

Updated : 31.3.2022

Company Name : TMH Telecom Public Co., Ltd

Company Representative : U Thiha Lwin

Contact : +959457688887

URL : www.tmhtelecom.com

Code : 00005

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

### 1 . Corporate Attributes

|   |  |
|---|--|
| Fiscal Year-End   | 30 September (FY2020-2021)   |
| Sector Classification   | Telecommunication  |
| Number of Employees (consolidated) as of the end of the fiscal year (2020-2021)                           | 288  |
| Revenue, Profit after Tax, Total Assets and Net Assets (consolidated) for the fiscal year (2020-2021)     | Revenue – MMK 3,007,791,808<br>Profit/Loss After Tax – MMK (703,839,817)<br>Total Asset – MMK 15,670,336,062<br>Net Asset – MMK 14,807,490,108 |
| Number of Consolidated Subsidiaries and Associated Companies as of the End of the fiscal year (2020-2021) | Myanmar GT Broadband Co., Ltd  |

### 2 . Fundamental Views on Corporate Governance

The purpose of the Board Policy is to describe the Corporate Governance framework of TMH, especially the role, responsibilities, procedures of the Board of Directors of the Company.

This Policy is complementary to the provisions regarding the Board of Directors contained in:

- the Myanmar Companies Law,
- the Company's Constitution, and
- the Company's Code of Conduct.

The Board of TMH will ensure that the Board Policy is enforced across the Company. The Board must also approve any modifications of this Policy and review and update it in a timely manner as needed.

### 3. Status of Major Shareholders (FY2020-2021)

|    | Name                   | Attributes             | Nationality | Number of shares held | Shareholding ratio (%) |
|----|------------------------|------------------------|-------------|-----------------------|------------------------|
| 1  | U Thiha Lwin           | Managing Director      | Myanmar     | 3,165,408             | 24.68%                 |
| 2  | U Myint Lwin           | Director               | Myanmar     | 1,585,500             | 12.36%                 |
| 3  | Daw Khin Hnin Lwin     | Director               | Myanmar     | 1,585,500             | 12.36%                 |
| 4  | U Kyaw Swar Lwin       | Director               | Myanmar     | 1,060,500             | 8.27%                  |
| 5  | Dr. Nang Lai Yi Soe    | Executive Director     | Myanmar     | 1,085,516             | 8.46%                  |
| 6  | Daw Thu Zar            | Executive Director     | Myanmar     | 1,084,650             | 8.45%                  |
| 7  | Daw Ohnmar Lwin        | Director               | Myanmar     | 1,060,500             | 8.27%                  |
| 8  | Golden Trader Co., Ltd | Institutional investor | Myanmar     | 544,551               | 4.23%                  |
| 9  | Dr. Nang Khin Than Soe | Investor               | Myanmar     | 364,501               | 2.84%                  |
| 10 | U Aike Ti              | Investor               | Myanmar     | 216,196               | 1.69%                  |
| 11 | TMH Power Resource Ltd | Institutional Investor | Myanmar     | 210,000               | 1.63%                  |

**Total issued shares:**

**12,823,224 shares**

### 4. Policy on Foreigner Ownership

|   |  |
|---|--|
| Foreign Shareholding Ratio<br>(As of the End of the Previous Fiscal Year)                           | 0.0738%  |
| Foreign Shareholding Limit Determined by the Company  | 5% of total shares   |
| Reasons for setting the above Foreign Shareholding Limit and a future policy on foreigner ownership | To comply with the rules and regulation defined by Ministry of Transport and Communication, Myanmar. |

### 5. Policy on Dividends

The dividend policy of our Company is dictated by Company policy. The Company intends to pursue a dividend policy whereby dividends shall be paid or distributed to its Shareholders in amounts proportional to each Shareholder' percentage ownership interest to the full amount of the profits of our Company which are available for distribution from time to

time in accordance with and subject to the Applicable Laws (in particular, the Companies Act) but after making all necessary, reasonable and prudent cash provisions and reserves for:

- (i) Taxation;
- (ii) Any capital expenditures;
- (iii) Repayment of any borrowings of the Company;
- (iv) Fulfillment of the Company's working capital requirements; and
- (v) Any other matter required for the fulfilment of the Company's obligations

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

- (i) The level of cash, gearing, return on equity and retained earnings;
- (ii) Our Company's expected financial performance;
- (iii) Our Company's projected investment plans; and
- (iv) Restrictions on payment of dividends that may be imposed on our Company under our current or future financing arrangements.

We will pay cash dividends, if any, in Kyats.

