

SUNCE HOTELI d.d.

Trpinjska 9
10000 Zagreb, Hrvatska

Pursuant to Article 277(2) and Article 263 of the Companies Act (Official Gazette of the Republic of Croatia 152/11 – consolidated text, 111/12, 68/13, 110/15, 40/19) (hereinafter referred to as: the Act) and Article 10(1) of the Articles of Association of the company SUNCE HOTELI d.d., Zagreb, Trpinjska 9, tax number: 06916431329 (hereinafter referred to as: The Company), on 30 July 2020 the Management Board and the Supervisory Board of the Company adopted the decision on convening the General Assembly, and hereby invite the shareholders of the Company to the

GENERAL ASSEMBLY OF THE COMPANY SUNCE HOTELI d.d.

to be held on 7 September 2020 at 12 p.m. at the Company headquarters at the address Trpinjska 9, Zagreb

with the following agenda:

1. Opening of the General Assembly, determining the number of present and represented shareholders;
2. Decision on changing the Company name;
3. Decision on changing and amending the business activities;
4. Decision on amending the Company's Articles of Association;
5. Decision on the remuneration of the Supervisory Board members;
6. Decision on determining the remuneration for the work of the Supervisory Board members;
7. Decision on adopting the Remuneration Policy for the Management Board members;
8. Discussion on annual financial reports of the Company and the consolidated annual financial reports of the Group for 2019, the Annual Business Status Report of the Company and the Group for 2019, and the Supervisory Board Report on the Audit of the Company's Business Management in 2019, and the adoption of decisions on (a) the covering of the 2019 losses; (b) the discharge of liability for the members of the Management Board for 2019; and (c) the discharge of liability for the members of the Supervisory Board for 2019;
9. Decision on appointing the Company's auditor for the fiscal year 2020

DECISION PROPOSALS:

Ad 2 The Management Board and the Supervisory Board of the Company shall propose at the Annual General Meeting the adoption of the following decision:

Decision on changing the Company name

The Company name, in the part referring to the business activity, shall be changed so as to include the activity “tourist agency”, in such a manner that the Company name shall read “SUNCE HOTELI d.d. za turizam i ugostiteljstvo, turistička agencija“ /“*SUNCE HOTELI Plc for Tourism and Hospitality, Tourist Agency*”/. The abbreviated Company name shall remain the same: SUNCE HOTELI d.d.

Ad 3 The Management Board and the Supervisory Board of the Company shall propose at the Annual General Meeting the adoption of the following decision:

Decision on changing and amending the business activities

The following activity is deleted from the business activities:

- * transport for own needs

The Company’s business activities shall be extended to include the following activities:

- * hairdressing salons and beauty salons
- * body care and wellness activities
- * activities concerning production, marketing and use of chemicals
- * currency exchange
- * organisation of fairs, seminars, courses, exhibitions, congresses, promotions, entertainment events, forums, shows
- * preparation of baked goods and confectionery products
- * repair and maintenance of heating, ventilation, air conditioning and refrigeration equipment
- * washing and dry cleaning of textiles and fur products
- * passenger transport in domestic road transport
- * passenger transport in international road transport
- * freight transport in domestic road transport
- * freight transport in international road transport
- * preparation for sports competitions
- * recreational sports
- * lessons in sports
- * organisation of sports competitions
- * conducting sports competitions
- * sports facility management and maintenance
- * packaging activity

Ad 4 The Management Board and the Supervisory Board of the Company shall propose at the Annual General Meeting the adoption of the following decision:

Decision on amending the Company’s Articles of Association

4.1. Article 1(1) of the Articles of Association shall be amended and shall read as follows:

“The Company name is: SUNCE HOTELI dioničko društvo za turizam i ugostiteljstvo, turistička agencija“ / “SUNCE HOTELI Plc for Tourism and Hospitality, Tourist Agency”/

4.2. Article 4 of the Articles of Association shall be amended and shall read as follows:

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„The Company performs the following activities:

