

This Circular Letter and Provisional Allotment Letter are dated July 4, 2023. This Circular Letter is being issued only to Existing Ordinary Stockholders of FosRich Company Limited (“FosRich” or the “Company”) and is distributed only in Jamaica. The New Ordinary Shares the subject of this Provisional Allotment Letter has been provisionally allotted to Existing Ordinary Stockholders as of the Record Date. Existing Ordinary Stockholders may choose whether to take up their provisional allotment of New Ordinary Share(s) in full or only in part. Existing Ordinary Stockholders are NOT permitted to renounce their Rights. New Ordinary Shares not taken up will be placed in the Un-allocated Pool. Entitlement to New Ordinary Share(s) will be rounded down to the next lowest whole number (or to zero in the case of Existing Ordinary Stockholder(s) holding less than 90 Existing Ordinary Stock Units). Fractional Shares arising from rounding will be aggregated and will fall into the Un-allocated Pool. The Un-allocated Pool will NOT be offered to the public but will be made available to Existing Ordinary Stockholders.

Neither this Circular Letter nor the accompanying Provisional Allotment Letter will be registered with the Companies Office of Jamaica (“COJ”). FosRich has been registered with the Financial Services Commission of Jamaica (“FSC”) with respect to this Non-renounceable Rights Issue under section 26(1) of the Securities Act, and a copy of this Circular Letter and Provisional Allotment Letter have been delivered to the FSC for registration and were registered on June 30, 2023. Neither the COJ nor the FSC has approved the Non-renounceable Rights Issue nor has the FSC or COJ passed on the accuracy or adequacy in relation to this Circular Letter and Provisional Allotment Letter. Any representation to the contrary is an offence under the laws of Jamaica.

# CIRCULAR LETTER

BY

***FosRich***  
COMPANY LIMITED

## FOR NON-RENOUNCEABLE RIGHTS ISSUE OF

55,729,647 New Ordinary Shares  
on the basis of one (1) New Ordinary Share for every 90 Ordinary Stock Units  
At J\$2.50 per New Ordinary Share

### FOSRICH COMPANY LIMITED

Registered Office: 79 Molynes Road, Kingston 10, Jamaica, W.I.  
Telephone: (876) 937-5099  
Fax: (876) 758-5508  
Email: [info@fosrich.com](mailto:info@fosrich.com)  
Website: [www.fosrich.com](http://www.fosrich.com)

Financial Adviser & Arranger  
**Mayberry Investments Limited**  
1 ½ Oxford Road  
Kingston 5

Registrar and Transfer Agent  
**Jamaica Central Securities Depository Limited**  
40 Harbour Street,  
Kingston

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# 1. NOTE ON FORWARD LOOKING STATEMENTS

This Circular Letter may contain forward-looking statements. Forward-looking statements may be identified by accompanying language such as “expects”, “intends”, “anticipates”, “estimates” and other cognate or analogous expressions or by qualifying language or assumptions. These statements involve both known and unknown risks, uncertainties and other important factors that could cause the actual results or outcome to differ materially from the forward-looking statements.

These risks, uncertainties and other factors beyond the control of the Company include among others:

- a. Responses to the COVID-19 Pandemic;
- b. general economic and business conditions (both locally and internationally);
- c. increases in interest rates (both locally and internationally);
- d. changes in political, social and economic conditions impacting adversely on the securities market in general and on the Company in particular;
- e. natural disasters such as earthquake or hurricane;
- f. failure of key equipment;
- g. changes in tax policy, the application of tax laws and the like and/or the Government regulatory regime.

We caution that the foregoing list of risk factors is not exhaustive and other factors not set out above could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, Existing Ordinary Stockholders should carefully consider the foregoing factors and other uncertainties and potential events. We expressly disclaim any obligation or undertaking to distribute any updates or revisions to any forward-looking statements or to reflect changes in investors’ expectations with regard to those statements or any changes in events, conditions or circumstances on which any forward-looking statement is based.



## 2. DEFINITIONS

In this Circular Letter, unless the context otherwise requires, the following terms shall have the following meanings:

|   |   |
|---|---|
| <b>“Board”</b>                          | the Board of Directors of the Company;  |
| <b>“Company” or “FosRich”</b>           | FosRich Company Limited, a company incorporated under the laws of Jamaica with its registered office located at 79 Molynes Road, Kingston 10, Jamaica, W.I.;                      |
| <b>“Abandoned Shares”</b>               | provisionally allotted New Ordinary Shares which are not taken up (abandoned) by the Existing Ordinary Stockholders to whom they have been provisionally allotted;                |
| <b>“Existing Ordinary Stockholders”</b> | the holders of the Existing Ordinary Stock Units;   |
| <b>“Existing Ordinary Stock Units”</b>  | 5,022,755,550 ordinary stock units in the capital of the Company held by Existing Ordinary Stockholders;  |
| <b>“Fraction Shares”</b>                | shares representing the fractions abandoned in the allocation of the nil-paid rights on the basis of one (1) New Ordinary Share for each 90 Existing Ordinary Stock Units;        |
| <b>“FSC”</b>                            | Financial Services Commission of Jamaica;   |
| <b>“Issue Price”</b>                    | J\$2.50 per New Ordinary Share;   |
| <b>“Majority Stockholders”</b>          | Mr. Cecil Foster and Mrs. Marion Foster who combined own over 75% of the Existing Ordinary Stock Units;   |
| <b>“New Ordinary Shares”</b>            | 55,729,647 ordinary shares in the capital of the Company to be offered (by way of provisional allotment under a non-renounceable Rights Issue) to Existing Ordinary Stockholders; |
| <b>“Opening Date”</b>                   | July 11, 2023;  |
| <b>“Record Date”</b>                    | June 2, 2023;   |
| <b>“Rights Issue”</b>                   | the offer made by the Company to Existing Ordinary Stockholders to take up the New Ordinary Shares;   |
| <b>“Un-allocated Pool”</b>              | the aggregate of all Abandoned Shares and Fraction Shares;  |
| <b>“Un-allocated Shares”</b>            | New Ordinary Shares within the Un-allocated Pool.   |

### 3. SUMMARY OF THE RIGHTS ISSUE

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Circular Letter, including the Appendices.

Existing Ordinary Stockholders are advised to read this entire Circular Letter carefully before making an investment decision about this transaction. Each Shareholder's attention is specifically drawn to the Risk Factors in Part 6 of this Circular Letter and the Note of Forward-Looking Statements at the beginning of this Circular Letter.

If you have any questions arising out of this document or if you require any explanations, you should consult your stockbroker, licensed investment adviser, attorney-at-law, accountant or other professional adviser.

This Rights Issue is made solely to Existing Ordinary Stockholders and Applications for the New Ordinary Shares by persons who are not Existing Ordinary Stockholders as at the Record Date will not be considered or accepted.

|   |   |
|---|---|
| <b>THE ISSUER:</b>  | FosRich Company Limited ("FosRich" or the "Company").   |
| <b>ISSUE:</b>   | Non-renounceable Rights Issue of 55,729,647 New Ordinary Shares in the capital of FosRich on the basis of one (1) New Ordinary Share for every 90 Existing Ordinary Stock Units held by an Existing Ordinary Stockholder on the Record Date.  |
| <b>METHOD OF ISSUE:</b>   | By way of provisional allotment under a non-renounceable Rights Issue.  |
| <b>ISSUE PRICE:</b>   | J\$2.50.  |
| <b>HOW PAYABLE:</b>   | In full on acceptance by the Existing Ordinary Stockholder.   |
| <b>RECORD DATE:</b>   | June 2, 2023;   |
| <b>OPENING DATE:</b>  | July 11, 2023;  |
| <b>CLOSING DATE:</b>  | August 18, 2023   |
| <b>UN-ALLOCATED POOL:</b>   | New Ordinary Shares arising from abandoned fractions (Fraction Shares) (because the number of Existing Ordinary Stock Units held by the Existing Ordinary Stockholder cannot be divided by 90 without leaving a fraction (abandoned fractions)) and New Ordinary Shares not taken up by the Existing Ordinary Stockholders to whom they are provisionally allotted (Abandoned Shares) will fall into an Un-allocated Pool.  |
| <b>APPLICATION FOR UN-ALLOCATED SHARES:</b>   | Existing Ordinary Stockholders can purchase the New Ordinary Shares provisionally allocated to them as well as apply to purchase additional New Ordinary Shares from the Un-allocated Pool (an Application for Additional Shares).  |
| <b>ELECTRONIC SUBMISSION:</b>   | <p>The principal means of submitting a Provisional Allotment Letter as well as an Application for Additional Shares will be through the electronic platform provided at <a href="https://www.mayberryinv.com">https://www.mayberryinv.com</a>.</p> <p>See Appendix 3 for additional details on electronic submissions.</p>  |
| <b>EXISTING ORDINARY STOCKHOLDERS WITH AN ACCOUNT WITH STOCKS AND SECURITIES LIMITED ("SSL"):</b> | <p>For Existing Ordinary Stockholders that maintain their Existing Ordinary Stock Units through an account with Stock and Securities Limited as at the Record Date will be allowed to participate in the FosRich Rights Issue on similar terms to other Existing Ordinary Stockholders save and except that to participate those that maintain Existing Ordinary Stock Units through SSL will need to:</p> <ul style="list-style-type: none"><li>(a) complete a Designation Form selecting another brokerage account held with a broker other than SSL; and</li><li>(b) the selected brokerage account must be in the same name and with the same Tax Registration Number as their account held with SSL.</li></ul> |

# 4. LETTER FROM THE CHAIRMAN

July 4, 2023

Dear Existing Ordinary Stockholders

## Re: Non-Renounceable Rights Issue of 55,729,647 New Ordinary Shares

### Introduction

1. On July 12, 2022 at the Annual General Meeting held at 79 Molyne's Road the stockholders approved an increase in the authorised share capital of the Company and granted your Board authorisation to conduct an additional equity raise.

