

Minutes of a Virtual Annual General Meeting of the shareholders of FosRich Company Limited held on Tuesday the 17th. day of August, 2021 at 2:30 p.m.

Participants via Zoom:

Board & Committee members:

Mrs. Marion Foster	-	Executive Director/ Chairperson /Shareholder
Mr. Cecil Foster	-	Chief Executive Officer (CEO)/ <i>Shareholder</i>
Mr. Peter Knibb	-	Exec. Director/ CFO/ Mentor/ <i>Shareholder</i>
Ms. Ruth Josephs	-	Company Secretary
Mrs. Marva Chang	-	Board Committee member
Mr. Clive Nicholas	-	Board Committee member

Stockholding Volume

Shareholders/Members:

Mr. Warren Riley	-	224,867 Units
Ms. Kerry-Ann Gray	-	500,000 Units
Ms. Wendy-Ann Gray	-	125,000 Units
Mr. David Rose	-	1 Unit

Visitors:

Mrs. Effie Crooks	-	Crooks Jackson Burnett (Ind. Auditor)
Ms. Michelle Thame	-	Operations & Human Resource Manager
Mr. Bradley Miller & Team-	-	Information Technology Specialist

1.0 PRELIMINARIES

1.1 Call to order / Welcome/ Introduction

The 2021 Annual General Meeting of the company was called to order at 2:32 p.m. The Chairperson, Marion Foster welcomed all the participants and gave special recognition to:

- ✦ The Board members; Chief Executive Officer (CEO), Mr. Cecil Foster; Chief Financial Officer (CFO), Mr. Peter Knibb; and the Company Secretary, Ms. Ruth Josephs.
- ✦ The Board Committee members Mrs. Marva Chang and Mr. Clive Nicholas
- ✦ Senior Officers; Human Resource & Operations (HR&O) Manager, Ms. Michelle Thame and Senior Accountant, Mr. Warren Riley
- ✦ Information Technology (IT) team, on location;
- ✦ Mrs. Effie Crooks representing the Independent Auditors, Crooks Jackson Burnett
- ✦ Shareholders zooming in
- ✦ Business Partners zooming in;
- ✦ Financial Advisor - Stocks & Securities Limited (SSL)
- ✦ Business Analyst and Financial Advisor Mayberry Investments Limited

1.2 Prayer

Mr. Warren Riley, Senior Accountant, prayed. He gave thanks and praise to Almighty God for the success and achievements the company had received over the year. Mr. Riley also prayed God's

assistance over the affairs of the company, the Board members and the management team in carrying out their duties successfully.

1.3 Notice & Agenda of the Meeting

The Notice and Agenda for the meeting was read by the Company Secretary. She explained that the 2021 annual general meeting was convened electronically via Zoom in accordance with a *Formal Order* granted by the Supreme Court of Judicature Jamaica, *Claim number SU2021CD00113* which was made on April 26, 2021 on the grounds that:

- The company's statutes required shareholders' meetings to be held in person, allowing for discussions, debates and votes on matters and it was impractical to do so during the Covid-19 pandemic;
- Social distancing and other mandatory requirements associated with Covid-19 imposed on all Jamaicans by the Ministry of Health (MOH) were deterrents to the assembling of persons for a public meeting.

The Secretary disclosed that all supporting documents in respect to the *Claim* are available for viewing on the company's website.

The *ordinary businesses* of the meeting were:

- i. To consider and thought fit, pass an ordinary resolution to receive the directors' reports, auditors' report and auditors' financial statement of the company, for the financial year ended December 31, 2020.
- ii. To retire one third of the directors by rotation in accordance with *article 98* and to re-elect the retiring directors as provided by *article 99* of the company's article of incorporation. The directors to retire are Marion Foster and Rosalyn Campbell, and being eligible, they offered themselves for re-election
- iii. To approve dividend payment of \$0.095 per share made on December 11, 2020 to the shareholders on record as of November 27, 2020 by the company.
- iv. To reappoint the Independent Auditors, Crooks Jackson Burnett and authorize the Board to fix their remuneration.

The *special business* of the meeting was:

- i. To approve the amendment of the company's article of incorporation.

1.4 Proxy

The Company Secretary informed the meeting that shareholders were asked to use the proxy form provided to cast their vote on the ordinary resolutions and special resolution. The shareholders were required to complete and deposit the proxy forms at 79 Molyne's Road, Kingston 10, the registered office of the company, no later than Friday the 13th. day of August, 2021 at 2:30 p.m.

The Company Secretary reported that eight (8) valid proxies were received.

1.5 Quorum

The Company Secretary confirmed a quorum of shareholders was present pursuant to *Article #56* of the company's regulations.

