



## The Minutes of Extraordinary Meeting of Shareholders No.1/ 2015

Sanko Diecasting (Thailand) Public Company Limited

Date, Time and Place

The meeting was held on July 9, 2015, Thursday at 10.00 a.m. at Grand Mercure Bangkok Fortune Hotel, Platinum Hall Room, 1 Ratchadaphisek Road, Dindaeng, Bangkok

Committee Attendance

- |                                   |   |
|-----------------------------------|---|
| 1. Mr. Masami Katsumoto           | Chairman and Chief Executive Officer                |
| 2. Mr. Rattawat Suksaichol        | Director and Deputy Chief Executive Officer         |
| 3. Mr. Naohiro Hamada             | Director  |
| 4. Ms. Poonsri Pattamavorakulchai | Director  |
| 5. Mr. Yuttana Taepangthong       | Director  |
| 6. Ms. Valaiporn Kanignunta       | Audit Committee Chairman and Independent Director   |
| 7. Mr. Santi Niamnil              | Audit Committee and Independent Director            |
| 8. Mr. Nipan Tungpiruttham        | Audit Committee and Independent Director            |
| 9. Ms. Sakultip Homanee           | Company Secretary and Board of Directors Secretary. |

Company Executives Attendance

- |                           |                    |
|---------------------------|--------------------|
| 1. Ms. Prapaphan Chanapal | Accounting Manager |
|---------------------------|--------------------|

Other Attendees

- |                                 |                   |
|---------------------------------|-------------------|
| 1. Mr. Chosit Dejwanichayanumat | Financial Advisor |
| 2. Ms. Janejira Lekvichittada   | Financial Advisor |
| 3. Ms. Chanidapa Praditsin      | Legal Advisor     |

Preliminary

The Extraordinary Meeting of the company's shareholders was attended by a total of 109 people including 59 shareholders in person and 50 in proxy. The number of shares was 106,751,787 representing 48.03 percent of 222,277,158 at the quorum the company's shareholders were attended by a total of 77 people including 43 shareholders in person and 34 in proxy. The number of shares was 105,516,585 representing 47.47 percent of 222,277,158 total shares which constituted a quorum according to the Company's Articles of Association. Mr. Masami katsumoto Chief Executive Officer and Chairman of the Board of Directors and as well the Chairman of the meeting appointed Mr. Rattawat Suksaichol, Director and Deputy Chief Executive Officer of the Company, to conduct the meeting for convenience in communication throughout the meeting. Before the agenda begins, Ms. Benjamard Kobkategarm who acts as the host of the meeting informed the process of voting during the meeting and the vote counting according to the Regulation that appeared in the documents provided. The details are as follows;

1. To register and vote counting. The Company has implemented a use bar code to facilitate the meeting of the shareholders. This reduces the time consuming and fasted as well. The company will show the



vote of shareholders. In each rotation, the shareholders vote will take effect immediately, to make each vote on the agenda. The Company also would like to be able accommodate all shareholders' thoughts and ideas.

2. If there are any shareholders who want to disapprove by what the Commission had presented or abstain from the voting from any of the agenda, he is required to raise his hand. Upon the acknowledgement of the Chairman, the shareholder that either disagreed or abstained will be given a chance to voice out by sending the ballots that officials have provided during the meeting registration. Only the company officials vote will be considered in the voting of agenda in the meeting by informing how many votes are approved, opposed and abstained.

3. With regards to the shareholder who is disoriented on how to vote, the officer in charge can be approached at any time and inquire about the proper voting process and answers will be facilitated and explained to shareholders. The Company has also provided a recorded meeting in a video file and can be viewed on the company's website at [www.sankothai.net](http://www.sankothai.net) to provide the shareholders and those who were not able to attend the specifics of the meeting. The meeting was executed in Thai language for the benefit of most of the shareholders and able to come up in the same understanding. Supposing the shareholder is an alien and wishes to hear it in English language, please contact the company to arrange an interpreter to translate both the questions and answers in English which will followed by Thai language again.

4. For the shareholders who witnessed the counting and disrupt the voting should raise their hand and declare their complete name to the company official at a given time.

After which, Mr. Rattawat Suksaichol, the Meeting Director proceed with the meeting in accordance with the following;

Agenda 1 Consideration and certify the Minutes of the Annual General Meeting of Shareholders for the Year 2015

Mr. Rattawat Suksaichol asked for the approval of the minutes of the Annual General Meeting of the Shareholders for the year 2015, held on the 27<sup>th</sup> April, which the Company had already delivered the reports together with the notification of the meeting to the Shareholders, as shown in attachment 1.

For this Agenda, the questions are as follows;

Mr. Thara Cholpranee: Dear Mr. President, I am Thara Cholpranee, a shareholder. I would like to inquire about the number of the directors whether or not it is 8 people. In the last meeting there were 7 members which were number 1 to number 7. Is number 8 the Company's Secretary and the record keeper? According to the last report, there were no records of the Directors who did not attend the meeting, is it possible to include this information? The name of directors who did not attend the meeting should be added.

Mr. Rattawat Suksaichol: Certainly.

Resolution The meeting had considers and unanimously certified of the Annual General Meeting of Shareholders for the Year 2015 with the following votes;



Approve	Disapprove	Abstain	Calculated Net Score
105,450,250	80,000	0	105,530,250
99.92%	0.08%	-	100%

Agenda 2 To consider and approve the increase of Company's registered capital by issuing capital increase on ordinary shares to existing shareholders of the Company proportionately to their shareholding (Rights Offering)

Mr. Rattawat Suksaichol asked for the evaluation of the capital increase's approval by Rights Offering. The objective of the increase is for the loan repayment and for cash flow purposes.

