

Corporate Governance Report

Updated : 31st October, 2024
Company Name : Ever Flow River Group Public Co., Ltd.
Company Representative: U Maung Maung Oo (Compliance Officer)

Contact : +95 9 889948890, info@efrgrouppmm.com
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, 2024 (FY2023-2024)
Sector Classification	Logistics
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	431 employees
Revenue, Profit after Tax, Total Assets and Net Assets (consolidated) for the Previous Fiscal Year	MMK 44,805,557,407 (Revenue), MMK 436,668,249 (Profit after tax), MMK 41,067,346,193 (Total Assets), MMK 18,400,216,561 (Net Assets)
Number of Consolidated Subsidiaries and Associated Companies as of the End of the Previous Fiscal Year	11 Subsidiaries, 2 Associate

2. Fundamental Views on Corporate Governance

At E.F.R, the Board of Directors and stakeholders recognize the critical role of robust corporate governance in enhancing both shareholder value and overall company performance. They are committed to their responsibilities, diligently working to establish a comprehensive governance framework that not only safeguards the interests of shareholders but also strengthens the company's operational effectiveness and long-term sustainability.

E.F.R is dedicated to upholding the highest standards of accountability in corporate governance. The company is actively implementing practices that align with internationally recognized principles, while thoughtfully adapting them to fit the unique local context of Myanmar. This approach underscores E.F.R's commitment to responsible and effective governance, ensuring alignment with both global standards and regional needs.

E.F.R is committed to establishing a transparent management structure founded on strong governance principles. This structure is designed to enhance seamless coordination between the Board of Directors and various Board Committees across the organization, ensuring effective oversight and alignment with corporate objectives.

Corporate Governance Report

E.F.R's transparent and well-defined management structure is strategically designed to support key organizational objectives, including:

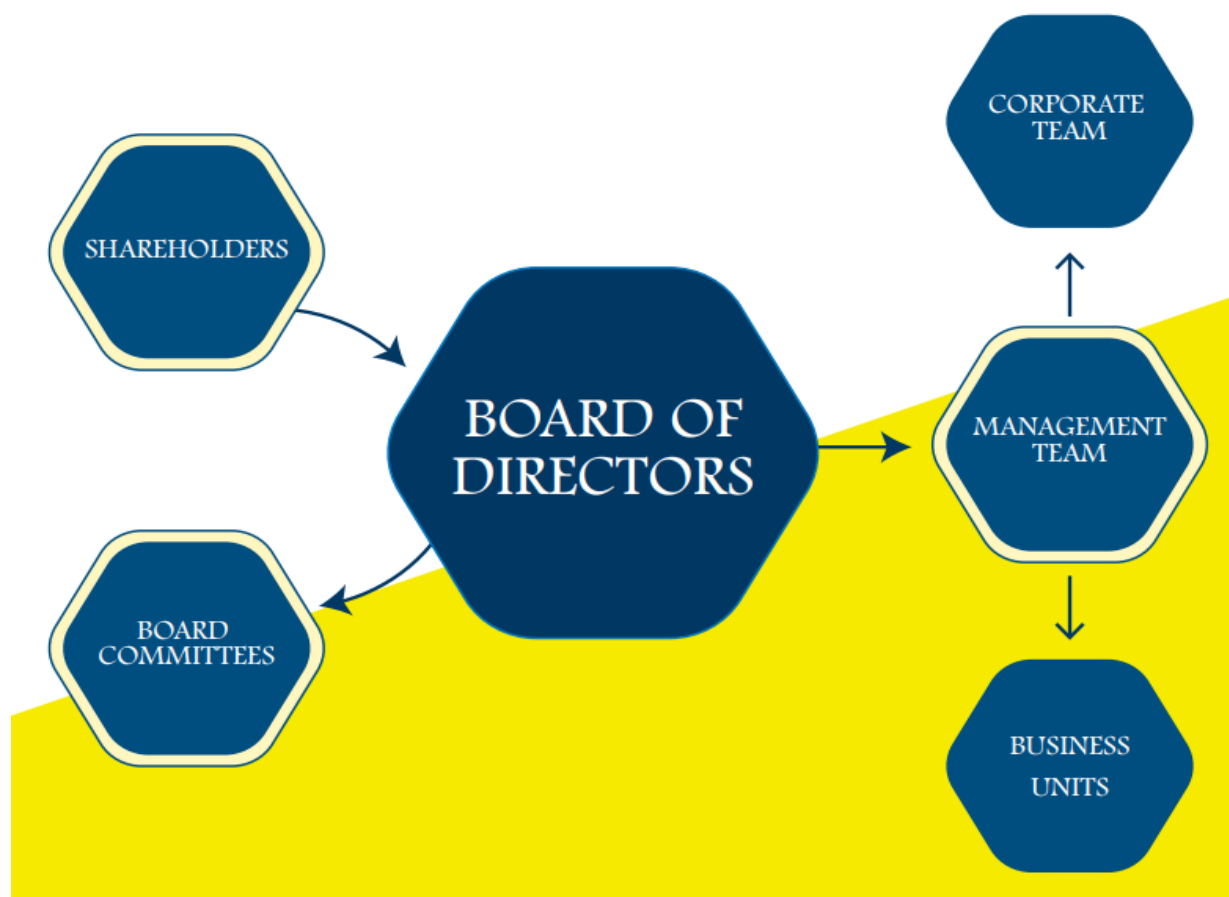
- **Early Identification of Opportunities and Challenges:** Proactively recognizing potential opportunities and risks to enhance strategic positioning.
- **Efficient Process for Informed Decision-Making:** Streamlining processes to ensure that decisions are based on accurate and timely information.
- **Agile Planning and Fast Execution:** Enabling rapid response through adaptive planning and swift implementation.
- **Sound Controls, Checks and Balances, and Compliance:** Establishing rigorous oversight mechanisms to maintain compliance and uphold integrity.
- **Clear Allocation of Authorities and Responsibilities:** Defining roles clearly to promote accountability and efficiency.
- **Safe Operations:** Prioritizing safety across all functions to protect employees, assets, and stakeholders.

