

HONEY BUN (1982) LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING HELD

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

ON WEDNESDAY, MARCH 11, 2020 AT 10 A.M.

Present were:

Herbert Chong (Executive Chairman)
Michelle Chong (Chief Executive Officer/Director)
Charles Heholt (Non-Executive Director)
Paul Moses (Non-Executive Director)
Wayne Wray (Mentor/Non-Executive Director)

Special Invitees:

Nyssa Johnson (KPMG)
Sharon Thomas-Brown (KPMG)
Latoya Barnes (KPMG)

Honey Bun Executives

Daniel Chong (Chief Operations Officer)
Alex Balogun (Chief Financial Officer)
Paula Graham-Haynes (HR & Development Manager/Recording Secretary)
Nashauna Lalah (General Manager – Honey Bun Foundation)

1. CALL TO ORDER

The Chairman called the meeting to order at 10.00 a.m. which commenced with a prayer. He extended a welcome to all present and introduced the Directors and special invitees.

2 . APOLOGIES FOR ABSENCE

Apologies for absence were tendered on behalf of Director Yaneek Page and Chief Sales & Marketing Officer, Dustin Chong.

3. QUORUM

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

4. NOTICE

The Shareholders of the Company agreed that they had received the Notice calling the meeting for the prescribed period set out in the Articles and agreed that it could be taken as read.

5. APPROVAL OF MINUTES

There being no amendments, the minutes were approved on a motion by Mr. Orette Staple and seconded by Ms. Lanzel Bloomfield.

6. CHAIRMAN'S REMARKS

The Chairman gave an update on achievements of the previous year and plans for the upcoming one. Some of the strategic initiatives for the 2021 plan were completed by adding professionals to the Executive team, implementing service level agreements and transforming from shift to line operations.

In the coming year, cash revenues will be invested to fund linear manufacturing and to increase automation.

The Chairman added that the development of our people is crucial to our competitive advantage therefore several initiatives and projects were engaged.

Honey Bun was proud to receive from the Jamaica Stock Exchange the overall winner Awards for Corporate Disclosure and Investor Relations as well as for JSE/PSOJ Corporate Governance.

7. CHIEF EXECUTIVE OFFICER'S REMARKS

Director Michelle Chong began by providing an update on the results of the Financial Year 2019. She reported that revenues grew by 17%, relative to the same period last year, to close at \$1.54 billion. Pre-tax increased by 86% to close at \$182 million and all distribution channels recorded improved performance. Production lines and overall production areas brought down manufacturing costs whilst strategic negotiation and restructuring in distribution arrangements translated to improved net profit margins.

In light of the COVID-19 threat, staff were educated, sanitization was increased and a Risk Assessment plan was in preparation. It was also noteworthy that the HACCP programme was recertified.

In 2019 Donuts for Teachers was launched on Teachers Day. Also the Honey Bun Foundation was registered and officially launched.

New products launched included the Buccaneer Jamaica pocket-size Rum Cakes in three flavours (original, coconut and fruit), sliced Easter Bun, Pickney Crackaz and new Burger Buns.

8. AUDITED ACCOUNTS

The Audited Accounts to the members was presented by Ms. Nyssa Johnson of KPMG.

