

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in doubt about how to act, you should consult your licensed investment advisor, licensed securities dealer, attorney-at-law, accountant or other independent professional advisor.

**Directors' Circular to the
Shareholders of Seprod Limited in
response to the Offer made by
Musson Investments Limited to
purchase up to 13,948,000 ordinary
shares at J\$78.00 per share.**

**The Board of Directors of Seprod Limited recommends that you
accept Musson Investments Limited's offer.**

CONTENTS

Introduction	3
Key Details of the Offer	3
Evaluation of the Offer	4
The Recommendation	4
Reasons for the Board's position	5
Regulatory Requirements	5
Definitions	8
Audited Financial Statements from 2018 to 2022	Appendix 1
Unaudited Financial Statements for the quarter ended September 30, 2023	Appendix 2
Valuation reports	Appendix 3
Consents	Appendix 4

Date: January 25, 2024

To: The Shareholders of Seprod Limited

This Directors’ Circular is issued in accordance with the Jamaica Take-Over Code. References to legislation in this Directors’ Circular are references to Jamaican legislation unless otherwise stated.

1. Introduction

On January 19, 2024, the Directors received a notice of the Offer from Musson Investments Limited to purchase 13,948,000 ordinary shares in the capital of Seprod Limited not owned by the Musson Group. The price being offered is J\$78.00 per share.

The Offer is contained in the Offer Circular, which is available on the Jamaica Stock Exchange’s website, www.jamstockex.com, along with the accompanying Form of Acceptance and Transfer. You are being advised to read the Offer Circular and this Directors’ Circular in their entirety.

MIL is a wholly-owned subsidiary of Musson (Jamaica) Limited. Prior to the Offer, Associates of MIL collectively owned 366,772,031 Shares which represent 49.99978% of the total issued shares of Seprod. Musson (Jamaica) Limited then acquired 1,630 Shares which caused the total percentage held to be increased to 50.00000%. This resulted in MIL making the Offer pursuant to the Jamaica Take-Over Code.

2. Key Details of the Offer

The Offer is to purchase a maximum of 13,948,000 Shares which are not already owned by MIL or other members of the Musson Group. Other key details are mentioned in the table below.

Offer Price:	J\$78.00 per Share
Opening Date:	9.00am on January 24, 2024
Date after which acceptance will be irrevocable:	January 31, 2024
When Offer Price payable:	Within 14 days of the Closing Date
How Offer Price payable:	In cash in Jamaican currency (J\$) or by RTGS transfer provided that the relevant Shares shall actually have been transferred to the Offeror via a Block Trade on the Main Market of the Jamaica Stock Exchange.

	Conditions attached to the Offer:	includes the following: (i) Where total Shares tendered exceed 13,948,000 Shares, Shares will be accepted on a pro-rata basis so that the total number of Shares purchased will not exceed 13,948,000; (ii) the relevant shareholder(s) submit and approve the tender offer on JMMB Moneyline; and (iii) All tendered Shares must be free and clear of all liens, charges and encumbrances.
	Closing Date	4.00pm on February 15, 2024

3. Evaluation of the Offer

The Offer Price presents a 7.28% discount to the January 19, 2024 trading price of J\$84.12. It also represents a 4.09% discount to the average trading price of J\$81.33 for the last 30 days. The offer price implies a price-to-earnings (P/E) multiple of 16.50x.

We have obtained a letter from JMMB Securities Limited with the average P/E multiples for the Main Market and for the manufacturing sector, which are set out below for purposes of comparison.

	<u>P/E Multiple</u>
Seprod Limited	16.50x
Main Market	15.16x
Main Market - Manufacturing sector	12.20x

4. The Recommendation

On January 19, 2024, the Directors asked those of their members that were not affiliated with the Musson Group to form a special board committee to review the Offer and to spearhead the preparation of a directors' circular in response. The members of that special board committee (the "Special Committee") are:

- i. Christopher Gentles
- ii. Byron Thompson
- iii. Brian Wynter (chair)

After review of the Offer, the Special Committee concluded that the Offer was fair to the shareholders of Seprod and recommended that the board of Directors issue a positive recommendation on same.

Accordingly, your board of Directors has followed the recommendation of the Special Committee and hereby recommends that the shareholders of Seprod Limited accept the Offer.

5. Reasons for the Board's position

The reasons that the board of Directors gave the foregoing recommendation includes the following.

- i. The Offer Price is reasonable in relation to the multiple of comparable trading companies and recent trading history.
- ii. MIL does not intend to make any changes to the management or business of Seprod.
- iii. MIL does not intend to seek de-listing of Seprod.

6. Regulatory Requirements

The following information is included in this Directors' Circular because same is required by the Jamaica Take-Over Code.

