

INNOVATION



INVITATION OF 2020 ANNUAL GENERAL SHAREHOLDERS' MEETING

Monday August 3, 2020

1.30 pm

At Ballroom, 3rd Floor,

The Grand Fourwings Convention Hotel

333 Srinakarin Rd., Huamark,

Bangkapi, Bangkok



10 July 2020

Subject: Invitation Letter to the 2020 Annual General Shareholders' Meeting

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

Enclosures:

1. Copy of the Minutes of the 2019 Annual General Shareholders' Meeting
2. Annual Report for the year 2019 (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. 5/2020 held on Tuesday 16th June 2020 has resolved to hold the 2020 Annual General Shareholders' Meeting on **Monday 3rd August 2020 at 13.30 hours, at Ballroom, 3rd Floor, The Grand Fourwings Convention Hotel, 333 Srinakarin Rd., Huamark, Bangkok, Bangkok.**

The meeting agenda are as follows:

Agenda 1**Matter to be informed by Chairman****Vote:**

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

Agenda 2**To consider and approve the Minutes of the 2019 Annual General Shareholders' Meeting, held on 18 April 2019****Fact and Reason:**

The secretary of the meeting took the minutes of 2019 Annual General Shareholders' Meeting, held on 18 April 2019. 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 of Directors deemed it appropriate to propose to the Shareholders' Meeting to approve the minutes of the 2019 Annual General Shareholders' Meeting, held on 18 April 2019.

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 3**To acknowledge the Company's operating results for the year 2019****Fact and Reason:**

The Company has prepared the performance results and the important changes of the year 2019, which were disclosed in the 2019 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 2019 performance results.

Vote:

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

Agenda 4**To consider and approve the Company's Financial Statements for the year 2019, ended 31 December 2019****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.

The 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 2019, ended 31 December 2019 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 5

To acknowledge interim dividend payment from the Company's performance for the year 2019

Fact and Reason:

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

On 26 February 2020, the Board of Directors' Meeting No. 1/2020 resolved that it was appropriate to propose to the 2020 Annual General Shareholders' Meeting to approve the dividend payment for the year 2019 at 0.83 Baht per share from net profit of the Company's performance during 1 January 2019 to 31 December 2019, totaling 252.63 million Baht (or 60% of net profit for the year specified on the separate financial statements). The dividend shall be payable to the shareholders entitled to receive the dividend who are listed on the Record Date on 12 May 2020 and the dividend payment will be made on 25 May 2020.

Later, the epidemic of COVID-19 became more severe, in addition, the government has issued the Emergency Decree on 26 March 2020 as well as the Bangkok Metropolitan Administration (BMA) has announced the Order of Temporary Closure of Premises (No.4), effective on 28 March 2020. For the safety of all shareholders' health and to support COVID-19

prevention measures, therefore, at the special Board of Directors Meeting held on 26 March 2020, the Board of Directors resolved as follows:

1. Postponed the date of the 2020 Annual General Meeting of Shareholders, scheduled on 30 April 2020, until the outbreak of the COVID-19 ended or resolved.
2. Approved the Interim dividend payment from net profit of the Company's performance during 1 January 2019 to 31 December 2019 at 0.83 Baht per share, totaling 252.63 million Baht (or 60% of net profit for the year specified on the separate financial statements) to shareholders entitled to receive the dividend who are listed on the Record Date on 10 April 2020 and the dividend payment shall be made on 24 April 2020.

The Board of Directors approved such interim dividend payment, equivalent to the rate intended to propose for approval at the Annual General Meeting, in order to mitigate impact from the postponement of the meeting and in line with the guidelines under the Securities and Exchange Commission's Letter no. GorLorTor. JorTor-1 (Wor) 9/2563 (Re: Arrangement of Annual General Meeting of Shareholders by Listed Companies during the Coronavirus Disease (COVID-19) Epidemic, dated 6 March 2020).

The interim dividend payment was in accordance with the Company's dividend payment policy and Articles of Association.

Information of the dividend payment from previous year

Details of the dividend payment	Year 2019 (Interim Dividend)	Year 2018
Net Profit from the separate financial statements (million Baht)	418.89	335.26
Dividend for the year (Baht per shares)	0.83	0.66
Total amount of the dividend (million Baht)	252.63	200.88

There is no additional appropriation of the net profit as the legal reserve since the Company has allocated the reserve of 30,843,808 Baht which is 10% of the Company's registered capital as required by law.

The Board of Directors' Opinion:

The Board of Directors deemed it appropriate to propose to Annual General Shareholders' Meeting to acknowledge the interim dividends payment at 0.83 Baht per share from net profit of the Company's performance during 1 January 2019 to 31 December 2019, totaling 252.63 million Baht (or 60% of net profit for the year specified on the separate financial statements), paid to shareholders who were entitled to receive the dividends as listed on the Record Date on 10 April 2020, and the company already paid dividends on 24 April 2020. Such payment was in accordance with the resolution of Board of Directors' Meeting No.3/2020, held on 26 March 2020 to reduce the effect that may occur to the shareholders due to the indefinite postponement of the 2020 Annual General Shareholders' Meeting scheduled on 30 April 2020. Therefore, the Board of Directors will not propose to pay dividends from the Company's performance for the year 2019 again.