### The Rights Issue

2. As you would no doubt be aware, FosRich was listed on the Junior Market on December 19, 2017 with stock symbol: FOSRICH. As a result of listing on the Junior Market, FosRich will benefit from a 10-year concessionary tax regime subject to meeting certain Junior Market requirements to remain listed. Among the requirements is that the Company's participating voting share capital must not exceed J\$500 million.
3. Prior to the Rights Issue the participating voting share capital of FosRich is J\$369.62 million and so the Company may only raise an additional J\$130.38 million (net of costs) in an equity raise and still remain within the Junior Market requirements. The gross amount being raised by the Rights Issue is limited to J\$139,324,117 while the net amount will be J\$130,379,190. Appendix 2 hereto set outs a pro-forma balance sheet that shows the effect of this Rights Issue; namely an increase in share capital to J\$500,000,000 and an increase in cash by the amount of the net proceeds.
4. In consultation with the Financial Adviser (Mayberry Investments Limited) the Board determined that a non-renounceable Rights Issue was the most cost effective and equitable means to conduct the additional equity raise and remain within the Junior Market requirements.

### Timetable

5. Unless FosRich notifies Existing Ordinary Stockholders of a date through publication of a supplementary Circular Letter or by Press Announcement, published on its website, the latest date for:
  - (a) Acceptance of Rights and Return of your Provisional Allotment Letter will be 4:00 p.m. on August 18, 2023 ("the Closing Date");
  - (b) Receipt of Application for Additional Shares from the Un-allocated Pool will also be 4:00 p.m. on August 18, 2023 ("the Closing Date").
6. The Company may close the Offer once fully subscribed or extend the Closing Date if it considers it necessary to grant more time to facilitate further participation by Existing Ordinary Stockholders. All Applicants may refer to the confirmation instructions that will be posted on the JSE's Website ([www.jamstockex.com](http://www.jamstockex.com)) within ten (10) days of the Closing Date.

### Details Terms and Conditions of Rights Issue

7. The Company is offering 55,729,647 New Ordinary Shares by way of a provisional allotment under a non-renounceable Rights Issue of New Ordinary Shares. The Rights Issue is non-renounceable, meaning that only Existing Ordinary Stockholders as of the Record Date may participate.

8. Existing Ordinary Stockholders will be provisionally allotted New Ordinary Shares. In order to obtain the New Ordinary Share(s) the Existing Ordinary Stockholder will have to pay J\$2.50 per New Ordinary Share.
9. An Existing Ordinary Stockholder cannot renounce or transfer their rights (that is their right to buy the New Ordinary Shares provisionally allotted to them at the Issue Price) to a third party.
10. The Detailed Terms and Conditions of the Rights Issue are set out in Part 5 in the Circular Letter.

### **Basis of the Provisional Allotment**

11. The Rights Issue will be made on the basis of:

One (1) New Ordinary Share for every 90 Existing Ordinary Shares held by Existing Ordinary Stockholders at the close of business on June 2, 2023 (the "Record Date").

12. Entitlement to New Ordinary Shares will be rounded down to the next lowest whole number (or to zero in the case of Existing Ordinary Stockholders holding less than 90 Existing Ordinary Stock Units) at the close of business on the Record Date. Fraction Shares arising from rounding will be aggregated and will fall into the Un-allocated Pool.
13. Where an Existing Ordinary Stockholder does not subscribe for all the New Ordinary Shares provisionally allotted to them, those New Ordinary Shares (Abandoned Shares) not taken up will also go into the Un-allocated Pool.

### **Applications for Additional Shares**

14. Existing Ordinary Stockholders can purchase the New Ordinary Shares provisionally allocated to them as well as apply to purchase additional New Ordinary Shares from the Un-allocated Pool (an Application for Additional Shares).
15. If the number of New Ordinary Shares applied for in the Un-allocated Pool exceeds the number of Un-allocated Share(s) then all valid applications for Un-allocated Shares will be allotted on a pro rata basis.

### **Electronic Notification**

16. At the Annual General Meeting held on July 12, 2022 the Existing Ordinary Stockholders passed a Special Resolution to amend the Company's Articles of Incorporation to allow the Company to serve documents to its shareholders by uploading those documents on the Company's website and/or the JSE's website along with a notice of the upload published in a daily newspaper.
17. This Circular Letter and Letter of Provisional Allotment will be uploaded to the Company's website as well as the JSE's website along with a notice of the upload published in a daily newspaper. Accordingly, Existing Ordinary Stockholders will NOT be sent physical copies of this Circular Letter or the Letter of Provisional Allotment.

### **Electronic Submission of Provisional Allotment Letter and Application For Additional Shares**

18. The principal means of submitting a Provisional Allotment Letter as well as an Application for Additional Shares will be through the electronic platform provided at <https://www.mayberryinv.com>.
19. In Appendix 3 hereto we set out details for electronic submission of the Provisional Allotment Letter and Application for Additional Shares. In exceptional cases, and at the sole discretion of FosRich, Existing Ordinary Stockholders that are not able to submit a Provisional Allotment Letter and/or Application for Additional Shares electronically may submit their documents physically.

20. For any queries in relation to electronic submission of the Provisional Allotment Letter or the Application for Additional Shares for the FosRich Rights Issue should be made to the Financial Adviser & Arranger: Mayberry Investments Limited of 1½ Oxford Road, Kingston 5:

Primary Contacts

Mr. Dan Theoc (SVP-Investment Banking)

*dan.theoc@mayberryinv.com*

OR

Ms. Rachel Kirlew (AVP-Investment Banking)

*rachel.kirlew@mayberryinv.com*

### Share Capital

21. The Company's authorised share capital is 15,000,000,000 of which 5,022,755,550 are issued and fully paid ordinary stock units. The Rights Issue, if successful, will result in up to 55,729,647 New Ordinary Shares being issued. The Company intends to apply to the Jamaica Stock Exchange for a supplementary listing of the New Ordinary Shares for admission to trade on the Junior Market. The new ordinary stock units when issued will be converted into ordinary stock units and will rank equally with the Existing Ordinary stock units in all respects, including the right to receive dividends and distributions (if any) made, paid or declared. Appendix 2 sets out a pro forma Balance Sheet showing the results of the Rights Issue.





## Top Ten Shareholders

(a) Prior to the Non-Renounceable Rights Issue

22. As at March 31, 2023 the Top Ten Stockholders are as follows:

|              |   | Shares Held          |              |
|--------------|---|----------------------|--------------|
|              | Name  | Number               | Percentage   |
| 1            | Cecil Foster  | 1,292,361,599        | 25.7%        |
| 2            | Marion Foster   | 1,292,361,599        | 25.7%        |
| 3            | Cecil Alphanso Foster   | 709,102,220          | 14.1%        |
| 4            | Marion Uritha Andrea Foster   | 709,102,220          | 14.1%        |
| 5            | Peter Knibb & Elizabeth Knibb, Jenine Knibb, Brandon Knibb                    | 125,023,266          | 2.5%         |
| 6            | Barita Investment Ltd-Long A/C (Trading)                                      | 63,571,286           | 1.3%         |
| 7            | JCSD Trustee Services Ltd - Sigma Global Venture                              | 47,042,690           | 0.9%         |
| 8            | Jamaica Money Market Brokers Ltd  | 43,776,000           | 0.9%         |
| 9            | Sagikor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution | 40,289,600           | 0.8%         |
| 10           | Nigel Coke  | 33,368,240           | 0.7%         |
| <b>Total</b> |   | <b>4,277,828,287</b> | <b>86.7%</b> |

(b) Post the Non-Renounceable Rights Issue

23. Assuming each of the existing Top Ten Stockholder takes up its entire provisional allotment in this Non-Renounceable Rights Issue the Top Ten Stockholders would be as follows:

|   |                      |                   | <b>Shares Held</b> |  |
|---|----------------------|-------------------|--------------------|--|
| <b>Name</b>   | <b>Number</b>        | <b>Percentage</b> |                    |  |
| 1 Cecil Foster  | 1,306,700,910        | 25.7%             |                    |  |
| 2 Marion Foster   | 1,306,700,910        | 25.7%             |                    |  |
| 3 Cecil Alphanso Foster   | 716,970,016          | 14.1%             |                    |  |
| 4 Marion Uritha Andrea Foster   | 716,970,016          | 14.1%             |                    |  |
| 5 JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund       | 204,510,706          | 4.0%              |                    |  |
| 6 Peter Knibb   | 110,312,979          | 2.2%              |                    |  |
| 7 Barita Investment Ltd-Long A/C (Trading)                                      | 62,452,962           | 1.2%              |                    |  |
| 8 JCSD Trustee Services Ltd - Sigma Global Ventures                             | 47,564,649           | 0.9%              |                    |  |
| 9 Sagicor Select Fund Limited - ('Class C' Shares) Manufacturing & Distribution | 40,736,631           | 0.8%              |                    |  |
| 10 JMMBSL Available For Sale  | 33,467,259           | 0.7%              |                    |  |
| <b>TOTAL</b>  | <b>4,546,387,038</b> | <b>89.5%</b>      |                    |  |

The Majority Shareholders have indicated their intention to take up their entire entitlement.

