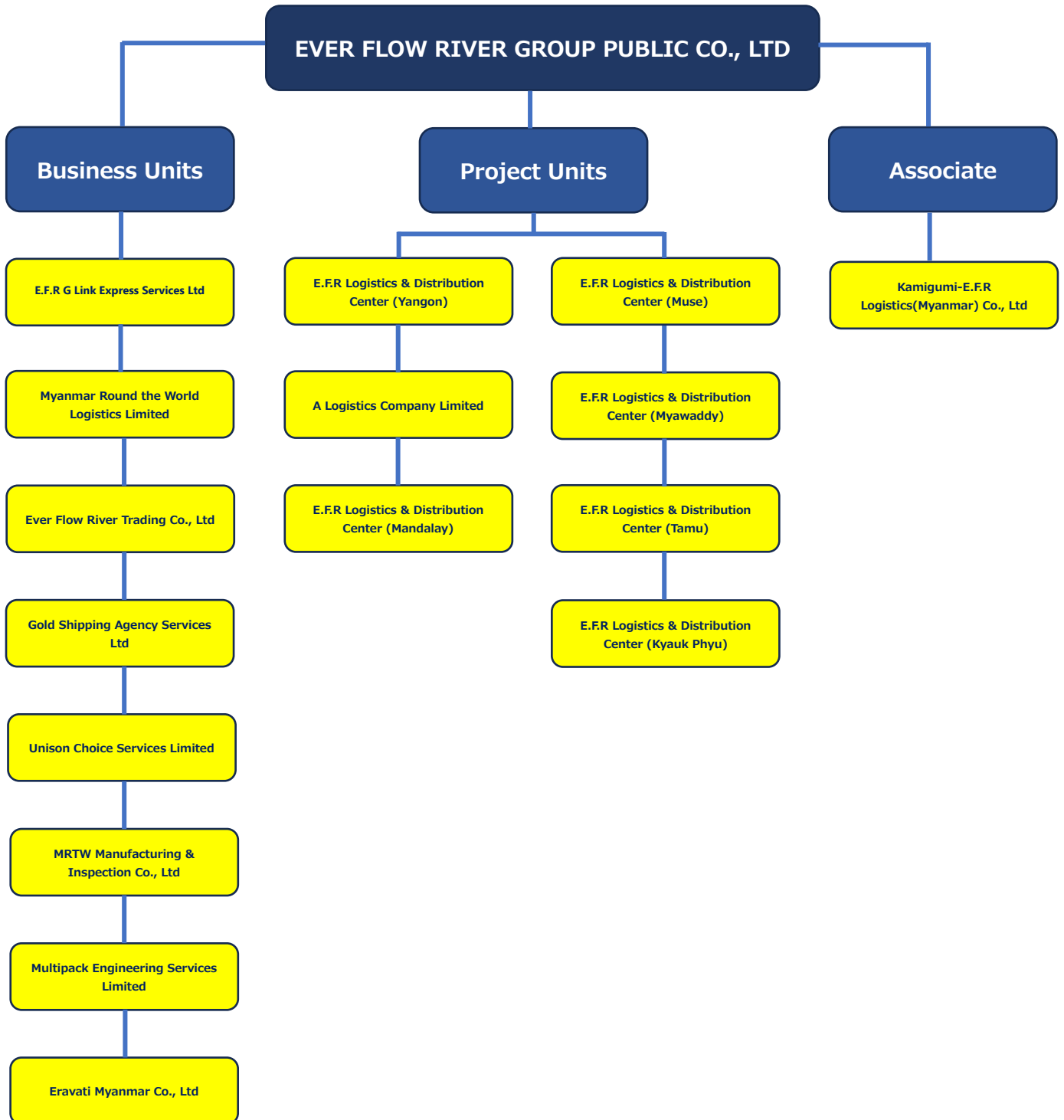
The Board of FY2022-2023 consists of 7 members, 3 of whom are Executive Directors, 1 of whom is a non-executive director, and the remaining three are independent directors. The composition of The Board is designed to maintain an appropriate balance of executive and independent directors. The majority of the Board members are executive directors, which aligns with the industry's knowledge requirements. They offer valuable expertise, impartiality, and diverse perspectives. Their extensive experience in the industry enables them to provide effective oversight of the company's performance.

