Report

On Corporate Governance Assessment Results of Mahathuen Leasing Public Company 2023

By: Lao Securities Exchange

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1. Info of Mahathuen Leasing Public Company

1.1. General Information

Title	Description
Company Name:	Mahathuen Leasing Public Company (MHTL)
Headquarter Location:	House number 628, Phonphanao Village, (5Km) Kaison Road, Xaysettha District, Vientiane Capital
Tel:	(856) 21 418065
Type of Key Business:	Financial Leasing
Date of Listing:	18 September 2018
Website:	www.mahathuen.com
Number of Employees:	117 people
Number of Listed Shares:	400,000,000 shares
Market Price (30/12/2022):	410 Kip/Shares
Market Capitalization (30/12/2022):	164,000 million kip

1.2. Financial Information

Financial Data (31 December 2022) Unit: Million KIP	
Asset: 109.061	Revenue: 33.725
Liabilities: 38.141	Expenses: 32.677
Equities: 70.919	Net Profit: 1.047

1.3. Listed of the Board of Directors

The board of directors of MHTL includes of total 9 members as below:

1) Mr. Teera Chutivarapon — Chairman
2) Mr. Wichien Luknatin — Vice Chairman
3) Mr. Manop Tririthvilai — Member
4) Mr. Chakrit Naksorn — Member
5) Mr. Wairung Minakul — Member
6) Mr. Kovit Kerdsirirak — Member
7) Mr. Vankham Voravong — Independent Member
8) Mr. Theeramate Vuttipadhpibul — Independent Member
9) Mr. Winyou jeeraprapakan — Independent Member

1.4. List of the Board Committees

The board of directors of MHTL comprises of 5 committees, each committee has the following members.

1) Audit Committee

1. Mr. Vankham Voravong — Chairman/Independent
2. Mr. Theeramate Vuttipadhpibul — Independent Member
3. Mr. Winyou Jeeraprapakan — Independent Member

2) Risk Management Committee

1. Mr. Teera Chutivarapon — Chairman
2. Mr. Wichien Luknatin — Member
3. Mr. Winyou Jeeraprapakan — Independent Member

3) Nomination Committee

1. Mr. Teera Chutivarapon — Chairman
2. Mr. Wichien Luknatin — Member
3. Mr. Theeramate Vuttipadhpibul — Independent Member

4) Remuneration Committee

1. Mr. Teera Chutivarapon — Chairman
2. Mr. Wichien Luknatin — Member
3. Mr. Winyou Jeeraprapakan — Independent Member

5) Related Party Transaction Committee

1. Mr. Kovit Kerdsirirak — Chairman/Independent
2. Mr. Wairung Minakul — Member
3. Mr. Theeramate Vuttipadhpibul — Member

1.5. List of the Directors

1. Mr. Manop Tririthvilai — Chief Executive Officer
2. Ms. Sureeporn Suvansayrob — Chief Financial Officer

1.6. List of the Persons in Charge of CG

Name & Surname	Contact	Email
Ms. Sureeporn Suvansayrob	020 99305331	sureeporn.s@mahathuen.com
Ms. Huankham Keomany	020 97199936	ir@mahathuen.com

2. Overview of Corporate Governance Assessment Result

2.1. The Assessment Result by Actual Score

In 2023, MHTL has achieved a total of 75.32 scores for CG Scorecard assessment, classified in a good rank. The details are provided as follows:

Section	Full Score	Actual Score
Shareholder Rights and the Equal Treatment of Shareholders	10	7.33
Management of Relationship with Stakeholders	10	6.36
Disclosure and Transparency	40	34.05
Roles and Responsibilities of the Board	40	27.57
Total	**100**	**75.32**

