

SAMEER AFRICA PLC (“THE COMPANY”)

MINUTES OF THE 50TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY HELD AT SAMEER INDUSTRIAL PARK SITUATED ALONG ROAD C, OFF ENTERPRISE ROAD, NAIROBI ON MONDAY 10TH JUNE 2019, COMMENCING AT 9.00 AM

PRESENT

DIRECTORS

- | | | | |
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| 1. | Eng. E. K. Mwongera | - | Chairman |
| 2. | Mr. A. H. Butt | - | Director (holding proxy for Sameer Investments Limited) |
| 3. | Mr. S. Gachomo | - | Managing Director |
| 4. | Mr. P. Gitonga | - | Director |
| 5. | Dr. L.M. Mbuthia | - | Director |
| 6. | Mr. S. N. Merali | - | Director |
| 7. | Ms. M. Ngatia | - | Director |

APOLOGIES

- | | | | |
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| 1. | Dr. W.I. Nyamute | - | Director |
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SHAREHOLDERS

944 members representing 73.47% of the Issued Capital of the Company were present in person or by proxy.

IN ATTENDANCE

- | | | | |
|----|-----------------|---|--|
| 1. | Mr. J. Gathecha | - | Representing the auditors KPMG Kenya |
| 2. | Ms. P. Kairuthi | - | Representing the share registrars Custody and Registrar Services Limited |
| 3. | Mr. E. Imbamba | - | Company Secretary (Taking minutes) |

MIN/AGM/1/2019 Introduction

The Chairman called the meeting to order at 9.09 am and invited volunteers to recite Islamic and Christian prayers. The Chairman welcomed Shareholders present at the meeting and introduced members of the Board

of Directors and the Auditors' representative. Upon invitation, the Managing Director introduced senior members of Management to Shareholders.

MIN/AGM/2/2019 **Constitution of the Meeting**

The Chairman requested the Company Secretary to confirm that the meeting had been duly convened and was properly constituted.

It was confirmed that the notice convening the meeting had been duly issued and that the requisite quorum required for the holding of the meeting, under the Company's Articles of Association had been met. The Chairman consequently, **declared** the meeting properly convened and constituted.

MIN/AGM/3/2019 **Adoption of the Agenda**

The Agenda of the meeting having been read, was on a proposal by Mr. Chami Alois and seconded by Mr. Humphrey Mugo, **adopted** as presented.

MIN/AGM/4/2019 **Minutes of the previous Annual General Meeting**

The minutes of the previous Annual General Meeting of Shareholders held on 22nd June, 2018, having been circulated to members were presented for approval.

Upon a proposal by Mr. Benjamin Nyambati and seconded by Mr. Fredrick Ikulume, it was **resolved that** the minutes of the 49th Annual General Meeting held on Friday, 22nd June, 2018, **be confirmed** as a true record of the proceedings and were signed by the Chairman.

MIN/AGM/5/2019 **Reports and Financial Statements for the Year ended 31st December, 2018**

The Chairman highlighted the salient points from his statement including the operating environment, the financial highlights and the future outlook.

In terms of performance it was reported that the Company had recorded a loss of Kshs 529 Million against a profit of Kshs 13 Million recorded in 2017. Shareholders were informed that the loss was attributed to adverse trading conditions and stock-outs of Yana Tyre sizes. Group revenues had declined by 21% (Kshs 559 Million) and the gross margin declined from Kshs. 781 Million to Kshs. 342 Million, a decrease of 56%. The decline in performance was in part on account of several challenges faced by the Company in the year including a significant write down of the investments held in the regional subsidiaries and depressed demand on account of counterfeit products within the East African markets.

The Chairman reported that the Board has taken swift and far reaching changes in an attempt to address the business losses and bring the group back to profitability. These included amongst others negotiating favourable prices with manufacturers of the Company's tyres and diversification in

sourcing of some key sizes. The Company would now focus on channeling the tyres through the retail network and segmentation of the business to align its products with customer expectations. The business strategy would be anchored on five (5) key pillars of innovation, growth, working capital management, diversification and people.

Shareholders were informed that during the year, Mr Allan Walmsley who had been with the group for six (6) years retired as the Managing Director in August, 2018 and was replaced by Mr Simon Gachomo with effect from 1st October, 2018. Further, the various Board Committees had continued to play their vital role in supporting the Board to discharge its duties. Going forward, the Board would continue to enhance governance and compliance practices and would focus on risk management.

Upon presentation of his report the Chairman invited Mr. J. Gathecha, the representative of the auditors, Messrs. KPMG Kenya, to present the Auditor's report.