Dividend per share (FY2019-2020): 70 MMK

Total Amount of Dividends: 12,823,224 shares x 70 MMK = 897,625,680 MMK

Dividend per share (FY2020-2021): N/A

Total Amount of Dividends: N/A

## II. Status of Corporate Governance Systems

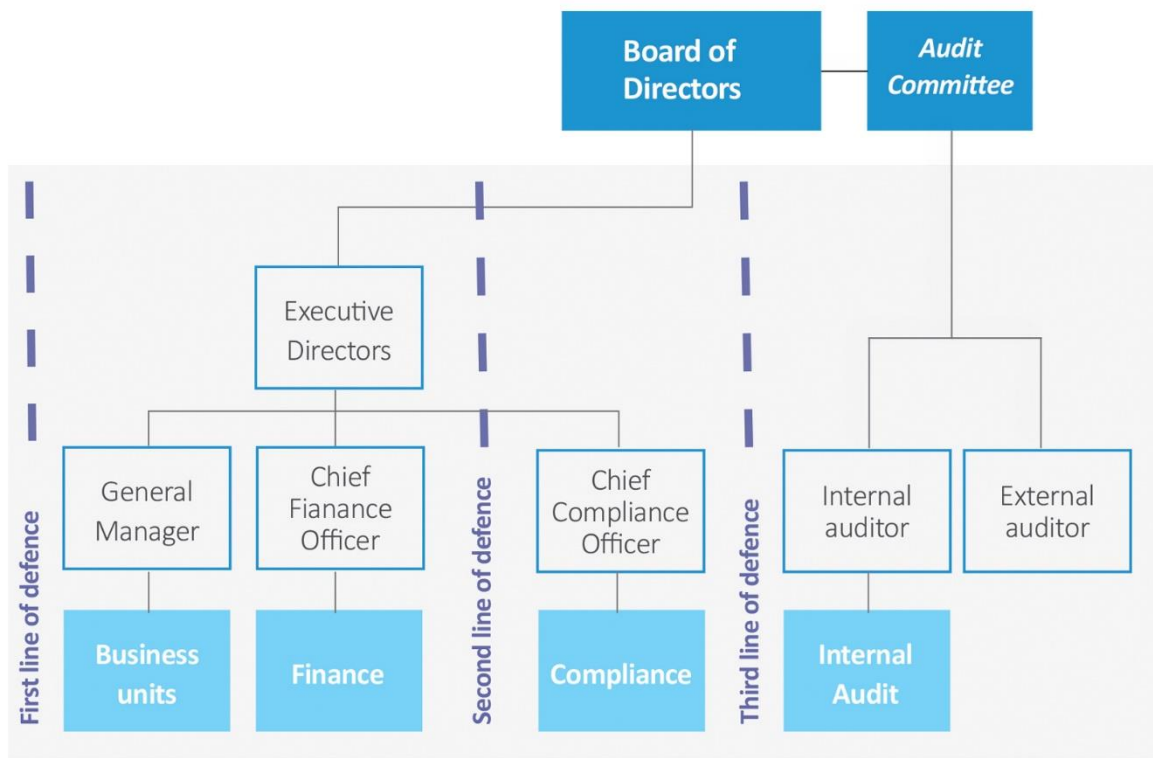
### Composition of Corporate Governance Structure

#### (1) Composition of Corporate Governance Structure

1,100+ shareholders own TMH and decide its future during General Meetings. The Board of Directors validates the strategy and oversees its implementation.

The Company has appointed an internal audit staff within the Auditing department, which is an independent internal auditing division. The internal audit provides the auditing result directly to audit committee to improve the overall governance of the company.

