

ANNUAL
REPORT

2024

HOMERITZ

CORPORATION BERHAD
REGISTRATION NO.: 200801004508 (805792-X)

Where Luxury Meets Leisure

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Management Discussion
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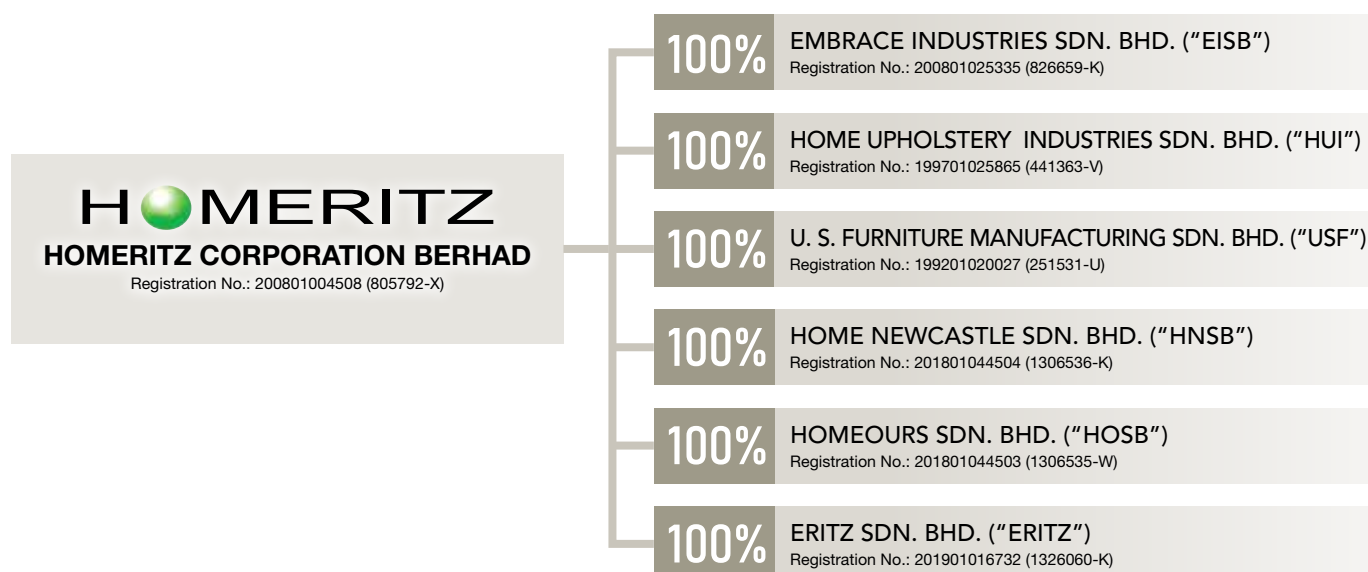
Corporate Governance
Overview Statement



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CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

CHUA FEN FATT
(Managing Director)

TEE HWEE ING
(Executive Director)

KEE TONG KIAK
(Senior Independent Non-Executive Director)

HAMSAH BINTI KHALID
(Independent Non-Executive Director)

WONG WAI HUNG
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Kee Tong Kiak
(Senior Independent Non-Executive Director)

Members
Hamsiah Binti Khalid
(Independent Non-Executive Director)

Wong Wai Hung
(Independent Non-Executive Director)

NOMINATING COMMITTEE

Chairman
Kee Tong Kiak
(Senior Independent Non-Executive Director)

Members
Hamsiah Binti Khalid
(Independent Non-Executive Director)

Wong Wai Hung
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Chairman
Wong Wai Hung
(Independent Non-Executive Director)

Members
Kee Tong Kiak
(Senior Independent Non-Executive Director)

Hamsiah Binti Khalid
(Independent Non-Executive Director)

COMPANY SECRETARIES

Ng Mei Wan (MIA 28862)
(SSM Practicing Certificate
No.: 201908000801)

Tan Hui Khim (LS 0009936)
(SSM Practicing Certificate
No.: 201908000859)

AUDITORS

Crowe Malaysia PLT
Registration No.: 201906000005
(LLP0018817-LCA) & AF 1018
Chartered Accountants
Muar Office
No. 8, Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri, 84000 Muar
Johor
Tel. No. : 606 952 4328
Fax. No. : 606 952 7328