2.0 PRESENTATION OF THE 2020 ANNUAL REPORTS

2.1 The Chief Executive Officer's Report to the Shareholders

Chairperson Marion Foster introduced the CEO and applauded him for the hard work, his enthusiasm, focus, dedication and excellence he displayed in the execution of his work. She thanked the CEO for his admirable performance and his efforts expended in 2020.

The CEO said 2020 was a year of mixed blessings, of many opportunities and challenges. He gave an overview of the activities and achievements accomplished and the highpoints of his presentation are captured below:

2.1.1 *Growing the Business*

Factory space was acquired in Hayes Clarendon, under a leasehold arrangement between FosRich and Factories Corporation of Jamaica (FCJ), for the expansion of PVC manufacturing and transformer repair business. The lease is for one hundred and twenty thousand square feet (120 sq. ft.) of property which house two factory buildings of sixty thousand square feet (60sq.ft.) each occupying six acres of a twenty-five acres property.

2.1.2 *New Activities*

- *Transformer Business* – FosRich will repair transformers for the Jamaica Public Service Company (JPSCo.). which will be done through Blue Emerald Limited, an associated company. This business will also embark on the manufacturing of transformers in the coming year. The technology and human skills for the business were identified and are in place for the startup of the business. This new business promises to provide engineering, technical and other job opportunities for persons living in and around the area of Hayes Clarendon.
- *PVC Industrial Pipes & Accessories* - FosRich will expand the manufacturing of Polyvinyl Chloride (PVC) products at the Hayes location to do PVC accessories and Industrial PVC Sewer pipes. This business is to commence soon.
- *FosRich Tier 1 Distributor for Huawei* - In the fourth quarter of 2020, the company concluded negotiations with Huawei, to distribute as a tier 1 distributor, Huawei Fusion Solar line of products in Jamaica and parts of the Caribbean region. This world renown inverter manufacturing company will provide a new generation of string inverters with smart management technology for FosRich, its sole distributor in Jamaica and the Caribbean. The CEO is confident that the arrangement will give the company superb opportunities to grow, even in a Covid-19 pandemic environment.
- *New Warehouse Facility* -Phase 1 of the construction project at 76 Molyne's Road, was completed. A new warehouse 12,000sq.ft. in size is now in place and is being managed by a system that facilitates ease of access of all items stocked.
- *The Superstore* – Phase 2 of the construction project at 76 Molyne's Road is a superstore and this is anticipated to commence in 2022. The construction will be a one hundred and forty thousand square feet (140,000 sq. ft.) building which will house the new Head Office and a Superstore of over thirty thousand square feet (30,000 sq. ft.) in size.

2.1.3 *Revenues* – The support given by the Board and the staff over the period was tremendous and well received by management. In a tough year with much setbacks, the staff improved customers relationship

and revenue improved by \$284M or 18% on the prior year to yield \$1.89B.

- **Gross Profit** for the year amounted to \$825M, up by \$115M or 16% on the prior year.
- **Net Profit** achieved was \$126M, and this was an improvement of \$19M or 18% on the previous year.

2.1.4 Business Segments – The six (6) revenue streams of the business all made positive contributions to the profitability and growth of the Company in 2020. Sales revenue improved in twelve (12) parishes but two (2) parishes in the eastern end of the Island (St. Thomas and Portland) had negative growth. Management has decided to give more focus to the 2 parishes in 2021 to increase sales revenue. Revenue streams include the following business segments:

- | | |
|----------------------------|---|
| i. Electrical | iv. Hardware |
| ii. Energy | v. Industrial |
| iii. Lighting World | vi. PVC manufactured under the brand name Solid PVC, |

- *Electrical* continued to be the dominant segment of the Company and improved by 8% to generate 52% of the overall revenue. This division provides *panels, cables, wires, breakers, switches and other similar products* for retail and commercial customers.
- *Energy* contributed 16% of total revenue, and this was below expectations. Delays in the arrival of products due to shipping and logistic issues affected sales.
- *The Lighting & Decorative Business* also known as *the Lighting World* contributed 10% and this was a growth of 4% prior year.
- *Industrial Segment* contributed 8% of total revenue, a growth of 94% on the prior year and this was attributed to management’s decision to collaborate with Siemens to drive sales in the local market. This collaborative effort helped to improve the Sales team’s performance by 84%.
- *Hardware Segment* did 3% of overall revenue and attained growth of 53% on the previous financial year.
- *PVC Manufacturing* accomplished 16% of total revenue, an increase of 152% on the prior year.

