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No. 14/2560

August 15, 2017

**Subject:** Submission of the Opinion of the Company on the Tender Offer (Form 250-2) of Sherwood Chemicals Public Company Limited

**To:** Secretary General of the Office of the Securities and Exchange Commission  
The President of the Stock  
Shareholders of Sherwood Chemicals Public Company Limited

**Enclosure:** 1) Copy of the Opinion of the Company on the Tender Offer (Form 250-2)  
2) Copy of the Opinion of the Independent Financial Advisor on the Tender Offer

Pursuant to Sherwood Chemicals Public Company Limited (the “**Company**”) has received a copy of Announcement of Intention to make a Tender Offer (Form 247-3) dated July 17, 2017 and a copy of Tender Offer document (Form 247-4) dated July 24, 2017 from TOA Venture Holding Company Limited (the “**Offeror**”). In this regards, the Company has appointed I V Global Securities Public Company Limited act as the independent financial advisor (“**Independent Financial Advisor**”) for the shareholders to render opinion on the Tender Offer. Additionally, the Board of Director of the Company has prepared the Opinion of the Company on the Tender Offer pursuant to the Notification of the Capital Market Supervisory Board No. TorChor 40/2552 re: Statement Form and Period for Preparing Opinion on Tender Offer.

The Company hereby submits the Opinion the Company on the Tender Offer (Form 250-2) and the Opinion of the Independent Financial Advisor on the Tender Offer to the Office of the Securities and Exchange Commission (the “**SEC**”), the Stock Exchange of Thailand (the “**SET**”), and shareholders of the Company, and shareholders of the Company as details of which are shown in the enclosures.

Please be informed accordingly.

Yours sincerely,

(Mr. Thakerngbol Laobisuddhi)

Authorised Signature

**- TRANSLATED VERSION -**

**Opinion of the Company Regarding the Tender Offer  
(Form 250-2)**

Of



Sherwood Chemicals Public Company Limited

The Offeror

TOA Venture Holding Company Limited

The Independent Financial Advisor



I V Global Securities Public Company Limited

August 15, 2017

*The English Translation of the Opinions of the Company has been prepared solely for the convenience of foreign shareholders of Sherwood Chemicals Public Company Limited and should not be relied upon as the definitive and official document.*

*The Thai language version of the Opinion of the Company is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this translation.*

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## Opinion of the Company Regarding the Tender Offer

August 15, 2017

To The Shareholders  
Sherwood Chemicals Public Company Limited

On July 24, 2017, Sherwood Chemicals Public Company Limited (the “Company” or “SWC”) received the copy of Company’s Tender Offer (Form 247-4) from TOA Venture Holdings Limited (the “Offeror”) containing the details as follow:

Type of Securities	Number of Offered Securities <sup>1/</sup>		Percentage of Offered Securities		Offering Price <sup>2/</sup> (Baht/Share)	Offering Value (Baht)
	Shares/Unit	Voting Rights	Of the Total Issued Securities (%)	Of the Total Voting Rights (%)		
Ordinary shares	96,002,400	96,002,400	64.00	64.00	13.25	1,272,031,800
Preferred shares						
Warrants						
Convertible debentures						
Other securities (if any)						
			Total	64.00	Total	1,272,031,800

Remark:

1/ The Company currently have a total of 150,000,000 issued and paid-up ordinary shares with a par value of THB 1 per share. The Offeror currently holds a total of 53,997,600 ordinary shares, representing 36.00% of the Company’s total issued and paid-up shares and total voting rights. Therefore, the Offeror will make a Tender Offer to purchase 96,002,400 ordinary shares (excluding the shares held by the Offeror) or 64.00% of the total number of issued and paid-up shares and total voting rights of the Company.

2/ The shareholders who accept to sell their securities in the Tender Offer (the “Offerees”) are subject to a brokerage fee of 0.25% of the offering price and value added tax (VAT) of 7.00% of such brokerage fee. Therefore, the net offering price to be received by the Offerees will be Baht 13.21 (thirteen point two one baht) per share.

The tender offer period is a total of 25 business days from July 25, 2017 to August 30, 2017, during the office hours of 9.00 a.m. to 4.00 p.m. of the Tender Offer Agent. Such tender offer period is the final period which will not be extended unless any of the following conditions arises:

- The Offeror may reduce the offering price or extend the Tender Offer period if any event occurs that may have a material adverse effect on the condition or assets of the Company during the tender offer period;
- The Offeror may amend the Tender Offer or extend the Tender Offer period to compete with any person who submits a Tender Offer to purchase securities of the Company during the tender offer period.

The Company has considered the tender offer proposal by paying regards for the shareholders' interest and would like to express opinion to be a basis for consideration as follows:

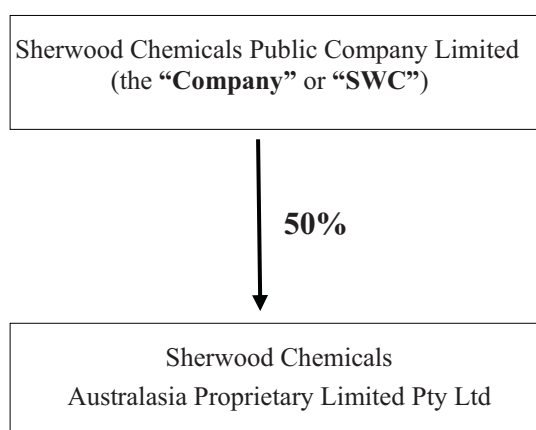
## 1. The status of the Company regarding the past and future operating results together with the assumption applied for the forecast

### 1.1 Company Background and Significant Developments

Sherwood Chemicals Public Company Limited (“SWC” or “the Company”) is a producer and distributor of chemical products for household and industrial use, public health, and agrochemicals. It was incorporated on December 1, 1995 with a registered capital of THB 30 million by TOA Paint (Thailand) Co., Ltd's group through an auction of a part of the household chemical business from The Shell Company of Thailand, covering the product categories of Shelldrite termite prevention and removal products, Teepol multipurpose cleansing liquid, Chaingard dog shampoo, Vapona public health insecticide, and Devatern industrial wood and wood preservative. SWC accepted a business transfer and commenced operation in June 1996 under the management of the Shell Company of Thailand's household chemical team, who later joined as its shareholders. In 2001, the Company launched a plan to change its trademark from “*Shelldrite*” to “*Chaindrite*” upon expiration of the Shelldrite trademark license. Amid its business growth, the Company increased the registered capital to Baht 60 million and Baht 120 million, respectively. It was transformed to a public limited company on April 9, 2004 and again increased the registered capital to Baht 150 million by making an initial public offering of its new ordinary shares. It was listed on the mai bourse and commenced share trading on October 18, 2004.

### 1.2 Business Overview

The Company is engaged in manufacturing and distribution of household chemical products for household and industrial usage, public health and agrochemicals over 20 years after the business transfer from The Shell Company of Thailand. Continually, the Company strives to develop and improve existing products and also to create new products through its research and development department. The Company currently markets approximately 220 products under 130 trademarks, of which the Company makes the most revenue from: (1) Wood Preservatives Group (2) Insecticide Group (3) Cleansers Group. The shareholding structure is as follow:



The Company invested in the subsidiary company, Sherwood Chemicals Australasia Pty Ltd that markets chemical products for household, industrial usage and agrochemical in Australia, in which the Company has 50 percent of the total shares.

### 1.3 Revenue Structure

The revenue structure of SWC and subsidiaries, classified by product group category for the year 2014 – 2016 and the first three months of 2017 are as follow:

Product Group Category	2014		2015		2016		Jan – Mar 2017	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Wood preservatives	151.90	13.60	157.75	13.78	148.44	11.99	32.12	9.77
Insecticides	763.90	68.37	785.10	68.63	873.52	70.54	236.84	72.02
Cleansers	175.82	15.74	177.50	15.52	183.56	14.82	52.66	16.01
Other products	21.65	1.94	21.47	1.88	29.65	2.39	6.72	2.04
<b>Total revenues from sales</b>	<b>1,113.27</b>	<b>99.65</b>	<b>1,141.82</b>	<b>99.81</b>	<b>1,235.17</b>	<b>99.74</b>	<b>328.34</b>	<b>99.84</b>
Other income	3.99	0.35	2.18	0.19	3.21	0.26	0.53	0.16
<b>Total</b>	<b>1,117.26</b>	<b>100.00</b>	<b>1,144.00</b>	<b>100.00</b>	<b>1,238.38</b>	<b>100.00</b>	<b>328.87</b>	<b>100.00</b>

Source: Company's Annual Report 2016 and the Company

### 1.4 List of Board of Directors

#### 1.4.1 List of Board of Directors of the Company on August 1, 2017 consists of the following 8 persons:

No.	Name	Position
1.	Mr. Chanin Yensudchai	Chairman of the Board of Director / Independent Director / Member of the Audit Committee
2.	Mr. Vichit Yamboonruang	Independent Director / Chairman of the Audit Committee
3.	Mr. Chinawat Assavapokee	Independent Director / Member of the Audit Committee
4.	Mr. Prachak Tangkaravakoon	Director (The Authorized Signatories Directors)
5.	Mr. Vonnarat Tangkaravakoon	Director (The Authorized Signatories Directors)
6.	Mr. Patana Sukontarug	Director
7.	Mr. Narongrit Tangkaravakoon	Director
8.	Mr. Narin Trisukosol	Director

The Authorized Signatories Directors of the Company are Mr. Prachak Tangkaravakoon and Mr. Vonnarat Tangkaravakoon, in which two directors jointly affix their signatures together with the corporate seal.

#### 1.4.2 Expected list of the Company Board of Directors after the Tender Offer

During 12 months after the end of the Offering Period, the Offeror may consider changing or reducing the seats of the Company's Board of Directors in corresponding with an increase in its shareholding in the Company. At present, the Offeror is in the process of considering the appropriate structure of the Company's Board of Directors after the Tender Offer. It is expected that the new Board of Directors may consist of the Offeror's representatives in an increasing proportion. However, the new Board of Directors must comply with the law, rules, and regulations of the SEC and SET regarding the number and proportion of independent directors and audit committee whichever is applicable to the Company.

## 1.5 Shareholding Structure

### 1.5.1 Shareholding Structure prior the Tender Offer

List of top 10 largest shareholders in the Company as of May 12, 2017 (the latest closing date of shareholder register book) is as follow:

No.	Name of Shareholders	Number of Shares	% of total paid-up shares of the Company	% of total Voting Rights of the Company
1.	TOA Venture Holdings Co., Ltd's Group	55,092,800	36.73	36.73
	1.1 TOA Venture Holdings Co., Ltd.	53,997,600	36.00	36.00
	1.2 Mr. Jatuphat Tangkaravakoon	852,800	0.57	0.57
	1.3 Mr. Vonnarat Tangkaravakoon	240,800	0.16	0.16
	1.4 Mr. Prachak Tangkaravakoon	400	0.00	0.00
	1.5 Mrs. La-or Tangkaravakoon	400	0.00	0.00
	1.6 Mr. Nattavuth Tangkaravakoon	400	0.00	0.00
	1.7 Mrs. Bustree Wanglee	400	0.00	0.00
2.	Mr. Tawat Ungsuprasert <sup>1/</sup>	21,221,000	14.15	14.15
3.	Miss Palita Kusakul	8,000,000	5.33	5.33
4.	Mr. Nipon Komolsuvan	4,756,500	3.17	3.17
5.	Mr. Veera Chinkanokrat <sup>1/</sup>	4,043,600	2.70	2.70
6.	Mr. Bunwan Worathamthongdee	3,924,200	2.62	2.62
7.	Mrs. Jongjit Chinkanokrat <sup>1/</sup>	3,600,000	2.40	2.40
8.	Miss Yaowaluck Autiskul	3,500,000	2.33	2.33
9.	Miss Vannee Chirathawatchai <sup>1/</sup>	3,170,000	2.11	2.11
10.	Miss Mai Chinkanokrat <sup>1/</sup>	3,120,000	2.08	2.08
<b>Total shares held by top 10 shareholders</b>		<b>110,428,100</b>	<b>73.62</b>	<b>73.62</b>
Other shareholders		39,571,900	26.38	26.38
<b>Total</b>		<b>150,000,000</b>	<b>100.00</b>	<b>100.00</b>

Source: Thailand Securities Depository Co., Ltd.

Remark: 1/ The Sellers

### 1.5.2 Expected Shareholding Structure after the Tender Offer, in the case that other shareholders sell all of their shares to the Offeror

In the case that all shareholders decided to sell all their shares to the Offeror, the shareholding structure will be as follow:

-TRANSLATION -

No.	Name of Shareholders	Number of Shares (Unit)	Of Total Paid-up Shares of the Company (%)	Of the Total Voting Rights of the Company (%)
1.	TOA Venture Holdings Limited Group	150,000,000	100.00	100.00

### 1.6 Financial Positions and operating performance

Summary table of Financial Positions and operating performance of the Company and its Subsidiaries as of 2014-2016 and the first three months:

(THB Million)	2014	2015	2016	Q1/2017
Total assets	762.87	852.98	941.01	1,019.31
Total liabilities	194.37	224.01	223.91	255.04
Issued and Paid-up Capital	150.00	150.00	150.00	150.00
Total shareholders' equity	568.50	628.97	717.10	764.27
Sales Revenue	1,113.27	1,141.82	1,235.17	328.34
Other Revenue	3.99	2.18	3.21	0.53
Total Revenue	1,117.27	1,144.00	1,238.39	328.87
Cost of Sales	765.08	727.10	758.89	212.47
Selling Expenses	158.87	164.65	179.42	31.04
Administrative Expenses	84.60	97.08	104.86	25.29
Total Expenses	1,008.55	988.83	1,043.17	268.80
Earnings before income tax expense	108.71	155.18	195.22	60.07
Net Profits for the period	87.96	123.19	156.46	47.26
Other comprehensive income (loss) for the period	1.31	3.28	(0.83)	(0.09)
Total comprehensive income (loss) for the period	89.27	126.47	155.63	47.18
Profit Attributable to Shareholders of the Company	87.84	122.07	154.92	45.44
Earnings per share (THB/share)	0.59	0.81	1.03	0.30

Remark: Consolidated Financial Statement for the Company and its subsidiaries for the year 2014-2015 ended on December 31, 2014 and December 31, 2015 was reviewed by DIA International Audit Co., Ltd.

Consolidated Financial Statement for the Company and its subsidiaries for the year 2016 ended on December 31, 2016 and Q1/2017 ended on December 31, 2016 and March 31, 2017 respectively, was reviewed by EY Office Company Limited.

The securities holders can see financial statement and other information of the Company in the Securities Exchange Commission's website ([www.sec.or.th](http://www.sec.or.th)) or from the Stock Exchange of Thailand's website ([www.set.or.th](http://www.set.or.th)).



▪ **Analysis of Operating Performance and Financial position of the Company**

Operating Performance for the year 2014-2016

The sales revenue of the Company and Company's subsidiary in the years 2014-2016 are 1,113.27 million Baht, 1,141.82 million Baht and 1,235.17 million Baht, increasing values of 28.55 million Baht and 93.35 million Baht, representing 2.56 percent and 8.18 percent respectively.

The increase in total sales in 2015 was mainly from the domestic sales growth and from new products, earning 1,065.20 million Baht in that year, this in an increase of domestic sales revenue of 12.46 million Baht, representing a 1.18 percent. The total sales coming from foreign countries was 76.62 million Baht, an increase of 16.09 million Baht, representing 26.58 percent. The main reason for a small change in total international sales was due to an expansion of the value of sales in Australia as a result of depreciation in the value of Australian Dollar.

The increase in total sales in 2016 was mainly from the growth of export revenues, earning as high as 166 million Baht, representing 100 percent increase. This was from the result of development of markets in neighbor countries as well as penetration of agricultural markets in Australia. Meanwhile, the domestic sales revenue was 1,069 million Baht, an increase of 21 million Baht, representing 1.88 percent. This increase was a result from an increasing variety of products.

Cost of sales of the Company and its subsidiary for the year 2014-2016 are: 765.09 million Baht, 727.10 million Baht and 758.89 million Baht respectively, and increases of profits in the years 2014-2016 are 31.28 percent, 36.35 percent and 38.56 percent respectively.

In the year 2015, the Company's cost of sales decreases due to the decrease in promotional on-pack premiums and lower cost of raw material from the decrease in oil price. The Company aims to minimize the cost of production while maintaining the quality of the products. This allows the Company to generate more revenue, leading to an increase of profits from 31.28 percent in 2014 to 36.32 percent in 2015.

In the year 2016, the weakening of oil price and cost of production control allow the Company to maintain the low cost of sales. In addition, there was an increase in sales from Insecticides group generating the most profit compare to other groups. As a result, an increase in profit generated from total sales rises from 36.32 percent in 2015 to 38.56 percent in 2016.

Selling expenses of the Company and its subsidiary in the years 2014-2016 are as follow: 158.87 million Baht, 164.65 million Baht and 179.42 million Baht respectively, which is an increase of 5.78 million Baht, 14.77 million Baht, representing 3.64 percent and 8.97 percent respectively.

Selling and administrative expenses in the year 2015 is higher than the previous year because of the increase in the level of research and development of new products and the increase in number of workers to support the increasing demand of the products in the future.

Selling expenses in the year 2016 is 8.97 percent higher than the previous year because the Company invested in campaigns to promote the new products and stimulation of sales from oversea markets while administrative expenses increases by 7.78 million Baht, representing 8.02 percent due to the development cost of the existing products and number of employments to support the increase in demands of the products in the future.

The Company's net profits in the years 2014-2016 are: 87.84 million Baht, 122.07 million Baht and 154.92 million Baht respectively, an increase of 34.23 million Baht and 32.85 million Baht, representing 38.97 percent and 26.91 percent. The reasons for the increase in net profits are because of the decrease in cost of raw materials together with increase in effort to minimize selling expenses and other expenses. The profit margin for the year 2016 has been increased as a result of lower cost of production and increase in total sales coming from insecticides group.

Operating Performance for the first three month of 2017

Sales Revenues for the first three months, quarter 1/2017 was 328.34 million Baht, increased by 4.05% as compared to the same period last year due to promotional campaign heavily made in order to boost sales amid consumer's spending contraction and fierce competition.

The increase of cost of goods sold from 60.12% to 64.71% of sales amount resulting from the effect of raw material price increased compared to the first quarter of last year, and also the increase in the promotional on-pack premiums and other premiums campaign. Moreover, the additional sales of low profit margin product group resulted in lower gross profit margin.

A decrease in selling expenses by 3.96 million Baht, or 11.30% results from the decrease of advertising expense in order to spend more budgets on promotional expense.

An increase in administrative expense by 3.54 million Baht, or 16.26% results from the increase in number of sale staffs and travelling expense.

The Company had net profits of 45.44 million Baht for the first three months, quarter 1/2017, decreased by 9.39 million Baht or 17.13% as compared to the same period last year.

#### Financial Status for 2014-2016

As at the end of 2014 – 2016, the Company and its subsidiaries had total assets of 762.87 million, 852.98 million Baht and 941.01 million Baht respectively, increased by 90.11 million Baht and 88.03 million Baht or 11.81 percent and 10.82 percent respectively.

The increase of total assets in the year 2015 was due to an increase in current assets by 96.6 million Baht or 23.71 percent resulting from the increase in cash and current investment by 62.65 million Baht or 59.31 percent and from inventories by 48.21 million Baht or 30.45 percent due to the inventory management to meet customers' demand. Non-current assets fell by 6.49 million Baht or 1.83 percent resulting from depreciation of assets and amortization of intangible assets.

The increase of total assets for year 2016 was due to an increase in current assets of 100.57 million Baht or 19.95 percent resulting from the increase in cash and current investment by 70.83 million Baht or 42.09 percent and from trade accounts receivable by 28.47 million Baht or 20.26 percent as a result from increase in sales during the fourth quarter of 2016. Also, non-current assets decreased by 12.54 million Baht or 3.59 percent resulting from depreciation of machines and amortization of intangible assets.

As at the end of 2014 – 2016, the Company and its subsidiaries had total liabilities of 194.37 million Baht, 224.01 million Baht and 223.91 million Baht respectively, increased / (decreased) by 29.64 million Baht and (0.10) million Baht or 15.25 percent and 0.04 percent. As at the end of 2015 – 2016, the increase of total liabilities ended year 2015 was the result from an increase in account payable and employee benefit obligations. While the decrease in total liabilities ended year 2016 was the result from a decrease of trade accounts payable from

As at the end of 2014 – 2016 the Company and its subsidiaries had total shareholder's equity of 268.50 million Baht, 628.97 million Baht and 717.70 million Baht respectively, an increased of 60.47 million Baht and 88.13 million Baht or 10.64 percent and 14.01 percent. As at the end of 2015 – 2016, the increase of total shareholder's equity as at the end of 2015 was a result from 1) net profits of 126.47 million Baht 2) dividend payment of 66 million Baht. While the increase of total shareholder's equity as at the end of 2016 was the result from 1) net profit of 155.63 million Baht; 2) dividend payment of 67.50 million Baht.