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn. Bhd.
[Registration No.: 197101000970
(11324-H)]
Unit 32-01, Level 32, Tower A
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No. 8, Jalan Kerinchi
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Tel. No. : 603 2783 9299
Fax. No. : 603 2783 9222
Email : is.enquiry@vistra.com

REGISTERED OFFICE

No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri, 84000 Muar
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Fax. No. : 606 9541 707
Email : lsca-muar@lsca.com.my

PRINCIPAL PLACE OF BUSINESS

Lot 8726 PTD 6023
Batu 8 Kawasan Perindustrian
Bukit Bakri, 84200 Muar
Johor
Tel. No. : 606 9865 000
Fax. No. : 606 9860 942
Website : www.homeritzcorp.com
Email : info@homeritzcorp.com

PRINCIPAL BANKERS

AmBank (M) Berhad
HSBC Bank (Malaysia) Berhad

DATE OF LISTING

19 February 2010

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : HOMERIZ
Stock Code : 5160
Sector : Consumer Products

MANAGEMENT DISCUSSION AND ANALYSIS

1) OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Homeritz Corporation Berhad ("Homeritz" or "the Group") is one of the leading upholstered home furniture manufacturers in Malaysia. The Group is principally an integrated Original Design Manufacturer ("ODM") and Original Equipment Manufacturer ("OEM") player that produces a complete range of upholstered home furniture products. As an ODM, we design and manufacture furniture for sale to our customers whereas, as an OEM, we manufacture furniture based on the designs provided to us. The Group's customers are mainly overseas wholesalers and retailers. The Group's primary activity revolves around the design, manufacture and sales of upholstered home furniture which includes the following products: -

- upholstered sofas;
- upholstered dining chairs;
- upholstered bed frames; and
- other home furniture such as cushion seats, sofa beds and tables.

Our products are mainly focused on 'medium to high-end range' of upholstered home furniture and the designs are mostly catered to Western stylishness and preferences which are our focused markets. We have exported our products to more than 40 countries across the world covering Europe, Australasia, North and South America, Asia and Africa.

Presently, the Group's manufacturing plants are all located in Kawasan Perindustrian Bukit Bakri, Muar, Johor. The close vicinity of these plants allows the Company to facilitate administrative control and to have better control over production costs as well as quality of the products, leading to greater efficiency, economic of scale and faster time-to-market.

The following are business strategies to sustain and expand our business: -

- Strengthen our R&D capabilities to continuously improve existing designs and develop new, innovative ones.
- Continuously upgrade our equipment and machinery to boost efficiency and productivity, while enhancing product quality.
- Diligently seek and test new raw materials to facilitate the production of high-quality products at competitive costs.
- Continue diversifying and introducing new products to clients.
- Adopt more aggressive marketing strategies and to continue to work hand-in-hand with our clients to secure bigger larger market segments.
- Improve production efficiency, thereby becoming more competitive in pricing.
- Continuously motivate our staff and personnel to achieve the highest levels of commitment and performance.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2) FINANCIAL PERFORMANCE REVIEW

Financial Year End 31 August ("FYE")	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	155,366	164,903	243,294	162,644	229,721
Profit before tax ("PBT")	30,490	27,709	53,650	33,387	44,929
Profit after tax	23,575	22,329	40,988	25,994	34,151
Profit attributable to owners of the Company	23,575	22,329	40,988	25,994	34,151
Equity attributable to owners of the Company	176,119	204,487	259,967	281,328	308,072
Deposit, bank and cash balance	77,547	84,125	148,197	170,240	188,164
Number of ordinary shares in issue (‘000)*	375,026	412,903	463,239	463,239	463,245
Net assets per share ("NA") (RM)*	0.47	0.50	0.56	0.61	0.67

* The comparative net assets per share and number of share in issue have been restated to reflect the bonus issue of 1 for every 4 existing ordinary share which was completed on 16 December 2020.