To ensure that all business operations are conducted with effectiveness, transparency, and in full compliance with applicable laws and regulations, E.F.R has established five key committees:

- Nomination Committee
- Investment Committee
- Nomination & Remuneration Committee
- Legal, Governance & Compliance Committee
- Risk and Audit Committee

These committees collectively oversee various aspects of governance, risk management, and operational integrity within the organization.

Additionally, E.F.R has a dedicated Compliance & Corporate Secretary Team tasked with delivering timely and accurate information to all stakeholders, further reinforcing our commitment to transparent communication and regulatory compliance.



3. Status of Major Shareholders (As of the End of FY2023-2024)

	Name	Attributes (director, employee, institutional investor, etc.)	Nationality	Number of shares held	Shareholding ratio (%)
1	U Kyaw Lwin Oo	Chairman (Executive Director)	Myanmar	5,838,630	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 ((Executive 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 (Executive Director)	Myanmar	1,143,173	5.72%
7	U Aung Min Han	Chief Executive Officer (Executive Director)	Myanmar	1,154,629	5.78%
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	Institutional Investor	Myanmar	194,601	0.97%
11	Daw Lae Lae Mu	COO	Myanmar	324,670	1.63%
12	U Than Aung	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 2023-2024)	0.0781 % 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 distribute dividends, including the specific procedures for payments on each type and class of shares, is made at the Annual General Meeting (AGM) of shareholders based on the recommendation of the Board of Directors (BOD). The BOD's resolution is presented to shareholders in the form of a recommendation, ensuring transparency and alignment with the company's governance standards.

In accordance with the Myanmar Companies Law (MCL), our Company may declare dividends for distribution to shareholders, subject to approval at a general meeting. However, no dividend amount shall exceed the recommendation put forth by our Board of Directors. All dividends must be declared and paid solely from the Company's profits.

The Board also has the authority to declare interim dividends without requiring shareholder approval. At the Board's discretion, any recommended dividends will be paid in cash, with payments made in Myanmar Kyat (MMK), if applicable.

In deciding the timing, method, and amount of any dividend payments, our Board will carefully consider several key factors, including:

- Liquidity and Financial Metrics: Current cash reserves, debt levels, return on equity, and retained earnings.
- Anticipated Financial Performance: Forecasted financial results for the Company.
- Investment and Growth Plans: Expected capital expenditures and new development projects.
- Dividend Payment Restrictions: Limitations that may arise from our financing agreements.