## Stockholdings of Directors and Senior Managers

(a) Prior to the Non-Renounceable Rights Issue

24. As at March 31, 2023 the Stockholdings of Directors and Senior Managers are as follows:

| Name   | Shares Held   |
|--|---------------|
| Cecil Foster   | 2,001,463,819 |
| Marion Foster  | 2,001,463,819 |
| Peter Knibb & Elizabeth Knibb, Jenine Knibb, Brandon Knibb | 125,023,266   |
| Rosalyn Campbell   | 20,000,000    |
| Ian Kelly  | 2,666,667     |
| Warren Riley & Cheryl Riley                                | 2,115,337     |
| Michelle Thame   | 80,000        |
| Vincent Mitchell   | 74,840        |
| Steadman Fuller  | Nil           |
| Marva Chang  | Nil           |
| Clive Nicholas   | Nil           |
| Hector Mendoza   | Nil           |

(b) Post the Non-Renounceable Rights Issue

25. Assuming each of the Directors and Senior Managers that are Existing Stockholders takes up his or her entire provisional allotment in this Non-Renounceable Rights Issue the stockholdings of the Directors and Senior Managers would be as follows:

| Name  | Shares Held   |
|---|---------------|
| Cecil Foster  | 2,023,702,305 |
| Marion Foster   | 2,023,702,305 |
| Peter Knibb & Elizabeth Knibb, Jenine Knibb,<br>Brandon Knibb | 126,412,413   |
| Rosalyn Campbell  | 20,222,222    |
| Warren Riley & Cheryl Riley                                   | 2,696,296     |
| Michelle Thame  | 2,138,840     |
| Vincent Mitchell  | 80,888        |
| Hector Mendoza  | Nil           |
| Steadman Fuller   | Nil           |
| Ian Kelly   | Nil           |
| Marva Chang   | Nil           |
| Clive Nicholas  | Nil           |

**Use of Proceeds**

26. The Company intends to use the proceeds to complete the second phase of the new 30,000 square foot Fulfilment Centre located at 76 Molyne's Road.

27. The Company also intends to pay the expenses associated with the Rights Issue out of the proceeds, which it estimates will not exceed J\$9 million inclusive of General Consumption Tax, as follows:

- (i) Arranger, Brokerage and Financial Advisory fees: J\$4,000,000;
- (ii) Legal fees: J\$3,200,000;
- (iii) JSE fees: J\$364,927;
- (iv) JCSD fees: J\$1,380,000.

Appendix 2 sets out a pro forma Balance Sheet showing the results of the Rights Issue; namely an increase in share capital to J\$500,000,000.00 and an increase in cash by the amount of the net proceeds.

## Financial Performance

28. At Part 7 is a table showing a Summary of the Financial Performance of the Company. Note that the Company has been listed on the Junior Market of the Jamaica Stock Exchange since December 19, 2017. Since that time and at the present time the Company must publish on a quarterly and annual basis its financial statements. Those financial statements are also available of the Company's website at: <https://fosrich.com/category/audited-statements/>

## Annual Report 2022

29. More details on each of the Company can be found in the Company's Annual Report dated May 2, 2023 and available at: <https://www.jamstockex.com/wpcontent/uploads/2023/05/FOSRICH-2022AR-for-WEBSITE-.pdf> There you will find significant detailed information on the Company, the Board of Directors.

## Details about the Company

30. The Company was incorporated on April 6, 1993. The Company main lines of business are: (a) the manufacture of PVC pipes and fittings; and (b) the distribution of lighting, electrical and solar equipment.

31. Appendix 1 hereto sets out an Organization Chart showing the Company along with its subsidiaries.

32. The Company's retail outlets are located at:

### Kingston General

79 Molynes Road Kingston 10,  
Jamaica W.I.  
Tel: (876)937-2401  
Fax: (876)901-2438

### Kingston Industrial

76 Molynes Road Kingston 10,  
Jamaica W.I.  
Tel: (876) 937-5099  
Fax: (876)901-2438

### Mandeville - Live Your Dream Store

35 Ward Avenue, Mandeville  
Jamaica W.I.  
Tel: (876 )625-0250-2

### Montego Bay - Cottage Road - Better Homes Store

3 Cottage Road  
Montego Bay, Jamaica W.I.  
Tel: (876) 971-9117

### Montego Bay - Fairview - Lighting World Store

Shop #18 Fairview  
Montego Bay, Jamaica W.I.  
Tel: (876) 684-9431

33. The Company has partnerships with the well-known suppliers of international electric brands to supply it with the products lighting, solar and electrical equipment.

34. If you are interested in finding out more about FosRich and our products you may visit any of our retail locations or our website at: <https://fosrich.com/company-overview/>

Yours truly  
FosRich Company Limited

  
Marion Foster  
Chairman

## 5. DETAILED DESCRIPTION OF RIGHTS ISSUE

1. The Company is proposing to raise approximately J\$139,324,117 gross (before transaction costs) by way of a provisional allotment under a non-renounceable Rights Issue of New Ordinary Share(s).
2. Only Existing Ordinary Stockholders as of the Record Date may participate in the Rights Issue. The New Ordinary Share(s) to which an Existing Ordinary Stockholder is entitled to will be provisionally allotted to them.
3. Each Existing Ordinary Stockholders on the Record Date will be provisionally allotted:  
  
One New Ordinary Share for every 90 Existing Ordinary Stock Unit(s) held on the Record Date (and so in proportion for any other number of Existing Ordinary Stock Units then held).
4. Existing Ordinary Stockholders will receive the right to subscribe for the nil-paid New Ordinary Shares provisionally allotted to them “free of cost”. In order to get the New Ordinary Share(s) they will have to pay for them at J\$2.50 per New Ordinary Share.
5. The Rights Issue is non-renounceable. That means that Existing Ordinary Stockholders cannot transfer their nil-paid New Ordinary Share(s) to any other person (even to another Existing Stockholder).
6. Any number of New Ordinary Share(s) provisionally allotted to an Existing Ordinary Stockholder that are not taken up by them will be treated as abandoned (called “Abandoned Shares”) and will be will fall into the Un-allocated Pool.
7. Each Existing Ordinary Stockholder’s entitlement to New Ordinary Shares will be rounded down to the next lowest whole number (or to zero in the case of Existing Ordinary Stockholders holding less than 90 Existing Ordinary Stock Units).
8. The fractional elements which do not qualify for a New Ordinary Share(s) (because it falls below 90) or a number being one which cannot be divided by 90 without leaving a fractional share, will along with the other Fractional Share elements be pooled and those shares (called “Fraction Shares”) will fall into the Un-allocated Pool.
9. The Un-allocated Pool will only be available to Existing Ordinary Stockholders and not the general public. Existing Ordinary Stockholders can apply to purchase additional New Ordinary Shares from the Un-allocated Pool (called an Application for Additional Shares) -see Appendix 3 for details on electronic submission. If the number of New Ordinary Shares applied for in the Un-allocated Pool exceeds the number of Un-allocated Share(s) then all valid applications for Un-allocated Shares will be allotted on a pro rata basis.
10. The New Ordinary Shares, when issued and fully paid will be converted to stock units. The New Ordinary Shares will rank in all respects, with the Existing Ordinary Shares of the Company including as respects:
  - (a) the right to receive dividends and other distributions made, paid or declared after the issue date; and
  - (b) the right to vote at a general meeting of the Company.

There will be no restriction on the free transferability of the New Ordinary Shares when issued and fully paid. The legal rights attaching to the New Ordinary Shares will be governed by the Company’s Articles of Incorporation.