#### Financial Status as at March 31, 2017

As at March 31, 2017, the Company and its subsidiary had total asset of 1,019.13 million Baht, 78.30 million Baht or 8.32 percent increase from the previous year. This was the main result from an increase in cash and cash equivalents by 102.77 million Baht and from accounts receivable by 20.49 million Baht. While investment in trading securities–mutual fund, fell by 19.72 million Baht and inventories fell by 24.40 million Baht.

As at March 31, 2017, the Company and its subsidiary had total liabilities of was 255.04 million Baht, 31.13 million Baht or 13.90 increase from the previous year. This was the result from the increase in trade and other payables of 23.40 million Baht and from income tax payable of 11.58 million Baht.

As at March 31, 2017, the Company and its subsidiary had total shareholder's equity of 764.27 million Baht, 47.18 million Baht or 5.01 percent increase from the previous year. This was the result from the net profit from the first three month of 2017.

### 1.7 Future business outlook

According to the Tender Offer statement (Form 247-4) of TOA Venture Holding Company Limited, The Offeror has no intention to change the Company's main objective and no plan to revise the Company's policy or plan on business operation, organization structure, management, investment plan, core asset disposal plan, and dividend policy in material respect. Then, the Company will continue to operate in the business of producer and distributor of chemical products for household and industrial use, public health, and agrochemicals.

Forecasts for future performance of the Company and its subsidiaries, the Company expects the revenue growth will mainly depend upon the growth of domestic country and the expansion of the market into neighboring countries to increase its customer base. The Company believes that the Company is capable of growing and maintaining good business performance in the future. The Company does not expect any significant changes to the Company's business, market condition and environment, and business risk.

Nevertheless, in the case that the Offeror has the intention to make any significant changes to the Company, the changes have to comply with the law, rules and regulations of the SEC and SET and other related authorities. Within twelve months after the completion of the Tender Offer, any actions which do not comply with the Tender Offer statement require super majority votes of more than three-quarters of the votes by shareholders who are present at the meeting and eligible to vote and a notification regarding such actions must go through the SEC.

## 2. Opinion on the accuracy of the Company's information shown in the Tender Offer statement

After carefully consideration, the Board of Directors is of the opinion that the information on the Company as presented in the tender offer statement (Form 247-4) dated July 24, 2017 is accurate in material aspects.

## 3. Any relationship or agreement between the directors of the Company and the Offeror whether done personally or by the status of directors or the representative of the Offeror which includes the holding of shares in the Offeror and any contract or understanding or agreement between each other in such transaction (such as management etc.)

### 3.1 Relationships between the directors of the Company and the Offeror

The relationships between the directors of the Company and the Offeror are as follow:

No.	Name	Position in the Company	Position in the Offeror	Position in TOAG <sup>1</sup>
1.	Mr. Prachak Tangkaravakoon	Authorized Director	-	Authorized Director
2.	Mr. Vonnarat Tangkaravakoon	Authorized Director	Authorized Director	-

Remark: 1/ TOAG or TOA Group Holding Co., Ltd holds 100 percent of total paid-up shares in the Offeror.

**3.2 Direct or Indirect Shareholding of the Offeror or its Authorized Person, who takes action to bind the Offeror in the Company, or Major Shareholder of the Company**

As of May 12, 2017, which was the latest closure date of share register book, the Offeror and persons in the same group as the Offeror held an aggregate of 55,092,800 shares in the Company, representing 36.73 percent of the total issued and paid-up shares and total voting rights of the Company.

**3.3 Shareholding, whether direct or indirect, by the Offeror or its authorized representative in the Company or the major shareholder of the Company**

**3.3.1 Shareholding, whether direct or indirect by the Company in the Offeror**

– None –

**3.3.2 Shareholding, whether direct or indirect, by major shareholders of the Company in the Offeror**

As of June 28, 2017, the following shareholders of the Company held shares in the Offeror:

- 1) Mr. Prachak Tangkaravakoon held 1 share or 0% of the total issued and paid-up shares in the Offeror, and held 100,000 shares or 20% of the total issued and paid-up shares in TOAG which is a major shareholder of the Offeror.
- 2) Mrs. La-or Tangkaravakoon held 1 share or 0% of the total issued and paid-up shares in the Offeror, and held 100,000 shares or 20% of the total issued and paid-up shares in TOAG which is a major shareholder of the Offeror.
- 3) Mr. Jatuphat Tangkaravakoon held 75,000 shares or 15% of the total issued and paid-up shares in TOAG which is a major shareholder of the Offeror.
- 4) Mr. Vonnarat Tangkaravakoon held 75,000 shares or 15% of the total issued and paid-up shares in TOAG which is a major shareholder of the Offeror.
- 5) Mr. Nattavuth Tangkaravakoon held 75,000 shares or 15% of the total issued and paid-up shares in TOAG which is a major shareholder of the Offeror.
- 6) Mrs. Bustree Wanglee held 75,000 shares or 15% of the total issued and paid-up shares in TOAG which is a major shareholder of the Offeror.

**3.3.3 Shareholding, whether direct or indirect, by directors of the Company in the Offeror**

Shareholding, direct or indirect, by directors of the Company in the Offeror as of June 28, 2017 was as follows:

Board of Directors of the Company	Shareholding in the Offeror		Shareholding in TOAG	
	No. of Shares (shares)	% shareholding	No. of Shares (shares)	% shareholding
1. Mr. Prachak Tangkaravakoon	1	0.00	100,000	20.00
2. Mr. Vonnarat Tangkaravakoon	-	-	75,000	15.00

### 3.4 Related party transactions

During 2014-2016 and Q1/2017, the Company entered into related party transactions with the Offeror's group as follows:

Name	Type of Transaction	Value (THB million)				Necessity of the Transaction	Price Policy /Opinion
		2014	2015	2016	Q1/2017		
1. TOA Paint (Thailand) Co., Ltd. ("TOA")  - TOA's directors and major shareholders also are directors and major shareholders of the Offeror	Sales revenues  Account receivable	413  69	406  72	412  88	86  75	This was a usual trade transaction under which TOA bought products from the Company for redistribution to retail stores of construction tools and materials countrywide.	Selling prices were offered at an equal rate to all distributors. However, prices of Chaidrite Stedfast and Chaidrite Wood Preservative groups purchased by TOA from the Company were lower than those of other distributors, due to the original price structure set by the former owner, The Shell Company of Thailand Limited, in favor of TOA which was the first to introduce this type of products to the market and could achieve the highest sales volume. Regarding rebates, TOA received a higher rate of target rebate in the Chaidrite Stedfast and Chaidrite Spray categories than other distributors, due to its highest purchase volume, and hence, higher sales target.
2. Mr. Vonnarat Tangkaravakoon  - Being the same group of shareholders as the Offeror - Being the director of the Offeror and of the Company	Advisory fee	0.24	0.24	0.24	-	To provide financial advice	The advisory fee was THB 20,000 per month for approximately 10 hours of service per month. The service contract was valid for one year, extendable by the Company by giving a written notice to the advisor within 30 days from the end of the contract term. Such contract has now been expired.

The Company has appointed TOA Paint (Thailand) Company Limited ("TOA") as its distributor under the distributorship agreement dated January 1, 2015. TOA's directors and major shareholders also are directors and major shareholders of the Offeror. The key essence of such agreement is as follows:

1. TOA is appointed as the Company's distributor for nine products, comprising Chaidrite W/P LB, Chaidrite W/P DB, Chaidrite W/P CL, Chaidrite Steadfast 30 SC, Chaidrite Stedfast 40 EC ( 1 lt, 4 lt and 15 lt) , Chaidrite 1 Aerosol ( 450 cc and 600 cc) , Chaidrite Mosquito ( 450 cc), Devatern 10 EC (15 lt) and Termatrix Foam (500 g).
2. The distributor can notify the Company of the reduction and/or package size in writing in advance, and shall purchase all remaining stocks in the amount not exceeding the ordered volume, or shall purchase the appropriate amount of remaining stocks in the amount not exceeding the projected sale volume.

3. For those products not ordered by the distributor for the period longer than the period stated in the agreement, the Company is entitled to notify to reduce the products and/or package size immediately.
4. The designated sales areas are hardware stores and building tools and materials stores, both retailing and wholesaling, across the country.
5. The Company will distribute other products for the distributor as deemed necessary to enhance business, provided it will not be in conflict with other distributor agreements which the Company is still under obligation.
6. The Company is not obligated to sell or distribute any volume of products to the distributor at any period of time for the volume in excess of the capacity and after the working hours of the production department. The Company will distribute products to the distributor as deemed necessary for business development, and will endeavor to deliver products to the distributor so that it can continue to deliver the products to the customers.
7. The distributor agrees to distribute only products purchased directly from the Company, only for similar products or products with similar use, and will not conduct or not allow the companies within its group to conduct any business, both directly and indirectly, relating to the sale of any other products which compete with those of the Company.
8. If each order of the distributor is greater than the amount stated in the agreement, the Company would deliver the products to the distributor without charging cost of transportation to the distributor's warehouse within the designated area.
9. The distributor agrees to purchase products from the Company at the price as determined by the Company from time to time, which will be notified in writing separately from this agreement.
10. The distributor agrees to sell products at the price and conditions as determined by the Company from time to time and it would not sell products under any other trademark, or provide any certificates apart from those provided by the Company.
11. The Company is not liable for damage of the distributor if it could not comply with any terms of this agreement caused by delay, obstacle or obstruction which results in a deficiency of raw material stock which is a force majeure, as well as any other unexpected events or those not controllable by the Company.
12. The agreement shall be valid from January 1, 2015 onwards. Any of the two parties can notify termination of the agreement at any time by giving a written notice thereof to the other party at least 90 days in advance.

### 3.5 Mutual agreements or contracts

On July 14, 2017, the Offeror entered into a share sale and purchase agreement with Mr. Patana Sukontarug, as representative of the owners of the tendered shares, for the amount as follows:

No.	Name of Shareholders	No. of Shares to Be Sold (shares)
1.	Mr. Tawat Ungsuprasert	21,089,000
2.	Mr. Patana Sukontarug	670,000
3.	Miss Metanee Sukontarug	1,496,600
4.	Miss Erisa Yutithamdamong	1,000,000
5.	Mr. Veera Chinkanokrat	4,050,000
6.	Mrs. Jongjit Chinkanokrat	3,600,000



No.	Name of Shareholders	No. of Shares to Be Sold (shares)
7.	Miss Mai Chinkanokrat	3,100,000
8.	Mrs. Vanida Tanticharoenkiat	2,765,000
9.	Mrs. Oraphan Chu-klin	900,000
10.	Mr. Napat Tanticharoenkiat	550,000
11.	Mrs. Wanna Sirojanakul	1,004,300
12.	12. Miss Vannee Chirathawatchai	3,170,000
<b>Total</b>		<b>43,394,900</b>

The sellers will sell shares in the amount stated above under the Tender Offer process at the offering price of Baht 13.25 per share. However, the Offeror will launch a Tender Offer for all securities of the Company subject to a condition that the number of shares tendered by the Offerees must not be less than 28.9% of the total issued and paid-up ordinary shares of the Company, whereby the sellers must offer to sell 43,394,900 ordinary shares through the Tender Offer to the purchaser. This share sale and purchase agreement shall automatically terminate upon the occurrence of any of the following incidents:

- 1) The two parties agree in writing to terminate the agreement.
- 2) The sale and purchase of shares transaction is not completed by October 30, 2017 or by any other date as to be mutually agreed upon between the two parties.
- 3) Unless otherwise stipulated in the agreement, any of the parties hereto exercises the right to terminate the agreement due to an event of default by the other party and the defaulting party fails to remedy such default within seven days after receipt of a notice from the non-defaulting party.

At the same time, upon share transfers to the Offeror, Mr. Patana Sukontarug, Mr. Tawat Ungsuprasert, Mr. Veera Chinkanokrat and Mrs. Vanida Tanticharoenkiat will enter into an agreement on non-competition with the Company to prohibit the operation of any business in a manner that will be in competition with that of the Company, and will proceed to prohibit the related persons of the sellers from operating business that will compete with that of the Company. The agreement shall terminate upon the occurrence of any of the following incidents:

- 1) A five-year period from the agreement signing date ends.
- 2) The two parties agree to terminate the agreement.
- 3) In the event that the sellers default on any of the provisions under this agreement and fail to remedy such event of default to the satisfaction of the Company within 45 days after receipt of a notice of such event of default from the Company, the Company shall then have the right to claim damages incurred from such event of default and to terminate the agreement forthwith.

#### 4. The Opinion of the Board of Directors of the Company to the Securities Holders

The Meeting of the Board of Directors of the Company No. 6/2017, held on August 7, 2017 had considered the Tender Offer (Form 247-4) and opinion on such Tender Offer rendered by I V Global Securities Public Company Limited, the Independent Financial Advisor to the shareholders. In the consideration to this agenda item, 5 directors out of total 8 members of the Board of Director attended the Meeting which considered a quorum, as follows:

No.	Name	Position
1.	Mr. Chanin Yensudchai	Chairman of the Board of Director/ Independent Director/ Member of the Audit Committee
2.	Mr. Vichit Yamboonruang	Independent Director/Chairman of the Audit Committee
3.	Mr. Chinawat Assavapokee	Independent Director/Member of the Audit Committee
4.	Mr. Patana Sukontarug	Director
5.	Mr. Narin Trisukosol	Director

Mr. Prachak Tangkaravakoon, Mr. Vonnarat Tangkaravakoon and Mr. Narongrit Tangkaravakoon, Directors of the Company who have interest in this transaction, did not attend the meeting, while Mr. Chinawat Assavapokee and Mr. Patana Sukontarug abstained from providing their opinion on this matter to the shareholders. Therefore, directors who have no interest in the transaction unanimously resolved to recommend the shareholders to accept the Tender Offer based on the following reasons:

##### 4.1 Reasons to accept and/or reject the Tender Offer

The Company's Board of Directors has considered the tender offer (Form 247-4) and the opinion rendered by I V Global Securities Public Company Limited. ("Independent Financial Advisor" or "IFA"), and agreed with the IFA that the tender offer price is higher than the fair value of share price of the Company in base case. The Board of Directors therefore unanimously resolved to recommend the shareholders to accept the Tender Offer based on the following reasons:

- The Offering Price of THB 13.25 per share is higher than the Company's fair value under base case by IFA using discounted cash flow approach of THB 12.71 per share which is lower than the Offering Price by THB 0.54 per share or lower by 4.08 percent of the Offering Price. In addition, the Offering price falls within the valuation range of the IFA when considering the Company's fair value range derived from sensitivity analysis of THB 12.19 – 13.38 per share.
- The acceptance of tender offer may be an option to minority shareholders to reduce the risk or other impact that may arise in the future such as risk from collecting adequate votes to audit the company's operations, risk of maintaining the listing status, risk from changing of the structure of the Company's Board of Director, and risk of trading liquidity because in the past the trading liquidity and trading volume of the Company's share is considered low which may cause the securities holders to be at risk of not being able to sell their shares at the desired price and volume within the desired period.

However, the shareholders should also consider the stock prices of the Company's shares on the SET as part of the basis for decision making. In case the stock prices traded at the higher price compared to the offer price by the Offeror, the shareholders may alternatively sell the shares on the SET.



The above opinion of the Board of Directors is intended simply as a basis for consideration by the shareholders. In deciding whether to accept or reject the tender offer, the shareholders are recommended to analyze all relevant information in conjunction with the IFA's opinion. The final decision depends primarily on the shareholders' individual judgment.

**4.2 Opinion and reasons of the individual directors and number of shares held by each of them (only in case where the opinion in 4.1 is not unanimous)**

– None –

**4.3 Benefits or impacts from the plans and policies indicated in the Tender Offer and the viability of such plans and policies**

The Board of Directors (excluding the directors who may have potential conflict of interests and abstained from providing opinion on this matter) considered the plan and policy after the Tender Offer which are specified in the Tender Offer (Form 247-4) and opined as follows:

**4.3.1 Company Status**

The Tender Offer document specified that *“After completion of this Tender Offer, the Company will still maintain its listed company status on the MAI. The Offeror has no plan to delist SWC shares during 12 months from the end of the Tender Offer period, except where the Offeror has duty to comply with the relevant laws, rules and regulations in effect at that time.”* In addition, the Offeror has no plan to sell or transfer a significant amount of shares of the Company acquired from this Tender Offer to other party within 12 months from the end of the Tender Offer period, except in the case of business restructuring or reorganization or shareholding restructuring in the group of the Offeror or in the case where the Offeror is obligated to comply with other applicable laws, rules and regulations or commitments under the agreement that the Offeror and/or the Company are obligated to fulfill at that time.

Opinion of the Board of Directors

After considering the copy of Company's Tender Offer (Form 247-4) from TOA Venture Holdings Company Limited, the Board of Directors is of the opinion that since the Company will continue to be a listed entity on the mai, the Company and its shareholders will by no means be affected by a change in its listed company status or by a delisting of its shares during such period.

However, after completion of the tender offer, the Company may be prone to a risk from failure to meet the qualifications for maintaining the listed status with respect to share distribution to minority shareholders. The Offeror may be able to acquire a substantial amount of Company's shares to the extent that leads the Company to fail to satisfy the SET's free float requirement, under which there must be at least 150 minority shareholders holding its shares and in an aggregate amount not less than 15% of its total issued capital and may cause the Company to pay additional annual fee to the SET.

Moreover, the copy of Company's Tender Offer (Form 247-4) states that the Offeror has no plan to sell or transfer a significant amount of shares of the Company acquired from this Tender Offer to other party within 12 months from the end of the Tender Offer period, except in the case of business restructuring or reorganization or shareholding restructuring in the group of the Offeror or in the case where the Offeror is obligated to comply with other applicable laws, rules and regulations or commitments under the agreement that the Offeror and/or the Company are obligated to fulfill at that time. The Board of Directors is of the opinion that, if there is such structural adjustment, there will be no significant impact to business operations of the Company.

#### **4.3.2 Policy and plan on business management**

The Tender Offer document mentioned that *“The Offeror has no intention to change the Company’s main objective and no plan to revise the Company’s policy or plan on business operation, organization structure, management, investment plan, core asset disposal plan, and dividend policy in material respect during 12 months from the end of the Tender Offer period. However, the Offeror may suggest the Company to consider reviewing or adjusting its policy and plan on business operation, organization structure, management, investment plan, and dividend policy as deemed fit and necessary by complying with the rules and regulations of the SEC and the SET insofar as they are applicable to the Company at that time. Moreover, in the case where there is any event that could materially affect the operation or financial position of the Company, the Offeror will take action in compliance with the rules and regulations of the SEC and the SET by paying primary regard to the interest of the Company and the shareholders.*

*During 12 months from the end of the Tender Offer period, the Offeror may consider changing or reducing the number of directors of the Company to be in line with the increased percentage of shareholding by the Offeror. Currently, the Offeror is still deciding on an appropriate structure of the Board of Directors of the Company after completion of this Tender Offer. It is expected that there will be a higher proportion of director seats allocated to the Offeror on the new Board of Directors. Nonetheless, such board structure will still be composed of independent directors and Audit Committee members in the proportion as required by the applicable laws and the rules and regulations of the SEC and the SET insofar as they are applicable to the Company at that time.”*

##### Opinion of the Board of Directors

The Board of Directors has an opinion that as the Offeror has no intention to change the Company’s main objective. The Company still continually operates in the same business since the Offeror is an existing major shareholder of the Company. However, if there is any improvement or change in the business operation of the Company in the future, the Board of Directors will hold a meeting to consider appropriateness for the best interests of shareholders and will propose to the shareholders’ meeting for an approval in accordance with the rules and regulations of the SET and SEC.

Moreover, the Board of Directors of the Company had the opinion that, although the Offeror will change the structure of Board of Directors, but the Company still maintains its proportion of directors which consists of the executive director, independent director and the audit committee to be in compliance with the rules, regulations of the SET and the Office of SEC as long as the Company is a listed company. However, in the future, if the Company has any change in its organizational structure or management structure due to the change of directors, the Company will disclose its information according to the rules and terms of SEC and/or SET to be acknowledged by the shareholders.

#### **4.3.3 Related Parties transaction**

The Tender Offer document states that *“During the year 2014 – 2016 and Q1/2017, the Company had a related party transaction with the Offeror which is the appointment of TOA paint Co., Ltd as the Company’s distributor and during the year 2014 – 2016, the Company had a related party transaction with the Offeror which is the employment of Mr. Vonnarat Tangkaravakoon to provide financial advice. Such related party transactions took place in line with the business condition and/or financial position of the Company and were disclosed in the Notes to the Financial Statements of the Company, as well as complied with the notifications of the SET and the SEC, with attention paid to the necessity and reasonableness of the transactions and the interest of SWC. During 12 months from the end of the Tender Offer period, the existing related party transactions between the Company and the Offeror will be carried on and, for any other related party transactions that may arise in the future, the Company will abide by its Articles of Association, the provisions under the Public Limited*

*Companies Act B.E. 2535, the rules, regulations and notifications of the SEC and the SET, and the disclosure rules for connected transactions and transactions in acquisition or disposal of material assets of the Company insofar as they are applicable to the Company at that time.”*

Opinion of the Board of Directors

The Board of Directors is of the opinion that the Company has related transactions with the Offeror from the past to the present, in which the Company’s Board of Director has complied with the rules and regulations of the SET and the SEC. In the future after the Tender Offer period, the Company will continue to have the related transactions with the Offeror and the Board of Director will handle the transaction appropriately in accordance with commercial rules and the rules and regulations of the SEC and the SET.

