Report
Corporate Governance Assessment Results of Vientiane Center Lao Public Company
2023

By: Lao Securities Exchange

Contents

1. Info of Vientiane Center Lao Public Company 1
1.1. General Information 1
1.2. Financial Information 1
1.3. List of the Board of Directors 1
1.4. List of the Board Committees 1
1.5. List of the Directors 2
1.6. List of the Persons in Charge of CG 2
2. Overview of Corporate Governance Assessment Results 2
2.1. The Results Assessment by Actual Score 2
2.2. The Assessment Results Calculated in Each Scoring Categories 2
3. Achievements and Outstanding Issues 3
3.1. Section 1 Shareholder Rights and the Equal Treatment of Shareholders 3
3.2. Section 2 Management of Relationship with Stakeholder 4
3.3. Section 3 Disclosure and Transparency 5
3.4. Section 4 Roles and Responsibilities of the Board 6
4. Suggestions for Improvement 7
4.1. Suggestions to be stipulated in the Internal Regulation 7
4.2. Suggestions for Further Implementation 8

1. Info of Vientiane Center Lao Public Company

1.1. General Information

Title	Description
Name of Company:	Vientiane Center Lao Public Company (VCL)
Headquarter Location:	Nongchan Village, Sisattanak District, Vientaine Capital
Tel:	021 288299
Key Business Type:	Commerce Service
Date of Listing:	31/05/2019
Website:	www.vclao.com
Number of Employees:	17 People
Number of Shares:	147.199.900 Shares
Market Price (30/12/2022):	1.080 KIP/Share
Market Capitalization (30/12/2022):	158.976 Million KIP

1.2. Financial Information

Statement of Financial Position (31 December 2022) Unit: Million KIP	
Assets: 296.294	Revenues: 103.832
Liabilities: 38.037	Expenses: 25.397
Equity: 296.294	Net Profit: 78.435

1.3. List of the Board of Directors

The board of directors of VCL consists of total 11 members as follows:

1. Mr. He Jun — Chairman
2. Ms. Orlathai Santikongkha — Vice Chairman
3. Mr. Bulapha Santikongkha — Member
4. Mr. Wang Weikun — Member
5. Mr. Wu Xinghua — Member
6. Mr. Lei Yeu Hai — Member
7. Mr. Luo Xiaodong — Member
8. Mr. Xiao Yong — Independent Member
9. Ms. Zhang Tianyi — Independent Member
10. Mr. Viengsavanh Phanthaly — Independent Member
11. Mr. Josong Bouasinengma — Independent Member

1.4. List of the Board Committees

The board of directors of VCL includes of total 04 committees, which each committee has the following members:

1) Audit Committee

1. Mr. He Jun — Chairman
2. Ms. Zhang Tianyi — Independent Member
3. Mr. Viengsavanh Phanthaly — Independent Member

2) Risk Management Committee

1. Mr. Luo Xiaodong — Chairman
2. Mr. Joexiong Bouasynengma — Independent Member
3. Mr. Viengsavanh Phanthaly — Independent Member

3) Nomination & Remuneration Committee

1. Mr. Wu Xinghua — Chairman
2. Mr. Xiao Yong — Independent Member
3. Mr. Joexiong Bouasynengma — Independent Member

4) Corporate Governance Committee

1. Mr. Bulapha Santikongkha — Chairman
2. Ms. Zhang Tianyi — Independent Member
3. Mr. Joexiong Bouasynengma — Independent Member

1.5. List of the Directors

1. Mr. Wang Weikun — Chief Executive Director
2. Mr. Luo Xiaodong — Chief Financial Officer
3. Mr. Wu Xinghua — Chief Operating Officer

1.6. List of the Persons in Charge of CG

Name and Surname	Contact	Email
Mr. Lei Yeu Hai	020-95549597	yhlei@vclao.com

2. Overview of Corporate Governance Assessment Results

2.1. The Results Assessment by Actual Score

In 2023, LAT has achieved a total of 54.82 scores for CG Scorecard assessment, classified in a moderate rank. The details are provided as follows:

