## Corporate Governance Review

**“Takin Ltd.”**

<table>
<thead>
<tr>
<th>CG Risk</th>
<th>Risk</th>
<th>Covenants/Mitigants</th>
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</table>
| 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

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