



**บริษัท ไทยเซ็นทรัลเคมี จำกัด (มหาชน)**  
**THAI CENTRAL CHEMICAL PUBLIC COMPANY LIMITED**

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Translation

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Subject: Opinions of the independent directors on the delisting of the Company's shares from being listed securities on the Stock Exchange of Thailand

To: Shareholders of Thai Central Chemical Public Company Limited

On 7 February 2023, the board of directors of Thai Central Chemical Public Company Limited (the "**Company**") received a letter (the "**Letter**") from Sojitz Corporation ("**Sojitz**") and ISTS (Thailand) Co., Ltd. ("**ISTS**"), as the major shareholders of the Company that currently hold 256,833,457 shares and 231,159,816 shares, representing approximately 43.92 percent and 39.53 percent of the total issued shares of the Company, respectively; or that currently hold an aggregate of 487,993,273 shares representing approximately 83.46 percent of the total issued shares of the Company. Sojitz and ISTS have expressed their intention to make a tender offer for all of the Company's securities for the purpose of delisting the Company's securities from the Stock Exchange of Thailand (the "**SET**") (the "**Tender Offer**"), at the offering price of THB 40.00 per share (the "**Tender Offer Price**"). The Tender Offer Price may be adjusted if there is an occurrence of any incident which causes or may cause damage to the Company's status or assets, or the Company's share price or any other incidents which cause material effect to the determination of the Tender Offer Price or any other incidents as prescribed under the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended). The Tender Offer will occur only upon fulfilment of all of the following conditions:

- (1) the shareholders meeting of the Company resolves to approve the delisting of the Company's securities from the SET with the votes of not less than three-fourths of the total issued shares of the Company and there shall be no shareholders opposing the delisting of securities with the votes exceeding 10 percent of the total issued shares of the Company; and
- (2) the delisting of the Company's securities shall be approved and/or waived by the relevant regulatory agencies, including the SET, financial institutions and other contractual parties under the relevant agreements (if necessary).

Board of Directors Meeting of the Company No. 1/2023, held on 7 February 2023, has resolved to propose to 2023 Annual General Meeting of Shareholders No. 51, for its consideration and approval, the delisting of the Company's shares from being listed securities on the SET, and other relevant matters, including the appointment of Jay Capital Advisory Limited. The Board of Directors Meeting, by the endorsement of the independent directors, also resolved to approve the appointment of Jay Capital Advisory Limited as an independent financial advisor (the "**IFA**") to provide opinions regarding (1) the delisting of securities to the Company's shareholders to support their consideration of the delisting of the Company's shares from being listed securities on the SET; and (2) the Tender Offer to the Company's



shareholders to support their consideration of the Tender Offer for delisting securities. The performance of duties by the IFA on this matter will occur after the SET approves, and gives notice of the approval for, the delisting of the Company's securities, and Sojitz and ISTS submit a Tender Offer for delisting securities.

The independent directors of the Company, consisting of 1) Mr. Suvat Suebsantikul, 2) Mr. Opas Sripornkijachorn, and 3) Mr. Kasemsak Masayavanij, held a meeting of independent directors on 12 April 2023 to consider the relevant details about the delisting of the Company's shares from being listed securities on the SET (the "**Delisting of Securities**"), including the IFA's opinions on the Delisting of Securities to the Company's shareholders to support consideration of the Delisting of Securities. The meeting of independent directors has considered the matters and have the opinions that are consistent with the IFA's opinions as stated below.

### 1. Rationale and appropriateness of the Delisting of Securities

The independent directors viewed that the Delisting of Securities is appropriate with the following significant reasons:

- 1) The Company has no necessity to raise equity capital from the SET because the Company has sufficient internal cash flow to operate its business. The Company also has the averaged earnings before depreciation, financial cost, and income tax (EBITDA) for the past 3 years (Years 2020 - 2022) at THB 1,929.49 million. Moreover, as of 31 December 2022, the Company's outstanding cash and cash equivalent were THB 5,518.94 million. Therefore, the Company can utilize its internal cash flow and has other means to obtain funding sources, such as loans from financial institutions, or issuance and offering for sale of debentures to support its business operation, future expansion, as well as working capital requirements. Moreover, the Company could also ask for financial supports from Sojitz and I S T S as the Company's major shareholders.
- 2) After the Delisting of Securities, the Company will have more flexibility in management and decision making as the Company will no longer have to comply with the regulations applicable to listed companies, such as the disclosure requirement and the appointment of an independent financial advisor to render opinions regarding the entry into transaction relating to acquisition or disposal of assets or related party transaction by the Company with a significant value or transaction size, and the seeking of approval therefor from the board of directors meeting and shareholders meeting according to the regulations of the Office of the Securities and Exchange Commission (the "SEC") and the SET. *(Please see additional details under item (4) of section 3 regarding impacts on the shareholders.)* This reduction of legal and regulatory obligations will streamline work process of the Company and increase business efficiency and enhance agile and effective decision making of the Company, while smoothly leveraging benefit from Sojitz's managerial and technical resources, as one of Sojitz's leading international subsidiaries.
- 3) The Delisting of Securities will help reduce the administrative costs and related fees and the utilization of the Company's resources to maintain the status as a listed company on the SET, such as the SET annual fee, administrative costs of information disclosure to investors, and compensation for engagement of independent financial advisors in the compliance with the SEC's and the SET's regulations. *(Please see additional details under item (4) of section 3 regarding impacts on the shareholders.)*
- 4) The Company does not meet the SET's free-float requirement in accordance with chapter 6 of the SET Regulation Re: Approval of Ordinary Shares or Preferred Shares