**4.4 Additional opinion of the Board of Directors of the Company (only in case of a Tender Offer for delisting of securities in accordance with the Stock Exchanges of Thailand’s requirements)**

- None -

This Tender Offer is not a delisting tender offer.

**5. Opinion of the Independent Financial Advisor to the Shareholders**

Please see “Opinion of the Independent Financial Advisor on the Tender Offer for securities of Sherwood Chemicals Public Company Limited” in Attachment 1.

The Shareholders of the Company should consider the Opinion of the Company on the Tender Offer, along with the Opinion of the Independent Financial Advisor on the Tender Offer, and other relevant and reliable sources of information in making the decision with regards to the Tender Offer.

The Company hereby certifies that all the above information is true, complete and correct and there has been neither any information that may cause a misunderstanding in material aspect among other parties nor any concealment of material information that should have been explicitly disclosed.

Sherwood Chemicals Public Company Limited

*---Prachak Tangkaravakoon---*  
(Mr. Prachak Tangkaravakoon)  
Authorized Director

*---Vonnarat Tangkaravakoon---*  
(Mr. Vonnarat Tangkaravakoon)  
Authorized Director

**- TRANSLATED VERSION –**

**Opinion Report of the Independent Financial Advisor  
on  
Tender Offer**

of

Sherwood Chemicals Public Company Limited



Tender Offeror

TOA Venture Holding Company Limited

Prepared by



I V Global Securities Public Company

August 15, 2017

*The English Translation of the Independent Financial Advisor's Opinion Report has been prepared solely for the convenience of foreign shareholders of Sherwood Chemicals Public Company Limited and should not be relied upon as the definitive and official document.*

*The Thai language version of the Independent Financial Advisor's Opinion Report is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this translation.*

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**Attachment A Summary of the Appraisal of Properties of Sherwood Chemicals PLC**

## GLOSSARY

<b><u>Abbreviation</u></b>	<b><u>Meaning</u></b>
<b>SEC</b>	The Securities and Exchange Commission
<b>SET</b>	The Stock Exchange of Thailand
<b>Notification on Acquisition of Securities for Business Takeover</b>	Notification of the Capital Market Supervisory Board No. TorJor 12/2554 Re: Rules on Acquisition of Securities for Business Takeover, and its amendments, dated Mar 13, 2011
<b>“SWC” or the “Company”</b>	Sherwood Chemicals Public Company Limited
<b>Tender Offeror</b>	TOA Venture Holding Company Limited
<b>“Independent Financial Advisor” or “IFA”</b>	I V Global Securities Public Company Limited
<b>IFA Report</b>	Opinion Report of the Independent Financial Advisor
<b>Independent Property Appraiser</b>	Grow Estimation Company Limited
<b>Financial Advisor</b>	Beyond Advisor Company Limited
<b>DCF</b>	Discounted Cash Flows
<b>EBIT</b>	Earnings Before Interest and Tax
<b>EBIAT</b>	Earnings Before Interest but After-tax
<b>EV</b>	Enterprise Value
<b>Equity Value</b>	Book Value or Shareholders' Equity Value
<b>EV/EBITDA</b>	Enterprise Value / Earnings Before Interest, Tax , Depreciation & Amortization
<b>FCFF</b>	Free Cash Flow to Firm
<b>P/BV</b>	Price to Book Value Ratio
<b>P/E</b>	Price to Earnings Ratio
<b>WACC</b>	Weighted Average Cost of Capital



**TRANSLATION**

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Ref: IB 71/2560

August 15, 2017

- Subject:** Opinion of the Independent Financial Advisor regarding a Tender Offer for the shares of Sherwood Chemicals Public Company Limited
- To** The Board of Directors and Shareholders of Sherwood Chemicals Public Company Limited
- Attachment:** Summary of the Appraisal of Properties of Sherwood Chemicals Public Company Limited
- References:**
- 1) Resolution of the meeting Sherwood Chemicals Public Company Limited's Board of Directors No. 6/2017 held on August 7, 2017.
  - 2) Annual Disclosure (Form 56-1) and Annual Report of Sherwood Chemicals Public Company Limited for the year ended December 31, 2014 - 2016.
  - 3) Audited financial statements of Sherwood Chemicals Public Company Limited for the 12-month period ended December 31, 2014 – 2016, and the interim financial statements for the 3-month period ended March 31, 2017.
  - 4) Certificate of company registration, Memorandum of Association, and other documents, as well as interviews with management and relevant personnel of Sherwood Chemicals Public Company Limited.
  - 5) Announcement of Intention to make a Tender Offer (Form 247-3)
  - 6) Tender Offer Form (Form 247-4) by the Tender Offeror.
  - 7) Appraisal reports of the properties of Sherwood Chemicals Public Company Limited by, Report Ref No.: GROW-GL-02447-60 and GROW-GL-02449-60 (dated July 21, 2017) as reported by Grow Estimation Co., Ltd.
  - 8) Appraisal reports of the machinery and equipment of Sherwood Chemicals Public Company Limited by, Report Ref No.: GROW-GL-02448-60 and GROW-GL-02450-60 (dated July 27, 2017) as reported by Grow Estimation Co., Ltd.
  - 9) Related Documents and Agreements

**Disclaimers:**

- (1) The result of the study by I V Global Securities Public Company Limited ("**Independent Financial Advisor**" or "**IFA**") in this report (or the "**IFA Report**") is based on the information and assumptions provided by manager of Sherwood Chemicals Public Company Limited, and the information disclosed to the public through the website of the Securities and Exchange Commission of Thailand (the "**SEC**") ([www.sec.or.th](http://www.sec.or.th)), the Stock

Exchange of Thailand (the “**SET**”) (www.set.or.th), and Business Online Public Company Limited (www.bol.co.th).

- (2) The opinion of the IFA in this report is based on the assumptions that all the information and documents received are accurate and complete, and reflects the operating environment and most up-to-date information at the time of issuance of this report. However, there may be any incident having material impact on the Company’s business operations and plans, as well as decision of the shareholders. The Independent Financial Advisor expresses its opinion under the current circumstance. If there is a significant change in the circumstance or any information, the result of the study may be affected.
- (3) The IFA shall not be responsible for the profits or the losses and any impacts resulting from this transaction.
- (4) In rendering its opinion in this report, the IFA has considered the reasonableness of conditions of the transaction as well as other related factors thoroughly and rationally in accordance with the professional judgments.

On July 14, 2017, TOA Venture Holding Company Limited (the “**Offeror**”) entered into a share purchase agreement with a group of sellers (the “**Seller Group**”), having Mr. Patana Sukontalug as the sellers’ representative, to purchase 43,394,900 shares, representing 28.93 percent of Sherwood Chemicals Public Company Limited’s (“**SWC**” or the “**Company**”) total paid-up shares. Combining with the existing 55,092,800 shares held by the Offeror and the persons under the same group as the Offeror, representing 36.7 percent of the total number of issued and paid-up shares of the Company, the Offeror and the persons under the same group as the Offeror will hold a total of 65.7 percent of the total number of issued and paid-up shares of the Company.

By entering into this transaction, the Offeror will hold more than 50.0 percent of the voting rights in the Company and in accordance to Clause 7 (3) (a) of the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: “Rules, Conditions, and Procedures for Acquisition of Securities for Business Takeover”, dated May 13, 2011, the Offeror has the obligation to make a tender offer for all the remaining securities of the Company. The Offeror will therefore launch a Voluntary Tender Offer to purchase all securities of the Company. On July 24, 2017, the Company received the Tender Offer Form from the Offeror, stating to purchase 96,002,400 ordinary shares, representing 64.00 percent of the Company’s total paid-up shares and voting rights of the company.

I V Global Securities Public Company Limited (“**Independent Financial Advisor**”, or “**IFA**”), one of the Securities and Exchange Commission (SEC) approved financial advisors, is appointed as an independent financial advisor to shareholders by Sherwood Chemicals Public Company Limited, to provide opinions to the Company’s shareholders on the Tender Offer.

The Shareholders are advised to study the information provided by Independent Financial Advisor together with any other attachments in the Form 250-2, in order to make decisions on this Tender Offer.

In rendering its opinion in this report to the minority shareholders, the Independent Financial Advisor has considered the reasonableness of the price in order for the shareholders to accept or decline the Tender Offer, in which it can be summarized as the following:

## Part 1: Background of the transaction

On July 14, 2017, TOA Venture Holding Company Limited (the “**Offeror**”) entered into a share purchase agreement with a group of sellers (the “**Seller Group**”), having Mr. Patana Sukontalug as the sellers’ representative, to purchase 43,394,900 shares, representing 28.93 percent of Sherwood Chemicals Public Company Limited’s (“**SWC**” or the “**Company**”) total paid-up shares. Combining with the existing 55,092,800 shares held by the Offeror and the persons under the same group as the Offeror, representing 36.7 percent of the total number of issued and paid-up shares of the Company, the Offeror and the persons under the same group as the Offeror will hold a total of 65.7 percent of the total number of issued and paid-up shares of the Company. By entering into this transaction, the Offeror has the obligation to make a tender offer for all the remaining securities of the Company in accordance to Clause 7 (3) (a) of the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: “Rules, Conditions, and Procedures for Acquisition of Securities for Business Takeover”, dated May 13, 2011. The Offeror therefore launched a Voluntary Tender Offer to purchase all securities of the Company. On July 24, 2017, the Company received the Tender Offer Form from the Offeror, stating to purchase 96,002,400 ordinary shares, representing 64.00 percent of the Company’s total paid-up shares and voting rights of the company.

**Table 1-1: The Company’s shares held by the Tender Offeror**

Name	Type of shares	Number of ordinary shares	Percentage of total issued and paid-up shares	Percentage of total voting right
I. Tender Offeror	Ordinary shares	53,997,600	36.00	36.00
II. Persons from the same group as the Offeror				
1. Mr. Jatupat Tangkaravakoon	Ordinary shares	852,800	0.57	0.57
2. Mr. Vonnarat Tangkaravakoon	Ordinary shares	240,800	0.16	0.16
3. Mr. Prachak Tangkaravakoon	Ordinary shares	400	0.00	0.00
4. Mrs. La-or Tangkaravakoon	Ordinary shares	400	0.00	0.00
5. Mr. Nattavuth Tangkaravakoon	Ordinary shares	400	0.00	0.00
6. Ms. Bhutse Wanglee	Ordinary shares	400	0.00	0.00
III. Persons under Section 258 of persons specified in I. and II. above	-	-		
IV. Other agreements for acquisition of additional shares of persons specified in I. and III.	Ordinary shares	43,394,900	28.93	28.93
<b>Total</b>		<b>98,487,700</b>	<b>65.66</b>	<b>65.66</b>

Source: Tender Offer Form (Form 247-4)

The Company has appointed I V Global Securities Public Company Limited as (the “**Independent Financial Advisor**”, or “**IFA**”) as an independent financial advisor and it is one of the advisors as approved by the Securities and Exchange Commission (“**SEC**”), to provide opinions to the Company’s shareholders on the Tender Offer in this report (“**Opinion Report of the IFA**”).

## 1.1 Business Information

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The information about the Company's business can be viewed in the following sources: Form 250-2 and Form 56-1 that have been published in the official website of the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") at [www.set.or.th](http://www.set.or.th) and [www.sec.or.th](http://www.sec.or.th) respectively.

- Business Overview
- Shares and Shareholding Structure
- The list of the latest Board of Directors of the Company and expected Board of Directors after Tender Offer
- Summary of Operating results and Financial of the Company and Industry Competition

## 1.2 Details About the Tender Offeror

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The details about the Tender Offeror can be viewed in the Form 247-4 of the Tender Offeror that has been published in the official website of the SET and SEC at [www.set.or.th](http://www.set.or.th) and [www.sec.or.th](http://www.sec.or.th) respectively.

## Part 2: Opinion of Independent Financial Advisor on Tender Offer Price

For valuation of the Tender Offer Price, the IFA has considered the audited financial statements certified by Sherwood Chemicals Public Company Limited (“**SWC**” or “**Company**”), SWC’s share price, the financial projection of the Company’s operating performance based on the interviews of the Company’s Directors and related persons, the asset appraisals report for the public purpose by the “**Independent Property Appraiser**”, one of the SEC-approved appraisers, as well as other related information as well as the study of the business information from the comparable companies and the publicly available information. The IFA’s opinions are based on the assumptions that the aforementioned information and important documents are complete, comprehensive, and correct as well as considering the current situation and available information. Any significant changes to those factors may impact SWC’s operation and valuation as well as the shareholders’ decision to determine the fairness of the transaction price.

The IFA has determined SWC’s share price by using the following five approaches:

1. Book Value Approach
2. Adjusted Book Value Approach
3. Volume Weighted Average Price Approach: VWAP
4. Market Comparable Approach
  - 4.1 Price to Book Value Approach : P/BV Ratio
  - 4.2 Price to Earnings Ratio Approach : P/E Ratio
  - 4.3 Enterprise Value to EBITDA Approach: EV/EBITDA Ratio
5. Discounted Cash Flow Approach: DCF

These share valuation approaches can be summarized as follow:

### 2.1 Book Value Approach

This valuation approach will show the overall Company’s value at any point of time. As for this valuation of SWC by book value approach, the Company’s value is based on the financial statements as of March 31, 2017 which is the most up-to-date financial statements as reviewed by the SEC’s approved auditor.

Under this approach, the Company’s value is calculated from the shareholders’ equity divided by the total issued and paid-up shares. The SWC’s total issued and paid-up shares are 150,000,000: The calculation is shown as follow:

**Table 2-1: Calculation of the Company’s value by using Book Value Approach**

Details	March 31, 2017 (reviewed) THB Million except for price/share
Paid-in Capital	150.00
Additional Paid-in Capital	87.60
Retained Earnings - Reserved	15.00
Retained Earnings - Unallocated	501.77
Accumulated Other Comprehensive Income	2.64
<b>Total Shareholders’ Equity in the Company</b>	<b>757.00</b>
Total Number of Paid-up shares (in millions) <sup>1/</sup>	150.00
<b>Book Value (THB/share)</b>	<b>5.05</b>
Dividends paid after Q1/2017 (THB/share)	(0.20)
<b>Book Value after dividend payment (THB/share)</b>	<b>4.85</b>

Source: Financial statements as of March 31, 2017, reviewed by EY Company Limited.

Remark: 1/ Par value of THB 1 per share

According to the book value approach (under the prevailing registered and paid-up capital), the Company's share price is equivalent to **THB 4.85 per share**, which is THB 8.40 or 63.4 percent **lower than** the Offer Price of THB 13.25 per share.

The IFA's opinion is that the book value approach reflects the financial position of the Company as of March 31, 2017 only. Nevertheless, it neither considers the current market value of the assets and Company's profit generating ability in the future, the competitiveness of the business nor the economic trends and industry outlook.

## 2.2 Adjusted Book Value Approach

The adjusted book value approach is calculated from the Company's total assets deducted by the total liabilities including the commitments and contingent liabilities based on the financial statement as of March 31, 2017 and adjusted by the items which may have significant impacts after the first quarter of the financial statement. The aforementioned items are such as the increase or decrease in the revaluation of the Company's assets which have not been booked in the financial statements; the reversal of allowance of doubtful account or bad debt, tax saving from losses carries forward, the contingent liabilities from legal cases, and etc. The purpose of the adjustments is to reflect the fair market value of the Company's assets. The adjusted book value is later divided by the Company's total issued and paid-up shares. The lists of adjustments are as follow:

The IFA determines and adjusts the book value from SWC's latest financial statement as of March 31, 2017, considering the key issues as follow:

### 2.2.1 Increase / Decrease from the Appraised Value

On March 31, 2017, the Company had total assets of THB 1,019.31 million. The current assets consist of 4 main items: cash and cash equivalents, investment in trading securities –mutual fund, trade receivable and inventories. Out of the amount of total assets, 66.57 percent is from the current assets or equivalent to THB 678.60 million. Meanwhile, the Company's non-current assets such as land, buildings and equipments have the total book value of THB 319.24 million or 31.32 percent of the total assets.

SWC has appointed Grow Estimation Company Limited ("**Independent Property Appraiser**"), which is an approved appraiser by the Valuers Association of Thailand ("**VAT**"), a recognized property appraiser in the capital market as well as a SEC-approved property appraiser. The valuation of assets as appraised by the Independent Appraiser as of July 21, and July 28, 2017 (Report reference number: GROW-GL-02447-60, GROW-GL-02448-60, GROW-GL-02449-60 and GROW-GL-02450-60). The purpose of these appraisals is for public usage.

The IFA has adjusted the book value from the valuation of assets by the Independent Property Appraiser. In the calculation process, the market price comparison approach is used to appraise the value of the land and the depreciated replacement cost approach is used to appraise the buildings, in which the estimated replacement cost of the assets is deducted by the accumulated depreciation expense of the assets and compare with the book value of the Company as of March 31, 2017. Details are as follow:

#### (1) Land Value, Building and Renovation Appraisal

The Company has four plots of land. The first compound has one plot of land with seven buildings and renovation located at 90/1 Moo 9 Wellgrow Industrial Estate, Bangna-Trad Road, (T.34) Km.33, Bangwua, Bang Pakong, Chachoengsao. The second compound has three plots of land with seven buildings and renovation, (situated near the first compound), at the address: 109 Moo 9 Wellgrow Estate, Bang-Trad Road (T.34) Km.36, Bang Wua, Bangpakong, Chachoengsao.



**(2) Appraisal value of Machinery and Equipment**

The Company has 692 machines for the manufacture of chemical products, of which 518 items are on the first compound and 174 machines are on the second compound. The Independent Property Appraisal has appraised the machines with the book value of THB 39.98 million and THB 2.47 million respectively, via the depreciated replacement cost approach.

The result from the appraisal of the assets value by various types of assets can be summarized as follow:

**Table 2-2: Additional / Discount from the Appraised Value**

Item	Details	Book Value as of March 30, 2017 (THB Million)	Appraised Value (THB Million)	Increased (decreased) (THB Million)
1 plot of land on Compound 1	Title Deed No.20268 (Total area 9-3-93.0 rai)	33.94	91.84 <sup>1/</sup>	57.90
Buildings on Compound 1	7 buildings and land development	42.06	85.14 <sup>1/</sup>	43.08
3 plots of land plot on Compound 2	Title Deed No. 20260, 20261 and 20262 (Total area 18-0-51.0 rai)	80.00	159.52 <sup>1/</sup>	79.52
Buildings on Compound 2	7 buildings and land development	94.34	94.18 <sup>1/</sup>	(2.86)
Machines on Compound 1	518 items of machinery and factory equipment <sup>2/</sup>	39.98	65.85 <sup>1/</sup>	25.87
Machines on Compound 2	174 items of machinery and factory equipment <sup>2/</sup>	2.47	9.33 <sup>1/</sup>	6.86
Other Assets (Not being appraised)		26.45	26.45	
<b>Total Assets</b>		<b>319.24</b>	<b>529.61</b>	<b>210.37</b>

Source: Appraisal report by Independent Property Appraiser as of July 21 and 28, 2017 (Report reference number: GROW-GL-02447-60 GROW-GL-02448-60 GROW-GL-02449-60 and GROW-GL-02450-60) and the latest reviewed financial statements as of March 31, 2017

Remarks: 1/ The appraised value by the Independent Property Appraiser.

2/ The Independent Property Appraiser only appraised the Company's machinery that are significant. The above figures are those properties/assets that are being appraised.

*(For additional details about the asset appraisal, please refer to Attachment A of this Report)*

**The Opinion of IFA on the asset appraisal by the Independent Property Appraiser**

The valuation of assets as appraised by the Independent Appraiser has a higher value of THB 210.37 million which is mainly from the increase in the value of the land on compound 1 and compound 2 of THB 57.90 million and THB 79.52 million, respectively. The Company has acquired those plots of land for more than 8 to 15 years. The IFA is of the opinion that the methods used by the Independent Property Appraiser is appropriate which are the market price comparison approach for the lands and the depreciated replacement cost approach for the buildings calculating from the replacement cost deducted by the accumulated depreciation expenses. The aforementioned methods are generally accepted as the fair property appraisal methods. The replacement cost approach is also applied to the appraisal of the machinery and equipment deducted by the depreciation expenses from the physical deterioration and functional obsolescence which is the appropriate method to appraise the machinery and equipment which are specific for the chemical goods manufacturing industry for the household's consumption.

## 2.2.2 Contingent Liabilities

From the financial statements as of March 31, 2017, the Company has a list of liabilities as follow:

**Table 2-3: Contingent liabilities**

Details	Value (THB Million)
Capital Commitments	2.00
Operating Lease Commitments*	13.00
Guarantees	1.00
<b>Total</b>	<b>16.00</b>

Source: Financial statements as of March 31, 2017, reviewed by EY Company Limited.

