

## Corporate Governance Report

As of:	27 Oct 2023
Company Name:	Myanmar Thilawa SEZ Holdings Public Co., Ltd
Company Representative :	U Tun Lwin (Vice Chairman & Board Secretary)
Contact:	01 230 1771
URL:	www.mtshmyanmar.com
Code:	00002

## I . Fundamental Views on Corporate Governance and Other Key Information

## 1. Corporate Attributes

Fiscal Year-End	31 <sup>st</sup> March 2023
Sector Classification	Investment
Number of Employees (consolidated) as of 31 <sup>st</sup> March 2023	250 Employees
Revenue	(In Thousand) 3,162,807 MMK
Profit after Tax	4,604,992 MMK
Total Assets	93,563,752 MMK
Net Assets	90,703,762 MMK
(consolidated) for FY 2022–2023	
Number of Consolidated Subsidiaries and Associated Companies as of the End of the Previous Fiscal Year	Subsidiary Company – 1 Associated Company – 1

## 2. Fundamental Views on Corporate Governance

- To improve our Company's performance and value through the creation of better decision-making processes, improving operational efficiency and improving services to stakeholders.
- To ensure corporate value by improving financial performance, maximizing shareholder value and minimizing investment decision risks that contains conflicts of interest.
- To improve investor trust and promote transparency and accountability.
- To achieve stakeholder satisfaction resulting from corporate values and company dividend.
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3. Status of Major Shareholders (as of 9<sup>th</sup> May 2023)

Sr.	Name	Attributes	Nationality	Number of shares held	Shareholding ratio (%)
1	Eden Group Co., Ltd	Investor	Myanmar	1,948,640	5.01
2	New City Development Public Co., Ltd	Investor	Myanmar	1,900,000	4.88
3	Myanma Agricultural & General Development Public Co., Ltd	Investor	Myanmar	1,900,000	4.88
4	Myanmar Edible Oil Industrial Public Co., Ltd	Investor	Myanmar	1,797,000	4.62
5	Golden Land East Asia Development Public Co., Ltd	Investor	Myanmar	1,771,546	4.55

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6	National Development Company Group Public Co., Ltd	Investor	Myanmar	1,149,122	2.95
7	Myanmar Technologies and Investment Corporation Public Co., Ltd	Investor	Myanmar	1,135,209	2.92
8	Asia Mega Link Co., Ltd*	Investor	Myanmar	994,924	2.56
9	U Tun Lwin	Vice Chairman	Myanmar	658,850	1.69
10	First Myanmar Investment Public Co., Ltd	Investor	Myanmar	643,503	1.65
11	U Naing Moe	Investor	Myanmar	537,980	1.38
12	U Thurane Aung	Director	Myanmar	493,540	1.27
13	Daw Ei Hnin Pwint	Investor	Myanmar	412,040	1.06
14	CB Securities Limited	Investor	Myanmar	320,735	0.82
15	Great Bell Logistic & Services Co., Ltd**	Investor	Myanmar	291,349	0.75
16	U Aike Ti	Investor	Myanmar	278,8420	0.72
17	U Kyaw Zaw Thant	Investor	Myanmar	277,220	0.71
18	Daw Moe Mya Mya	Investor	Myanmar	257,500	0.66
19	U Win Aung	Chairman	Myanmar	256,340	0.66
20	Asia World Industries Limited***	Investor	Myanmar	249,847	0.64

(Note) Total issued shares: 38,929,150 shares

#### 4. Policy on Foreigner Ownership

Foreign Shareholding Ratio (As of 31 <sup>st</sup> March 2023)	0.0996%
Foreign Shareholding Limit Determined by the Company	5%
Reasons for setting the above Foreign Shareholding Limit and a future policy on foreigner ownership	To attract Foreign Investors and enlarge Company Size

#### 5. Policy on Dividends

The objective of dividend policy is to share the financial benefit to the shareholders through the payment of dividend after determining the company's financial performance, cash flow, investment plan, growth prospects and debt level.