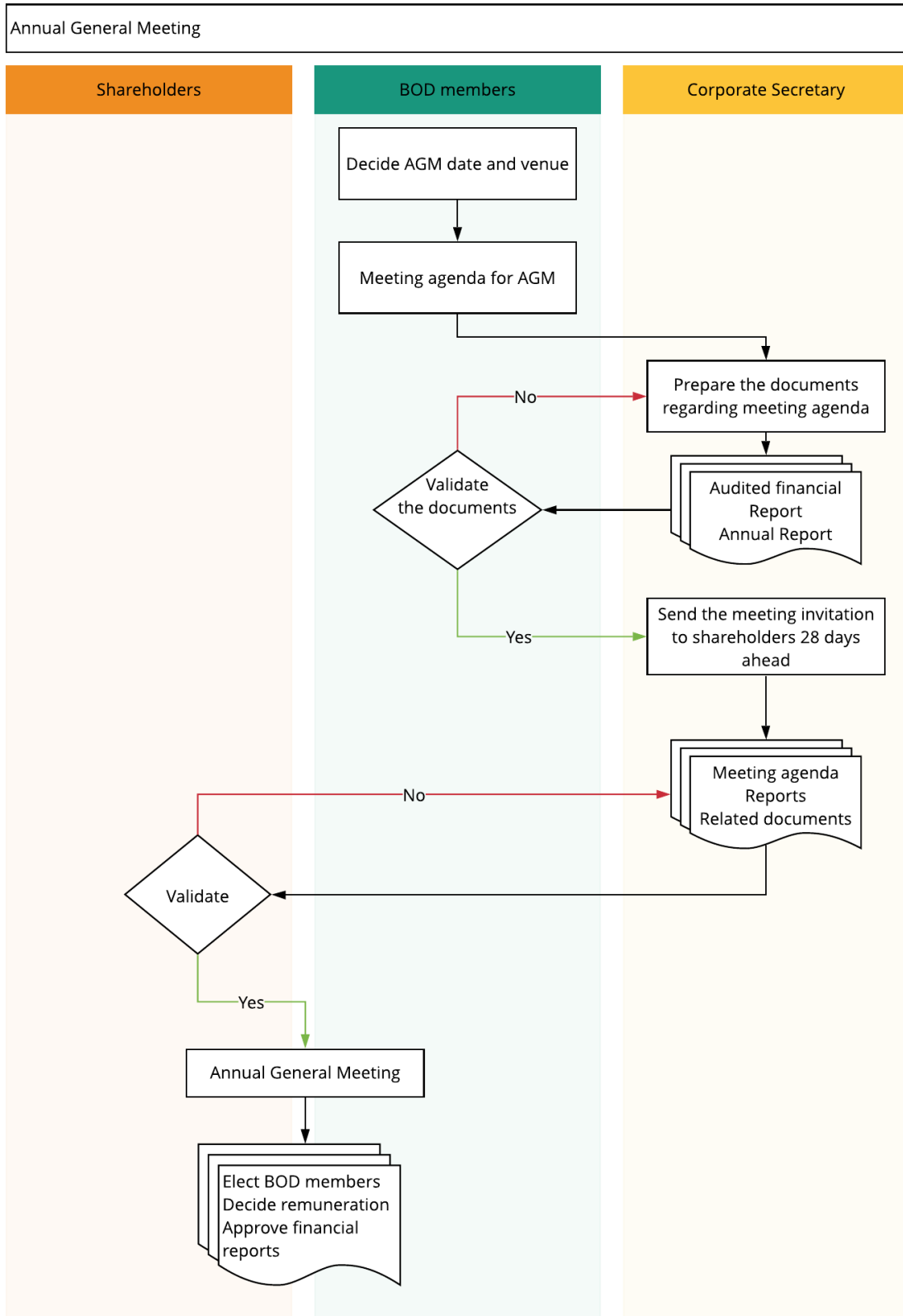
# Corporate Governance Report



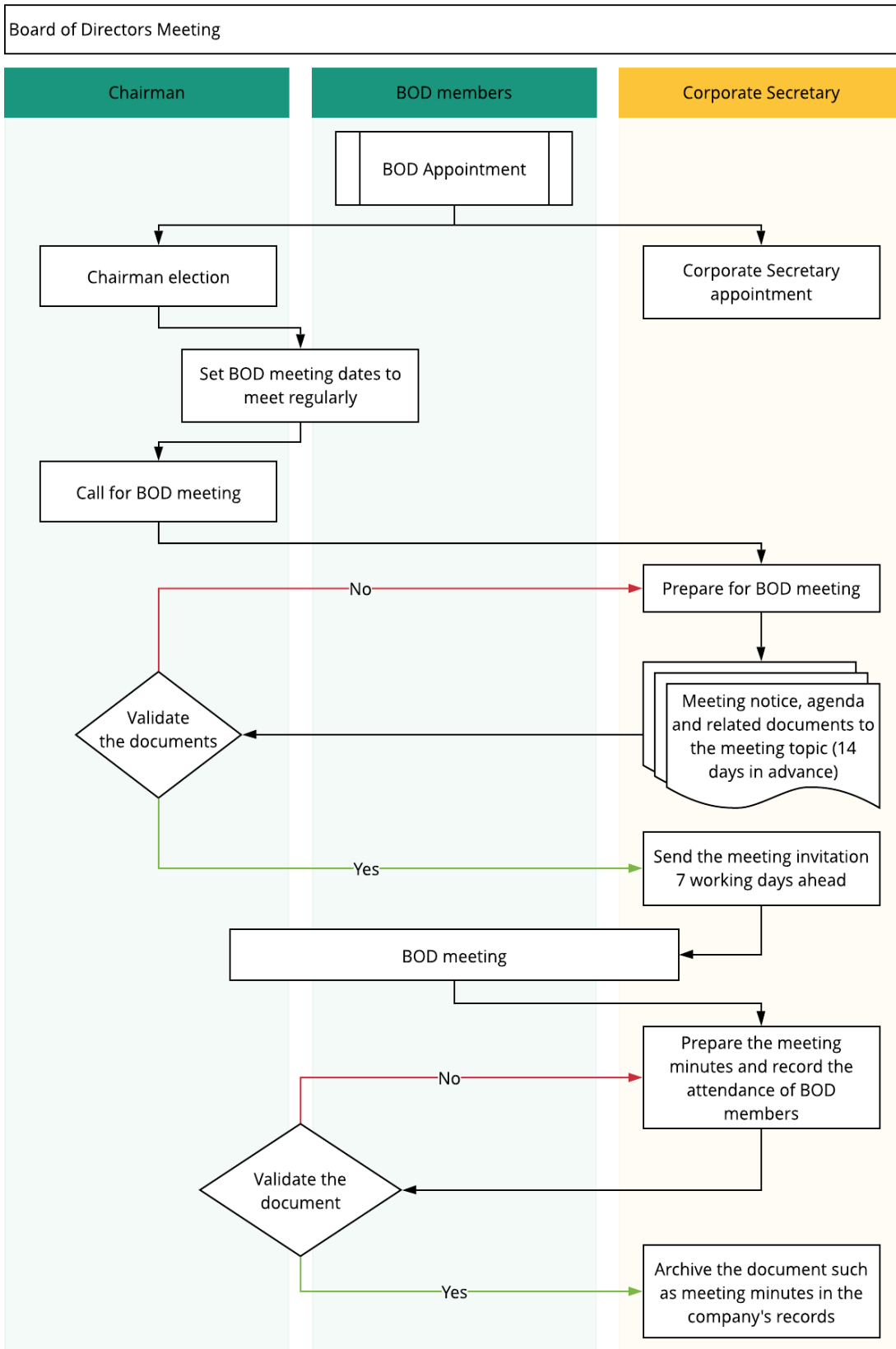
XXX Board-level Committees    
 XXX Member of the Management Team    
 XXX Departments    
 — Reporting Line

| First line of defence<br><b>Risk Management</b>  | Second line of defence<br><b>Compliance</b>   | Third line of defence<br><b>Independent assurance</b>   |
|--|---|---|
| <ul style="list-style-type: none"> <li>Takes and manage risk exposure in accordance with the risk appetite, mandate and limits set by the Board</li> </ul> | <ul style="list-style-type: none"> <li>Confirms the level of compliance with regulations, and other limits and requirements as defined in TMH's policies</li> </ul> | <ul style="list-style-type: none"> <li>Provides the Board with an independent opinion about the effectiveness of Risk Management and Internal Controls</li> </ul> |
| <ul style="list-style-type: none"> <li>Identifies and escalates significant emerging issues related to risk</li> </ul>                                     | <ul style="list-style-type: none"> <li>Reviews and assesses how the first-line of defence enforce the Risk Management framework</li> </ul>                          | <ul style="list-style-type: none"> <li>Identifies significant deficiencies or material weaknesses and monitors changes needed to mitigate the issues.</li> </ul>  |

## Annual General Meeting



## Board of Directors Meeting



The Board has established three committees, which are all chaired by Independent Directors:

**The Audit, Compliance and Corporate Governance (ACCG) Committee**

**The Nominating Committee,**

**The Remuneration Committee.**

The company has adopted this corporate governance structure because it judges the structure to be workable for realizing and ensuring its corporate governance and for conducting appropriate and efficient corporate management.

### **Audit, Compliance and Corporate Governance Committee (ACCG)**

#### **Composition**

**Appointment** – The Audit, Compliance and Corporate Governance Committee ("ACCG" or the "Committee") shall be appointed by the Board of Directors ("Board") from amongst the members of the Board. The ACCG shall comprise of at least three (3) directors who have relevant accounting or related financial management expertise or experience, as the Board interprets such qualifications in its business judgement. In addition, the Committee may co-opt from time to time person who have the relevant expertise to assist it but who may not be directors. Such persons may be associate members or invitees of the committee but shall have no decision-making powers or voting rights.

