

Pursuant to Article 277(2) of the Companies Act (OG Nos 152/11 – consolidated text, 111/12, 68/13, 110/15, 40/19, 34/22) (hereinafter: the Act) and Article 10(1) of the Articles of Association of the company SUNCE HOTELI d.d., Zagreb, Radnička cesta 43, PIN: 06916431329 (hereinafter: the Company), per the proposal of the Management Board and the Supervisory Board of the Company, the Company adopted a Decision on July 15th 2022 to convene the General Assembly and hereby issues a convocation to the shareholders of the Company to the

GENERAL ASSEMBLY OF THE COMPANY SUNCE HOTELI d.d.

to be held on 26th August 2022 at 14:00 noon at the Company's registered office, Radnička cesta 43, Zagreb

under the following agenda:

1. Opening of the General Assembly, determination of the number of present and represented shareholders
2. Decision on the remuneration of the Supervisory Board members
3. Decision on approval of the Remuneration Policy for the Management Board members
4. Decision on approval of the Report on the Remuneration of the Company Supervisory and Management Board Members in 2021.
5. Discussion on annual financial reports of the Company and the consolidated annual financial reports of the Group for 2021, the Annual Business Status Report of the Company and the Group for 2021, the Supervisory Board Report on the Supervision of the Company's Business Management in 2021, the Supervisory Board Report on relations with affiliated companies, and the adoption of decisions on (a) the covering of the 2021 losses; (b) the discharge of liability for the members of the Management Board for 2021 and (c) the discharge of liability for the members of the Supervisory Board for 2021;
6. Decision on the Appointment of New Audit Committee Members;
7. Decision on appointing the Company's auditor for the fiscal year 2022;

DECISION PROPOSALS

Agenda Item 2 The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

Decision on the remuneration of the Supervisory Board members

1. The Supervisory Board of the Company consists up to seven members. Pursuant to the Company's Articles of Association, one member of the Supervisory Board is appointed by the shareholder Erste d.o.o. – društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima / *Erste d.o.o. Company for the management of compulsory and voluntary pension funds*/, while the others are elected by the General Assembly of the Company.

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Kontakt:
Radnička cesta 43, 10000 Zagreb, Hrvatska
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Temeljni kapital: 714.480.200,00 kuna
Ukupan broj izdanih dionica: 7.144.802

Nadzorni odbor:
Mohamed Ali Rashed Alabbar, predsjednik

Uprava:
Mubarak Al-Khalifa, predsjednik

The members of the Supervisory Board appointed by the General Assembly do not receive remuneration for their work in the Supervisory Board, 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 members 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 members, 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 members for their work in the Supervisory Board is determined by the Company General Assembly in a monthly fixed gross amount.

It is prohibited to include variable elements or other elements that are related with business results of the Company in the remuneration of the Supervisory Board members.

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.

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, he is entitled only to remuneration for his membership in the Supervisory Board.
5. The members of the Supervisory Board and the Audit Committee are not entitled to variable remuneration or remuneration in the form of Company shares.
6. 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 General Assembly a new draft decision for approval. If the General 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.
7. By adopting this decision, the Decision on the remuneration of the Supervisory Board members made on 30th August 2021 is revoked.
8. This Decision shall enter into force upon adoption by the General Assembly and shall be valid for four years.

Agenda Item 3 The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

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Uprava:
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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 members of the Management Board from making high-risk decisions that are unacceptable to the Company.

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 member and the President of the Management Board 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 offer of 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.

If a member or President of the Management Board is not reappointed after the expiration of the term, and the contract for the same position is not renewed, the Company is obliged to offer the member or President of the Management Board an employment contract with amended conditions for an indefinite period, 2 months before the expiration of the term, in accordance with his professional qualification. If a member or the President of the Management Board does not accept the offered contract, his employment shall terminate upon the expiration of his term of office, with the right to severance pay determined by the Labour Act.

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.

By adopting this decision, the Remuneration Policy for the Management Board Members adopted on 30th August 2021 is revoked.

This Policy shall enter into force on the date of its approval by the Company General Assembly and shall be valid until 26th August 2026.

The Policy is determined by the Supervisory Board and submitted to the General Assembly for approval. The Supervisory Board is responsible for the implementation and supervision of the implementation of the Policy.

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.

Agenda Item 4 The Management Board and the Supervisory Board of the Company hereby propose the adoption of the following Decision at the General Assembly:

REPORT ON THE REMUNERATION OF THE COMPANY SUPERVISORY AND MANAGEMENT BOARD MEMBERS IN 2021.