a) Revenue

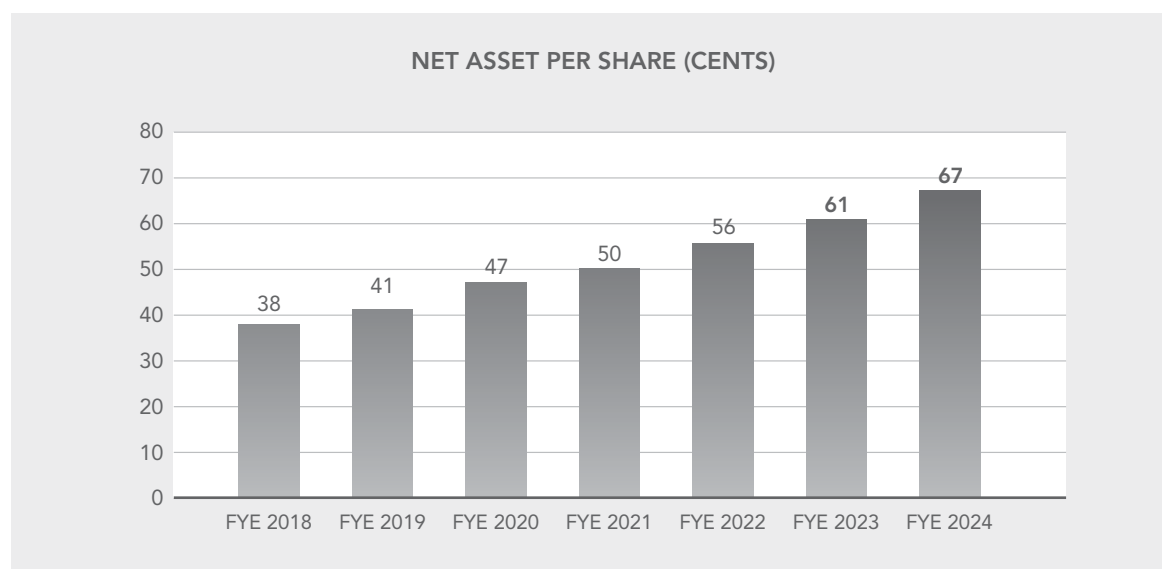
The Group's revenue for FYE 2024 increased by 41.24% compared with the corresponding period of the last financial year. This was mainly attributed to the increase in volume sold.

b) Profit before tax

For FYE 2024, the Group's PBT increased by 34.57% to RM 44.93 million. This was mainly attributed to the increase in volume sold as a result of increase of revenue.

c) Net Asset per Share

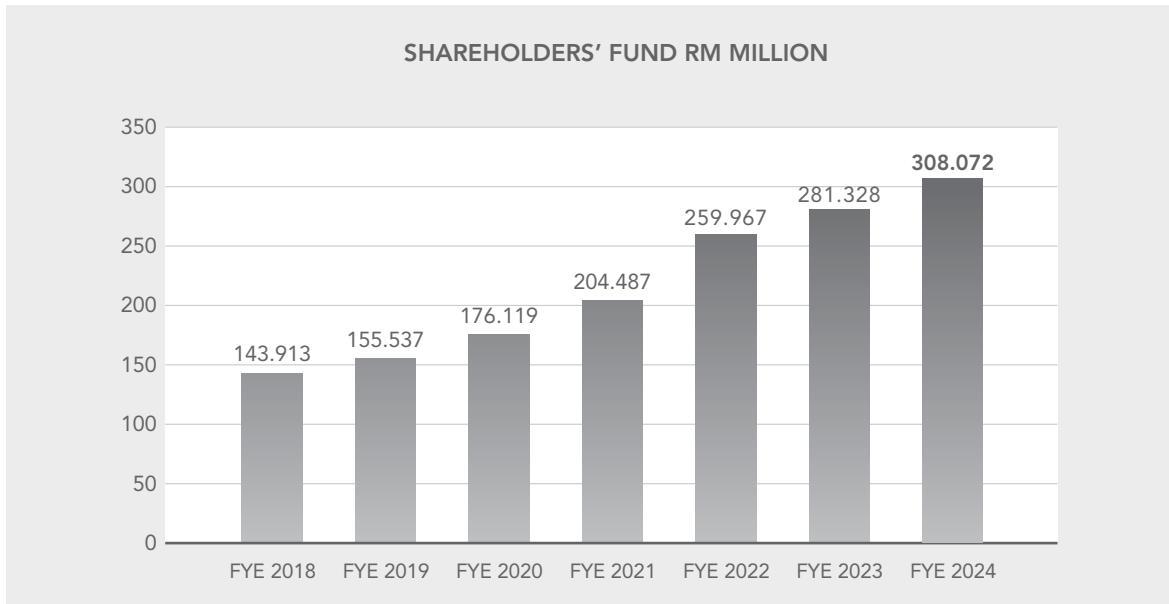
The following chart illustrates the Group's Net Asset per Share of the Group since FYE 2018:



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

d) Shareholders' fund

The following chart illustrates the Shareholders' Fund of the Group since FYE 2018:



e) Financial position and liquidity

The financial position and liquidity of the Group remained strong in FYE 2024, with average inventory turnover period of about 3 months and average trade receivables and payable turnover period of about 1 month at the end of FYE 2024. The Group is in net cash position with no bank borrowing.

f) Capital expenditure, infrastructure and resources

To support the business growth, the Group continually upgrades the infrastructure, equipment and machinery to boost efficiency and productivity and to enhance the product quality. The Group's capital expenditure incurred for FYE 2024 amounted to about RM 5.93 million, of which a substantial amount of about RM 4.93 million was utilised for acquiring new equipment, machinery in new plant and upgrading existing machinery and equipment and remaining for balance payment in construction of a new plant and hostel.

g) Associated Business Risks

Associated business risks are reasonably likely to have a material effect on the Group's operations, financial performance, financial condition and liquidity are those disclosed under risk relating to the business as set out at pages 5 to 6 of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

3) RISKS RELATING TO THE BUSINESS

a) Foreign Currency Exchange Risk

Most of the Group's products are exported to foreign countries, primarily those in Europe, Australasia, North and South America, Asia and Africa while certain raw materials like leather, PU and fabric are sourced from foreign countries such as Italy, India, Vietnam, Korea, Thailand and China.

The Group is exposed to foreign currency exchange risks as approximately 88% and 55% of our revenue and total purchases of raw materials respectively are denominated in USD. Fluctuations in USD exchange rate will have an impact on the prices of imported raw materials as well as export earnings, which will in turn affect the profitability of the Group. The Group's profit margin is generally expected to improve if the USD strengthens against RM which will then increase the profitability. Conversely, the weakening of USD against RM would generally reduce our profitability due to lower profit margin, dependent on the extent and effectiveness of the hedging strategies adopted.

At present, the Group has credit lines for foreign exchange forward contracts with several financial institutions. Should the need arise, the management can readily utilise such forward contracts to hedge the fluctuations in exchange rates between RM and USD, after taking into account the exposure period and the related transaction costs. Further, the Group also maintain a foreign currency account to facilitate the receipt of revenue collections which are denominated in USD to pay for some of our purchases which are also denominated in USD. Thus, it provides some form of natural hedging against any adverse foreign exchange fluctuations.

Notwithstanding the above, there is no assurance that any adverse fluctuations in foreign exchange rates would not have a material impact on the Group's financial performance.

b) Labour Market

The furniture industry is labour-intensive. As such, the Group is subject to risk of labour shortages and increase in labour costs. Therefore, the Group has to resort to recruiting foreign workers as we face difficulty in employing local workforce. Hence, the Group is required to comply with the policies imposed by the Government of Malaysia with regards to the employment of these foreign workers. Any future changes to such policies may adversely affect our ability to employ foreign workers. In such event, if the Group is unable to find suitable replacements, the production would be interrupted and consequently, the Group's revenue and profits would be adversely affected as well.

The Group actively liaise with the relevant Government and recruitment agencies for timely renewal of work permits of such foreign workers in adherence to the Government's policies. In addition, the Group endeavours to ensure all the foreign workers operate in a safe and conducive working environment. Measures that the Group has implemented include the enforcement of stringent safety measures to prevent hazards or any untoward events from occurring in the work environment and provision of access to medical treatment, where necessary.

Competitive remuneration and benefits packages, as well as training and career development opportunities are also extended to the foreign workers. Consequently, all efforts have resulted in the Group being able to enjoy a cordial working relationship with foreign workers.