**Departure** – A member who wishes to retire or resign from the ACCG shall notify the Board in writing giving three (3) months' notice or such shorter notice as may be agreed by the Board. A member shall automatically cease to be a member of the ACCG if he is removed / disqualified under the provisions of the Myanmar Companies Law, or if he resigns / retires / is not re-elected as a Board member. If a member resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint the number of new members required to make up the minimum number of three (3) members.

**Chairperson** – The Committee members shall elect a Chairperson who ensures that:

- a. the Committee fulfils its obligations,
- b. the Committee's performance is assessed yearly.

### Responsibilities

Corporate reporting – The ACCG shall:

- a. monitor, review and assess the integrity of the financial statements of the Company and any other formal announcements relating to the Company's financial performance, and review any significant reporting issues and judgments contained therein,
- b. discuss with management and the external auditors on a regular basis and review and approve the annual financial statements and other disclosures required by laws and regulations, including announcements of a sensitive nature, prior to Board approval and public disclosure,
- c. review the findings of the audit with the external auditor. This shall include but not be limited to the following:
  - a discussion of any major issues which arose during the audit,
  - any accounting and audit judgments, and
  - levels of errors identified during the audit, and
  - reviews of and where necessary, challenges the consistency of accounting policies, methods used to account for significant or unusual transactions where different approaches are possible, and the clarity and completeness of corporate disclosure, and any changes of these.

**External Audit** – The ACCG shall:

- a. consider and make recommendations to the Board, to be put to shareholders for approval, regarding the appointment, re-appointment and removal of the Company's external auditors,
- b. oversee the external auditor selection process if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required by the Board,



- c. recommend to the Board for approval remuneration, including fees for audit or non-audit services and whether the level of fees is appropriate to enable an adequate audit to be conducted,
- d. recommend to the Board for approval terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit,
- e. review the preparation and execution of the auditor's annual program of work for the Company,
- f. evaluate, on an annual basis, the qualification, independence, and performance of the external auditor and report to the Board and the AGM the committee's opinion with respect to the adequacy of its performance and independence. Such a report shall include the Committee's recommendation on the reappointment or termination of the external auditor and, if required, on a replacement for the said firm. The Committee report shall be submitted to the AGM,
- g. satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business),
- h. assess annually qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures,
- i. ensure adherence to procedure concerning the supply of non-audit services by the external auditor, taking into account relevant ethical guidance and legal requirements regarding the matter. In general, the Company stipulates that the appointed external auditor shall not provide any other services to the Company beyond the scope of the financial audit, unless otherwise explicitly approved by the Board. No exceptions shall be granted if they are deemed to compromise the independence of the external auditor in any way (e.g., consulting services, tax services, or others). Any exceptions to this provision should be disclosed to shareholders along with an explanation as to why this was granted and what assurances exist to safeguard the auditor's independence, and
- j. monitor and review management's responses to the recommendations of the external auditor, including those in the Management Letter.

### **Internal Audit** – The ACCG shall:

- a. monitor and review the effectiveness and organizational structure of the Company's internal audit function,
- b. approve the appointment and removal of the Head of Internal Audit and review the qualifications and effectiveness of internal audit personnel,
- c. ensure the internal audit function has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards,
- d. review with the Company's internal auditor the preparation, execution and results of the Company's annual internal audit program, as well as any activities undertaken outside this annual program,
- e. review and assess the annual internal audit plan,
- f. review all internal audit reports and take or call for necessary action,
- g. ensure the internal audit function remains independent from management to ensure objective reporting,
- h. review with the Company's internal auditor and report to the Board on the adequacy of the structure, responsibilities, staffing, resources and functioning of the Company's internal auditing department; such a review will include an annual evaluation of the performance and qualifications of the department head, and;
- i. review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

### **Risk management** – The ACCG shall:

- a. define objectives and strategies for and ensure the development of the risk management framework for the Company and review the same at least annually to confirm it is both sound and effective and report to the Board on its findings and recommendations,
- b. define the ceiling for risk exposure that executive management must adhere to,
- c. set reporting guidelines for management to report to the ARCC on the effectiveness of the Company's management of its material risks, particularly market, operational, reputational, and compliance risks, and update the Board on the major findings of those reports as appropriate,

- d. provide for a comprehensive risk control system to ensure proper business process controls are in place to help identify and safeguard against risks; and
- e. ensure that this risk control system is periodically revised and aligned with regulatory changes, and is being complied with by management and
- f. approve and update as necessary a summary of the Company's policies on risk oversight and management of material risks.

**Compliance** – The ACCG shall:

- a. ensure the Company has an effective compliance function in place to ensure compliance with external laws and regulations and internal codes and policies, particularly the Code of Conduct,
- b. review the findings of any examinations by regulatory and supervisory agencies and respond as needed,
- c. review with the internal auditors and other appropriate parties, legal matters that may have a material impact on financial statements and compliance procedures of the Company, and any material reports received from or communications with regulators or government agencies, and
- d. oversee the procedures for:
  - the receipt and treatment of complaints received by the Company regarding financial reporting, accounting and auditing, internal controls, and conduct or conflict matters,
  - the confidential, anonymous submission by the Company's employees of concerns regarding questionable financial reporting, accounting, auditing or other matters.

**Working procedures**

**Meeting frequency** – The Committee shall meet as needed, but at least four (4) times a year. If possible, meetings shall be scheduled in advance according to an annual calendar and adjusted as needed.

**Notice and Agenda** – Meetings of the committee are called by the Chairperson of the Committee. Except in urgent cases, as determined by the Chairperson, the agenda and related documentation for a meeting shall be sent to all members at least five(5) days before the

meeting. All Committee members are provided with a concise yet comprehensive set of information by the Corporate Secretary in a timely manner, as much in advance as possible (at least five (5) days). This includes: (i) an agenda; (ii) minutes of the prior committee meeting; (iii) issue papers to be discussed; and (iv) other reports prepared by management. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis. The Committee shall keep detailed meeting minutes that adequately reflect Board discussions, signed by the Chairperson.