- 70 Real estate activities
- 74.14 Business and other management consultancy activities
- 74.15 Management activities of holding companies
- 74.40 Advertising
 - * purchase and sale of goods
 - * commercial brokerage on domestic and foreign markets
 - * representation of foreign companies
 - * preparing and serving food, drinks and beverages and providing accommodation services
 - * preparation of food, drinks and beverages for consumption at another location with or without serving (in the means of transport, at events) and delivery of this food, drinks and beverages (catering)
 - * tourist services in nautical tourism
 - * tourist services in other forms of tourist offer
 - * other tourist services
 - * tourist services that include sports and recreational or adventure activities
 - * audiovisual activities
 - * activities complementary to audiovisual activities
 - * providing audio and / or audiovisual media services
 - * providing electronic publications services
 - * real estate management and maintenance services
 - * real estate brokerage
 - * IT services
 - * computer and related activities
 - * printing of magazines and other periodicals, books and brochures, musical works and musical manuscripts, maps and atlases, posters, playing cards, advertising catalogues, brochures and other printed advertisements, registers, albums
 - * accounting activities
 - * providing trade services
 - * administrative activities
 - * travel agency activity
 - * rent-a-car services
 - * design and construction of buildings, and expert construction supervision
 - * agency services in road transport
 - * transport of persons and cargo for own needs
 - * provision of customs representation services
 - * goods warehouse
 - * hairdressing salons and beauty salons
 - * body care and wellness activities
 - * activities concerning production, marketing and use of chemicals
 - * currency exchange
 - * organisation of fairs, seminars, courses, exhibitions, congresses, promotions, entertainment events, forums, shows
 - * preparation of baked goods and confectionery products
 - * repair and maintenance of heating, ventilation, air conditioning and refrigeration equipment
 - * washing and dry cleaning of textiles and fur products
 - * passenger transport in domestic road transport
 - * passenger transport in international road transport
 - * freight transport in domestic road transport
 - * freight transport in international road transport
 - * preparation for sports competitions
 - * recreational sports

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Tel. +385 1 3844 044 - Fax. +385 1 3844 177 - www.bluesunhotels.com - Trgovački sud u Zagrebu, MBS 080502040, MB 1869647, OIB 06916431329
Poslovne banke: Zagrebačka banka d.d. IBAN: HR0823600001101909750, Privredna banka Zagreb d.d. IBAN: HR3023400091110503995,
Erste&Steiermärkische Bank d.d. IBAN HR792402006110095685
Temeljni kapital: 595.458.500,00 kuna – Ukupan broj izdanih dionica: 5.954.585
Nadzorni odbor: Jako Andabak, predsjednik - Uprava: Tonči Boras, predsjednik; Kristijan Gagulić, član; Ivan Potkrajčić, član.

- * lessons in sports
- * organisation of sports competitions
- * conducting sports competitions
- * sports facility management and maintenance
- * packaging activity.”

Ad 5 The Management Board and the Supervisory Board of the Company shall propose at the Annual General Meeting the adoption of the following decision:

Decision on the remuneration of the Supervisory Board members

- 1) The Supervisory Board of the Company consists of five members. Pursuant to the Company’s Articles of Association, four members of the Supervisory Board are elected by the General Assembly of the Company, while the fifth member is appointed by the shareholder Erste d.o.o. – društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima /*Erste Plc. – /mandatory and voluntary pension funds management company/*

The members of the Supervisory Board appointed by the Company Assembly do not receive remuneration for their work in the Supervisory Board, but have an employment contract concluded with the Company regarding the performance of other tasks, while the member appointed by the shareholder is entitled to remuneration under the decision of the General Assembly.

- 2) In order to maintain the objectivity and independence of the member of the Supervisory Board, their remuneration does not depend on the Company’s business results and is of a fixed amount. In determining the remuneration of the Supervisory Board member, the economic conditions and the position of the Company, the prevailing levels of salaries in the industry and the Company are all taken into account.

The remuneration of the Supervisory Board member for their work in the Supervisory Board is determined by the Company General Assembly in a monthly fixed gross amount.