The Board of Directors lays down the general business and management principles and ensures the proper organization and governance of the company. Besides, the Board of Directors decides the strategy and the risk policies and supervises the performance of the company and its management.

The Board of Directors works with the Management Team to ensure long-term succession planning for the Management Team. The Management Team and the Board of Directors regularly discuss the Group's strategy, the subsidiaries' objectives and strategies, the financial position and performance of the company and the Group, key business transactions, the progress of JVs and potential investments, compliance and compliance management, risk exposure, and risk management, and all material business planning and relates implementation issues. The Management Team informs the Board of Directors promptly and in full about all issues of significance.

Corporate Governance Report

This is the updated corporate structure of E.F.R Group



To improve the effectiveness of governance, Our Board has established several committees, each with specific responsibilities. These committees are as follows:

1. Audit Committee

The Audit Committee oversees financial reporting, internal controls, and risk management processes. It ensures the accuracy and integrity of financial statements and provides oversight of the external audit function.

2. Risk Committee

The Risk Committee oversees and manage the organization's risk management processes and identify, assess, monitor and mitigate risks that could potentially impact the achievement of the organization's objectives.

3. Investment Committee

The Investment and Portfolio Management Committee oversees and manages the company's investment activities and portfolio of assets. It plays a vital role in managing the company's investment portfolio, optimizing risk-return profiles, and ensuring compliance with investment policies and regulations. It encompasses strategic decision-making, risk management, performance monitoring, and effective communication with stakeholders.

4. Nomination & Remuneration Committee

The Nomination and Remuneration Committee is responsible for board composition, director selection, and evaluating the effectiveness of board practices and policies. It ensures a robust framework for corporate governance is in place. The committee reviews executive compensation, ensuring it aligns with company performance, industry standards, and shareholders' interests. It ensures fairness and transparency in remuneration policies.

5. Legal, Governance & Compliance Committee

The Legal, Governance & Compliance Committee focuses on overseeing and ensuring adherence to legal and regulatory requirements, as well as maintaining effective governance practices. The committee plays a crucial role in safeguarding the company's legal interests, ensuring compliance with laws and regulations, and providing legal guidance to the Board and management. It helps to mitigate legal risks, protect the company's reputation, and maintain the highest standards of legal compliance.

Corporate Governance Report

(2) Reasons for Adoption of Current Corporate Governance Structure

Corporate Governance is an important aspect of EFR Group Public Co., Ltd, in line with the company's values. EFR Group Public Co., Ltd is continuously developing its corporate governance in response to the strategic development, goals, and activities, as well as to the external environment and input from stakeholders.

The aforementioned framework fosters the ability of E.F.R Group to promptly identify opportunities and challenges, thereby facilitating an efficient process for informed decision-making. This, in turn, enables agile planning and expeditious execution of strategies and decisions. The framework also establishes sound controls, checks and balances, and compliance within the company, while allocating authorities and responsibilities.

2. Information of Directors (As of Record Date : 03rd July 2023)

Position (Independent Director, Executive Officer)	Name	Profile	Number of Shares Held	Date of Birth
Chairman (Executive Director)	U Kyaw Lwin Oo	Please refer to page 11 of the Annual Report 2022-2023	5,857,623	24.04.1966
Vice-Chairman (Executive Director)	U Maung Maung Oo	Please refer to page 11 of the Annual Report 2022-2023	1,273,853	26.11.1964
Finance Director (Executive Director)	Daw Khin Sone	Please refer to page 12 of the Annual Report 2022-2023	1,289,623	12.06.1972
CEO (Executive Director)	U Aung Min Han	Please refer to page 12 of the Annual Report 2022-2023	1,169,629	16.05.1976
Independent Director	U Min Sein	Please refer to page 13 of the Annual Report 2022-2023	Nil	1.05.1946

Corporate Governance Report

Independent Director	Dr. Hla Theingi	Please refer to page 14 of the Annual Report 2022-2023	Nil	16.12.1970
Independent Director	U Than Aung(2)	Please refer to the updated Independent Director Notification	Nil	27.05.1977

The following directors have concurrent positions in the board of directors of other companies.

