

HOME OF INNO- VATORS

INVITATION OF 2019 ANNUAL GENERAL SHAREHOLDERS' MEETING

Thursday 18th April 2019

1:30 pm

At Srinakarin 1 Room, 9th Floor,
The Grand Fourwings Convention
Hotel

333 Srikarin Rd., Huamak,
Bangkapi, Bangkok



3rd April 2019

Subject: Invitation Letter to the 2019 Annual General Shareholders' Meeting

To: Shareholders of Sappe Public Company Limited (the "Company")

Enclosures:

1. Copy of the Minutes of the 2018 Annual General Shareholders' Meeting
2. Annual Report for the year 2018 (QR code)
3. The profiles of retiring directors proposed for re-election and the qualification of Independent director
4. The profile of Independent Director who may be granted by a Proxy
5. Proxy Form (B)
6. Proxy Form (C)
7. Conditions, rules and procedures to attend the meeting
8. The Company's Article of Association concerning the Shareholders' Meeting
9. Map of the meeting's venue

According to the Board of Directors' Meeting of the Company No. 4/2019 held on Wednesday 13th March 2019 has resolved to hold the 2019 Annual General Shareholders' Meeting on Thursday 18th April 2019 at 13.30 hours, at Srinakarin 1 Room, 9th Floor, The Grand Fourwings Convention Hotel, 333 Srikarin Rd., Huamak, Bangkok, Bangkok.

The meeting agenda are as follows:

Agenda 1 **To consider and approve the Minutes of the 2018 Annual General Shareholders' Meeting, held on 26th April 2018**

Fact and Reason: The secretary of the meeting took the minutes of 2018 Annual General Shareholders' Meeting, held on 26th April 2018. The Company's Board of Directors has considered that the minutes were taken accurately according to the resolutions of the meeting (Enclosure 1).

The Board of Directors' Opinion: The minutes were taken accurately according to the resolutions of the meeting. Thus, the board deemed it appropriate to propose to the Shareholders' Meeting to approve the minutes of the 2018 Annual General Shareholders' Meeting, held on 26th April 2018.

Vote: The resolution of this agenda shall be passed by majority votes of shareholders who are present at the meeting and cast their votes.

Agenda 2 **To acknowledge the Company's performance results for the year 2018**

Fact and Reason: The Company has prepared the performance results and the important changes of the year 2018, which were disclosed in the 2018 Annual Report (Enclosure 2).

The Board of Directors' Opinion: The Board of Directors has considered and deemed it appropriate to propose to the Shareholders' Meeting to acknowledge the 2018 performance results.

Vote: This agenda is for acknowledgement, therefore there is no vote casting.

Agenda 3 **To consider and approve the Company's Financial Statements for the year 2018, ended 31st December 2018**

Fact and Reason: Pursuant to the Public Limited Company Act B.E.2535 and Article 45 of the Company's Articles of Association of the Company, the Annual General Meeting of Shareholders shall consider and approve the Company's statements of financial position and statements of income for the preceding year.

Board of Directors' Opinion: The Board of Directors has considered and deemed it appropriate to propose to the Shareholders' Meeting to approve the financial statements for the year 2018, ended 31st December 2018 which were audited by the Auditor and reviewed by the Audit Committee and also endorsed by the Board of Directors.

Vote: The resolution of this agenda shall be passed by majority votes of shareholders who are present at the meeting and cast their votes.

Agenda 4 **To consider and approve the allocation of net profits for the year 2018 for legal reserve and dividend distribution**

Fact and Reason: Pursuant the Article 116 of the Public Limited Company Act B.E. 2535, the Company must allocate part of the annual net profit for legal reserve in an amount not less than five percent of the annual net profit less the sum of accumulated loss brought forward (if any) until the legal reserve amounts not less than ten percent of the registered capital.

According to Company's separate financial statements representing the Company's performance for the year ending on 31st December 2018, the total net profit amounted to 335,264,037 baht. As required by the law, the Company allocated part of net profit for legal reserve making the total legal reserve reach ten percent of the Company's registered capital (308,438,080 baht).