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**Fact and Reason:****To Consider and Re-Elect the Directors, Who Are Due to Retire by Rotation**

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 2020 Annual General Shareholders' Meeting, 4 retiring directors are:

Mr. Padungdej	Indralak	Independent Director and Chairman of the Audit Committee
Mr. Anan	Ruckariyapong	Director and President
Ms. Piyajit	Ruckariyapong	Director and Chief Executive Officer
Mr. Arnupap	Ruckariyapong	Director and Chief Operating Officer

Such nominated persons to serve as directors, who are independent directors, have been considered and approved under the nomination criteria by the Board of Directors. Consequently, they possess the

knowledge and ability as well as the experiences that shall generate the benefits on the business operation of the company, and proper qualifications, and no characteristics prohibited by the Public Company Limited Act B.E. 2535, and any amendments thereto, the Securities and Exchange Act B.E. 2535, and any amendments thereto, and relevant regulations.

In addition, Mr. Padungdej Indralak qualifications are in line with the company's definition of the independent directors; therefore, he can give comments and opinions independently and in compliance with the relevant criteria as specified. Moreover, such person do not hold office as director or executive in other business that may cause a conflict of interest, or is deemed as a competitive business against the company

To comply with policy of good governance associated, the company has announced on Website of the company and to Stock Exchange of Thailand during 1 November 2019 – 31 December 2019 to give rights to shareholders to propose agenda of General Shareholders' Meeting and nominate a proper person to be selected as the company's committee for prior consideration of the Company's Board of Directors, that no Shareholder proposed the agenda and to nominate candidates to be elected as Directors in advance.

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 4 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 7

To Consider and Approve the Remuneration for the Board of Directors and Sub-Committee for the Year 2020

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 2020; the Board of Directors deemed it appropriate to propose to the 2020 Annual General Shareholders' Meeting to approve the remuneration of the Board of Directors and Audit Committees for year 2020 at the aggregate amount of not exceeding 9,000,000 (nine million) Baht which is the same rate as year 2019's rate, details as follow;

1. Annual fixed fee and attendance fee:

(Unit: Thai Baht)

Details of remuneration	2020		2019	
	Annual fixed fee	Annual fixed fee	Annual fixed fee	Attendance fee
Chairman of Board of Directors	216,000 Baht/annum	25,000 Baht/attendance	168,000 Baht/annum	25,000 Baht/attendance
Director	216,000 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 2020 and being allocated by the Board of Directors.

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

Vote:

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

Agenda 8**To consider and appoint the Company's auditor and determine remuneration of the auditor for the year 2020****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.

The 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 2020

Name	Certified Public Accountant No.	Service Year as the Company's auditor
Ms. Sureerat Thongarunsang	4409	3 years (2017-2019)
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.	Peak Audit Co. Ltd.

Company	Audit Firm
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

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 2020

The auditors' remuneration of the Company and its direct and indirect subsidiaries for the year 2020 is totaled in an amount of not exceeding 4,500,000 Baht, which is the same amount as in 2019. The 2020 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

Company name	Audit Firm	Audit Fee (Unit: Baht)		Remark*
		2019**	2020	
Sappe Public Company Limited	KPMG	1,900,000	2,070,000	Increase 9%
Sappe Europe s.r.o	BDR Consult spol.s.r.o	281,000 ¹ (EUR 7,020)	245,700 ⁴ (EUR 7,020)	Same as 2019
Sappe Holding (Thailand) Co., Ltd.	KPMG	170,000	170,000	Same as 2019
All Coco Group Co., Ltd.	KPMG	830,000	610,000	Decrease 27%
K Best Farm Co., Ltd.	KPMG	310,000	200,000	Decrease 35%
All Coco Co., Ltd.	Peak Audit Co. Ltd.	25,000	15,000	Decrease 40 %
Sappe Hong Kong Co., Ltd.	Stephen YS Chan & Co.	55,000 ² (HKD 11,000)	49,500 ⁵ (HKD 11,000)	Same as 2019
Sappe Trading (Hong Kong) Co., Ltd.	Stephen YS Chan & Co.	55,000 ² (HKD 11,000)	49,500 ⁵ (HKD 11,000)	Same as 2019
Sappe Trading (Shanghai) Co., Ltd.	Shanghai LiXn JiaCheng	62,500 ³ (CNY 11,000)	55,000 ⁶ (CNY 11,000)	Same as 2019
Total		3,688,500	3,464,700	Decrease 4 %

Remark: *Audit fees in foreign currency remain the same as previous year but different in Thai Baht currency due to exchange rates

**The actual remuneration for the year 2019 was less than the audit remuneration for the year 2019 approved by 2019 Annual General Shareholders' Meeting as specified in Company's 56-1 report.