Position (Independent Director, Executive Officer)	Name	Concurrent positions and companies
Chairman (Executive Director)	U Kyaw Lwin Oo	<ul style="list-style-type: none"> Director at K Efficient Logistics Consortium Co., Ltd. Director at Ever Flow River Agro Venture Co., Ltd. Director at E.F.R Hotel Group Co., Ltd.
CEO (Executive Director)	U Aung Min Han	<ul style="list-style-type: none"> Director at A&H Development Co., Ltd. Director at SIM Co., Ltd. Director at Open Sesame Co., Ltd.
Finance Director (Executive Director)	Daw Khin Sone	<ul style="list-style-type: none"> Director at Golden Host Travels & Tours Co., Ltd. Director at Win Wealth Trading Co., Ltd.

3. Information of Members of Specialized Committees (As of Record Date : 03rd July 2023)

Sr.	Committee	Chairperson	Members	Position
1	Investment Committee	U Than Aung(2) (Independent Director)	U Kyaw Lwin Oo	Chairman(Executive Director)
			U Maung Maung Oo	Vice-Chairman(Executive Director)
			U Aung Min Han	CEO(Executive Director)
			Daw Khin Sone	Finance Director (Executive Director)
			Daw Hla Theingi	Independent Director

Corporate Governance Report

			Daw Hnin Yee Mon	COO
			Daw Zin Nyein Htwe	COO
			U Than Aung(1)	COO
			Daw Lae Lae Mu	COO
			Daw Phyu Thet Khaing	ACFO
			Daw Khine Zin Oo	FO
			Daw Yee Mon Oo	Compliance Officer
			Daw Naing Naing Oo	Corporate Secretary
2	Nomination & Remuneration Committee	U Than Aung(2) (Independent Director)	U Kyaw Lwin Oo	Chairman(Executive Director)
			U Maung Maung Oo	Vice-Chairman(Executive Director)
			U Aung Min Han	CEO(Executive Director)
			Daw Khin Sone	Finance Director (Executive Director)
			Daw Yee Mon Oo	Compliance Officer
			Daw Naing Naing Oo	Corporate Secretary
3	Legal, Governance & Compliance	U Min Sein (Independent Director)	U Kyaw Lwin Oo	Chairman(Executive Director)
			Daw Yee Mon Oo	Compliance Officer
			Daw Naing Naing Oo	Corporate Secretary
4	Audit Committee	Dr. Hla Theingi (Independent Director)	U Min Sein	Independent Director
			Daw Yee Mon Oo	Compliance Officer
			Daw Naing Naing Oo	Corporate Secretary
5	Risk Committee	Dr. Hla Theingi (Independent Director)	U Kyaw Lwin Oo	Chairman(Executive Director)
			U Maung Maung Oo	Vice-Chairman(Executive Director)
			U Aung Min Han	CEO(Executive Director)
			Daw Khin Sone	Finance Director (Executive Director)
			Daw Hnin Yee Mon	COO
			Daw Zin Nyein Htwe	COO
			U Than Aung(1)	COO
			Daw Lae Lae Mu	COO
			Daw Yee Mon Oo	Compliance Officer
Daw Naing Naing Oo	Corporate Secretary			

Corporate Governance Report

4. Information of Meetings of the Board and Specialized Committees

(1) The number of meetings of the Board and specialized committees in the previous fiscal year (FY2022-2023):

Meetings of the Board	4 times
Audit & Risk Management Committee	1 time
Nomination, Remuneration & Corporate Governance Committee	1 time
Investment & Portfolio Management Committee	1 time
Legal Committee	1 time

2) Attendance at meetings of the Board and specialized committees in the previous fiscal year (FY2022-2023):