Introductory remarks

The Company General Assembly took in its meeting of 30th August 2021 a Decision on the remuneration of the Supervisory Board members and approved the Remuneration Policy concerning the Management Board members.

The Decision on remuneration of the Supervisory Board members and the Remuneration Policy concerning the Management Board members were adopted in such manner to promote objective and independent actions on part of both, the Supervisory Board members and the Management Board members.

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Uprava:
Mubarak Al-Khalifa, predsjednik

I. Remuneration of the Supervisory Board members

Pursuant to the Company's Articles of Association, Supervisory Board of the Company consists of up to seven members. The exact number of members in a particular mandate period is determined by the General Assembly by its decision. In 2021, the Supervisory Board members were: Jako Andabak, the President of the Supervisory Board until June 13th 2021, Sanja Gagulić, the Vice President of the Supervisory Board until June 13th 2021, Ružica Andabak, Supervisory Board member until June 13th 2021, Ana Volk, Supervisory Board member until June 13th 2021, Mohamed Ali Rashed Alabbar, Supervisory Board member from 14th June 2021 and President of the Supervisory Board from 25th June 2021, Frederick William Howdon Durie, Supervisory Board member from 14th June 2021 and Vice President of the Supervisory Board from 25th June 2021, Ping Low, Supervisory Board member from 14th June 2021, Mark Gordon Kirby, Supervisory Board member from 14th June 2021 until 19th July 2021 and Ratomir Ivičić, a member appointed by shareholders of Erste d.o.o. – društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima (Erste d.o.o. Company for the management of compulsory and voluntary pension funds) pursuant to the Company's Articles of Association.

The Supervisory Board members appointed by the General Assembly whose duties ended on June 13th 2021, i.e., Jako Andabak, Ana Volk, Sanja Gagulić and Ružica Andabak, were receiving a fixed monthly salary in 2021 pursuant to their employment contracts concluded with the Company.

Supervisory Board members who were appointed by the General Assembly from 14th June 2021, i.e., Mohamed Ali Rashed Alabbar, Frederick William Howdon Durie, Ping Low and Mark Gordon Kirby did not receive any remuneration for holding the said position.

Ratomir Ivičić, Supervisory Board member appointed by shareholders pursuant to the Company's Articles of Association, receives fixed remuneration for serving on the Board pursuant to the Decision of August 30th, 2021 of the Company General Assembly.

a. The Company paid the following sums to the Supervisory Board members in 2021:

all amounts are in kunas

First and last name	Title	Remuneration paid in 2021		
		Salary (gross)	Salary in kind	Total remuneration
Jako Andabak	President of the Supervisory Board until June 13 th 2021	59.181,82	9.765,00	68.946,82
Sanja Gagulić	Vice President of the Supervisory Board until June 13 th 2021	344.877,07	56.904,71	401.781,78
Ana Volk	Supervisory Board member until June 13 th 2021	278.523,47	45.956,37	324.479,84
Ružica Andabak	Supervisory Board member until June 13 th 2021	150.419,42	24.819,21	175.238,63
Ratomir Ivičić	Supervisory Board member	120.907,68	9.068,05	129.975,73
Mohamed Ali Rashed Alabbar	Supervisory Board member from June 14 th 2021, President of the Supervisory Board from June 25 th 2021	0	0	0
Frederick William Howdon Durie	Supervisory Board member from June 14 th 2021, Vice President of the Supervisory Board from June 25 th 2021	0	0	0
Ping Low	Supervisory Board member from June 14 th 2021	0	0	0

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Mark Gordon Kirby	Supervisory Board member from June 14 th 2021 until June 19 th 2021	0	0	0
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In accordance with the Decision on the remuneration for the Supervisory Board members, the Supervisory Board members received neither variable remuneration for serving on the Supervisory Board nor any Company shares or share options in 2021. Members of the Supervisory Board who were appointed by the General Assembly of the Company and who were employed by the Company during 2021, also received a salary in kind for the use of a company car, which is included in the amount of gross salary receipts, i.e., compensation in the data presented.

Other receipts of members of the Supervisory Board include health contributions.

Apart from the aforementioned, the Company did not make any other salary payments to members of the Supervisory Board in 2021.

b. Audit Committee

The Audit Committee meets as a committee of the Supervisory Board and consists of three members. In 2021, the Audit Committee consisted of the following members:

Ivan Augustin	President of the Audit Committee
Sanja Gagulić	Audit Committee member until
Ružica Andabak	Audit Committee member until
Ali Al Frayhat	Audit Committee member from August 30 th 2021
Mohamed Bitar	Audit Committee member from August 30 th 2021

The members of the Audit Committee who are also members of the Supervisory Board received no remuneration for serving on the Audit Committee in 2021, while Ivan Augustin, Audit Committee member who is independent and has competence in accounting and auditing, received remuneration for serving on the Audit Committee.

