

HONEY BUN (1982) LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING HELD

AT THE COURTLEIGH HOTEL & SUITES, 85 KNUTSFORD BOULEVARD, KINGSTON 5

ON WEDNESDAY, MARCH 9, 2022 AT 10 A.M.

Directors present:

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

Special Invitees:

Sonia McFarlane (BDO Chartered Accountants)
Maxine Coultman-Thomas (BDO Chartered Accountants)

Honey Bun Executives:

Taariq Abdul-Majeed (Financial Controller)
Nashauna Lalah (General Manager – Honey Bun Foundation)
Loriann Tater (Business Development Manager)
Paula Graham-Haynes (Corporate Secretary)

1. CALL TO ORDER

The Chairman called the meeting to order at 10.05a.m. which commenced with a prayer by Mrs. Nashauna Lalah. He extended a welcome to all present and introduced the Directors and special invitees.

2 . APOLOGIES FOR LATENESS

Apologies for absence lateness were tendered on behalf of Directors Yaneek Page and Charles Heholt.

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. Chris Borough and seconded by Mr. Orrette Staple.

6. CHAIRMAN'S REMARKS

The Chairman, Mr. Herbert Chong, noted that in the financial year 2021 the Company achieved record performance in both top and bottom line results once again. Pre-tax profits and revenues increased by 52% and 28%, respectively. Exports increased by 9% over prior year. 2021 marked the final full year in which the Company benefited from the 50% remission in taxes up to June of 2021.

The Chairman added that Honey Bun was presented with the following Jamaica Stock Exchange awards in 2021:

- Governor General award for the Best Overall Junior Market Company (for the 2nd consecutive year and the 7th time in 10 years).
- PSOJ/JSE Award for Corporate Governance (third consecutive year).
- Best Practice Award.
- Corporate Disclosure and Investor Relations (first runner-up).
- Best Performing Company (first runner-up).

Mr. Chong closed by expressing special appreciation for the Honey Bun Foundation, Directors, stakeholders, customers and dedicated staff.

7. AUDITORS' REPORT

The Audited Accounts was presented by Ms. Sonia McFarlane of BDO Chartered Accountants.

8. CHIEF EXECUTIVE OFFICER'S REPORT

Mrs. Michelle Chong, Chief Executive Officer/Director, reported that, in spite of significant lock downs in August and September 2021 and less selling days, revenues grew significantly. The demand for products persisted leading to an overall increase in sales. While exports increased, the majority of the increases were seen in the domestic market as the Honey Bun brand grew in popularity. This financial year saw cash on hand increase by \$104.4 million. The Company's trade and other receivables grew by \$34 million to close at \$107.7 million, a direct result of a mix between increased sales, improved credit and customer relationship management. Inventory on hand, consisting primarily of raw and packaging materials, grew by \$50.1 million and was increased to support the growing product demand. The company kept more inventory on hand, not just for rising costs, but also as a mechanism to protect operations.

Honey Bun's robust COVID-19 response implemented since prior year, covering production, supply, staff safety and overall efficiency, continue to bear fruits of success in the company's performance. Staff remains of paramount importance in the Company's mandate. Honey Bun recognizes that mental health issues are becoming more prevalent, especially in this post COVID era. As such, the counseling program through Choose Life International, has been maintained.

The CEO added that the Honey Bun Foundation is the company's way to honor its mission to LEAD, ACHIEVE and to SERVE for the SME's. The Foundation formalized the development and roll out of its GAPP APP in 2021. The program was supported through contributions from other local organizations and its main sponsor was Digicel which provided a cheque for \$1.5 million.

Mrs. Chong said that major plans in the near future included: to manage raw material costs and all related and indirect costs; to meet every opportunity to continue to increase sales and expand into new markets both locally and abroad; and continuing to take advantage of our Audit Committee whose responsibility it is to actively scout the environment and focus on opportunities which exist, especially in difficult times, and to grow and to mitigate risks in new and creative ways.