	Board Meeting	Nomination, Remuneration & Corporate Governance Committee Meeting	Investment & Portfolio Management Committee Meeting	Audit & Risk Management Committee Meeting	Legal Committee Meeting
Total Number of meetings held	4	1	1	1	1
U Kyaw Lwin Oo (Chairman)	4 (100%)	-	1 (100%)	-	-
U Maung Maung Oo (Vice-Chairman)	4 (100%)	1 (100%)	1 (100%)	-	1 (100%)
Daw Khin Sone (Executive Director)	4 (100%)	1 (100%)	1 (100%)	-	-
U Aung Min Han (Executive Director)	4 (100%)	-	1 (100%)	-	-
Daw Lae Lae Mu (Executive Director)	4 (100%)	-	1 (100%)	-	-

Corporate Governance Report

Daw Zin Nyein Htwe (Executive Director)	4 (100%)	-	1 (100%)	-	-
Daw Hnin Yee Mon (Executive Director)	4 (100%)	-	1 (100%)	-	-
Prof. Daw Hla Myint (Independent Director)	4 (100%)	1 (100%)	1 (100%)	1 (100%)	-
Dr. Hla Theingi (Independent Director)	4 (100%)	-	1 (100%)	1 (100%)	-
U Min Sein (Independent Director)	4 (100%)	1 (100%)	1 (100%)	1 (100%)	1 (100%)

5. Process for the Selection, Appointment and Re-appointment of New Directors (if any)

The process for the selection, appointment and re-appointment of new Directors is handled by the Nomination, Remuneration and Corporate Governance Committee. This committee assists the Board by establishing an overview of the competencies required and represented on the Board, and reviews the structure, size, composition, succession planning and diversity of the Board of Directors.

The Committee also reviews the application of the independence criteria, initiates recruitment and evaluates candidates for election to the Board of Directors. The tasks of the Nomination, Remuneration and Corporate Governance Committee are described in the rules of procedure approved by the Board of Directors.

6. Remuneration of Directors, etc.

(1) Remuneration policies and procedure for setting remuneration, if any

Remuneration at EFR is intended to drive a 'pay for performance' culture, by aligning reward to the company performances and value creation for shareholders.

The remuneration policy for the Board of Directors and the Management Team is aligned with the objectives and philosophy set out in the below table.

Corporate Governance Report

Objectives	Philosophy
The remuneration policy and practices are designed to support	The remuneration philosophy is built on the following principles
<ul style="list-style-type: none"> Delivering strong business and financial results to grow shareholder value, and 	<ul style="list-style-type: none"> Aligns the interest of executives with those of shareholders
<ul style="list-style-type: none"> The attraction, retention and motivation of a highly effective executive team 	<ul style="list-style-type: none"> Pays for the performance and the company's achievement of financial and strategic objectives
	<ul style="list-style-type: none"> Rewards behaviors that drive company growth through collaboration, agility, customer and people orientation

(2) Outline of Remuneration

Remuneration of Directors for the previous fiscal year (FY2022-2023):

Total Amount	702,000,000
Base / Fixed Salary	702,000,000
Variable or Performance-related Income	Nil
Benefits in Kind	Nil
Stock Options	Nil
Number of Directors	10

III. Implementation of Measures for Shareholders

1. Status of efforts to facilitate the exercise of voting rights by shareholders

So far we've held our 7th Annual General Meeting on 4th August, 2023 and we've duly delivered the AGM invitation letters and other related materials 28 calendar days upfront in accordance with Myanmar Companies Law 2017. Moreover, we've disclosed our Notice of Proposed Dividend, Record Date and Ex-Dividend Date 7 business days ahead to give the investors efficient timeline to make proper investment decisions on whether they want to attend our AGM and make a vote.

In accordance with the MCL 2017, the ordinary General Meeting shall be held once at least in every calendar year and not more than fifteen months after the holding of the last preceding annual general meeting at such time and place as may be determined by our Company. Such General Meeting may also be called by any two Shareholders.