In 2021, the Company paid remuneration for serving on the Audit Committee to the President of the Audit Committee Ivan Augustin in the gross amount of HRK 65.663,07.

Besides the payment mentioned, the Company paid no other remunerations to the Audit Committee members for serving on the Committee in 2021.

c. The compliance of the remuneration paid in 2021 with the Decision on the remuneration of the Supervisory Board members of August 30th, 2021

In its meeting of 30th August 2021, the General Assembly of the Company took the Decision on the remuneration of the Supervisory Board members according to which the Supervisory Board members appointed by the General Assembly of the Company shall not receive remuneration for serving on the Supervisory Board, but shall have an employment contract concluded with the Company for performing other tasks instead, while the member appointed by shareholders shall be entitled to remuneration pursuant to the Decision by the General Assembly.

The said Decision also stipulates that the Supervisory Board shall determine the remuneration for the Audit Committee member with professional competence by way of its decision, which is fixed and independent of Company's operating results. The remuneration shall be determined in the monthly gross amount.

Therefore, the remuneration paid to the members of the Supervisory Board and the Audit Committee in 2021 is in accordance with the Decision on the remuneration of the Supervisory Board members of 30th August, 2021.

II. Remuneration of the Management Board members

Pursuant to the Company's Articles of Association, Management Board of the Company consists from one to five members. In 2021, the Company Management Board consisted of the following members:

Hrvoje Veselko	President of the Management Board until 27 th September 2021, from 28 th September Management Board member
Ivan Potkrajčić	Management Board member until 17 th September 2021
Kristijan Gagulić	Management Board member until 26 th April 2021
Shaikh Mubarak Ali Abdulla Hamad Alkhalifa	President of the Management Board from September 27 th 2021

a. The Company paid the following sums to the Management Board members in 2021:

all amounts are in kunas

First and last name	Title	Remuneration paid in 2021		
		Salary (gross)	Salary in kind	Total remuneration
Hrvoje Veselko	President of the Management Board until 27 th September 2021	871.114,45	143.733,84	1.014.848,29
Kristijan Gagulić	Management Board member until 26 th April 2021	339.530,87	56.022,60	395.553,47
Ivan Potkrajčić	Management Board member until 27 th September 2021	605.897,84	99.973,17	705.871,01
Shaikh Mubarak Ali Abdulla Hamad Alkhalifa	President of the Management Board from 27 th September 2021	0		0

During 2021, the members of the Management Board, except for the President of the Management Board who was appointed on 27th September 2021, also received a salary in kind for the use of an official car, which is included in the paid gross salaries in the above data.

Other receipts of members of the Management Board, except for the President of the Management Board who was appointed on 27th September 2021, include health contributions.

Apart from the aforementioned, the Company did not pay any other receipts to the members of the Management Board in 2021.

In 2021, there were no payments or obligations to pay third parties to members of the Management Board in connection with the work they performed as the Management Board in 2021.

The members of the Management Board, in accordance with the Remuneration Policy for members of the Management Board, did not receive variable compensation in 2021, nor did they receive shares or options on the Company's shares for their function.

- b. The Management Board members received fixed monthly salaries pursuant to their managerial contracts concluded with the Company.

Contracts with the Management Board President and members have been concluded for the entire term of office, they regulate the rights and obligations of the Management Board President and members and determine their remuneration at the same time. All members of the Management Board took up employment of indefinite duration.

A contract with a Management Board member may be terminated:

- a) by an agreement between the Company and the Management Board member
- b) by removal of the Management Board member for some important reason or by an extraordinary contract termination
- c) by termination on part of the Company without having an important reason for removal
- d) by resignation and termination on part of the Company Management Board member.

Ad.a) If a contract with the Management Board member is terminated by mutual agreement, both contracting parties freely determine the conditions of the contract termination.

Ad.b) Should the Management Board member be removed from the Board for any important reason, the Company shall terminate the employment contract by way of an extraordinary termination without the notice period. In case of the termination for an important reason, the Management Board member shall not be entitled to the severance allowance.

