

HONEY BUN (1982) LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING HELD

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

ON MONDAY, APRIL 29, 2019 AT 10 A.M.

Present were:

Herbert Chong (Executive Chairman)

Michelle Chong (Chief Executive Officer/Director)

Paul Moses (Non-Executive Director)

Wayne Wray (Mentor/Non-Executive Director)

Yaneek Page (Non-Executive Director)

Special Invitees:

Nyssa Johnson (KPMG)

Damion Reid (KPMG)

Bejonny Gardener (KPMG)

Honey Bun Executives

Daniel Chong (Chief Operations Officer)

Omar Manning (Senior Accountant)

Paula Graham-Haynes (Recording Secretary)

1. CALL TO ORDER

The Chairman called the meeting to order at 10.00 a.m. 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 Charles Heholt 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 Director Michelle Chong and seconded by Ms. Simone Spaulding.

6. CHAIRMAN'S REMARKS

The Chairman reported that for the financial year ending September 30, 2018, Sales increased by 5% and pre-tax profits decreased by 7%. While gross profits for the period increased by 11%, net profit before tax decreased \$7m.

The new equipment was installed for the new building and capacity doubled.

The Chairman also that 2017 JSE Awards included the Governor General Overall Best Practices Junior Company Award; Corporate Disclosure and Investor Relations and Corporate Governance.

7. CHIEF EXECUTIVE OFFICER'S REMARKS

The Director Chong's presentation included a review of the 2018 Administrative Expenses which were contained to \$4.5m while selling and distribution costs increased by 34% over the prior year. She added that Cost Control had improved for the current year 1st Quarter showing a total of 51%. Also, she mentioned that over the past 5 years Honey Bun had maintained a dividend pay-out of approximately 20% of profits.

Director Chong advised the Shareholders that the Vision Statement was changed to "Making Life Delicious for Everyone Everywhere!" and the Mission Statement to "Lead innovation in the baking industry, Achieve prosperity for our stakeholders and Serve humanity for a greater good".

She updated the shareholders on the Marketing campaigns and launches which included sliced bun, the Easter Egg hunt, the slogan "Taste the mmmh", the jingle for "Goldie! It Nice!" and the Pocket Rum Cakes.

8. AUDITOR'S REPORT

The Auditor's Report to the members was read by Ms. Nyssa Johnson of KPMG.

9. RESPONSES TO REPORTS

NAME	QUESTIONS/COMMENTS ON REPORTS	RESPONSE BY	RESPONSES
Michael Hendricks	1.Are all Honey Bun branded trucks owned by Honey Bun?	M. Chong	1.The majority are and a few belong to independent Distributors.
Wesley Thomas	1.Would Honey Bun consider merging with Consolidated Bakers Ltd? 2.What's going on with the shelving space in Megamart Mandeville? 3.How can Honey Bun export products to supermarket chains like Asda and Tesco?	M. Chong	1.We will look at these opportunities. 2.Honey Bun was without a Regional Manager for that area for a few months. This will be brought to the attention of the new manager. 3.Honey Bun primarily exports to these supermarkets.
Orette Staple	1.A Board Evaluation has still not materialized. 2.Be careful to ensure that Honey Bun follows the JSE Rules. 3.What led the Auditors to believe that the carrying value of Trade Receivable may not be recoverable due to changes in the economic environment? 4.Management remuneration increased yet dividends remain the same. 5.Tax Remission forms part of the net profit, what is Honey Bun putting in place to cover that the Tax Remission that will be lost? 6.Sugar content in products may cause a problem in sales.	M. Chong Auditor H. Chong M. Chong M. Chong M. Chong	1.The Board Evaluation has been done but not published. 2.Honey Bun will continue to ensure that we adhere to JSE rules. 3.Trade Receivable balances are from credit customers and there will always be uncertainty as to whether they will make payments. M. Chong added that the Financial Statements shows that Receivables has improved significantly. Chairman added that providing credit on occasion was necessary. 4.The new Auditors categorized the Management remuneration and Administrative Expenses differently. The overall total in 2017 was \$55m but in 2018 it was \$53m. 5.Marketing and sales strategies, increased building capacity and staff development. 6.The cost of healthier products might impact the sales. Nevertheless, it's being addressed. Honey Bun did a test on a Gluten muffin and the response was fairly good.

	6.How is Honey Bun making efficient use of the roof of the new building to generate power for the plant?	M. Chong /Daniel Chong	6.It has been designed to collect water to fill 25,000-gallon underground water tank. It is also designed to take solar panels.
Gary Campbell	1.What is the relationship between Next and Honey Bun? 2.Is it prudent for you to disclose why your shareholdings of 236,070 in Jamaica Teas Ltd were offloaded in 2018?	M. Chong	1.Next is a bakery in the Half Way Tree Transport Centre and the principle Shareholders are the family members of Honey Bun. 2.We are unable to say at this time but have a lot of confidence in Jamaica Teas.
John Jackson	1.What should investors expect from the increase in capacity arising out of the new building? 2.What revenue should Shareholders expect? 3.Easter would have impacted sales – what kind of differential should we expect?	M. Chong W. Wray M. Chong	1.Expansion requires strategy. We have not only invested in the building but also staff and equipment. 2.Cannot disclose at this time but results will be published. 3.Although Easter buns are affected locally, a significant amount of our buns are exported. The emphasis is in Corporate Sales.
Gwyneth Ross	1.What are “Other Payables” on page 52 (Note 9)? 2.Does your machinery last for 10 years?	M. Chong	We will research and advise you. 2.They actually last for more than 10 years.
Livingston Young	1.Explain Long Term Loans (page 53, # 10 (i) and (ii).	M. Chong	The loan is secured using US\$ cash and is payable in monthly installments.
Lloyd Benjamin	Experience with customer service is poor for his gas station in St. Elizabeth.	M. Chong	It was note that there was no Regional Manager in place but this will be taken very seriously and addressed.

10. RESOLUTIONS

a) Resolution 1 – To Receive Annual Accounts

On the motion proposed by the Chairman and seconded by Mr. Orette Staple 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, 2018 be received and adopted.

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

On the motion proposed by the Chairman and seconded by Messrs. Orette Staple and Livingston Young, respectively, 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 – Directors’ Remuneration

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

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

d) Resolution 4 – Audit Tender

On the motion proposed by the Chairman and seconded by Director Michelle Chong, the following resolution was put to the vote and carried:-

THAT the Board be authorized to re-appoint the Auditors.

e) Resolution 5 – Auditors Remuneration

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

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

f) Resolution 6 – Approval of Dividend

On the motion proposed by the Chairman and seconded by Director Paul Moses, the following resolution was put to the vote and carried:-

THAT the interim dividends paid during the year on January 16, 2017 and June 1, 2017 the dividend of 2 cents per share paid to shareholders on January 17, 2018 on record at January 4, 2018 to be ratified as the final dividend paid in respect of the year ended September 30, 2017 be approved.

g) Resolution 7 – Approval of Interim Dividend

On the motion proposed by the Chairman and seconded by Director Michelle Chong, the following resolution was put to the vote and carried:-

THAT the interim dividend of 2 cents per share in respect of the year ended 30th September, 2018; such dividend was paid on June 25, 2018 to shareholders on record at June 11, 2018 be approved.

12. TERMINATION

There being no other matters for discussion, the meeting was terminated at 11.45 a.m.

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Date

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Herbert Chong, Chairman