This approach ensures that any dividend distributions are in line with the Company's financial health and long-term strategic goals.

With all projects in the company currently under development, the majority of retained earnings were allocated to business expansion efforts in recent fiscal years, up to and including FY2023-2024. Consequently, no dividend proposals were made by the Board of Directors during this period.

II. Status of Corporate Governance Systems

1. Composition of Corporate Governance Structure

(1) Composition of Corporate Governance Structure

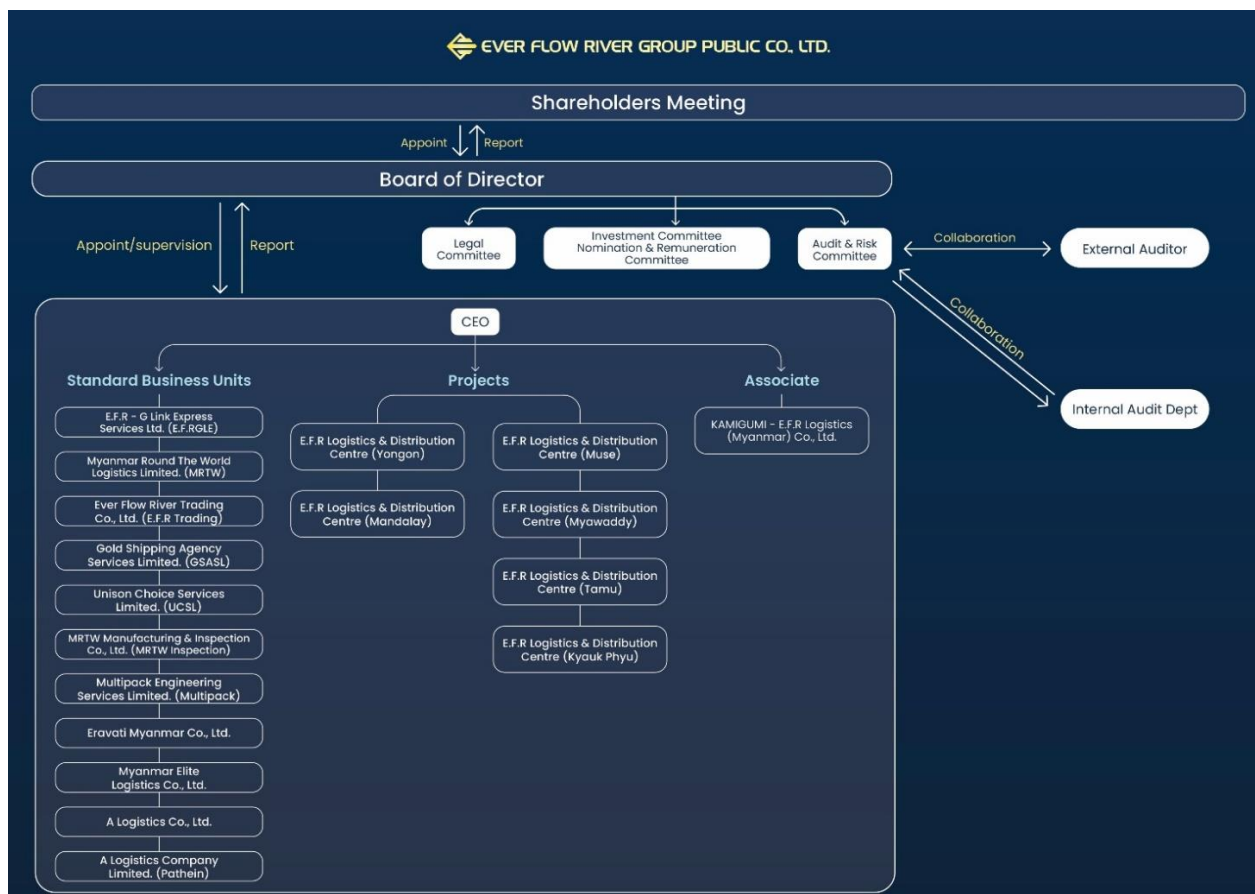
The Board of Directors plays a pivotal role in guiding and overseeing the company's strategic direction and performance. Composed of seasoned professionals with diverse expertise, the Board ensures effective decision-making and upholds strong governance practices. During the reporting period, the Board convened six times to address key matters, including investment and portfolio management, financial performance, and long-term sustainability.