The dividend policy of the Company is formulated in accordance with the Laws of Union of Myanmar, investment and tax legislations, good corporate governance principles and internationally recognized best practices. Issues relating to the determination and payment of dividend shall be subject to this policy. The policy shall accordingly be employed in determining any claim by any shareholder, individual or institutional regarding the dividend of the

Company subject to provisions 169 to 184 in Constitution of the Company. The policy shall be applicable to all classes of shares of the company.

### Dividends per share in each Fiscal Year

FY 2022–2023	– 50 Kyats per share (as per financial position)
FY 2020–2021	– 100 Kyats per share
FY 2019–2020	– 180 Kyats per share
FY 2019	– 200 Kyats per share
FY 2018–2019	– 250 Kyats per share
FY 2017–2018	– 230 Kyats per share
FY 2016–2017	– 260 Kyats per share
FY 2015–2016	– 250 Kyats per share
FY 2014–2015	– 200 Kyats per share

## II . Status of Corporate Governance Systems

### (1) Composition of Corporate Governance Structure

Board of directors is the highest level of corporate governance. The board is responsible for overseeing the management of the company and ensuring that it is operating in a fair, transparent and accountable manner. The board is typically composed of a mixed of independent and executive directors. Independent directors have the fiduciary duty to act in the best interest of shareholders. Executive directors typically involve in day-to-day management of the company.

MTSH committed to build good corporate governance on the foundations of accountability, fairness and transparency. To be a sustainable and responsible business, board of directors has established Corporate Governance Guidelines which provide a framework for the effective governance of the Company. The guidelines address matters such as the Board's Mission, Director Responsibilities, Director Qualifications, Board Committee Structure, Managing Director performance evaluation and management succession.

In annual general meeting, the shareholders elect and designate the Board members year on year with the aim of overseeing their interest in the long-term success of the business. Afterward, the Board serves as the ultimate decision-making body of the company, with the exception of the matters that is concerned with Shareholders' decision. Our BOD has 14 members and has set up five committees. The Board chooses the most suitable members of senior management who will operate and implement the business plans according to the Board of Directors' guidelines.

Five committees are;

- Audit & Risk Committee (ARC)
- Nomination Committee (NC)
- Remuneration Committee (RC)
- Governance & Compliance Committee (G&CC)
- Management & Business Development Committee (MBDC)

### Audit & Risk Committee (ARC)

The Audit & Risk Committee consists of the Chairman (an Independent Director of the Board) and a minimum of 2 other members. The Audit & Risk Committee currently consists of 3 members. At least one member has

to have recent and relevant financial expertise; the others must be familiar with the issues of accounting and audit. In discharging its responsibilities, it has unrestricted access to the Company's management, books and records. The Audit & Risk Committee supports the Board of Directors in its supervision of financial controls through a direct link to Win Thin & Associates (external auditors) and the internal audit department.

The Audit & Risk Committee regularly reports to the Board on its findings and proposes appropriate actions. The responsibility for approving the Annual and Semi-Annual Financial Statements remains with the Board of Directors.

### **Nomination Committee (NC)**

The Nomination Committee consists of the Chairman (an Independent Director of the Board) and a minimum of 2 other members. The Nomination Committee currently consists of 3 members.

The purpose of the Nomination Committee is to assist the Board in ensuring that it maintains the appropriate balance of skills, knowledge and diversity to support the Company's strategic objectives, and that a clear and transparent appointment process for directors is in place. The principal responsibilities of the Committee are to:

- Review the size, structure and composition of the Board, including the skills, knowledge, experience and diversity of Board members, and make recommendations accordingly;
- Identify and nominate candidates for appointment to the Board, based on merit and against objective criteria;
- Make recommendations to the membership of the Audit, Remuneration and Nomination Committees in consultation with the chairmen of those committees; and
- Develop and periodically review, any objectives established for the implementation of diversity on the Board and monitor progress toward the achievements of those objectives.

### **Remuneration Committee (RC)**

The Remuneration Committee supports the Board of Directors in establishing and periodically reviewing MTSH's compensation strategy, guidelines and performance criteria as well as preparing the proposals to the General Meeting regarding the compensation of the members of the Board of Directors and of Key Management personnel.