i) Questions/Answers on Report

NAME	QUESTIONS/ANSWERS ON REPORTS	RESPONSE BY	RESPONSES
Livingston Young	Page 79 Note 21 (c) Taxation: Required explanation.	M. Chong	Honey Bun received tax remission of 100% for joining JSE and a further 50% from the years 2016 to 2021.
Sophia Reid-Matthews	With recent events of COVID-19, what plans are in place to minimize supply chain destruction and interruption in production.	M. Chong/D. Chong	In good standing with HACCP. Honey Bun has heightened awareness and implemented precautionary measures. Additional suppliers for raw materials have been sourced.
Orette Staple	Estimate of impairment relating to receivables have negatively impacted net payments.	Auditor	New standard of IFRS had an impact on the Trade Receivables. There will be changes from year to year.
Orette Staple	What is in place to avoid uncertainty in numbers?	M. Chong/A. Balogun	Receivables fell by \$12.2 m.
Orette Staple	Mr. Staple commended Honey Bun for the incremental profit earned of \$70m.		
Michael Hendricks	What caused the increase in Administrative costs?	M. Chong	Honey Bun is focused on ensuring that the Company becomes the Employer of Choice by 2022. Consequently, salaries and benefits must be competitive and skills enhanced by continuous training.
Livingston Young	Do we recruit from the HEART Institute?	H. Chong	Yes we do.
Livingston Young	Are Shareholders allowed a tour of the building?	H. Chong	Yes we do.
Livingston Young	Why did our US\$ Financial Assets increase?	A.Balogun	The Company is doing more export business.
Livingston Young	Where do we export?	H. Chong	US, Canada, UK and the Caribbean region.
Orette Staple	The minority of the Shareholders own only 9.9% of shares.	H. Chong	The Company has no control over who sells or buys shares.

David Rose	What procedures are we taking to educate and protect staff against Coronavirus?	H. Chong	The Company is proactive, taking precautionary measures as advised by the public health authorities, and its worth pointing out that we are HACCP certified.
David Rose	When the Company's tax remission has expired what tangible methods does the Company have in place to protect itself.	H. Chong	Sales and profits have continued to increase since listing on the stock exchange. The Company however, believes in responsible citizenry and paying its fair share of taxes.
Audience Member	Commended the Company for an excellent year.		

9. RESOLUTIONS

a) To Receive and Approve the Directors' Report and the Audited Accounts for the Financial Year ended September 30, 2019

To consider (and if thought fit) pass the following resolution:

Resolution 1

THAT the Board of Directors' Report and the Audited Accounts for the year ended September 30, 2019 be received and approved.

On the motion proposed by the Chairman and seconded by Mr. Lanzel Bloomfield the above-mentioned resolution was put to the vote and carried.

b) To Re-appoint Directors Retiring by Rotation

To consider (and if thought fit) pass the following resolution:

Resolution 2

THAT Yaneek Page and Wayne Wray, who have retired by rotation in accordance with the Articles of Incorporation and, being eligible, offer themselves for re-election be re-appointed.

On the motion proposed by the Chairman and seconded by Mr. Mark Barton and Ms. Barbara Samuels, respectively, the above-mentioned resolution was put to the vote and carried.

c) To Fix the Remuneration of the Directors

To consider (and if thought fit) pass the following resolution:

Resolution 3

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

On the motion proposed by the Chairman and seconded by Mr. Mark Barton, the following above-mentioned resolution was put to the vote and carried.

d) To Appoint the Auditors

To consider (and if thought fit) pass the following resolution:

Resolution 4

THAT the Board of Directors be authorized to appoint the Auditors.

On the motion proposed by the Chairman and seconded by Mr. Livingston Young, the above-mentioned resolution was put to the vote and carried.

e) To Fix the Remuneration of the Auditors

To consider (and if thought fit) pass the following resolution:

Resolution 5

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

On the motion proposed by the Chairman and seconded by Mr. Livingston Young, the above-mentioned resolution was put to the vote and carried.

f) To Approve Dividends

To consider (and if thought fit) pass the following resolutions:

Resolution 6

THAT the dividend of 3 cents per share paid to shareholders on February 1, 2019 on record at January 18, 2019 be approved. This dividend was paid as the final payment in respect of the year ended September 30, 2018.

On the motion proposed by the Chairman and seconded by Ms. Carol Leslie, the above-mentioned resolution was put to the vote and carried.

Against were Messrs. Orette Staple and Livingston Young.

Resolution 7

THAT the dividend of 3 cents per share paid on 9th July, 2019 to shareholders on record as at 25th June, 2019 be approved. These dividends were paid for the financial year ended 30th September 2019.

On the motion proposed by the Chairman and seconded by Director Michelle Chong, the above-mentioned resolution was put to the vote and carried.

Against were Messrs. Orette Staple and Livingston Young.

10. TERMINATION

There being no other matters for discussion, the meeting was terminated at 11.30 a.m.



Herbert Chong, Chairman 27 August, 2020