Ad.c) The Company may terminate the contract without having an important reason. In this case, the Company shall offer to the Management Board member to conclude an employment contract under modified conditions for some other jobs in accordance with his or her professional qualifications, whereby the Management Board member shall be entitled to accept the offered contract for a new job or to refuse it, in case of which he or she will no longer be employed in the Company. Upon the expiry of the notice period, the Company shall pay out to the Management Board member a severance allowance amounting to twelve monthly salaries under the Contract. The Management Board member shall notify the Company of its decision within 8 days of the notification by the Company of the contract termination and the offer for a new contract.

If the Company terminates the contract without having an important reason for the termination and the Management Board member refuses to accept the new employment contract, the rights and obligations of the Management Board member laid down in the Contract shall cease within the 6 month-notice period from the day of the receipt of the Decision on the Contract Termination.

Ad.d) The Management Board member may terminate his or her contract and resign without having to state reasons for such decision, but is under obligation to perform his or her duty until another person has been appointed to the same post, but no longer than 3 months upon the contract termination.

The resignation of the Management Board member before the expiry of his or her term of office constitutes an important reason for the extraordinary contract termination on part of the Company without the notice period. In this case, the Management Board member shall not be entitled to a severance allowance.

- c. Compliance of the remuneration paid in 2021 with the Remuneration Policy concerning Management Board members of 30th August 2021

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The General Assembly of the Company approved the Remuneration Policy concerning the Management Board members in its meeting of 30th August 2022 according to which the members of the Company Management Board shall receive only fixed remuneration or the contracted gross salary until 30th June 2022 or until the validity of the Remuneration Policy due to the obligations prescribed by the Croatian Employment Service in the Conditions and manner of the use of funds for the implementation of Support measures for job preservation in industries affected by the COVID-19 pandemic.

Therefore, the remunerations paid to the Management Board members in 2021 are in accordance with the Remuneration Policy concerning the Management Board members of 30th August 2021.

III The comparative overview of the movement of the Company revenue, profit, the annual remuneration per employee

all amounts are in thousands of kuna:

Year	Total income	Net profit	Average number of employees	Average gross receipts per worker
2017.	387.323	20.609	950	136
2018.	434.975	30.044	1.179	126
2019.	452.516	6.017	1.278	115
2020.	149.419	(35.737)	820	115
2021.	322.860	(248)	985	125

For the sake of comparability, the data presented are based on consolidated data of Sunce hoteli d.d. Group (previously Sunce concern d.d. Group). The average number of employees is based on the total number of employees in the Group, and the average gross income per employee is based on the total cost of employees in a particular year.

Agenda Item 5. The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

a) Decision on the Use of 2021 Profits

The Company profit of 2021 in the amount of HRK 2.049.066,58 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 2021

The members of the Company's Management shall be discharged from liability for 2021.

c) Decision to Discharge the Members of the Supervisory Board from Liability for 2021

The members of the Supervisory Board shall be discharged from liability for 2021.

Agenda Item 6. The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

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Uprava:
Mubarak Al-Khalifa, predsjednik

Decision on the Appointment of Audit Committee Members

The Decision is hereby adopted on the appointment of the following Audit Committee members for a period of one year:

1. Ali Al Frayhat – Sadiyaat Island, Villa No. 6, Abu Dhabi, UAE
2. Mohamed Bitar – Reem Island, Kite Residence, Unit 2503, Abu Dhabi, UAE

Agenda Item 7. The Management Board and the Supervisory Board of the Company propose the adoption of the following Decision at the General Assembly:

Decision on the Appointment of the Company Auditor for the Business Year 2022

“The audit of the Company and the consolidated financial reports of the Group for 2022 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 the remuneration of the Supervisory Board members

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.

Considering that four members of the Supervisory Board resigned, and 4 new members were appointed, one of whom also resigned, the Decision on the remuneration of the Supervisory Board members is changed in such a way that it does not specify the exact number of members of the Supervisory Board, but that, in accordance with the Company's Articles of Association, determine the maximum possible number of members of the Supervisory Board.

Due to the above, it is proposed to the General Assembly a revocation of the Decision on the remuneration of the Supervisory Board members made on 30th August 2021 and the adoption of a new proposed decision.

Ad 3 Explanation behind the Proposal of the Decision on approval of the Remuneration Policy for the Management Board members

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Radnička cesta 43, 10000 Zagreb, Hrvatska
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www.bluesunhotels.com

Trgovački sud u Zagrebu
MBS 080502040 - MB 1869647 - OIB 06916431329

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Uprava:
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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.

Since March 2020, the Company has been a beneficiary of support for the preservation of jobs of the Croatian Employment Service.