The Remuneration Committee consists of the Chairman (an Independent Director of the Board) and a minimum of 2 other members. The Remuneration Committee currently consists of 4 members.

The success of MTSH is dependent on its ability to attract, retain and incentivize the right talented employees. MTSH employee remuneration comprises of fixed and variable components, with the variable components directly correlated with Key Performance Indicators aligned with the Company's Business Plan.

### **Governance and Compliance Committee (GCC)**

The Governance and Compliance Committee consists of 4 members and Independent Director of the Board is acting as the Chairman with a minimum of 3 other members of the Committee. Being a Public company and listed company at YSX, the Company has been maintaining and promoting public trust and confidence towards the company's current and future business development. It is with the primary duties and responsibilities of all of the officers and employees to perform their functions in accordance with all applicable laws, rules and regulations of the regulating and supervising authorities, as well as with those of the company. The Committee always supervises and monitors whether the officers and employees adhere to laws, rules and regulations, together with the guidance from terms of reference of compliance matters issued by the Committee, and reports to the Board of Directors.

### Management & Business Development Committee (MBDC)

The Management & Business Development Committee consists of the Chairman and a minimum of 2 other members. The Management & Business Development Committee currently consists of 5 members.

This Committee has senior management oversight of the planning and strategy, financial and business, and infrastructure operations of the Company.

Future more, the committee shall seek and evaluate for new business development opportunities and propose Board of Directors for investment decision for long term growth of the Company.

In this committee, the members contribute with the best of their local & international knowledge and experiences to guide and direct the activities of MTSH as well as ensuring the effective management and new business activities and projects.

### (2) Reasons for Adoption of Current Corporate Governance Structure

As MTSH is a publicly listed company, it is committed to build good corporate governance on the foundations of accountability, fairness and transparency to be a sustainable and responsible business. MTSH has made a great effort to promote the long-term benefits for shareholders and have public trust by shaping up well in our management and performance of our company. Accordingly, the board of directors and key management set standard of operating procedure (SOP) and the norms of integrity and ethical behavior, which will be applied in the respective tasks of employees and officers. In addition, the Board of Directors has fully responsibility to serve as a prudent fiduciary for shareholders through the best practice in good corporate governance.

## 2. Information of Directors

Sr.	Position	Name	Number of Shares Held	Date of Birth
1.	Chairman	U Win Aung	256,340	30 Sep 1953
2.	Vice Chairman	U Theim Wai @ Serge Pun	-	8 May 1953
3.	Vice Chairman & Board Secretary	U Tun Lwin	658,850	18 Aug 1968
4.	Independent Director	Prof. Dr. Aung Tun Thet	-	18 Feb 1945
5.	Independent Director	U Aung Nyunt	-	1 June 1944
6.	Independent Director	U Toe Aung Myint	-	23 May 1958
7.	Independent Director	U Htay Chun	-	20 July 1950
8.	Director	U Thaug Han	-	25 Mar 1965
9.	Director	Dr. Nyan Thit Hlaing	-	02 Sep 1969
10.	Director & CEO	U Myint Zaw	11,210	15 Feb 1963
11.	Director & Executive Director	U Thuane Aung	493,540	23 July 1982
12.	Director	U Min Oo	-	13 Dec 1971
13.	Director	Daw Aye Aye Aung	-	17 May 1970
14.	Director	U Wanna Khine	-	