11. Unless the Company notifies Existing Ordinary Stockholders of a date through publication of a supplementary Circular Letter or by Press Announcement, published on its website, the latest date for:

- There will be no restriction on the free transferability of the New Ordinary Shares when issued and fully paid. The legal rights attaching to the New Ordinary Shares will be governed by the Company's Articles of Incorporation.
11. Unless the Company notifies Existing Ordinary Stockholders of a date through publication of a supplementary Circular Letter or by Press Announcement, published on its website, the latest date for:
    - (a) Acceptance of Rights and Return of your Provisional Allotment Letter will be 4:00 p.m. on August 18, 2023 ("the Closing Date");
    - (b) Receipt of Application for Additional Shares from the Un-allocated Pool will also be 4:00 p.m. on August 18, 2023 ("the Closing Date").
  12. The Company reserves the right to close the Rights Issue once fully subscribed or to extend the Closing Date if it considers it necessary to grant more time to facilitate further participation by Existing Ordinary Stockholders. All Applicants may refer to the confirmation instructions that will be posted on the JSE's Website ([www.jamstockex.com](http://www.jamstockex.com)) within ten (10) days of the Closing Date.
  13. An Existing Ordinary Stockholder may participate in the Rights Issue in two ways.
    - (a) First, an Existing Ordinary Stockholder may accept the New Ordinary Shares provisionally allotted to them. See Provisional Allotment Letter at Part 9 below.
    - (b) Secondly, an Existing Ordinary Stockholder may apply for Additional Shares in the Un-allocated Pool. These Shares are being sold at the same price per New Ordinary Share (i.e. J\$2.50) as the New Ordinary Shares which have been provisionally allotted to that Existing Ordinary Stockholder.
  14. The primary method of submitting one's acceptance of the provisional allotment as well as an application for Additional Shares will be by electronic submission. See Appendix 3 for details on electronic submission. In limited and exceptional cases, at the discretion of FosRich, an Existing Ordinary Stockholder may submit their documentation in physical form.
  15. The Company's Articles of Incorporation do not fix a minimum qualification for directorship. Accordingly, a director acting in that capacity has no entitlement to participate in the Rights Issue.
  16. This Rights Issue is limited to Existing Ordinary Stockholders and all Existing Ordinary Stockholders (including directors) may in their capacity as an Existing Ordinary Stockholder accept the New Ordinary Shares provisionally allotted to them; and make an Application for Additional Shares from the Un-allocated Pool.
  17. For Existing Ordinary Stockholders that maintain their Existing Ordinary Stock Units through an account with Stock and Securities Limited ("SSL") as at the Record Date will be entitled to subscribe for the New Ordinary Share(s) provisionally allotted to them (as set out in paragraph 3 above). Such holders may also apply for Additional Shares from the Un-allocated Pool.
  18. As SSL is no longer an authorized JSE member-dealer, the New Ordinary Shares that those Existing Stockholders will receive must be deposited into an account which that member holds with another licensed securities dealer.
  19. To reflect this designation each Existing Ordinary Stockholder that applies using their account held with SSL will need to:
    - (a) complete a Designation Form selecting another brokerage account held with a broker other than SSL; and
    - (b) the selected brokerage account must be in the same name and with the same Tax Registration Number as their account held with SSL.

20. Any queries in relation to this Rights Issue should be made to the Financial Adviser & Arranger: **Mayberry Investments Limited** of 1½ Oxford Road, Kingston 5:

Primary Contacts

Mr. Dan Theoc (SVP-Investment Banking)  
[dan.theoc@mayberryinv.com](mailto:dan.theoc@mayberryinv.com)

OR

Ms. Rachel Kirlew (AVP-Investment Banking)  
[rachel.kirlew@mayberryinv.com](mailto:rachel.kirlew@mayberryinv.com)





## 6. RISK FACTORS

6.1 The Rights Issue is limited to Existing Ordinary Stockholder. In addition to other information set forth in this Circular Letter, Existing Ordinary Stockholders should consider carefully the risks described below before subscribing for New Ordinary Shares. These risks are not the only ones facing investors. Additional risks, not presently known to the Directors, or that the Directors may presently consider immaterial, may also impair the Company's operations

### SHARE PRICE VOLATILITY

6.2 The trading price of the New Ordinary Shares may fluctuate significantly after the Rights Issue and may continue to do so in the future. Some of the reasons for fluctuations in the price of the New Ordinary Shares include but are not limited to:

- (a) announcements of developments related to the Company's business;
- (b) changes in interest rates;
- (c) the issue of additional debt by the Company from time to time;
- (d) general conditions in the economy, the local and/or international capital market(s);
- (e) changes in the law regarding several matters including but not limited to taxation and the educational institutions; and
- (f) changes in the Junior Market Rules.

6.3 In addition, prices on the Junior Market of the Jamaica Stock Exchange may be subject to volatility. In many cases, the fluctuations may be unrelated to the operating performance of the affected companies. As a result, the price of the New Ordinary Shares could fluctuate in the future without regard to operating performance.

### RISKS RELATING TO MARKETABILITY OF THE SHARES

6.4 The New Ordinary Shares, if and when listed on the Jamaica Stock Exchange, may not be readily saleable and shareholders who may want to "cash-out" may not be able to do so or may only be able to do so at a discount.

### RELIANCE ON PARTNERSHIPS WITH INTERNATIONAL BRANDS

6.5 The Company operates in a highly competitive local industry. It aims to differentiate itself by its distribution partnerships with suppliers of international electric brands such as Philips, Siemens AG, Nexans, General Electric and Huawei FusionSolar.

The Company is dependent on its contractual or course of dealings arrangements with these international suppliers and if any such relationship suffered or was terminated the Company's business and profits could be affected

### OPERATIONAL RISKS

6.6 We are exposed to risk of loss resulting from inadequate or failed internal processes, people, or systems. Operational Risks also include:

- (a) systemic risk (including the risk of accounting errors, failure to procure appropriate controls and compliance failures);
- (b) legal risk and reputation risk;
- (c) employee errors, computer and manual systems failures, security failures, technological challenges; and
- (d) fraud or other criminal activity.

### **FOREIGN EXCHANGE RISK**

6.7 We are exposed to foreign exchange risk arising from fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar.

6.8 The primary source of foreign exchange risk for the Company is in relation to US Dollars dominated cash and cash equivalents held in bank accounts, and certain payables also dominated in US Dollars. The Company does not earn sufficient foreign currency to counter the effects of the fluctuation in exchange rates. The Company manages its foreign exchange risk by purchasing foreign currency in advance and maintaining foreign currency accounts to satisfy its foreign creditors.

### **CREDIT RISK**

6.9 Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations to the Company.

6.10 The Company limits its credit risk by investing mainly in liquid securities, with counterparties that have high credit quality accordingly, management does not expect any counterparty to fail to meet its obligations. The Company also seeks to manage its account receivables by limiting credit terms to customers.

### **TAX CONCESSION RISK**

6.11 The Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange December 19, 2017 with stock symbol: FOSRICH. Since that time the company has benefited from a 10-year concessionary tax regime applicable to companies listed on the Junior Market of the Jamaica Stock Exchange whereby, in the Company's first 5 years on the Junior Market, the Company will not be liable to pay any corporate income tax. In years 6 to 10 on the Junior Market, the Company will be liable to pay corporate income tax at half of the usual rate.

6.12 The remission of tax requires the Company to meet the ongoing Junior Market requirements for at least 15 years from the date of listing. Among the requirements is that the Company's participating voting share capital must not exceed J\$500 million. In order to remain within that maximum limited the Rights Issue is limited to J\$139,324,117.

## INVENTORY RISK

- 6.13 The Company may support large merchandise of inventories in order to provide better availability to customers and to achieve purchasing efficiencies and avoid the negative impactive of stock outs due to the unusually long lead times to get goods from international suppliers since the pandemic. As at December 31, 2021 inventories represented 44.3% of the Company's total assets. When a large percentage of a company's assets are represented by inventories it creates several risks including the risk of miscounting, pilferage, over or under valuing of goods, excess inventory, as well as obsolescence due to technological changes.
- 6.14 The Company is aware the risks relating to carrying inventories and conducts periodic inventory counting throughout the year. The Company also monitors the turnover velocity to identify goods and product lines where consumer demand is experiencing softness and then to take to take steps to reduce stock levels of those goods or product lines.



