

HONEY BUN (1982) LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING HELD

AT THE KNUTSFORD COURT HOTEL, 16 CHELSEA AVENUE, KINGSTON 5

ON WEDNESDAY, FEBRUARY 8, 2017

Present were:

Herbert Chong (Chairman)
Michelle Chong (Chief Executive Officer)
Paul Moses (Board Director)
Sushil Jain (Mentor/Board Director)
Charles Heholt (Board Director)
Yaneek Page (Board Director)

Special Invitees:

Wilfred McKenley (Partner, McKenley & Associates)
Bruno Lofler (Associate, McKenley & Associates)
Zachary Harding (Marketing Consultant)
Howard James (Accounting Consultant)

Honey Bun Ltd:-

Daniel Chong (Chief Operations Officer)
Dustin Chong (Sales & Distribution Manager)
Janelle Brown (Marketing Executive)
Antoinette Morgan-Burt (Brand Manager)
Chad Graham-Haynes (Marketing Assistant)

Paula Graham-Haynes (Recording Secretary)

1. CALL TO ORDER

The Chairman called the meeting to order at 10.15 a.m. He extended a welcome to all present and introduced the special invitees. Shareholder, Roxanne Dawson, commenced the meeting with a prayer.

2. PROXIES AND APOLOGIES FOR ABSENCE

The Chairman noted that a proxy was received from VMWM Client 1 represented by Mr. Sushil Jain.

3. QUORUM

The Chairman confirmed that a quorum of Shareholders was present and therefore declared the meeting open for business.

4. NOTICE

The Chairman noted that the Notice calling the meeting had been in the hands of the Members of the Company for the prescribed period set out in the Articles.

5. APPROVAL OF MINUTES

Mr. Orette Staple suggested that the names of the Shareholders present should be listed in the minutes.

The Chairman reminded the Shareholders that the minutes were always posted on Honey Bun's website.

There being no amendments, the minutes were approved on a motion by Mr. Christopher Borough and seconded by Mr. Staple.

6. CHAIRMAN'S REMARKS

The Chairman was pleased to advise that in 2016 Honey Bun received \$1.2b in sales and achieved a 114% profit. Other accomplishments included becoming the first Jamaican bakery to be HACCP certified and winning five out of six Jamaica Stock Exchange awards for Junior Market Companies. Honey Bun was also selected as the Governor General Overall Best Junior Market Company.

He added that 2017 plans included building on new talent to meet the needs of the Company. To increase capacity, Honey Bun has started the build out of over 10,000 sq. ft. for a new building.

He thanked Shareholders, Directors and staff for their loyalty and support throughout the year.

7. CHIEF EXECUTIVE OFFICER'S REMARKS

Mrs. Chong advised that the Authorized Share Capital of the company increased from 97,500,000 shares to 487,500,000 shares of no par value with effect from 1st June, 2016.

The price of Honey Bun shares on the JSE increased from 86 cents on September, 30 2015 to \$6.00 in 2016. This represents an increase of over 600% for shareholders.

She added that in December, the Honey Bun Christmas Cake was launched and received resounding feedback from the market on the quality of the cake and the gift ready package. Exports increased in 2016 by 22% over the prior year.

Mrs. Chong said that Honey Bun will continue to be the industry leader in best practice, building people and making Jamaica proud and she looks forward to further achievements in 2017.

8. AUDITOR'S REPORT

The Auditor's Report to the members was read by Mr. Bruno Lofler of McKenley & Associates.

9. QUESTIONS & ANSWERS

- a) On behalf of Shareholders, Mr. Staple congratulated the Company on all its achievements and expressed appreciation for the shares.

He queried the deferred tax and the Auditor explained that it is a theoretical calculation to show tax at 25%.

Mr. Staple insisted that staff should not accumulate their vacation leave.

The Company authorized \$100m capital expenditure for the buildout. Mr. Staple asked how soon this would be done. The Chairman advised that tenders were currently being processed.

He noted that the provision for bad debt was high. Mrs. Chong explained that this was related to making provisions for credit sales for over 90 days.

Mr. Staple wanted to know that with the increase in Cash and Cash Equivalent and the Retained Earnings, why could the Shareholders not be paid 50 cents dividends. Mrs. Chong explained that money is needed for unforeseen events and the building expansion.

- b) Mr. Livingston Young asked for an explanation on Investments, Receivables and Cash and Cash Equivalents. The Auditor explained that these were standard notes. In response to Mr. Staple's query on why more dividends were not paid, Mr. Mc Kenley added that Companies that are successful, re-invest their money rather than paying too much out in dividends.
- c) Mr. Borough queried the increases in repairs and maintenance and staff costs. Mrs. Chong explained that these were due to HACCP regulations and sales increases, respectively.
- d) Mr. Lanzel Bloomfield noted that there is a product in the market which was very similar to the Goldie. He asked if there was any copyright infringement issue. Miss Janelle Brown, Marketing Executive, explained that it was a product being imported but it is no longer a threat and she added that Honey Bun holds the trademark for Goldie in Jamaica.

He commended Honey Bun on the donuts.

- e) Ms. Dahlia Thomas commended the Company for the environmentally friendly packaging.

10. RESOLUTIONS

a) Resolution 1 – To Receive Annual Accounts

On the motion proposed by the Chairman and seconded by Mr. Andre Smith the following resolution was put to the vote and carried:-

THAT the Directors' Report, the Auditor's Report and the Audited Accounts for the year ended September 30, 2016 be received and adopted.

b) Resolution 2 – Re-appointment of Directors Retiring by Rotation

On the motion proposed by the Chairman and seconded by Ms. Roxanne Dawson the following resolutions were put to the vote and carried:-

THAT **Mr. Paul Moses** be re-appointed as a Director on the Board.

THAT **Mr. Charles Heholt** be re-appointed as a Director on the Board.

c) Resolution 3 – Appointment of Mrs. Yaneek Page to the Board

On the motion proposed by the Chairman and seconded by Ms. Thomas the following resolution was put to the vote and carried:-

THAT **Mrs. Yaneek Page** be appointed as a Director on the Board.

d) Resolution 4 – Directors' Remuneration

On the motion proposed by the Chairman and seconded by Mr. Michael Hendricks, the following resolution was put to the vote and carried:-

THAT the Board be authorized to fix the remuneration of the Directors.

e) Resolution 5 – Audit Tender

On the motion proposed by the Chairman and seconded by Mr. Young, the following resolution was put to the vote and carried:-

THAT the Board be authorized to fix the remuneration of McKenley & Associates as Auditors of the Company.

f) Resolution 6 – Approval of Interim Dividend

On the motion proposed by the Chairman and seconded by Mr. Bloomfield, the following resolution was put to the vote and carried:-

THAT the interim dividends paid during the year on January 4, 2016 and July 11, 2016 be approved.

11. TERMINATION

There being no other matters for discussion, the meeting was terminated at 11.39 a.m.

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Date

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Chairman