For this Agenda, the questions are as follows;

Mr. Anu Wongsarakij: According to the meeting agenda page 21, the purpose of the capital increase is for the loan repayment at 36 million Baht. Will this capital increase reach about 40 million Baht in the case that it comes through? I would also like to inquire as to why the Company must make the loan repayment. Is our loan quite a large sum? And what is the current debt to equity ratio?

Mr. Rattawat Suksaichol: If we can manage fully at 100% of the rights, the Company will receive about 55 million Baht. The current debt to equity ratio is around 1.5 times. As for the loan repayment, this is to lessen the burden on the debts and partly for the Company's cash flow, which will be used for capacity and efficiency increase for the production.

Mr. Anu Wongsarakij: What is the Company's debt at present? Once we pay the 36 million Baht loan repayment, what is our debt ratio?

Mr. Rattawat Suksaichol: Once the loan is repaid as planned, the debt ratio will fall from 1.5 times to about 0.9

Mr. Anu Wongsarakij: And what is the estimated reduction in debts?

Mr. Rattawat Suksaichol: Unfortunately we no longer have the full year, if it were that, the reduction should be about 2 million Baht.

Mr. Anu Wongsarakij: For the first quarter, the Company made a loss or a profit?

Mr. Rattawat Suksaichol: We made a profit in the first quarter.

Mr. Anu Wongsarakij: Approximately how many percentages?

Mr. Rattawat Suksaichol: About 1.3 million Baht.

Mr. Anu Wongsarakij: I would like to ask about the repayment, whether or not it is a short term or a long term loan? Why does the Company decide to utilize the capital increase strategy rather than issuing the bonds or any other measures? This is because many companies have issued bonds since it is a good opportunity during the economy with the low interest rate. I think that it is another option which may help the Company. As for the expansion, as we all know that SANKO has earned more income from foreign sources. Will this revenue be used to enhance productivity or output abroad? Since the objective is as explained which is used as cash flows, the definition of cash flow is for the general use not for expansion. This is because the main reason for the capital increase would be for the company's growth. Lastly, I would like to inquire as to why we



use Agenda 2 for the capital increase, instead of shares allotment? My opinion is that, in case we approve of Agenda 2 but not approve of Agenda 5, we will have to cancel Agenda 2 anyway? What is the opinion here?

Mr. Rattawat Suksaichol: For the first question, the funds will be for the repayment of short term loan which is deemed to have higher interest rates than other debts. Long term loan has lower rate of interests which lessen our burden on debts. As for the question about cash flows, whether or not it is related to exports, the truth is that it is just for cash flows. We've been having problems with deteriorating machineries. This will help improving the efficiency of the production. As for the foreign market, the answer is yes since when the foreign customers come to inspect the factory, the efficiency of the machineries or the productivity are important factors for the customers to decide whether or not we can support their orders.

Mr. Anu Wongsarakij: Will we have new products at all? As we all know, the industries relating to automobiles are currently quite stable which we aim to make new aluminum products or manganese more. Do we have plans for new products which will utilize the funding from this part?

Mr. Rattawat Suksaichol: It is considered part of the new production. Originally we specialized in high pressure die casting and presently we expanded into gravity die casting which we use for foreign customers. This is another channel to increase sales since we have a certain amount of customers for high pressure die casting so we expand our base into gravity die casting.

Mr. Anu Wongsarakij: Do we have to purchase additional machineries or anything new?

Mr. Rattawat Suksaichol: This is the machines that we invested in originally, only that the orders were small, so we strived to find more orders. As for the questions about the Agenda, I will let the advisors answer since the Company proceeded according to the advisor's guidance.

Mr. Anu Wongsarakij: Why do you use the capital increase strategy instead of other strategies?

Mr. Rattawat Suksaichol: The debenture requires credit rating which needs a lot of money. Fifty million Baht should be sufficient and we don't have to spend millions in order to do a credit rating. The debenture which requires the credit rating may need about 2 million Baht.

Mr. Anu Wongsarakij: There are various kinds of debenture which many companies apply for that does not require the credit rating.

Mr. Rattawat Suksaichol: That is BE. Moreover, we must admit that the automobile industry is not doing so well currently. For performance, we may proceed to do the credit rating but it may stick to the Company's record. This is something that we have to be careful.

Mr. Chosit Dejwanichayanumat (Financial Advisor): Agenda 2 is about the capital increase, which must be approved first before proceeding with the allotment. I believe the order is appropriately placed.

Mr. Thara Cholpranee: Dear Mr. President, I am Thara Cholpranee, shareholder. The question is that, since we have Agenda 2 which concerns the capital increase for rights offering to the original shareholders and also the approval of the capital increase. To this, for the Agenda 3, I believe that they should become the same agenda. This is because Agenda 2 involves the reselling of bonds to the original shareholders, which is



similar to allotment while Agenda 3 is about the overall capital increase by allotting the original shares and also approves the adjustment of exercising the ESOP (Employee Stock Option Plan). Truthfully, I perceive them as the same agenda, concerning the approval for the capital increase in Agenda 3. Agenda 2 does not need to be there. Then it goes on to talk about the adjustment of the 4<sup>th</sup> clause of the Memorandum of Association in Agenda 4, which should be moved up. I don't mean for you to fix them right away, but now that it has already been published, fixing it would cause a lot of problems. I want to stress that Agenda 2 and 3 are in fact the same topic, Agenda 4 is the adjustment of the Memorandum of Association while Agenda 5 is about the bonds allotment. I would like to just go on for a little bit since they are all related. The first question is that, the number of new shares is at roughly 74,600,000 shares, while we offer to sell back to the original shareholders at 0.75 Baht, which will result in excess of the shares value. What is the amount of the excess shares value of the Company? How many millions?