- 3) At its session held on 12 February 2018, and pursuant to Article 65 of the Audit Act, the Supervisory Board of the Company established the Audit Committee, which acts as a committee within the Company Supervisory Board. The Audit Committee consists of three members, with one Audit Committee member being an expert in the field of accounting and auditing.

The Audit Committee member who is an expert in the field of accounting and auditing is entitled to remuneration for their work in the Audit Committee, while the other two members do not receive remuneration for their work in the Audit Committee, but have an employment contract concluded with the Company regarding performance of other tasks.

The remuneration for the work of the expert member of the Audit Committee is determined by the Supervisory Board by its decision. The remuneration is of a fixed amount and does not depend on the Company’s business results. The remuneration is determined in a monthly gross amount.

- 4) If a Supervisory Board member is also an Audit Committee member, they are entitled only to remuneration for their membership in the Supervisory Board.
- 5) The members of the Supervisory Board and the Audit Committee who have an employment contract concluded with the Company regarding performance of other tasks, have established an employment relationship for an indefinite period and are entitled to severance pay pursuant to the Labour Act in the amount of six average gross salaries earned in three months prior to the termination of the employment contract.

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- 6) The members of the Supervisory Board and the Audit Committee are not entitled to variable remuneration or remuneration in the form of Company shares.
- 7) The Supervisory Board shall monitor on an annual basis whether the subject remuneration is in accordance with the principles set out in item 2 of this Decision and shall, if it is necessary to amend this Decision, submit to the Assembly a new draft decision for approval. If the Assembly does not approve the amended decision, the Company shall continue to pay remuneration to the members of the Supervisory Board and the Audit Committee in accordance with this decision.
- 8) This Decision shall enter into force upon adoption by the Assembly and shall be valid until 31 December 2021.

Ad 6 The Management Board and the Supervisory Board of the Company shall propose at the Annual General Meeting the adoption of the following decision:

Decision on determining the remuneration for the work of the Supervisory Board members

Remuneration for his work as Supervisory Board member shall be paid to Ratomir Ivičić, PIN (OIB): 05311939774, Zagreb, Bartolići 45, in the monthly gross amount of HRK 10,075.64, starting from 1 July 2019. The stated remuneration shall be paid by the 15th of the month for the previous month.

Ad 7 The Supervisory Board submits to the General Assembly the Remuneration Policy for the Management Board members for approval

The Remuneration Policy for the Company Management Board members is approved, and it reads as follows:

REMUNERATION POLICY FOR THE MANAGEMENT BOARD MEMBERS

The remuneration of the Company Management Board members is based on the principle of security of income as well as the retention of quality professionals in the Company. The remuneration policy is such as to discourage the Management Board members from making high-risk decisions that are unacceptable to the Company.

In 2020, the Company's business operations were impeded due to the COVID-19 pandemic and it exercised its right to use the Aid for Preservation of Employment in Activities Affected by Coronavirus (COVID-19) paid by the Croatian Employment Service.

According to the decision of the Croatian Employment Service, the aid beneficiary shall be obliged to repay the amount of aid received from May 2020 if, by 31 December 2021, among other things, it pays the Management Board members a bonus for the achieved results, if it awards own shares to the Management Board members, i.e. other persons authorised to manage the entire or a part of the business.

At the time of the adoption of this Policy, the Company had used the subject aid for about 700 employees for May, June and July in the total amount exceeding one million euros.

Given the stated limitation in the variable remuneration that would be related to the achieved business results, until 31 December 2021 the Management Board members shall receive only fixed remuneration, i.e. the agreed gross salary.

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Fixed remuneration of the Management Board members is determined in a manner that reflects the value of the work and responsibilities undertaken by the Management Board member, but is also such as to ensure good employment conditions and thus make the Company a desirable employer. Given the above, the subject policy contributes to the strategy and development of the Company.

The contract with the member and the President of the Management Board is concluded for the entire appointment period, and it defines the rights and obligations of the member and the President of the Management Board as well as their remuneration. All Management Board members have an employment relationship established for an indefinite period in the Company.

