

Corporate Governance Review

“Takin Ltd.”

CG Risk	Risk	Covenants/Mitigants
1. Structure and Functioning of the Board	Moderate	Mitigant: Five non-executive, non-family directors on 13 member board; Vigorous board discussions Comment/Recommended covenant: An audit committee
2. Control Environment and Processes	Moderate/High	Mitigant: Absent Comment/Recommended covenant: Poor controls over related party transactions; Exposure to transfer pricing risks. Arm’s length covenants are recommended
3. Transparency and Disclosure	Low	Mitigant: Listed company; Repeat IFC client with international auditor Comment/Recommended covenant: Implement audit committee
4. Treatment of Minority Shareholders	Low	Mitigant: Non-executive directors very vocal Comment/Recommended covenant: Arm’s length covenants
5. Commitment to Good CG	Low	Mitigant: Listed company with organic documents; Basic rules on family employment Comment/Recommended covenant: None

Conclusion: Repeat IFC client, committed to CG improvements. In sum, the corporate governance risks are low.

Scope: We were able to cover all issues.

Implementation: The local CG Advisory Project was contacted for assistance in setting up an audit committee. Client will pay the fees for this support.

Other: N/A