## 7. SUMMARY OF FINANCIAL PERFORMANCE

7.1 Below is a table extracted from the Annual Report 2022 showing a summary of the financial performance of the Company from 2013 to 2022:

|   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   | 2016   | 2015   | 2014   | 2013   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | \$M    | \$M    | \$M    | \$M    | \$M    | \$M    | \$M    | \$M    | \$M    | \$M    |
| <b>Income Statement</b>                                       |        |        |        |        |        |        |        |        |        |        |
| Revenue   | 3,373  | 2,351  | 1,896  | 1,612  | 1,293  | 1,046  | 1,156  | 948    | 928    | 774    |
| Gross Profit  | 1,392  | 1,043  | 825    | 710    | 534    | 473    | 469    | 363    | 401    | 363    |
| Expenses  | 1,077  | 900    | 732    | 652    | 490    | 456    | 451    | 358    | 362    | 301    |
| EBITDA  | 596    | 412    | 311    | 272    | 168    | 137    | 114    | 74     | 109    | 112    |
| Profit After Tax  | 325    | 199    | 126    | 107    | 90     | 55     | 30     | 3      | 36     | 50     |
| Earnings per share  | \$0.06 | \$0.40 | \$0.25 | \$0.21 | \$0.18 | \$0.14 | \$0.08 | \$0.01 | \$0.09 | \$0.12 |
| Earnings per share<br><small>Adjusted for share split</small> | \$0.06 | \$0.04 | \$0.03 | \$0.02 | \$0.02 | \$0.01 | \$0.01 | \$0.00 | \$0.01 | \$0.01 |
| <b>Balance Sheet</b>  |        |        |        |        |        |        |        |        |        |        |
| Assets  | 5,073  | 3,767  | 3,056  | 2,450  | 2,053  | 1,294  | 1,120  | 1,103  | 992    | 956    |
| Net Current Assets  | 1,235  | 1,503  | 1,429  | 1,242  | 1,350  | 566    | 285    | 307    | 324    | 455    |
| Retained Earnings   | 853    | 588    | 441    | 363    | 256    | 165    | 114    | 84     | 81     | 174    |
| Shareholders' Equity  | 1,785  | 1,017  | 869    | 800    | 693    | 605    | 399    | 369    | 366    | 458    |
| Financing   | 1,734  | 1,565  | 1,291  | 1,125  | 1,005  | 318    | 335    | 391    | 330    | 283    |
| Right-of-use Liability  | 583    | 540    | 378    | 201    |        |        |        |        |        |        |
| <b>Ratios &amp; Other</b>                                     |        |        |        |        |        |        |        |        |        |        |
| Gross Profit %  | 41%    | 44%    | 44%    | 44%    | 41%    | 45%    | 41%    | 38%    | 43%    | 47%    |
| Rate of stock turn per year                                   | 0.98   | 0.81   | 0.82   | 0.82   | 0.92   | 0.92   | 1.12   | 1.00   | 0.94   | 0.78   |
| Days of sales in receivables                                  | 64     | 60     | 84     | 71     | 86     | 53     | 39     | 48     | 33     | 45     |
| Current Ratio   | 1.69   | 2.83   | 3.46   | 4.30   | 5.02   | 2.71   | 1.60   | 1.71   | 1.98   | 3.08   |
| Quick Ratio   | 0.43   | 0.66   | 0.95   | 1.20   | 1.98   | 0.82   | 0.29   | 0.31   | 0.27   | 0.51   |
| Debt to Equity<br>- Excluding Right-of-use Liability          | 0.97   | 1.54   | 1.49   | 1.41   | 1.45   | 0.53   | 0.84   | 1.06   | 0.90   | 0.62   |
| Debt to Equity<br>- Including Right-of-use Liability          | 1.30   | 2.07   | 1.92   | 1.66   | 1.45   | 0.53   | 0.84   | 1.06   | 0.90   | 0.62   |

7.2 Please review the Annual Report for further details which may be accessed through the Jamaica Stock Exchange website. at: <https://www.jamstockex.com/wp-content/uploads/2023/05/FOSRICH-2022AR-for-WEBSITE-.pdf>

## 8. MANAGEMENT DISCUSSION AND ANALYSIS

8.1 The following Management Discussion and Analysis is provided to Existing Stockholders to assess the operations and financial performance of FosRich Company Limited (“FosRich”, “We” or the “Company”) for the first quarter ended March 31, 2023. A summary of the unaudited financial statements for the quarter ended March 31, 2023 is set out in sections 8.16 and 8.17 below.

### Income Statement Highlights:

#### Revenue

8.2 FosRich revenues increased 20% for the first quarter to close at J\$1.08 billion, up from J\$900 million reported for the prior period. For the full financial year ending December 31, 2022, FosRich reported a 43% increase in revenues amounting to J\$3.37 billion relative to J\$2.35 billion reported for FY2021. The product lines that had significant increases over the prior year were solar products, which grew by 96%, control devices which grew by 53%, wires, which grew by 48%, PVC and LED products, which both grew by 37% and industrial products and wiring devices which both grew by 30%.

#### Cost of Sales

8.3 Cost of sales for the quarter increased 24% to close at J\$637.8 million relative to J\$512.7 million reported the prior quarter. For full year, cost of sales increased 51% to J\$1.98 billion (2021: J\$1.31 billion). This movement was due to inflation, and material cost increases. During the year the Company experienced a mix of fluctuations in volume and price increases. Price increases were driven by escalating copper and PVC ingredient prices on the international market and increased shipping costs.

#### Gross Profits

8.4 Gross Profits for the quarter rose by 15% from J\$446 million to J\$387.6 million in response to the significant uptick in sales. Gross profits for the year also increased 33% above the prior year’s gross profit to amount to J\$1.39 billion (2021: J\$1.04 billion). Going forward, except for anticipated growth in sales from our PVC line of business, no factor outside of the usual and anticipated market fluctuations is expected to have any impact on the results going forward into the medium-term, where we expect to increase PVC sales from the current J\$670 million to over J\$1 billion.

#### Administration Expenses

8.5 Administration, marketing and selling expenses for the first quarter of 2023 were J\$260 million, reflecting a year over year increase of 33% on the J\$195 million reported in the first quarter of 2022. The changes were driven primarily by increased staff related costs for salary adjustments, increased sales commission due to improved sales performance and improvements in staff benefits; increased occupancy cost due to the commencement of obligations for our new Fulfilment Centre at 76 Molyne’s Road and disposal losses related to the early termination of the old 76 Molyne’s Road lease; increased selling and marketing costs; increased computer expenses; increased local travel and petrol costs; increased electricity cost; increased legal and professional fees; increased depreciation due to increases in the carrying values of property plant and equipment and increased security expense. Administration, marketing and selling expenses for the year increased 25% above the prior year’s amount to J\$790.01 million (2021: J\$631.63 million).

#### Depreciation

8.6 Depreciation expenses rose 11% for the first quarter 2023 from J\$14.78 million to J\$16.54 million in response to the growth of PP&E, specifically the increases in value to freehold land and buildings over the financial year.

## Finance Costs

8.7 Finance costs increased by 27% for the quarter to close at J\$47.44 million compared to J\$37.23 million recorded for the first quarter 2022. The increased financing costs is a result of increased financing obtained to assist with the financing of operations. This new financing was obtained at more favorable rates than the previous bank facilities. Five hundred and sixty million (J\$560 million) secured bonds and two hundred million (J\$200 million) unsecured bonds are now current. These will be refinanced at market interest rates that are above the current interest rates.

## Net Profits

8.8 FosRich booked a net profit for the 2023 first quarter of J\$121.72 million relative to a net profit of J\$158.89 million booked in the previous year's quarter, a 23.4% reduction. This was because of the significant effects of the increased administrative expenses, finance costs and taxation expenses for the 2023 first quarter. FosRich has completed the first five (5) years of its tax remission since listing on the Junior Market and will now be commencing the five (5) year period of fifty (50) percent tax remission going forward. For the full year, however, net profits increased by 63% from J\$199.3 million to J\$324.72 million.

## Balance Sheet Highlights:

8.9 As of March 31, 2023, total assets amounted to J\$5.6 billion compared to J\$5 billion at the end of the 2022 financial year. The growth in assets was largely due to the increase in inventory which increased by 8.5% from J\$2.24 billion to J\$2.43 billion, and an increase in trade receivables which grew 74% from J\$377.32 million as at December 31, 2022 year end to J\$656.99 million at the end of the first quarter.

## Property Plant and Equipment

8.10 Freehold land and buildings comprising properties were reappraised by professionals, independent real estate valuers: Langford Brown in January 2023. The combined market value was determined as J\$732,134,604 using the 'market approach' and the 'sales comparison' valuation methods. These assets are reflected in the financial statements at their respective fair values and the surplus on revaluation was credited to capital reserves.

## Inventories

8.11 We continue to manage inventory balances and the supply-chain, with a view to ensuring that inventory balances being carried are optimised, relative to the pace of sales, the time between the orders being made and when goods become available for sale, to avoid both overstocking and stock-outs. Monitoring is done both at the individual product level and by product categories. Increases in the carrying values of inventories reflect the increased cost of supplies.

## Receivables

8.12 With the increases in sales has come an uptick in receivables, this increase in sales resulted in the 74% rise in receivables due to the company, which closed the period at J\$656.99 million compared to the J\$377.33 million from the prior period. We continue to actively manage trade receivables with an emphasis being placed on balances in the over 180-day bucket. We have implemented strategies to collect these funds as well as to ensure that the other buckets are managed. Where necessary, credit limits have been reduced and credit periods shortened. For some inventory items we have instituted seven (7) day credit or cash.

