

Opinion of the Independent Directors on the Delisting of SCG Ceramics Public Company Limited Shares from the Stock Exchange of Thailand as Part of the Restructuring Plan of SCG Decor Company Limited

1. Introduction

According to the special Board of Directors' Meeting of SCG Ceramics Public Company Limited (the Company or the business or COTTO) No. 3/2023, which was held on March 30, 2023, hereby announces that on 29 March 2023, the Company has received a notification on the business restructuring of SCG Decor Company Limited ("SCG Decor") (As of April 17, 2023, SCG Decor is a major shareholder of the Company, holding 82.75 percent of the total issued and paid-up shares of the Company) to delist its securities from being listed securities on the Stock Exchange of Thailand (the "SET"), in order for SCG Decor to be the flagship company of The Siam Cement Public Company Limited ("SCC") for Floor Tiles, Wall Tiles, and Bathroom business in Thailand and overseas and to make SCG Decor the single company in the SCC group that operates the Floor Tiles, Wall Tiles, and Bathroom business.

The Company has strategy to increase product ranges of sanitary wares and fittings ("Bathroom") such as flush toilets, basins, bathtubs, tabs, showers, and other related products into its portfolio to fulfil customer's needs and to expand business operation in the production of ceramic tiles for floors and walls ("Floor Tiles" and "Wall Tiles") to have coverage throughout Thailand and other ASEAN countries. In this regard, the Company views that SCC, a major shareholder of the Company by holding indirectly through SCG Decor (formerly known as SCG Building Materials Company Limited) 82.75% of total paid up capital of the Company, has a business operation in the production of Floor Tiles and Wall Tiles in Thailand and other ASEAN countries and Bathroom business in Thailand. In this regard, the Company and SCC therefore have considered that the consolidation of the business as the same group under a single listed company in SET would create the greatest benefits to the shareholders of COTTO and SCC.

To implement the above strategy, COTTO and SCC have considered a business restructuring plan based on various factors such as legal limitations, cost of restructuring, timing, and effects on the shareholders of COTTO and SCC, and concluded that , SCG Decor will be the flagship company of SCC group for Floor Tiles, Wall Tiles and Bathroom business in Thailand and overseas whereby, SCG Decor distributed Floor Tiles, Wall Tiles and Bathroom products through various distribution channels including SCG Decor's own distribution channel such as manufacturing outlets and showroom outlets. SCG Decor will integrate SCC's existing business operation in the production of Floor Tiles, Wall Tiles and Bathroom in Thailand, Vietnam, Philippines, and Indonesia to be operated under SCG Decor, and SCG Decor will be the only listed company listed on the SET.

2. Objective and the Restructuring Plan of SCG Decor

2.1. Objective and Rationales for the Restructuring Plan

(1) To integrate business operation of Decor Surfaces and Bathroom in ASEAN including Thailand, Vietnam, Philippines, and Indonesia to be under SCG Decor which will be the only listed company on the SET. The new flagship company (SCG Decor) will become a company with strengths that is ready to

expand its business to fully cover customer's needs. This will increase competitiveness and improve ability to navigate the company through future industry challenges and become one of the comprehensive regional leaders in Decor Surfaces and Bathroom business.

(2) To maximize the utilization of competencies of the SCC group and create business synergy by sharing knowledge on production and technologies and using resources within the group to the maximum benefits for business operation of the Decor Surfaces and Bathroom business in ASEAN including Thailand, Vietnam, Philippines, and Indonesia under SCG Decor.

(3) To align benefits of the shareholders by expanding business operation of Decor Surfaces and Bathroom under a single listed company which will help create clarity, reduce redundancy of investments and maximize benefits of business expansion.

(4) To create a flagship company in Floor Tiles, Wall Tiles and Bathroom business of SCC group, the leading regional player who has strong financial position and significant business size. This will attract Thai and international investors interest in the Company and become vehicle for such business of SCC group to raise funds to expand the business for a sustainable growth.

