



# **Governance policy for subsidiaries and associates in core business**

Effective from 13 August 2025

## **Governance Policy for Subsidiaries and Associates in Core Business**

Precise Corporation Public Company Limited (the “Company”) operates as a holding company by investing in other companies. The Company has therefore established this Governance Policy for Subsidiaries and Associates in Core Business align with:

- The Notification of the Capital Market Supervisory Board No. Tor Chor. 39/2559 Re: Application for and Approval of the Offering for Sale of Newly Issued Shares.
- The Stock Exchange of Thailand’s (SET) Regulations Re: Listing of Ordinary Shares or Preference Shares as Listed Securities B.E. 2558 (2015).
- The SET’s Principles of Good Corporate Governance.

The objectives of this Policy are to prescribe direct and indirect measures and mechanisms so that the Company can:

- Control and supervise the management of its subsidiaries and associates engaged in core business; and
- Monitor and ensure that such subsidiaries and associates comply with the measures and mechanisms prescribed hereunder as if they were internal units of the Company itself.

### **Governance Approach**

The Company has laid down guidelines/measures for supervising and monitoring the performance of subsidiaries and associates engaged in core business to safeguard the Company’s investment interests, as follows.

#### **1. Appointment or Nomination of Directors / Executives in Subsidiaries and Associates Company**

- 1.1 The appointment of persons as directors or executives in subsidiaries and associates to supervise and manage their businesses is a key governance mechanism to ensure that such subsidiaries and associates:
  - Comply with the Company’s policies.
  - Operate in line with the Company’s goals, vision, mission, business plans, and growth strategies in an efficient manner.
- 1.2 Accordingly, the Company will appoint persons as directors or executives in subsidiaries and associates at least in proportion to the Company’s shareholding in such subsidiaries or associates, unless the Board of Directors considers that a board and management structure in which the number of such representatives is lower than the shareholding ratio does not affect the Company’s ability to:

- Set policies.
- Monitor operations.
- Manage matters that are material or that significantly impact the financial position and performance of those subsidiaries or associates.
- where there is an appropriate balance of power within those entities.

1.3 The Board of Directors of the Company shall consider the appointment and rotation of people to act as the Company's representatives as directors or executives in subsidiaries and associates. Any person appointed or nominated to such position must possess the following qualifications:

- **Full legal qualifications** as prescribed by applicable laws and must not possess any prohibited characteristics or be regarded as lacking trustworthiness under the notifications of the Securities and Exchange Commission (SEC) concerning the determination of untrustworthy characteristics of directors and executives.
- **Knowledge, capabilities, and experience** that are beneficial to business operations and appropriate for the duties to be performed.

In appointing a person, in addition to the above criteria, due consideration shall also be given to the specific characteristics or conditions of each subsidiary or associate, for example:

- Whether the company is subject to complex or high-risk rules or regulations, such as being a public company listed on a stock exchange in Thailand or overseas.
- The shareholding ratio in a subsidiary where there are joint-venture partners, in which case the terms of the joint-venture agreement must also be considered.
- Any legal requirements of the country in which the subsidiary or associate is incorporated or operates.

## **2. Matters that require approval or endorsement from the Company's Board of Directors or Shareholders' Meeting before proceeding.**

Directors and executives of subsidiaries or associates who are appointed or nominated by the Company are responsible for ensuring that, **before** entering any transaction or undertaking any action that is material or may significantly affect the financial position and performance of such subsidiaries or associates, and which requires prior approval from:

- The Company's Board of Directors, or

- The Company's shareholders' meeting (as the case may be).

A meeting of the Board of Directors and/or shareholders of the Company (as case may be) is duly convened to consider and approve the matter before the subsidiary or associate convenes its own board and/or shareholders' meeting to approve such transaction or action.