Section	Full Score	Actual Score
Shareholder Rights and the Equal Treatment of Shareholders	10	6.67
Management of Relationship with Stakeholder	10	5.45
Disclosure and Transparency	40	23.78
Roles and Responsibilities of the Board	40	18.92
Total	**100**	**54.82**

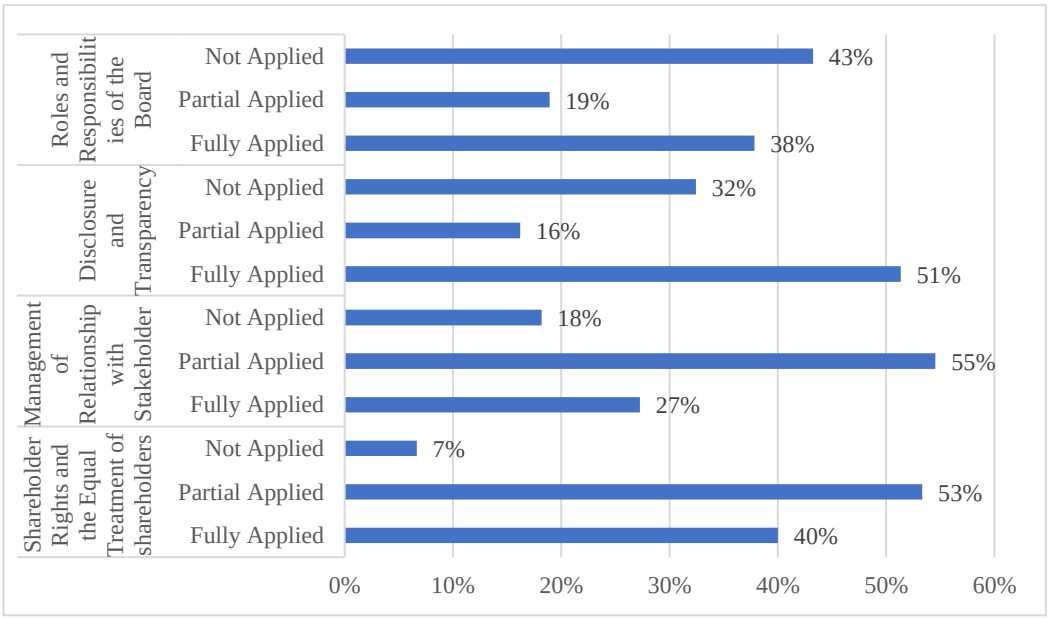
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 6.67 scores;
2. Management of Relationship with Stakeholder achieved 5.45 scores;
3. Disclosure and Transparency achieved 23.78 scores and
4. Roles and Responsibilities of the Board achieved 18.92 scores.

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 VCL performance could be shown as follows:

VCL	Shareholder Rights and the Equal Treatment of Shareholders		Management of Relationship with Stakeholder		Disclosure and Transparency		Roles and Responsibilities of the Board		Total	
	Question	%	Question	%	Question	%	Question	%	Question	%
Fully Applied	6	40%	3	27%	19	51%	14	38%	42	42%
Partial Applied	8	53%	6	55%	6	16%	7	19%	27	27%
Not Applied	1	7%	2	18%	12	32%	16	43%	31	31%
Total	**15**	**100%**	**11**	**100%**	**37**	**100%**	**37**	**100%**	**100**	**100%**

As shown in the above table, VCL has achieved the corporate governance implementation in fully applied (FA) 42%, followed by partial applied (PA) 27% and not applied (NA) 31% 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

VCL has achieved the implementation in fully applied (FA) 40%, followed by partial applied (PA) 53% and not applied (NA) 7% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The organization of shareholder meetings: VCL sent an invitation letter and relevant important documents to shareholders before the shareholder	- VCL does not set the policy of shareholder's rights who hold individually or collectively at least 5% of the company's total shares has

meeting date as well as inform the procedures, methods of voting and voting result in each agenda including provide the right to shareholders in voting 1 share per 1 vote. - The appointment and cancellation of the audit company contract and the audit service fee has been approved by the shareholders' meeting. - The 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. - CEO and external auditors attended the shareholder's meeting to answer and clarify the relevant issues to the shareholders.	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. - VCL does not set the policy of shareholder's rights who hold individually or collectively at least 10% of the company's total shares has the rights to propose the board or company's director to convene the shareholder's meeting in the internal regulation. - VCL does 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 Stakeholder