Nevertheless, the risk of overdependence on labour is partly mitigated by the usage of automated equipment and machinery wherever possible in certain manufacturing processes of the Group. Through research activities, the management would also endeavour to review and improve the manufacturing process flow and techniques in order to minimise human handling and increase efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

c) Availability and Fluctuation in Prices of Raw Materials

Prices of certain raw materials used in the production such as leather, wood and wood frame, foam, PU and fabric may fluctuate rapidly due to intervening factors such as global demand and supply conditions. As such, the prices of raw materials at the point of commitment to the customers may differ from those at the time of actual billing. Raw leather hide is the principal raw material in the Group's upholstered furniture, accounting for almost half of the furniture upholstery cost. As such, the cost of upholstered furniture is exposed to fluctuations in the price of cattle raw hide. The supply of cattle raw hide is principally dependent on the consumption of beef. The cattle industry is also exposed to veterinary health issues like foot and-mouth and mad cow disease, which will have an impact on the slaughter rate of cattle. Fluctuations in the price of raw leather hides will significantly affect operating margins. If there are significant increases in the costs of the major raw materials and the Group is unable to pass on such increases in the costs to the customers or the Group is unable to find alternative sources for such raw materials at competitive prices, the Group's financial performance may be adversely affected.

d) Unfavourable Economic, Social and Political Conditions

Any adverse change in the political, economic and regulatory environment and uncertainties in Malaysia as well as countries that we export to could have unfavourable effect on our financial and business prospects. These include but not limited to the risk of war, terrorist attacks, riots, changes in political leadership, global economic downturn and unfavourable changes in government policies such as changes in the methods of taxation, interest rates, licensing or introduction of new regulations. Whilst we would continue to take effective measures such as prudent financial management and continue seeking new markets, there is no assurance that any change to these factors will not materially and adversely affect our financial position or business in the future.

4) FUTURE PROSPECT AND OUTLOOK OF THE GROUP

In view of the financial performance of the Group in FYE 2024, the Board of Directors is proposing a final dividend of 1.7 cent per ordinary share for shareholders' approval at the forthcoming Annual General Meeting.

On 6 December 2024, the Company declared a special dividend of 3.90 sen per ordinary share in respect of the financial year ending 31 August 2025, payable on 31 December 2024 to shareholders whose names appeared in the record of depositors on 23 December 2024.

Our Group is operating in global economic uncertainties as well as facing increases in production costs and fluctuation in foreign exchange rates. Moving forward, our Group will continue to remain focus in our core business and to develop new products, new design for existing products and thus deriving better cost efficiencies and effective cost management across all functions.

The Board believes that our Group's prospect for the next financial year would remain profitable.

BOARD OF DIRECTORS' PROFILE

CHUA FEN FATT

Managing Director

Aged 53, Male, Malaysian

Tenure of service: 15 years 1 month

Chua Fen Fatt was appointed to the Board on 2 November 2009. He is one of the founders of HUI in 1997 and since then, he has been the driving force in the Group and has been instrumental in the success, growth and development of the Group. He has had more than 37 years of hands-on experience in the furniture industry particularly in the upholstered home furniture. Throughout his working career, he has worked in different levels and capacities and involved in various aspects of the industry, from being a production operator to sample maker and product designer.

Prior to setting up of HUI, he was also involved in the sub-contracting of upholstered home furniture activities and started his own manufacturing business, Home Sofa Industries, in 1996. Over the years, he has accumulated various technical know-how and expertise in the art of manufacturing and designing upholstered home furniture.

As the Managing Director, he provides the Group with its corporate vision and business strategies and is primarily responsible for the overall business, strategic planning, design and development and the entire operations of the Group.

Currently, he does not hold any directorship in any other public companies.

TEE HWEE ING

Executive Director

Aged 53, Female, Malaysian

Tenure of service: 15 years 1 month

Tee Hwee Ing was appointed to the Board on 2 November 2009. She is the co-founder of HUI together with Chua Fen Fatt in 1997. Prior to joining the Group, she worked with UOB Card Centre (Singapore) and Avenue Securities Sdn. Bhd. in 1990 and 1992 respectively. She has over 27 years of working experience in the upholstered home furniture industry. As the Executive Director, she is primarily responsible for the overall corporate and administrative functions of the Group.

Currently, she does not hold any directorship in any other public companies.

