

**RADIO JAMAICA LIMITED**

**Explanatory Circular to Stockholders**

Dated: October 21, 2020

To: Stockholders of Radio Jamaica Limited (RJR)

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION: if you are in doubt about the action you should take, you should immediately consult your securities' dealer, attorney-at-law, investment adviser, banker or other independent financial adviser authorized to provide financial advice.**

If you have sold or otherwise transferred all your stock units in RJR, please hand this document and the accompanying Proxy Form to the purchaser or transferee, or the dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This document should be read in reference to the Notice issued for the 72nd Annual General Meeting of Radio Jamaica Limited.

Your attention is drawn to the notice of Annual General Meeting of the Company to be held at 10 a.m. on Wednesday, October 28, 2020 at the Jamaica Pegasus Hotel in Kingston. A Proxy Form for use at the Annual General Meeting was enclosed with the notice and annual report mailed to shareholders. To be valid, the Proxy Form should be completed, signed and returned in accordance with the instructions printed thereon, as soon as possible, and, in any event, so as to reach the Company or the Company's Registrar not later than 48 hours before the AGM. The form of proxy can be delivered by post or by hand to Radio Jamaica Limited, 32 Lyndhurst Road, Kingston 5 or to its Registrar and Transfer Agents, the Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston (Attention: Tameika Ricketts)

Completion and return of a Proxy Form will not preclude the stockholder from attending and voting at the Annual General Meeting should he choose to do so. In such a case the proxy appointment would be automatically revoked. Further instructions relating to the Proxy Form are set out in the Notice of Annual General Meeting.

## Letter from the Chairman

October 21, 2020

Dear RJR Stockholder,

1. I am pleased, on behalf of your Board, to invite you to RJR's 72nd Annual General Meeting ("AGM") to be held at 10.a.m. at the Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 in the Parish of Saint Andrew, on October 28, 2020. The Notice of the AGM, which was previously issued, sets out the business to be considered at the meeting.
2. This is the first opportunity the Board has had to meet with you since the outbreak of the SARS-CoV2 Coronavirus Disease 2019, (COVID 19) pandemic and we will explain to you how the pandemic is affecting your Company and our strategies to meet the challenges. Your participation is important to us and, if you cannot attend, I urge you to appoint the Chairman, myself, or any other Director or person of your choice, to be your proxy to attend and vote on your behalf, by completing the Proxy Form.
3. All the Resolutions, apart from Resolutions 13, 14 and 15 are matters of ordinary business customarily dealt with at public companies' AGMs.
4. I take this opportunity to provide a brief explanation of the effect of the three (3) Resolutions which constitute special business at the AGM.

### **Resolution 13 - Increase of share capital**

5. The Company currently has an authorized share capital consisting of 2,422,487,654 ordinary shares of no par value and 50,000 5% cumulative participating preference shares which are currently un-issued. All the ordinary shares have been issued and are fully paid up and have been converted to stock units. In challenging times as we are now experiencing, the fact that the Company has no unissued float of ordinary shares does not give your Board any room to manoeuvre.
6. For instance, we do not have un-issued capital to:
  - (i) issue bonus shares;
  - (ii) effect a stock split;
  - (iii) make a rights issue; or
  - (iv) effect an acquisition in exchange for shares rather than cash.

It is important for a public company like Radio Jamaica Limited to have flexibility to initiate transactions in its shares – hence the need to increase the authorized capital of the Company. Recent trends have been for listed companies to increase the maximum number of shares which they can issue to an unlimited amount. We are asking for an additional amount of 1,211,243,827 ordinary shares (or 50%) of the existing number to be issued.

#### **Resolution 14 - Increase the single shareholding limit from 10% to 21%**

Your Company (RJR) has three Broadcast Licences to Operate Commercial Sound Broadcasting Service in respect of its various radio frequencies. These licences limit the maximum number of shares which any single shareholder can hold in RJR to 10% (“Shareholding Limit”) and this limit is reflected in the Articles of Incorporation of the Company.