VCL has achieved the implementation in fully applied (FA) 27%, followed by partial applied (PA) 55% and not applied (100) 18% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- VCL 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. - VCL created a mechanism for providing information, comments or petitions of employees to the behavior 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 formulate and define the policy or mechanism to protect its employees or stakeholders who provide information, comments or petitions about behavior that is inconsistent with ethics, regulations and relevant laws.	- The board does not formulate and set the policy to protect the rights and interests of its stakeholders. - The board does not formulate and set the policy on safeguarding and welfare for its employees, policies on personnel training and development. - The board does not formulate and set the policies to rigorously counter fraud and bribery in its code of ethics. - The board does not formulate and set the policy on environmental protection and promotion of sustainable development. - The board does not formulate and set the policy regarding the selection of trading partners, suppliers and contractors.

	- The board does formulate and set the policy on relationship with local communities where the company is operating. - The board does not formulate and set policies to protect rights and interest of creditors especially regarding security and default terms and conditions.

3.3. Section 3 Disclosure and Transparency

VCL has achieved the implementation in fully applied (FA) 51%, followed by partial applied (PA) 16% and not applied (NA) 32% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- VCL disclosed the information of manners, values and list of individuals and related legal entities as well as relationship of such person to related parties transaction in the annual financial statements. - VCL disclosed the vision, objectives, goals or a strategic plan in the activities of the company in the annual business performance report. - VCL disclosed on the financial information, non-financial information, background and training of board members, number of times in organizing the board meetings and board committee's meeting in the company's annual business performance report. - VCL disclosed on the list of direct and indirect shareholders who held 5% or more. - VCL disclosed information on changes or important events that occurred within the year in the company's annual business performance report. - VCL disclosed an officer in charge of relation with shareholders and investors (investor relations) on the company website. - VCL disclosed the annual business performance report and annual financial statement that have been audited by external auditors within 120 days after the end of the accounting year.	- VCL does not set and disclose the policy on related party transactions as considering procedures and related parties transactions approval (RPTs) and dividend policies in annual business performance report. - VCL does not disclose detailed information about the group of companies or companies in its group (If any or not) and the company's risk factors each year in the annual business performance report. - VCL does not disclose information on direct and indirect shareholdings of board members and senior managements. - VCL does not report and disclose information on the purchase and sale of shares of board members and the senior managements, chief internal auditor, chief accounting officer and chief financial officer within 72 hours. - VCL did not disclose the service fee of the external audit firm that obtained from the financial statements audition and other service fees that are non-financial audition of each year. - VCL does not regularly disclose the quarter/annual financial statements, semi-annual/annual business performance reports, resolutions of the shareholders' meeting and minutes of the shareholders' meeting on the company's website.

- VCL disclosed the financial statements for Q1 and Q3 within 45 days after the end of such quarter. - VCL disclosed the financial statement for the 6 months of the year that have been reviewed by external auditors within 60 days from the end of the 2nd quarter - VCL disclosed the resolution of the shareholders' meeting within 24 hours after completion of the shareholders' meeting. - Persons in charge of reporting and disclosure information have been appointed and have undergone training for such work.	- VCL does not disclose information on the dividend policy in the company's annual business performance report. - The board does not create and disclose the criteria used for the nomination, election and appointment of the new board. - VCL does not formulate and disclosed the internal regulation on remuneration of the board, board committees, and senior managements and significant employees via the company's website. - VCL does not formulate and disclose the policy on remuneration of and total value of the board members and senior managements each year in the annual business performance report. - VCL has disclosed the remuneration of each board member each year in the company's annual business performance report.