Mr. Gathecha **confirmed** to the Shareholders that having obtained all information and explanations from Management, he was of the opinion that proper books of accounts had been kept by the Company and that the statement of financial position and statement of comprehensive income of the company were in agreement with the books of account and gave a true and fair view of the financial position of the company. Thereafter, the Chairman declared the session open for discussion on the financial statements.

Shareholders presented various questions and sought clarifications from the Board on diverse issues. Shareholders sought to know when the Company would resume payment of dividend and what steps were being undertaken to turn around the performance of the Company. An inquiry was also made on what plans had been put in place to deal with subsidized tyres flooding the marketplace, the volatility in pricing, poor market share and the forecast moving forward. Shareholders also sought to know why the impairment costs in the subsidiaries were high. Various suggestions were presented at the meeting which were geared at improving performance and Shareholders expressed their willingness to support Management and the Board in this endeavour.

In his response, the Chairman informed the meeting that a new Managing Director had been appointed and had commenced implementation of a new strategy. He therefore requested that he be accorded time to turn around the business. The new strategy would when implemented, ensure a complete turnaround of the product offering and product re-engineering, introduction of new tyre brands which would lead to a significant shift in how business would henceforth be carried out.

The Managing Director informed the meeting that the investment in the subsidiaries had suffered owing to high influx of counterfeit tyres in the market. It was also necessary to write-off all unrecoverable debts. However, moving forward, shareholder value would be sustained through

diversification of the product offering and increasing the retail footprint. The need to provide greater visibility for the Yana brand and educate the public on its superiority in quality, was recognized as being critical and would be pursued.

There being no further questions and comments from the shareholders on the financial statements, on a proposal by Mr. Chami Alois and seconded by Ms. Humphrey Mugo, **it was resolved** that the Financial Statements for the Year ended 31st December, 2018 together with the Directors and Auditors reports thereon be **received and adopted**.

MIN/AGM/6/2019

Election of directors

The Company Secretary informed the meeting that in accordance with Article 1.123 of the Company's articles of association Mr. Sameer Naushad Merali was retiring by rotation. It was further reported that he was offering himself for re-election to be voted in singly.

Shareholders on a proposal by Mr. Joseph Otieno Barasa and seconded by Mr. Andrew Kanyutu, **unanimously resolved** that Mr. Sameer Naushad Merali be re-elected as a Director.

The Company Secretary informed the meeting that in accordance with article 1.123 of the Company's Articles of Association Mr. Peter Gitonga was retiring by rotation. It was further reported that he was offering himself for re-election to be voted in singly.

Shareholders on a proposal by Mr. Joseph Gitumah and seconded by Jeremiah Ottaro, **unanimously resolved** that Mr. Peter Gitonga be re-elected as a Director.

MIN/AGM/7/2019

Appointment of Members of the Audit, Risk and Corporate Governance Committee

It was proposed that in accordance with section 769 (1) of the Companies Act 2015, the following, being members of the Audit, Risk and Corporate Governance Committee of the Board, be elected to continue to serve on the said Committee:

- (a) Dr. Winnie I. Nyamute;
- (b) Dr. Lydia M. Mbuthia;
- (c) Ms. Mary Ngatia;
- (d) Mr. Sameer N. Merali.

Upon a proposal by Mr. Fredrick Ikulume and seconded by Ms. Sally Jepkorir **Shareholders unanimously approved** the appointment of the members of the Audit, Risk and Corporate Governance Committee.

MIN/AGM/8/2019 Directors' Emoluments

The Chairman informed the Shareholders that the Directors' emoluments were set out on page 23 of the financial statements and sought approval to confirm the emoluments as stated therein.

On a proposal by Mr. Joseph Gitumah and seconded by Mr. Paul Matibe, Shareholders **resolved** that the Directors' emoluments as set out in the Financial Statements be approved and confirmed and authorized Directors to fix their remuneration for the ensuing year.

MIN/AGM/9/2019 Re-appointment of Auditors

It was proposed that in accordance with the provisions of section 721(2) of the Companies Act 2015 of the Laws of Kenya and the Company's Auditors having expressed their willingness to continue to serve, the Shareholders were requested to authorize the directors to fix their remuneration for the ensuing financial year.

Upon a proposal by Mr. Benjamin Nyambati and seconded by Mr. Simon Mwangi, **shareholders unanimously approved** the re-appointment of Messrs KPMG Kenya as the auditors of the Company.

It was further resolved that the Directors be authorized to fix the remuneration of the Auditors for the ensuing year.

MIN/AGM/10/2019 Any Other Business

There being no notice of any other business the Chairman thanked the members for attending the meeting and declared the meeting formally closed at 10.05 am.

Confirmed and verified this day of 2020

Chairman

Secretary