as Listed Securities, B.E. 2558 (2015), which stipulates the rules on maintaining the status of a listed company on the SET that requires a listed company to maintain its qualification regarding free-float requirement by having at least 150 minority shareholders, holding in aggregate at least 15 percent of its paid-up capital (the **"Requirement for Maintaining the SET Listing Status"**). As of 10 March 2022, the Company had 2,583 minority shareholders, holding altogether 7.56 percent of its paid-up capital (based on information on SET's website), which is below the minimum under the Requirement for Maintaining the SET Listing Status. As the Company's free float does not meet the Requirement for Maintaining the SET Listing Status, the Company must pay an additional annual fee apart from the annual fee normally payable by the Company, and must report the progress of the compliance with the free-float requirement according to the guideline specified by the SET.

- 5) The Company's shareholders will be given an opportunity to sell their ordinary shares in the Company at an appropriate price. The tender offerors intend to make a Tender Offer at the price of THB 40 per share, which is higher than the range of the fair value of the Company's ordinary shares appraised by the IFA and not lower than the highest price calculated according to the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended) (the **"Tender Offer Notification"**). *(Please see additional details in section 2 regarding appropriateness of the Tender Offer Price.)*

In addition, if the Company's shareholders wish to accept the Tender Offer, they can do so and sell their ordinary shares in the Company without any limitation in terms of trading liquidity of those shares on the SET.

## 2. Appropriateness of the Tender Offer Price

The independent directors viewed that the Tender Offer Price of THB 40 per share is appropriate as it is in the range of the fair value of the Company's ordinary shares, which is THB 32.82 - 37.92 per share, as appraised by the IFA while the base case price is THB 35.31 per share. The Tender Offer Price is not lower than the highest price calculated pursuant to the Tender Offer Notification.

In giving the foregoing opinion regarding the appropriateness of the Tender Offer Price, the independent directors have considered the IFA's report on the Opinion of the Independent Financial Advisor on the Delisting of the Company's Securities from being Securities Listed on the SET, dated 12 April 2023. Therefore, if the IFA amends that report, particularly the IFA's opinion regarding the Tender Offer Price and the range of fair value of ordinary shares in the Company, the independent directors' opinion may change.

## 3. The impacts on the shareholders

If the shareholders meeting of the Company and the SET approve the Delisting of Securities and the Company then completes it, there may be material impacts on minority shareholders who continue to hold the Company's shares after the Delisting of Securities as follows:

- 1) The Company's ordinary shares will no longer be traded on the SET (which is the secondary market). Therefore, shareholders wishing to trade their ordinary shares in the Company will be affected in terms of speed and liquidity, and may not have updated



data regarding the trading price and trading liquidity of the Company's ordinary shares because that data will no longer be disclosed to general investors.

- 2) The return on investment in the Company's shares to be obtained by the shareholders may be mainly limited to dividend payment. The Company's future dividend payment policy may also be adjusted according to the policy of Sojitz and ISTS, in their capacity as the Company's major shareholders. The shareholders' opportunity to earn capital gains from their investment in the Company's ordinary shares may decrease since the Company's shares will have no secondary market nor reference market price as a benchmark.
- 3) Individual shareholders will no longer receive tax benefit with respect to the exemption of capital gain tax because the Company's ordinary shares will no longer have a status as listed securities and will no longer be traded on the SET. In this regard, any individual shareholders who sells or transfers the Company's shares have to include capital gains from selling shares in the calculation for filing personal income tax returns and pay personal income tax at progressive rate in accordance with the rules, conditions, and procedures specified in the Revenue Code and the applicable regulations.

In addition, the transferor of the Company's ordinary shares, both individuals and juristic persons, will not be exempted from stamp duty of 0.1 percent of the paid-up value of the shares or the nominal value of the transfer instrument (whichever is greater) under the Royal Decree issued under the Revenue Code Governing Exemption from Revenue Taxes (No. 10) B.E. 2500 (1957) (as amended).

- 4) Shareholders will receive less information about the Company since the Company's obligation to disclose information to the public in the capacity as a listed company will come to an end. Likewise, the Company's directors, executives and auditors will no longer be obligated to prepare and submit a report on their holding of the Company's securities in accordance with the Office of the SEC Notification No. SorJor. 38/2561 Re: Preparation of Report on Changes to the Securities and Derivatives Holding of Director, Executive, Auditor, Plan Preparer and Plan Administrator (as amended).