**Meeting venue** - Committee meetings are generally held at Company offices, but may also take place elsewhere. In addition, committee meetings may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

**Attendance of and admittance to meetings** – A committee member shall attend all meetings and may not be represented (by proxy) at meetings by another committee member. Non-Committee members (other Board members, executives, or other outside individuals) may attend committee meetings at the permission of the committee Chairperson. The committee may request that any Board member, officer, member of the internal audit function or other employee of the Company, or any other person whose advice and counsel are sought by the committee, attend any meeting and provide such pertinent information as the committee requests. The Head of Internal Audit shall meet with the committee on a frequent basis. The committee may exclude from its meetings any person it deems appropriate. The Company's external auditors will be invited to attend meetings of the committee as needed, and shall meet with the committee at least once annually without the presence of management.

**Quorum and voting** – A majority of members shall constitute a quorum (personally and not by proxy). Each member of the committee shall have one vote. Decisions taken through majority voting can result in actions directed by the committee. All resolutions of the committee are adopted by majority vote.

**Minutes of meeting** – The committee shall keep meeting minutes which shall be circulated to members for objections and approval. If no objection is lodged within ten business days, the minutes shall be approved. Once approved, such minutes shall be provided to the Board and then added to the Company's records and circulated in the next meeting. Each member of the committee shall receive a copy of the minutes.

**Support for the Committee** – The activities of the committee, including providing information, preparing an agenda and reporting of meetings shall be supported by the Corporate Secretary or another competent person as determined by the committee.

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

This committee is responsible for reviewing all matters relating to remuneration, including the principles, parameters and governance framework of the Company's remuneration policy (as applicable to all employees), and the remuneration of executive Board members and other senior executives.

#### **Composition**

**Appointment** – The Remuneration Committee ("RC" or the "Committee") shall be appointed by the Board of Directors ("Board") from amongst the members of the Board. The RC shall comprise at least three (3) directors who have relevant knowledge of executive remuneration and succession planning. In addition, the Committee may co-opt from time to time persons who have the relevant expertise to assist it but who may not be directors. Such persons may be associate members or invitees of the committee but shall have no decision-making powers or voting rights.

**Departure** - A member who wishes to retire or resign from the RC shall notify the Board in writing giving three (3) months' notice or such shorter notice as may be agreed by the Board. A member shall automatically cease to be a member of the RC if he is removed or disqualified under the provisions of the Myanmar Companies Law, or if he resigns, etires or is not re-elected as a Board member. If a member resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint the number of new members required to make up the minimum number of three (3) members.

**Chairperson** – The Committee members shall elect a Chairperson who ensures that:

- a. the Committee fulfils its obligations, and
- b. the Committee's performance is assessed yearly.

### Responsibilities

#### Remuneration – The RC shall:

- a. set the principles, parameters and governance framework of the Company's remuneration policy as applicable to all employees,
- b. determine the remuneration policy of the Company, including its subsidiaries (with input from subsidiary boards as applicable), including the review of policies for salary, bonuses and benefits,
- c. set the remuneration policy and remuneration for independent non-executive Board members, executive Board members and other senior executives of the Company, and
- d. make recommendations to the Board, regarding on the following matters:
  - time commitment and responsibilities of independent non-executive Board members and executive Board members,
  - long-term interests of shareholders and investors, and
  - requirement to link pay to performance by reference to corporate goals and objectives resolved by the Board.

### Working procedures

**Meeting frequency** – The Committee shall meet as needed, but at least four (2) times a year. If possible, meetings shall be scheduled in advance according to an annual calendar and adjusted as needed.

**Notice and agenda** – Meetings of the Committee are called by the Chairperson of the Committee. Except in urgent cases, as determined by the Chairperson, the agenda and related documentation for a meeting shall be sent to all members at least five (5) days before the meeting. All Committee members are provided with a concise yet comprehensive set of information by the Corporate Secretary in a timely manner, as much in advance as possible (at least five (5) days). This includes: (i) an agenda; (ii) minutes of the prior Committee meeting; (iii) issue papers to be discussed; and (iv) other reports prepared by management. Issue papers

should be clear, succinct, insightful, and include recommendations for action based on proper analysis. The Committee shall keep detailed meeting minutes that adequately reflect Board discussions, signed by the Chairperson.

**Meeting venue** - Committee meetings are generally held at Company offices, but may also take place elsewhere. In addition, committee meetings may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

**Attendance of and admittance to meetings** – A Committee member shall attend all meetings and may not be represented (by proxy) at meetings by another Committee member. Non-Committee members (other Board members, executives, or other outside individuals) may attend committee meetings at the permission of the committee Chairperson. The Committee may request that any Board member, officer, member of the internal audit function or other employee of the Company, or any other person whose advice and counsel are sought by the Committee, attend any meeting and provide such pertinent information as the committee requests. The Head of Internal Audit shall meet with the committee on a frequent basis. The Committee may exclude from its meetings any person it deems appropriate. The Company's external auditors will be invited to attend meetings of the committee as needed, and shall meet with the committee at least once annually without the presence of management.

**Quorum and voting** – A majority of members shall constitute a quorum (personally and not by proxy). Each member of the committee shall have one vote. Decisions taken through majority voting can result in actions directed by the committee. All resolutions of the committee are adopted by majority vote.

**Minutes of meetings** – The committee shall keep meeting minutes which shall be circulated to members for objections and approval. If no objection is lodged within ten business days, the minutes shall be approved. Once approved, such minutes shall be provided to the Board and then added to the Company's records and circulated in the next meeting. Each member of the committee shall receive a copy of the minutes.

**Support for the Committee** – The activities of the committee, including providing information, preparing an agenda and reporting of meetings shall be supported by the Corporate Secretary or another competent person as determined by the committee.

### **Nomination Committee (RC)**

This committee covers several areas such as regularly reviewing the structure, size, composition and performance of the Board to ensure its effectiveness.