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

Sr.	Position	Name	Concurrent positions and companies
1 .	Chairman	U Win Aung	Chairman – Myanmar Japan Thilawa Development Limited Chairman – Dagon Group of Companies Chairman – Myanmar Agro Exchange Public Company Ltd (MAEX) Chairman – Golden Land East Asia Development Limited (GLAD)
2 .	Vice Chairman	U Theim Wai @Serge Pun	Chairman – Serge Pun and Associates (SPA) Chairman – First Myanmar Investment Company Limited (FMI) Chairman– Yoma Strategic Holdings (YSH) Chairman – Memories Group Limited (Memories)
3 .	Vice Chairman	U Tun Lwin	Chairman – Myanma Agricultural & General Development Public Co., Ltd Chairman – Myanmar Pulses, Beans and Sesame Seeds Merchants Association Vice Chairman – National Resources Development Company Limited Director – Myanmar Agribusiness Public Corporation Limited Director – Myanmar Citizens Bank Limited Managing Director – Shwe Me Group of Companies
4 .	Independent Director	Prof. Dr. Aung Tun Thet	Chairman – United Nation Global Compact Independent Director – First Myanmar Investment Company Limited (FMI)
5 .	Independent Director	U Aung Nyunt	Independent Director – Myanmar Agro Exchange Public Company Ltd (MAEX) Independent Director – Grand Yangon Public Co., Ltd (GYP)
6 .	Independent Director	U Toe Aung Myint	Chairman – Myanmar Citizens Bank Limited
7 .	Independent Director	U Htay Chun	
8 .	Director	U Thaug Han	Managing Director – CB Life Insurance Company Managing Director – CB Securities Limited
9 .	Director	Dr. Nyan Thit Hlaing	Vice Chairman – National Development Company Group Limited (NDCG) Director – Proven Technology Industrial Co., Ltd (Toyo Battery) Director – Small & Medium Development Bank (SME Development Bank)

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			Joint Secretary – Myanmar Construction Entrepreneur Association
10 .	Director, CEO	U Myint Zaw	Director – Myanmar Japan Thilawa Development Limited Managing Director – Thilawa Property Development Limited Director – Myanma Agricultural & General Development Public Co., Ltd Director – Lim Family Co., Ltd
11 .	Director, Executive Director	U Thurane Aung	Vice President – Myanmar Japan Thilawa Development Limited CEO – Dagon Group of Companies
12 .	Director	U Min Oo	Vice President – Myanmar Computer Professionals Association Director – Myanmar Technologies and Investment Corporation Public Co., Ltd (MTI) President – Myanmar Business Executives Association
13 .	Director	Daw Aye Aye Aung	Director – Myanmar Japan Thilawa Development Limited Managing Director – Asia Mega Link Co., Ltd Director – Asia Mega Link Services Co., Ltd Director – Yatanarpon Teleport Public Co., Ltd Director – Myanmar Agro Exchange Public Company Ltd (MAEX)
14.	Director	U Wanna Khine	Managing Director – Denko Trading Co., Ltd Director – Gold Delta Co., Ltd Director – Eden Group Co., Ltd

### 3. Information of Members of Specialized Committees

#### Audit & Risk Committee (ARC)

Position	Name
Chairman	1. U Aung Nyunt (Independent Director)
Member	2. U Tun Lwin (Non-Executive Director)
Member	3. U Min Oo (Non-Executive Director)

#### Nomination Committee (NC)

Position	Name
Chairman	1. Prof. Dr. Aung Tun Thet (Independent Director)
Member	2. U Tun Lwin (Non-Executive Director)
Member	3. U Thurane Aung (Executive Director)

**Remuneration Committee (RC)**

Position	Name
Chairman	1. U Toe Aung Myint (Independent Director)
Member	2. U Thaug Han (Non-Executive Director)
Member	3. Dr. Nyan Thit Hlaing (Non-Executive Director)
Member	4. U Wanna Khine (Non-Executive Director)

**Governance & Compliance Committee (GCC)**

Position	Name
Chairman	1. U Htay Chun (Independent Director)
Member	2. U Thaug Han (Non-Executive Director)
Member	3. Dr. Nyan Thit Hlaing (Non-Executive Director)
Member	4. U Wanna Khine (Non-Executive Director)

**Management & Business Development Committee (MBDC)**

Position	Name
Chairman	1. U Thurane Aung (Executive Director)
Member	2. Dr. Nyan Thit Hlaing (Non-Executive Director)
Member	3. U Thaug Han (Non-Executive Director)
Member	4. U Min Oo (Non-Executive Director)
Member	5. Daw Aye Aye Aung (Non-Executive Director)

**4. Information of Meetings of the Board and Specialized Committees**

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

Meetings of the Board	4 times
Audit & Risk Committee	5 times
Remuneration Committee	1 times
Governance & Compliance Committee	1 times
Nomination Committee	1 times
Management & Business Development Committee	3 times

