

Facts and Rationale
to Support the Shareholders' Consideration

Agenda 1 To acknowledge the minutes of the 2018 Annual General Meeting of Shareholders

Facts and Rationale

The Company Secretary prepared the minutes of the 2018 Annual General Meeting of Shareholders held on Friday, 20 April 2018, which were subsequently certified by the Board who viewed that the minutes was correctly recorded according to the resolutions of the 2018 Annual General Meeting of Shareholders (“**2018 AGM**”). Apart from having been delivered to the Stock Exchange of Thailand within 14 days from the date of the meeting as required by law, the minutes have also been posted on the Company’s website at www.satpcl.co.th for acknowledgement and examination of its accuracy by the shareholders within a reasonable period of time. Nobody raised any objection or requested an amendment to the minutes, as detailed in Enclosure 2. Therefore, it was deemed appropriate to present the minutes of the 2018 AGM to the 2019 AGM for acknowledgment.

Agenda 2 To acknowledge the report on the Company’s operating results for the year 2018

Facts and Rationale

The Company has prepared the report of the Board with respect to its 2018 operating results ended as at 31 December 2018. The Board has considered such report and viewed that such report is correct, complete and sufficient. Therefore, it was deemed appropriate to present the report on the Company’s operating results for the year 2018 ended as at 31 December 2018 to the 2019 AGM for acknowledgment as appeared in the 2018 Annual Report (Enclosure 3).

Agenda 3 To consider and approve the balance sheet and profit and loss statements for the fiscal year ended as at 31 December 2018

Facts and Rationale

The balance sheet and the profit and loss statements for the fiscal year ended as at 31 December 2018 have been prepared by the Company according to the details as appeared in the 2018 Annual Report (Enclosure 3) and audited by its auditor. Furthermore, the Audit and Corporate Governance Committee and the Board has considered and viewed that they are correct, complete and sufficient pursuant to the generally accepted accounting standards. Therefore, it was deemed appropriate to propose the 2019 AGM to consider and approve the balance sheet and the profit and loss statements for the accounting period ended as at 31 December 2018.

Agenda 4 To acknowledge the payment of interim dividend

Facts and Rationale

Section 115 of the Public Limited Companies Act B.E. 2535 (A.D. 1992) (including any amendment thereto) and Article 45 of the Company’s Articles of Association allow the Board of Directors to distribute an interim dividend to shareholders at any time when it sees that the Company has a sufficient profit to afford the

interim dividend payment. In such event, the Board of Directors must report the matter to the shareholders at the next general meeting.

The Board deemed that it is appropriate to inform the 2019 AGM that the Board's Meeting No.7/2018 held on 10 August 2018 resolved to approve the payment of the interim dividend to the shareholders whose names appeared on the share register book as at 24 August 2018 at the rate of Baht 0.35 per share, amounting to Baht 148,817,862.90. All of the paid dividend is derived from the BOI Promoted business in amount of Baht 46,643,770.17 at the rate of Baht 0.11 per share and from net profit at the corporate income tax at the rate of 10 percent in the amount of Baht 81,212,033.75 at the rate of Baht 0.19 per share and from net profit at the corporate income tax at the rate of 20 percent in the amount of Baht 20,962,058.97 at the rate of Baht 0.05 per share. The shareholders receiving the dividend payment will be subject to withholding tax deduction at the rate of 10 percent only for the dividend paid from net profit at the corporate income tax at the rate of 10 and 20 percent. The Company already paid the interim dividend to those shareholders on 6 September 2018.

Agenda 5 To consider and approve the appropriation of profit in respect of the 2018 operating results

Facts and Rationale

Section 115 of the Public Limited Companies Act B.E. 2535 (A.D. 1992) (including any amendment thereto) and Article 44 of the Company's Articles of Association allow the company to pay a dividend from its profit only. Under Section 116 of the Public Limited Companies Act B.E. 2535 (A.D. 1992) (including any amendment thereto) and Article 43 of the Company's Articles of Association, the Company must allocate five (5) percent or more of its annual net profit, less accumulated losses (if any), as a legal reserve until such legal reserve is equal to at least ten (10) percent of its registered capital.

