

Muramoto Electron (Thailand) Public Company Limited
Principles for entering into arm's length related party transaction.

1. Rationale

Under section 89/12 of the Securities and Exchange Act, B.E. 2535 (1992), as amended (the "**SEC Act**"), a director, an executive or a related person may enter into any transaction with the company or subsidiary only after obtaining approval from the shareholders meeting. However, under section 89/12 (1) of the SEC Act, the shareholders meeting's approval requirement will be exempted if:

- (i) the related party transaction is considered a transaction with the same commercial terms as those an ordinary person would agree with any unrelated counterparty under similar circumstances, on the basis of commercial negotiation and without any dependent interest resulting from the status of the director, executive or related person, as the case may be ("**Arm's Length**"); and
- (ii) the said commercial terms have been approved by the board of directors or are in compliance with the principles approved by the board of directors.

Muramoto Electron (Thailand) Public Company Limited (the "**Company**") and its subsidiaries may enter into related party transactions that could be considered Arm's Length transactions. Therefore, the board of directors of the Company has considered and approved principles for entering into Arm's Length related party transactions under section 89/12 (1) of the SEC Act (the "**Principles**") as set out below.

2. Principles

- 2.1 The related party transaction is a transaction between a director, an executive or a related person and the Company or its subsidiary as specified under section 89/12 of the SEC Act, the Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 re: Rules on Connected Transactions (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, B.E. 2546 (2003), as amended.
- 2.2 If the related party transaction is considered an Arm's Length transaction under these Principles (the "**Arm's Length RPT**"), the management may approve the entering into the transaction according to the delegation of authority.
- 2.3 The management must propose the information on the approved Arm's Length RPT (including the parties to the transaction, the nature of the transaction and the total consideration or transaction value,) to the upcoming board of directors meeting for acknowledgement.
- 2.4 Arm's Length transactions

Arm's Length RPTs include the following transactions.

- (a) Transactions that the Company or its subsidiary normally enters into with non-related parties and there are standard specifications and prices of the goods or services,

The related party transaction under this category will be considered an Arm's Length RPT if its prices, terms, and conditions are in the same range as or comparable to those of non-related party transactions.
- (b) Transactions that the Company or its subsidiary undertakes only with directors, executives, or related persons but there are standard specifications and prices of the goods or services.

The related party transaction under this category will be considered an Arm's Length RPT if prices, terms, and conditions are in the same range as or comparable to the standard prices, terms and conditions that are available in the market.

- (c) Transactions that the Company or its subsidiary normally enters into with non-related parties but with no standard specifications or prices.

The related party transaction under this category will be considered an Arm's Length RPT if the profit margin derived from the related party transaction as well as terms and conditions of that transaction are not different from that of similar non-related party transactions.

- (d) Related party transactions that are supported by transfer pricing documentation.

The related party transaction will be considered an Arm's Length RPT if:

- (i) the price charged in that transaction has resulted in the arm's length return for the Company or its subsidiary; or that is comparable to those achieved by independent companies performing similar functions, employing similar assets and bearing similar risks according to (A) the benchmarking report for the relevant financial year or transfer pricing policy predetermined for upcoming related party transactions; or (B) only in case the reports specified in item (A) are not available, the most recent transfer pricing documentation,
- (ii) in respect of royalty payment, the rate of royalty payable to the related parties of the Company is within the range of or not higher than the average rate of royalty in the same industry or sector according to (A) the benchmarking report for the relevant financial year or transfer pricing policy predetermined for upcoming related party transactions; or (B) only in case the reports specified in item (A) are not available, the most recent transfer pricing documentation; or
- (iii) there is document prepared by independent tax or transfer pricing advisor supporting that the consideration for the transaction is determined at arm's length for tax purposes.

This is provided that the terms and conditions of the transaction must be freely negotiated between the parties and in accordance with normal business practice or more favorable for the Company or its subsidiary.

These Principles have been approved by the Company's Board of Directors Meeting No. 3 held on 10th August 2023 and have become effective on 11 August 2023.