

Policy: Supervision of Operations for Subsidiaries and Associated Companies

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Company Policy

Supervision of Operations for Subsidiaries and Associated Companies

1. Introduction

Medeze Group Public Company Limited (the "Company") was established with standardized business practices and strong management to instill confidence among shareholders, investors, and stakeholders regarding its management standards. The Company has formed an Audit Committee responsible for overseeing and reviewing financial reports and internal control systems. This ensures that investors and relevant stakeholders recognize the Company for its robust corporate governance systems, which comply with the guidelines set by the Stock Exchange of Thailand.

2. Operational Supervision Policy

The Company has established mechanisms to supervise its subsidiaries and associated companies, both directly and indirectly. It has implemented measures to monitor the management of these subsidiaries and associated companies to protect its investment interests. This approach ensures that the management and operations of these entities can be effectively controlled and supervised as if they were divisions of the Company.

2.1 The Board of Directors is responsible for overseeing and supervising the management and operations of subsidiaries and associated companies, as applicable. This includes ensuring compliance with company policies, relevant business laws, securities and exchange regulations, as well as notifications from the Capital Market Supervisory Board and the Stock Exchange of Thailand, provided that these do not conflict with other laws.

2.2 The Board of Directors is responsible for appointing representatives as directors and executives in subsidiaries and associated companies, ensuring that these appointments reflect their shareholding proportions in core business subsidiaries and associated companies. Established practices or regulations must require these appointments to receive approval from a Board of Directors meeting. The roles and responsibilities of the appointed representatives as directors and executives in subsidiaries must be clearly defined. They are required to seek prior approval from the Company's Board of Directors for any significant matters discussed during subsidiary board meetings unless restricted by other laws, joint venture conditions with the government, or specific situations outlined by securities and exchange laws, notifications from the Capital Market Supervisory Board, or regulations of the Stock Exchange of Thailand. The appointed or nominated directors and executives of subsidiaries and associated companies must meet the qualifications, roles, duties, and responsibilities required by relevant laws. Additionally, they must not possess any characteristics deemed untrustworthy, as defined by the Securities and Exchange Commission's notifications regarding the identification of untrustworthy attributes of company directors and executives.

2.3 The Board of Directors ensures that subsidiaries and associated companies maintain effective internal control systems, risk management systems, and anti-fraud measures. They must implement robust and consistent monitoring procedures for the operations of these subsidiaries and associated companies to ensure compliance with business plans, budgets, company policies, and relevant laws governing good corporate governance for listed companies. This includes ongoing and sincere adherence to notifications, regulations, and criteria set forth by the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand. Additionally, the Board of Directors must ensure that the directors and executives of subsidiaries and associated companies fulfill their legal obligations and responsibilities.

2.4 The Board of Directors is also responsible for ensuring that subsidiaries and associated companies properly disclose significant information. This includes financial status, operational performance, related party transactions, potential conflicts of interest, and any significant acquisitions or disposals of assets, along with other crucial transactions that fall outside the regular business activities of the subsidiaries and associated companies. Such disclosures must be sufficient, complete, accurate, and made within the company's specified timeframe while complying with relevant regulatory requirements.

2.5 When a subsidiary engages in related party transactions with connected persons or when transactions involve the acquisition or disposal of assets as specified by the Capital Market Supervisory Board and/or the Stock Exchange of Thailand notifications (as applicable), the Company and its subsidiaries must adhere to the criteria and procedures outlined in these notifications before proceeding with such transactions. The subsidiary is required to follow the same criteria and procedures as if the Company were conducting these transactions directly.

These transactions must receive approval from the Company's Board of Directors or shareholders' meeting in accordance with the notifications from the Capital Market Supervisory Board, the Stock Exchange of Thailand, and relevant laws. The Company and its subsidiaries should consider the transaction size of the Company's consolidated financial statements.