2.2. The Procedures of the Restructuring Plan

In this regard, SCG Decor plans to raise fund through initial public offering and listing its shares on the SET ("IPO"), concurrently with making a tender offer to purchase all shares of COTTO held by other shareholders (the "Tender Offer") in exchange for SCG Decor's newly issued ordinary shares. In connection with the Tender Offer, SCG Decor will purchase the shares from all shareholders of the Company who accept the Tender Offer at a price of THB 2.40 per share (the "Offering Price") and it will pay for the shares with its newly issued ordinary shares (the "Shares Consideration") as consideration for the Tender Offer provided that there will be no cash alternative. In this regard, in the event that the shareholders accepts the Tender Offer, such shareholders will receive such Shares Consideration pursuant to a swap ratio for exchange of the shares in the Company and the Shares Consideration, which will be calculated from the Offering Price divided by the final IPO price of SCG Decor's shares to be derived from the book-building process in the future (the "Final IPO Shares Price"). In this regard, if there is any fraction of shares from the allocation of the Shares Consideration to the Company's shareholders according to the final swap ratio, such fraction will be rounded down and no compensation will be made. However, the Final IPO Shares Price will be announced after completion of the book-building process, which is expected to be completed after the end of the Tender Offer period. Therefore, in the preliminary stages of the Tender Offer, the shareholders of the Company will know the fixed Company's shares price and the preliminary swap ratio and they will know the Final IPO Shares Price and the final swap ratio at the end of the book-building process. In order to make SCG Decor a single flagship company listed on the SET, COTTO will be delisted from the SET upon the successful completion of the IPO and the Tender Offer (collectively, the "Restructuring Plan"). Therefore, shareholders of COTTO who accept the Tender Offer will become SCG Decor's shareholders and will retain ownership in COTTO indirectly through SCG Decor.

3. Details of the Delisting of COTTO's Securities from being Listed Securities on the SET

SCG Decor will make the Tender Offer of all remaining shares in the Company by doing a share swap of the Company's shares with the Shares Consideration ("Share Swap") where consideration will be made with no cash alternative, and the Company will delist the Company's shares from the SET. In this regard, the Company's shareholders who accept the Tender Offer will instead become shareholders of SCG Decor and will be able to trade the Shares Consideration on the SET after the IPO is completed. Details of the Tender Offer are as follows:

Type and class of securities tendered

Ordinary shares of the Company held by other shareholders

Tender offer price

THB 2.40 which was derived from various methods determined by SCG Decor, e.g., market price, trading multiples, and discounted cash flow, and will be further proposed to the shareholders' meeting of the Company for consideration.

Consideration

Consideration comprises SCG Decor's newly issued ordinary shares where consideration will be made with no cash alternative.

Swap ratio

The swap ratio for the exchange of the Company's shares to SCG Decor's Shares Consideration will be calculated from the Company Offer Price divided by the final IPO Shares Price. In this regard, if there is any fraction of shares from the allocation of the Shares Consideration as consideration to the shareholders of the Company according to the final swap ratio, such fraction will be rounded down, and no compensation will be made.

Offer period

The offer period is a period of not less than 25 business days and not more than 45 business days. In this regard, SCG Decor will further request for a waiver for such offer period from the SET.

The Board of Directors' Meeting of the Company therefore resolved to propose to the Extraordinary General Meeting of Shareholders of the Company to consider and approve the delisting of COTTO shares from being listed securities on the SET, according to the proposed Restructuring Plan of SCG Décor. Additionally, the independent directors has resolved to approve the appointment of Discover Management Company Limited ("DISCOVER" or "Independent Financial Advisor" or "IFA") to be the independent financial advisor to provide opinions on the delisting of the securities according to the Restructuring Plan of SCG Decor and to provide opinions on the Restructuring Plan of SCG Decor, including the

appropriateness of the Company Offer Price, in order to comply with the regulations of the SET on delisting of securities. The independent directors has considered that DISCOVER is a financial advisory firm licensed by the Office of the Securities and Exchange Commission ("SEC") and has no connection or conflict of interest with any person or juristic persons related to the delisting of securities on March 30, 2023.

