

Policy for investment in subsidiary and associated company and policy for management of such companies, including control and governance mechanisms

Thonburi Healthcare Group Public Company Limited

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Chairman

Policy for investment in subsidiary and associated company and policy for management of such companies, including control and governance mechanisms

The Company manages its business by upholding Guidelines for Good Corporate Governance prescribed by the Stock Exchange of Thailand (“SET”). In investment decisions, not only considering return to all stakeholders, but also the Company operates its business in line with Guidelines for Good Corporate Governance prescribed by the SET and the Office of the Securities and Exchange Commission (“Office of the SEC”), which is a factor of importance to the Company. The Company realizes that adopting the Guidelines for Good Corporate Governance is a method for control and mechanism which will lead to investment governance and transparent and verifiable management system. This will allow the Company as major shareholder to control, manage and be responsible for the operations, including determination of directions for investee company as if it was a unit of the Company. In addition, the Company will be able to monitor management of such business in order to protect its benefits from investment. Such measures for corporate governance will provide added-values and assurance to stakeholders with regards to continuity and sustainability of the Company’s investment.

The Company, therefore, sets this policy for investment in subsidiary and associated company and policy for management of such companies to be in line with rules regarding governance of operations of subsidiary and associated company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares and Guidelines for Good Corporate Governance of the SET, the details of which are as follows:

Policy for investment in subsidiary and associated company

The Company has a policy to invest in subsidiary or associated company which support the Company’s business operations and of which investment would create synergy, generate additional revenue streams, and increase profitability of the Company. The Company will consider proportion of investment, expected profitability, possible risks and financial status of the target companies prior to making investment decision. Any investment decision must obtain a resolution of the Company’s board of directors or shareholders, as the case maybe, approving the transaction. The Company shall appoint qualified representative as director of investee company in order to set key policies and for good corporate governance of subsidiaries and associated company.

Policy for management of subsidiary and associated company

1. The Company has set guidelines in exercising rights by its representatives in shareholders’ meeting of subsidiary and associated company to be consistent with the proportion of shareholding in subsidiary and

associated company. This is also for compliance with Guidelines for Good Corporate Governance and maintain maximum benefits to the Company, its subsidiaries and associated companies, and other shareholders.

(1) **Certification of minutes of the general meeting of shareholders and extraordinary general meeting of shareholders**

Approve if draft minutes records all details of the meeting completely and accurately.

Abstain if the Company's representative did not attend the meeting.

(2) **Certification of annual financial statements**

Approve if auditor expresses his/her opinion unconditionally or with condition which is not material to the financial statements and does not have an impact on overall benefits of the shareholders.

Disapprove if auditor expresses opinion or makes an observation that any part of the financial statements may be incorrect.

(3) **Appointment of directors and determination of directors' remuneration**

Appointment of directors

Approve if the person is nominated by resolutions of the Company's board of directors' meeting and has qualifications and does not possess any prohibited characteristics as specified under the laws or relevant regulations of the Securities and Exchange Commission. The person nominated shall have knowledge, capabilities, and experience beneficial to the business operations, can devote sufficient time as director of the company, and perform his/her roles and responsibilities as director with attention. The consideration whether any person is suitable to act as director of the company shall be on an individual basis.

Disapprove if it is a reappointment of existing director and such director lacks any qualification and possesses any prohibited characteristic as specified under the laws or relevant regulations of the Securities and Exchange Commission, or such person lacks knowledge, capabilities and experience beneficial to the business operations, or such person cannot devote sufficient time as

director of the company and did not perform his/her roles and responsibilities as director with attention without reasonable causes. The appointment of new director in associated company or subsidiary shall not be contrary to the Company's rules regarding controlling business specified in Item 2.1 and any other relevant laws.

Determination of directors' remuneration

Approve if the proposed directors' remuneration is appropriate for roles, responsibilities and performance of the Board of Directors as reflected through operating results and operating performance and/or financial positions of such subsidiary or associated company.

Abstain if the proposed remuneration is a special payment of undisclosed amount or ESOP which would generate significant dilution effect to subsidiary or associated company, or is not in compliance with the rules of supervisory agencies and/or is not appropriate for roles, responsibilities and performance of the Board of Directors as reflected through operating results and operating performance and/or financial positions of such subsidiary or associated company.

(4) **Appointment of auditor and determination of audit fees**

Approve if after due consideration, the auditor and the audit firm is reliable and able to perform their roles in auditing and reviewing financial statements correctly and express their opinion independently. The audit fees proposed shall be at a level comparable to similar audit firms.

Abstain if there is any doubt in reliability or independency of the auditor or the audit fees is significantly different from the previous year's audit fees without reasonable cause.

(5) **Appropriation of profits**

Approve As proposed by the board of directors of subsidiary and associated company and consistent with the dividend policy and not contrary to the relevant laws.

Disapprove if payment of dividends is not in line with financial positions, future plan, and/or any other relevant factors of subsidiary and associated company.