#### **Composition**

**Appointment** – The Nominating Committee ("NC" or the "Committee") shall be appointed by the Board of Directors ("Board") from amongst the members of the Board. The NC shall comprise at least three (3) directors who have relevant knowledge of executive remuneration and succession planning. In addition, the Committee may co-opt from time to time person who have the relevant expertise to assist it but who may not be directors. Such persons may be associate members or invitees of the committee but shall have no decision-making powers or voting rights.

**Departure** - A member who wishes to retire or resign from the NC shall notify the Board in writing giving three (3) months' notice or such shorter notice as may be agreed by the Board. A member shall automatically cease to be a member of the NC if he is removed or disqualified under the provisions of the Myanmar Companies Law, or if he resigns, retires or is not re-elected as a Board member. If a member resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint the number of new members required to make up the minimum number of three (3) members.

**Chairperson** – The Committee members shall elect a Chairperson who ensures that:

- a. the Committee fulfils its obligations, and
- b. the Committee's performance is assessed yearly.



### Responsibilities

#### **Nomination** – The NC shall:

- a. review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes,
- b. keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace,
- c. develop and maintain a formal and transparent process for the appointment and re-appointment of directors to the Board. The process for the appointment of new directors should include an evaluation of his/her capabilities and the way in which the new director will fit in with the overall competences of the Board,
- d. develop and maintain a process for the selection, appointment and re-appointment of directors, with regard to the composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candor and any other salient factors), including, if applicable, as an independent director. All proposed appointees should be required to disclose any other business interests that may result in a conflict of interest and/or report any future business interests that could result in a conflict of interest.
- e. ensure all directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three (3) years.

### Working procedures

**Meeting frequency** – The committee shall meet as needed, but at least four (2) times a year. If possible, meetings shall be scheduled in advance according to an annual calendar and adjusted as needed.

**Notice and agenda** – Meetings of the Committee are called by the Chairperson of the Committee. Except in urgent cases, as determined by the Chairperson, the agenda and related

documentation for a meeting shall be sent to all members at least five (5) days before the meeting. All Committee members shall be provided with a concise yet comprehensive set of information by the Corporate Secretary in a timely manner, as much in advance as possible (at least five (5) days). This includes: (i) an agenda; (ii) minutes of the prior Committee meeting; (iii) issue papers to be discussed; and (iv) other reports prepared by management. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis. The Committee shall keep detailed meeting minutes that adequately reflect Board discussions, signed by the Chairperson.

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then added to the Company's records and circulated in the next meeting. Each member of the committee shall receive a copy of the minutes.

**Support for the Committee** – The activities of the committee, including providing information, preparing an agenda and reporting of meetings shall be supported by the Corporate Secretary or another competent person as determined by the committee.

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

The company has adopted this corporate governance structure because it judges the structure to be workable for realizing and ensuring its corporate governance and for conducting appropriate and efficient corporate management.

## 2. Information of Directors

| Position               | Name                | Number of Shares Held | Date of Birth |
|------------------------|---------------------|-----------------------|---------------|
| Executive Chairman     | U Myint Lwin        | 1,585,500             | 13/3/1943     |
| Non-Executive Director | Daw Khin Hnin Lwin  | 1,585,500             | 1/12/1950     |
| Managing Director      | U Thiha Lwin        | 3,165,408             | 26/12/1980    |
| Non-Executive Director | U Kyaw Swar Lwin    | 1,060,500             | 25/10/1982    |
| Executive Director     | Dr. Nang Lai Yi Soe | 1,085,516             | 5/8/1988      |
| Executive Director     | Daw Thu Zar         | 1,084,650             | 16/11/1973    |
| Non-Executive Director | Daw Ohnmar Lwin     | 1,060,500             | 18/2/1979     |
| Independent Director   | U Thein Zaw         | -                     | 15/6/1956     |
| Independent Director   | U Aung Than         | -                     | 9/7/1949      |

Please refer to the following link for the BOD members' profile detail:

<https://www.tmhtelecom.com/bod-members-and-attendance/>

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

| Position           | Name         | Concurrent positions and companies                            |
|--------------------|--------------|---|
| Executive Chairman | U Myint Lwin | U Myint Lwin holds a directorship in the following companies: |

|                        |                    |  |
|------------------------|--------------------|--|
|                        |                    | <ol style="list-style-type: none"> <li>1. Tah Moe Hnye Group Investment &amp; Development Co., Ltd (Chairman)</li> <li>2. Tah Moe Hnye Chan Thar Wood Based Industry Co., Ltd (Chairman)</li> <li>3. Tah Moe Hnye Chan Thar Mining Co., Ltd (Chairman)</li> <li>4. Tah Moe Hnye Chan Thar Nay Pyi Taw Hotel Co., Ltd (Chairman)</li> <li>5. Chan Thar Gems Co., Ltd (Chairman)</li> <li>6. Chan Thar City Investment and Development Co., Ltd (Chairman)</li> </ol>  |
| Non-Executive Director | Daw Khin Hnin Lwin | <p>Daw Khin Hnin Lwin holds a directorship in the following companies:</p> <ol style="list-style-type: none"> <li>1. Tah Moe Hnye Group Investment &amp; Development Co., Ltd (Non-Executive Director)</li> <li>2. Tah Moe Hnye Chan Thar Wood Based Industry Co., Ltd (Non-Executive Director)</li> <li>3. Tah Moe Hnye Chan Thar Mining Co., Ltd (Non-Executive Director)</li> </ol>   |
| Managing Director      | U Thiha Lwin       | <p>U Thiha Lwin holds a directorship in the following companies:</p> <ol style="list-style-type: none"> <li>1. Tah Moe Hnye Group Investment &amp; Development Co., Ltd (Deputy Managing Director)</li> <li>2. Tah Moe Hnye Chan Thar Wood Based Industry Co., Ltd (Director)</li> <li>3. Tah Moe Hnye Chan Thar Mining Co., Ltd (Director)</li> <li>4. Tah Moe Hnye Chan Thar Nay Pyi Taw Hotel Co., Ltd (Director)</li> <li>5. Chan Thar Gems Co., Ltd (Director)</li> <li>6. Tea Art Co., Ltd (Managing Director)</li> <li>7. Myanmar GT Broadband Service Co., Ltd (Director)</li> </ol> |