¹Foreign exchange rate (EUR/THB) = 40.0 , ²Foreign exchange rate (HKD/THB) = 5.00 , ³Foreign exchange rate (CNY/THB) = 5.68

⁴Foreign exchange rate (EUR/THB) = 35.0 , ⁵Foreign exchange rate (HKD/THB) = 4.50 , ⁶Foreign exchange rate (CNY/THB) = 5.00

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 2020 were approved by Audit Committee Meeting No.5/2019 held on 5 November 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 9

To consider and approve the amendment to the Company's objectives and Memorandum of Association of the Company

Fact and Reason:

To include new type of business that the Company might expand in the future. The Board of Directors deemed it appropriate to propose to Annual General Shareholders' Meeting to approve the amendment to the Objectives of the Company by adding objective no. 46 as follow:

"46. To carry out technological research and development including basic research, basic industrial research, applied research and experimental research and to provide consultation regarding technological research and development for domestic and International, to individuals, groups of persons, juristic persons, state enterprises, government agencies, government organizations and the Company itself"

The Board of Directors' Opinion:

The Board of Directors deemed it appropriate to propose to Annual General Shareholders' Meeting to approve the amendment to the Company's objectives by adding objective no. 46 and the amendment to Memorandum of Association of the Company to be in accordance with the amendment of aforementioned Company's objectives as proposed.

Vote: The resolution of this agenda shall be passed by a vote of no less than three- fourths (3 /4) of the total number of votes of shareholders who are present at the meeting.

Agenda 10 **To consider and approve amendments to the Company's Articles of Association of Article 27, Article 34 and Article 37**

Fact and Reason: The Company intends to amend Articles of Associations, Article 27 in Chapter 3 Board of Directors and Article 34 and Article 37 in Chapter 4 General Meetings to include the alternative to arrange Board of Directors' Meetings and General Meetings by means of electronic communications equipment.

The Board of Directors' Opinion: The Board of Directors deemed it appropriate to propose to Annual General Shareholders' Meeting to approve the amendments to the Company's Articles of Association, Article 27 in Chapter 3 Board of Directors and Article 34 and Article 37 in Chapter 4 General Meetings to include the alternative to arrange Board of Directors' Meetings and General Meetings by means of electronic communications equipment, which is in accordance with the Emergency Decree on Electronic Meetings, B.E. 2563 (2020) dated 18 April 2020. The Article 27, Article 34 and Article 37 shall be cancelled entirely and replaced with the followings:

“ 27. The Board of Directors shall hold a meeting at least once in every three (3) months at the local place in which the head office or the branch office of the Company is situated or any province nearby, or any other places as the Chairman deems appropriate, with the Chairman or person who has been assigned by the Chairman calling for a meeting.

Two directors or more may request for holding of the Board of Directors' meeting. The Chairman or the directors assigned by the Chairman shall determine the date of the meeting to be held within fourteen (14) days upon receipt of the request.

The Chairman or person assigned by the Chairman shall send a notice summoning the meeting to the directors not less than seven (7) days prior to the date of the meeting. However, in the case that there arises the necessity and urgency to safeguard the rights and interest of the Company, a meeting may be convened by other means and the date of the meeting may be scheduled sooner.

Subject to applicable laws, regulations, announcements, requirements or other relevant rules that are currently available or may be modified in the future, any director may attend and participate in a Board of Directors' meeting of the Company by means of electronic communications equipment whereby all attendees can hear and speak to each other, and the attendance and participation in a meeting in such manner shall be deemed to constitute presence at the Board of Directors' Meeting. The notice of the meeting may be served via electronic means, subject to requirements under the applicable laws."

"34. The Board of Directors shall hold an Annual General Meeting of Shareholders within four (4) months after the end of a financial year at a locality of the principal place of business, in a neighboring province or at such other places as Chairman of the Board of Directors may consider appropriate.

Subject to applicable laws, regulations, announcements, requirements or other relevant rules that are currently available or may be modified in the future, the Company's General Meeting of Shareholders may be held by means of electronic communications equipment."

"37. To convene a general meeting of shareholders, both annual and extraordinary, the Board of Directors shall prepare a notice of invitation to indicate date, time and agenda items including matters to be proposed to the meeting and relevant opinion of the Board of Directors. The notice shall clearly indicate whether the matters, along with relevant opinion of the Board of Directors, are proposed to the meeting for acknowledgement, for approval or for consideration. The notice of invitation shall be submitted to shareholders and the registrar at least seven (7) days prior to the date of the meeting, and shall be published in a newspapers for at least three (3) consecutive days at least three (3) days prior to the date of the meeting. Notice of invitation shall be submitted to shareholders via registered mail.

When a general meeting of shareholders is held by means of electronic communications equipment, the Board of Directors may submit a notice of invitation and a meeting-accompanied documents via an electronic mail. Rules and procedures regarding the submission of a notice of invitation via an electronic mail shall be in accordance with the relevant laws."

Vote:

The resolution of this agenda shall be passed by a vote of no less three-fourths (3 / 4) of the total number of votes of shareholders who are present at the meeting.

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 2020 Annual General Shareholders' Meeting on 1 July 2020. The registration counters will be open for shareholders' registration from 11.00 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 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok, 10240 within Friday 24 July 2020.**

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