Mr. Rattawat Suksaichol: Approximately 36 millions.

Mr. Thara Cholpranee: That would be 36 million Baht, correct? Currently we have 74 million shares, meaning that there will be the excess shares value of 0.25 Baht, resulting in 18 million Baht for each share. Therefore, including the original amount of around 30 million Baht, the total is around 50 million Baht. But we still have the accumulated deficit of 19 million Baht. I believe that we can clear the accumulated deficit in the future by using the excess shares value. We have about 19 million Baht in debt and earlier you mentioned that the Company made a profit of around 1 million in the first quarter, which comes to 18 million Baht debt if we cancel them out directly, the 30 million Baht is still there. I think that if we make a profit this year, we can allot the profit to pay out the dividends next year. As we have discussed in the previous general meeting, we discussed that the Company had not paid out its dividends for a long time. This is what I personally would do. But no matter, since we're not doing it now, I hope that in the future occasions it is better to sort this out, clear the accumulated deficit and pay out the dividends. The second question concerns the amount of ESOP. How many are there remaining?

Mr. Rattawat Suksaichol: For ESOP, we have about 3 million shares remaining.

Mr. Thara Cholpranee: My rough estimation also comes down to 3 million shares and a bit. Then there is the adjustment for about 500,000 shares at 1:1.6 ratio. From now on, the value sold to ESOP is at 0.50 Baht with the rights adjustment at 0.43 Baht. This means that the loss value is equal to 7 satang. The 7 satang missing here means that the total sum of 3 million Baht and a bit or 4 million Baht is equal to 200,000 Baht loss which is not a lot. Therefore, I think that in the future, you should clear the accumulated deficit by subtracting all of the excess shares value if we make a profit this year. That is the first point which you stated that there will be compensation. The said compensation is similar to what we are doing now which is the capital increase. It may seem like compensation but in my opinion that is not entirely correct. This is increasing the capital by issuing bonds, not exactly a warrant. To be precise, issuing a warrant is not really compensation, it is still a capital increase. So the total amount of the capital increase is 55 million Baht, since there are 74 million



shares with 75 satang each share which is equal to about 50 million Baht. The 55 million Baht here will be used for loan repayment at 36 million Baht. Since you mentioned that this is a short term loan, what is the interest rate of the loan? What is the interest rate of the long term loan?

Mr. Rattawat Suksaichol: The short term loan's interest rate is about 7% while the long term loan is about 4%

Mr. Thara Cholpranee: How many months are there for the short term loan?

Mr. Rattawat Suksaichol: Around 3 – 6 months.

Mr. Thara Cholpranee: 3 – 6 months, I see it differently. Right now the Company lacks cash flow. We're increasing the capital in order to clear the short term loan, rather than the long term loan. This means that our cash flow is bad, isn't it? Therefore, we need to increase capital flows since we repay the short term loan by paying cash, and then use the money from the loans and so on and so forth. This shows that we have insufficient amount to repay the short term loan, hence the reason for the capital increase. In summary, the 36 million Baht that you stated it would be for the loan repayment, in truth, it is not the same. It is part of the working capital, since the working capital is what you use to get the short term loan, and then repay the amount. The point is that our cash flow is terrible, which leads me to the question as to why we have such a cash flow problem that we could not repay the short term loan?

Mr. Rattawat Suksaichol: As we all know, the situation of the industry as a whole has been dire. Our sales had dropped 30-40% which we have been trying to compensate. But since sales had plummeted, it affects the cash flow.

Mr. Thara Cholpranee: I think that the loan repayment should be made to the long term loan. When you make a repayment to the short term loan, it is clear that you have no money, since even the short term loan you cannot manage to come up with the payment.

Mr. Rattawat Suksaichol: Our long term loan is due to finish by October, and another amount is also due to finish in the next year. We feel that the long term loan is not our main burden at the moment.

Mr. Thara Cholpranee: I'm curious now that you have different debt period. The long term loan will be considered short term once we go pass October, since any debt that is no more than 10 years are all considered short term. Only when is more than 10 years do we consider it long term.

Mr. Rattawat Suksaichol: As I told you, the interest rates are different.

Mr. Thara Cholpranee: I'm just curious. I have no objections about the capital increase, but I'm curious about your logic. Since you just told us that the capital increase will be used for loan repayment, therefore the reduction of debts to equity ratio from 1.5 to 1 have we already estimated this? What is the ceiling of the debts to equity ratio?

Mr. Rattawat Suksaichol: As a matter of fact, we relate from the standards of other companies in the market, what the limit should be. That is why we decrease the value here.

Mr. Thara Cholpranee: Our Company should have our own way of doing things, should have our identity. Let's suppose that the Company operates in metal die casting. Debt ratio of other companies is one thing, but we



should look at our Company as a big picture, whether or not the value we set is too high or too low. We can choose. What we are doing now in essence is similar to the refinancing of old debts.