## Trade Payables

8.13 Our trade payables are categorized by foreign purchases, local purchases and other goods and services. Payables grew from J\$792.85 million as at December 31, 2022 to J\$1.3 billion as at the March 31, 2023, a 65% increase. While we have concentrated primarily on the foreign payables, as the bulk of our inventories are sourced from overseas. we continue to manage payables, for the most part, within the terms given by our suppliers.

## Liquidity

8.14 As of March 31, 2023 the excess of current assets over current liabilities amounted to J\$1.9 billion (December 31, 2022: J\$1.23 billion). It is expected that FosRich will continue to be able to generate sufficient cash to meet obligations when they fall due. Liquidity is provided primarily from sales revenues and loan financing.

## Shareholders' Equity

8.15 Shareholders' equity now stands at J\$1.9 billion, up by J\$121 million from J\$1.7 billion reported in the 2022 year ended period. The net increase of J\$121 million arose because of retained profits for the first quarter increasing by \$121.7 million.

8.16 The table below is a summary of the Consolidated Statement of Comprehensive Income for the quarter ended March 31, 2023:

## FosRich Company Limited

### Statement of Profit or Loss and Other Comprehensive Income

|  | Quarter Ended      | Quarter Ended      |             |
|--|--------------------|--------------------|-------------|
|  | Mar-22             | Mar-23             | Change (%)  |
| Revenue  | 900,291,905        | 1,083,807,104      | 20%         |
| Cost of Sales  | (512,703,047)      | (637,801,184)      | 24%         |
| Gross Profit   | 387,588,858        | 446,005,920        | 15%         |
| Other Income   | 3,698,439          | 638,535            | -117%       |
| Profit before administrative and other expenses (including Depreciation) and Finance Costs | 391,287,297        | 446,644,455        | 14%         |
| Administrative and other expenses (including Depreciation)                                 | (195,155,328)      | (260,215,091)      | 33%         |
| /Profit Before Finance Costs   | 196,131,969        | 186,429,364        | 5%          |
| /Finance cost  | (37,238,108)       | (47,444,979)       | 27%         |
| Operating Profit   | 158,893,861        | 138,984,385        | -13%        |
| Profit before taxation   | 158,893,861        | 138,984,385        | -13%        |
| Taxation   | -                  | (17,261,185)       |             |
| <b>Net profit</b>  | <b>158,893,861</b> | <b>121,723,200</b> | <b>-23%</b> |

8.17 The table below is a summary of the Consolidated Statement of financial position as at March 31, 2023.

| <b>FOSRICH COMPANY LIMITED</b>       | <b>Unaudited<br/>Mar-22 (J\$)</b> | <b>Unaudited<br/>Mar-23 (J\$)</b> |
|--------------------------------------|-----------------------------------|-----------------------------------|
| <b>Non-Current Assets</b>            |                                   |                                   |
| Property, plant and equipment        | 866,388,882                       | 889,230,314                       |
| Right of use Assets                  | 554,295,631                       | 594,125,714                       |
| Due from related parties             | 392,949,053                       | 582,941,880                       |
| Investments                          | 17,801,395                        | 17,416,263                        |
| Investment (associated company)      | 1,627,500                         | -                                 |
| Investment (quoted securities)       | 209,877,544                       | 1,627,500                         |
|                                      | <b>2,042,940,005</b>              | <b>2,085,341,671</b>              |
| <b>Current Assets</b>                |                                   |                                   |
| Inventories and goods in transit     | 1,485,479,937                     | 2,439,054,275                     |
| Accounts receivable                  | 499,680,894                       | 656,995,829                       |
| Other receivables and prepayments    | 126,436,473                       | 268,753,627                       |
| Due from Related Parties             | 80,000,000                        | 80,800,938                        |
| Cash and cash equivalents            | 41,776,978                        | 71,919,363                        |
|                                      | <b>2,233,387,016</b>              | <b>3,517,524,032</b>              |
| <b>Total Assets</b>                  | <b>4,276,327,021</b>              | <b>5,602,865,703</b>              |
| Less Current Liabilities:            |                                   |                                   |
| Trade and other payables             | 331,408,361                       | 1,309,937,843                     |
| Associated Company                   |                                   | 72,616,668                        |
| Taxation payable                     |                                   | 9,111,084                         |
| Right of use liabilities             | 44,399,152                        | 44,399,152                        |
| Current portion of long-term loan    | 181,406,702                       | 181,406,702                       |
|                                      | <b>557,214,215</b>                | <b>1,617,471,449</b>              |
| <b>Net Current Assets</b>            | <b>1,676,172,801</b>              | <b>1,900,052,583</b>              |
| <b>Equity</b>                        |                                   |                                   |
| Share Capital                        | 369,620,810                       | 369,620,810                       |
| Treasury Shares                      | (8,121,411)                       |                                   |
| Capital reserves                     | 562,347,675                       | 562,347,675                       |
| Retained earnings                    | 747,035,722                       | 974,304,237                       |
|                                      | <b>1,670,882,796</b>              | <b>1,906,272,722</b>              |
| <b>Non-Current Liabilities</b>       |                                   |                                   |
| Long-term liabilities                | 1,521,299,300                     | 1,519,897,126                     |
| Right of use liabilities             | 483,758,697                       | 524,563,806                       |
| Directors' Loan                      | 43,172,012                        | 34,660,600                        |
| <b>Total Non-current Liabilities</b> | <b>2,048,230,009</b>              | <b>2,079,121,532</b>              |
| <b>Total Equity and Liabilities</b>  | <b>4,276,327,020</b>              | <b>5,602,865,703</b>              |



# 9. PROVISIONAL ALLOTMENT LETTER

## **IMPORTANT: THIS DOCUMENT IS OF VALUE.**

If you are in any doubt about this document or if prior to receiving it you have sold (other than ex rights) all or part of your registered holding of existing ordinary stockholder in the capital of FosRich Company Limited (the "Company"), you should consult a licensed investment advisor or a licensed securities dealer immediately. The offer herein is NON-RENOUNCEABLE. If you do not wish to subscribe for some or all the New Ordinary Shares provisionally allotted, the provisional allotment concerning those shares not taken up will go into the Un-allocated Pool.

THE OFFER EXPIRES at 4:00P.M. on August 18, 2023. All enquiries concerning this Provisional Allotment Letter should be addressed to the Registrar, Jamaica Central Securities Depository Limited, 40 Harbour Street Kingston, Telephone No.: 876-967-3271.

## **No offer to the public has been or will be made to the public by the Circular Letter (referred to herein) or this Provisional Allotment Letter.**

The Circular Letter and this Provisional Allotment Letter have been registered with the Financial Services Commission of Jamaica on June 30, 2023. The Financial Services Commission has not approved the offered securities nor has it expressed any opinion in relation to the Circular Letter or this Letter of Provisional Allotment.

This is your SHAREHOLDER NUMBER: \_\_\_\_\_ Please print your TRN: \_\_\_\_\_

### **FOSRICH COMPANY LIMITED**

#### **Non-Renounceable Rights Issue of New Ordinary Shares with no par value Payable in full on acceptance not later than 4:00P.M. on August 18, 2023**

| <b>TO:<br/>ADDRESS:</b>  |  |  | <b>NAME OF JOINTHOLDERS (IF ANY)</b>   |
|--|--|--|--|
| (1)<br>Number of Ordinary Stock Units held by you on the Record Date | (2)<br>Number of New Ordinary Share(s) provisionally allotted to you | (3)<br>Amount payable no later than 4:00 p.m. on August 18, 2023 | Latest time for:<br>Acceptance and full payment:<br>4:00 pm on August 18, 2023 |
|  |  | J\$  |  |

Dear Sir/Madam:

**PROVISIONAL ALLOTMENT:** In accordance with the terms of the Company's Circular Letter dated July 4, 2023, you have been provisionally allotted the number of New Ordinary Shares with no par value shown in Box (2) above. The New Ordinary Shares when fully paid will rank pari passu in all respects with the Existing Ordinary Stock Units of the Company.