Moreover, if after completion of the Tender Offer for delisting of securities, there are shareholders of the Company who are not the offerors, persons acting in concert with the offerors and persons under section 258 of those persons holding shares in an aggregate of not more than 5 percent of total voting shares of the Company, or the total number of those shareholders is not more than 100 persons, the Company will no longer have the obligation to prepare and submit reports on its financial position and operating results to the Office of the SEC according to Notification of the Capital Market Supervisory Board No. TorJor. 44/2556 Re: Rules, Conditions and Procedures for Disclosure of Financial Position and Operating Performance of Securities Issuing Companies as amended).

In that case, the Company, as well as the Company's directors and executives, will no longer be subject to chapter 3/1 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) relating to the governance of publicly traded company, such as the entry into related to related party transactions, the entry into transactions that are material to the company, and reporting obligations on the interests of directors and executives.

However, as the Company is still required to submit information to its shareholders in accordance with the Public Limited Companies Act B.E. (1992) (as amended) (the "PLCA"), such as copies of the audited balance sheet and profit and loss statements and





annual report of the board of directors. If the minority shareholders wish to know information about the Company's affidavit, list of shareholders, and financial statements, the minority shareholders are able to request copies thereof from the Ministry of Commerce.

- 5) As of 13 March 2023, the Tender Offerors' aggregate ordinary shareholding in the Company is approximately 83.46 percent of the total shares sold of the Company. If this amount is combined with the percentage of ordinary shares to be acquired by the Tender Offerors in the Tender Offer, the Tender Offerors will have influence over the Company's management and business direction, as well as the control over the resolutions of the shareholders meetings on general matters that require majority votes of the meetings, such as the approval of annual financial statements, the election of directors, and the appointment of auditor. In addition, the Tender Offerors will have control over resolutions for significant matters that must be passed by a vote of at least three-fourths of the total votes of shareholders attending the meeting and having the right to vote, such as the sale or transfer of all or material part of the Company's business, capital decrease, capital increase and amalgamation.

In addition, after completion of the Tender Offer, shareholders who are not the group of the Tender Offerors and collectively hold less than 10 percent of total issued shares of the Company will not be able to make a written requisition to the board of directors to convene a shareholders meeting in accordance with section 100 of the PLCA, which requires an aggregate number of shares of at least 10 percent of the total issued shares of the Company. Therefore, the remaining shareholders who are not the group of the Tender Offerors will have the risk of being unable to propose matters to the Company in order to convene a shareholders meeting, and to balance the power of majority shareholders.

#### 4. The impacts on the Company

Although the Delisting of Securities will result in the Company ceasing to obtain the benefits as a listed company, such as funds raising opportunities in various forms through the SET, and entitlement to exemption from the requirement to include dividends received from Thai entities or mutual funds as income for calculation of tax liability (according to the specified conditions). Nevertheless, after the Company ceases to have a listing status on the SET, the Company still has other means to obtain funding sources to support its business operation and future business expansion and investment apart from the raising of capital on the SET, such as loans from financial institutions, issuance and offering for sale of debentures, and funds raising through Sojitz and ISTS as its major shareholders. Therefore, it is expected that the Company will remain able to operate its business according to its future plans without being materially affected by the cessation of its listing status on the SET.

In addition, the Delisting of Securities will facilitate plan to proceed with the synergy among the group companies, as well as help decrease the Company's expenses related to maintaining of its listing status on the SET, such as annual fees, additional fee due to its failure to maintain the free float in accordance with the Requirement for Maintaining the SET Listing Status, and personnel expenses.

After the Delisting of Securities, the Company will no longer have to comply with regulations of the Office of the SEC and the SET, such as those relating to disclosure of information, and compliance with the approval procedures for the entry into transactions that are applicable to listed companies. As a result, the Company will have more flexibility in its operation and be



able to increase its business competitiveness. *(Please see additional details under item (4) of section 3 regarding impacts on the shareholders.)*

In this regard, the independent directors of the Company deem it appropriate to put forward the aforementioned opinion to the shareholders meeting. In addition, the shareholders should consider the report on the IFA's opinions regarding the Delisting of Securities to support their consideration and approval for the Delisting of Securities. In addition, as the final decision is at the shareholders' discretion, the shareholders should also consider the details regarding the determination of the Tender Offer Price that will be included in the Tender Offer prepared by the financial advisor of Sojitz and ISTS, as well as the IFA's opinion on the Tender Offer to support their decision during the Tender Offer period.

Please be informed accordingly

Sincerely yours,

(Mr. Suvat Suebsantikul)  
Independent Director

(Mr. Opas Sripornkijkachorn)  
Independent Director

(Mr. Kasemsak Masayavanich)  
Independent Director