Mr. Rattawat Suksaichol: If you ask whether or not we have our own standards, or set values, then the answer is yes. But as I have already informed you, the situation presently is not normal. We tried to control it but it is just not at the point where we have hoped for.

Mr. Thara Cholpranee: Last question. I am curious since for the 1<sup>st</sup> quarter, there was a 1 million Baht profit. You also mentioned that the profit is around 5% correct? Therefore, when you recalculate, 5% of 1 million Baht is quite a fair amount of cash for repaying the short term loan. But why has it been left for so long that it's hampering our performance to clear even the short term debt? That is what I'm most curious about, why we left the problem for so long.

Mr. Rattawat Suksaichol: We have anticipated that the economy crisis will end in 2014. However, it was still sever during 2015 which was our mistake. Originally the beginning of the year seemed promising but by now all of you probably realized already that the Company have faced many issues since then. As the managing director, it is my job to be safe than sorry. It is not the case that we run out of money, in trouble or can no longer operate, what we do is managing the risk. It is important to plan our finances so that there will be no problem in the future.

Mr. Thara Cholpranee: Thank you very much. I hope there will be dividends pay out next year.

Mr. Rattawat Suksaichol: As for the opinion about clearing the accumulated deficit so that we can pay out the dividends. This is what the Board of Directors has agreed on, but your idea is also very good. I will definitely bring it to the attention of the management team. Thank you very much.

Mr. Kittiyot Arpakiatwong: Dear Mr. President, I am Kittiyot Arpakiatwong. I would like to ask about the original value of the IPO. Was it at 0.75 Baht?

Mr. Rattawat Suksaichol: It was 1.30 Baht.

Mr. Kittiyot Arpakiatwong: At present, cash or cash flow of the Company is at what amount?

Mr. Rattawat Suksaichol: I actually don't have that data in hand right now. But the amount that the Company needs per month is about 30 million Baht.

Mr. Nara Sripetch: Greetings to all the members of the meeting, I am Nara Sripetch, shareholder. I would like to ask you 2 questions. The first is about the current operation. Once we receive this capital, what amount of work are we looking to come in? What amount of orders do we have in hand? The 2<sup>nd</sup> question, I feel that this capital increase may be not sufficient? What happens if the capital increase is not enough? Should we consider increasing the total sum a little more since we are doing it anyway? This is just some idea for consideration.

Mr. Rattawat Suksaichol: Increasing the capital resulting in more orders is one thing, but we need to do it because there is a possibility of more orders. Therefore we must have our cash flow ready for the incoming orders. As to whether or not the capital increase may not be sufficient, we think that this is appropriate to the



stage that we are in at the moment. We do not wish to bother the shareholders, since the capital increase will dilute the shareholder equity because it affects the percentage of the shareholders also. That is why we would like to only use the necessary amount and see whether or not it is sufficient to our needs. There are of course future opportunities if we ever need to do it.

Resolution The meeting has evaluated and unanimously approved the capital increase by rights offering as presented with the following votes;

Approve	Disapprove	Abstain	Calculated Net Score
106,669,187	80,000	0	106,749,187
99.93%	0.07%	-	100%

Agenda 3. To consider the approval of the increase of the Company's registered capital in the amount of Baht 37,340,812.50 from Company's current registered capital in the amount of 113,000,000 Baht to Company's registered capital in the amount of Baht 150,340,812.50 by issuing capital increase ordinary shares in the number of 74,681,625 shares at a par value of Baht 0.50

Mr. Rattawat Suksaichol proposed to the meeting to approve the increase of the Company's registered capital in the amount of Baht 37,340,812.50 from Company's current registered capital in the amount of 113,000,000 Baht to Company's registered capital in the amount of Baht 150,340,812.50 by issuing capital increase ordinary shares in the number of 74,681,625 shares at a par value of Baht 0.50. The details are set out in Attachment No. 2.

Resolution The Meeting considered and unanimously approved the increase of the Company's registered capital in the amount of Baht 37,340,812.50 from Company's current registered capital in the amount of 113,000,000 Baht to Company's registered capital in the amount of Baht 150,340,812.50 by issuing capital increase ordinary shares in the number of 74,681,625 shares at a par value of Baht 0.50 as proposed according to the following votes;

Approve	Disapprove	Abstain	Calculated Net Score
106,669,187	80,000	0	106,749,187
99.93%	0.07%	-	100%

Agenda 4. To consider the approval of the amendment of Clause 4. of the Company's Memorandum of Association to be in line with the increase of the Company's registered capital

The Meeting to be considered and approved the amendment of Clause 4. of the Company's Memorandum of Association to be in line with the increase of the Company's registered capital.

4. The Company's registered capital of 150,340,812.50 Baht (one hundred and fifty million three hundred and forty thousand eight hundred and twelve Baht and fifty Satang) is divided into 300,681,625 (three hundred million six hundred and eighty one thousand six hundred and twenty five) shares with the value of 0.50 Baht (50 satang). The shares are divided into 300,681,625 (three hundred million six hundred and eighty one thousand six hundred and twenty five) common stocks with the following votes;



Resolution The Meeting considered and unanimously approved the amendment of Clause 4. of the Company's Memorandum of Association to be in line with the increase of the Company's registered capital as proposed according the following votes;