**ACCEPTANCE AND PAYMENT:** If you wish to accept some or all of the New Ordinary Shares provisionally allotted to you, this Letter must be completed in accordance with the instructions on page 2. All pages of this letter must be forwarded to MAYBERRY INVESTMENTS LIMITED, 1 ½ Oxford Road, Kingston 5, with payment in the APPROVED MANNER for the amount shown in Box (3) above so as to arrive no later than 4:00 p.m. on August 18, 2023. **IF THIS IS NOT DONE BY 4:00 p.m. on August 18, 2023 THE PROVISIONAL ALLOTMENT WILL BE DEEMED TO HAVE BEEN DECLINED. THE PROVISIONAL ALLOTMENT CONCERNING THOSE SHARES NOT TAKEN UP WILL GO INTO THE UN-ALLOCATED POOL.**

**See Instructions to this Provisional Allotment Letter for details of the APPROVED MANNER to make payments.**

By Order of the Board



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**Cube Corporate Support Limited**  
Secretary

## INSTRUCTIONS

### FOSRICH COMPANY LIMITED

#### PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

TO: FOSRICH COMPANY LIMITED ("ISSUER" or the "Company")

**Re: Non-Renounceable Rights Issue of Ordinary Shares** being offered made pursuant to the Circular Letter and Letter of Provisional Allotment dated July 4, 2023. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Circular Letter, Letter of Provisional Allotment and constitutive documents of the Company, all of which are incorporated into this Application Form by reference.

I/We hereby apply for \_\_\_\_\_ New Ordinary Shares in the Company on and subject to the terms and conditions of the Rights Issue set out in the Circular Letter and Letter of Provisional Allotment at the price of J\$2.50 each. I/We make payment for the total price of my/our subscription and the JCSD processing fee of J\$172.50 by the method selected below:

#### PLEASE TICK ONE OF THE FOLLOWING BOXES WHERE APPLICABLE

Attached is J\$ Manager's cheque drawn on a Jamaican commercial bank in the amount of J\$ \_\_\_\_\_ inclusive of JCSD processing fee of J\$172.50 payable to "**MAYBERRY INVESTMENTS LIMITED**"

I/We request Mayberry Investments Limited ("MIL") to make payment on my/our behalf from cleared funds held by MIL in my/our name(s) in account numbered \_\_\_\_\_. I/We further instruct MIL to debit my/our account with the sum of J\$ \_\_\_\_\_ for the purposes of my/our subscription inclusive of JCSD processing fees of J\$172.50.

RTGS in the amount of J\$ \_\_\_\_\_ inclusive of JCSD processing fee of J\$172.50 and RTGS processing fee effected to account designated by Mayberry Investments Limited.:

I/We agree to accept the above or a smaller subscription in respect of which this Application may be accepted, subject to the terms and conditions in the Circular Letter, Letter of Provisional Allotment and the constitutive documents of FosRich Company Limited, by which I/we agree to be bound. I/We request you to issue to me/us the number of New Ordinary Shares that may be allocated to me/us at the close of the said Rights Issue upon the terms and conditions governing applications, as set forth in the Circular Letter and Letter of Provisional Allotment. I/We hereby agree to accept the New Ordinary Shares that may be allocated and issued to me/us and to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository Limited.



**FOSRICH COMPANY LIMITED**

**DESIGNATION FORM  
FOR  
EXISTING ORDINARY STOCKHOLDERS WITH ACCOUNTS AT STOCKS AND SECURITIES LIMITED**

TO: FOSRICH COMPANY LIMITED (“ISSUER” or the “Company”)

**Re: Non-Renounceable Rights Issue of Ordinary Shares** being offered made pursuant to the Circular Letter and Letter of Provisional Allotment dated July 4, 2023. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Circular Letter, Letter of Provisional Allotment and constitutive documents of the Company, all of which are incorporated into this Application Form by reference.

I/We hereby confirm that I/we:

- (a) are the holder of \_\_\_\_\_ Existing Ordinary Stock Units held through an account with Stocks and Securities Limited;
- (b) are aware that Stocks and Securities Limited is no longer a JSE member-dealer and that due to existing legal processes involving Stocks and Securities Limited there may be issues with receiving New Ordinary Shares in me/our account with Stocks and Securities Limited.

I/we hereby agree that for me/our own benefit in order to participate in the FosRich Rights Issue:

- (a) I/we need to designate a securities trading account that I/we hold with an alternative broker to Stocks and Securities Limited (the Designated Account);
- (b) The Designated Account is held both legally and beneficially by the same person/s that holds the account with Stocks and Securities Limited.

I/we hereby agree to receive any New Ordinary Shares received by me/us in the Designated Account in lieu (that is to say instead) of receipt in my/our account with Stocks and Securities Limited.

**Designated Account Details:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

TRN: \_\_\_\_\_

Broker: \_\_\_\_\_

Account Number: \_\_\_\_\_

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 2023

\_\_\_\_\_  
**Signature**

## 9. PROVISIONAL ALLOTMENT LETTER

The following statutory and general information is required to be set out in the Prospectus by section 41 and the Third Schedule to the Companies Act.

1(a). The Company has no founders or management or deferred shares.

1(b) The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:

(i) Each director who is not an employee of the Company shall be paid out of the funds of the Company, remuneration for his services, such amount as the board of directors, or appropriate committee of the board of directors, may determine. Such remuneration shall be deemed to accrue from day to day. The directors shall also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with business of the Company. (Article 82)

(ii) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 84)

(iii) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (Article 89(iii)).

(iv) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorize a director or his firm to act as auditor to the company. (Article 89(v)).

(v) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 94).

(vi) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the directors may determine. (Article 122).

1(c) The names and addresses of the Directors are as follows:

**Cecil Foster, 79 Molynes Road, Kingston 10, Jamaica**

**Marion Foster, 79 Molynes Road, Kingston 10, Jamaica**

**Steadman Fuller, 74 King Street, Kingston CSO, Jamaica**

**Ian Kelly, Gwendon Park Estates, Kingston 8, Jamaica**

**Peter Knibb, 2 Seymour Avenue, Kingston 6, Jamaica**

**Marva Chang, 40 Knutsford Boulevard, Kingston 5, Jamaica**

More details on each of the Directors can be found in the Company's Annual Report dated February 1, 2022 and available at: <https://www.jamstockex.com/wp-content/uploads/2022/05/FosRich-2021-Annual-Report.pdf>

2. No shares are being offer to the public for subscription. In 2017 the Company issued shares to the public pursuant to a prospectus dated November 20, 2017. A copy of that prospectus is available at: <https://www.jamstockex.com/wp-content/uploads/2017/11/Fosrich-Company-Limited-Prospectus.pdf>
- 3(1)(a) The Opening Date is 9:00 a.m. on July 11, 2023 and will close at 4:00 p.m. on the Closing Date, August 18, 2023 subject to the Company's right to close at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the Closing Date as described in this Circular Letter.
- 3(1)(b) All Applicants will be required to pay in full the applicable price per New Ordinary Share as specified in this Circular Letter. No further sum will be payable on allotment.
- 3(2) No previous offer of shares in the Company has been made to the public with the two preceding years.
- 4(1). No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.
5. As at December 30, 2022, being the date to which the audited financial statements of the Company are made up to, the Company held the following:

| Asset/Liability  | Aggregate amount (J\$) |
|--|------------------------|
| (a) Trade investments  | -                      |
| (b) Quoted investments other than trade investments  | 2,228,125              |
| (c) Unquoted investments other than trade investments  | 26,569,625             |
| Goodwill, patents, trademarks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as it is shown or ascertainable and as so shown or ascertained, as the case may be | Nil                    |
| Bank loans and overdrafts  | 963,807,030            |
| Net Amount recommended for distribution of dividend after tax  | Nil                    |

6. There is no property that is currently proposed to be purchased or acquired by the Company which is to be paid for wholly or partly out of the proceeds of this Rights Issue for the purposes of paragraphs 6 to 9 (inclusive) of Part I of the Third Schedule of the Companies Act.
7. Within the preceding two years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.
8. The Company expects to pay the expenses of the Rights Issue out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed J\$9 million inclusive of General Consumption Tax.
9. Within the preceding two years, no amount or benefit has been paid or given or is intended to be paid or given to any promoter or person in connection with the sale of Shares in the Company save for Mayberry Investments Limited for its role as arranger and lead broker for the Rights Issue.
10. Paragraph 11 of Part I of the Third Schedule is not applicable.
11. The external auditor of the Company is:  
  
Crooks Jackson Burnett  
Unit 9a, Seymour Park  
2 Seymour Avenue  
Kingston 6,  
Jamaica W.I
12. The Company was incorporated on 6 April 1993.

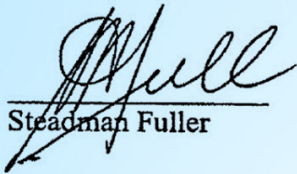


# 11. DIRECTORS' SIGNATURES

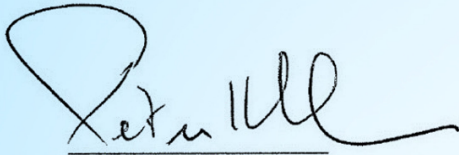
Signed on behalf of FosRich Company Limited by its Directors on this the 4th day of July, 2023.