### **Summary of SWC's Adjusted Book Value:**

From the information above, the IFA has considered and reevaluate the Adjusted Book Value Approach as follow:

**Table 2-4: Calculation of SWC's Adjusted Book Value**

Details	Value (THB Million) (except for price/share)
Shareholders' Equity (from financial statement as of March 31, 2017)	<b>757.00</b>
<u>Adjustments</u>	
2.2.1 Additional from Assets Appraisal	210.37
2.2.2 Contingent Liabilities	(16.00)
Shareholders' Equity (after the adjusted value)	951.37
Total Number of Paid-up shares (in millions) <sup>1/</sup>	150.00
<b>Adjusted Book Value (THB/share)</b>	<b>6.34</b>
Dividend payment after 1Q2017 (THB/share)	(0.20)
<b>Book Value of SWC after dividend payment (THB/share)</b>	<b>6.14</b>

Source: Financial statements as of March 31, 2017, reviewed by EY Company Limited.

Remark: 1/ Par value of THB 1 per share

By using the adjusted book value approach to determine the SWC's share price, SWC's share price is at THB 6.14 per share (after the dividend payment after 1Q2017), which is THB 7.11 or 53.6 percent **lower than** the Offering Price of THB 13.25.

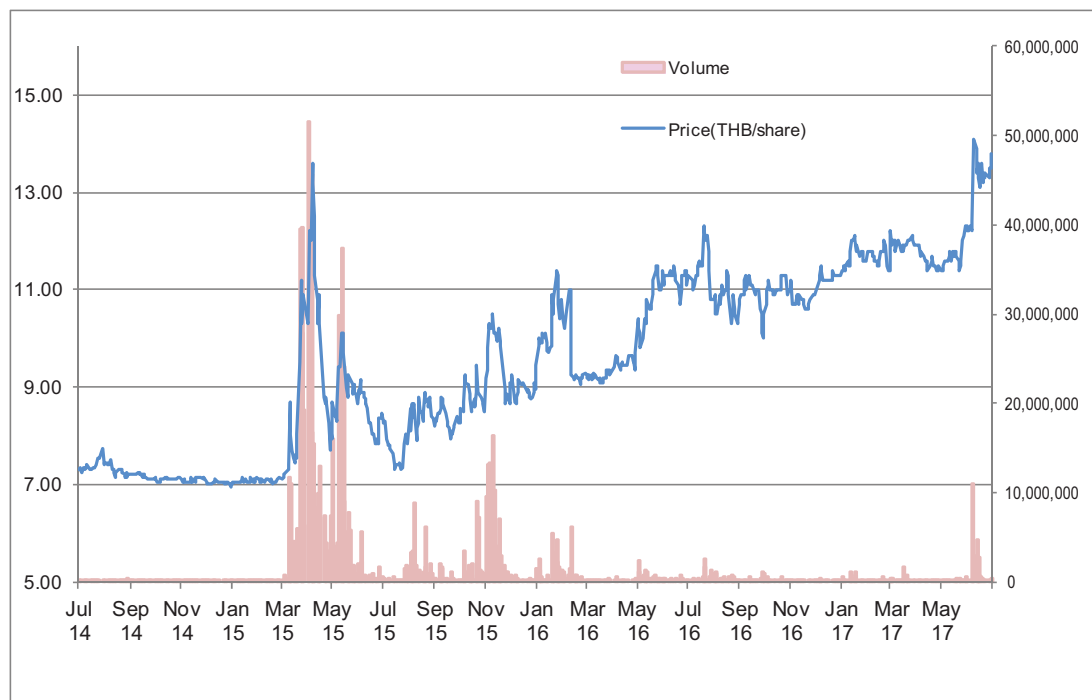
The IFA's opinion is that the adjusted book value approach is based on the financial position of the Company as of March 31, 2017 only. The approach is able to reflect the current fair value of the Company's total assets. Nevertheless, this method neither reflects the Company's profit generating ability in the future nor the competitiveness of the Company.



## 2.3 Volume Weighted Average Price Approach: VWAP

VWAP approach takes into consideration of the demand-supply sides in the stock market (SET). The historical share price of SWC in the Stock Exchange of Thailand is illustrated in the diagram below:

**Diagram 2-1: Historical share price of SWC over the past 3 years**



Source: SETSMART

Remark: Trading transactions over the past three years in the SET from July 15, 2014 to July 14, 2017

In the past 3 years, the range of SWC's share price is between THB 6.85 - 15.10, with the lowest price at THB 6.85 on December 15, 2014 and the highest price at THB 15.10 on June 26, 2017. The daily trading volumes for the past three years is at the Turnover Ratio of 0.86 percent of the Company's total paid-up shares.

This valuation approach uses the Volume Weighted Average Price from the SWC's securities trading through the SET on different period of time in the past. The IFA considered the volume weighted average price of the Company (Market capitalization of the SWC / trading volume of the SWC) based on the 7 business days, 15 business days, 30 business days, 60 business days, 90 business days, 180 business days, and 360 business days prior to July 14, 2017 (one day before the Offeror declared the intention to purchase the shares of SWC (Form 247-3)). The IFA is in the opinion that the said time periods can reflect the movement of the share value in the stock market over a reasonable period of time. The value from the stock market corresponds to the current Company's operating performance, in which the valuation approach can be shown as follow:

**Table 2-5: Closing price and volume weighted average price 7 - 360 business days prior**

Closing price: prior to July 14, 2017	Lowest Closing Price (THB/share)	Highest Closing Price (THB/share)	Average Trading Volume (No. of shares / day)	Turnover Ratio <sup>1/</sup>	Volume Weighted Average Price (THB/share)
7 business days	13.30	13.80	201,873.86	0.13	13.51
15 business days	13.10	14.10	1,013,023.20	0.68	13.60
30 business days	11.40	14.10	963,678.00	0.64	12.85

<b>Closing price: prior to July 14, 2017</b>	<b>Lowest Closing Price (THB/share)</b>	<b>Highest Closing Price (THB/share)</b>	<b>Average Trading Volume (No. of shares / day)</b>	<b>Turnover Ratio<sup>1/</sup></b>	<b>Volume Weighted Average Price (THB/share)</b>
60 business days	11.40	14.10	520,027.37	0.35	12.21
90 business days	11.40	14.10	417,419.44	0.28	12.09
120 business days	11.30	14.10	362,584.60	0.24	11.99
180 business days	10.00	14.10	274,936.17	0.18	11.68
360 business days	9.05	14.10	387,590.16	0.26	11.07
<b>Range of SWC's share price during 7 - 360 business days prior to July 14, 2017</b>					<b>11.07 – 13.60</b>

Source: SETSMART Closing price and volume weighted average price 7-360 business days prior to July 14, 2017.

Remark: Turnover Ratio is calculated from Average Trading Volume divided by SWC's Market Capital on the given period.

From the table above, the average closing share price of SWC ranges from THB 11.07 – 13.60 per share, which are THB (2.18) - 0.35 or (16.45%) - 2.64% (lower)/higher than the Offer Price.

The IFA is of the opinion that this approach of share price valuation, volume weighted average price approach, reflects the market price based on the demand/supply and speculations from the shareholders of the Company, which can reflect the share price at that moment. Moreover, it also reflects the shareholder's perception toward Company's ability to grow in the future. However, this method may not fully reflect SWC's true value of share price as the Company's share price has low liquidity, the Company's turnover ratio for the period 7 - 360 business days prior is around 0.13 - 0.68% of the total paid-up shares. These turnover ratios are lower than the 3-year average value, showing that the market price in this case does not reflect the intrinsic value of the Company's share price.

## 2.4 Market Comparable Approach

Market comparable approach is based on the assumption that a company's market trading price correctly reflects the company's fair value. Therefore, SWC could be valued using relevant trading price multiples of companies in the same or similar businesses of industrial goods and/or manufacture and distribution of chemical goods.

The IFA has selected the comparable companies based on the similarities of the industry and its businesses, considering: (1) five listed companies which have their proportion of the revenue from insecticide goods exceeding 10.0 percent of their total revenue, and (2) four listed companies in mai which are categorized in "Industrial Goods" and classified under the "Commodity Chemicals" based on the GICS sub-industry groupings (Global Industry Classification Standard).

**Table 2-6: Comparable companies**

<b>Company  Abbreviation (Bloomberg Ticker)</b>	<b>Business Nature</b>	<b>Proportion of Revenues from insecticides goods to Total Revenue<sup>1/</sup></b>
<b>Foreign Company</b>		
Syngenta AG-REG SYNN SW	Syngenta AG produces crop protection products and seeds. The Company produces herbicides, insecticides and fungicides, and seeds for field crops, vegetables, and flowers.	12.6 percent <sup>1/</sup>
FMC Corp. FMC US	FMC Corp operates as a diversified research company in the chemical industry. The Company offers technology solutions for agricultural, industrial, and consumer markets. FMC Corp offer an array of technologies in research and	19.4 percent <sup>1/</sup>

Company  Abbreviation (Bloomberg Ticker)	Business Nature	Proportion of Revenues from insecticides goods to Total Revenue <sup>1/</sup>
	development to improve delivery of medications, enhance foods and beverages, power batteries, protect crop yields, and advance textile manufacturing.	
Shenzhen Noposion Agrochem 002215 CH	Shenzhen Noposion Agrochemicals Company Ltd. manufactures herbicides, insecticides, fungicides, aricides, and plant growth regulators.	37.4 percent <sup>1/</sup>
Jiangsu Changqing AgroChem 002391 CH	Jiangsu Changqing Agrochemical Co Ltd produces and sells pesticide. The Company's products include herbicide, insecticide, and bactericide.	39.4 percent <sup>1/</sup>
American Vanguard Corp AVD US	American Vanguard Corporation manufactures and formulates agricultural chemicals for crop, human, and animal hygiene products. The Company offers insecticides, fungicides, molluscicides, growth regulators, and soil fumigants. American Vanguard serves customers in the State of California.	38.2 percent <sup>1/</sup>
<b>Domestic company</b>		
Thai Mitsuwa PCL TMW TB	Thai Mitsuwa Pcl is engaged in manufacturing, color printing, and assembling of products as following 1. Plastic components for electrical appliances and audio-visual appliances 2. Plastic components for home and office appliance 3. Plastic components for automobiles 4. Mold production, fixing and maintenance services 5. Magnesium parts for camera	/2
UBIS Asia PCL UBIS TB	UBIS Asia Pcl is engaged in the manufacture and distribution of sealing compounds, lacquers and coating used in can production and bottle closure for food, beverage and general industries.	/2
Selic Corp PCL SELIC TB	Selic Corp Pcl and its subsidiaries are engaging in the manufacture, distribution, as well as research and development of industrial adhesive products (adhesive, specialty and high performance adhesive) for both domestic and foreign market.	/2
Multibax PCL MBAX TB	Multibax Pcl is engaging in the manufacture and distribution of polyethylene bags (made-to-order) for exporting to foreign market	/2

Source: The Share Exchange of Thailand, Bloomberg, and summarized by the IFA

Remarks: 1/ Bloomberg

2/ Listed companies in mai which are categorized in "Industrial Goods" and classified under the "Commodity Chemicals" according to the GICS sub-industry groupings (Global Industry Classification Standard)

The IFA determines the market multiples used to value to SWC's share price as follow:

Table 2-7: Financial performance and key financial ratios of the Company and its comparable companies

Company	(in USD Million)		Profitability ratio in last twelve month (%)				Enterprise Value /					
	Market Value	Firm Value	Gross Margin	Net Profit Margin	ROA	ROE	2017E Revenue	2016A Revenue	2015A Revenue	2017E EBITDA	2016A EBITDA	2015A EBITDA
Sherwood Chemicals PCL	58.5	49.3	35.5	13.8	14.8	20.2	1.24x	1.18x	1.05x	N/A	7.06x	6.68x
<b>Foreign companies</b>												
SYNGENTA AG-REG	42,546	44,501	48.5	2.0	6.2	14.4	3.30x	3.01x	2.89x	15.48x	14.06x	16.12x
FMC CORP	10,167	12,092	36.3	(20.8)	0.6	1.9	4.56x	3.65x	2.24x	22.28x	16.62x	112.10x
SHENZHEN NOPOSION AGROCHEM-A	1,122	1,157	36.6	13.3	(7.8)	(15.0)	2.76x	4.67x	7.71x	N/A	N/A	66.58x
JIANGSU CHANGQING AGROCHEM-A	760.5	832.7	29.6	10.1	4.5	5.7	2.56x	3.43x	3.67x	13.72x	N/A	17.18x
AMERICAN VANGUARD CORP	539.1	558.4	42.6	4.9	3.0	4.8	1.69x	1.64x	1.63x	12.21x	12.07x	14.18x
<b>Mean</b>			<b>38.71</b>	<b>1.89</b>	<b>1.30</b>	<b>2.37</b>	<b>2.98x</b>	<b>3.28x</b>	<b>3.63x</b>	<b>15.92x</b>	<b>14.25x</b>	<b>45.23x</b>
<b>Median</b>			<b>36.61</b>	<b>4.88</b>	<b>3.03</b>	<b>4.81</b>	<b>2.76x</b>	<b>3.43x</b>	<b>2.89x</b>	<b>14.60x</b>	<b>14.06x</b>	<b>17.18x</b>
<b>Domestic companies</b>												
THAI MITSUWA PCL	49.1	35.1	16.1	6.0	7.4	10.2	N/A	0.56x	0.31x	N/A	3.57x	1.85x
UBIS ASIA PCL	47.6	56.3	36.8	10.2	10.9	24.0	N/A	N/A	1.87x	N/A	N/A	10.61x
SELIC CORP CO LTD	25.4	22.0	-	7.0	9.3	16.8	N/A	1.33x	0.00x	N/A	10.56x	N/A
MULTIBAX PCL	26.9	38.9	8.8	4.9	5.3	13.5	N/A	0.83x	0.71x	N/A	10.68x	7.52x
<b>Mean</b>			<b>15.45</b>	<b>7.00</b>	<b>8.22</b>	<b>16.13</b>	<b>N/A</b>	<b>0.91x</b>	<b>0.72x</b>	<b>N/A</b>	<b>8.27x</b>	<b>6.66x</b>
<b>Median</b>			<b>12.47</b>	<b>6.49</b>	<b>8.32</b>	<b>15.17</b>	<b>N/A</b>	<b>0.83x</b>	<b>0.51x</b>	<b>N/A</b>	<b>10.56x</b>	<b>7.52x</b>

Source: Bloomberg as of July 14, 2017 (One day prior to the Offeror's announcement of intention to make a Tender Offer (Form 247-3))  
Summarized and analyzed by the IFA

Remarks: ROA = return on assets

ROE = return on equity

EBITDA = earnings before interest, tax, and depreciation and amortization

N/A = no data found or non applicable

Table 2-8: Financial performance and key financial ratios of the Company and its comparable companies (cont.)

Company	(in USD Million)		Profitability ratio in last twelve month (%)				Price								
	Value		Gross Margin	Net Profit Margin	ROA	ROE	2017E		2016A		2015A				
	Market	Firm	Margin	Margin			Revenue	EPS	Revenue	EPS	Revenue	EPS			
Sherwood Chemicals PCL	58.5	49.3	35.5	13.8	14.8	20.2	1.4x	1.68x	1.20x	11.96x	13.74x	11.23x	2.50x	2.64x	2.17x
<b>Foreign companies</b>															
SYNGENTA AG-REG	42,546	44,501	48.5	2.0	6.2	14.4	3.15x	3.29x	2.72x	25.15x	35.85x	27.20x	4.98x	5.33x	4.33x
FMC CORP	10,167	12,092	36.3	(20.8)	0.6	1.9	3.83x	3.05x	1.60x	31.00x	27.87x	21.97x	6.38x	5.40x	2.80x
SHENZHEN NOPOSION AGROCHEM-A	1,122	1,157	36.6	13.3	(7.8)	(15.0)	2.68x	N/A	7.90x	26.94x	N/A	76.72x	N/A	4.39x	9.99x
JIANGSU CHANGQING AGROCHEM-A	760.5	832.7	29.6	10.1	4.5	5.7	2.35x	2.95x	3.37x	19.45x	30.78x	25.83x	1.64x	1.74x	2.25x
AMERICAN VANGUARD CORP	539.1	558.4	42.6	4.9	3.0	4.8	1.64x	1.72x	1.39x	30.68x	39.20x	60.91x	N/A	1.87x	1.52x
<b>Mean</b>			<b>38.71</b>	<b>1.89</b>	<b>1.30</b>	<b>2.37</b>	<b>2.73x</b>	<b>2.75x</b>	<b>3.40x</b>	<b>26.64x</b>	<b>33.43x</b>	<b>42.53x</b>	<b>4.33x</b>	<b>3.75x</b>	<b>4.18x</b>
<b>Median</b>			<b>36.61</b>	<b>4.88</b>	<b>3.03</b>	<b>4.81</b>	<b>2.68x</b>	<b>3.00x</b>	<b>2.72x</b>	<b>26.94x</b>	<b>33.32x</b>	<b>27.20x</b>	<b>4.98x</b>	<b>4.39x</b>	<b>2.80x</b>
<b>Domestic companies</b>															
THAI MITSUWA PCL	49.1	35.1	16.1	6.0	7.4	10.2	N/A	0.69x	0.59x	N/A	9.77x	9.07x	N/A	0.95x	0.74x
UBIS ASIA PCL	47.6	56.3	36.8	10.2	10.9	24.0	N/A	1.82x	1.45x	N/A	14.03x	10.94x	N/A	3.10x	3.07x
SELIC CORP CO LTD	25.4	22.0	-	7.0	9.3	16.8	N/A	1.19x	0.00x	N/A	17.00x	0.00x	N/A	2.37x	0.00x
MULTIBAX PCL	26.9	38.9	8.8	4.9	5.3	13.5	N/A	0.53x	0.42x	N/A	14.18x	9.55x	N/A	1.95x	1.99x
<b>Mean</b>			<b>15.45</b>	<b>7.00</b>	<b>8.22</b>	<b>16.13</b>	<b>N/A</b>	<b>1.06x</b>	<b>0.61x</b>	<b>N/A</b>	<b>13.74x</b>	<b>7.39x</b>	<b>N/A</b>	<b>2.09x</b>	<b>1.45x</b>
<b>Median</b>			<b>12.47</b>	<b>6.49</b>	<b>8.32</b>	<b>15.17</b>	<b>N/A</b>	<b>0.94x</b>	<b>0.50x</b>	<b>N/A</b>	<b>14.10x</b>	<b>9.31x</b>	<b>N/A</b>	<b>2.16x</b>	<b>1.37x</b>

Source: Bloomberg as of July 14, 2017 (one day prior to the Offeror's announcement of intention to make a Tender Offer (Form 247-3))  
Summarized and analyzed by the IFA

Remarks: ROA = return on assets

ROE = return on equity

EBITDA = earnings before interest, tax, and depreciation and amortization

EPS = earnings per share

Book = book value

N/A = no data found or non applicable

## 2.4.1 Price to Book Value Approach: P/BV Ratio

Under this approach, the valuation of the Company's share price is based on the Company's book value from its latest audited financial statement multiplied by the mean of P/BV ratio from the SWC's comparable companies.

The Company's value is calculated by using the latest book value as at March 31, 2017 multiplying by the mean of P/BV from its peers within the 7 business days, 15 business days, 30 business days, 60 business days, 90 business days, 180 business days, and 360 business days prior to July 14, 2017 (one day prior to the Offeror's announcement of intention to make a Tender Offer (Form 247-3)) as shown in the following table.

**Table 2-9: P/BV ratio 7 to 360 working days prior**

Unit : Times (x)	P/BV (x)							
	7-Day	15-Day	30-Day	60-Day	90-Day	120-Day	180-Day	360-Day
<b>Foreign companies</b> <u>Direct comparable with SWC</u>								
SYNN SW	5.18 x	5.18 x	5.18 x	5.23 x	5.21 x	5.16 x	5.01 x	4.77 x
FMC US	5.36 x	5.31 x	5.35 x	5.31 x	5.11 x	4.84 x	4.47 x	3.78 x
002215 CH	4.46 x	4.41 x	4.24 x	4.36 x	4.79 x	5.19 x	5.45 x	5.27 x
002391 CH	1.76 x	1.76 x	1.72 x	1.71 x	1.81 x	1.92 x	1.99 x	1.92 x
AVD US	1.86 x	1.83 x	1.83 x	1.81 x	1.77 x	1.75 x	1.79 x	1.73 x
<b>Mean</b>	<b>3.72 x</b>	<b>3.70 x</b>	<b>3.66 x</b>	<b>3.68 x</b>	<b>3.74 x</b>	<b>3.77 x</b>	<b>3.75 x</b>	<b>3.49 x</b>
<b>Domestic companies</b> <u>Indirect comparable with SWC</u>								
TMW TB	0.94 x	0.94 x	0.94 x	0.94 x	0.95 x	0.96 x	0.88 x	0.77 x
UBIS TB	3.17 x	3.19 x	3.37 x	3.07 x	2.95 x	2.91 x	2.81 x	2.95 x
SELIC TB	2.42 x	2.43 x	2.44 x	2.43 x	2.43 x	2.45 x	N/A	N/A
MBAX TB	2.06 x	2.03 x	2.02 x	1.92 x	1.92 x	1.94 x	1.95 x	2.01 x
<b>Mean</b>	<b>2.14 x</b>	<b>2.15 x</b>	<b>2.19 x</b>	<b>2.09 x</b>	<b>2.06 x</b>	<b>2.07 x</b>	<b>1.88 x</b>	<b>1.91 x</b>

Source: Bloomberg and summarized by the IFA

Remark: N/A No data found or non applicable

The mean of P/BV ratio (closing 7- 360 business days prior) from direct comparable foreign companies with SWC is in the range of **3.49 – 3.77 times** and the mean of P/BV from indirect comparable domestic companies with SWC is in the range of **1.88 – 2.19 times**.