3.1. Details for Consideration of Shareholders

In this regard, the Board of Directors' meeting views that the important details that shareholders should consider are as follows:

1. Tender Offer Price of COTTO shares
2. Valuation of COTTO shares
3. Share swap ratio
4. Benefits to the shareholders of COTTO
5. Risk of the Restructuring Plan

The shareholders should study and consider the important details by referring to the Restructuring Plan, the Opinion of Independent Financial Advisor report, and other relevant information as disclosed to make an informed decision.

3.2. Opinion of Independent Financial Advisor

In summary, the Independent Financial Advisor has considered various factors which may affect the Company and shareholders of the Company, as well as the Company Offer Price, and views that the shareholders should approve the Delisting of the Company's shares and accept the upcoming Tender Offer due to the following reasons:

1. The Tender Offer at a price of THB 2.40 per share is appropriate, higher than the price range of the Company that IFA has evaluated between THB 2.14 – 2.29 per share (According to the share valuation approach that IFA deems appropriate to evaluate the Company's share price, which is the adjusted book value approach and discounted cash flow approach).
2. After the Restructuring, shareholders of COTTO will become SCG Decor's shareholders, which is the parent company of COTTO. According to the pro forma consolidated financial statements as of December 31, 2022, SCG Decor has the total assets, shareholders' equity, and total revenue of THB 40,575.9 million, THB 16,503.3 million, and THB 30,885.5 million, respectively, which is a proportion of 358.76%, 187.33%, and 233.56% compared to COTTO. Therefore, once SCG Decor listed on the SET and COTTO's shareholders become direct shareholders of SCG Decor, the parent company and flagship company of SCC group for Floor Tiles, Wall Tiles, and Bathroom business in Thailand and overseas. From the integration of Floor Tiles, Wall Tiles, and Bathroom products as the same group under a single listed company in the SET, the Company's shareholders will become direct shareholder of the parent company whose size is larger than the Company (the Tender Offer at a price of THB 2.40 per share is higher than the fair price evaluated

by IFA), has more brands and areas of business to cover a wider variety, and has access to markets with greater growth potential, which should result in trading liquidity of SCG Decor (after listed in the SET) higher than that of COTTO. In summary, being a direct shareholder in SCG Decor should benefit COTTO's shareholders more.

3. Acceptance of this tender offer can be considered as option that allows COTTO's minority shareholders to hold shares in SCG Decor, COTTO's parent company, which has better business potential, as well as reducing the risk that may arise from inability to balance power and business control, since as of April 17, 2023, SCG Decor is a major shareholder of the Company. SCG Decor holding 82.75 percent of the total issued and paid-up shares of COTTO, as a result, SCG Decor will be able to control and be able to make decision in significant matters, whether it's general matters that require approval from shareholders with majority vote, such as certifying annual financial statements, appointment of directors and the appointment of an auditor, or a resolution to approve a special agenda that requires approval from the shareholders with a vote of not less than three-fourth of the total votes of shareholders attending the meeting and having the right to vote. This includes the delisting of securities from being listed on the SET this time (If there is no objection by shareholders of more than 10 percent of the total issued and paid-up shares of the Company). Therefore, after the completion of the Restructuring Plan, COTTO will no longer be a listed company in the SET, which cause shareholders of COTTO who continue holding COTTO's shares after the Delisting to be impacted from no secondary market for trading, lack of market price to be used as benchmark, and a lack of trading liquidity for the shares, as a result, the opportunity for minority shareholders to receive capital gain will decrease. In addition, individual shareholders will no longer be exempted from the capital gain tax and will have less access to news and information in relation to the Company.