In doing so, the Company shall disclose information and comply with the rules, conditions, procedures, and methods applicable to such approval as prescribed in:

- The Public Limited Companies Act.
- The Civil and Commercial Code.
- The Securities and Exchange law and relevant legislation; and
- The notifications, regulations, and criteria of the Capital Market Supervisory Board, the SEC Office, and the Stock Exchange of Thailand, to the extent applicable and not conflicting.

**2.1 Matters Requiring Approval from the Company's Board of Directors.** In the following cases, the subsidiary or associate (as case maybe) must obtain approval from the Company's Board of Directors:

**(1) Capital Increase / Capital Decrease**

- Any capital increase of a subsidiary through the issuance of new shares and allocation thereof, including any reduction of registered capital and/or paid-up capital of a subsidiary which is not in proportion to the existing shareholding structure.
- Any action that results in the Company's aggregate direct and indirect voting rights in the subsidiary's shareholders' meeting being reduced by more than 10% of the total voting rights or paid-up capital of that subsidiary (as the case may be).

unless such matter is already included in the business plan or annual budget of the subsidiary that has been approved by the Company's Board of Directors.

**(2) Dividend Payments, approval of annual dividend payments and interim dividends (if any) of subsidiaries.**

**(3) Amendment of Articles of Association of a subsidiary (except amendments that are material under Clause 4.2 (5), which require approval from the Company's shareholders' meeting).**

- (4) Approval of the Consolidated Annual Budget, including that of all subsidiaries, unless otherwise specified in the subsidiary's Delegation of Authority.
- (5) Appointment of Auditors of Subsidiaries. In cases where the auditor to be appointed is not from the same audit firm with the Company's Auditor Appointment Policy, which requires that the auditor of each subsidiary belongs to the same audit firm network as the Company's auditor.

Items (6) to (9) below are deemed material transactions which, if entered, may significantly affect the financial position and performance of a subsidiary. Therefore, before a meeting of the board of that subsidiary is convened and the directors appointed by the Company cast their votes, such directors must first obtain the approval of the Company's Board of Directors, provided that, when calculating the transaction size of the subsidiary relative to the Company (using the relevant criteria under the notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand, as the case may be, *mutatis mutandis*), the transaction is of a size that requires approval from the Company's Board of Directors. These transactions are:

- (6) Connected Transactions / Acquisition or Disposition of Assets Where the subsidiary agrees to enter a transaction with A connected person of the Company or of the subsidiary; or A transaction relating to the acquisition or disposition of assets of the subsidiary; including, but not limited to, the following:
  - a. Transfer or waiver of benefits, including waiver of claims against persons causing damage to the subsidiary.
  - b. Sale or transfer of all or a significant part of the subsidiary's business to another person.
  - c. Purchase or acceptance of transfer of another company's business to be that of the subsidiary.
  - d. Entry into, amendment, or termination of contracts regarding the lease of all or a significant part of the subsidiary's business, assignment management of the subsidiary's business to another person, or amalgamation the subsidiary's business with that of another person for the purpose of profit-and-loss sharing.
  - e. Lease or hire-purchase of all or significant part of the subsidiary's business or assets.

- (7) Borrowing, lending, granting of credit, providing guarantees, entering into legal acts that bind the subsidiary to additional financial obligations, or providing any other form of financial assistance to other persons that is not in the ordinary course of business of the subsidiary, except for financial assistance between the Company and the subsidiary, or among subsidiaries within the Company's group.
- (8) Liquidation of a Subsidiary.
- (9) Any Other Non-Ordinary Business Transaction of the subsidiary which has a significant impact on the subsidiary.

2.2 In the following cases, the subsidiary must obtain approval from the Company's shareholders' meeting by a vote of not less than three-fourths (3/4) of the total votes of shareholders attending and eligible to vote before entering the transaction:

- (1) Where the subsidiary agrees to enter into a transaction with a connected person of the Company or of the subsidiary, or a transaction relating to the acquisition or disposition of assets of the subsidiary, provided that, when calculating the transaction size of the subsidiary relative to the Company (using the criteria under the relevant notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand, mutatis mutandis), the transaction is of a size that requires approval from the Company's shareholders' meeting.
- (2) Any capital increase of a subsidiary through the issuance of new shares and allocation thereof, including any reduction of registered capital and/or paid-up capital of a subsidiary which is not in proportion to the existing shareholding structure, or any similar action which results in:
  - The Company's shareholding ratio; and/or
  - The Company's direct and indirect voting rights.

