

1898 March 8<sup>th</sup>

Minutes of Directors' Meeting held at the Brewery office at 4.30 p.m.

on Tuesday, 8<sup>th</sup> March 1898

Present: Messrs W. Gordon (Chairman), J.D. Hutchison, W.R. Bennett,

O. Haynemann

Minutes of the Preceding Meeting were read and confirmed.

➤ Equitable Insurance Claim

Equitable Insurance Claim — A reply to the Acting Secretary's letter of the 14<sup>th</sup> Feby on this subject addressed to Mr. Hamilton, General Manager for the East in Shanghai had been received through Mr. Kiene, the local agent, and was now read. Mr. Hamilton declined communicating direct with the Company, but preferred to forward his reply through Mr. Kiene, as he considered the latter had done nothing to justify him in departing from his usual course. The Chairman informed the Meeting that although it was stated in Mr. Hamilton's letter that some other formalities were required, they were left to infer from his letter that Mr. Kiene would communicate further with the Company in the matter- but that no communications had as yet been received. It was then resolved to give Mr. Kiene a few days longer, but should nothing be heard from him soon to again address Mr. Hamilton and the Chairman undertook to draft a suitable letter.

➤ Purchase of Lot Adjoining Watt's House

Purchase of Lot adjoining Watt's House — It having been ascertained that this lot belonged to Mr. Klingen (now at home) and not to Dr. Gert's Estate as had been reported at the preceding Meeting, this matter was handed over to Mr. Haynemann, who had put himself in communication with his friends in

Hamburg with codewords, and instructions to see what they could do and report by wire.

➤ Infringement of the Trade Mark

Infringement of the Trade Mark — In regard to the prosecution of the three individuals charged with this, it had apparently been misunderstood at the preceding Meeting.

It was then supposed- erroneously- that legal proceedings had terminated and on this assumption the Directors had decided to endeavour to recover a sum of \$200 that one of the three persons under trial was said to possess- by way of compensating the Company for any loss that might have been sustained. A letter, however, had been received from Mr. Masujima and was now read, explaining that the trial was not yet over and advising that all criminal prosecutions be pushed to the utmost, and Mr. Gordon read a reply that had been sent to Mr. Masujima stating that the Directors were determined in the present as well as in all future proceedings of this nature to push matters as far as possible.

In connection with this the Chairman incidentally remarked that he had received information from Prof. Burton that spurious beer was being sold as “Kirin” in Kofu.

➤ Masujima on Future Securities

Masujima on future Securities —

This matter again came up for discussion, and opinions were expressed in favor of a short agreement with Meidiya. A suggestion was made by Mr. Gordon that should any shares of the proposed new issue not be take up same might be offered to Meidiya and held as security by the Company: Mr.

Bennett, however, preferred Mr. Masujima's former suggestion of Government Bonds and withholding certain portions of Meidiya's Commission & investing same in any Government Stocks. A further suggestion was made by Mr. Bennett that an increase of security should be demanded in proportion to every substantial increase of credit on the principle of the sliding scale- which met with general approval. After discussion as to whether Mr. Masujima should be invited to make written proposals on this subject or whether advances should come from the Company, the Chairman finally undertook to take an early opportunity of seeing Mr. Masujima and to ask him to address the Company- at the same time pointing out to him informally the necessity, in view of the probability of a large increase of supplies to Meidiya, of adopting some such principle as that above stated.

➤ James Mclean Elected to a New Auditor. Taking Guinness' Place

Election of a New Auditor — Mr. Guinness having left Yokohama and it being considered advisable that there should be two auditors for the Company's accounts, it was resolved to ask Mr. James Maclean to succeed Mr. Guinness and act as Auditor in conjunction with Mr. Schwabe.

➤ New extension Scheme of the Brewery by Diack

Mr. Diack, Architect was now invited to attend and a discussion on the New Extension Scheme was resumed. In this connection the first matter that was put before the Board was the small capacity of the Coal Store under the new plans. This store, it was stated by Mr. Diack, would have only a storage capacity of from 60 to 80 Tons, if the lot adjoining Watt's house were not obtained. After some discussion it was agreed that this matter must perforce be left open till a reply about this lot could be obtained from Europe.

