

**Facts and Rationale**  
**to Support the Shareholders' Consideration**

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**Agenda 1 To consider and acknowledge the Minutes of the 2019 Annual General Meeting of Shareholders**

Facts and Rationale

The Company's Secretary prepared the Minutes of the 2019 Annual General Meeting of Shareholders held on Tuesday, 23 April 2019, which were subsequently considered and certified by the Company's Board who viewed that the Minutes was correctly recorded according to the resolutions of the 2019 Annual General Meeting of Shareholders ("2019 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](http://www.satpcl.co.th) for the shareholders to acknowledge and examine its accuracy for 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 2019 AGM to the 2020 AGM for acknowledgment.

**Agenda 2 To consider and acknowledge the Company's operating result for the year 2019**

Facts and Rationale

The Company has prepared the report of the Board with respect to the Company's operating result for the year 2019 ended as at 31 December 2019. The Board has considered such report and viewed that such report is correct, complete and sufficient. Therefore, it was deemed appropriate to report the Company's operating result for the year 2019 ended as at 31 December 2019 to the 2020 AGM for acknowledgment, as appeared in the 2019 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 2019**

Facts and Rationale

The balance sheet and the profit and loss statements for the fiscal year ended as at 31 December 2019 have been prepared by the Company, the details as appeared in the 2019 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 2020 AGM to consider and approve the balance sheet and the profit and loss statements for the fiscal year ended as at 31 December 2019.

**Agenda 4 To consider and acknowledge the two interim dividend payments**

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 2020 AGM for acknowledgement of the two interim dividend payments at the rate of Baht 1.35 per share in total, totaling Baht 574,011,756.90, as follows:

- (1) the first interim dividend payment from the first half of 2019 operating results in accordance with the resolution of the Board's Meeting No. 8/2019 held on 8 August 2019 at the rate of Baht 0.35 per share, totaling Baht 148,817,862.90. The dividend was paid from the promoted business (BOI), totaling Baht 26,943,941.34 at the rate of Baht 0.0634 per share, from taxable profits at the corporate income tax at the rate of 10 percent, totaling Baht 59,942,831.12 at the rate of baht 0.1410 per share and from taxable profits at the corporate income tax at the rate of 20 percent, totaling Baht 61,931,090.44 at the rate of Baht 0.1456 per share. The shareholders receiving the dividend payment would be subject to withholding tax deduction at the rate of 10 percent only for the dividend paid from the taxable profits at the corporate income tax at the rate of 10 and 20 percent. The Company already paid such interim dividend to the shareholders on 6 September 2019;
- (2) the second interim dividend payment from the Company's profit according to the financial statement ended as at 31 December 2019 in accordance with the resolution of the Board's Meeting No. 5/2020 held on 6 April 2020 at the rate of Baht 1.00 per share, totaling Baht 425,193,894.00. The dividend was paid from the promoted business (BOI), totaling Baht 36,064,441.74 at the rate of Baht 0.0848 per share from the taxable profits at the corporate income tax at the rate of 10 percent, totaling Baht 58,838,084.34 at the rate of Baht 0.1384 per share from the taxable profits at the corporate income tax at the rate of 20 percent, totaling 255,148,783.30 at the rate of Baht 0.6001 per share, and from the retained earnings at the corporate income tax at the rate of 20 percent, totaling Baht 75,142,584.62 at the rate of Baht 0.1767 per share. The shareholders receiving the dividend payment would be subject to withholding tax deduction at the rate of 10 percent only for the dividend paid from the taxable profits at the corporate income tax at the rate of 10 and 20 percent. The Company already paid such dividend payment to the shareholders on 28 April 2020.

The second interim dividend payment was the payment in place of the annual dividend payment, intended to reduce any potential impact of the indefinite postponement of the Annual General Meeting of Shareholders (previously scheduled on 8 April 2020) that may occur to the shareholders. In this regard, no further dividend payment will be made from the Company's 2019 operating results.

#### Comparison of the dividend payout rates from 2015 to 2019

Details of Dividend Payment	Year 2019	Year 2018	Year 2017	Year 2016	Year 2015
1. Net Profit	Baht 894,639,797	Baht 915,596,702	Baht 811,240,893	Baht 607,557,665	Baht 641,538,005
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	Baht 1.35 : share	Baht 1.35: share	Baht 0.90: share	Baht 0.60: share	Baht 0.60: share
4. Total Amount of Dividend Payout	Baht 574,011,756.90	Baht 574,011,756.90	Baht 382,674,504.60	Baht 255,116,336.40	Baht 255,116,336.40
5. Dividend Payout against Net Profit after Tax	64.16 percent	63.00 percent	47.17 percent	42.00 percent	39.77 percent

In addition, the appropriation of the Company's legal reserve has reached the amount as required by law. Therefore, no additional appropriation of the legal reserve is required at this 2020 AGM.