7. The stockholding limitations have ensured wide ownership of the Company and its independence. However, it has hindered the Company’s ability to raise capital and in an era where media companies are compelled to invest in new technologies to survive, the need for capital is vital to the Company’s future.
8. If the Company is to raise capital, the 10% limit will be a major obstacle. The Company, therefore, has proposed to open discussion with the Government to amend its Broadcasting Licences to increase the shareholding limit to at least 21%. Your Board is optimistic that, based on precedents, the Government will accede to our request, and in anticipation of success, we are proposing that the Articles be amended now, so that when our licences are amended, our Articles will be ready.
9. Note that the passing of this Special Resolution will not effect an immediate amendment to the Articles. If the Resolution is passed, the amendments to the Articles to raise the Shareholding Limit will only take effect, if and when, the Government grants approval to amend our Broadcasting Licences to increase the Shareholding Limit to at least 21%.

#### **Resolution 15 - Amendment to empower the Company to hold hybrid or electronic meetings**

10. The COVID-19 pandemic and the attendant measures to combat the pandemic mandated by the Government under the Disaster Risk Management Act, have severely restricted the ability of public companies to hold general meetings. The Disaster Risk Management Enforcement Measures which are in force, as at the date hereof, make an exception for public companies to hold general meetings. However, the now customary anti-COVID measures such as mask-wearing and social distancing must still be observed at such meetings. This will limit the number of persons who can physically attend such meetings and some persons will be obviously dissuaded from venturing to attend – indeed persons over 65 who are subject to “stay at home” restrictions should not attend such meetings. This does not augur well for corporate democracy.

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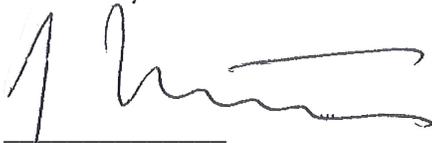
<sup>1</sup> 1) Licence to Operate Commercial Sound Broadcasting Service Issued Under the Broadcasting and Radio Re-Diffusion Act Jamaica, Radio Jamaica Limited – RJR 94FM 2) Licence to Operate Commercial Sound Broadcasting Service Issued Under the Broadcasting and Radio Re-Diffusion Act Jamaica, Radio Jamaica Limited – HITZ 92FM and 3) ) Licence to Operate Commercial Sound Broadcasting Service Issued Under the Broadcasting and Radio Re-Diffusion Act Jamaica, Radio Jamaica Limited – FAME 95FM

11. Modern technology allows for meetings to take place electronically in an environment where meeting participants can see, hear and fully participate in the proceedings. Even before the COVID pandemic, some countries had amended their laws to permit shareholders' meetings to be held by electronic means.
12. Efforts are being made to persuade the Government to amend the Companies Act so as to allow stockholders to attend company meetings by electronic means. Your Company is proposing that its Articles be amended to take advantage of that facility, if and when, those amendments are made.
13. In addition, the Company spends a substantial amount of money each year in printing its Annual Report in sufficient number to enable each stockholder to receive one. Those Annual Reports than have to be sent by post to each stockholder. As the number of stockholders in a public company increases, the postage cost and efficacy of the post as a means for timely delivery of documents to stockholders will make the process both costly and impractical.
14. Many stockholders would prefer to receive their company documents in electronic form, such as by e-mail or by downloading the material from a website. Accordingly, your Board has included in this Resolution, provision whereby, stockholders can, if the law allows, opt to receive corporate documents and communication in electronic form.

#### **Recommendation**

15. Your Directors consider that each of the resolutions to be proposed at the AGM is in the best interest of stockholders, as a whole, and unanimously recommend that all stockholders vote in favour of all these resolutions, as they themselves intend to do, in respect of their own stockholdings.
16. I urge you all to adhere to the anti-COVID 19 measures which the Government has mandated and hope you will all be safe in these trying times.

Yours truly



Chairman