In this regard, IFA has also disclosed the details the reasonableness and appropriateness of the delisting of securities as follows:

1. The book building process for the final IPO Shares Price of SCG Decor used in share swap ratio is appropriate and fair
2. The Restructuring Plan of SCG Decor enhances the capability of the Business and avoids the potential conflict of interest
3. Creates flexibility and optimizes benefit in management
4. Benefits of COTTO's shareholders will not be inferior to the existing status
5. COTTO's shareholder will not have any impacts in the case that the Restructuring Plan of SCG Decor is unsuccessful
6. COTTO's shareholders are given an option to allow minority shareholders to hold shares in SCG Decor, COTTO's parent company, which has better business potential, as well as reducing the risk that may arise from the inability to balance power and business control

The Independent Financial Advisor also disclosed the impact of the Restructuring Plan and several other risk factors, where most of the risk factors of the restructuring plan of SCG Decor are due to the change in status from being a shareholder of a subsidiary (COTTO) to a parent company (SCG Decor), which has a more complex business structure. However, after entering into the transaction and the Restructuring Plan is completed, COTTO's shareholders can convert SCG Decor's shares into cash immediately at the first day that SCG Decor started trading on the SET. Nonetheless, the Company's shareholders should consider and study additional information, impacts and risks from SCG Decor's prospectus after the SEC approves the offering of SCG Decor's shares and its prospectus becomes effective for the benefits of shareholders before deciding to accept the Tender Offer.

3.3. Opinion of the Independent Directors

The independent directors have considered the Restructuring Plan, the Opinion of Independent Financial Advisor report and other relevant information and the independent directors agrees with the Independent Financial Advisor on the Company Offer Price, Share Swap ratio and delisting of securities as follows:

1. Tender Offer Price of the Company

The independent directors agree with the Independent Financial Advisor of the Company (DISCOVER) that the Tender Offer at a price of THB 2.40 per share is appropriate, since it is higher than the price range of the Company's share that has been evaluated according to the Opinion of Independent Financial Advisor report.

2. Share Swap Ratio

Pursuant to the Restructuring Plan, the shareholders of the Company will receive such Shares Consideration pursuant to a swap ratio for exchange of the shares in the Company and the Shares Consideration, which will be calculated from the Offering Price divided by the final IPO price of SCG Decor's shares (the "Final IPO Shares Price"). However, the shareholders of the Company will know the final swap ratio for the exchange of the Company's shares to the Shares Consideration after the completion of the Tender Offer. This is because the final IPO Shares Price will be derived after the completion of the book-building process which is a process where institution investors in Thailand will jointly determine the final IPO Shares Price, ensuring that the IPO Shares Price comes from a transparent process without any price distortions. In this regard, the Company's shareholders will know the preliminary swap ratio once the prospectus of SCG Decor is declared effective, the Tender Offer starts and SCG Decor has determined the IPO Shares Price range to be used in the book-building process. The Company will disclose such IPO Shares Price range through the SET so that the Company's shareholders know such information and are able to calculate the preliminary swap ratio for the shares that they will receive from the Tender Offer. Therefore, although the shareholders of the Company will know the final swap ratio after the completion of the Tender Offer, during the Tender Offer, SCG Decor will provide clearer information regarding the IPO Shares Price (i.e. a narrower IPO Shares Price range). Therefore, the appropriate offering price of the Company's shares and the price of SCG Decor's shares, which will be derived from an appropriate method, make the swap ratio appropriate and the Company's shareholders will not be deprived of any benefit.

3. The Delisting

The independent directors agrees with the Opinion of Independent Financial Advisor of the Company that deemed the delisting of securities under the Restructuring Plan appropriate because after (1) the shareholders' meeting of the Company resolved to approve the Company's delisting of securities (2) SET ordered the delisting of the Company's shares and (3) SCG Decor has been approved to offer IPO shares by the SEC, SCG Decor will commence the Tender Offer for all remaining securities in COTTO, which will be paid in Share Consideration as consideration to the shareholders of the Company who accept the Tender Offer. The shareholders that accept the Tender Offer will become the direct shareholders of SCG Decor, the parent company and flagship company of SCC group for Floor Tiles, Wall Tiles, and Bathroom business in Thailand and overseas. From the integration of Floor Tiles, Wall Tiles, and Bathroom products as the same group under a single listed company in the SET, the Company's shareholders will become direct shareholder of the parent company whose size is larger than the Company, has more brands and areas of business to cover a wider variety, and has access to markets with greater growth potential, which should result in trading liquidity of SCG Decor (after listed in the SET) higher than that of COTTO. In summary, being a direct shareholder in SCG Decor should benefit COTTO's shareholders more.