The following table shows the calculation of the Company's value by using P/BV ratio from the foreign companies and domestic companies which are directly and indirectly comparable with SWC.

**Table 2-10: Calculation of the Company's fair value using the Price to Book Value approach (P/BV)**

Unit : THB Million	Minimum of the mean range	Maximum of the mean range
<b>Foreign companies</b> <u>Directly comparable with SWC</u>		
SWC's equity value after deducting dividend payment <sup>1/</sup>	727.00	727.00
Mean of P/BV (times)	3.49x	3.77x
<b>Equity Value</b>	<b>2,537.23</b>	<b>2,740.79</b>
<b>Price per share (THB/share)</b>	<b>16.91</b>	<b>18.27</b>
<b>Domestic companies</b> <u>Indirect comparable with SWC</u>		
SWC's equity value after deducting dividend payment <sup>1/</sup>	727.00	727.00
Mean of P/BV (times)	1.88x	2.19x
<b>Equity Value</b>	<b>1,366.76</b>	<b>1,592.13</b>
<b>Price per share (THB/share)</b>	<b>9.11</b>	<b>10.61</b>

Remark: 1/ Latest data as at March 31, 2017 and after deducted by the dividend payment of THB 30 million after 1Q/2017

The shareholders equity is calculated from the market comparable approach by using P/BV ratio from comparable foreign companies with SWC is in the range of **16.61 – 18.27 THB/share** and P/BV ratio from comparable domestic companies with SWC is in the range of **9.11 – 10.61 THB/share**.



## 2.4.2 Price to Earnings Ratio Approach: P/E Ratio

Under this approach, the valuation of the Company's share price is based on the Company's earnings from its latest audited financial statement multiplied by mean of P/E ratio from the SWC's comparable companies.

The Company's value is calculated by using the last twelve months earnings ending March 31, 2017 multiplying by the mean of P/E ratios from its peers within the 7 business days, 15 business days, 30 business days, 60 business days, 90 business days, 180 business days, and 360 business days prior to July 14, 2017 (one day prior to the Offeror's announcement of intention to make a Tender Offer (Form 247-3)) as shown in the following table.

**Table 2-11: P/E ratio 7 to 360 working days prior**

Unit : Times (x)	P/E (x)							
	7-Day	15-Day	30-Day	60-Day	90-Day	120-Day	180-Day	360-Day
<b>Foreign companies</b> <u>Direct comparable with SWC</u>								
SYNN SW	34.81 x	34.82 x	34.84 x	35.17 x	35.06 x	34.71 x	33.63 x	31.47 x
FMC US	27.66 x	27.38 x	27.61 x	27.39 x	26.77 x	25.88 x	25.87 x	24.22 x
002215 CH	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
002391 CH	31.18 x	31.06 x	30.36 x	30.32 x	31.86 x	33.75 x	33.74 x	28.64 x
AVD US	38.94 x	38.29 x	38.33 x	37.76 x	37.13 x	37.16 x	38.94 x	42.43 x
<b>Mean</b>	<b>33.15 x</b>	<b>32.89 x</b>	<b>32.79 x</b>	<b>32.66 x</b>	<b>32.71 x</b>	<b>32.88 x</b>	<b>33.04 x</b>	<b>31.69 x</b>
<b>Domestic companies</b> <u>Indirect comparable with SWC</u>								
TMW TB	9.62 x	9.63 x	9.66 x	9.60 x	9.96 x	10.45 x	9.94 x	9.53 x
UBIS TB	14.33 x	14.41 x	15.22 x	13.87 x	13.34 x	13.21 x	12.97 x	13.24 x
SELIC TB	17.38 x	17.41 x	17.51 x	17.44 x	17.45 x	17.56 x	N/A	N/A
MBAX TB	15.04 x	14.80 x	14.69 x	13.99 x	13.83 x	13.69 x	12.97 x	11.54 x
<b>Mean</b>	<b>14.09 x</b>	<b>14.06 x</b>	<b>14.27 x</b>	<b>13.73 x</b>	<b>13.64 x</b>	<b>13.72 x</b>	<b>11.96 x</b>	<b>11.43 x</b>

Source: Bloomberg and summarized by the IFA

Remark: N/A No data found or non applicable

The mean of P/E ratio (closing 7- 360 business days prior) from direct comparable foreign companies with SWC is in the range of **31.69 – 33.15 times** and the mean of P/E from indirect comparable domestic companies with SWC is in the range of **11.43 – 14.27 times**.

The following table shows the calculation of the Company's value by using P/E ratio from the foreign companies and domestic companies which are directly and indirectly comparable with SWC.

**Table 2-12: Calculation of the Company's fair value using the Price to Earnings approach (P/E)**

Unit : THB Million	Minimum of the mean range	Maximum of the mean range
<b>Foreign companies</b> <u>Direct comparable with SWC</u>		
TTM Earnings <sup>1/</sup>	165.99	165.99
Mean of P/E (times)	31.69x	33.15x
<b>Equity Value</b>	<b>5,260.16</b>	<b>5,502.50</b>
<b>Price per share (THB/share)</b>	<b>35.07</b>	<b>36.68</b>
<b>Domestic companies</b> <u>Indirect comparable with SWC</u>		
TTM Earnings <sup>1/</sup>	165.99	165.99
Mean of P/E (times)	11.43x	14.27x
<b>Equity Value</b>	<b>1,897.24</b>	<b>2,368.65</b>
<b>Price per share (THB/share)</b>	<b>12.65</b>	<b>15.79</b>

Remark: 1/ Trailing Twelve Months (TTM) earnings end at 31 March 2017

The shareholders' equity is calculated from the market comparable approach by using P/E ratio from comparable foreign companies with SWC is in the range of **35.07 – 36.68 THB/share** and P/E ratio from comparable domestic companies with SWC is in the range of **12.65 – 15.79 THB/share**.

### 2.4.3 Enterprise Value to EBITDA Approach: EV/EBITDA Ratio

Enterprise Value to EBITDA (EV/EBITDA) is the enterprise value (calculated from market capitalization added by debt and deducted by cash) divided by earnings before interest expenses, taxes, and depreciation and amortization (EBITDA) within the trailing twelve months. EV/EBITDA represents the enterprise value in comparison with EBITDA from the latest 12 months.

The Company's value is calculated by using the last twelve months EBITDA ending March 31, 2017 multiplying by the mean of EV/EBITDA ratios from its peers within the 7 business days, 15 business days, 30 business days, 60 business days, 90 business days, 180 business days, and 360 business days prior to July 14, 2017 (one day prior to the Offeror's announcement of intention to make a Tender Offer (Form 247-3)) as shown in the following table.

**Table 2-13: EV/EBITDA ratio 7 to 360 working days prior**

Unit : Times (x)	EV/EBITDA (x)							
	7-Day	15-Day	30-Day	60-Day	90-Day	120-Day	180-Day	360-Day
<b>Foreign companies</b> <u>Direct comparable with SWC</u>								
SYNN SW	18.75 x	18.76 x	18.77 x	18.94 x	18.88 x	18.70 x	18.48 x	17.96 x
FMC US	23.47 x	23.26 x	23.43 x	23.27 x	22.65 x	21.80 x	22.38 x	32.66 x
002215 CH	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
002391 CH	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AVD US	13.05 x	12.84 x	12.85 x	12.79 x	12.50 x	12.45 x	12.83 x	12.91 x
<b>Mean</b>	<b>18.42 x</b>	<b>18.29 x</b>	<b>18.35 x</b>	<b>18.33 x</b>	<b>18.01 x</b>	<b>17.65 x</b>	<b>17.89 x</b>	<b>21.18 x</b>
<b>Domestic companies</b> <u>Indirect comparable with SWC</u>								
TMW TB	3.11 x	3.12 x	3.13 x	3.11 x	3.09 x	3.07 x	2.71 x	2.26 x
UBIS TB	11.00 x	11.06 x	11.58 x	10.71 x	10.41 x	10.39 x	10.37 x	11.44 x
SELIC TB	10.44 x	10.45 x	10.53 x	10.48 x	10.49 x	10.56 x	N/A	N/A
MBAX TB	11.11 x	10.99 x	10.93 x	10.58 x	10.38 x	10.11 x	9.70 x	8.72 x
<b>Mean</b>	<b>8.92 x</b>	<b>8.90 x</b>	<b>9.04 x</b>	<b>8.72 x</b>	<b>8.59 x</b>	<b>8.53 x</b>	<b>7.59 x</b>	<b>7.47 x</b>

Source: Bloomberg and summarized by the IFA

Remark: N/A No data found or non applicable

The mean of EV/EBITDA ratio (closing 7- 360 business days prior) from direct comparable foreign companies with SWC is in the range of **17.65 – 21.18 times** and the mean of EV/EBITDA from indirect comparable domestic companies with SWC is in the range of **7.47 – 9.05 times**.

The following table shows the calculation of the Company's value by using EV/EBITDA ratio from the foreign companies and domestic companies which are directly and indirectly comparable with SWC.

**Table 2-14: Calculation of the Company's fair value using the EV to EBITDA approach (EV/EBITDA)**

Unit : THB Million	Minimum of the mean range	Maximum of the mean range
<b>Foreign companies</b> <u>Direct comparable with SWC</u>		
EBITDA of SWC <sup>1/</sup>	231.03	231.03
EV/EBITDA (times)	17.65x	21.18x
<b>Enterprise Value of SWC</b>	<b>4,077.75</b>	<b>4,893.30</b>
Add: Cash <sup>2/</sup>	322.15	322.15
Deduct: Debt <sup>2/</sup>	-	-
Deduct: Minority Interests <sup>2/</sup>	(7.27)	(7.27)
<b>Equity Value</b>	<b>4,392.63</b>	<b>5,208.18</b>
<b>Price per share (THB/share)</b>	<b>29.28</b>	<b>34.72</b>
<b>Domestic companies</b> <u>Indirect comparable with SWC</u>		
EBITDA <sup>1/</sup>	231.03	231.03
EV/EBITDA (times)	7.47x	9.04x
<b>Enterprise Value of SWC</b>	<b>1,725.82</b>	<b>2,088.55</b>
Add: Cash <sup>2/</sup>	322.15	322.15



<i>Unit : THB Million</i>	<b>Minimum of the mean range</b>	<b>Maximum of the mean range</b>
Deduct : Debt <sup>2/</sup>	-	-
Deduct: Minority Interests <sup>2/</sup>	(7.27)	(7.27)
<b>Equity Value</b>	<b>2,040.71</b>	<b>2,403.43</b>
<b>Price per share (THB/share)</b>	<b>13.60</b>	<b>16.02</b>

Remarks: 1/ EBITDA = (earnings before interest, tax, and depreciation and amortization). The last twelve months ending as of March 31, 2017

2/ Financial position as of March 31, 2017

The shareholders' equity is calculated from the market comparable approach by using EV/EBITDA ratio from comparable foreign companies with SWC is in the range of **29.28 – 34.72 THB/share** and EV/EBITDA ratio from comparable domestic companies with SWC is in the range of **13.60 – 16.02 THB/share**.

The IFA is of the opinion that even though the market comparable approach is able to reflect the market value besides the amount of net profit and cash flow from operation, the share price per share calculated from the above approach reflected from the income statement and financial position at any point of time without considering the current fair market value of the assets and the profit generating ability of the Company in the future.

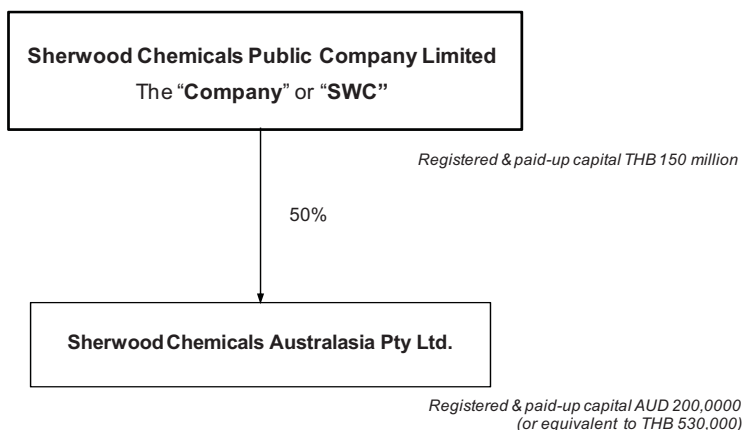
Moreover, the IFA is of the opinion that the comparable companies are not directly comparable to the Company because those 5 foreign companies and domestic companies operate in different types of business which mainly engage in the manufacture and distribution of insecticides goods and have this source of revenue less than 40 percent of their total revenue. But the Company engages in the manufacture and distribution of insecticides goods which accounts for 70 percent of its total revenue. Furthermore, there are limitations regarding the accounting policy, location, and the market capitalization of those comparable firms which are much bigger than the Company. Despite being in the same industry, those companies operate their business in different ways. Therefore, the IFA is of the opinion that using market comparable approach **is not appropriate** to value the Company's share price.

## **2.5 Discounted Cash Flow Approach: DCF**

The valuation by using Discounted Cash Flow Approach (DCF) is the method that considers the business performance in the future perspective by calculating the sum amount of the present value of future's cash flow discounted by the appropriate discount rate. The IFA has calculated the Weighted Average Cost of Capital (WACC) for the use of determining the discount rate and forecasting company's future cash flow for forward 5 years (FY2017 – FY2021) on the Going Concern Basis condition without any significant changes and pursuing under current economic conditions and circumstances.

The IFA has forecasted the Company's financial performance based on the relevant information, the assumption given from the Company's data, and the interview from the Company's Directors and related persons in purpose of determining the intrinsic price of SWC and the opinion whether to accept or reject the Tender Offer. The intrinsic price will only be determined only for the Company's purpose. However, if the economic condition changed, or other external factors or any internal issues affected the Company's business performance, the intrinsic price will also be affected.

The IFA also employs the method of Sum-of-the-Parts valuation which is calculated by summing up the intrinsic price of each company as follow:

**Diagram 2-2: Company Shareholding Structure of SWC**

Source: The Company and compiled by the IFA

Under Sum-of-the-Parts approach, the Company and its subsidiary are separately calculated for each firm value by considering the profit generating in the future for each entity in order to reflect their intrinsic price. The assumptions used in forecasting the financial performance of the Company are as follow:

### 2.5.1 The intrinsic price valuation of Sherwood Chemicals Public Company Limited ("The Company only" or "SWC")

SWC is engaging in the manufacture and distribution of chemical goods for the use in a household, industrial, public health, and agriculture. The main source of revenue comes from the products of wood preservative, insecticides, and cleaning products. In forecasting the financial performance of the Company, the IFA uses the Company's historical data and its business plan by giving the reasonable assumptions as follow:

#### (1) Sales Revenue

Currently, the Company has its main source of revenue from wood preservative products, insecticides products, and cleaning products which can summarize the revenue structure as following:

**Table 2-15: Revenue Structure of SWC**

Type of Products	2014		2015		2016		Q1 2017	
	THB Million	Percent	THB Million	Percent	THB Million	Percent	THB Million	Percent
Wood preservatives	166.70	15.24	160.40	14.11	150.65	12.57	33.86	11.05
Insecticides	733.14	67.01	780.10	68.61	836.08	69.76	213.62	69.70
Cleaning products	173.66	15.87	175.15	15.40	182.76	15.25	52.44	17.11
Others	20.50	1.87	21.33	1.88	29.08	2.43	6.59	2.15
<b>Total</b>	<b>1,094.00</b>	<b>100.00</b>	<b>1,136.95</b>	<b>100.00</b>	<b>1,198.57</b>	<b>100.00</b>	<b>306.50</b>	<b>100.00</b>

Source: The Company

The projected revenue as breakdown by type of products is summarized as follows:

#### 1.1) Revenue from wood preservative products

From 2014 to 2016 and the first quarter of 2017, the revenue from the wood preservative products equals to THB 166.70 million, THB 160.40 million, THB 150.65 million, and THB 33.86 million, respectively. The growth rate from 2015 to 2016 declined by (3.78) percent and (6.78) percent caused by the market saturation of the wood preservative products in Thailand. According to the views of the management, the growth rate in 2017 will drop by 13.75 percent. However, the growth will steadily increase by 3 percent from 2018 to 2021 because of the market expansion to the neighboring countries. Therefore, the IFA anticipates the growth for year 2017 to be declined by

13.75 percent based on the management's opinion and conservatively set the growth for year 2018 to 2021 at 0.00 percent.

### 1.2) **Revenue from insecticides products**

From 2014 to 2016 and the first quarter of 2017, the revenue from insecticides products accounts for THB 733.14 million, THB 780.10 million, THB 836.08 million, and THB 213.62 million, respectively. The growth rate from 2015 to 2016 continuously increased by 6.41 percent and 7.18 percent. Based on the view of the management, the growth in 2017 will still increase by 8.86 percent due to the market expansion to the neighboring countries. Moreover, the Company has its plan to invest in capital expansion to increase its capacity in 2018 in order to serve the demand from neighboring countries customers. Therefore, the management believes that the growth in 2018, 2019, and 2020 to 2021 will be at 10 percent, 5 percent, and 3 percent, respectively.

### 1.3) **Revenue from cleaning products**

From 2014 to 2016 and the first quarter of 2017, the revenue from cleaning products equals to THB 173.66 million, THB 175.12 million, THB 182.76 million, and THB 52.44 million, respectively. The growth from the year 2015 to 2016 grew by 0.84 percent and 4.37 percent. Based on the view of the management, the growth in 2017 will steadily increase from the previous year's growth at 7.11 percent due to the market expansion to the neighboring countries in 2016. Consequently, from 2018 to 2021, the growth will not be as high as the expansion period which is forecasted to be 3 percent annually. According to the Company's strategic change, the IFA determines the revenue growth rate for cleaning products in 2017 to be 7.11 percent and from 2018 to 2021 to be 3 percent.

### 1.4) **Revenue from other products**

The revenue from other products comes from rat baits and agrochemical products etc.

From 2014 to 2016 and the first quarter of 2017, the revenue from other products are THB 20.50 million, THB 21.33 million, THB 29.08 million, and THB 6.58 million, respectively. The growth rates during the year 2016 and 2017 are 4.04 percent and 36.33 percent in which the high growth in 2017 caused by the market penetration of agrochemical products such as herbicides, and wetting agents. Furthermore, the management pointed out that the growth rate in 2017 will still increase by 12.88 percent from such products and forecasted that the revenue growth for year 2018 will be 5 percent and 3 percent from 2019 to 2021. According to the Company's strategic change, the IFA determined the revenue growth from other products for year 2017 of 12.88 percent and for year 2018 of 5 percent and 3 percent from 2019 to 2021.

**Table 2-16: Revenue Structure of SWC FY2018 - FY2021**

Type of Products	2017F		2018F		2019F		2020F		2021F	
	THB Million	(%)	THB Million	(%)	THB Million	(%)	THB Million	(%)	THB Million	(%)
Wood preservatives	129.92	10.24	129.92	9.76	129.92	9.62	129.92	9.62	129.92	9.62
Insecticides	910.18	71.74	1001.20	73.02	1051.26	73.40	1082.80	73.40	1115.28	73.40
Cleaning products	195.76	15.43	201.64	14.71	207.69	14.50	213.92	14.50	220.34	14.50
Others	32.82	2.59	34.46	2.51	35.50	2.48	36.56	2.48	37.66	2.48
<b>Total</b>	<b>1,268.70</b>	<b>100.00</b>	<b>1,367.23</b>	<b>100.00</b>	<b>1,424.37</b>	<b>100.00</b>	<b>1,463.21</b>	<b>100.00</b>	<b>1,503.20</b>	<b>100.00</b>

Source: The Company

### (2) **Other sources of revenue**

The other sources of revenue come from the sale of sample products and the defects etc.

For year 2014 to 2016 and the first quarter of 2017, other sources of revenue are THB 2.97 million, THB 1.38 million, THB 3.81 million, and THB 0.92 million which account for 0.27 percent, 0.12 percent, 0.32 percent, and 0.30 percent of the total revenue, respectively.

The IFA determines the proportion of other sources of revenue to its total revenue of 0.25 percent within the forecasting period which comes from the average proportion of other sources of revenue to its total revenue from year 2014 to the first quarter of 2017.

**(3) Cost of revenue**

Cost of revenue comprises of cost of goods sold and other costs which have the cost of goods sold as the main source. From 2014 to 2016 and the first quarter of 2017, the cost of goods sold are THB 757.99 million, THB 734.59 million, THB 742.96 million, and THB 199.92 million which account for 69.29 percent, 64.61 percent, 61.99 percent, and 65.23 percent, respectively. The summary of the assumptions used for financial forecasting are as follow:

**3.1) Cost of goods sold**

The IFA forecasted the cost of goods sold based on the Company's historical data as well as the likelihood of the incurred expenses from the management forecast. According to the views of the management, the revenue proportion of insecticides and cleaning products to the total revenue will increase due to fact that the Company has been focusing on market expansion to the neighboring countries since 2016. Therefore, the Company's management pointed out that the proportion of the cost of goods sold to the total revenue will be adjusted based on the change of the revenue portion. Considering the revenue structure for year 2016 and the first quarter of 2017, the main portion of revenue comes from insecticides which have increased its sale proportion to its total revenue from 2015 and remained at the same level. Therefore, the IFA forecasted the proportion of cost of goods sold to the total revenue to be 48.67 percent which is equivalent to the average proportion from 2016 and the first quarter of 2017.