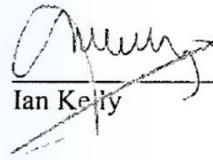
Cecil Foster



Steadman Fuller



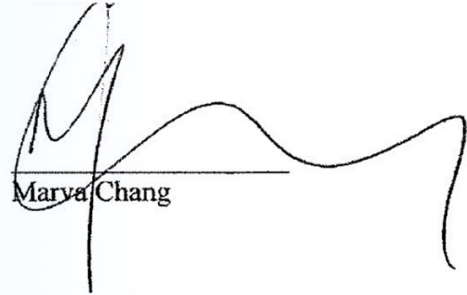
Peter Knibb



Ian Kelly



Marion Foster



Marya Chang

# APPENDIX 1 - ORGANISATION CHART



# APPENDIX 2 - PRO-FORMA BALANCE SHEET

**FOSRICH COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**31 March 2023**

|  | Un-Audited<br>Mar-23<br>\$ | APO<br>\$   | Pro-forma<br>Mar-23<br>\$ |
|--|----------------------------|-------------|---------------------------|
| <b>ASSETS</b>                                  |                            |             |                           |
| <b>Non-current assets:</b>                     |                            |             |                           |
| Property, plant and equipment                  | 882,554,158                |             | 882,554,158               |
| Lease - Right-of-use Assets                    | 594,125,714                |             | 594,125,714               |
| Due From Related Parties                       | 582,941,880                |             | 582,941,880               |
| Investment - Associated Company                | 36,697,253                 |             | 36,697,253                |
| Investments                                    | 1,627,500                  |             | 1,627,500                 |
|  | <u>2,097,946,505</u>       |             | <u>2,097,946,505</u>      |
| <b>Current assets:</b>                         |                            |             |                           |
| Inventories                                    | 2,402,101,451              |             | 2,402,101,451             |
| Trade Receivables                              | 679,003,368                |             | 679,003,368               |
| Other Receivables                              | 268,644,227                |             | 268,644,227               |
| Due From Related Parties                       | 80,000,000                 |             | 80,000,000                |
| Cash, cash equivalents and short-term deposits | 64,049,519                 | 130,379,190 | 194,428,709               |
|  | <u>3,493,798,565</u>       |             | <u>3,624,177,755</u>      |
| <b>Less Current liabilities:</b>               |                            |             |                           |
| Trade Payables, Accruals & Advances            | 1,305,506,662              |             | 1,305,506,662             |
| Associated Company                             | 72,616,668                 |             | 72,616,668                |
| Current Portion of Long-term Liability         | 181,406,702                |             | 181,406,702               |
| Lease - Right-of-use Liability                 | 44,399,152                 |             | 44,399,152                |
| Taxation                                       | 9,111,084                  |             | 9,111,084                 |
|  | <u>1,613,040,268</u>       |             | <u>1,613,040,268</u>      |
| Net current assets                             | <u>1,880,758,297</u>       |             | <u>2,011,137,487</u>      |
|  | <u>3,978,704,802</u>       |             | <u>4,109,083,992</u>      |
| <b>EQUITY AND LIABILITIES</b>                  |                            |             |                           |
| <b>Equity:</b>                                 |                            |             |                           |
| Share capital                                  | 369,620,810                | 130,379,190 | 500,000,000               |
| Capital reserves                               | 562,347,675                |             | 562,347,675               |
| Retained earnings                              | 976,423,143                |             | 976,423,143               |
|  | <u>1,908,391,628</u>       |             | <u>2,038,770,818</u>      |
| <b>Non-current liabilities:</b>                |                            |             |                           |
| Right-of-use Liability                         | 524,563,806                |             | 524,563,806               |
| Long-term liabilities                          | 1,511,088,768              |             | 1,511,088,768             |
| Directors' loan                                | 34,660,600                 |             | 34,660,600                |
|  | <u>2,070,313,174</u>       |             | <u>2,070,313,174</u>      |
|  | <u>3,978,704,802</u>       |             | <u>4,109,083,992</u>      |

Approved for issue by the Board of Directors and signed on its behalf by:

  
 Cecil Foster - CEO

  
 Peter Knibb - CFO

# APPENDIX 3 – ELECTRONIC SUBMISSION OF PROVISIONAL ALLOTMENT AND APPLICATION FOR ADDITIONAL SHARES

## OPTION I - INDIVIDUAL & INDIVIDUALS WITH JOINT ACCOUNTS

### Mayberry Clients

Existing Ordinary Stockholders of FosRich Company Limited that are Mayberry Clients with existing online access can submit their Provisional Allotment Letter and an Application For Additional Shares electronically by following the steps immediately below. Mayberry Clients who have not signed up for online access will first need to sign up (see steps further below) and then may submit the Provisional Allotment Letter and (if they wish to) An Application For Additional Shares electronically after the online account has been successfully created.

### How to submit the Provisional Allotment Letter for FosRich Rights Issue:

1. Go to <https://www.mayberryinv.com> and click SIGN IN in the upper right corner.
2. Enter your credentials (registered email address and password) and click **Sign In**.
3. Click the **Rights Issue** option from the menu on the left side of the page.
4. Click on the **Apply** button for the FosRich Rights Issue.
5. Select your Mayberry account, complete the application form, and click **Review Application**.
6. Review the displayed application details and tick the checkboxes at the end of the page. You will need to click on the form **link** and agree to the conditions to tick the last checkbox.
7. Click the **Submit Application** button and enter the One Time Password sent to your email to complete the application process.
8. For joint accounts, the joint account holder(s) will receive an email with a link to click to confirm the application so it can be fully submitted.

### Special Note:

- i. **The FosRich Rights Issue is limited to Existing Ordinary Stockholders as at the Record Date only**
- ii. **The application process will only be considered complete for joint accounts when all holders have verified the application.**
- iii. **Please ensure that all minors are flagged during the application for joint account holders. Once flagged, minors will not receive the email link to verify the application.**

### How to sign up:

1. Go to <https://www.mayberryinv.com> and click **SIGN UP** in the upper right corner.
2. Click on the **Already Have An Account** link.
3. Select the type of account (Individual) and enter the requested details on record at Mayberry, then click **Next**.
4. Enter the email address and phone number on record for your Mayberry account, create your password and click **Sign Up**.
5. If all your entered details match with the details on record at Mayberry, you will be prompted to enter the One Time Password sent to your email.
6. You may now apply for the FosRich Rights Issue using the above steps.

## **OPTION II – INDIVIDUALS, INDIVIDUALS WITH JOINT ACCOUNTS & COMPANIES**

### **Mayberry Clients**

Existing Ordinary Stockholders of FosRich Company Limited that are Mayberry Clients with existing online access can apply by following the steps immediately below:

#### **How to submit the Provisional Allotment Letter for FosRich Rights Issue:**

1. Go to <https://ipo.mayberryinv.com/mi-ipo> and enter your TRN
2. Click the **Send OTP** button (a one time password will be sent to your email address).
3. Enter the **OTP code** to login to the application
4. Click on the **Primary Account(s)** dropdown to select your account then click **Next**.
5. Select the **FosRich Rights Issue**.
6. Enter the **Quantity of Shares** or **Total Amount** then click Next
7. Review the application details, click the relevant checkboxes then click **Finish**
8. **Ensure the correct email is provided for the primary and joint account holders (if applicable)**
9. A copy of the application receipt will be sent to your email address. An email will be sent to all adult joint account holders (if applicable) to verify the application.

#### **Special Note:**

- i. **The application process will only be considered complete for joint accounts when all holders have verified the application.**
- ii. **Please ensure that all minors are flagged during the application for joint account holders. Once flagged, minors will not receive the email link to verify the application**

## **OPTION III - Non-Mayberry Clients**

### **I. Brokers with Electronic Platform**

For Existing Ordinary Stockholders of FosRich Company Limited that are non-Mayberry Clients please contact your Broker to get the details to complete and submit your documents for the FosRich Rights Issue electronically.

### **II. Brokers with No Electronic Platform**

For Existing Ordinary Stockholders of FosRich Company Limited that are Non-Mayberry Clients can apply either via a link that will be provided by your broker and in limited and exceptional cases by submitting a physical Provisional Allotment Letter. Please follow the steps below to create the application:

#### **How to apply for the FosRich Rights Issue:**

1. Contact your broker for the link to access the application
2. Enter your **Name** and **Email address**
3. Click the **Send OTP** button (a one-time password will be sent to your email address).
4. Enter the **OTP code** to login to the application
5. Enter information for the **Company** or **Primary** and **Joint Account** holders
6. Enter the **Quantity of Shares** or **Total Amount** then click Next
7. Review the application details, click the relevant checkboxes then click Finish
8. A copy of the application receipt will be sent to your email address. An email will be sent to all adult joint account holders (if applicable) to verify the application.

#### **Special Note:**

- i. The FosRich Rights Issue is limited to Existing Ordinary Stockholder as of the Record Date Only**
- ii. The application process will only be considered complete for joint accounts when all holders have verified the application.**
- iii. Please ensure that all minors are flagged during the application for joint account holders. Once flagged minors will not receive the email link to verify the application**



*FosRich*  
COMPANY LIMITED