According to Company's dividend payment policy provided that the Company will pay dividend to shareholders in an amount not less than 40 percent of net profit, specified on separate financial statements, after corporate income tax and any legal reserves. And pursuant to the Articles of Association of the Company, Article 54, dividend shall not be paid out of an amount other than profits, which includes retained earnings. If the Company still has an accumulated loss, the Company is prohibited from paying dividends. Dividend shall be distributed according to the number of shares, with each share receiving an equal amount of dividend. Dividend payment shall be made by approval from the General Meeting of shareholders, unless the interim dividend payment.

The Board of Directors' Opinion: The Board of Directors has considered and deemed it appropriate to propose to the Shareholders' Meeting to approve as follows:

- 1) Allocation of part of net profit for the year 2018 for legal reserve, which will make the total legal reserve reach ten percent of the Company's registered capital.
- 2) Distribution of dividend for the year 2018. The dividend will be paid by cash at the rate of Baht 0.66 per share, totaling an amount of 200.88 million Baht, (or 60% of net profit for the year specified on the separate financial statements). The dividend distribution shall be payable to the shareholders entitled to receive the dividend who are listed on the record date on 30th April 2019 and the dividend payment will be made on 15th May 2019

Information of the dividend payment from previous year

Details of the dividend payment	Year 2018	Year 2017
Net Profit from the separate financial statements (million Baht)	335.26	419.80
Dividend for the year (Baht per shares)	0.66	0.69
Total amount of the dividend (million Baht)	200.88	210.01

Vote:

The resolution of this agenda shall be passed by majority votes of shareholders who are present at the meeting and cast their votes.

Agenda 5

To consider and re-elect the directors who are due to retire by rotation

Fact and Reason:

Pursuant to Article 20 of the Company's Articles of Association of, at every annual general meeting, one-third (1/3) of directors shall retire from the company. If the number of retiring directors is not a multiple of three (3), the number of directors that is the nearest to one-third (1/3) shall retire. Directors who retire from the company in the first year and the second year after the registration of the company shall be determined by way of drawing lots. In subsequent years, directors who have remained in the company for the longest term shall retire. Retiring directors may be reappointed. In the 2019 Annual General Shareholders' Meeting, 3 retiring directors are;

1. Mr. Adisak Ruckariyaphong Director and Vice Chairman
2. Mr. Surath Pralongsil Independent Director and Audit
Committee
3. Mr. Thana Thienachariya Independent Director

The Board of Directors' Opinion: The Board of Directors deemed it appropriate to propose to the Shareholders' Meeting to approve the re-election of the 3 retired directors as the Company's directors for another term because their experiences, capabilities and good understanding in the Company's business could enhance the Company's performance. The profile of each director was sent together with this Invitation Letter (Enclosure 3)

Vote: The resolution of this agenda shall be passed by majority votes of shareholders who are present at the meeting and cast their votes.

Agenda 6

To consider and approve the remuneration for the Board of Directors and sub-committee for the year 2019

Fact and reason:

Pursuant to Section 90 of the Public Limited Company Act B.E. 2535, the company shall not pay money or give any property to a director, unless it is a payment of remuneration under the Articles of Association of the company and Article 33 of the Company's Articles of Association, the Company may not pay any money or distribute such other assets to directors except for remunerations of directors. Directors are entitled to receive remunerations, attendance fee, allowance and such other benefits in the form of commission, bonus or benefits of similar nature in accordance with the Articles of Association of the Company or with the resolution of general meetings of shareholders.