## **Agenda 5 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 3 directors who shall retire by rotation:

1. Mr. Sansern Wongcha-um Independent Director
2. Mr. Ajarin Sarasas Independent Director
3. Mr. Paitoon Taveebhol Independent Director

The Company gave an opportunity to shareholders to nominate the names of qualified persons for being considered to be elected as directors in accordance with the nomination process from 27 September 2019 to 31 December 2019 through the website of the Company. However, no shareholders nominated any qualified persons to be elected as the directors.

The Nomination and Remuneration Committee for Director and Executives and the Board has proceeded 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, including the director's performance with thoughtfulness and prudence and viewed that these 3 directors who retired by rotation possess suitable qualifications in the aspect of knowledge, capability and experience which will be beneficial to the Company's business operation. The Board has also considered that even though 3 directors have served as the independent directors for over 3 terms or 9 years consecutively, the 3 directors can independently provide opinion in compliance with relevant regulations. In addition, they have fully performed their duties with accountability, prudence and integrity. The 3 independent directors have knowledge, capability and experience in the Company's corporate governance that contributes to smooth and efficient business operations of the Company. Their long and continuous experiences in business operation greatly contribute to the Company's business operation, the determination of the business strategy and policy for the sustainable growth and development and greatly create business value to the shareholders. Therefore, it was deemed appropriate to propose the 2020 AGM to consider and approve the appointment of the 3 independent directors to retain their directorship as independent directors for another term.

Details of profiles and related information is as appeared in Enclosure 4 and, as for the qualifications of the independent directors, the Company has defined the definition of the Company's "independent director" to be in accordance with the requirements of the Capital Market Supervisory Board, details as appeared in the 2019 Annual Report under section "Structure and Components of Board of Directors", Enclosure 3.

## **Agenda 6 To consider and approve the director's remuneration for the year 2020**

### Facts and Rationale

The Nomination and Remuneration Committee for Director and Executive has conducted the survey on the directors' and sub-committees' remuneration for the year 2020, taking into account the scope

of responsibilities and performance of the directors, in comparison with other companies in the same industry having the same size and nature of business, including results of the directors' remuneration survey conducted by the Thai Institute of Directors (IOD). Therefore, it was deemed appropriate to propose the 2020 AGM to consider and approve the directors' remuneration for the year 2020 in the amount up to Baht 14 Million in total (equal to the previous year) as follows:

The Board and Sub-Committee Remunerations	2020 (Proposed Year)		2019 (Previous 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 (each)	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 (each)	-	30,000	-	30,000
Except for directors being on the management are not entitled to monthly remuneration and meeting allowances.				
3. Sub Committee (1) The Audit and Corporate Governance Committee (2) The Nomination and Remuneration Committee for Director and Executive				
• Chairman	-	45,000	-	45,000
• Other Directors (each)	-	30,000	-	30,000
4. Annual Bonus	up to 5 Million		5 Million	
5. Other Benefits	None		None	

\*Remark: The 2019 AGM approved the directors' remuneration for the year 2019 in the amount up to Baht 14 Million in total, consisting of the monthly remuneration and meeting allowances in the amount up to Baht 9 Million and an annual bonus in the amount up to Baht 5 Million.

## Agenda 7 To consider and approve the appointment of auditors and the remuneration for the year 2020

### 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 Issuers (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 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 (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 2020 (the Sixth year). In the case that the said auditors cannot perform their 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 remuneration for the year 2020 amounts to Baht 1,571,000, which increases from 2019. This amount includes the audit work relating to the Company's BOI promoted business. The auditors do not receive any other non-audit fee from the Company. None of the above auditors provides other services to the Company or have any relationship and/or conflict of interest 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 remuneration for these four companies are collectively Baht 2,160,000, which includes the audit work relating to the BOI promoted business. The auditors do not receive any non-audit fee from the Company. 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 2020. In the case that the said auditors cannot perform their 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 to the company or have any relationship and/or conflict of interest with the company or its subsidiaries, executives or major shareholders and any related parties of such persons.

Auditor's Remuneration	2020 (Proposed Year)	2019 (Previous Year)
<u>Auditing Fee for Somboon Advance Technology Public Company Limited</u> including an audit work relating to the Company's BOI promoted business	<b>1,571,000</b> <b>Baht</b>	1,491,000 Baht
<u>Auditing Fee for 4 subsidiaries</u> including an audit work relating to their BOI promoted businesses:	<b>2,160,000</b> <b>Baht</b>	2,100,000 Baht
1) Bangkok Spring Industrial Company Limited: Baht 1,070,000		
2) Somboon Malleable Iron Industrial Company Limited: Baht 165,000		
3) International Casting Products Company Limited: Baht 685,000		
4) Somboon Forging Technology Company Limited: Baht 240,000		
Non-Audit Fee	<b>None</b>	None

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

The Board has considered and it was deemed appropriate, as approved by the Audit and Corporate Governance Committee, to propose the 2020 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 auditors for the year 2020 and anyone of them shall be the auditor who audit and provide the opinion on the financial statements. In the case that the auditors cannot perform their 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 to fix the remuneration for the year 2020 in the amount of Baht 1,571,000 for the Company and Baht 2,160,000 for the 4 subsidiaries.

**Agenda 8 Other business (if any)**

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