## Corporate Governance Report

|                        |                  |   |
|------------------------|------------------|---|
| Non-Executive Director | U Kyaw Swar Lwin | U Kyaw Swar Lwin holds a directorship in the following companies: <ol style="list-style-type: none"> <li>1. Tah Moe Hnye Group Investment &amp; Development Co., Ltd</li> <li>2. Tah Moe Hnye Chan Thar Wood Based Industry Co., Ltd (Director)</li> <li>3. Tah Moe Hnye Chan Thar Mining Co., Ltd (Managing Director)</li> <li>4. Tah Moe Hnye Chan Thar Nay Pyi Taw Hotel Co., Ltd (Director)</li> <li>5. Chan Thar Gems Co., Ltd (Director)</li> </ol> |
| Non-Executive Director | Daw Ohnmar Lwin  | Daw Ohnmar Lwin holds a directorship in the following companies: <ol style="list-style-type: none"> <li>1. Tah Moe Hnye Group Investment &amp; Development Co., Ltd (Director)</li> <li>2. Tah Moe Hnye Chan Thar Wood Based Industry Co., Ltd (Director)</li> <li>3. Chan Thar Gems Co., Ltd (Director)</li> <li>4. Tea Art Co., Ltd (Director)</li> </ol>   |
| Executive Director     | Daw Thu Zar      | Daw Thu Zar holds a directorship in the following companies: <ol style="list-style-type: none"> <li>1. Mandalay Mass Co., Ltd (Director)</li> </ol>   |

### 3. Information of Members of Specialized Committees (Fiscal Year 2020-2021)

#### Audit, Compliance and Corporate Governance Committee (ACCG Committee)

| Position             | Name                           |
|----------------------|--------------------------------|
| Independent Director | U Thein Zaw (Chairman)         |
| Independent Director | U Aung Than (Member)           |
| Managing Director    | U Thiha Lwin (Member)          |
| Internal Auditor     | Daw Lae Lae Khaing (Secretary) |
| Compliance Officer   | Daw Hsu Wai Linn (Member)      |

\*\*In accordance with SECM's Corporate Governance Notification, in the next fiscal year, we will appoint Non-executive Director instead Managing Director in ACCG Committee.

## Nomination Committee

| Position             | Name                         |
|----------------------|------------------------------|
| Independent Director | U Thein Zaw (Chairman)       |
| Independent Director | U Aung Than (Member)         |
| Executive Director   | Dr. Nang Lai Yi Soe (Member) |

## Remuneration Committee

| Position             | Name                      |
|----------------------|---------------------------|
| Independent Director | U Aung Than (Chairman)    |
| Independent Director | U Kyaw Swar Lwin (Member) |
| Executive Director   | Daw Ohnmar Lwin (Member)  |

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

### (1) The number of meetings of the Board and specialized committees in Fiscal Year (2020-2021)

|  |         |
|--|---------|
| Meetings of the Board                                | 7 times |
| Audit, Compliance and Corporate Governance Committee | 4times  |
| Nomination Committee                                 | 1 time  |
| Remuneration Committee                               | 1 time  |

### (2) Attendance at meetings of the Board and specialized committees in FY (2020-2021):

| Position               | Name              | Attendance           |                   |                        |                      |
|------------------------|-------------------|----------------------|-------------------|------------------------|----------------------|
|                        |                   | Meeting of the Board | ACCG Committee    | Remuneration Committee | Nomination Committee |
| Chairman               | U Myint Lwin      | 7/7times,<br>100%    | —                 | —                      | —                    |
| Non-Executive Director | DawKhin Hnin Lwin | 7/7times,<br>100%    | —                 | —                      | —                    |
| Managing Director      | U Thiha Lwin      | 7/7times,<br>100%    | 4/4times,<br>100% | —                      | —                    |

|                        |                     |                |                |               |               |
|------------------------|---------------------|----------------|----------------|---------------|---------------|
| Non-Executive Director | U Kyaw Swar Lwin    | 7/7times, 100% | —              | 1/1time, 100% |               |
| Executive Director     | Dr. Nang Lai Yi Soe | 7/7times, 100% | —              | —             | 1/1time, 100% |
| Executive Director     | Daw Thu Zar         | 7/7times, 100% | —              | —             | —             |
| Non-Executive Director | Daw Ohnmar Lwin     | 7/7times, 100% | —              | 1/1time, 100% | —             |
| Independent Director   | U Sein Win          | 4/7times, 57%  | 3/4times, 75%  | —             |               |
| Independent Director   | U Thein Zaw         | 7/7times, 100% | 1/4times, 25%  | —             | 1/1time, 100% |
| Independent Director   | U Aung Than         | 7/7times, 100% | 4/4times, 100% | 1/1time, 100% | —             |

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

The General Meeting of the shareholders elects the members of the Board of Directors according to the company's constitution and Myanmar Companies Law.

A nomination or recommendation to the General Meeting of shareholders for a candidate for the Board of Directors shall state:

- a. the candidate's age,
- b. his/her profession,
- c. the amount and nature of his/her ownership in the Company,
- d. any convictions for any crimes involving dishonesty, fraud or breach of trust,
- e. the positions he/she holds or has held in the past five years (including memberships on any supervisory bodies or management team) and
- f. any other information relevant to an assessment of his/her suitability as a member of the Board of Directors.

The recommendation or nomination for appointment or reappointment shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the Board of Directors for appointment or reappointment of a Board member must be in accordance with criteria mentioned above.

**Reappointment** – Before recommending a member of the Board of Directors for reappointment, the Board of Directors must carefully consider his past performance on the Board of Directors.