In addition, the Company has a policy to allocate certain portion of its annual net profit for its annual dividend distribution, taking into account the following conditions: (i) its operating results (ii) there are no accumulated losses (iii) there is sufficient cash flow for dividend payment and (iv) future investment. It is a policy of the Company to pay dividend at a minimum rate of 30 (thirty) percent of its net profit after tax deduction and legal reserve. However, the dividend payment is also subject to the Company's investment and financial plans.

In accordance with the Company's operating results for the accounting year ended as at 31 December 2018, the Company's net profit is equal to Baht 915,596,702. Therefore, the Board deemed that it is appropriate to propose the 2019 AGM to consider and approve the appropriation of annual profit in respect of the 2018 operating results as a dividend to the Company's shareholders at the rate of Baht 1.35 per share, which has already been partly paid as the interim dividend at the rate of Baht 0.35 per share on 6 September 2018 with a remaining amount to pay at the rate of Baht 1.00 per share, totaling Baht 425,193,894.00. All of the dividend to be paid is derived from the BOI Promoted business at the rate of Baht 0.16 per share, totaling Baht 69,221,565.94 and from net profit at the corporate income tax at the rate of 10 percent at the rate of Baht 0.23 per share, totaling Baht 103,371,524.16 and from net profit at the corporate income tax at the rate of 20 percent at the rate of Baht 0.61 per share, totaling 258,773,003.88. The shareholders receiving the dividend payment will be subject to withholding tax deduction at the rate of 10 percent only for the dividend paid from net profit at the corporate income tax at the rate of 10 and 20 percent. The dividend will be paid to the shareholders whose names appear on 28 February 2019 (Record Date) which the Company specifies the list of shareholders entitled to attend the 2019 AGM and receive the dividend and the Company will make the dividend payment on 7 May 2019. The dividend payout is equal to 63 percent of the net profit after corporate income tax deductions, which is in line and in accordance with the Company's dividend policy.

The right to receive dividends as outlined above will remain uncertain until the 2019 AGM grants its approval. The comparison of the dividend payout rates is as follows:

Comparison of the dividend payout rates from 2014 to 2018

Details of dividend payment	Year 2018 proposed year	Year 2017 past year	Year 2016 past year	Year 2015 past year	Year 2014 past year
1. Net Profit	Baht 915,596,702	Baht 811,240,893	Baht 607,557,665	Baht 641,538,005	Baht 649,834,968
2. Number of shares	425,193,894 shares	425,193,894 shares	425,193,894 shares	425,193,894 shares	425,193,894 shares
3. Dividend payout rate per share share	Baht 1.35: share	Baht 0.90: share	Baht 0.60: share	Baht 0.60: share	Baht 0.60: share
4. Total amount of dividend	Baht 574,011,756.90	Baht 382,674,504.60	Baht 255,116,336.40	Baht 255,116,336.40	Baht 255,116,336.40
5. Dividend payout against net profit after taxshare	63.00 percent	47.17 percent	42.00 percent	39.77 percent	39.26 percent

In addition, the Company has made full reserve as required by law. Therefore, no provision of additional reserve is required at this 2019 AGM.

Agenda 6 To consider and approve the appointment of directors in place of those retiring by rotation

Facts and Rationale

Under Article 17 of the Company's Articles of Association, one-third of the directors must retire from office at each general meeting and those directors who have been in office the longest must retire first. If the number of directors makes it impossible to divide them into three equal parts, the number of directors nearest to one-third shall vacate the office. Under Article 18 of the Company's Articles of Association, the directors who retire may be re-elected to resume their office.

For this year, there are three (3) directors who shall retire by rotation:

- | | | |
|-------------------|-------------|----------|
| 1. Mr. Yongyuth | Kitaphanich | Director |
| 2. Mr. Prayong | Hirunyanich | Director |
| 3. Miss Napatsorn | Kitaphanich | Director |

The shareholders were given the opportunity to nominate the names of qualified persons for being considered to be elected as directors in accordance with the nomination process from 28 September 2018 to 31 December 2018 through the website of the Company. However, no shareholders nominated any qualified persons to be elected as the directors.