2.1.5 The Distribution Channels used to drive sales and grow the company’s business include:

- i. *Four Retail stores* – The main store in Kingston & St. Andrew; The Lighting World in Fairview, Montego Bay, St. James; Better Home on Cottage Road, Montego Bay, St. James; and Live Your Dream, in Mandeville, Manchester.
- ii. *Direct Marketing teams* provide for greater accessibility to consumers across the Island and satisfy their needs. This channel achieved \$788M or 42% of total revenue.
- iii. *Route Sales teams* service the needs of independent electrical contractors and hardware stores across Jamaica. This channel realized \$531M or 28% of revenue in 2020, an improvement of \$82M on the prior year.
- iv. *Professional Sales teams* give focus to large commercial and industrial operations, and generated revenue of \$75M an improvement of \$17M on the previous year.
- v. *In-house Marketing* is conducted by customer service teams to earn revenue of \$174M up from \$159M achieved in 2019.
- vi. *TeleSales Marketing* which is used to capture end users. The revenue yield for the year from this channel was \$10M and was up from \$6M generated in 2019.

2.1.6 The CEO’s Closing Remarks

In closing the CEO mentioned that all the new businesses had growth potential and management pledged to improve on their deliveries to customers. He said he was looking forward to the completion

of Phase 1 of the construction project, otherwise known as, FosRich Fulfilment Centre (FFC) at 76 Molyne's Road, Kingston to enhance customer contact and satisfaction. The CEO stated that the FFC will allow for greater employment opportunities under the motivating mantra, "Be Relentless"

The CEO expressed his profound gratitude to the staff, Board and Board committee members for the continuous support to management over the years. He also thanked the shareholders for their interest and participation and he assured them of continued improvement in shareholders' wealth in the years to come. The CEO encouraged shareholders to buy Jamaican, employ Jamaicans and build Jamaica.

2.2 The Chief Financial Officer's Presentation of the Financial Highlights

The Chairperson apprised the meeting that the Chief Financial Officer (CFO) had demonstrated that he is capable to accomplish whatsoever task he was given. She thanked him for his consistent hard work of excellence and asked that he share the financial highlights for 2020 and the first six (6) months ending June 30, 2021 with the shareholders.

2.2.1 Financial Highlights for the Year ending December 31, 2020

The CFO's presented highlights of the 2020 financial year and the salient points are noted below:

- **Revenue** -The company experienced three consecutive annual increase in revenue. 2020 revenue was however adversely affected by the Covid-19 pandemic.

<i>Years</i>	<i>Revenues</i>
	Million
2018	\$1,293
2019	\$1,612
2020	\$1,896

- **Gross Profit (GP)**- moved up from \$534M in 2018, to \$710M in 2019 and \$825M in 2020.
- **Profit-after-tax**, achieved in 2018 was \$90M, but increased by 19% in 2019 to \$107M, and improved by 18% in 2020 to \$126M. The company experienced five (5) consecutive years of growth in its profit-after-tax.
- **Earnings per share (EPS)** has been moving in the right direction since the company's IPO in December 2017.

<i>Years</i>	<i>EPS</i>
2018	\$0.18
2019	\$0.21
2020	\$0.25

2.2.2 Financial Highlights for the Six Months Period ending June 30, 2021

- **Revenue**, in the first six months of 2021 increased by 25% or \$236M on the prior compared period and was \$1.093B.
- **Gross Profit (GP)**, for the six months period was \$435M and this was an improvement of 97M or 29% on the prior compared period.
- **Net Profit (NP)**, of \$115M was achieved for the period and this was a significant increase of \$19M or 414% on the previous compared period.
- **Earnings per share (EPS)**, for the period was \$0.23 an increase of 475% above \$0.04 generated in the previous compared period.

The CFO stated that he was confident that 2021 would also be another good year for the Company as the year-to-date figures were trending upwards, and were expected to continue on the same path.

2.3 The 2020 Independent Auditor's Report

The audit firm, Crooks Jackson Burnett, Chartered Accountants of 2 Seymour Avenue, Kingston 6 was next in the lineup of presenters. Mrs. Effie Crooks, audit partner, represented the firm and was asked by the Chairperson to report to the shareholders on the 2020 financial audit done by her team working independently but with the support of the CFO, his team and assisted by the Board's Audit Committee.