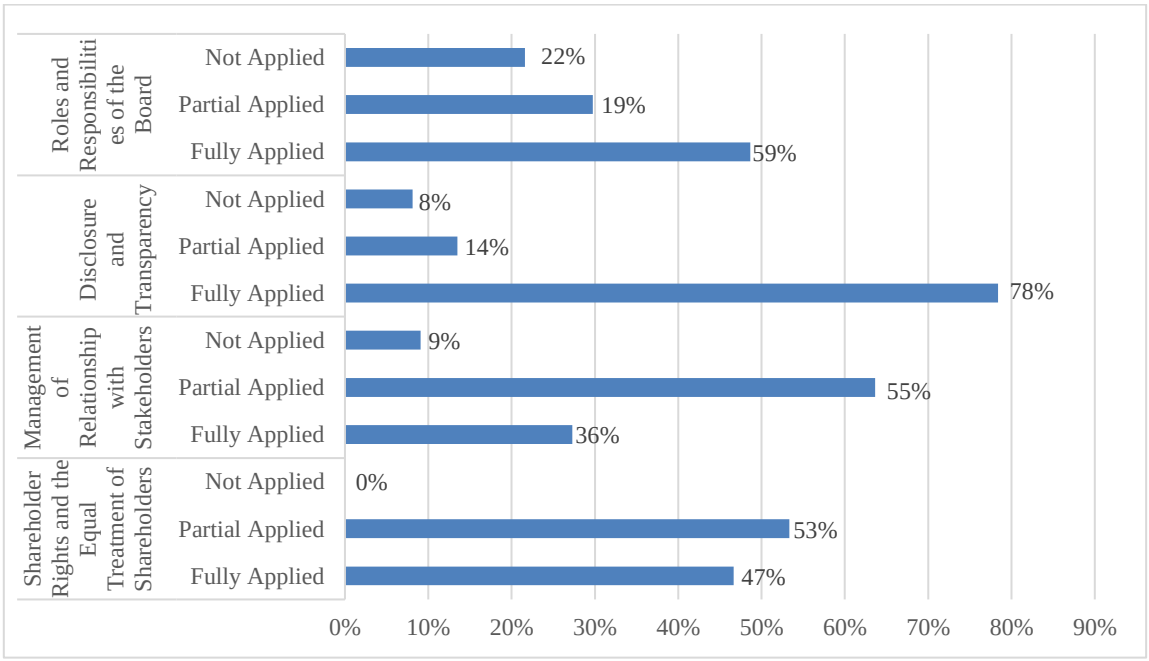
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 7.3 points;
2. Management of Relationship with Stakeholders achieved 6.36 points;
3. Disclosure and Transparency achieved 34.05 points;
4. Roles and Responsibilities of the Board achieved 27.57 points.

2.2. The Assessment Results Calculated in Each Scoring Categories

The scoring comprises of 3 categories including FA (Fully Applied) = 1 Score, PA (Partial Applied) = 0,5 Score and NA (Not Applied) = 0 Score, which the result of MHTL performance could be shown as follows:

MHTL	Shareholder Rights and the Equal Treatment of Shareholders		Management of Relationship with Stakeholders		Disclosure and Transparency		Roles and Responsibilities of the Board		Total	
	Question	%	Question	%	Question	%	Question	%	Question	%
Fully Applied	7	47%	4	36%	29	78%	22	59%	62	62%
Partial Applied	8	53%	6	55%	5	14%	7	19%	26	26%
Not Applied	0	0%	1	9%	3	8%	8	22%	12	12%
Total	**15**	**100%**	**11**	**100%**	**37**	**100%**	**37**	**100%**	**100.0**	**100%**

As shown in the above table, MHTL has achieved the corporate governance implementation in fully applied (FA) 62%, followed by partial applied (PA) 26% and not applied (NA) 12% of total questions. The assessment results above could be shown in the bar chart as below:



3. Achievements and Outstanding Issues

3.1. Section 1 Shareholder Rights and the Equal Treatment of Shareholders

MHTL has achieved the implementation in fully applied (FA) 47%, followed by partial applied (PA) 53% and not applied (NA) 0% of total questions in the section, which has the details as follows:

Achievement	Outstanding Issues
- The organization of shareholder meetings: MTHL sent an invitation letter and relevant important documents to shareholders at least 21 days before date of the shareholder meeting as well as inform the procedures and methods of voting including provided the right to shareholders in shareholder meetings to vote 1 share per 1 vote. - The appointment or cancellation of the audit firm contract and the audit service fee shall be approved by the shareholders' meeting. - Shareholders received comprehensive information regarding the experience and the background of candidates for board of directors' member including about age, academic qualifications and other relevant, such as directorships in other listed/non-listed companies. - Chief Executive Officer and external auditor attend shareholders' meeting to answer questions and clarify relevant issues.	- MHTL do not approve the policy of shareholder's rights who hold individually or collectively at least 5% of the company's total shares has the rights to add an agenda of the shareholder's meeting, and the shareholder who individually or collectively less than 5% of the company's total shares has the right to propose to add agenda of the shareholder's meeting to the company for consideration in the internal regulation. - MHTL does not approve the policy of shareholder's rights who hold individually or collectively at least 10% of the company's total shares has the rights to the board or company's director to convene the shareholder's meeting in the internal regulation. - MHTL do not prescribe incidents on issuance of newly shares, transaction of the purchase, sale or transfer the assets with value at 50% or higher of company's total assets or other significant matters which shall be approved by the shareholders' meeting in the company's internal regulation.

3.2. Section 2 Management of Relationship with Stakeholders

MHTL has achieved the implementation in fully applied (FA) 36%, followed by partial applied (PA) 55% and not applied (NA) 9% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- MHTL has specified a contact channel to receive comments or petitions from its stakeholders on problems, doubts or violations of their rights/contracts on the website or the annual business performance report of the company. - MHTL created a mechanism to provide information, comments or complaints of employees on the behaviors that is not in accordance with the code of ethics, regulations or	- The board does not approve the policies to protect the rights and interests of its stakeholders. - The board does not approve the policies on training and human development for its employees. - The board does not approve policies to rigorously counter fraud and bribery in its code of ethics.

laws of the board members or senior management of the company - MHTL has created a mechanism to provide information, comments or complaints of employees on the behaviors that is not in accordance with the code of ethics, regulations or laws of the board members or senior management of the company	- The board does not approve the policies on relationship with local communities where the company is operating. - The board does not approve the policies for environment and promotion of its sustainable development. - The board does not approve the policy on the selection of trade partners, suppliers and contractors.

3.3. Section 3 Disclosure and Transparency

MHTL has achieved the implementation in fully applied (FA) 78%, followed by partial applied (PA) 14% and not applied (NA) 8% of total questions in the section, which has the details as follows:

Achievement	Outstanding Issues
- MHTL disclosed information about the nature, value and list of related individuals and legal entities as well as the relationship of related persons to related party transactions in the company's financial statements. - MHTL disclosed information on the company's vision, objectives, strategy plans for the business operation. - MHTL disclosed the company's risk factors, financial information and non-financial information, the number of times in organizing the board meetings and board committee meetings and important occurred incidents in the company's annual business performance report. - MHTL has disclosed information on the list of direct and indirect shareholders who hold 5% or more shares. - MHTL disclosed information on direct and indirect shareholdings of board members and the senior managements. - MHTL disclosed regularly the financial annual statements, annual business performance reports, resolution of the shareholders' meeting and minutes of the shareholders' meeting on the company's website.	- MHTL does not disclose the policy on related party transactions, group of companies or companies in its group (If any or not), background and training of the board members each year in the annual business performance report. - MHTL does not disclose the other service fees that are non-financial auditing of the external audit firm.

- MHTL disclosed the annual business performance report and annual financial statements that have been audited by external auditors within 120 days from the end of the accounting year. - MHTL disclosed the financial statements for quarter 1 and quarter 3 within 45 days from the end of such quarter. - MHTL disclosed the financial statements for the first 6 months of the year that has been reviewed by external auditors within 60 days from the end of the quarter 2. - MHTL disclosed the resolution of the shareholders' meeting within 24 hours after completion the shareholders' meeting. - MHTL disclosed the auditor's remuneration from auditing the financial statements each year in the annual business performance report. - MHTL disclose the internal regulations regarding the remuneration of the board, the senior managements and its employees to the public through the bank's website. - Persons in charge of reporting and disclosure information have been appointed and have undergone training for such work	