**3.2) Other costs**

Other costs comprise of wages and salaries expenses, depreciation expense, and other expenses (promotion, rental expenses, facility expenses, quality control expenses, and maintenance expenses etc.). The IFA forecasted the expenses by using the Company's historical data as well as the likelihood of the incurred expenses from the management forecast. The assumptions used for financial forecasting are as follow:

- Labor expenses comprise of wages, over-time, bonus, cost of living, and other related expense etc. The management pointed out that the market expansion of insecticides products to the neighboring countries has caused the Company to increase the need of man-working hours due to the fact that the capacity to produce the products has reached its maximum which has its capacity utilization rate of 111 percent in 2016. Therefore, the labor expenses at the factory in 2017 will be THB 93.21 million and wages will increase by 5 percent annually from 2018 to 2021.
- Depreciation expense

The IFA determined each type of assets and its depreciation expense by using straight line method which is shown under the Company's policy as follow:

**Table 2-17: Period of Depreciation Expense**

Type of Property	Depreciation period (year)
Buildings	7 – 30
Machinery and equipment	5 – 15
Decoration and office supplies	5

Source: The Company

- Other costs equal to 6.40 percent of the total revenue which is equivalent to the average proportion of other costs to the total revenue from 2014 to 2016 and the first quarter of 2017.

**Table 2-18: Cost of revenue from 2014 – Q1 2017**

List	2014	2015	2016	Q1 2017
Cost of goods sold (THB Million)	592.34	568.31	566.90	153.38
Other costs (THB Million)	165.66	166.27	176.06	46.54
<b>Cost of revenue (THB Million)</b>	<b>757.99</b>	<b>734.59</b>	<b>742.96</b>	<b>199.92</b>
Gross profit margin (%)	30.71	35.39	38.01	34.77

Source: The Company

**Table 2-19: The forecast of cost of revenue from 2017 to 2021**

List	2017F	2018F	2019F	2020F	2021F
Cost of goods sold (THB Million)	617.48	665.44	693.25	712.15	731.61
Other costs (THB Million)	196.44	208.63	219.53	228.22	237.81
<b>Cost of revenue (THB Million)</b>	<b>813.92</b>	<b>874.07</b>	<b>912.77</b>	<b>940.37</b>	<b>969.42</b>
<i>Gross profit margin (%)</i>	35.85	36.07	35.92	35.73	35.51

Source: The Company and the projection by the IFA

#### (4) **Selling Expenses**

From 2014 to 2016 and the first quarter of 2017, the Company's selling expenses are THB 150.46 million, THB 150.02 million, THB 162.07 million, and THB 25.44 million which account for 13.75 percent, 13.20 percent, 13.52 percent, and 8.30 percent of the total revenue respectively.

The IFA forecasted the proportion of selling expenses to the total revenue by considering the average proportion from 2014 to 2016 which equals to 13.49 percent as well as the proportion in 2016 equals to 13.52. The IFA determined that the forecasted proportion of selling expenses to the total revenue to be 13.52 percent which equals to the proportion in 2016 in order to reflect the selling expenses after the market expansion since 2016.

#### (5) **Administrative Expenses**

The expenses comprise of salaries and expenses related to the employees, building costs, internal audit fees, depreciation expenses, and other related expenses.

From 2014 to 2016 and the first quarter of 2017, the administrative expenses are THB 78.90 million, THB 100.89 million, THB 105.63 million, and THB 25.42 million which account for 7.21 percent, 8.87 percent, 8.81 percent, and 8.29 percent of the total revenue respectively.

The IFA forecasted the financial performance by using the assumptions related to the administrative expense as follow:

- Salaries expense from 2017 to 2021 will increase by 5.00 percent annually.
- Building costs which comprise of office rental expenses and cleaning service expenses etc. will increase by 3 percent annually based on the management's assumptions
- Internal audit fee will increase 5 percent annually
- Consulting fees equal to 0.46 percent of the total revenue which is the average of consulting fees to the total revenue from year 2014 to 2016 and the first quarter of 2017. However, during 2017, SWC is obliged to pay the consulting fees to the advisor and related expenses to the Tender Offer. Therefore, the consulting fees in 2017 will be THB 8.16 million.
- Depreciation expenses of Building

**Table 2-20 Depreciation period under each type of asset**

Type of Assets	Depreciation period (year)
Decoration and office supplies	5
Vehicles	5
Intangible assets	10

Source: The Company

- Other related expenses equals to 2.38 percent of the total revenue. The IFA considered the average proportion from 2014 to 2016 and the first quarter of 2017 of the other related expenses to the total revenue are 2.16, together with the proportion in 2016 of 2.38 percent. Therefore, the IFA determined the other related expenses to be 2.38 percent of the total revenue which equal to the proportion in 2016 in order to reflect the proportion of other related expenses to the total revenue after the market expansion to the neighboring countries since 2016.

**Table 2-21: Administrative expenses from 2014 to 1Q2017**

List	2014	2015	2016	Q1 2017
Selling expenses (THB million)	150.46	150.02	162.07	25.44
<i>Proportion to the total revenue (percent)</i>	<i>13.75</i>	<i>13.20</i>	<i>13.52</i>	<i>8.30</i>
Administrative expenses (THB million)	78.90	100.89	105.63	25.42
<i>Proportion to the total revenue (percent)</i>	<i>7.21</i>	<i>8.87</i>	<i>8.81</i>	<i>8.29</i>

Source: The Company

**Table 2-22: Forecast of administrative expenses from 2017 to 2021**

List	2017F	2018F	2019F	2020F	2021F
Selling expenses (THB million)	171.55	184.88	192.61	197.86	203.27
<i>Proportion to the total revenue (percent)</i>	<i>13.52</i>	<i>13.52</i>	<i>13.52</i>	<i>13.52</i>	<i>13.52</i>
Administrative expenses (THB million)	112.83	116.63	121.33	125.97	130.91
<i>Proportion to the total revenue (percent)</i>	<i>8.89</i>	<i>8.53</i>	<i>8.52</i>	<i>8.61</i>	<i>8.71</i>

Source: The Company and the projection by the IFA

**(6) Corporate Income Tax**

The corporate income tax rate for SWC is 20 percent.

**(7) Capital Expenditure**

The IFA determines that the capital expenditure is amount to THB 20.22 million which equals to the previous years during 2012-2013 and 2015-2016. Moreover, the forecasted capital expenditure will come from the investment in machinery and equipment around THB 60 million in 2017 in order to serve the demand in the neighboring countries. The IFA projects the depreciated expense of the capital expenditure by assuming that the depreciation period is 10 years due to the fact that the major capital expenditure is the machinery and equipment which have the policy to depreciate the property in the range of 5 – 15 years.

**(8) Working Capital Turnover Ratio**

The SWC's management forecasted the efficiency of working capital will remain the same level in 2016.

- Days of sales outstanding are estimated to be 63.40 days
- Days of Inventory on hand are estimated to be 83.93 days
- Days of payable outstanding are estimated to be 70.23 days
- Other current assets are estimated to be 0.30 percent of the total revenue
- Other account payable are estimated to be 5.36 percent of the total revenue
- Income tax payable are estimated to be 1.23 percent of the total revenue
- Current liabilities are estimated to be 0.94 percent of the cost of goods sold

**(9) Terminal Growth Rate**

The IFA determined the terminal growth rate of the cash flow after the year of 2021 which is estimated to be 1.00 percent by using conservative basis as well as considering the terminal value calculated to be THB 1,701.1 million and equals to EV/EBITDA of 7.4x which is close to EV/EBITDA of the Company for the past 12 months which is in the range of 4.20 – 8.61 times (with the mean and the median of 6.98 and 6.96 times, respectively).



**(10) Discount Rate – Weighted Average Cost of Capital or WACC**

The IFA determined the WACC by following components:

$$\begin{aligned}
 WACC &= K_e \left(\frac{E}{V}\right) + K_d(1-t) \left(\frac{D}{V}\right) &&= 10.74\% \\
 K_e &= \text{Cost of Equity (calculated as below)} &&= 10.74\% \\
 K_d &= \text{Cost of Debt}^{1/} &&= - \\
 t &= \text{Corporate Income Tax Rate} &&= 20.0\% \\
 V &= D + E \text{ which D means amount of debt and E means amount of equity} &&= 100.0\% \\
 \left(\frac{E}{V}\right) &= \text{Proportion of equity to investor-supplied capital} &&= 100.0\%
 \end{aligned}$$

**Cost of Equity:  $K_e$** 

$$K_e = R_f + \beta(R_m - R_f)$$

where

Risk Free Rate  $R_f$  = Risk free rate of return ( $R_f$ ) as at July 14, 2017 is **2.66% per annum**<sup>2/</sup>, which is calculated based on three-year daily median of 10-year Thailand government bond (mean equals to 2.62 percent)

Beta  $\beta$  = Beta is a coefficient that reflects of the investment risk by calculating the 3-year adjusted beta of the Company **0.918**.<sup>3/</sup>

Market premium,  $R_m - R_f$  = The difference between the expected market return ( $R_m$ ) and the risk free rate of return ( $R_f$ ). As at July 14, 2017, the premium is equivalent to **8.81%**<sup>4/</sup>, which was calculated based on three-year daily mean of market risk premium.

Source: 1/ Financial statements of the Company as of 31 march 2017, and the calculation by the IFA

2/ 3/ 4/ Bloomberg

**(11) Summary of financial forecast for SWC from 2018 to 2021**

**Table 2-23: Projected financial performance of SWC from 2017 to 2021**

Unit: THB Million	2017F	2018F	2019F	2020F	2021F
Revenue from wood preservative	129.92	129.92	129.92	129.92	129.92
Revenue from insecticide goods	910.18	1001.20	1051.26	1082.80	1115.28
Revenue from cleaning products	195.76	201.64	207.69	213.92	220.34
Revenue from other products	32.82	34.46	35.50	36.56	37.66
<b>Total revenue</b>	<b>1,268.70</b>	<b>1,371.13</b>	<b>1,432.28</b>	<b>1,475.25</b>	<b>1,519.51</b>
Gross margin	454.77	493.16	511.60	522.83	533.78
Other revenues	3.21	3.45	3.60	3.70	3.80
<b>Earnings before interest, tax, and depreciation and amortization (EBITDA)</b>	<b>204.37</b>	<b>228.48</b>	<b>237.83</b>	<b>241.42</b>	<b>244.95</b>
Earnings before interest and tax (EBIT)	179.64	202.92	208.53	211.30	214.01
<b>Net Income</b>	<b>138.87</b>	<b>156.09</b>	<b>161.01</b>	<b>162.16</b>	<b>162.72</b>
Current assets	703.16	758.84	873.23	986.00	1,100.89
Non-current assets	331.61	386.16	378.97	371.01	361.67
<b>Total assets</b>	<b>1,034.78</b>	<b>1,145.00</b>	<b>1,252.19</b>	<b>1,357.02</b>	<b>1,462.56</b>
Current liabilities	223.47	240.04	250.63	258.15	266.06
<b>Total liabilities</b>	<b>238.63</b>	<b>255.21</b>	<b>265.79</b>	<b>273.32</b>	<b>281.23</b>
<b>Shareholders' Equity</b>	<b>796.14</b>	<b>889.79</b>	<b>986.40</b>	<b>1,083.70</b>	<b>1,181.33</b>
Cash flow from operating activities	153.85	167.09	180.02	184.66	186.45
Cash flow from investing activities	(20.22)	(80.22)	(20.22)	(20.22)	(20.22)
Cash flow from financing activities	(55.55)	(62.43)	(64.40)	(64.87)	(65.09)
Net change in cash	78.08	24.43	95.39	99.57	101.14

Source: Projected and summarized by the IFA



**(12) Summary of SWC's share price valuation (the Company only)**

From the cash flow shown in the table, the intrinsic share price of SWC is as follow:

**Table 2-24: SWC's Free Cash Flow from 2017 to 2021**

<i>Unit : THB Million except Discount Factor</i>	2017F	2018F	2019F	2020F	2021F
Free Cash Flow to Firm	132.35	85.59	158.52	163.16	164.95
Discount Factor	0.9584	0.8654	0.7815	0.7057	0.6372
<b>Net present value of cash flow</b>	<b>126.84</b>	<b>74.07</b>	<b>123.88</b>	<b>115.14</b>	<b>105.11</b>

Source: Projected and summarized by the IFA

From the cash flow shown in the table, the intrinsic share price of SWC is as follow:

**Table 2-25: Calculation of SWC's net present value of free cash flow**

SWC	THB Million except per share
Present value of terminal value	1,089.75
<b>Total present value of free cash flow</b>	<b>1,634.79</b>
Add Cash and short-term investment as of March 31, 2017	311.18
Less: Dividend paid after Q1 2017	(30.00)
<b>Net present value of free cash flow</b>	<b>1,885.97</b>
Number of paid-up shares (million shares)	150.00
<b>Net present value of Free Cash Flow (THB/Share) - Base Case</b>	<b>12.57</b>

Source: Projected and summarized by the IFA

**(13) Sensitivity Analysis**

Due to the fact that the SWC's share price valuation is based on various assumptions, the IFA conducted the sensitivity analysis in purpose of covering all the impacts from the change in significant factors.

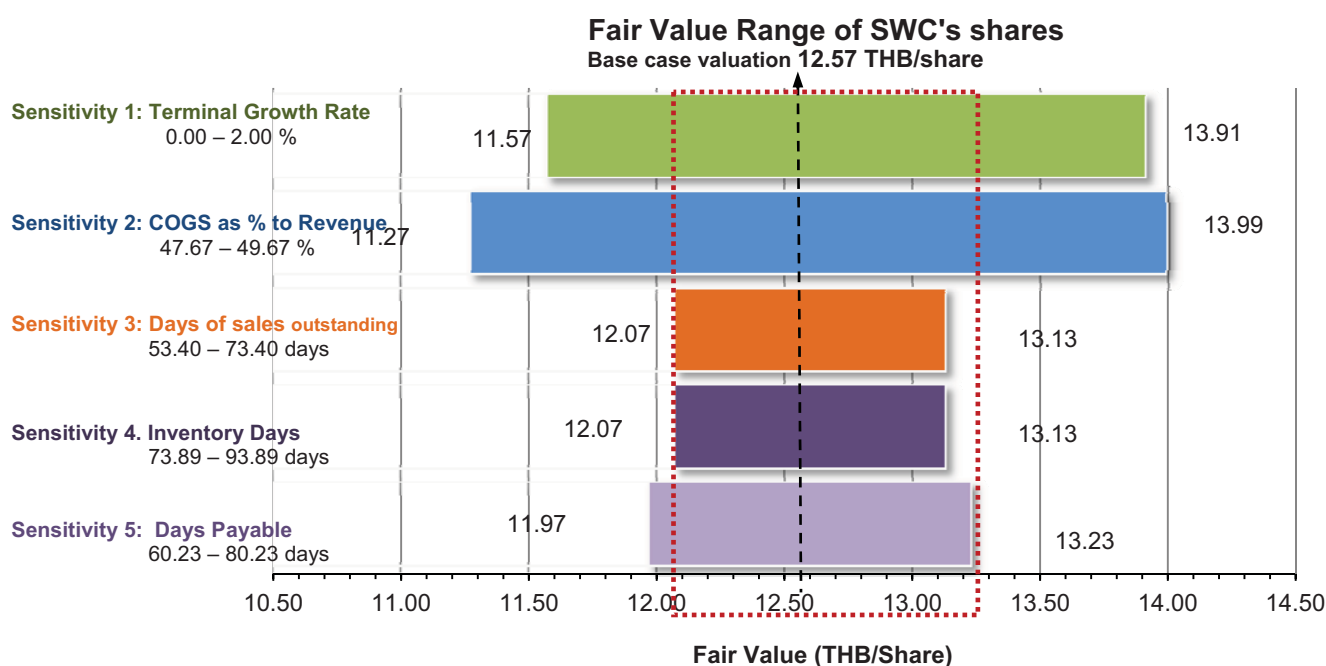
The relevant factors to be analyzed are based on the Company's historical data considering the factor that is correlated to the revenue, expense, and cash flow which directly impacts to the SWC's share price. Moreover, the analysis includes the range of changes taking in the past of each factor to determine the range for conducting sensitivity analysis. The relevant factors are as follow:

**Table 2-26: Summary of SWC's sensitivity analysis**

Sensitivity analysis on		Description
Sensitivity 1	Terminal growth rate	An analysis of the effects increase/ (decrease) by 1.00%: in the range between (0.00%) – (2.00%)
Sensitivity 2:	The proportion of cost of goods sold to the total revenue	An analysis of the effects increase/ (decrease) by 1.00%: in the range between 47.67% – 49.67%
Sensitivity 3	Average days of sale outstanding	An analysis of the effects increase/ (decrease) by 10 days: in the range between 53.40 – 73.40 days
Sensitivity 4	Average days of inventory on hand	An analysis of the effects increase/ (decrease) by 10 days: in the range between 73.93 – 93.93 days
Sensitivity 5	Average days of payable outstanding	An analysis of the effects increase/ (decrease) by 10 days: in the range between 60.23 – 80.23 days

Remark : The sensitivity analysis above takes into consideration the effects of WACC in the range of 10.43% - 11.02% to capture the effects of Adjusted Beta of the Company within 1 – 3 year in the range of 0.883 – 0.95 which affected the WACC

Diagram 2-3: Summary of valuation based on sensitivity analysis



Source: Projected and summarized by the IFA

From the sensitivity analysis above, the terminal growth rate and the proportion of cost of goods sold to total revenue will cause the change in the SWC's share price. The IFA calculated the Valuation Football Field to determine the intrinsic price to scope the fair range. The SWC's intrinsic share price by using DCF method equals to **12.07 – 13.23 THB per share**.

## 2.5.2 Valuation of Sherwood Chemicals Australasia Company Limited ("SWCA")'s Share Price

SWCA is a subsidiary company that distributes Insecticides products in Australia produced by SWC, in which the Company owns 50 percent of the total paid-up shares.

### (1) Sales revenue

From 2014 to 2016 and the first quarter of 2017, the sales revenue was THB 74.80 million, THB 72.10 million and THB 139.41 million and THB 68.76 million, respectively, and the growth rate for 2015-2016 decreased by 3.61 percent and increased by 93.36 percent, respectively. The reason for this high growth rate in 2016 was the result of changes in business strategy of SWCA as they have been focusing more on insecticides products for agricultural use. Based on the interviews of the management, it is explained that the growth rate is still increasing at 2.07 percent and is forecasted to grow by 10 percent more by 2018. From the result of penetrating the market for insecticides products for agricultural use and reallocation of resources in order to suit the demands from the customers, the growth rates for 2018-2020 are predicted to be at 5.00 percent, 3.00 percent and 3.00 percent respectively. Therefore, the IFA is of the opinion that the forecasted growth rate for the next 4 years to be: 2.07 percent in 2017, 10 percent in 2018, 5 percent in 2019 and 3 percent in 2020 and 2021.

Table 2-27: Revenue structure for SWCA for 2014-Q1/2017

Details	2014	2015	2016	Q1/2017
Revenue from sales (THB Million)	74.80	72.10	139.41	68.76
Growth rate (percent)	N/A	-3.61	93.36	N/A

Source: The Company  
Remark: N/A (no data found or incomputable)

**Table 2-28: Forecasted revenue structure for SWCA for 2017-2021**

Details	2017F	2018F	2019F	2020F	2021F
Revenue from sales(THB Million)	142.29	156.52	164.35	169.28	174.36
Growth rate (percent)	2.07	10.00	5.00	3.00	3.00

Source: The Company and the projection by the IFA

## (2) Other sources of revenue

The other sources of revenue come from the sale of sample products and etc.

The other sources from 2014 to 2016 and the first quarter of 2017 was THB 0.06 million, THB 0.18 million, THB 0.34 million and THB 0.07 million or 0.09 percent, 0.25 percent, 0.24 percent and 0.10 percent out of the total revenue from sales respectively.

The IFA has forecasted the other sources for SWCA to be 0.17 percent of the total sales revenue, which is equivalent to the average of values from 2014 to 2016 and Q1/2017.

## (3) Cost of goods sold

From 2014 to 2016 and the first quarter of 2017, the cost of goods sold was THB 64.15 million, THB 58.03 million and THB 119.30 million and THB 58.91 million or 85.75 percent, 80.48 percent, 85.57 percent and 85.68 percent of the total sales revenue respectively.

The IFA has forecasted the cost of goods sold to be 85.57 percent of the total sales revenue, which is equivalent to the value in 2016. The reason for this is because the reallocation of resources and changes in sales structure in Australia in 2016 and is likely to remain the same level of cost of goods sold in the future, according to the management.