3.4. Section 4 Roles and Responsibilities of the Board

VCL has achieved the implementation in fully applied (FA) 38%, followed by partial applied (PA) 19% and not applied (NA) 43% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- VCL has at least 1 non-executive board member with experience working in the field related to business operations, including a female board member. In additional, also have a female member. - The appointment or dismissal of the board members have been approved by the shareholders' meeting - The board of directors consists of 11 members and 4 of them are independent members (more than 1/3 of all board members). - Each board member received the documents related to the meeting of the board of directors or the committee of the board of directors at least 7 official days before the meeting. - The board charter explicitly provide details on the rights, duties and responsibilities of the board.	- VCL does not set the requirements, criteria of being board members, non-executive member and independent members, shall have at least of one female member, term of maximum working or termination of being board members, procedures and methods of working including the remuneration policies of board members and other matters in the internal regulations as the guideline on corporate governance for listed company. - 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 chapter does not publish via the company's website. - The chairman of audit committee, risk management committee, nomination and

- The board has held meetings at least 4 times a year and each member has attended at least 3/4 of the board meetings. - The board does not create 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 board has appointed the audit committee, risk management committee, nomination and remuneration committee. - The board created and disclosed a succession employees plan for the position of board member, senior managements and the important employee of the company. - The board does not evaluate the performance of the board, board members and the board committee annually.	remuneration committee are not independent members. - The risk management committees, nomination committee and remuneration committee do not completely organize completely their meeting in accordance with the relevant regulations. - VCL does not create the specific regulation on various committees namely the rights, duties, responsibilities, criteria and requirements of being board members, procedures and methods of working, including remuneration policies of member and others matters, in additional, those regulations are not published via the company's website. - The risk management committee do not approved and supervised the processes and policies in the identification and management of risks. - The board does not approve the board meeting plan that covers the date of the board meeting and the meeting agenda. - The board does not determine a minimum quorum of at least 2/3 of directors for board decision in the board's internal chapter. - The board do not formulate and disclosed the process of evaluating the performance of the board chairman, board members and board committee in the annual business performance report.

4. Suggestions for Improvement

4.1. Suggestions to be stipulated in the Internal Regulation

To enhance the corporate governance function, VCL should correct the following outstanding issues:

- Should set 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 set 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 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;
- The board should formulate and approve policy to protect the rights and interests of its stakeholders, the policy on safeguarding and social welfare for its employees, policy on training and human development for its employees and the policies on relations with the local communities where the company is operating;
- The board should formulate and approve policy on the selection of trading partners, suppliers and contractors, policies for environment and promotion of its sustainable development, the policies on rigorously counter fraud and bribery in its code of ethics, policy to protect the rights and interests of creditors especially regarding security and default terms and conditions;
- 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;
- 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;
- The risk management committee should approved and supervised the processes and policies in the identification and management of risks.

4.2. Suggestions for Further Implementation

To enhance the corporate governance implementation, VCL should be more attentive:

- Should disclose the policies on related party transections such as the procedure for considering and approving the related party transections (RPTs);
- Shall disclose information on the group of companies or companies in its group in the company's annual business performance report (If any or not);
- Should disclosed information on related party transactions, policy on remuneration and total value of board members, senior managements each year in the annual business performance report;
- The board should formulate and disclose the criteria used in the nomination, election and appointment for new board;
- Should report and disclose information on the purchase and sale of shares of board members and the senior managements, chief internal auditor, chief accounting officer and chief financial officer within 72 hours;

- Should disclose the external audit firm's service fees that obtained from the financial statement audition and other service fees that are non-financial audition;
- Should publish the specific regulations of board committees to the public via the company's website;
- Should disclose the list of direct and indirect shareholders who hold 5% or more;
- Should disclose the direct and indirect shareholding of the board members and senior managements;
- Should disclose regularly the quarter/annual financial statements, semi-annual/annual business performance report resolution of shareholder's meeting and minute of shareholder's meeting on the company's website;
- The board should approve the plan of board meeting and board committees meeting that covers the date of the meeting and the meeting agenda;
- Should disseminate the board chapter to the company's website;
- The board should create and disclose employee succession plans for the positions of members of the board, the senior managements and key employees of the company;
- The board and board committees should organize the meeting in consistent with relevant regulations. In additional, the board members and committee members shall regularly attend such meeting;
- The board should evaluate the performance of the board, board members and the board committee annually;
- The board should formulate and disclosed the process of evaluating the performance of the board chairman, board members and board committee in the annual business performance report.

Chief Executive Officer of LSX