The Board for FY2023-2024 is comprised of seven members, including four Executive Directors and three Independent Directors. This composition is carefully structured to ensure an optimal balance between executive and independent perspectives, with a majority of executive directors in alignment with industry knowledge requirements. The executive directors bring valuable expertise and extensive industry experience, contributing to effective oversight of the company's performance. Together, they provide impartial insights and a diverse range of perspectives that support sound governance and strategic decision-making.

The Board of Directors establishes the fundamental business and management principles and ensures the effective organization and governance of the company. Additionally, the Board determines the company's strategic direction and risk policies, while overseeing the performance of both the company and its management team.

The Board of Directors collaborates closely with the Management Team to ensure robust long-term succession planning within the organization. Regular discussions between the Board and Management cover a wide range of critical areas, including the Group's overarching strategy, the objectives and strategies of subsidiaries, financial performance, significant business transactions, joint ventures, potential investments, compliance management, risk exposure, and risk mitigation. The Management Team keeps the Board fully informed on all significant matters, providing prompt and comprehensive updates on issues essential to the company's performance and strategic objectives.

Corporate Governance Report



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

1. Investment Committee:

The Investment Committee is responsible for overseeing and managing the company’s investment activities and asset portfolio. This Committee plays a crucial role in optimizing risk-return profiles, ensuring compliance with investment policies and regulatory requirements, and making strategic investment decisions. Its responsibilities include risk management, performance monitoring, and maintaining effective communication with stakeholders to support the company’s investment objectives.

2. Nomination & Remuneration Committee:

The Nomination and Remuneration Committee oversees board composition, director selection, and the evaluation of board practices and policies to maintain a strong corporate governance framework. The Committee also reviews executive compensation to ensure alignment with company performance, industry benchmarks, and shareholders’ interests. By upholding fairness and transparency in remuneration policies, the Committee supports equitable and performance-driven compensation practices.

3. Legal, Governance & Compliance Committee:

The Legal, Governance & Compliance Committee plays a pivotal role in protecting the company's legal interests by ensuring strict compliance with applicable laws and regulations and offering legal guidance to the Board and management. The Committee aids in mitigating legal risks, safeguarding the company's reputation, and upholding the highest standards of legal compliance.

4. Risk Committee:

The Board of Directors established the Risk Committee to identify, assess, and manage strategic, debt, investment, market, and operational risks. The Committee supports the Board in developing and implementing a robust Risk Management Framework and oversees risk management activities. Its primary responsibilities include validating key risk policies, reviewing and analyzing the risk management framework established by management, and reporting findings to ensure comprehensive oversight.

5. Audit Committee:

The Audit Committee oversees the company's accounting policies, financial statements, and financial reporting processes. It reviews and evaluates key policies and decisions made by management, discusses accounting practices with external auditors, and assesses significant operational changes. Additionally, the Committee monitors income and financial statistics, including the application of non-IFRS financial metrics, to ensure transparency and accuracy in financial reporting.

(2) Reasons for Adoption of Current Corporate Governance Structure

Corporate governance is a core element of EFR Group Public Co., Ltd's values. The company is dedicated to continuously enhancing its governance framework to align with its strategic development, objectives, and activities. This ongoing improvement also reflects responsiveness to the evolving external environment and feedback from stakeholders, ensuring that governance practices remain effective and relevant.

The governance framework at EFR Group enhances the company's ability to swiftly identify opportunities and address challenges, supporting an efficient, informed decision-making process. This approach enables agile planning and rapid execution of strategies, while also reinforcing strong controls, checks and balances, and regulatory compliance. The framework clearly defines the allocation of authority and responsibilities, ensuring organizational accountability and operational effectiveness.