The Auditors' Report to the shareholders, was published in its entirety on pages 37 to 40 of the 2020 Annual Report. The report was read by Mrs. Crooks and the following points noted:

- The audited financial statements for the year ended December 31, 2020 gives a true and fair view of the company. The financial statements comprise:
 - i. A statement of financial position as at December 31, 2020
 - ii. A statement of profit or loss or other comprehensive income for the year
 - iii. A statement of changes in equity for the year
 - iv. A statement in cash flows for the year
 - v. Notes to the audited financial statements including significant accounting policies and explanatory information.
- The 2020 audit was conducted in accordance with International Financial Reporting Standard (IFRS) and the Companies Act of Jamaica.
- The auditors worked independent of the company, in agreement with the International Ethics Standards Board for Accountants (IESBA) code of ethics for professional accountants.
- The key audit matters most significant to the audit was the high Inventory value of \$1.4B which represented 47.7% of Total Assets at the end of the financial year. Inventory comprised a wide range of products that can create much challenges for proper counting, the risk of misstating amounts and obsolescence.
- The independent auditors gave the assurance that the audited financial statements were free from material misstatements.
- The audit partner, Mrs. Effie Crooks, informed the shareholders, that:
 - i. proper accounting records were kept;
 - ii. the financial statements were in agreement with the Companies Act of Jamaica and provided information required by the Act.
 - iii. the financial statements were in accordance with the International Financial Reporting Standards (IFRS).

3.0 SHAREHOLDERS' RESPONSE TO THE REPORTS PRESENTED

The meeting was opened by the Chairperson after the presentations, to receive the shareholders' concerns, questions and comments. The shareholders participating virtually, were asked to use the "raise hand" feature and identify themselves by stating their names, or the name of company or person they represented. Questions and comments were limited to two per shareholder and the Chairperson asked for mutual respect of each other.

Question #1 – The first question was from Shareholder David Rose, directed to the CEO.

“Please comment on the state of Blue Emerald Limited and what new business Will be pursued by the company?”

Response to Question#1

The CEO informed Shareholder Rose that Blue Emerald Limited is 20 % owned by FosRich and was currently doing transformer repairs for the JPSCo. He explained that the business will expand into transformer manufacturing sometime in the coming year.

Question #2 – was from the online chat question posed by Shareholder Damani Walder to the CEO.

“It was previously pronounced in a public forum by the CEO that FosRich would be playing a role in the push for electronic vehicles in Jamaica; Will the company supply electric chargers? Is the CEO at this time, able to say in what capacity the Company will be involved?”

Response to Question#2

CEO thanked Shareholder Walder for the questions and went on to explain that electric vehicle in Jamaica was a tough business and the Company’s operation was at the growth stage but will work along with those doing the infrastructure to buildout charging sites in Jamaica.

4.0 ADOPTION OF THE REPORTS

Subsequent to the shareholders comments and interactions to the reports presented, a tally of the shareholders’ votes by proxy on resolution 1 was conveyed to the Chairperson and it was reported by the Company Secretary that eight (8) valid proxies were received, all in favour of adopting the undermentioned resolution:

Resolution 1

"THAT the Audited Financial Statements of the FosRich Company Limited for the year ended December 31, 2020 together with the Independent Auditors' Report and the Report of the Directors be approved as at the 17th. day of August, 2021."

5.0 THE RE-ELECTION OF THE RETIRING DIRECTORS

The Directors retiring by rotation, as stipulated by **Article#97**, represents one-third of the Board composite. Directors to retire were eligible and had offered themselves for re-election pursuant to **Article #99**. Eight (8) valid proxies were received and all were in favour of **Resolution 2a**

It was resolved:

"THAT Director Marion Foster retires by rotation on the date of the meeting and being eligible is hereby re-elected to serve as a director on the Board, for the ensuing year."

Eight (8) valid proxies were counted and were all in favour of **Resolution 2b**.

It was resolved:

"THAT Director Rosalyn Campbell retires by rotation on the date of the meeting and being eligible she is hereby re-elected to serve as a director on the Board for the ensuing year."

6.0 DIVIDEND DECLARATION

The Company Secretary informed the Chairperson that eight (8) valid proxies were counted and all votes were in favour of **Resolution 3**.

It was resolved:

"THAT dividend of \$0.095 per share unit declared by the company on December 11, 2020 to shareholders on record as at November 27, 2020 be approved on the date of the 2021 annual general meeting."

7.0 RE-APPOINTMENT OF THE INDEPENDENT AUDITORS

Eight (8) valid proxies were received and they were all in favour of **Resolution 4**.

It was resolved:

"THAT Messrs. Crooks Jackson Burnett, Chartered Accountants of Unit 9a, 2 Seymour Avenue, Seymour Park, Kingston 6, Jamaica, continue in office as auditors until the conclusion of the next annual general meeting and the Directors are authorized to fix their remuneration."

8.0 SPECIAL BUSINESS - AMENDING THE ARTICLES OF INCORPORATION

Consequent to the ordinary business of the meeting the Board sought the shareholders' approval to the amendment of the Company's Articles of Incorporation. The amendments were included on the proxy form and the shareholders were required to vote *en bloc*.