Additionally, in making the Tender Offer as mentioned above, SCG Decor will not send or distribute the Tender Offer documents into any country where the delivery or distribution of such documents may result in a violation of the laws of such jurisdictions or an imposition of a duty on SCG Decor under such laws. Foreign shareholders in some countries should keep up to date with news about the Tender Offer via various channels such as the website of the SET, the SEC and the Company.

A waiver was granted so that tender offer documents and tender offer forms are not required to be sent to the shareholders of the Company in certain jurisdictions that may result in a violation of the laws of such jurisdictions or an imposition of a duty on SCG Decor under such laws.

If the shareholders' meeting of the Company resolves to approve the delisting and the SET approve the application for delisting of securities, the Company will become a non-listed company. The Company's shareholders who refuse to sell their shares in the Tender Offer will remain shareholders of the Company and will still have the rights to receive dividends and vote at the shareholders' meetings of the Company. However, the shareholders who refuse to sell their shares in the Tender Offer will be affected by the Company's being a non-listed company as follows:

(1) The Company's shares will no longer be liquid as there will be no secondary market for trading such shares and there will be no market trading price for the Company's shares. Therefore, the shareholders who decide not to sell their shares in the Tender Offer will lack of liquidity for trading the company's shares.

(2) At the moment, SCG Decor has voting rights of more than 75% in the Company, meaning that SCG Decor as the one entity, have majority voting rights and approval in the important agenda at the shareholders' meeting of the Company. Therefore, the minorities shareholders of the Company will have risk of unable to balance the power of SCG Decor.

(3) The shareholders will receive less information on the Company's transactions as the Company will not be subject to the rules governing listed companies of the SET and the Securities and Exchange Commission ("SEC Office"). In addition, after the completion of the Tender Offer of the Company, other shareholders who are not the offeror, person acting in concert, and person under Section 258 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) of such person who held the Company's shares of not more than 5 percent of total voting rights in the Company or shareholders and person who held warrants to purchase shares totaled of not more than 100 persons, will result in (1) The Company will not be responsible for preparing and submitting financial statements and other reports relating to its financial position and performance to the SEC pursuant to Notification of the Capital Market Supervisory Board No. Tor Jor. 44/2556 on Rules and Conditions for Disclosure of Information on the Financial Position and Performance of the Issued Company (as amended) and (2) the Company and executives will not be under the regulations relating to the management of issued companies as specified in Chapter 3/1 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) such as involving into related parties transaction, involving into a significant transaction of the business and the responsibilities to report the interests of directors and executives.

However, the Company's shareholders will have access to news or information of the Company indirectly through SCG Decor's disclosure pursuant to relevant rules and directly through the Company's disclosure pursuant to the Public Limited Companies Act B.E. 2535 (1992) (as amended), such as information that must be disclosed for the shareholders' meeting of the Company and the Company's annual reports with statement showing financial position and income statement. In the case that the minority shareholders would like to know information of the Company such as names of directors, shareholder lists, annual financial statement, the shareholders can check and copy such information at the Ministry of Commerce.

(4) Their return on investment will be changed and capital gains from trading of the Company's shares will be limited as there is no secondary market for such shares. In this regard, the returns on investment that the Company's shareholders will receive will mainly be dividends from the Company.

(5) Individual shareholders will not be exempted from capital gains tax levied on profits from sales of securities as the Company's shares cannot be traded on the SET. Moreover, any transfer of shares by any individual or juristic shareholders will not be exempted from the stamp duty of 0.1 percent of the paid-up share price or the price stated on the share transfer instruments, whichever is higher.

(6) The Company's shareholders will not receive returns from SCG Decor, the flagship company in ceramic tile and bathroom in Thailand and international, while the business operation of COTTO has less product varieties and mainly focus on Thailand.

For the reasons mentioned above, the independent directors deemed appropriate to present the above opinion to the shareholders. However, the shareholders should consider other factors, including the Opinion of Independent Financial Advisor report and other relevant information that has been disclosed in order to make an informed decision. In this regard, your final decision is ultimately subject to your discretion.