3.4. Section 4 Roles and Responsibilities of the Board

MHTL has achieved the implementation in fully applied (FA) 59%, followed by partial applied (PA) 19% and not applied (NA) 22% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The appointment or dismissal of the board members is approved by the shareholders' meeting. - The board of directors includes a total of 9 members and 3 of them are independent members (more than 1/3 of all board members). - Each board member received significant documents related to the meeting of the board or the board committee at least 7 business days before the meeting.	- MHTL does not set the requirements, criteria and term of maximum cumulative working termination being board members such non-executive member and independent member, and shall have female at least of 1 member in the board's internal chapter. - The board chairman is not an independent member, and the board does not designate a lead director among the independent director if the board chairman is not independent. - The board does not have a female members.

- The board held meetings 6 times per a year and each member attended at least 3/4 of the board members. - The board has created a statement on the corporate mission, vision and culture to be communicated to all staff of the company for their understanding on the company's strategic direction. - The audit committee has non-executive members and ½ of them are independent members, the committee member has knowledge and experience in accounting. - The board has appointed an audit committee, a risk management committee, a nomination committee, a remuneration committee and other committees. - Members of the board and the committee have organized the meeting in accordance with relevant regulations and attended meetings regularly. - The board evaluated the annual performance of the board, board members, and Board committees.	- The chairman of the risk management committee, nomination committee, remuneration committee are not independent members. - The board does not formulate and approve the specific regulations regarding the various board committees as well as publish the regulations to the company's website. - The board does not approve and disclose a succession plan for the positions of board member, the senior managements and the important officer of the company. - The board does not set a quorum of the board meeting at least 2/3 of the total number of members in the board's internal regulation.

4. Suggestions for Improvement

4.1. Suggestions to be stipulated in the Internal Regulation

In order to enhance the corporate governance function, MHTL should correct the following outstanding issues:

- Should approve the rights who hold individually and collectively of at least 5% of the company's total shares have the right to add an agenda of the shareholder's meeting, and shareholders who held individually and collectively less than 5% of the company's total shares have the right to propose adding agenda of the shareholder's meeting to the company for consideration in the internal regulation;
- Should approve the policy of shareholder's rights who hold individually or collectively at least 10% of the company's total shares has the rights to the board or company's director to convene the shareholder's meeting in the internal regulation;
- Should prescribe in the internal regulation regarding newly shares issuance, any investment, purchasing or selling assets with the value at 50% or higher of the company's total assets shall be approved by the shareholder's meeting;
- The board should set the requirements, criteria of being board members, structure of board personnel should have a non-executive member and a female member, term of maximum cumulative working or termination of being board members, procedures and method of

working, remuneration policies of board members and other matters as principles of corporate governance in the guideline on corporate governance for listed company;

- The board should approve the policy to protect the rights and interests of its stakeholders, policy on the selection of trading partners, suppliers and contractors in the relevant regulations;
- The board should approve the policies on training and human development for its employees, policies to rigorously counter fraud and bribery in its code of ethics, policies for environment and promotion of its sustainable development, the policies on relations with the local communities where the company is operating;
- Should formulate the specific regulations of various board committees such as rights, duties, responsibilities, structure of committee personnel, criteria and requirements of being committee members, procedures and methods of working including remuneration policies of committee members and other matters as well as propose to the board for consideration and approve it;

4.2. Suggestions for Further Implementation

In order to enhance the corporate governance implementation, MHTL should be more attentive:

- Should disclose information about related party transactions, group companies (If any or not), dividend policy, background and education of each board member every year in the annual business performance report;
- Should disclose the other service fees that are non-financial auditing of external audit firm (If any or not);
- Should publish the board's inter chapter to public via the company's website;
- The board should formulate and disclose employee succession plans for the positions of board members, board of directors and key employees of the company;
- The board chairman should be an independent member, the board should designate a lead director among the independent director if the board chairman is not independent
- The chairman and various committees should be independent members.

Chief Executive Officer of LSX