The contract with the Management Board member may be terminated:

- a) by agreement between the Management Board member and the Company
- b) by revoking the appointment of the Management Board member for good cause and by extraordinary termination of the contract
- c) cancellation by the Company without cause for revocation
- d) resignation and dismissal of the Management Board member

Ad a) If the contract with the Management Board member is terminated by agreement, then both parties are free to determine the conditions for the termination of the contract

Ad b) In the event that the appointment of the Management Board member is revoked, in addition to stating good cause for revocation, the Company terminates the employment contract by extraordinary notice without observing the notice period.

In case of dismissal due to good cause, the Management Board member shall not have the right to severance pay.

Ad.c) The Company may terminate the contract without good cause. In such case, the Company shall offer the Management Board member the option to conclude an employment contract under changed conditions in other jobs in accordance with their professional qualification, provided that the Management Board member has the right to choose whether they will accept the offered employment contract concerning a new position or refuse to conclude the offered employment contract thereby terminating their employment relationship with the Company, in which case the Company is obligated to pay severance pay in the amount of twelve agreed monthly salaries to the Management Board member after the expiration of the notice period. The Management Board member shall inform the Company about their choice within 8 days from the date on which the Company informed them about the termination of the contract and offered a new contract.

If the Company terminates the contract without good cause, and the Management Board member does not accept the new employment contract offered to them, the rights and obligations of the Management Board member under the contract shall cease within 6 months from the date of receiving the Decision on terminating the contract.

Ad d) The Management Board member may terminate their contract and resign without stating the reasons, with the obligation to hold the same function until the appointment of another person for the same function, and no longer than 3 months after the termination of the contract.

The resignation by the Management Board member prior to the expiration of their appointment represents good cause for extraordinary termination of the contract by the Company, without the obligation to observe the notice period. In that case, the Management Board member shall not be entitled to severance pay.

Given that all Management Board members are employed by the Company, the Company pays their pension and health insurance contributions, provided that it has no obligation to purchase additional years of pensionable service for the Management Board member.

This Policy shall enter into force on the date of its approval by the Company General Assembly and shall be valid until 31 December 2021.

The decision of the General Assembly and the Remuneration Policy shall be published and made available free of charge for a period of ten years, immediately after the General Assembly, on the Company's website with an indication of the validity date.

Ad 8 The Management Board and the Supervisory Board of the Company shall propose at the Annual General Meeting the adoption of the following decision:

a) Decision on Covering the 2019 Loss

The Company loss of 2019 in the amount of HRK 7,525,505.88 shall be distributed to the accumulated loss that shall be covered by the future business operations of the Company.

b) Decision to Discharge the Members of the Management Board from Liability for 2019

The members of the Company's Management shall be discharged from liability for 2019.

c) Decision to Discharge the Members of the Supervisory Board from Liability for 2019

The members of the Supervisory Board shall be discharged from liability for 2019.

Ad 9 The Supervisory Board of the Company shall propose to the General Assembly the adoption of the following decision:

Decision on the Appointment of the Company Auditor for the Business Year 2019

“The audit of the Company and the consolidated financial reports of the Group for 2019 shall be entrusted to the auditing company Ernst & Young, d.o.o., from Zagreb, Radnička cesta 50, PIN (“OIB”): 58960122779.”

EXPLANATION OF THE PROPOSED GENERAL ASSEMBLY DECISIONS:

Ad 1 Opening Remarks for the General Assembly, Determining the Number of Attendees and Represented Shareholders

The decision under this Agenda item shall not be adopted by the shareholders at the General Assembly; the Chairman shall open the General Assembly, establish the Agenda and identify the attending shareholders and their representatives with an attending notary public.

Ad 2 Explanation behind the Proposal of the Decision on Changing the Company Name

In accordance with the obligation under Article 116 of the Act on Provision of Tourism Services, the indication of the business activity of tourist agency shall be integrated into the Company name. The business activity indication “tourist agency” (Croatian: “turistička agencija”) shall be added to the indication of the Company objects so that the full company name shall be “SUNCE HOTELI d.d. for Tourism and Hospitality and Tourist Agency” (Croatian: “SUNCE HOTELI d.d. za turizam i ugostiteljstvo i turistička agencija”).