2.6 In situations where subsidiaries and associated companies plan to undertake actions that could significantly impact the Company's financial position, operating results, or any other substantial benefits to which the Company is entitled as a shareholder, such actions must receive consideration and approval from the shareholders' meeting and/or the Board of Directors, as deemed appropriate by the Company's Board. The Board will establish guidelines for the matters that require such consideration and approval before any actions are taken by the subsidiaries and/or associated companies.

3. Matters Requiring Consideration and Approval from the Company's Shareholders' Meeting

3.1 Any capital increase or reduction that is not proportional to existing shareholding or any action that results in the Company's direct or indirect shareholding decreasing by more than 10% of a subsidiary's paid registered capital. This also includes actions that reduce the Company's direct or indirect shareholding in any subsidiary to less than 50% of the subsidiary's paid-up registered capital or that cause the Company to lose control over such a subsidiary.

3.2 Approval from the Company's shareholders' meeting is required for the business dissolution of a subsidiary or associated Company when the transaction size calculated in proportion to the Company's shareholding exceeds thresholds set by the Capital Market Supervisory Board and/or the Stock Exchange of Thailand, as specified in their notifications regarding significant acquisition or disposal of assets (mutatis mutandis).

3.3 Any transaction that occurs outside the normal course of business for the subsidiary and has a significant impact must be approved by the Company's shareholders' meeting. The transaction size must be calculated in proportion to the Company's shareholding in the subsidiary, compared with the Company's overall business size according to notifications from the Capital Market Supervisory Board and/or the Stock Exchange of Thailand regarding significant acquisition or disposal of assets (mutatis mutandis).

3.4 Amendments to a subsidiary's articles of association that could significantly impact the subsidiary's financial position or operating results require approval from the Company's shareholders' meeting. This includes, but is not limited to, amendments that affect the Company's voting rights at the subsidiary board of directors and/or shareholders' meetings.

3.5 The dissolution of a subsidiary must receive approval from the Company's shareholders' meeting

4. Matters Requiring Consideration and Approval from the Company's Board of Directors Meeting

4.1 Approval of the subsidiary's annual budget.

4.2 Approval of the Subsidiary's Delegation of Authorities.

4.3 Approval of borrowing funds, excluding borrowing plans included in the annual budget or borrowing for the subsidiary's normal business operations.

4.4 Approval for lending, providing credit, guarantees, pledges, mortgages, or offering business collateral, entering legal obligations that would significantly increase the subsidiary's financial burden, or providing financial assistance to entities outside the subsidiary's regular business operations.

4.5 Approval of amendments to the subsidiary's articles of association, except for significant amendments that require prior approval from the Company's shareholders meeting.

4.6 Annual dividend payment or interim dividend payment (if any) of the subsidiary

4.7 Any transaction outside the normal course of business of the subsidiary that will significantly impact the subsidiary, where the transaction size is calculated by comparing the size of the transaction (in proportion to the Company's shareholding in the subsidiary) with the Company's business according to Capital Market

Supervisory Board and/or Stock Exchange of Thailand notifications (as applicable) regarding significant acquisition or disposal of assets (mutatis mutandis), requires approval from the Company's Board of Directors' meeting.

4.8 Before a subsidiary enters the following transactions, it must receive approval from the Company's Board of Directors meeting, applying the criteria specified in the Capital Market Supervisory Board and Stock Exchange of Thailand notifications regarding related party transactions and/or acquisition or disposal of assets (as applicable) (mutatis mutandis), where the transaction size requires approval from the Company's Board of Directors:

- (1) Transfer or waiver of benefits, including the waiver of claims against parties responsible for damages to the subsidiary
- (2) Sale or transfer of all or substantial parts of the business to other entities
- (3) Purchase or acceptance of the transfer of all or substantial parts of other companies' businesses into the subsidiary
- (4) Entry into, amendment, or termination of agreements related to leasing all or substantial parts of the subsidiary's business, assigning business management to other parties, or merging businesses for profit and loss-sharing purposes
- (5) Lease or hire purchase of all or substantial parts of the subsidiary's business or assets
- (6) Any other transaction outside the normal course of business that could significantly impact the subsidiary