(6) **Approval of other matters apart from Items (1) – (5)**

Approve agenda which is beneficial to subsidiary or associated company or to shareholders and with fair and reasonable proposals, and the conduct of business shall be with ethics and in accordance with the relevant laws. The approval process of such matter shall be in accordance with the laws and the Company's Articles of Association.

Disapprove if a transaction is not in the ordinary course of business and is being considered without clarifications and reasons and necessity for the entry into the transaction.

(7) **Approval of any matter which was not specified as one of the agenda items prior to the meeting**

May disapprove consideration of any other matter which was not specified as one of the agenda items prior to the meeting, particularly matter of significant importance, as there should be considerable time spent on studying important information which is critical to decision-making. Such matter or agenda may be proposed for consideration during the next shareholders' meeting.

2. The Company determines management structure of subsidiaries and associated companies in order to oversee management and operations of its subsidiaries and associated companies as if they were units of the Company. To look after its investment, the Company shall have the following procedures for monitoring the management of its subsidiaries and associated companies:

2.1 **Nomination of its representative as director of subsidiary and associated company**

The Company shall nominate its representative, who has been approved by resolution of the Company's Board of Directors, as director of subsidiary and associated company at the minimum number corresponding to its proportion of shareholding in such subsidiary and associated company. The nominated person shall have qualifications, roles and responsibilities and shall not have prohibited characteristics as specified under the notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand regarding the lack of trustworthiness of directors and management of the company.

2.2 **Roles and responsibilities of director of subsidiary and associated company**

Person who is nominated by resolution of the Company's Board of Directors as director of subsidiary and associated company shall have the following roles and responsibilities:

2.2.1 Director of subsidiary and associated company shall have the roles and responsibilities as determined by the board of directors of subsidiary and associated company and/or the shareholders' meeting of subsidiary and associated company.

Director of subsidiary has discretion to consider and vote during the board of directors' meeting of subsidiary for matters relating to general management and normal business operations of the subsidiary as directors and management of such subsidiary deems appropriate for the utmost benefits of the subsidiary and the Company.

However, consideration and voting of the below matters are considered important matters. The person appointed by resolution of the Board of Directors as director of subsidiary cannot exercise his/her discretion in voting for those matters during the board of directors' meeting of the Company's subsidiary. Such person shall obtain a prior consent from the Board of Directors' meeting or the shareholders' meeting of the Company (as the case may be).

- A. Entry into a transaction with related person of subsidiary pursuant to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Company Concerning Connected Transactions B.E. 2546 (2003) and the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions ("**Connected Transaction Notifications**").
- B. Entry into a transaction which is an acquisition or disposal of assets of the subsidiary pursuant to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Company Concerning Acquisition or Disposal of Assets and the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets ("**Acquisition and Disposal of Assets Notifications**").
- C. Entry into significant transactions pursuant to Items 2.2.4, 2.2.5 and 2.2.6

2.2.2 Director of subsidiary and associated company must perform his/her duties with responsibilities, care and honesty, and shall comply with the laws, objectives, articles of

association of subsidiary or associated company, resolutions of the board of directors' meeting and the shareholders' meetings, and policies of the Board of Directors of which the board of directors of subsidiary has approved as per the resolutions of the Board of Directors.

2.2.3 Director of subsidiary has a duty to disclose to the Company complete and accurate information regarding financial status and operating performance, connected transactions, and material acquisition or disposal of assets of subsidiary within the period prescribed by the Company. Acquisition or disposal of any material assets should take the relevant rules and regulations of the Office of the SEC and SET into consideration.

2.2.4 Apart from entry into transactions in accordance with Connected Transaction Notifications or Acquisition and Disposal of Assets Notifications, entry into the following transactions are deemed material. Subsidiary has a duty to present information regarding such type of transaction to the Company for approval by the meeting of the Executive Committee of the Company prior to considering it in its meeting of the board of directors. In addition, director appointed by the Company must obtain approval from the Company's Board of Directors prior to voting for the following matters:

- (1) transfer or waiver of benefits with the value exceeding the authorized limit of the Executive Committee of the Company in approving expenses, including waiver of material rights and claim to those causing damages to subsidiary;
- (2) sell or transfer business of subsidiary, whether wholly or material part thereof, to third party;
- (3) purchase or acquire business of another company as subsidiary's own business in the proportion which is considered material;
- (4) entry into, amend or terminate agreement relating to lease of business by subsidiary, whether wholly or material part thereof, including authorization of third party to manage business of subsidiary or merger of business with third party with an objective to share profit and loss;

- (5) lease or hire-purchase of business or assets of subsidiary, whether wholly or material part thereof;
- (6) borrowing, lending, providing credits, guarantees, entry into any juristic which will result in subsidiary carrying significantly increased financial burden due to the third party lacks liquidity or is not able to perform his debt obligations or any other financial supports to any person which is not within the ordinary course of business;
- (7) payment of annual dividends and interim dividends (if applicable) of subsidiary;
- (8) cessation of subsidiary's business where the calculation of transaction size of subsidiary's business which is being ceased compared to size of the Company according to the Acquisition and Disposal of Assets Notifications must fall within the category which requires approval from the Board of Directors of the Company;
- (9) amendment of articles of association of subsidiary.