4. The Company's registered capital of 150,340,812.50 Baht (one hundred and fifty million three hundred and forty thousand eight hundred and twelve Baht and fifty Satang) is divided into 300,681,625 (three hundred million six hundred and eighty one thousand six hundred and twenty five) shares with the value of 0.50 Baht (50 satang). The shares are divided into 300,681,625 (three hundred million six hundred and eighty one thousand six hundred and twenty five) common stocks with the following votes;

Approve	Disapprove	Abstain	Calculated Net Score
106,669,187	80,000	0	106,749,187
99.93%	0.07%	-	100%

Agenda 5. To consider approval of the allocation of the newly issued ordinary shares of the Company in the amount of 74,681,625 shares at a par value of Baht 0.50 as following;

- 1) To allot the newly issued ordinary shares in the number of not exceeding 74,092,386 shares at a par value of Baht 0.50 per share to existing shareholder of the Company proportionately to their shareholding (Rights Offering), at the subscription ratio of 3 existing shares to 1 new ordinary shares and any fraction of shares shall be discarded, at the offering price of Baht 0.75 per shares ("The Offering price"), whereas the Offering price was determined by taking into consideration of the average trading price of the Company's shares during the period of 15 business day before the Board of Director's Meeting. And the determine other related matter concerning the capital increase procedures by Rights Offering
- 2) To allot the newly issued ordinary shares in the number of not exceeding 589,239 shares with a par value of Baht 0.50 per share to be prepared for the adjustment of rights under the ESOP warrant to purchase the Company's ordinary share to be offered to Board of Director and employees of the Company due to the issuance and offering of the newly issued ordinary share at this time.

Mr. Rattawat Suksaichol proposed to the meeting to approve the allocation of the newly issued ordinary shares of the Company in the amount of 74,681,625 shares at a par value of Baht 0.50. The details are set out in Attachment No. 2.

For this agenda, the questions are as follows;

Mr. Narongchai Simaroj: I am Narongchai Simaroj, a shareholder. I would like to comment on the ratio. The proposed 3:1 ratio will result in a fraction. Usually 2:1 or 4:1 is used since the result comes in lot and the lot is in hundreds. When you use 3:1, there will be fractions, therefore 4:1 or 2:1 should be used instead.

Mr. Chosit Dejwanichayanumat (Financial Advisor): We have presented a variety of formats to the Board of Directors including the 4:1, 2:1 and 1:1. In the end the Directors decided what the increasing ratio and the increased in capital including the value of the offers, ratio and the amount of shares should be which is the 3:1 ratio.



Mr. Thara Cholpranee: Dear Mr. President, I am Thara Cholpranee, a shareholder. I would like to ask how many shareholders are there in total?

Mr. Rattawat Suksaichol: About 1,600 shareholders.

Mr. Thara Cholpranee: So in a thousand? I would like to ask about the shares allotment. In what ways can the money be paid?

Mr. Chosit Dejwanichayanumat (Financial Advisor): You can pay via the bill payment system.

Mr. Thara Cholpranee: Will the shareholders have to pay the custom fees at the bank?

Mr. Chosit Dejwanichayanumat (Financial Advisor): The Company will take care of those expenses.

Mr. Thara Cholpranee: The Company will take responsibility for the incur expenses, correct? The number of shareholders is in the thousand, which comes down to about 10 – 25 Baht per head. The Company must pay the extra 10,000 Baht or so which I think is reasonable, since this is considered the costs for the Company's capital increase funding. This concerns the financial activity of the Company therefore it should not be something that the smaller shareholders with fewer shares have to pay the extra 10 Baht. Otherwise it would seem unfair in terms of the costs of the shares. This is what actually happening in the stock exchange market since they have been trying to use the bill payment system and push the burden of the custom fees to the shareholders to pay at the bank. In fact, the Company should cover these charges fully which is appropriate. Thank you very much.

Mr. Anu Wongsarakij: I would like to ask about the capital increase. Suppose we do not receive 100% funding and may not reach the required 50 million Baht. You mentioned that some of the money will be used for machines improvement and that there will be the final due of the long term loan in October. How much does the machines improvement cost and how much does the Company have to pay for the long term loan repayment in October?

Mr. Rattawat Suksaichol: Approximately 5 million Baht for improving the machineries.

Mr. Anu Wongsarakij: How much for the long term loan repayment in October?

Mr. Rattawat Suksaichol: Only a couple million Baht.

Mr. Anu Wongsarakij: Most of the long term loan will be in the next year, correct? Is that the loan which amount to 10 million Baht, since next year will be its due date?

Mr. Rattawat Suksaichol: We have 2 long term loans. The original loan of 40 million Baht will finish its due in October, which we repay the debts about 800,000 Baht per month, amounting to around 3 million Baht left. The rest will be completed within the next year with the loan amount of 14-15 million Baht.

Mr. Anu Wongsarakij: Greetings dear members, I am Anu Wongsarakij. I would like to inquire about the way that the rights have been adjusted, as to why it is at 0.43 Baht while other companies will for the XR (excluding right) date and when is the XR date? If the value is reduced from 0.50 Baht to 0.43 Baht, that's a 0.07 Baht decrease. As we all can see that in the past week, SANKO has caught up in price which I am curious as to why those who holds the ESOP have not yet converted? Even if they convert at 0.50 Baht, that is still a profit,



especially now at 0.43 Baht. If the price climbs up before the excluding rights date, then the profit will likely be even greater. Therefore, in the case of rights adjustment, if we wait until the excluding rights date and then announce, they will have less profit. Right now they know for certain that they must convert at 0.43 Baht and I'm also not certain when the next conversion will be or whether or not they will be able to convert before the excluding rights date? If so, then how? When can they convert before the exclusion rights date?