**Vacancies** – Should a vacant Board seat materialize between General Meetings, the Board may elect a Board member to fill the vacancy until the next General Meeting. Their election should be based on the same process as described above.

### 6. Remuneration of Directors

#### (1) Remuneration policies and procedure for setting remuneration

The remuneration committee is responsible for reviewing all matters relating to remuneration, including the principles, parameters and governance framework of the Company's remuneration policy (as applicable to all employees), and the remuneration of executive Board members and other senior executives.

Senior management remuneration and evaluation of the CEO and members of the senior management

The remuneration package shall be based on various components, including fixed salary plus defined performance incentive bonuses. The executive remuneration policy shall be approved by the Board each year and disclosed to the shareholders and in the annual report. The Board shall evaluate the performance of the CEO or the lead executive and determine compensation in light of the goals and objectives of the remuneration policy. The CEO and the Board together shall assess the performance of the other executive officers and determine their compensation based on initial recommendations from the CEO or the lead executive.

The Board should define the remuneration scheme based on the following key underlying principles: that the level of remuneration ensures alignment of executives' incentives with the long-term interests of the Company and its shareholders; and (ii) that the remuneration of executives is of sufficient order so as to attract, motivate, and retain the managerial talent it needs.

#### (2) Outline of Remuneration

Remuneration of Directors for fiscal year (2020-2021)

|  |                |
|--|----------------|
| Total Amount                           |                |
| Base / Fixed Salary                    | Ks. 61,600,000 |
| Variable or Performance-related Income | N/A            |



## Corporate Governance Report

|                     |     |
|---------------------|-----|
| Benefits in Kind    | N/A |
| Stock Options       | N/A |
| Number of Directors | 3   |

### III. Implementation of Measures for Shareholders

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

The notice of shareholders meetings shall be sent to the shareholders 28 days before the meetings and announcement shall be made on the company website and disclosed it on Yangon Stock Exchange website at the same times before 28 days to facilitate the exercise of voting rights.

TMH prepares the shareholders meeting notices in both English and Myanmar versions.

The meeting notices are sent in advance 28 day before holding the meeting and it is announced on both company's website and YSX website. Moreover, the invitation letter will be sent to each of the shareholders by post mail according to the registered address.

#### 2. Status of IR Activities

The company established a department, which is the department of securities affairs to handle all the company's IR activities. It discloses all the material information and investment related information publicly and timely for the purpose of investor review. Further, the company's website is updated timely.

### IV. Status of Internal Control System

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

To comply with laws, regulations and compliance and ethics, the company has framed with corporate governance framework, code of conducts, that's cover both employee and Board members. Further, internal auditor is reported timely as needed to Audit, Compliance and Corporate Governance Committee. The company is appointed the compliance officer for the purpose of covering all the BOD members and employees to comply with laws, rules and regulations.

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

Risk management and internal control – The Company places great importance on maintaining a sound risk management and internal control framework. The Board of the Company, via the Audit, Compliance and Corporate Governance Committee, is tasked with ensuring that appropriate risk management and internal systems are established and working effectively.

Among other things, the Board

- (i) approves risk management procedures and ensures compliance with such procedures;
- (ii) analyses, evaluates, and improves the effectiveness of the internal risk management and internal control procedures on a regular basis;
- (iii) develops adequate incentives for executive bodies, departments and employees to apply internal control systems; and
- (iv) ensures that the Company complies with legislation and with provisions of its articles of association. To this end, the Company shall have a Risk Management function that is responsible for ensuring the risk management of the Company is working effectively.

**Internal Auditor** – The Company shall likewise have an internal audit function that is staffed by qualified person(s) with appropriate levels of authority in the organization, and is given necessary training and resources to carry out its duties effectively. The internal audit function shall report to the audit committee functionally and to the CEO administratively. The Board shall ensure the internal audit function is independent from management to ensure objective analysis and reporting.

**External Auditor** – The Company shall engage a publicly recognized, independent auditing firm fully independent from the Company, the Company's management and major shareholders. The external auditor shall be appointed by the AGM and submitted for the necessary approvals from relevant regulatory agencies. The remuneration of the auditor shall be disclosed to shareholders. The external auditor should rotate its lead engagement partner at least once every five (5) years to help ensure objectivity, and the Company shall replace its external auditors, or the audit partner-in-charge, at least once every five years or such other period as may be prescribed by the regulations.

**Company Secretary** – The Company Secretary assists the Board of Directors.

**General access** – All Board of Directors members may go to the Company Secretary for advice or to use his/her services on matters related to this Charter.

**Responsibilities** – The Company Secretary shall monitor and assist the Board in following the correct procedures and shall ensure that the Board of Directors complies with its obligations under the law, the Company’s Constitution and this Charter. The Company Secretary shall assist the Chairperson of the Board of Directors in organizing the Board of Directors’ activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs). The Company Secretary is the secretary of the Board of Directors.

### V. Related Party Transaction

#### 1. Related Party Transaction Policy

A Board of Directors member does not take part in any discussion or decision-making regarding any subject or transaction in which he has a conflict of interest with the Company.

All transactions in which there are conflicts of interest with Board of Directors members are agreed on terms that are customary for arm's-length transactions in the Company’s business. Decisions to enter into transactions in which there are conflicts of interest with Board of Directors members require the approval of the Board of Directors.

The approval of the Board of Directors is required for:

- a. the allocation of duties of the Management team to individual members of the Management team
- b. all material transactions between the Company and natural or legal persons who hold at least 20% ownership in the Company
- c. a resolution on the operational and financial aims of the Company, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy
- d. all material transactions in which there are conflicts of interest
- e. the appointment and removal of the Company Secretary
- f. the compensation policy for senior Management team in general.
- g. the annual capital investment budget, all acquisitions and disposals of business activities whose sales exceed 10% of Total Assets of the Company in the year prior to the acquisitions or disposal
- h. All financial statements
- i. all other acts that require the approval by law, the Company’s Constitution, the Board Policy.

## 2. Outline of Related Party Transactions

| 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  |

\*\*There are no related party transactions in the fiscal year 2020-2021.