**Table 2-29: Forecasted cost of goods sold for SWCA in 2014-2016 and Q1/2017**

Details	2014	2015	2016	Q1/2017
Cost of goods sold (THB Million)	64.15	58.03	119.30	58.91
Cost of goods sold as % of total revenue	85.75	80.48	85.57	85.68

Source: The Company

**Table 2-30: Forecasted cost of sales for SWCA in 2017-2021**

Details	2017F	2018F	2019F	2020F	2021F
Cost of revenue (THB Million)	121.78	133.94	140.63	144.86	149.22
Cost of goods sold as % of total revenue	85.58	85.57	85.57	85.57	85.57

Source: The Company and the projection by the IFA

## (4) Cost of revenue

In 2014-2016 and the first quarter of 2017, the cost of revenue was THB 3.68 Million, THB 3.31 million and THB 4.25 million and THB 1.78 million or 4.92 percent, 4.60 percent, 3.05 percent and 2.59 percent of the total sales revenue, respectively.

The IFA has forecasted the cost of revenue to be 3.05 percent of the total sales revenue, which is equal to the value in 2016. The reason for this is because the reallocation of resources and changes in sales strategies in 2016 and is likely to maintain the same cost of sales in the future, according to the management's guidance.

## (5) Administrative expenses

The administrative expenses comprise of salaries and expenses related to the employees, internal audit fees, and other related expenses.

In 2014-2016 and the first quarter of 2017, the administrative cost was THB 7.49 million, THB 6.78 million and THB 11.82 million and THB 2.94 million or 10.01 percent, 9.4 percent, 8.48 percent and 4.28 percent of the total sales revenue, respectively.

The IFA forecasted the financial performance by using the assumptions related to the administrative expense as follow:

- Salaries expense from 2017 to 2021 will increase by 5.00 percent annually.
- Internal audit fee is forecasted to increase 5 percent every year, according to the management's assumptions.
- Consulting fees will equal to 1.01 percent of the total sales revenue as a result of higher sales revenue, thus the necessity for more advices in other aspects of the business.
- Other administrative expenses will be 4.97 percent of the total sales revenue. The IFA has analyzed these administrative expenses from the previous years and estimates that it will be the same as in 2016, which is 4.97 percent of the total sales revenue, according to the data from the management about the change in sales strategies in Australia.

**Table 2-31: Forecasted administrative expenses for SWCA in 2014-2016 and Q1/2017**

Details	2014	2015	2016	Q1/2017
Selling expenses (THB million)	3.68	3.31	4.25	1.78
<i>Proportion to the total revenue (percent)</i>	4.92	4.60	3.05	2.59
Administrative expenses (THB million)	7.49	6.78	11.82	2.94
<i>Proportion to the total revenue (percent)</i>	10.01	9.40	8.48	4.28

Source: The Company

**Table 2-32: Forecasted administrative expenses for SWCA in 2017-2021**

Details	2017F	2018F	2019F	2020F	2021F
Selling expenses (THB million)	4.34	4.78	5.02	5.17	5.32
<i>Proportion to the total revenue (percent)</i>	3.05	3.05	3.05	3.05	3.05
Administrative expenses (THB million)	13.64	14.75	15.49	16.07	16.67
<i>Proportion to the total revenue (percent)</i>	9.59	9.42	9.42	9.49	9.56

Source: The Company and the projection by the IFA

**(6) Corporate Income Tax**

SWCA has a corporate income tax rate of 30% according to the official corporate tax rate in Australia.

**(7) Working Capital Turnover Ratio**

The IFA projected that the level of turnover ratios and current liabilities will be similar to the rate in 2016 as follows:

- Days of sales outstanding are estimated to be 33.25 days
- Days of Inventory on hand are estimated to be 83.89 days
- Days of payable outstanding are estimated to be 160.91 days
- Other current assets are estimated to be 1.15 percent of the total revenue
- Other account payable are estimated to be 2.35 percent of the total revenue
- Income tax payable are estimated to be 0.93 percent of the total revenue
- Current liabilities are estimated to be 1.14 percent of the cost of goods sold

**(8) Terminal Growth Rate**

The IFA has forecasted the SWCA's terminal growth rate of cash flow after 2021 which is the last year of the forecast to be 0.00 percent on a conservative basis. This is due to uncertainties in SWCA's future earnings as SWCA has recently experienced high growth from sales revenue in 2016.

**(9) Discount Rate – Weighted Average Cost of Capital (“WACC”)**

The WACC used in the calculation is 10.74 percent. (Please see calculation in Section 2.5.1, sub-item (10) above).

**(10) Summary of financial forecast for SWCA from 2017 to 2021****Table 2-33: Forecasted financial status of SWCA in 2017-2021**

<i>Unit: THB Million</i>	2017F	2018F	2019F	2020F	2021F
<b>Sales revenue</b>	142.30	156.53	164.35	169.28	174.36
Cost of goods sold	20.53	22.58	23.71	24.42	25.15
Profits	0.24	0.27	0.28	0.29	0.30
Earnings before interest, taxes and amortization (EBITDA)	2.78	3.32	3.49	3.48	3.46
Earnings before interest and taxes (EBIT)	2.78	3.32	3.49	3.48	3.46
<b>Net profits</b>	1.95	2.32	2.44	2.43	2.42
Current assets	70.23	78.36	83.99	88.43	92.93
Non-current assets	0.52	0.52	0.52	0.52	0.52
<b>Total assets</b>	70.75	78.88	84.51	88.95	93.45
Current liabilities	58.04	63.84	67.03	69.04	71.11
<b>Total liabilities</b>	58.04	63.84	67.03	69.04	71.11
<b>Shareholders' equity</b>	12.72	15.04	17.48	19.91	22.34
Cash flow from operating activities	3.10	4.86	4.34	4.01	4.01
Cash flow from investing activities	2.26	3.87	3.29	2.97	2.98
Cash flow from financing activities	0.00	0.00	0.00	0.00	0.00
Change in cash flow	2.26	3.87	3.29	2.97	2.98

Source: Forecasted by the IFA

**(11) Summary of Valuation of SWCA's Share Price**

Based on the information and assumptions given above, the SWCA cash flow can be calculated as follows:

**Table 2-33: Cash flow of SWCA in 2017-2021**

<i>Unit: THB Million except Discount Factor</i>	2017	2018	2019	2020	2021
Free cash flow to firm	2.26	3.87	3.29	2.97	2.98
Discount factor	0.9584	0.8654	0.7815	0.7057	0.6372
<b>Net present value of cash flow</b>	<b>2.17</b>	<b>3.35</b>	<b>2.57</b>	<b>2.10</b>	<b>1.90</b>

Source: Forecasted by the IFA

From the Net Free Cash Flow values above, the fair share price of SWCA will be as follows:

**Table 2-35: Calculation of free cash flow of SWCA**

SWCA	THB Million except per share
Present value of terminal value	17.85
<b>Total present value of free cash flow</b>	<b>29.73</b>
Add: Cash and short-term investment as of March 31, 2017	10.97
Less: Dividend paid after Q1/2017	<b>40.70</b>
<b>Net present value of free cash flow</b>	150.00
Number of paid-up shares (million shares) <sup>1/</sup> - Base Case	<b>0.271</b>
<b>Net present value of Free Cash Flow per share (THB/Share) <sup>2/</sup> - Base Case</b>	<b>0.136</b>

Source: Forecasted by the IFA

Remark: 1/ Calculated from the total number of paid-up shares of SWC as if SWC wholly owns SWCA

2/ Calculated from the actual number of shares SWC holds in SWCA, 50 percent.

## (12) Sensitivity Analysis

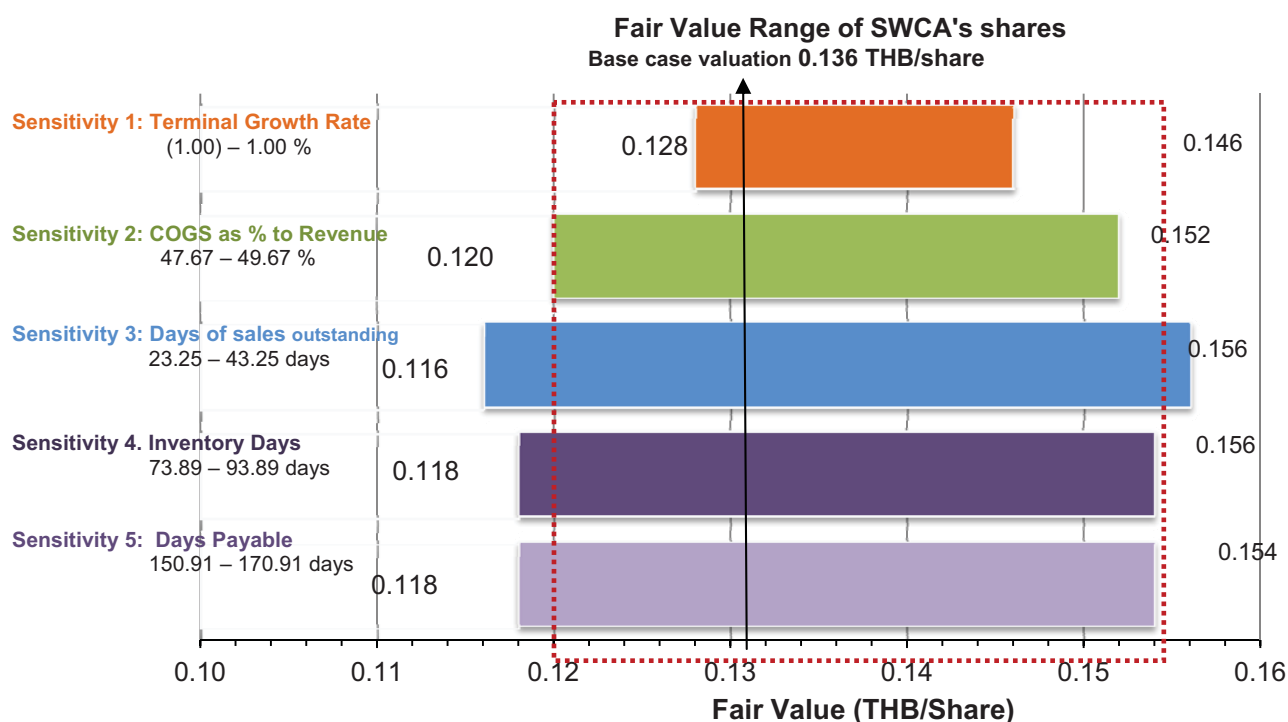
Based on the fact that the SWCA's share price valuation is based on various assumptions, the IFA conducted the sensitivity analysis in purpose of covering all the impacts from the change in significant factors.

The relevant factors to be analyzed are based on the Company's historical data considering the factor that is correlated to the revenue, expense, and cash flow which directly impacts to the SWCA's share price. Also, the analysis includes the range of changes taking in the past of each factor to determine the range for conducting sensitivity analysis. The relevant factors are as follow:

**Table 2-36: Summary of Sensitivity Analysis of SWCA**

The Sensitivity Analysis to the change of:		Details
Sensitivity 1	Terminal growth rate	The rate of growth increased/ (decreased) by 1.00 percent in the range of (1.00) -1.00 percent
Sensitivity 2	The proportion of cost of goods sold to the total revenue	The ratio of Cost of Goods Sold to the Total Sales Revenue increased/ (decreased) by 1.00 percent in the range of 47.67 – 49.67 percent
Sensitivity 3	Average days of sale outstanding	Number of days increased / (decreased) by 10 days in the range of 23.25 - 43.25 days
Sensitivity 4	Average days of inventory on hand	Number of days increased / (decreased) by 10 days in the range of 73.89 - 93.89 days
Sensitivity 5	Average days of payable outstanding	Number of days increased / (decreased) by 10 days in the range of 150.91 - 170.91 days

Remark : The sensitivity analysis above takes into consideration the effects of WACC in the range of 10.43% - 11.02% to capture the effects of Adjusted Beta of the Company within 1 – 3 year in the range of 0.883 – 0.95 which affected the WACC

**Diagram 2-4: Summary of Sensitivity Analysis to the changes in key factors of SWCA**

Source: Forecasted by the IFA

The Sensitivity Analysis above illustrates that Sensitivity 2: ratio of raw material cost to sales revenue and Cash cycle ratio 3-5 has the most impact on SWCA's share price. The IFA calculates using the Valuation Football Field method to derive the most appropriate fair-value range; SWCA's share value with the current DCF method is THB 0.114 - 0.149 per share.

### 2.5.3 Valuation of Company's Share Price by DCF Method

The IFA has evaluated the share price of each of the business under the same group as the Company, and used Sum-of-the-Parts as follows:

**Table 2-37: Summary of Company's Share Price by DCF approach**

Name of the business	Share price (THB per share)			
	Base Case	Lowest	-	Highest
Sherwood Chemicals Public Company Limited (Company Only) (SWC)	12.57	12.07	-	13.23
Sherwood Chemicals Australasia Limited (SWCA) <sup>1/</sup>	0.136	0.118	-	0.154
<b>Total</b>	<b>12.71</b>	<b>12.19</b>	<b>-</b>	<b>13.38</b>

Source: Projected by the IFA

Remark: 1/ SWC holds 50 of the total shares of SWCA

From the valuation of share price via Sum-of-the-Parts approach, the Company's share price of the base case equals to **THB 12.71 per share**, which is THB (0.55) (lower) than the Offering price of 13.25, or (4.15) percent lower. The valuation share price ranges from **THB 12.19 – 13.38 per share**, which is (1.07) - 0.13 per share or (8.08) - 0.98 percent (lower) higher than the Offer price of THB 13.25 respectively.

This approach of share price valuation uses the information according to: estimations from the Company, the interviews of the management and related parties. The result from this valuation is the fair share price that is reflected from the current situation of the economy. Any material changes to the Company's policy or to the economy that might have significant impacts on the Company's operating performance may also affect the intrinsic share price as well.



## 2.6 Summary of the Company's Intrinsic Value

The summary of the Company's valuation based on the different valuation methods is as follow:

**Table 2-38: The summary of the Company's fair price range**

	SWC's Price (THB/share)	Higher (lower) than the Tender Offer price <sup>1/</sup> (THB/share)	Higher (lower) than the Tender Offer price <sup>1/</sup> (percent)	The appropriateness of the valuation approach	
1) Book value approach	4.85	(8.40)	(63.4)	Inappropriate	
2) Adjusted book value approach	6.14	(7.11)	(53.6)	Inappropriate	
3) Weight volume average price	11.07 13.60	(2.81) – 0.35	(16.45) – 2.64	Inappropriate	
4) Market comparable approach					
4.1) Price to book value ratio (P/BV)	Foreign company Domestic company	16.91 18.27 9.11 – 10.61	3.66 – 5.02 (4.14) – (2.64)	27.62 – 37.89 (31.25.) - (19.92)	Inappropriate
4.2) Price to earnings ratio (P/E)	Foreign company Domestic company	35.07 – 36.68 12.65 – 15.79	21.82 – 23.43 (0.60) – 2.54	164.68 – 176.83 (4.53) – 19.17	Inappropriate
4.3) (EV/EBITDA)	Foreign company Domestic company	29.28 – 34.72 13.60 – 16.02	16.03 – 21.47 0.35 – 2.77	120.98 – 162.04 2.64 – 20.91	Inappropriate
5) Discounted cash flow approach (DCF)	Base case Sensitivity Analysis	12.71 12.19 – 13.38	(0.55) (1.07) – 0.13	(4.15) (8.08) – 0.98	Appropriate

Source: Projected by the IFA

Remark: <sup>1/</sup> Tender Offer price for SWC's share is THB 13.25 per share

From the table above, the SWC's share price will be in the range of THB 4.85 – 36.68 per share.

There are both advantages and disadvantages by using each valuation method to reflect the share price as follow:

### 1) Book Value Approach

This method reflects the value of shareholders' at any point in time and does not reflect the profit generating ability in the future, competitiveness of business, economic trend, and industry outlook. Therefore, the IFA sees that this valuation approach is not appropriate for the valuation of the fair value of the Company and unable to reflect the intrinsic value of the Company.

### 2) Adjusted Book Value Approach

Under this approach, the revaluation of the Company's assets is included in order to reflect the fair market value at any point in time. The adjusted book value is reflected by the revaluation of the assets, investment in securities, tax saving from losses carried forward, and contingent liabilities from the legal issues and any situations after the Company's fiscal year. However, this valuation method ignores the profit generating ability in the future and also the economic trend and industry outlook. The IFA considers this approach not appropriate for the valuation of the fair value of the Company and unable to reflect the intrinsic value of the Company.

### 3) Market Value Approach

By using the volume weighted average price method, it is a mechanism that driven by the demand and supply of the investors to the Company's securities which is able to reflect the Company's share price at that time and also the fundamental value and the investment demand based on the Company's potential growth in the future. Therefore, the historical prices of SWC's share are able to determine the Company's intrinsic value. However, the SWC's share is not able to reflect the Company's intrinsic value since due to its low liquidity based on the previous 7 to 360 days with the turnover ratio in the range of 0.13 – 0.68 of the total shares outstanding, this ratio is lower than the three-year average figure. Therefore, this method does not reflect the intrinsic value of the Company.

#### 4) Market Comparable Approach

This valuation approach reflects the investor's perspective on the Company and related industry outlook by considering the net asset value, profit generating ability, and cash flow from operation and ignoring the Company's future performance. This approach compares the market multiples between the listed companies worldwide which operate in the same or similar type of business or industry as the Company. However, there are limitations under this method such as the differences among the comparable listed companies, accounting policy, type of products, proportion of the revenue, target customer, business size, and the market capitalization etc. Also, the comparable companies are not directly comparable with the Company thus not a good benchmark to derive the Company's intrinsic value. Therefore, the IFA is of the opinion that this approach is not appropriate for the valuation of the fair value of the Company.

#### 5) Discounted Cash Flow Approach

This valuation approach is based on the analysis of the Company's historical data which are used to reflect the Company's future performance by considering the factors that are likely to impact the business operation such as policy and business operation plan, competitiveness of business, or revenue structure etc. On the assumptions regarding the projection of the Company's performance, the Company's historical data and business operation plan from the management team are included. Therefore, the IFA is of the opinion that this valuation approach is appropriate for the valuation of the fair value of the Company.

Under the discounted cash flow approach, the method is to calculate the Company's future cash flow from the financial projection on the assumptions given from the Company and set up under the economic conditions and current circumstance. However, if there are any changes in the future of such factors which could impact to the assumptions, the Company's financial projection might be distorted from the forecast or the relevant factors to forecast might change, and also the Company's intrinsic price would change.

The IFA is of the opinion that the discounted cash flow approach is the most appropriate method among other valuation approaches which is able to reflect the profit and future cash flow generating ability in the future. The IFA determined the Company's fair value under base case is equivalent to THB 12.71 per share which is lower than the Offering Price by THB 0.54 per share or lowers by 4.08 percent of the Offering Price. The IFA has conducted the sensitivity analysis of the significant factors that might affect the Company's fair value such as the terminal growth rate, the proportion of the cost of goods sold to the total revenue, and the components of cash conversion cycle. By considering the sensitivity analysis in the factors, the Company's fair value is in the range of THB 12.19 – 13.38 per share which have the lowest price in the range lower than the Offering Price by THB 1.06 per share or lower by 8.00 percent. On the other hand, the highest price in the range is slightly higher than the Offering Price by THB 0.13 per share or higher by 0.98 percent. Therefore, **the IFA is of the opinion that the Offering Price of THB 13.25 per share is appropriate.**

The SWC's share price, as of July 14, 2017 which is the beginning date of the Tender Offer period until July 31, 2017, declined to THB 13.20 per share (August 1, 2017) and the lowest price of THB 13.00 per share (July 27, 2017) which reflect the current market price (as of the valuation date) is close to the Tender Offer price.

The shareholders should also monitor the current market price in the stock exchange when considering this Tender Offer. In the case that the current market price is higher than the Tender Offer Price, the shareholders can alternatively sell the shares via the exchange. Nevertheless, the shareholders must beware of the trading liquidity as there may be a sharp drop in the market price with higher selling volume.

## Part 3: Rationales to accept and/or Reject the Tender Offer

The IFA has considered the Tender Offer (Form 274-4) and other related information and has the opinions toward the Shareholders as following:

### 3.1 Tender Offer Price of the Ordinary Share

The IFA has an opinion that the fair value of SWC's share price, according to the base case, is THB 12.71 per share, which is lower than the Offering Price by THB 0.54 per share or lower by 4.08 percent. In addition, the IFA performed the sensitivity analysis and resulted in the fair value in the range of THB 12.19 -13.38 per share. The Offering Price is within the aforementioned fair value price. The lowest price of the range is lower than the Offer Price by THB 1.06 per share, or lowers by 8.00 percent, whereas the highest price is slightly higher than the Offer Price by THB 0.13 per share, or higher by 0.98 percent. Therefore, the IFA has the opinion that at **the Offering Price of THB 13.25 per share is appropriate.**

### 3.2 Source of Fund to Finance the Tender Offer

In this Tender Offer, the Offeror offers to purchase securities of the Company of 96,002,400 shares, representing 64.00% of the total number of issued and paid-up shares of the Company, at the Offering Price of THB 13.25 per share. Given that all securities holders intend to sell all of their shares in this Tender Offer, the total value of shares of the Company offered to purchase under this Tender Offer will be equal to THB 1,272,031,800.