Mr. Chosit Dejwanichayanumat (Financial Advisor): Since we must ask for the permission of the shareholders first before issuing bonds to support the rights adjustment, therefore we must calculate the actual value of the shares first for everyone to see. However, according to the rights of the ESOP, it will be set on the date of the excluding rights, using the value before the actual date.

Mr. Anu Wongsarakij: In conclusion, we should use 0.43 Baht as the base line.

Mr. Chosit Dejwanichayanumat (Financial Advisor): As for the question why there have not been conversions of the ESOP. According to the regulations, it is impossible to convert 100% fully. There must be a time lag since these shares are for the directors and Company's employees, meaning that if the directors or the staffs quit the job, the remaining shares must be returned to the Company.

Mr. Anu Wongsarakij: When is the next time that the ESOP can be converted again?

Mr. Rattawat Suksaichol: In November.

Mr. Anu Wongsarakij: So after the excluding rights date. The shares cannot be converted before the excluding rights date but after that should still be profitable.

Mr. Anu Wongsarakij: They have no rights to increase the capital, correct?

Mr. Rattawat Suksaichol: They still do retain their rights.

Mr. Anu Wongsarakij: I mean that the non-converted ESOP shares are excluded; am I right?

Mr. Rattawat Suksaichol: Yes, that is correct.

Mr. Narongchai Simaroj: You have the total amount of debts this year at 20 million Baht. Earlier you said that there is 11 million Baht left and that the repayment to the loan is 800,000 Baht per month. Half of that is roughly 2 million Baht. I am a little confused with the numbers. You mentioned that the debts are due to finish this year is 20 million Baht, correct? So, first you said that 11 million Baht remains with 800,000 payment every month for 3 months which comes to about 2.4 million Baht. Therefore the amount left should be around 17 million Baht. I am just curious about the numbers.

Mr. Rattawat Suksaichol: As I have said before, there are 2 loans. One will finish in October while the other will run its due next year.

Mr. Narongchai Simaroj: The next year loan is of course an exception. Another part of the debt which is the 11 million Baht loan that is for next year. I am talking about this year's debt of 20 million Baht from the 1<sup>st</sup> quarter financial report that you presented to the Stock Exchange.

Mr. Rattawat Suksaichol: Was it the short term loan?



Mr. Narongchai Simaraj: It is written here “For long term loan repayment each due”. “Within this year” means that the long term loan that is due within this year, the 20 million Baht that came from plus 4% in the 1<sup>st</sup> quarter of this year. Then you said that the Company has to pay monthly debt of 800,000 for 3 more months totaling around 2.4 million Baht, let’s say 2.5 million Baht since you have 17 million Baht. But just now you told us that the amount left is 11 million Baht. That is a 6 million Baht different in numbers; I would like to know why that is.

Mr. Yuuthana Taepangthong (Director): According to the financial report which stated that the debt of 20 million Baht due within 1 year. Therefore this 20 million Baht may be the long term debt which is due within this year, including the short term loan which is around 3-6 months. But the first inquiry, I understand that the shareholders would like to know how the Company came to have the long term debt at the start and how much is the payment due within this year. Mr. Rattawat then explained that there was a long term loan since the beginning, and that it is due within this year in October. This is how it was written in the financial report.

Mr. Kompoj Chitchareonkul: Greetings, I am Kompoj Chitchareonkul, a shareholder. I would like to know the reason for setting the capital increase at 0.75 Baht and the ratio of 3:1.

Mr. Chosit Dejwanichayanumat (Financial Advisor): We start from calculating how much capital does the Company need. Then the financial advisor (FA) presents us with various options of what the ratio should be. The conclusion came to 0.75 Baht.

Mr. Kompoj Chitchareonkul: Why don’t you set up the price so that there is more dilution effect? Why not set the ratio at 6:1, at 0.50 Baht. As for the price, you could set it at no less than 90% of the average price, 15 days before the excluding rights date.

Mr. Chosit Dejwanichayanumat (Financial Advisor): After we discussed with the stock exchange, they advised us to set the price during the Board of Directors meeting. We are also concerned that the price may be diluted down at the excluding rights date. However, the Company sees this opportunity as the first time for issuing new bonds, and would like the shareholders to exercise their rights; therefore the price has been set lower.

Mr. Anu Wongsarakij: Other than evaluating the approval of the right offering, does the Company have any plans to issue private placement? This will result in a capital increase and will allow more people to support the Company.

Mr. Rattawat Suksaichol: The Board of Directors will discuss this matter during the meeting first since every shareholder has their own opinion. As for the reason why the value is at 0.75 Baht, just like many of you have mentioned that it has been 2 years but the Company still has not paid the dividends. We feel that increasing the shares to the original shareholders at the price that the original shareholders could sell for profit, is what we can do as compensation for not being able to pay out the dividends.

Mr. Anu Wongsarakij: In the case that there are more shares, will the Company’s profit increase? This is because there are more shares now, if the Company does not make more profit in conjunction with the increasing shares, then the value of the Company as a whole will depreciate.



Mr. Rattawat Suksaichol: Of course we must make profit. We try to be profitable, finding more orders, have sales targets and profit targets. It is certain that when we increase the capital, we will make profits for shareholders.