9. QUESTIONS AND ANSWERS

NAME	QUESTIONS/ANSWERS ON REPORTS	RESPONSE BY	RESPONSES
Orrette Staple	Mr. Staple offered congratulations to Honey Bun for outstanding performance throughout the year. He requested that the Company consider providing additional technology for schools and medical assistance for the youth.		
Orrette Staple	An explanation of the Lifetime ECL Allowance over 91 days of \$7.2b? Mr. Staple would like to see significant reduction in this provision.	T. Abdul-Majeed, FC	A provision is made for amounts over 90 days in the event that it may not be recoverable.
Orrette Staple	Increase in cost of raw materials and high inventory while cost of finished goods declined?	T. Abdul-Majeed, FC	Due to the cost increase in raw materials and shipping delays, the Company had to increase its inventory.
Orrette Staple	Do we foresee an increase in price resulting from the war in Ukraine?	M. Chong, CEO	Yes, but a variety of matters are taken into consideration before considering price increases.
Orrette Staple	Why the increase in payables and what do they entail? Would like to see a breakdown in future.	T. Abdul-Majeed, FC	They refer to all non-trade related liabilities.
Livingston young	Explain Foreign Currency Sensitivity	T. Abdul-Majeed, FC & Auditor	FC: Assets Receivable and payable in US\$ movements. Auditor: The decline in US\$ Net Assets would have a positive effect.
Wesley Thomas	What plans do we have for Jamaica 60th anniversary celebrations?	L. Tater, Marketing Manager	Promotions and marketing for the diaspora in UK. In the local market: branding and give-aways.

David rose	How much inventory has been stored? Increased prices this year yet?	M. Chong, CEO	Storage varies depending on lead time for the commodities. Some of Honey Bun's prices were increased in February 2022. The Company's Pricing Policy has been revisited to create a strategy for further increases.
David Rose	How is the Ukraine invasion affecting Honey Bun?	D. Chong, COO	So far the Company is being affected by the fuel increase and an increase in the cost of wheat is expected in the near future.
David Rose	Any challenges with storage?	D. Chong, COO	An increase in storage capacity is being addressed.
David Rose	Has there been an increase in orders from schools and tourism?	M. Chong, CEO	Had expected sales to close when schools closed but they increased. Expect sales trend to continue.
Stephen Jackson	What has caused the increase in sales?	M. Chong, CEO	Brand has increased in value tremendously. Availability of more products due to increased equipment and demand.

10. RESOLUTIONS

a) To Receive and Approve the Directors' Report and the Audited Accounts for the Financial Year ended September 30, 2021

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, 2021 be received and approved.

On the motion proposed by the Chairman and seconded by Mr. David Rose the abovementioned 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 the Board of Directors re-appoint Paul Moses and Charles Heholt, who have retired by rotation in accordance with the Articles of Incorporation and, being eligible, offer themselves for re-election as Directors.

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

c) Approval of Appointment of Daniel Chong as Director

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

Resolution 3

THAT the Board of Directors approve the appointment of Daniel Chong who was appointed as a Director of the Board of the Company since the last Annual General Meeting and, being eligible, offers himself for election.

On the motion proposed by the Chairman and seconded by Mr. David Rose, the abovementioned resolution was put to the vote and carried.

d) Approval of Appointment of Paula Graham-Haynes as Corporate Secretary

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

Resolution 4

THAT the Board of Directors approve the appointment of Paula Graham-Haynes who was appointed as Corporate Secretary of the Company since the last Annual General Meeting and, being eligible, offers herself for election.

On the motion proposed by the Chairman and seconded by Mr. Orrette Staple, the abovementioned resolution was put to the vote and carried.

e) To Fix the Remuneration of the Directors

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 Directors of the Company.

On the motion proposed by the Chairman and seconded by Mr. Mark Barton, the abovementioned resolution was put to the vote and carried.

f) To Appoint the Auditors

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

Resolution 6

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

On the motion proposed by the Chairman and seconded by Mr. Wesley Thomas, the abovementioned resolution was put to the vote and carried.

g) To Fix the Remuneration of the Auditors

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

Resolution 7

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. Lepart Ewart, the abovementioned resolution was put to the vote and carried.

h) To Approve Dividends

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

Resolution 8

THAT the dividend of \$0.09 per share paid to shareholders on February 17, 2021 on record at February 3, 2021 be approved.

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

It was noted that Mr. Livingston Young was against carrying the vote.

Resolution 9

THAT the dividend of \$0.036 per share paid on June 9, 2021 to shareholders on record as at May 26, 2021 be approved.

On the motion proposed by the Chairman and seconded by Mr. Wesley Thomas, the abovementioned resolution was put to the vote and carried.

11. TERMINATION

The Chairman encouraged Shareholders to complete an Investors Instruction Form for the convenience of receiving their dividends via their bank accounts.

There being no other matters for discussion, the meeting was terminated at 11.54 a.m.



Herbert Chong, Executive Chairman
March 9, 2022