

Agenda Item 7:

To consider and approve the transfer of business from Delta Green Industrial (Thailand) Company Limited, a subsidiary of the Company

Opinion of the Board of Directors

The Board of Directors recommends that the shareholders approve this agenda item, as the transaction is expected to enhance operational efficiency, streamline the Group's structure, and strengthen long-term competitiveness without causing any adverse impact on shareholders.

Summary for Consideration

The Company plans to accept the transfer of business from Delta Green Industrial (Thailand) Company Limited ("DGIT"), a wholly owned subsidiary, as part of an internal restructuring within the Group. The integration of manufacturing, distribution, and solutions businesses under a single entity is expected to improve operational efficiency, reduce redundancies, and enhance competitiveness.

This transaction constitutes a restructuring within the same group under common control. As the Company holds 100% of the shares in DGIT, the business transfer will not affect the shareholding structure, nor will it result in any dilution.

1. Background and Rationale

- DGIT operates in the retail business of electronic components and solutions, while the Company focuses on manufacturing and wholesale distribution.
- The restructuring aims to:
 - Integrate the entire value chain under a unified structure
 - Reduce management and operational redundancies
 - Improve resource utilization within the Group
 - Strengthen long-term stability and competitiveness

2. Key Transaction Details

- **Transaction Type:** Business transfer within the Group under common control
- **Scope of Transfer:**
 - Assets and businesses used in DGIT's operations
 - Investment, including 100% shareholding in Eltek Power Co., Ltd.
- **Transaction Value:**
 - Not lower than fair value, as appraised by an independent valuer approved by the SEC
- **Timeline:**
 - Expected to be completed within 2026
- **Post-Transaction:**
 - DGIT will be dissolved and liquidated
 - Remaining assets (including proceeds from the transfer) will be returned to the Company through the liquidation process

3. Impact on Shareholders

- No dilution, as this is an intra-group transaction
- Neutral financial impact at the consolidated level
- Long-term benefits include:
 - Cost reduction from eliminating redundancies
 - Improved operational efficiency
 - Strengthened integrated business structure

4. Governance and Transparency

- The transaction will:
 - Be conducted at fair value
 - Be evaluated by an independent appraiser
 - Be subject to Board of Directors' review and approval prior to execution
 - Obtain an opinion from an Independent Financial Advisor (IFA) as required by law
- Delegation to the Board of Directors:
 - Intended to ensure flexibility in execution
 - Must remain within the scope approved by shareholders
- No conflict of interest, as this is a transaction within a wholly owned group

5. Legal and Regulatory Considerations

- This transaction:
 - Does not constitute an acquisition or disposition of assets
 - Is exempt from connected transaction requirements
- However, it requires approval from the shareholders' meeting pursuant to Section 107 (2)(b)
- Approval must be obtained by no less than three-fourths of the votes of shareholders present and entitled to vote

6. Risks and Mitigation Measures

- **Operational Risk:** Managed through Board oversight
- **Valuation Risk:** Mitigated by using an independent appraiser
- **Integration Risk:** Managed through centralized integration planning

Conclusion

This transaction is an internal restructuring that does not result in dilution and is aimed at enhancing efficiency and long-term competitiveness. The Board of Directors considers that the transaction is in the best interest of the Company and its shareholders and therefore recommends that the shareholders approve this proposal.