Eight (8) valid proxies were received and were all in favour of **Special Resolution 5** to amend the Company's Articles of Incorporation.

Resolved:

"THAT the Company's Articles of Incorporation be amended."

AND

"THAT the amendments include the proposed amendments and strikeouts in highlights stated below."

AMENDMENTS

Article # 1 - Interpretations

The definition to include "**Electronic Means**" as follows:

"Electronic means" shall include but not limited to technology utilized by facsimile machines, scanning devices, mails sent using computer or other similar automated or photographic devices, webcasting, teleconferencing, videoconferencing, live stream or broadcast or a combination of these.

"Hybrid meetings means" meetings held in person and by electronic means

Article # 5 – Share Capital and Variation of Rights

Amendments to read:

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy **or in person by electronic means or by proxy by electronic means**, may demand a poll.

Article # 35 (e) – Joint Holders of Shares

Amendments to read:

any one (1) of the joint holders of any share for the time being conferring a right to vote may vote either personally or by proxy **or in person by electronic means or by proxy by electronic means** at any meeting in respect of such share as if he were solely entitled thereto, providing that if more than one (1) of such joint holders to be present at any meeting, either personally or by proxy, the person whose name stands first in the register as one of such holders, and no other, shall be entitled to vote in respect of the said shares;

Article # 50 – General Meetings

Amendments to read:

The company shall in each year hold a general meeting as its annual general meeting **at such time and place, in person or by electronic means or hybrid as the directors shall appoint**, in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen (15) months shall elapse between the date of one annual general meeting of the company and that of the next. Provided that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.

Article # 53 – Notice of General Meetings

Amendments to read:

An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one (21) clear days' notice in writing at the least, and a meeting of the company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen (14) clear days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of **meeting and the mode by which members and proxies shall participate, whether in person or by electronic means or hybrid** and, in the case of special business, the general nature of that business, shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company:

Article # 56 – Proceedings at General Meetings

Amendments to read:

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two (2) members present in person or by proxy **or in person by electronic means or by proxy by electronic means** shall be a quorum.

61 – Proceedings at General Meetings

Amendments to read:

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands **if in person or if participation is by electronic means by counts of votes indicated by a show of hand or orally by electronic means**, unless a poll is (before or on the declaration of the result of the show of hands) demanded-

- (a) by the chairman; or
- (b) by at least two members present in person or by proxy **or in person by electronic means or by proxy by electronic means**; or
- (c) by any member or members present in person or by proxy **or in person by electronic means or by proxy by electronic means** and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.

Article # 62 – Proceedings at General Meetings

Amendments to read:

Except as provided in article (66), if a poll is duly demanded it shall be taken in such manner, **whether participation shall be in person or by electronic means or hybrid**, as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Article # 63 – Proceedings at General Meetings

Amendments to read:

In the case of an equality of votes, whether on a show of hands or on a poll, **whether in person or by electronic means, by counts of votes indicated by a show of hand or orally by electronic means** the chairman of the meeting at which ~~the show of hands take place or at which the poll is demanded~~, **equality of votes takes place**, shall be entitled to a second or casting vote.

Article # 65a – Votes of Members

Amendments to read:

Subject to any rights or restrictions **as to voting**, for the time being, attached to any class or classes of shares, on a show of hands, every member present in person, **or proxy or person by electronic means or proxy by electronic means** shall have one (1) vote, and on a poll every member, present in person or proxy, **or person by electronic means or proxy by electronic means**, shall have one (1) vote for each share of which he is the holder.

Article # 67a – Votes of Members

Amendments to read:

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, **whether in person or by electronic means**, by his committee, receiver, or other person in the nature of a committee or receiver appointed by that court, and any such committee, receiver, or other person **whether present in person or electronic means** may on a poll vote by proxy **or by electronic means or proxy by electronic means**.

Article # 67b – Votes of Members

Amendments to read:

On a poll, vote may be given either personally or by proxy **or by person present by electronic means or proxy present by electronic means.**

9.0 TERMINATION

- There being no other matter for discussion, the Chairperson expressed her appreciation to all the participants for taking the time to join the meeting, in spite of the difficulties facing the nation. She also thanked everyone for their continued support.
- A motion to terminate the meeting was then moved by Chairperson/ Shareholder Marion Foster and confirmed by Shareholder Peter Knibb at 3:48 p.m. to close the meeting.
- A closing prayer was also offered by Chairperson Marion Foster.

CONFIRMED

Marion Foster
Chairperson

DATE.....