2.2.5 The following matters are important matters of which subsidiary requires to obtain prior approval from the Company's shareholders meeting:

- (1) if subsidiary agrees to enter into transaction with its related party or acquire or dispose its assets where the relevant rules of the Capital Market Supervisory Board and the Board of Governors of the Stock Exchange of Thailand shall apply, *mutatis mutandis*. The transaction size compared to size of the Company calculated according to such rules must result in the transaction size which requires approval from the Company's shareholders meeting;
- (2) capital increase by issuing and allotment of subsidiary's newly issued shares, including decrease of registered capital which is not proportionate to existing shareholding and would result in decrease of the Company's shareholding in subsidiary at any level, whether directly or indirectly, by 10% or more of the paid-up capital of subsidiary or would result in decrease of the Company's shareholding in subsidiary at any level, whether directly or indirectly, to less than 50% of the paid-up capital of such subsidiary;

- (3) any other act which would result in decrease of the Company's shareholding in subsidiary at any level, whether directly or indirectly, by 10% or more of the paid-up capital of subsidiary or would result in decrease of the Company's shareholding in subsidiary at any level, whether directly or indirectly, to less than 50% of the paid-up capital of such subsidiary;
- (4) cessation of subsidiary's business where the calculation of transaction size of subsidiary's business which is being ceased compared to size of the Company according to the relevant rules of the Capital Market Supervisory Board and the Board of Governors of the Stock Exchange regarding acquisition or disposal of assets shall apply, *mutatis mutandis*, and the transaction size calculated according to such rules must fall within the category which requires approval from the Company's shareholders meeting;

2.2.6 Apart from transactions under Items 2.2.4 and 2.2.5, if subsidiary will enter into any other transaction which is not in its ordinary course of business and/or any transaction which will materially affect itself, such transaction must obtain prior-approval from the Board of Directors of the Company or the Company's shareholders meeting. The subsidiary shall comply with requirements for the transaction size calculated in accordance with the rules prescribed by the Acquisition and Disposal of Assets Notifications.

3. Directors and management of subsidiary must disclose and deliver information regarding personal of interest, including interest of their related persons, in relation to any transaction or in other business which might raise conflict of interest with the Company, subsidiary, board of directors of subsidiary or person authorized by subsidiary within the period of time as prescribed by subsidiary. Such information shall be used as supporting information for decision making or passing any approval by considering overall benefits of subsidiary and the Company as critical factors.

Directors and management of subsidiary shall not participate in the consideration of any matter of which they have personal interest or conflict of interest.

4. Directors and management of subsidiary, including any person related to such directors and management, have the duty to inform to the board of directors of subsidiary relationship and transaction with subsidiary which might raise conflict of interest and avoid entering into transaction which might raise conflict of interest with subsidiary. The board of directors of subsidiary has the duty to inform such matter to the Company for acknowledgement.

The following acts, which result in directors, management or any person related to subsidiary gaining financial benefits other than that ordinarily received or cause damages to subsidiary, are presumed to be material conflict of interest with subsidiary:

- (a) any transaction between subsidiary and director, management or any connected person which is not in compliance with rules regarding connected transactions;
 - (b) use of known information of the Company and subsidiary, except information which has been publicly disclosed; or
 - (c) use of asset or business opportunity of the Company and subsidiary in a way which violates the rules or general practice as prescribed by the Capital Market Supervisory Board.
5. Subsidiary must deliver to the Company information or documents relating to its operations upon appropriate request.
 6. If the Company finds any material issue, it may request subsidiary to clarify and/or deliver document as supporting information for its consideration.
 7. Directors, management, employees, staff or authorized persons of subsidiary, including their spouse and minor children, are not allowed to use internal information of the Company and subsidiary, whether such information is obtained through performance of duties or through any other method or, whether or not such information has significant impact on the Company and subsidiary, for their own benefits or others, whether directly or indirectly and whether or not for consideration.

8. Directors, management of, or any person related to, subsidiary may enter into a transaction with subsidiary only upon receiving approval from the Board of Directors of the Company or the Company's shareholders meeting as required based on transaction size calculated pursuant to the rules of the Connected Transaction Notifications. Exceptions apply where transaction is with terms and conditions similar to transaction with other counterparties under the same circumstances, the position as director, management or related person, as the case may be, do not have influence on the transaction, and trade terms and conditions of the transaction have been approved by the Board of Directors of the Company or in line with principles as approved by the Board of Directors.

Policy for financial control of subsidiary and associated company

1. Subsidiary and associated company have duties to submit to the Company monthly operating results and quarterly financial statements reviewed by auditor, including supporting information used for the preparation of such financial statements of subsidiary and associated company. Subsidiary and associated company shall give consent to the Company for the use of such information for the purpose of preparing consolidated financial statements, or quarterly or annual operating results, as the case may be.
2. Subsidiary and associated company have duties to report significant financial issues to the Company upon discovering the issues or upon request of the Company to review and report.