Resolution The meeting has evaluated and unanimously approved the common stocks allotment for capital increase at 0.50 Baht per share, totaling 74,681,625 shares with the following votes;

Approve	Disapprove	Abstain	Calculated Net Score
106,671,787	80,000	0	106,751,787
99.93%	0.07%	-	100%

Agenda 6 Other issues for consideration (if any)

No shareholders have suggested any issues.

At the end of the meeting, some questions can be summarized as follows;

Mr. Thara Cholpranee: Once we increase the capital and use it to repay either the short term or long term loan that is due within this year, we have short term debt and the overdraft of 60 million Baht, and the long term debt but less than a year of 20 million Baht, amounting to 80 million Baht. We repaid the debt of 36 million Baht, but there are still debts remaining and the long term loan of 11 million Baht. Every items add up to about 50 – 60 million Baht in debt. Our Company is in fact still small with little revenue, but we have both short term and long term debt of 60 million Baht. We have the responsibility of repaying the debt of about 4 million Baht per year. This number is very important, since from our performance, we made 1 million Baht profit per quarter, resulting in 4 million per year. But then we have to also repay the debt of 4 million Baht, all used up. So, I would like to ask, how are we going to manage all these debts in the future? Since if we cannot increase the sales to make more profit, if there are no profits, then we cannot cover the debts. The reason we are making a loss is because of the debts that we have to constantly repay. I would like to know the method of how to manage and increase the sales as provided in the last meeting and replied to other shareholders. But in terms of debts, what are we going to do? At the moment I am uncertain. We will receive more cash flows as a result from capital increase, but how are we going to repay the loans and the overdrafts? Another question concerns the details of the Company's regulation, page 41, at section 35. Do these documents match the information on our Memorandum of Association? In section 35 both e) and f) says "increase and decrease". It should be "capital increase" and "capital decrease", which missed out the word "capital". If this is the mistake in this document then that is fine, but if it occurs in the Memorandum of Association, I'm surprised as to how this happens with no editing.

Mr. Rattawat Suksaichol: We will inspect that right away.

Mrs. Piyawan Tralaksmi: Greeting dear members, I am Piyawan Tralaksami, representative of the Shareholders Rights Protection of the Thai Investors Association. I would like to ask for additional information on 3 issues, once you have increased the capital. The first issue is that, presently, the Company has 4 types for products which cover 4 industries. In the next 3 years, in which direction is the Company steering towards



other than the automobile industry which is the main product. The second issue concerns the international market. What is the ratio between domestic market and the international market for both now and 3-5 years in the future? The third point is regarding your policy towards AEC. What is your opinion on the matter?

Mr. Rattawat Suksaichol: In the future, our core business will remain the same. However, what we are looking to improve in the future is the molds by establishing the Molds Department for producing our own molds, since we need such a large number of molds every year. The costs for producing the molds come to about 60 million Baht by out sourcing. Therefore if we can produce our own molds, it will save the costs and can also create business opportunities since we can produce molds for our customers as well. Currently we only provide them with schematics and charge the design fees, and then we hire another mold maker company to produce. If we could facilitate the whole process, we can charge for the production of molds too above the designing fees. Another point is that now we are mainly a second tier OEM factory. Our goal is to be in the first tier in the next 5 years so that we can increase our value. However this plan requires product development which we have already established the R&D department so that we can improve our products suitably for the end users. This will help us into the first tier and may even create our own brand in the future. This is our targeted goals. As for AEC, it will be difficult for us if we remain at the second tier. Therefore it is imperative that we develop our products to be more of the finished goods and can be sold within the region and not just a production company.

Mr. Anu Wongsarakij: Greetings, I am Anu Wonsarakij. Since our Company is in the industrial circle, especially the automobile industry, as we all know that in the beginning of the year we believed that we have faced the worst crisis and that it will begin to pick up after the second quarter. As it turns out, the second quarter was stable, or rather a little decline. The trend has already changed from the beginning of the year. I would like to know from those of you who are in this industry and related to this business, what the trend of this industry will be? How will it affect the Company? The second point, as we already discussed, the purpose of this capital increase is also for the improvement of the Company's machineries so that they can support the variety of foreign customers' orders as well as the Thai customers. Does the Company have plans for factory visits in order to inspect new machines or other factories? This is just so that we know what the money is actually being spent on.

Mr. Rattawat Suksaichol: The first question, if we were to forecast, the automobile industry this year is still stable. What the Company needs to do is to work hard. We try to find more clients, since each of them have declining orders. The only option to increase our sales, therefore, is to raise the numbers of the clients. In Thailand, we have approached almost all of the companies. The solution then is to look for foreign customers more. The feeling that I have now is that we are in a good position. I do not know what is happening in China, but the European clients that originally hired the Chinese companies to produce have switched to Thailand. When we offered our self to them that we could do it, they took us on the offer. As of now, there are about 20 foreign clients that we have contacts with. However, as we are all aware, it takes some time to start a business



with the European companies. We need to introduce ourselves, discuss, and go through several of their procedures which are very strict. Currently we have successfully negotiated with 4 companies, in the process of making the molds from 3 companies, started the production and export with 1 company and will start to export for 3 more companies in August. The fact that we contacted 20 or so companies mean that we have high opportunities but it will take time, since we just started to contact them and introduce our Company. The orders for one year are approximately 10 million Baht. As for the factory visits, you are more than welcome. You can arrange this through the Company's secretary. The Company will then schedule it and contact you back. You can also put you names down at the front of the meeting room once the meeting is over.

Mr. Anu Wongsarakij: Where are the factories are located mostly? In Rayong?