The Board of Directors' Opinion: In order to make the remuneration of the Board of Directors and Audit Committee be appropriate and comparable to other leading companies, with concerning to the increase of business transactions those shall be incurred in year 2019; the Board of Directors deemed it appropriate to propose to the 2019 Annual General Shareholders' Meeting to approve the remuneration of the Board of Directors and Audit Committees for year 2019 at the aggregate amount of not exceeding 9,000,000 (nine million) Baht which is the same rate as year 2018's rate, details as follow;

1. Annual fixed fee and attendance fee:

Details of remuneration	2019		2018	
	Annual fixed fee	Attendance fee	Annual fixed fee	Attendance fee
Chairman of Board of Directors	168,000 Baht/annum	25,000 Baht/attendance	168,000 Baht/annum	25,000 Baht/attendance
Director	168,000 Baht/annum	20,000 Baht/attendance	168,000 Baht/annum	20,000 Baht/attendance
Chairman of Audit Committee	-	25,000 Baht/attendance	-	25,000 Baht/attendance
Member of Audit Committee	-	20,000 Baht/attendance	-	20,000 Baht/attendance

2. Director's bonus: considering from net profit for the year 2019 and being allocated by the Board of Directors.

However, no any remuneration will be paid to Directors and member of Audit Committee other than the proposed remuneration.

Vote:

The resolution of this agenda shall be passed by a vote of no less two-third (2/3) of the total number of votes of shareholders who are present at the meeting.

Agenda 7**To consider and appoint the Company's auditor and fix remuneration for the year 2019****Fact and Reason:**

Pursuant to Section 120 of the Public Limited Company Act B.E.2535, the annual general meeting of shareholders shall appoint an auditor and determine the auditing fee of the company every year. In appointing the auditor, the former auditor may be re-appointed and Article 53 of the Company's Articles of Association provided that the Annual General Meeting of Shareholders shall appoint auditors and determines auditors' fees. The appointed auditor shall not be director, employee or any person holding a position in the Company.

Board of Directors' Opinion: 1) **the Appointment of the Company's Auditor and its Subsidiaries' Auditors**

The Board of Directors deemed it appropriate to propose to Annual General Shareholders' Meeting to approve the appointment of KPMG Phoomchai Audit Limited ("KPMG") as Company's auditor and one of the following names, to be the auditor of the Company and give opinion to the Company's financial statements for the year 2019

Name	Certified Public Accountant No.	Service Year as the Company's auditor
Ms. Sureerat Thongarunsang	4409	2 years (2017-2018)
Mr. Banthit Tangpakorn	8509	-
Ms. Marisa Tarathornbunpakul	5752	-

For its direct and indirect subsidiaries' auditors, the Board of Directors deemed it appropriate to propose to approve the appointment of the following auditors;

Company	Audit Firm
<u>Direct Subsidiaries</u>	
Sappe Europe s.r.o	BDR Consult spol.s.r.o
Sappe Holding (Thailand) Co., Ltd.	KPMG
<u>Indirect Subsidiaries</u>	
All Coco Group Co., Ltd.	KPMG
K Best Farm Co., Ltd.	KPMG
All Coco Co., Ltd.	N&N Audit Co., Ltd.
Sappe Hong Kong Co., Ltd.	Stephen YS Chan & Co.
Sappe Trading (Hong Kong) Co., Ltd.	Stephen YS Chan & Co.
Sappe Trading (Shanghai) Co., Ltd.	Shanghai LiXn JiaCheng DongShen CPAs

By this, the proposed auditors have no benefit and/or relationship with the Company/subsidiaries/executives/major shareholders or any related parties which may impact the independent responsibilities of auditors.

2) The audit remuneration for the year 2019

The auditors' remuneration of the Company and its direct and indirect subsidiaries for the year 2019 is totaled in an amount of not exceeding

4,500,000 Baht, which is more than year 2018's remuneration. The 2019 remuneration includes audit fee (details per below table), related expenses, for examples, transportation, document/ printing, postal, communication expenses which shall not exceed 10% of the audit fee and other expenses that may be incurred during audits,