The Nomination and Remuneration Committee and the Board has considered in accordance with the selection criteria and method by taking into account the structure of the Board and screened the qualifications of directors individually in many aspects and viewed that the 3 directors, who are due to retire by rotation, possess appropriate qualification in the aspect of knowledge, capability and experience which will be beneficial to the Company's operation. Therefore, it was deemed appropriate to propose the 2019 AGM to consider and approve the appointment of the 3 directors to retain their directorship for another term.

As for Mr. Prayong Hirunyanich who are due to retire by rotation in 2019, The Nomination and Remuneration Committee has considered and examined his qualifications and viewed that Mr. Prayong Hirunyanich is fully qualified to be appointed as independent director in accordance with Clause 17 of the Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares, and the Board's Meeting No. 1/2019, held on 24 January 2019, resolved to approve the change of the position of Mr. Prayong Hirunyanich from a director to an independent director. The Board has considered and viewed that the person nominated for independent director position is able to independently give opinion and such appointment is in accordance with relevant regulations. Therefore, it was deemed appropriate to propose the AGM 2019 to consider and approve the appointment accordingly.

Profiles of the nominated persons to be the directors is as appeared in Enclosure 4 and the qualifications of the Company's independent directors (Definition of Independent Director) is in accordance with the requirements of the Capital Market Supervisory Board as appeared in the 2018 Annual Report under the section "Structure and Components of Board of Directors", Enclosure 3.

Agenda 7 To consider and approve the 2019 remuneration of directors

Facts and Rationale

The Nomination and Remuneration Committee has conducted the survey on the directors' and sub-committees' remuneration for the year 2019, taking into account the scope of responsibilities and performance of the directors by using a comparison with other companies in the same industry having the same capacity and nature of business, and a report on the directors' remuneration conducted by the Thai Institute of Directors (IOD). Therefore, it was deemed appropriate to propose the 2019 AGM to consider and approve the directors' remuneration for the year 2019 up to a maximum of Baht 14 million (equal to the past year) as follows:

The Board and Sub-Committee Remunerations	2019 (Proposed Year)		2018 (Past Year)	
	Monthly (Baht)	Meeting Allowance/Meeting (Baht)	Monthly (Baht)	Meeting Allowance/Meeting (Baht)
1. The Board				
• Chairman	36,000	54,000	36,000	54,000
• Vice Chairman	25,000	37,500	25,000	37,500
• Other Directors	20,000	30,000	20,000	30,000
2. The Executive Board				
• Chairman	-	45,000	-	45,000
• Vice Chairman	-	37,500	-	37,500
• Other Executive Board	-	30,000	-	30,000
Those on the executive director who has a management role are not entitled to receive monthly remuneration and meeting allowances				
3. Sub Committee (1) The Audit and Corporate Governance Committee (2) The Nomination and Remuneration Committee				
• Chairman	-	45,000	-	45,000
• Other Directors	-	30,000	-	30,000
4. Bonus	5 million		5 million	
5. Other Benefit	None		None	

*Remark: The 2018 AGM approved the directors' remuneration for the year 2018 of up to a total amount of Baht 14 million, consisting of the monthly remuneration and meeting allowances per meeting totaling Baht 9 million and an annual bonus of Baht 5 million.

Agenda 8 To consider and approve the appointment of the auditor and fix his/her remuneration for the year 2019

Facts and Rationale

Section 120 of the Public Limited Companies Act B.E. 2535 (A.D. 1992) (including any amendment thereto) requires that each annual general meeting of shareholders appoints an auditor and fixes his/her remuneration year to year. An existing auditor is eligible for re-election. In addition, under the Notification of the Capital Market Supervisory Board No. Tor Jor. 44/2556 Re: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-Financial Information of Securities Issuers as amended by the Notification of the Capital Market Supervisory Board No. Tor Jor. 75/2561 Re: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-Financial Information of Securities (No. 14), an issuing company must ensure the rotation of its auditor in the event that any auditor has been appointed to conduct the audit work for such company for more than seven (7) accounting years whether consecutively or not.