KEE TONG KIAK

Senior Independent Non-Executive Director

Aged 57, Male, Malaysian

Tenure of service: 1 year 7 months

Kee Tong Kiak was appointed to the Board on 15 May 2023. He is also the Chairman of the Audit and Risk Management & Nominating Committees and a member of the Remuneration Committee of the Company. He was admitted to the Malaysian Bar as an advocate and solicitor in March 1993. He is currently a partner of Chee Siah Le Kee & Partners specialising in civil litigation practice.

Currently, he is also an independent non-executive director of Tomypak Holdings Berhad.

BOARD OF DIRECTORS' PROFILE (CONT'D)

HAMSIAH BINTI KHALID

Independent Non-Executive Director

Aged 53, Female, Malaysian

Tenure of service: 1 year 7 months

Hamsiah Binti Khalid was appointed to the Board on 15 May 2023. She is also a member of the Remuneration, Audit and Risk Management and Nominating Committees of the Company. She obtained a Bachelor degree of Accountancy from University Pertanian Malaysia currently known as University Putra Malaysia. She is a Certified Chartered Accountant from Malaysia Institute of Accountants. She received her Master of Business Administration from Management & Science University. She has a background of more than 24 years working experience in management related position in sectors/industries such as oil and gas, power and environmental. Currently, she is the Group Chief Financial Officer of a private limited company.

Currently, she does not hold any directorship in any other public companies.

WONG WAI HUNG

Independent Non-Executive Director

Aged 57, Male, Malaysian

Tenure of service: 1 year

Wong Wai Hung was appointed to the Board on 15 December 2023. He is also the Chairman of the Remuneration Committee and a member of the Audit and Risk Management and Nominating Committees of the Company. He graduated from Tunku Abdul Rahman College with Diploma in Commerce (Management Accounting). He is a Chartered Accountant, an Associate Member of The Chartered Institute of Management Accountants (CIMA) and the Malaysian Institute of Accountants. He also obtained his Master of Business Administration in Electronic Commerce from Charles Stuart University, Australia. He has accumulated over 29 years of working experience in the key management, operation, corporate finance for Construction, Manufacturing and Engineering industries.

Currently, he is also the executive director of Seremban Engineering Berhad.

Notes to Directors' Profile:

- a) Tee Hwee Ing is the spouse of Chua Fen Fatt. Save as disclosed, none of the directors has any family relationship with any director of the Company.
- b) All directors do not have conflict of interest with the Company and have not been convicted for any offences within the past 5 years other than for traffic offences, if any.
- c) Please refer to the analysis of shareholdings of this Annual Report for details of the directors' shareholdings in the Company.
- d) The details of number of Board meetings attended by directors during the financial year are set out in page 36 of this Annual Report.

SUSTAINABILITY STATEMENT

1. ABOUT THIS REPORT

1.1. Overview

Homeritz Corporation Berhad (“Homeritz” or “the Company”) is pleased to present our Sustainability Statement for the financial year ended 31 August 2024 (“FYE 2024”). This statement was prepared in accordance with Bursa Malaysia Securities Berhad (“Bursa Securities”) Sustainability Reporting Guide 3rd edition. The statement offers an overview and insights of the Group’s sustainability performance, from the environmental, social and governance (ESG) perspectives. Unless specified otherwise, this report should be considered alongside the Corporate Governance Report and Annual Report of the Company.

1.2. The scope and boundary of this Report

Homeritz Corporation Berhad (“Homeritz” or “the Company”) integrates the design, manufacturing and export of a complete range of upholstered home furniture. This statement covers the operations of Homeritz Corporation Berhad including all its subsidiaries in Malaysia.

1.3. The Establishment of This Sustainability Statement

This Sustainability Statement primarily complies with Bursa Malaysia Sustainability Reporting Guide (“BMSRG”). Given our business nature, this statement has also applied relevant disclosure requirements from the Sustainability Accounting Standards Board (“SASB”) as well as Global Reporting Initiative (“GRI”). Specifically, this statement has included the following two Sustainability Disclosure Topics and Metrics outlined in the SASB Sustainability Accounting Standard (version 2023-12).