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Ad 3 Explanation behind the Proposal of the Decision on Changing and Amending the Business Activities

The Company intends to perform business activities that have been previously performed by its merged companies HOTELI BRELA d.d., HOTELI TUČEPI d.d., HOTELI ZLATNI RAT d.d. and HOTEL ALAN d.d. until their merger was entered into the court register of the Commercial Court of Zagreb on 31 December 2019. These activities shall be added to the Company objects. With regard to the provision of Article 35 of the Companies Act stating that a company may perform a certain object / business activity solely if the said object/activity is entered into the court register, as well as the provision of Article 51 of the Act on the Court Register stating that an object / business activity shall be entered into the register if they are defined by a particular piece of legislation, the Management Board and the Supervisory Board hereby propose at the General Assembly that a decision be adopted on the supplementation of the Company objects by adding the business activities indicated in the proposal to that decision to the existing activities for the purpose of entering the added activities into the court register.

Ad 4 Explanation behind the Proposal of the Decision on Amending the Company's Articles of Association

With regard to the proposal of the Decision on Changing the Company Name and the Decision on Changing and Amending the Business Activities, the Management Board and Supervisory Board hereby suggest that the Company's Articles of Association be adapted in relation to the said provisions regarding the Company and its objects.

The current, digital version of the Articles of Association of the Company is available at the Company website www.bluesunhotels.com/investitori

Ad 5 Explanation behind the Proposal of the Decision on the Remuneration of the Members of the Supervisory Board

Article 293(3) of the amendment to the Companies Act which entered into force on 1 May 2020 states that public limited liability companies admitted to the regulated market for trading purposes shall be required to reach decisions on the remuneration of the members of their supervisory boards at least every four years. In accordance with the said amendment to the Companies Act, the Decision on the remuneration of the members of the Supervisory Board shall be reached at the General Assembly.

Ad 6 Explanation behind the Proposal of the Decision on Determining the Remuneration for Members of the Supervisory Board

In accordance with the provisions of Article 269 of the aforementioned Act, members of the Supervisory Board may receive remuneration with regard to their work. Since the said remuneration is not defined by the Articles of Association, it may be approved at the General Assembly of the Company. The proposal regarding the amount of the remuneration shall be proportionate to the work that the relevant Supervisory Board member(s) perform(s), to the Decision on the Remuneration of the Members of the Supervisory Board, as well as the state of the Company.

Ad 7 Explanation behind the Proposal of the Decision on the Approval of the Remuneration Policy

In compliance with Article 247a and 276a of the Companies Act, the Supervisory Board of the Company shall hereby reach a decision on the remuneration system regarding members of the Management Board. The Supervisory Board shall submit the remuneration policy to the General Assembly for approval.

Ad 8 Annual Financial Reports of the Company and the Consolidated Annual Financial Reports of the Group for 2019, the Annual Business Status Report of the Company and the Group for 2019, and the Supervisory Body Report on the Audit of the Company's Business Management for 2019

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Pursuant to the obligation stipulated in Article 280a(1) 2 of the Companies Act, the Company shall inform the shareholders that, pursuant to Article 300d of the Companies act, the Management Board and the Supervisory Board have prepared the annual financial reports of the Company and the consolidated annual financial reports of the Group for 2019, and the shareholders at the General Assembly shall not decide on them. The above financial reports shall be presented at the General Assembly of the Company along with the Management's Annual Business Status Report of the Company and the Group for 2019, and the Supervisory Body Report on the Audit of the Company's Business Management for 2019.

While preparing the annual financial reports, the Company Management Board has issued a proposal to the Supervisory Board to distribute the Company's 2019 loss, in the amount of HRK 7,525,505.88, to the accumulated loss that shall be covered by the future business operations of the Company, which the Supervisory Board accepted.

The Management Board and the Supervisory Body shall also suggest that they be discharged from liability and their work in 2019 be adopted. Pursuant to Article 276 1 of the Companies Act, if the shareholders at the General Assembly should decide so or if it is requested by the shareholders who jointly make up at least 1/10 of the total share capital of the Company, the discharge of each individual Management Board or Supervisory Board member can be voted on separately.