The Audit and Corporate Governance Committee has considered and viewed that the auditor from KPMG Phoomchai Audit Limited possesses knowledge and experience in performing audit work, and has been performing duties within the scope of work as assigned and properly providing advice and suggestion to the company. The auditor also has a satisfying performance and whose qualifications meet the requirements of the relevant rules, notifications and regulations. Therefore it was deemed appropriate to appoint Mr. Sakda Kaothanthong (Certified Public Accountant No. 4628) and/or Mr. Bunyarit Thanormcharoen (Certified Public Accountant No. 7900) and/or Ms. Siripen Sukcharoenyingyong (Certified Public Accountant No. 3636) of KPMG Phoomchai Audit Limited to be the Company's auditor for the year 2019 (the fifth year). In the case that the said auditor cannot perform his/her duty, KPMG Phoomchai Audit Limited shall provide its alternative auditor to audit and provide an opinion on the financial statements in place of such auditors.

The auditor's remuneration for the year 2019 amounts to Baht 1,491,000, which increases from the year 2018. This amount includes the audit work relating to the Company's BOI promoted business. None of the above auditors provides other services, except for the audit service, to the Company or have any relationship and/or conflict of interest in or with the Company or its subsidiaries, executives or major shareholders and any related parties of such persons.

With respect to the 4 subsidiaries i.e. (1) Bangkok Spring Industrial Company Limited (2) Somboon Malleable Iron Industrial Company Limited (3) International Casting Products Company Limited and (4) Somboon Forging Technology Company Limited, the audit fees for these four companies are collectively Baht 2,100,000, which includes the audit fees for the BOI promoted business. Mr. Sakda Kaothanthong (Certified Public Accountant No. 4628) and/or Mr. Bunyarit Thanormcharoen (Certified Public Accountant No. 7900) and/or Ms. Siripen Sukcharoenyingyong (Certified Public Accountant No. 3636) of KPMG Phoomchai Audit Limited will be appointed as auditors for the year 2019. In the case that the said auditor cannot perform his/her duty, KPMG Phoomchai Audit Limited shall provide its alternative auditor to audit and provide an opinion on the financial statements in place of such auditors. None of the above auditors provides other services, except for the audit service, to the company or have any relationship and/or conflict of interest in or with the company or its subsidiaries, executives or major shareholders and any related parties of such persons.

Audit Remuneration	2019 (Proposed Year (Baht))	2018 (Past Year (Baht))
<u>Auditing Fee for Somboon Advance Technology Public Company Limited</u> including an audit of the Company's BOI promoted business	1,491,000	1,426,000
<u>Auditing Fee for 4 subsidiaries</u> including an audit of their BOI promoted businesses:	2,100,000	2,045,000
1) Somboon Malleable Iron Industrial Company Limited: Baht 1,050,000		
2) Bangkok Spring Industrial Company Limited: Baht 150,000		
3) International Casting Products Company Limited: Baht 670,000		
4) Somboon Forging Technology Company Limited: Baht 230,000		
Other Fee	None	None

Remark: Exclusive of transportation fees, copying costs and other expenses relating to audit.

The Board has considered the endorsement from the Audit and Corporate Governance Committee to propose the 2019 AGM to consider and appoint (1) Mr. Sakda Kaothanthong (Certified Public Accountant No. 4628) and/or (2) Mr. Bunyarit Thanormcharoen (Certified Public Accountant No. 7900) and/or (3) Ms. Siripen Sukcharoenyingyong (Certified Public Accountant No. 3636) of KPMG Phoomchai Audit Limited to be the Company's auditor for the year 2019 and anyone of them shall be the auditor who audit and provide the opinion on the financial statements. In the case that the auditor cannot perform his/her duty, KPMG Phoomchai Audit Limited shall provide its alternative auditor to audit and provide an opinion on the financial statements in place of such auditors, and fix the auditor's remuneration for the year 2019 in the amount of Baht 1,491,000 for the Company and Baht 2,100,000 for the 4 subsidiaries.

Agenda 9 Other business (if any)

This agenda is for the shareholders to ask question and/or for the Board to answer or clarify matter (if any) to the shareholders. No other business will be considered and approved or resolved under this agenda.