Given that the conditions of the said support were changed, the Company was obliged to harmonize the Remuneration Policy for the Management Board Members in such a way that it replaces the Decision on approval of the Remuneration Policy for the Management Board members of 30th August 2021 with new one and adopts new proposed Decision on approval of the Remuneration Policy for the Management Board members.

Ad 4 Explanation behind the Proposal of the Decision on approval of the Report on the Remuneration of the Company Supervisory and Management Board Members in 2021.

In compliance with Article 276.a of the Companies Act, the General Assembly of the Company of shares listed on the regulated market for trading shall decide whether to approve the report on the remuneration for the previous business year, which has been determined and audited in accordance with the provisions of Article 272.r. of the Companies Act.

Ad 5 Annual financial reports of the Company and the consolidated annual financial reports of the Group for 2021, the Annual Business Status Report of the Company and the Group for 2021, the Supervisory Board Report on the Supervision of the Company's Business Management in 2021, the Supervisory Board Report on relations with affiliated companies, and the adoption of decisions on (a) the covering of the 2021 losses; (b) the discharge of liability for the members of the Management Board for 2021 and (c) the discharge of liability for the members of the Supervisory Board for 2021

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 determined the annual financial reports of the Company and the consolidated annual financial reports of the Group for 2021, 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 2021, and the Supervisory Body Report on the Audit of the Company's Business Management for 2021.

In compliance with Article 499 of the Companies Act, the Supervisory Board of the Company presents to the General Assembly the Report on Relations with Affiliated Companies.

While preparing the annual financial reports, the Company Management Board has issued a proposal to the Supervisory Board to distribute the Company's 2021 loss, in the amount of HRK 2.049.066,58, 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 suggest to be discharged from liability and suggest for approval of their work in 2021. 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 6 Explanation behind the Proposal of the Decision on the Appointment of New Audit Committee Members

The Company established an Audit Committee in February 2018 and appointed its members. Considering that two members of the Audit Committee were appointed in 2021 for a period of one year, the Company re-appoints two members, who, in addition to the existing third member, will perform the functions of the Audit Committee.

Ad 7 Explanation behind the Proposal for Appointing the Company's Auditor for the fiscal year 2022

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 2022. If the decision is made in accordance with the Supervisory Board's proposal, 2022 shall be the sixth year of the involvement of the company Ernst & Young d.o.o.

INSTRUCTIONS TO THE SHAREHOLDERS REGARDING PARTICIPATION AT THE GENERAL ASSEMBLY:

Requirements for participation and exercise of voting rights

The right to participate in the General Assembly is held by the Company's shareholders who have been registered as holders of Company shares in the depository of the Central Depository & Clearing Company Inc. (Croatian: "Središnje klirinško depozitarno društvo d.d.") six days prior to the General Assembly and have applied for participation in the General Assembly in advance by mail delivered to the Company's registered office address. The application shall be received by the Company no later than six calendar days prior to the General Assembly, excluding the date of the Company's receipt of the confirmation.

The shareholders participate at the General Assembly in person or by proxy. The proxy shall be provided in writing and state the identity of the person acting as proxy, the shareholder issuing the proxy, the total nominal value of shares and votes at their disposal, the authority to act and vote on behalf of shareholder at the General Assembly, and the date of issuance and validity period of the proxy. The proxy shall be submitted to the Company no later than the last day of application for participation at the General Assembly.

General Assembly Materials

The materials regarding the General Assembly, along with the application and proxy forms may be accessed by the shareholders at www.bluesunhotels.com/investitori or 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

Shareholders who jointly hold shares equal to one twentieth of the Company's share capital shall have the right to request that an additional item be included in the agenda of the General Assembly, supported by a justification and proposal for a decision. Such a request shall be delivered to the Company no later than 26th July 2022.

Shareholder Counterproposals

Any shareholders' counterproposals to the proposals made by the Management Board and/or Supervisory Board, accompanied by shareholders' names and surnames and justification, shall be delivered to the Company by 11th August 2022 inclusive. Should the shareholders not exercise this right, this shall not constitute a waiver of the right to put forward counterproposals at the General Assembly.

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Right to Information

At the General Assembly, the Management Board is obligated to provide information on the Company's operations upon the request of any shareholder, provided that such information is required in order to assess the matters included on the agenda, whereas such information may be withheld on the grounds defined in the Companies Act. The status at the depository of the Central Depository & Clearing Company Inc. (Croatian: "Središnje klirinško depozitarno društvo d.d.") on 19th August 2022 shall be relevant for participating at the General Assembly.

Backup General Assembly

If a quorum is not present at the convened General Assembly, the next General Assembly shall be held on 31st August 2021 at 12:00, on 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

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