1. Energy Management in Manufacturing
2. Wood Supply Chain Management

We are firmly committed to providing comprehensive information on our sustainability practices. However, we acknowledge the inherent challenges in tracking the complete environmental impact of our products beyond our direct control. Factors such as transportation by third parties, product use and disposal can significantly influence a product’s overall environmental footprint, but data on these stages is often limited or unavailable. While we strive for complete transparency, we believe in honest communication and openly acknowledging these limitations. Our goal remains to be as transparent as possible about our sustainability efforts, while also recognizing the complexities involved in tracking and managing environmental impacts throughout a product’s lifecycle.

The sustainability matters shown in Table 1 are selected through a thorough materiality assessment which is elaborated in section 4.

1.4. Approval of This Statement

This Statement has been approved at the meeting of the Board on 11 December 2024.

1.5. Statement of Assurance

This Statement has undergone an intermediate level of assurance by a third-party Environmental, Social and Governance (ESG) professional from Carbon Beyond Technology Sdn Bhd. The assurance process included a site survey and a face-to-face meeting. During the survey, the professional conducted a walkthrough of all production lines across the Group’s manufacturing facilities. Additionally, the data in this report was verified by reviewing supporting documents and clarifying details with the Group personnel responsible for data collection.

1.6. Feedback

We greatly value any comments or feedback regarding this Statement or the Group’s sustainability performance. Any suggestions can be addressed directly to info@homeritz.com.

SUSTAINABILITY STATEMENT (CONT'D)

2. ABOUT HOMERITZ

2.1. About The Group

Homeritz Corporation Berhad, established in 2008, is one of the leading upholstered home furniture manufacturers based in Malaysia. Known for its extensive range of home furniture products, we serve international markets with a strong emphasis on design innovation and superior craftsmanship. The Group's state-of-the-art manufacturing facilities and dedicated workforce enable it to produce furniture that meets the diverse needs of its global clients. Through the commitment to excellence and customer satisfaction, we have attained a reputation as a trusted name in the furniture industry.

In addition to the focus on the products, we are dedicated to sustainable and responsible business practices, emphasizing our commitment to Environmental, Social and Governance (ESG) principles across all aspects of our operations. We strive to reduce our environmental impact, uphold fair labour practices and maintain high ethical standards. By utilizing green technologies and sustainable materials, we not only aim to benefit the planet but also to enhance our competitive position in the marketplace. As a progressive organization, the Group is constantly exploring innovative solutions to improve our ESG performance, creating enduring value for our stakeholders and the communities we serve.

2.2. The Group ESG Vision and Mission

GRAPH 1



2.3. Sustainability Goals and Targets

As a responsible furniture manufacturer, we have established clear sustainability goals and targets, exhibited in Graph 1, which align with our industry's key priorities and the unique characteristics of our business. The furniture manufacturing sector is known for its labour-intensive processes, significant material consumption and direct impact on consumer well-being. Following a comprehensive sustainability assessment, we have set targets in the following critical areas:

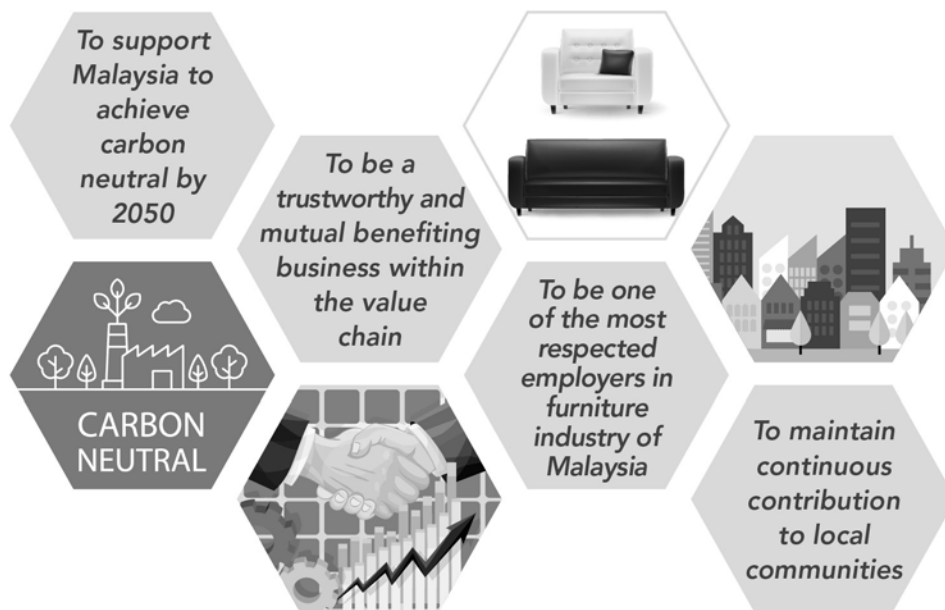
- 1. Employee Well-being and Development:** Our employees are the cornerstone of our success, transforming raw materials and designs into high-quality furniture. We recognize that every piece of furniture we produce is a result of our workforce's skill, creativity and dedication. Therefore, we are committed to fostering a safe, inclusive and growth-oriented work environment. Going forward, we aim to reduce workplace injuries.