(2) Attendance at meetings of the Board and specialized committees in FY 2022-2023



Sr.	Director	Board Meeting	ARC	N.C	R.C	G.C.C	MBDC
1 .	U Win Aung	100%	-	-	-	-	-
2 .	U Theim Wai @ Serge Pun	100%	-	-	-	-	-
3 .	U Tun Lwin	100%	60%	100%	-	100%	-
4 .	Prof. Dr. Aung Tun Thet	75%	-	100%	-	-	-
5 .	U Aung Nyunt	100%	100%	-	-	-	-
6 .	U Toe Aung Myint	75%	-	-	100%	-	-
7 .	U Htay Chun	50%	-	-	-	100%	-
8 .	U Thaug Han	100%	-	-	100%	100%	100%
9 .	Dr. Nyan Thit Hlaing	100%	-	-	100%	-	66%
10 .	U Myint Zaw	100%	-	-	-	-	-
11 .	U Thurane Aung	100%	-	100%	-	100%	100%
12 .	U Min Oo	100%	100%	-	-	-	100%
13 .	Daw Aye Aye Aung	100%	-	-	-	-	100%
14 .	U Wanna Khine	25%	-	-	100%	-	-

#### 5. Process for the Selection, Appointment and Re-appointment of New Directors

Nomination Committee performs selection, appointment and re-appointment of new Directors according to Company's constitution and Companies Laws.

#### 6. Remuneration of Directors

(1) Remuneration policies and procedure for setting remuneration

Remuneration Committee performs according to Remuneration Committee's Term of Reference.

### III. Implementation of Measures for Shareholders

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

Company held AGM every year according to Myanmar Companies Laws, Constitution, DICA, SECM & YSX. Send out Myanmar & English Version of invitation package and announcement by media platform; Company Website, Facebook, YSX Website and Local Newspapers.

#### 2. Status of IR Activities

Holding AGM every year and participate YSX Expo Event and Seminars, Press Releases. Disclosed information via Company Websites & Facebook, YSX Websites

### IV. Status of Internal Control System

#### 1. Basic Policy on Internal Control System

We have Internal Audit, External Audit to maintain and enhance company internal control system. Audit, Risk & Compliance Committee regularly reports to the Board on its findings and proposes appropriate actions.

#### 2. Status of Constructing Internal Control System

Develop an effective functional internal control system to protect corporate assets and investments, and secure consistent implementation of Corporate Governance.

Ensure that information or data managed and reported are accurate, reliable, timely, consistent and useful for all parties, and as regulated by prevailing policies, procedures, rules and laws and regulations.

Carry out regular and periodic audits, evaluations and consultations regarding the capacities, effectiveness, consistency and quality of work of the operational management of MTSH

### V. Related Party Transaction

#### 1. Related Party Transaction Policy

Related party transactions are grouped into three categories.

Category 1 transaction is where the value is equal or in excess of 3% of latest audited net tangible assets of the company.

Category 2 transaction is where the value is below 3% of latest audited net tangible assets of the company but is equal or in excess of MMK 100,000,000.

Category 3 transaction is where the value is below MMK 100,000,000.

The relevant thresholds applicable in determining each category of Interested Person Transaction may be revised by our Board from time to time as may be considered appropriate by our Board.

Category 1 Interested Person Transactions must be approved by our Audit & Risk Committee prior to entry.

Category 2 Interested Person Transactions need not be approved by our Audit & Risk Committee prior to entry, but must be approved by our MD/CEO and Chief Financial Officer prior to entry and shall be reviewed on a quarterly basis by our Audit Committee.

Category 3 Interested Person Transactions need not be approved by our Audit & Risk Committee or MD/CEO or Chief Financial Officer prior to entry, but shall be reviewed on a quarterly basis by our Audit Committee.

Our Audit & Risk Committee will review all Interested Person Transactions, 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 & Risk Committee will take into account all relevant non-quantitative 28 factors.

#### 2. Outline of Related Party Transactions

Not Applicable since it is under the materiality threshold set by RPT Instruction and MTSH itself.