In the subsidiary's shareholders' meeting being reduced to less than the level prescribed by applicable law for that subsidiary in a manner that deprives the Company of control over such subsidiary, provided that, when calculating the transaction size relative to the Company (using the relevant criteria under the notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand, mutatis mutandis), the transaction is of a size that requires approval from the Company's shareholders' meeting.

- (3) Liquidation of a Subsidiary, provided that, when calculating the size of the business of the subsidiary to be liquidated relative to the Company (using the relevant criteria under the notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand, mutatis mutandis), the liquidation is of a size that requires approval from the Company's shareholders' meeting.
- (4) Any Other Non-Ordinary Business Transaction of a subsidiary which has a significant effect on that subsidiary, provided that, when calculating the transaction size relative to the Company (using the relevant criteria under the notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand, mutatis mutandis), the transaction is of a size that requires approval from the Company's shareholders' meeting.
- (5) Amendment of the Articles of Association of a Subsidiary in any matter that may have a material impact on its financial position and operating results, including, but not limited to, amendments that may affect the Company's rights to:
  - Nominate or appoint people as directors or executives of the subsidiary in proportion to the Company's shareholding.
  - Exercise voting rights of directors nominated and/or appointed by the Company in the subsidiary's board meetings.
  - Exercise voting rights of the Company in the subsidiary's shareholders' meetings; or
  - Receive dividends from the subsidiary.

### **3. Duties and Responsibilities of Directors and Executives of Subsidiaries and Associates Appointed/Nominated by the Company**

Directors and executives of subsidiaries and associates who are nominated or appointed by the Company shall have the following scope of duties and responsibilities:

- (1) Determine the Direction and Business Plans of the subsidiary or associate in line with the Company's direction and promote innovation and the use of technology to enhance the competitiveness of the subsidiary or associate.
- (2) Supervise and Monitor Compliance by the subsidiary or associate with all applicable laws, rules, and regulations, and ensure good management in accordance with the principles of good corporate governance, the Company's Business Code of Conduct, Anti-Corruption Policy, and other policies of the Company.

- (3) Oversee Business Operations of the subsidiary or associate to ensure efficiency and effectiveness and manage the Company's investment returns in the subsidiary or associate appropriately.
- (4) Report Information relating to the financial position and operating results, connected transactions, transactions that may involve conflicts of interest, acquisitions or disposals of assets, and any other material transactions of the subsidiary or associate to the Company accurately, completely, and within an appropriate timeframe as specified by the Company.
- (5) Establish Systems for risk management, internal control, anti-corruption, and other necessary systems to appropriately monitor the performance of the subsidiary or associate.
- (6) Unless otherwise specified by this Policy or by the Company's Board of Directors, exercise discretion in voting at the board meetings of the subsidiary and/or associate (as the case may be) on matters relating to general management and ordinary business operations of the subsidiary or associate as they deem appropriate for the best interests of the Company and of the subsidiary or associate.
- (7) Supervise Financial Support provided by subsidiaries and associates to other companies within the group, including, but not limited to, loans or guarantees for credit facilities, to ensure that such support is provided only in proportion to the shareholding, unless there is a necessary and appropriate reason and the overall group benefit is taken into account as the primary consideration. Any terms and consideration for such loans must be comparable to market conditions and/or consistent with the joint-venture agreement between the Company and other partners (in the case of joint ventures). In addition, the directors and executives must ensure that any such loans and/or guarantees receive approval from the authorized persons as specified in the Company's Delegation of Authority and the relevant SEC and SET regulations before implementation.