The Board of Directors (BOD) may convene an Extraordinary General Meeting whenever it thinks fit and must do so if shareholders representing not less than 10% of the total voting rights of all shareholders request in writing that such a meeting be held.

2. Status of IR Activities

We've participated in YSX's activities such as YSX Live Talk Program (Financing Opportunities in Myanmar Capital Market), YSX's First Online Expo 2020 and so on to keep in touch with our investors. We also have a Corporate Secretary Department to communicate with our shareholders effectively. Our Corporate Secretary Department was founded with three members, namely U Maung Maung Oo, Vice-Chairman of EFR Group and also the Department in-charge, Daw Yee Mon Oo, Compliance Officer of EFR Group and Daw Naing Naing Oo, the Corporate Secretary of EFR Group. Furthermore, we've always been disclosing our updated disclosures of both statutory and timely disclosures and announcements on Yangon Stock Exchange website and our company website in a timely manner in accordance with the relevant prescribed regulations and guidelines.

Reference: <https://www.efrgroupmyanmar.com/news/categories/announcements>
<https://www.efrgroupmyanmar.com/news/categories/press-release>

IV. Status of Internal Control System

1. Basic Policy on Internal Control System

It is imperative for our company's long-term success that we implement effective internal control system and risk management practices. EFR's risk management process and internal control system involves routine assessments to determine present risks and their severity, and to identify the effectiveness of existing control measures. If further actions are required, they are assigned and reviewed regularly. The top down and bottom-up risk assessment approach encompasses functions and clusters as well as risks realized within EFR or the business within EFR operates.

Risk Management is embedded in EFR's organization and process and is designed to increase the awareness of these risks within the organization. The Enterprise Risk Management Process is aligned with other internal and external processes (for example internal control, internal audit, operational compliance and quality assurance). The process includes reporting to the Audit and Risk Management Committee, which provides

Corporate Governance Report

Board level oversight. The Risk Management cycle supports the Management Team to monitor risks on a day-to-day basis.

Please refer to the Risk Management section in EFR's Annual Report (FY2022-2023) as per the following link for more detailed information.

https://ysx-mm.com/wp-content/uploads/2023/09/dd_00006_20230907_rr.pdf

2. Status of Constructing Internal Control System

The Company has set a basic policy for the business management of the units and has clarified the scope and terms of business management of the company. Different policies and set of reporting systems are established which requires the units to submit applications for approval and to report on important matters that can have impact on the group management strategy and business plan.

Directors and employees of EFR are practicing the Group Code of Conduct that was written to establish the business ethics and standards to ensure the compliance by directors, corporate officers and employees of the Group in accordance with the laws and regulations.

Compliance Officer has also been assigned to prompt the understanding and the implementation of the Group Code of Conduct throughout the Group.

Monthly Steering Meetings are done with the top managements of each business unit to ensure that the units are performing in accordance with the proposed plans and proper guidance and strategies are given timely. Weekly Meetings at each unit with the assigned directors and the departmental heads ensure that the company is performing its best and given guidance to ensure the management of risk timely.

The Group's controller and accounting organization at both central and division levels plays a significant role in ensuring reliable financial information and it is responsible for complete, accurate and timely financial reporting.

V. Related Party Transaction

1. Related Party Transaction Policy

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

Corporate Governance Report

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

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

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

Material Threshold is set at 5% of the annual consolidated turnover of the Company as per latest audited financial statements of the Company or US\$ 100,000; whichever is lower. But according to the RPT instruction issued by SECM, we will duly amend the Material Threshold limit as needed.

We have Corporate Secretary Team who will manage the activities which are needed to communicate not only to regulatory bodies but also to the public. For disclosing the RPTs, SECM has already issued the RPT instruction which is already included the format to submit the RPT transactions to SECM within 5 business days. Also, we'll update our RPT transactions in this CG Report from YSX in a timely fashion.

2. Outline of Related Party Transactions

There were no RPTs during the abovementioned financial period with the amount more than the materiality threshold set by RPT Instruction by SECM and thus, the above table is not applicable for the time being.

- End -