A proposal was now made and adopted that Mr. Diack put drawings in hand at once and get tenders and Mr. Diack stated, on enquiry, that twelve months should suffice for the completion of the buildings and probably another three months for setting up the machinery, provided no hitch occurred: this would not, he said, interfere with present brewing. Time being of the utmost importance, it was suggested that the Contractor be given an incentive to work in the shape of a gratuity should the work be completed before a specified date or a fine should a certain date be passed before completion. A question was now asked by Mr. Hutchison if present engines were not sufficient to cool the new cellars so that the storage of Beer could be increased before the new machinery was set up: the Chairman, however, stated in reply that present engines were only sufficient for cooling present cellars and no further storage could with safety be made until the new engines were ready. As regards present engines the Germania Coy's proposals provided for keeping them and to use them as a Reserve, but Mr. Heckert had expressed an opinion that it would be better to have new Engines of larger power and that the old ones could be seen to good advantage while at work and sold before removal. This opinion was endorsed by Mr. Diack in which the Directors concurred.

Mr. Diack now suggested that Mr. Haynemann should telegraph for working details in connection with the foundations for engines and brew pans &c: but Mr. Haynemann, on stating that he had already done so, was directed to telegraph "We are going on".

Mr. Diack was here thanked for his kind attendance and then left the Meeting.

➤ Priests Property

Priests Property — A plan of this and adjacent property was now put before the Directors and Mr. Haynemann explained what steps had already been taken through his Banto with reference thereto. The owners were considering the matter and some delay was inevitable. Mr. Gordon pointed out that Mr. Stornebrink's place was so situated with respect to the Priests Property as to render purchase desirable, should the Priests Property be acquired and he suggested that Mr. Haynemann also take this matter in hand and be instructed to find out the best terms for purchasing Mr. Stonebrink's place. This suggestion was unanimously adopted and Mr. Haynemann kindly undertook to conduct the necessary negotiations.

➤ Watt's House

Watt's House — It being advisable that the Chief Engineer should have a house near his work the Chairman suggested that a further lot might be acquired for this purpose since Mr. Watt's present house would be pulled down as soon as the new building operations began. Mr. Bennett said he thought we might well wait now until we saw the result of the negotiations just being entered upon with the Priests & Stornebrink and if anything came of it Mr. Watt could not be far away if he had to move up there. This was agreed to.

➤ Finance

Finance — Another scheme of finance formulated by Mr. Gordon and recently circulated among his Co-Directors now came up for discussion. The total amount to be raised had been calculated at \$273,000, but was now estimated at \$315,000/\$325,000, certain figures since received having been omitted in the first estimates – and Mr. Gordon proposed to meet this by

increasing Reserve to \$150,000 in March 1898 out of profits. – Then (1) to capitalize Reserve giving a Capital of \$300,000 on that date and to give to each Shareholder on that date one share free for every share held by him, i.e. 3000 shares of \$1000=\$300,000.

(2) To increase capital to \$600,000 by the issue of 3000 shares at par of \$100- these shares to be given to existing Shareholders at par in the proportion of one new for every share held by him and to be fully paid up by March 1899 so that Capital would then stand at \$600,000.

Objections to this scheme were raised by Messrs. Hutchison & Bennett, who disapproved of wiping out the Reserve- which, Mr. Bennett said, would have the effect of lowering the credit of the Company. Mr. Hutchison said he preferred the scheme that Mr. Gordon had put before his Co-Directors at the previous Meeting: Mr. Gordon, however, reminded him that his last proposal was put forward hurriedly and after consideration he was no longer in favour of keeping a Reserve of \$300,000, as the money was being employed in the business and all future profits would, according to the Articles of Association, have to go in payment of dividends. Mr. Hutchison still took exception to the issue of free shares and stated that he would prefer to raise the money by issuing 1500 new shares to Shareholders at \$150 as Mr. Gordon had proposed in his original Scheme. Mr. Gordon pointed out that this only gave \$225,000 in cash whereas \$315,000 at least was about the sum required, besides money would still be required in addition to stock the new cellars with beer and extra outlays for an increasing quantity of Malt, Hops & Stores necessary to be kept in stock. Mr. Bennett preferred then to raise the premium and issue shares to Shareholders at \$200 or whatever premium should be necessary to cover this

sum, and in the event of any shares not being taken up to offer them to the public at a still higher premium.

After prolonged discussion no conclusion having been come to, it was decided to defer to matter and to call an Extraordinary General Meeting at the end of the Annual General Meeting, when the matter could be put before the Shareholders: and instructions that had been given to Mr. Haynemann &c telegraphing to Germany were withdrawn in the meantime.

The Meeting then closed at 6.30 p.m.

W. Gordon

Chairman