#### **4. Disclosure of Information of Subsidiaries and Associates**

- (1) Subsidiaries must disclose to the Company, fully, accurately, and within an appropriate timeframe, information relating to:
  - Financial position and operating results.
  - Connected transactions, intercompany transactions, or transactions that may involve conflicts of interest.



- Acquisitions or disposals of assets; and
- Any other material transactions of the subsidiary.

In considering connected transactions, intercompany transactions, transactions that may involve conflicts of interest, and acquisitions or disposals of assets of subsidiaries, the relevant notifications of the Capital Market Supervisory Board and of the Stock Exchange of Thailand shall be applied *mutatis mutandis*.

- (2) Directors and executives of subsidiaries must avoid entering into transactions that may cause a material conflict of interest with the subsidiary. They must disclose and submit information regarding their own interests and those of their related persons in connection with any relationships that may give rise to a conflict of interest with the Company and/or any subsidiary. In cases where transactions that may give rise to such conflicts are undertaken, this information must be reported to the board of the subsidiary or a person designated by the subsidiary's board. The subsidiary's board must in turn report the matter to the Company's Board of Directors within the timeframe specified by the Company to be used as supporting information in considering and deciding whether to approve such transactions. In such consideration, the overall interests of the Company and its subsidiaries shall be the primary concern, and directors and executives of the subsidiary must not participate in the approval of any matter in which they have an interest or a conflict of interest.
- (3) The following acts, which result in directors or executives of a subsidiary, or their related persons, receiving additional financial benefits beyond normal entitlements, or causing damage to the Company or the subsidiary, shall be presumed to be acts that materially conflict with the interests of the subsidiary and must receive approval from the Company's Board of Directors or shareholders' meeting before such transactions are entered into:
  - a. Transactions between the subsidiary and its directors or executives, or their related persons, which are not in accordance with the rules on connected transactions.
  - b. (b) Use of information of the Company or the subsidiary obtained in the performance of duties or by any other means, except for information that has already been made public.
  - c. (c) Use of assets or business opportunities of the Company and/or subsidiary in a manner that violates the criteria or general practices prescribed by the Capital Market Supervisory Board.

- (4) Subsidiaries must also report business plans, business expansion plans, large investment projects, and participation in joint investments with other operators to the Company through the monthly performance report. The Company has the right to require subsidiaries to provide clarification and/or submit supporting documents for consideration, and the subsidiaries must strictly comply.
- (5) Subsidiaries must provide clarification and/or submit any information or documents related to operations, or any other documents, to the Company upon reasonable request or when the Company discovers any significant issue.

## **5. Use of Inside Information of Subsidiaries and Associates**

Directors and executives of subsidiaries, employees, staff, delegates of subsidiaries and associates, and their related persons are prohibited from using inside information of the Company, subsidiaries, or associates for personal benefit where such information has been obtained through the performance of duties or by any other means and may have a material impact on the Company, the subsidiaries, and/or the associates, whether directly or indirectly and whether or not any benefit is received.

## **6. Transactions of Directors, Executives, or Related Persons of Subsidiaries and Associates**

Directors, executives, or related persons of a subsidiary may enter transactions with that subsidiary only if such transactions have been approved by:

- The board of the subsidiary; and/or
- The Company's Board of Directors; and/or
- The shareholders' meeting of the subsidiary; and/or
- The shareholders' meeting of the Company (as the case may be),

depending on the calculated transaction size (using the transaction-size criteria under the notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand regarding connected transactions and/or any amendments thereto in force at the time, applied mutatis mutandis).

An exception applies to transactions that are commercial agreements in the ordinary course of business, entered into under normal commercial terms that a reasonable person would enter into with a general counterparty under the same circumstances, with bargaining power free from influence arising from the person's status as director, executive, or related person (as the case may be), and which agreements have been approved by the Company's Board of Directors or are in line with principles previously approved by the Board