Mr. Rattawat Suksaichol: We only have one place, in Rojana Industrial Park, Ban Khai, Rayong.

Mr. Thara Cholpranee: Just now I asked 2 questions. You gave an answer from question 2 but not the first one. But another shareholder had already asked which your answer was partly for my first question about the debt. I want to add a little more which is the increase revenue from molds making. What is our 'know how' in producing molds?

Mr. Rattawat Suksaichol: Presently we already design molds of our own and have taken in 2 more staffs that used to work at mold designing companies. I think we could definitely do it. However as I have mentioned before, when we begin, it will not be big right off the start, since it will require at least 50 million Baht to set up. So we may start from producing some parts first to test our technician and gain some confidence. The technicians confirm that they could do it and that they have done it for 10 years. But since we are still using the Company's money, we have to be thorough about how to proceed. If we start doing it step by step, within 5 years, we should have no problem.

Mr. Thara Cholpranee: If we were to start the molds department, the capital increase alone will not be sufficient.

Mr. Rattawat Suksaichol: The money here is not for the molds making.

Mr. Thara Cholpranee: So it requires a large amount of money?

Mr. Rattawat Suksaichol: Correct.

Mr. Thara Cholpranee: I still do not understand the terms 'First Tier' and 'Second Tier'. How can we move from second tier to the first tier? What are the thresholds?

Mr. Rattawat Suksaichol: Let us take the alternator as an example. For second tier like us, we only need to do the case and the aluminum body not the coil. However for the first tier, we have to also produce the coil and assemble other parts together. They need to have the assembly lines which require parts from other second tier companies.

Mr. Thara Cholpranee: So first tier is the contractor while second tier is more like a sub-contractor. Just now about R&D, what is part are we going to do, since there are 2 parts to it? The first part concerns the mold



making and produces the metal molds. The other is the R&D of steel which concerns the production of aluminum alloy.

Mr. Rattawat Suksaichol: We separate this into 2 parts. One is the R&D of the production line, which is how to improve the manufacturing process so that maximum efficiency is reached and save costs. Innovation does not only mean inventions but the various procedures are also considered R&D. Another part is products. For example, if we were to produce an alternator which we originally only produce the case, could we do the whole thing and assemble the alternator under our own brand. Would that be possible? What are the costs involved? What is the market for this product? This is something that R&D must study and present a proposal.

Mr. Thara Cholpranee: Let's see, just now we talked about the alternator and how we could move forward and may be produce the generator for refrigerators. But I would like to know that the outside case which is metal, generally this is researched by MTECH and even said that we held a joint research together with MTECH. I want to know whether or not we do any research on materials, for example which aluminum alloy to use or what to mix so that it yields the best strength, durable or can resist high temperature? Do we do this kind of research?

Mr. Rattawat Suksaichol: We already possess the know-how on metallurgy, such as what can certain grades of aluminum do? We do consult and hold joint research with MTECH for certain topics, for example how to die cast and not letting the pores onto the work piece. Some of them cannot be seen and is only visible after turning. If the customers use the products and they leak, that is because there is internal porosity on the work. Normal equipment cannot be used to detect it, not like dipping the piece into the water and bubbles come out. They use gas for inspection, which is a high level know-how and not even a microscope can see it. It is all about how to move forward. How to develop the die casting technique to support this kind of problem is something that Thailand needs to study more. What we are doing now is even designing parts for airplanes. What we are doing with MTECH are not simple subjects.

Mr. Thara Cholpranee: The pores in the work piece, what do we use to inspect them?

Mr. Rattawat Suksaichol: We have to split it open. The truth is that our die casting procedures are performed naturally in the normal atmosphere. There are no ways to produce the work without pores. We have to produce the work piece in a vacuum if we want no pores at all, since water at the liquid state will attract hydrogen and other elements to create chemical reactions resulting in bubble pores on the metal. Therefore, with normal die casting, unless we turn it we cannot know for sure. If the pores can be seen after casting, then that is also no good. If we lathe into the work for more than 1 mm, there will definitely be pores, but depends whether there is a large or small number of pores. So when we design any parts, we must calculate how much we will leave the edge so that when we lathe, it will not tear of the surface too much. However if it digs deep into the work piece, then it cannot be avoided.

Mr. Thara Cholpranee: Are there no better ways of inspection than this?



Mr. Rattawat Suksaichol: Of course there are. But no matter how you do it, you cannot avoid getting the pores even if you use the vacuum. Now there is a system called semi solid which is similar to a jelly mold and then you cast the work on it. There are still pores, however, just depends on how much the numbers are.

Mr. Thara Cholpranee: The reason I ask is that we talk about lathing to see the pores. I am curious since this is a destructive technique. Are there any non-destructive techniques (NDT)?

Mr. Rattawat Suksaichol: There is an X-Ray machine which we do not have currently. If we were to become the first tier company, then we require one but the cost is no less than 15 million Baht per set.

Mr. Thara Cholpranee: If we aim to be first tier, this much of capital is probably not sufficient. It will have to be in the hundreds of millions.

Mr. Rattawat Suksaichol: Yes, sir. Thank you very much.

Mr. Rattawat Suksaichol then gave a thank you speech to all shareholders and honorable guests.

Meeting adjourned at 11.30 a.m.

Signed \_\_\_\_\_ Chairman of the meeting

(Mr. Masami Katsumoto)

Signed \_\_\_\_\_ Company Secretary

(Ms. Sakulthip Homanee)