From the Tender Offer (Form 274-4), the Offeror will use a credit facility from United Overseas Bank (Thai) Public Company Limited in an amount not exceeding THB 1,280 million. The Offeror has already received a letter of confirmation from United Overseas Bank (Thai) Public Company Limited certifying that the Offeror will be provided with such credit facility for both direct and indirect purchase of shares of the Company, including the Tender Offer for all securities of the Company. Therefore, the amount of funds available from such financing source is sufficient for payment of the value of shares to be acquired from this Tender Offer. (*Details are presented in Attachment 9 of Form 247-4*). The IFA has interviewed the Tender Offer Preparer ("Beyond Advisor Company Limited") and considered that source of funds of the Offeror from the said letter of financial support and is of the opinion that the Offeror has sufficient financing source for this Tender Offer.

### 3.3 Other Considerations

#### 3.3.1 Ability to Accumulate Votes for Check and Balance

According to the agreement entered into by the Offeror, on July 14, 2017, the Offeror entered in to a share sale and purchase agreement amount of 43,394,9000 ordinary shares which accounts for 28.93 percent of total issued and paid-up ordinary of the Company. Therefore, after the sellers sell the share to the Offeror, the Offeror and the persons under the same group will aggregately hold 98,487,700 ordinary shares which accounts for 65.66 percent of the Company's total paid-up shares and voting rights. By not taking the number of other shares to be tendered, the Offeror will hold the shares that exceed 50.00 percent but less than 75.00 of total voting rights. Such percentage of shareholding results in the Offeror being able to control the Company's business operation and control over the outcome of the Company's shareholder meetings in

resolutions such as the appointment of directors or any other agendas which requires simple majority of more than half of total votes.

Moreover, should the shareholders accepted the Tender offer at least 9.34 percent of the Company's total issued and paid-up ordinary shares, the Offeror will gain the voting rights at least 75.00 percent of total voting rights. Accordingly, the Offeror will be able to control and influence on significant decision making. The Offeror would be able to control the Company's business operation and able to determine or amend business policies which requires super majority of at least three-fourth of the total voting rights of the participated shareholders in the meeting such as: capital increase, capital decrease, amalgamation or divestment, the issuance of debenture, and the sales of material assets.

The IFA is in the opinion that the increase in the shareholding of the Offeror from this Tender Offer has material impact as the minority shareholders is facing the risk of not able to accumulate voting rights for check and balance of the Tender Offeror.

### **3.3.2 Liquidity of SWC's Stock after the Tender Offer and Free Float to Minority Shareholders**

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On April 10, 2017, the Company's minority shareholders are aggregated of 891 investors which accounts for 38.32 percent of the Company's issued and paid-up shares. In purpose of maintaining the listed status in the SET, the Company has duty to comply to the regulatory requirement that the Company requires at least 150 minority shareholders with an aggregated shareholding not less than 15 percent of the Company's total paid-up shares. Therefore, after the Tender Offer period, should there be many retail investors accepting the Tender Offer, it may affect the listing status of the Company. Moreover, the free float size, which excludes the controlling shareholders, will be decreased. The liquidity of the securities will also be decreased which will affect the minority shareholder in trading their securities after the Tender Offer period. Nevertheless, the risk will be minimized if there were only few minority shareholders accepting the Tender Offer.

The IFA is of the opinion that the shareholders who are not able to bear the liquid risk of these securities should consider accepting this Tender Offer.

## **Part 4: Benefits or Impacts from Business Plan and Policies Disclosed in the Tender Offer Document**

The IFA considers the business plan and policies as disclosed by the Offeror in the Tender Offer Document (Form 247-4), together with other relevant information from the interview with the Company's Directors and other related documents. The opinions of the benefits or impacts from the business plan and policies are as follow:

### **4.1 Summary of policy and plan on business management after the Tender Offer**

#### **4.1.1 Status of the Company**

According to the Tender Offer Document (Form 247-4), after the completion of this Tender Offer, the Company will still maintain its listed company status on the mai. The Offeror has no plan to delist SWC shares during the next 12 months from the end of the Tender Offer period, except where the Offeror has duty to comply with the relevant laws, rules and regulations in effect at that time.

The IFA is of the opinion that the Company will retain its listed status. The shareholders will thus not be affected by any changes of the Company status and the risk of being delisted within the next 12 months from the end of the Tender Offer period.

However, the IFA views that the Company exposes to a risk in maintaining its listing status as the proportion of minority shareholders at present and after the end of tender offer period falls below the threshold specified in the regulation concerning the distribution of shareholding among minority shareholders (Free Float), which states that the Company must have at least 150 shareholders holding no less than 15% of the paid-up shares. If Free Float issue has not yet been resolved, there will be additional annual fee from the SET. The SET specifies a guideline to handle a listed company with insufficient Free Float by imposing additional annual fee to such company from the second year onwards until the issue is resolved. The additional fee depends on the length of violating period and number of minority shareholders below the requirement. (Source: www.set.or.th).

#### **4.1.2 Policy and plan on Business Operation, Organizational Structure, Management, Investment Plan, and Core Asset Disposal Plan**

According to the Tender Offer Document (Form 247-4), the Offeror has no intention to change the Company's main objective and no plan to revise the Company's policy or plan on business operation, organization structure, management, investment plan, core asset disposal plan, and dividend policy in material respects during the next 12 months from the end of the Tender Offer period. However, the Offeror may suggest the Company to consider reviewing or adjusting its policy and plan on business operation, organization structure, management, investment plan, and dividend policy as deemed fit and necessary by complying with the rules and regulations of the SEC and the SET on condition that they are applicable to the Company at that time. Moreover, in the case where there is any event that could materially affect the operation or financial position of the Company, the Offeror will take action in compliance with the rules and regulations of the SEC and the SET by upholding the interests of the Company and the shareholders as the utmost importance.

The IFA is of the opinion that the Offeror who is the Company's current shareholder and its two related persons are also the Company's Directors have been involving in the policy making process and business management plan. It is thus very unlikely that the Company will change its business operation within that said period. Moreover, should there are any significant changes of the Company's operation, the Offeror must seek approvals from the shareholders at the Shareholders' meeting with at least three-fourths of the total voting rights of the participated shareholders in the meeting. In addition, the Offeror must be also reported to the SEC prior to carry the aforementioned plan.

### 4.1.3 Structure of the Company's Board of Directors

As mentioned in the Tender Offer Document (Form 247-4), during the next 12 months after the end of the Offering Period, the Offeror may consider changing or reducing the seats of the Company's Board of Directors in corresponding with an increase in its shareholding in the Company. At present, the Offeror is in the process of considering the appropriate structure of the Company's Board of Directors after the Tender Offer. It is anticipated that the new Board of Directors may consist of the Offeror's representatives in an increasing proportion. Nevertheless, the new Board of Directors must comply with the law, rules, and regulations of the SEC and SET regarding the number and proportion of independent directors and audit committee which is applicable to the Company.

The name list of 8 directors on the Board of Directors as of July 14, 2017 are as follows:

**Table 4-1: Name list of Board of Directors as of August 1, 2017**

No.	Name	Position
1.	Mr. Chanin Yensudchai	Chairman of the Board of Director / Independent Director / Member of the Audit Committee
2.	Mr. Vichit Yamboonruang	Independent Director / Chairman of the Audit Committee
3.	Mr. Chinawat Assavapokee	Independent Director / Member of the Audit Committee
4.	Mr. Prachak Tangkaravakoon *	Director (The Authorized Signatory Director)
5.	Mr. Vonnarat Tangkaravakoon **	Director (The Authorized Signatory Director)
6.	Mr. Patana Sukontarug ***	Director
7.	Mr. Narongrit Tangkaravakoon	Director
8.	Mr. Narin Trisukosol	Director

Source: The Stock Exchange of Thailand

Remarks: Mr. Thakerngol Laobisuddhi served as Managing Director (Acting), effective July 3, 2017

\* One of the shareholders and ultimate beneficiaries of the Tender Offeror

\*\* One of the shareholders and ultimate beneficiaries of the Tender Offeror, and one of the authorized directors of Tender Offeror

\*\*\* Representative of the Sellers

Previously, the Company had 9 directors. On July 3, 2017, Mr. Previt Dechavichit resigned as the director as well as the Managing Director, resulting in the Company left with 8 directors.

The IFA is of the opinion that the Tender Offeror may make changes to the board structure as deemed appropriate. Nevertheless, the Tender Offeror must comply with the applicable rules and regulations, including board composition, number of independent directors and audit committee, as this serve as the protection of the interests of minority shareholders. In the short term, there should not be much impact from the changes in the structure of the board. Moreover, Mr. Prachak Tangkaravakoon and Mr. Vonnarat Tangkaravakoon who are currently one of the Company's directors also assisted in the business policy of the Company. They have no intention of changing the key objectives of the Company, and there is no intention of having material changes the policies within the next 12 months after the end of the Offering Period.

### 4.1.4 Dividend Policy

According to the Tender Offer Document (Form 247-4), the Offeror has no intention to change the Company's dividend policy within the next 12 months from the end of the Tender Offer period. However, the Offeror may suggest the Company to consider reviewing or adjusting its dividend policy as deemed appropriate and necessary.



The IFA is of the opinion that the impact toward the shareholders is less likely to be concerned as the dividend policy is not likely to be adjusted in the near future to comply with its rules and regulations. Should there be any material changes, the Company must seek prior approval from the shareholders' meeting so as to comply with the rules and regulations. Currently, the Company is paying its dividend at least 40 percent of its earnings after tax and appropriation for the required reserves. Nevertheless, there are other factors taken into consideration with regarding to the dividend payout. Over the past three years, the Company paid out dividends to the shareholders as follows:

**Table 4-2: Dividend per share on previous three consecutive years (FY14-16)**

Fiscal year	2014	2015	2016
Dividend per share (THB/share)	0.40	0.45	0.45
Earnings per share (THB/share)	0.59	0.81	1.03
Dividend payout ratio (%)	68.31	55.30	43.57

Source: Form 56-1 of the Company and the Stock Exchange of Thailand

#### 4.1.5 Related Party Transactions

As stated in the Tender Offer (form 247-4), during the years 2014-2016 and Q1/2017, the Company has the related party transaction as follow:

1. Directors and Major Shareholders of TOA Paint (Thailand) Company Limited ("TOA") also are Directors and Major Shareholders of the Offeror. The related transactions involved the revenue from sales and trade receivable as TOA is appointed as Company's distributor.
2. Mr. Vonnarat Tangkaravakoon, who is a shareholder under the same group as the Offeror and Director of both the Company and the Offeror. The related transactions involved the advisory fee in exchange for financial advices, though the contract is currently expired.

The Tender Offer states that "During the year 2014-16 and Q1/2017, the Company had related party transactions with the Offeror, which is to appoint TOA (Thailand) Company as the Company's distributor and employment of Mr. Vonnarat Tangkaravakoon as a Company' financial advisor. Such transactions are in accordance with the business conditions and/ or financial status of the Company, which has been disclosed in the Company's financial statement and comply with the rules, regulations and laws of the SET and the SEC. This has been considered with reasonableness and in the Company's best interest. The existing related party transactions will continue to occur within 12 months after the Offering Period ends. If there will be other related party transactions in the future, the Company will comply with the business regulations, rules and laws of Public Limited Company Act BE 1992 and regulations of the SET and the SEC. This also includes the compliance with disclosure of connected transactions and the acquisition or disposal of significant assets, as long as it still applies to the business at the time.

The IFA is of the opinion that, the Company and the Offeror have related party transactions from the past to the present, in which the transactions comply with the rules and regulations of the SET and the SEC. The transactions will still exist after the Tender Offer period and that the Company will conduct its business in accordance with the rules and regulations of the SEC and the SET.

#### 4.1.6 Share Sell Plan

The Offeror has no plan to sell or transfer a significant amount of shares of the Company acquired from this Tender Offer to other party within 12 months from the end of the Tender Offer period, except in the case of business restructuring or reorganization or shareholding restructuring in the group of the Offeror or in the case where the Offeror is obligated to comply with other applicable laws, rules and regulations or commitments under the agreement that the Offeror and/or the Company are obligated to fulfill at that time.

The IFA is unable to find a valid reason or evident that the Offeror will sell significant number of Company's Ordinary shares.



**4.2 Benefits and impacts to Shareholders who reject the Tender Offer  
(only for the case of Delisting Tender Offer)**

- None –

This Tender Offer is not a delisting Tender Offer.

**Part 5: Conclusion of Opinion of Independent Financial Advisor**

I V Global Securities Public Company Limited as the Independent Financial Advisor (IFA) to shareholders is of the opinion that the discounted cash flow approach (DCF) is the most appropriate method among other valuation approaches which is able to reflect the profit and future cash flow generating ability in the future. The IFA determined the Company's fair value under base case is equivalent to THB 12.71 per share which is lower than the Offering Price by THB 0.54 per share or lower by 4.08 percent of the Offering Price. The IFA has conducted the sensitivity analysis and found that the Company's fair value is in the range of THB 12.19 – 13.38 per share which has the lowest value in the range lower than the Offering Price by THB 1.06 per share or lower by 8.00 percent of the Offering Price. On the other hand, the highest value in the range is slightly higher than the Offering Price by THB 0.13 per share or higher by 0.98 percent of the Offering Price. Therefore, the IFA is of the opinion that the **Tender Offer Price of THB 13.25 per share is appropriate.**

In addition, the Company's status, policy and plan on business management, organization structure, management and investment, asset disposition, dividend payment policy and related parties transaction shall not be subject to significant changes within 12 months after the end of the Offering Period. However, the Offeror may consider changing or reducing the number of directors of the Company to be in line with the increased percentage of shareholding by the Offeror.

In conclusion, IFA views that **the shareholders should accept the Tender Offer** because the Offering Price is higher than the Company's fair value under the base case and the Offering Price falls within the valuation range of the IFA. Moreover, the acceptance of tender offer may be an option to the minority shareholders to reduce the risk or other impact that may arise in the future such as: the risk from accumulating adequate voting rights to audit the company's operations; the risk of maintaining the listing status; the risk from changing of the structure of the Company's Board of Director; and the risk of trading liquidity because in the past the trading liquidity and trading volume of the Company's shares is considered low which may cause the shareholders to be at risk of not being able to sell their shares at the desired price and volume within the desired period.

The shareholders should also consider the Company's current market price before making a decision. In the case that the share price is higher than the Offering Price, the shareholders have an option to sell shares in the stock market. However, the shareholders should consider the liquidity of SWC's shares and the negative effect on SWC's price when there is a large quantity of selling volume.

However, a final decision whether to accept or reject the Tender Offer rests primarily with the individual shareholders' discretion. The shareholders should study information contained in the Tender Offer statement (Form 247-4), the Opinion of the Company regarding the Tender Offer (Form 250-2) and this Opinion Report of Independent Financial Advisor along with other related information provided in Form 250-2 and use these information as a basis for consideration to make their own decision to accept or reject this Tender Offer suitably. This Opinion Report will be complete if it is being considered as a whole. The IFA shall not be held responsible from the disclosure, reference or dissemination of the Opinion Report in part without approval from the IFA.

I V Global Securities PLC, as the Independent Financial Advisor, hereby certifies that we have provided the above opinion diligently in accordance with professional standards for the benefits of the shareholders.

Yours Faithfully,

Independent Financial Advisor  
I V Global Securities Public Company Limited



(Mr. Pisit Jeungpraditphan, CFA, CAIA)

Senior Vice President  
Supervisor  
Financial Advisory



(Mrs. Sriporn Sudthipongse)

President and CEO

## Attachment A

### **Summary of the Appraisal of Properties of Sherwood Chemicals Public Company Limited**

The Company appointed Grow Estimation Company Limited as (the “**Independent Property Appraiser**”), an independent property appraiser approved by the SEC, to appraise the Company’s properties for the public purpose. The IFA has considered adjusting the book value of the properties to be increased or decreased based on the property evaluation of the Independent Property Appraiser.

The lists of two assets which are land and building, and machinery and equipment there were appraised are as follow:

**Table A-1: Land under Property 1 and the buildings within the compound**

Location	90/1 Moo 9, Wellgrow Industrial Estate, Bangna Trad Road (Highway no.34), Km.36 Tambon Bang Wua, Amphoe Bang Pakong, Chachoengsao
Type of Property	1 plot of land, 7 buildings and renovation
Under Bang Pakong Province Comprehensive Plan (B.E.2558)	Under industrial and warehouse zone (purple zone)
Land Title	1 plot of land, Title Deed No.20826
Ownership	Sherwood Chemicals Public Company Limited
Contractual Obligations	None
Size	9-3-93.0 Rai
Appraised market value	THB 176,980,000
Appraiser	Grow Estimation Company Limited
Appraisal Date	July 21, 2017
Appraisal Approach	Appraised the market value of land by using Market Comparison Approach <ul style="list-style-type: none"><li>• Compared to three properties by considering its physical characteristics of property, shape, size, utility, environment, and location</li><li>• Appraised price from Independent Property Appraisal was 23,000 per sq. wah</li></ul> Appraised the market value of building by using the Depreciated Replacement Cost Approach <ul style="list-style-type: none"><li>• Estimate the replacement cost of new building at the appraisal date deducted by the depreciation cost considered from physical deterioration and economic obsolescence</li></ul>

Source: Independent Property Appraiser Report dated on July 21, 2017 Report Reference No.: GROW-GL-02447-60

**Table A-2: Machinery and Equipment on Land under Property**

Location	90/1 Moo 9, Wellgrow Industrial Estate, Bangna Trad Road (Highway no.34), Km.36 Tambon Bang Wua, Amphoe Bang Pakong, Chachoengsao
Type of Property	Machinery and Equipment
Ownership	Sherwood Chemicals Public Company Limited
Property Detail	Appraised properties are machinery and equipment used in the manufacturing process of chemical products for household and industrial.
Registered Property	- With reference to each property according to the Asset Code of the Company Property Registrar - Appraised machinery have not been registered to the Central Office for Machinery Registration
Number of assets	518 Units
Appraised market value	THB 65,845,000
Appraiser	Grow Estimation Company Limited
Appraisal Date	July 21, 2017
Appraisal Approach	Appraised the market value of machinery and equipment by using the Depreciated Replacement Cost Approach <ul style="list-style-type: none"> <li>Estimate the replacement cost of new machinery and equipment which have similar function to the appraised machinery and equipment at the appraisal date deducted by the depreciation cost considered from physical deterioration, functional obsolescence, and economic obsolescence</li> </ul>

Source: Independent Property Appraiser Report Dated on 21 July 2017 Report Reference No.: GROW-GL-02448-60

**Table A-3: Land under Property 2 and the buildings within the compound**

Location	109 Moo 20, Wellgrow Industrial Estate, Bangna Trad Road (Highway no.34), Km.36 Tambon Bang Wua, Amphoe Bang Pakong, Chachoengsao
Type of Property	3 plot of land, 7 buildings and renovation
Under Bang Pakong Province Comprehensive Plan (B.E.2558)	Under industrial and warehouse zone (purple zone)
Land Title	1 plot of land, Title Deed No.20826
Property Owner	Sherwood Chemicals Public Company Limited
Contractual Obligations	None
Size	18-0-51.0 Rai
Appraised market value	THB 251,000,000
Appraiser	Grow Estimation Company Limited
Appraisal Date	July 21, 2017
Appraisal Approach	Appraised the market value of land by using Market Comparison Approach <ul style="list-style-type: none"> <li>Compared to three properties by considering its physical characteristics of property, shape, size, utility, environment, and location</li> <li>Appraised price from Independent Property Appraisal was 22,000 per sq. wha</li> </ul> Appraised the market value of building by using the Depreciated Replacement Cost Approach <ul style="list-style-type: none"> <li>Estimate the replacement cost of new building at the appraisal date deducted by the depreciation cost considered from physical deterioration and economic obsolescence</li> </ul>

Source: Independent Property Appraiser Report Dated on July 21, 2017 Report Reference No.: GROW-GL-02449-60

**Table A-4: Machinery and Equipment on Land Section 2**

Location	109 Moo 20, Wellgrow Industrial Estate, Bangna Trad Road (Highway no.34), Km.36 Tambon Bang Wua, Amphoe Bang Pakong, Chachoengsao
Type of Property	Machinery and Equipment
Ownership	Sherwood Chemicals Public Company Limited
Property Detail	Appraised properties are machinery and equipment used in the manufacturing process of chemical products for household and industrial.
Registered Property	- With reference to each property according to the Asset Code of the Company Property Registrar - Appraised machinery have not been registered to the Central Office for Machinery Registration
Number of assets	174 Units
Appraised market value	THB 9,328,000
Appraiser	Grow Estimation Company Limited
Appraisal Date	July 21, 2017
Appraisal Approach	Appraised the market value of machinery and equipment by using the Depreciated Replacement Cost Approach <ul style="list-style-type: none"> <li>• Estimate the replacement cost of new machinery and equipment which have similar function to the appraised machinery and equipment at the appraisal date deducted by the depreciation cost considered from physical deterioration, functional obsolescence, and economic obsolescence</li> </ul>

Source: Independent Property Appraiser Report dated on July 21, 2017 Report Reference No.: GROW-GL-02450-60