Corporate Governance Report

2. Information of Directors as of 30th April 2024

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 12 of the Annual Report 2023-2024	5,838,630	24.04.1966
Vice-Chairman (Executive Director)	U Maung Maung Oo	Please refer to page 12 of the Annual Report 2023-2024	1,143,173	26.11.1964
Finance Director (Executive Director)	Daw Khin Sone	Please refer to page 13 of the Annual Report 2023-2024	1,289,629	12.06.1972
CEO (Executive Director)	U Aung Min Han	Please refer to page 13 of the Annual Report 2023-2024	1,154,629	16.05.1976
Independent Director	U Min Sein	Please refer to page 14 of the Annual Report 2023-2024	Nil	1.05.1946
Independent Director	U Than Aung (2)	Please refer to page 14 of the Annual Report 2023-2024	Nil	27.5.1977
Independent Director	Dr. Hla Theingi	Please refer to page 15 of the Annual Report 2023-2024	Nil	16.12.1970

Corporate Governance Report

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

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
			Daw Hnin Yee Mon	COO
			Daw Zin Nyein Htwe	COO
			U Than Aung	COO
			Daw Lae Lae Mu	COO
			Daw Phyu Thet Khine	ACFO
			Daw Khine Zin Oo	FO
Daw Naing Naing Oo	Corporate Secretary			
2	Nomination & Remuneration Committee	U Than Aung (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 Naing Naing Oo	Corporate Secretary

Corporate Governance Report

3	Legal, Governance & Compliance committee	U Min Sein (Independent Director)	U Kyaw Lwin Oo	Chairman (Executive Director)
			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	COO
			Daw Lae Lae Mu	COO
			Daw Naing Naing Oo	Corporate Secretary

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 (FY2023-2024):

Meetings of the Board	4 times
Investment Committee	4 times
Nomination & Remuneration Committee	4 times
Legal, Governance & Compliance Committee	4 times
Audit Committee	4 times
Risk Committee	4 times

(2) Attendance at meetings of the Board and specialized committees in the previous fiscal year (FY2023-2024):

	Board Meeting	Investment Committee	Nomination & Remuneration Committee	Legal, Governance & Compliance Committee	Audit Committee	Risk Committee
Total Number of meetings held	4	4	4	4	4	4

Corporate Governance Report

U Kyaw Lwin Oo (Chairman)	4 (100%)	4 (100%)	4 (100%)	4 (100%)	N/A	4 (100%)
U Maung Maung Oo (Vice-Chairman)	4 (100%)	4 (100%)	4 (100%)	N/A	N/A	4 (100%)
Daw Khin Sone (Executive Director)	4 (100%)	4 (100%)	4 (100%)	N/A	N/A	4 (100%)
U Aung Min Han (Executive Director)	4 (100%)	4 (100%)	4 (100%)	N/A	N/A	4 (100%)
Prof. U Than Aung (Independent Director)	4 (100%)	4 (100%)	4 (100%)	N/A	N/A	N/A
Dr. Hla Theingi (Independent Director)	4 (100%)	N/A	N/A	N/A	4 (100%)	4 (100%)
U Min Sein (Independent Director)	4 (100%)	N/A	N/A	4 (100%)	4 (100%)	N/A

Note: "N/A" in the table means that the Board of Director is not included in the Committee.

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

The Nomination, Remuneration, and Corporate Governance Committee manages the process for selecting, appointing, and re-appointing Directors. This committee supports the Board by assessing the competencies needed and represented on the Board, while reviewing the Board's structure, size, composition, succession planning, and diversity to ensure effective governance and alignment with the company's strategic goals.

The Committee also assesses the application of independence criteria, initiates the recruitment process, and evaluates candidates for election to the Board of Directors. The specific duties of the Nomination, Remuneration, and Corporate Governance Committee are outlined in the rules of procedure, as 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 (FY2023-2024):

Total Amount	371,000,000
Base / Fixed Salary	371,000,000
Variable or Performance-related Income	Nil
Benefits in Kind	Nil
Stock Options	Nil
Number of Directors	7

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 8th Annual General Meeting on 7th August, 2024 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 have a Corporate Secretary Department to communicate with our shareholders effectively. Our Corporate Secretary Department was founded with two members, namely U Maung Maung Oo, Vice-Chairman 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
2. For the long-term success of our company, it is essential to implement a robust internal control system and comprehensive risk management practices. EFR's risk management process and internal control framework include routine assessments to identify current risks, evaluate their impact, and review the effectiveness of existing controls. When additional actions are necessary, they are assigned and regularly monitored. EFR employs a top-down and bottom-up risk assessment approach, covering all functions and clusters, as well as risks arising from both within EFR and the broader business environment in which it operates.