Ad 9 Explanation behind the Proposal for Appointing the Company's Auditor for the fiscal year 2020

Pursuant to Article 280(3) of the Companies Act, the Supervisory Board, upon the recommendation of the Audit Committee, shall propose to the shareholders at the General Assembly to adopt a decision on appointing the company Ernst & Young d.o.o. from Zagreb, Radnička cesta 50, PIN ("OIB"): 58960122779, the Company's auditor for the fiscal year 2020. If the decision is made in accordance with the Supervisory Board's proposal, 2020 shall be the third year of the involvement of the company Ernst & Young d.o.o..

SHAREHOLDER INSTRUCTIONS FOR PARTICIPATING AT THE GENERAL ASSEMBLY:

Participation and Voting Requirement

The Company's shareholders registered at the depository of the Central Depository & Clearing Company Inc. no later than six days before the General Assembly, who send a prior application for participating in the General Assembly to the address of the Company's main office shall have the right to participate at the General Assembly. The application shall be sent to the Company no later than six calendar days prior to the General Assembly, excluding the day of the Company receiving the application.

The shareholders shall participate at the General Assembly in person or through an attorney. The power of attorney shall be in writing and indicate the attorney, the shareholder granting the power of attorney, the total nominal value of shares and votes, the authority to act and vote on behalf of the shareholder at the General Assembly, the date of issue and the validity date of the power of attorney. The power of attorney shall be sent to the Company no later than the closing date for sending the application for participating in the Company's General Assembly.

With regard to the extraordinary circumstances brought upon by the COVID-19 pandemic, the shareholders that will attend the General Assembly must abide by the safety recommendations and the decisions of the Civil Protection Office of the Republic of Croatia, as well as the measures that the Company will implement within its organisation

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and at the General Assembly. The purpose of this is to protect the health of shareholders, Company employees, as well as any other persons involved in the organisation of the General Assembly.

For the purpose of reducing personal attendance at the General Assembly in order to alleviate the risks of spreading infection, the Company hereby recommends the shareholders to participate and exercise their rights in relation to the General Assembly by proxy through their attorneys, legal representatives provided for them by the Company:

attorneys with the "Bogdanović, Dolički & partneri" law firm
attorneys Nenad Pešut, Nina Iličić and Edita Matic,
tel. 01/600-5656, e-mail: odbd@odbd.hr

The costs of legal representation of shareholders or their plenipotentiaries in the form of provided representatives stated in this call shall be borne by the Company.

General Assembly Materials

The materials for the General Assembly, along with the application and power-of-attorney forms are at the shareholders' disposal at the website www.bluesunhotels.com/investitori or at the registered office of the Company on working days from 9 a.m. to 1 p.m. until the day of the General Assembly.

Adding New Items to the Agenda

The shareholders holding a 1/20 of the share capital in the Company shall have the right to request that a new item be added to the General Assembly agenda, by providing an explanation and a decision proposal. Such a request shall be sent to the Company no later than 7 August 2020 inclusive.

Shareholder Counterproposals

The shareholder counterproposals to the proposals of the Management and/or the Supervisory Body shall be sent to the Company with the full name of the shareholder and an explanation no later than 23 August 2020 (including). If a shareholder does not exercise the above right, this shall not entail the loss of right to provide a counter proposal at the General Assembly.

Right to be Informed

At the General Assembly, the Management shall, upon request, inform a shareholder on the business of the Company if this is required to judge the items on the General Assembly agenda, but the information may be withheld on the grounds of the Companies Act. The status at the depository of the Central Depository & Clearing Company Inc. (Croatian: "Središnje klirinško depozitarno društvo d.d.") on 31 August 2020 shall be relevant for participating at the General Assembly.

Backup General Assembly

If at the adjourned General Assembly a quorum is not present, the following General Assembly shall be held on 9 September 2020 at the same location with the same agenda, and shall allow for valid decisions to be reached regardless of the quorum.

SUNCE HOTELI d.d.
The Management Board


SUNCE HOTELI d.d.

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