Company name	Audit Firm	Audit Fee		Remark
		2018	2019	
Sappe Public Company Limited	KPMG	1,850,000	1,900,000	Increase 3%
Sappe Europe s.r.o	BDR Consult spol.s.r.o	264,000	281,000**	Increase 6%
Sappe Holding (Thailand) Co., Ltd.	KPMG	150,000	170,000	Increase 13 %
All Coco Group Co., Ltd.	KPMG	-	830,000	1 st year as subsidiary
K Best Farm Co., Ltd.	KPMG	-	310,000	1 st year as subsidiary
All Coco Co., Ltd.	N&N Audit Co. Ltd.	-	25,000	1 st year as subsidiary
Sappe Hong Kong Co., Ltd.	Stephen YS Chan & Co.	55,000	55,000***	Same as 2018
Sappe Trading (Hong Kong) Co., Ltd.	Stephen YS Chan & Co.	55,000	55,000***	Same as 2018
Sappe Trading (Shanghai) Co., Ltd.	Shanghai LiXn JiaCheng DongShen CPAs	62,500	62,500****	Same as 2018
Total		2,436,500	3,688,500	Increase 51 %

Remark: *The actual remuneration for the year 2018 was less than the audit remuneration for the year 2018 which approved by resolution of 2018 Annual General Shareholders' Meeting as specified in Company's 56-1 report.

** Foreign exchange rate (EUR/THB) = 40.0 / *** Foreign exchange rate (HKD/THB) = 5.0 / **** Foreign exchange rate (CNY/THB) = 5.68

Although the Company has had its subsidiaries in overseas and appointed auditors of subsidiaries from other firms, the subsidiaries were able to deliver their quarterly and annual financial statements on schedule. This could be ensured that the Company could prepare its financial statements within the timeline required by law.

The appointment of the Company's and its subsidiaries' auditors and the auditors' remuneration for the year 2019 were approved by Audit Committee Meeting No. 2/2019 held on 13th March 2019 as the proposed auditors performed their audits properly in accordance with the accounting standards.

For 2019, there are not any remuneration of other services (Non-Audit Fee) to the Company's auditor.

Vote:

The resolution of this agenda shall be passed by majority votes of shareholders who are present at the meeting and cast their votes.

Agenda 8

Fact and Reason:

Other matters (if any)

Pursuance to Section 105 paragraph 2 of the Public Limited Company Act B.E.2535 and Article 43 paragraph 2 of the Company's Articles of Association, shareholders holding in aggregate of no less than one-third (1/3) of total number of issued shares may request that the meeting consider other agenda than those prescribed under the notice of an invitation to such meeting.

Board of Director's Opinion:

The meeting should not consider any other matters proposed at the meeting. This is to comply with the Principles of Good Corporate Governance for Listed Companies B. E. 2555 and the Annual General Shareholders Meeting Assessment Project that the meeting should consider only the issues already informed in advance for fairness of the overall shareholders.

The Company invites all shareholders to attend the meeting on date, time and venue as aforementioned. The Company has fixed the Record Date on which shareholders have the right to attend the 2019 Annual General Shareholders' Meeting on 27th March 2019. The registration counters will be open for shareholders' registration from 11.30 hours onwards. The Chairman has designated officers who register the meeting attendants to collect the proxy forms on his behalf. For greater convenience of all shareholders and proxy holders, please bring a proxy (Enclosure 5 or 6) with affixed duty stamp in amount of 20 Baht, all required documents and evidences as stated in Enclosure 7 and Barcode Registration Form to declare at the meeting's registration.

In case of shareholders appoint the Company's independent director, as per details in Enclosure 4, to be their proxy holder, please return the proxy form, affixed duty stamp in amount of 20 Baht and voted for each agenda together with all required documents and evidences as stated in Enclosure 7 and Barcode Registration Form to **the Company Secretary, Sappe Public Company Limited No.71 SP Arcade Building, Ramkhamhaeng Road, Huamark, Bangkapi, Bangkok, 10240 within Wednesday, 11th April 2019.**

The Company reserves the right not to register shareholders in case where required documents and evidences are incomplete or inaccurate or do not meet the requirements and conditions specified.

If any inquiry, please contact Investor Relation Department or Company Secretary at Tel:

+662 319 4949

Yours sincerely,



Mr. Natee Onin

Chairman