Risk management is integral to EFR's organizational processes, promoting risk awareness throughout the company. The Enterprise Risk Management (ERM) process is aligned with other key internal and external functions, such as internal control, internal audit, operational compliance, and quality assurance. This integrated approach includes regular reporting to the Audit and Risk Management Committee, which ensures oversight at the Board level. The Risk Management cycle enables the Management Team to monitor and address risks daily, supporting proactive risk mitigation.

Please refer to the Risk Management section in EFR's Annual Report (FY2023-2024)w as per the following link for more detailed information.

https://ysx-mm.com/wp-content/uploads/2024/07/dd_00006_en_20240731.pdf

3. Status of Constructing Internal Control System

The Company has established a foundational policy for managing its business units, clearly defining the scope and terms of business management. Distinct policies and reporting systems are in place, requiring business units to submit approval applications and report on critical matters that could impact group management strategy and the overall business plan. This framework ensures alignment and informed decision-making across the organization.

Directors and employees of EFR uphold the Group Code of Conduct, which outlines business ethics and standards to ensure compliance by directors, corporate officers, and employees with all applicable laws and regulations. This Code serves as a foundation for ethical practices and integrity across the organization.

Quarterly Steering Meetings are conducted with top management from each business unit to ensure alignment with proposed plans and to provide timely guidance and strategic direction. Additionally, Weekly Meetings within each unit, attended by assigned directors and departmental heads, monitor company performance, facilitate proactive risk management, and provide ongoing guidance to optimize operational effectiveness.

The Group's controller and accounting teams, both at the central and divisional levels, play a crucial role in ensuring the reliability of financial information. They are responsible for delivering complete, accurate, and timely financial reporting to support effective decision-making and maintain transparency.

V. Related Party Transaction

1. Related Party Transaction Policy

Our Company's Related-Party Transaction (RPT) Policy is designed to safeguard the Company from potential conflicts of interest that may arise in transactions with Related Parties. The policy ensures that all RPTs undergo appropriate review, approval, ratification, and disclosure processes, in full compliance with applicable legal and regulatory requirements. This approach promotes transparency and aligns with the Company's commitment to sound governance practices.

All Related-Party Transactions (RPTs) must be reported to the Legal, Governance & Compliance Committee and the BOD through the Corporate Secretary. The committee or the BOD may approve or disapprove non-material RPTs based on the established "RPT consideration criteria."

All material Related-Party Transactions (RPTs) are referred by the Corporate Secretary to the Legal, Governance & Compliance Committee or the BOD for thorough review and approval or ratification. Any Committee member with a potential interest in a transaction will recuse themselves and abstain from voting on its approval or ratification.

The Board of Directors or the Committee may approve or disapprove a Related-Party Transaction (RPT) based on the "RPT consideration criteria." To facilitate a thorough review, the Committee will be provided with all relevant information regarding the RPT, including transaction terms, the business purpose, benefits to the Company and the Related Party, and any other pertinent details.

The Material Threshold for Related-Party Transactions is established at 5% of the Company's annual consolidated turnover, as per the latest audited financial statements, or USD 100,000, whichever is lower.

Corporate Governance Report

In compliance with the RPT guidelines issued by the Securities and Exchange Commission of Myanmar (SECM), the Company will adjust the Material Threshold as required.

Our Corporate Secretary Team is responsible for managing communications with regulatory bodies and the public. For Related-Party Transaction (RPT) disclosures, the Securities and Exchange Commission of Myanmar (SECM) has issued instructions, including a specific format for submitting RPTs to SECM within five business days. Additionally, we will provide timely updates on RPT transactions in this Corporate Governance Report as required by the Yangon Stock Exchange (YSX).

2. Outline of Related Party Transactions

1st April 2023 – 31st March 2024

Name of related party	Attributes of related party	Voting right ratio	Contents of transaction with related party (Note 1)	Trading amount (MMK) / Ratio to Total Assets (%)	Item	Balance at the end of FY (MMK) / Ratio to Total Assets (%)
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: 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 -