6.1 The number of Shares that are owned, directly or indirectly, by each Director of Seprod.

	Direct shareholding
Paul B. Scott (Chairman)*	Nil*
Richard R. Pandohie	3,998,231
Byron E. Thompson	1,220,668
Melanie Subratie*	Nil*
Michael J. Subratie	Nil
Nicholas Scott**	122,884**
Christopher Gentles	Nil
Patrick Scott	3,000,000
Nicholas Jones	Nil
Brian Wynter	Nil
Mark Suomi	Nil
Ron Schindler	Nil

*Neither Paul B. Scott nor Melanie Subratie owns any Shares directly. Paul B. Scott has a beneficial interest in 366,773,661 Shares. Melanie Subratie has a beneficial interest in 362,883,657 of those Shares.

**Nicholas Scott owns 122,884 Shares directly. A party connected to Nicholas Scott holds 961,000 Shares.

6.2 As far as the Directors are aware, the table below shows the number of Shares held by shareholders which control more than 10% of the voting rights in Seprod.

	Shares Owned	Percentage
Musson (Jamaica) Limited***	231,832,586	31.60431%
Coconut Industry Board	163,420,345	22.27809%
Facey Group Limited***	125,234,043	17.07239%
Paul B. Scott	None directly. See the note in the paragraph above.	
Melanie Subratie	None directly. See the note in the paragraph above.	

*** These companies are a part of the Musson Group and are therefore Associates of MIL.

6.3 The Offer is not extended to members of the Musson Group and therefore they cannot accept it. As far as the directors are aware, none of the other parties mentioned in 6.1 and 6.2 above intend to accept the Offer.

6.4 Musson (Jamaica) Limited owns 100% of the issued shares of MIL. Such shares carry 100% of the voting rights in MIL.

6.5 There are no arrangements or special agreements between MIL and any director or officer of Seprod in relation to the Offer.

6.6 No director or officer of Seprod has any interest in any material contract to which Seprod is a party.

6.7 No shareholder holding more than 10% of the voting rights of Seprod has any interest in any material contract to which Seprod is a party.

6.8 The Directors are not aware of any material change in the financial position and prospects of Seprod since the date of Seprod's last published financial statements.

6.9 As far as the Directors are aware, the transaction detailed below is the only instance of trading in the shares issued by Seprod by any of the persons mentioned in paragraphs 6.1 and 6.2 above within the six months immediately prior to the date of the Offer.

- A director sold 122,884 Shares at a price of \$71.00 per Share on May 31, 2023.

6.10 As far as the Directors are aware, there has been no trading in the shares issued by MIL by any of the persons mentioned in paragraphs 6.1 and 6.2 above within the six months immediately prior to the date of the Offer.

6.11 The audited financial statements for the previous five years of operation, which include the company's profit and loss statements, are included at Appendix 1.

6.12 The unaudited financial statements for the quarter ending September 30, 2023 are included at Appendix 2.

6.13 Valuation reports of the company's fixed assets prepared by a professional valuator and the attestation and consent by the CFO are included at Appendix 3.

6.14 Consents from the auditors and the valuator are included at Appendix 4.

DEFINITIONS

In this Directors' Circular, except where the context otherwise requires, the following expressions shall have the following meanings:

Associate	In relation to a person "X", means any person controlling, controlled by, or under common control with, X.
Directors	Means the directors of Seprod Limited.
J\$	Means the lawful currency of Jamaica.
Jamaica Take-Over Code	Means the Securities (Take-Overs and Mergers) Regulations and the General Principles relating to Take-Overs and Mergers contained in Appendix 1 of the Jamaica Stock Exchange's Main Market Rules.
JCSD	Means the Jamaica Central Securities Depository Limited.
JSE	Means the Jamaica Stock Exchange located at 40 Harbour Street, Kingston, Jamaica.
MIL/Offeror	Musson Investments Limited, a company incorporated in St. Lucia whose registered address is Pointe Seraphine, Castries, St. Lucia.
Musson Group	The group of companies which consists of MIL and MIL's Associates.
Offer	Means the offer made by Musson Investments Limited to purchase ordinary shares issued by Seprod Limited the details of which are contained in the Offer Circular.
Offer Circular	Means the take-over bid offer circular issued by MIL to the shareholders of Seprod dated January 15, 2024.

Seprod

Seprod Limited, a company incorporated in Jamaica whose registered address is 3 Felix Fox Boulevard, Kingston, Jamaica.

Shares

Means the ordinary shares of no par value issued by Seprod.

Miscellaneous

This document includes certain forward-looking statements; these statements are not historical facts and may include statements about current or anticipated outcomes, beliefs and expectations that may never occur. You should be aware that the potential outcomes of the Offer and other matters referred to in this document are subject to a number of risk factors that may result in materially different outcomes than those contemplated or described in this document, including, but not limited to, that the Offer may not be timely completed, if at all, and that other circumstances may change. The Directors are not obliged to, and disclaim any intent to, update these forward-looking statements.

The Directors, on the recommendation of the Special Committee, have approved the contents of this Directors' Circular and authorised its delivery to the shareholders of Seprod Limited.

For and on behalf of the Directors



Brian Wynter
Director