SUSTAINABILITY STATEMENT (CONT'D)

- Environmental Stewardship:** As a manufacturer with a significant environmental footprint, we acknowledge our responsibility to minimize our impact on the planet. We will strive to reduce our carbon emissions, increase the use of sustainably sourced wood and other materials and minimize waste in our production processes. We aim to implement energy-efficient technologies in our factories, increase the percentage of recycled materials in our products and achieve zero-waste-to-landfill status in our operations. These efforts not only contribute to global environmental goals but also ensure the long-term sustainability of our business.
- Product Quality and Customer Satisfaction:** Our customers are at the heart of our business and their satisfaction drives our commitment to excellence. We have set targets to improve product durability and enhance the overall customer experience. This includes reducing the number of products return and developing more eco-friendly product lines that meet growing consumer demand for sustainable furniture. By focusing on these areas, we aim to strengthen our market position while contributing positively to our customers' lives and living spaces.
- Care of Local Community:** Lastly, we recognize our responsibility to the local communities where we operate. We are committed to fostering positive relationships with our local communities through various initiatives such as job creation and support for local suppliers. Additionally, we strive to minimize any negative impacts our operations may have on the community, such as noise or traffic and we actively engage in local environmental conservation efforts. By contributing to the well-being and development of our local communities, we ensure a mutually beneficial relationship that supports both our business growth and community prosperity.

By focusing on these four targets - our people, our planet, our products and our community - we strive to create lasting value for all our stakeholders while promoting sustainable practices in the furniture manufacturing industry.

GRAPH 2



SUSTAINABILITY STATEMENT (CONT'D)

3. SUSTAINABILITY GOVERNANCE STRUCTURE

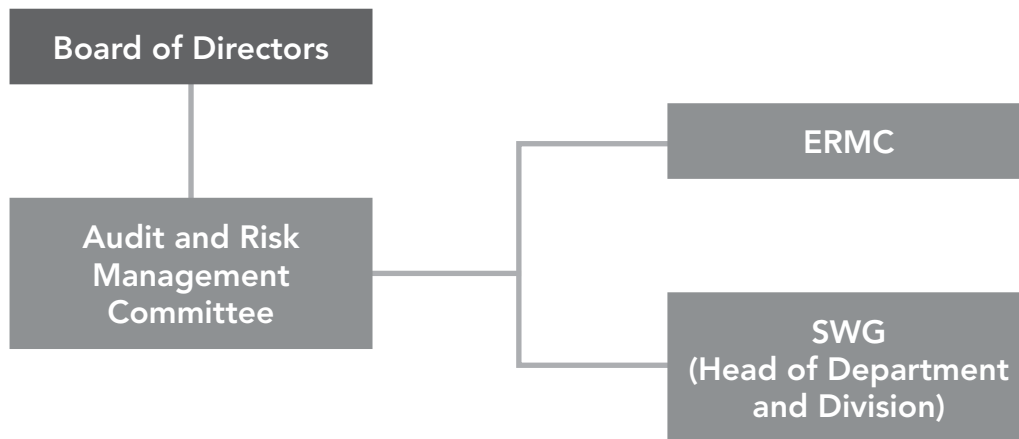
The sustainability governance structure of Homeritz aligns with the Group's commitment to our environmental and social responsibility. The Board of Directors holds ultimate accountability for sustainability matters, steering the Group by providing strategic guidance and oversight.

The Group has an Executive Risk Management Committee ("ERMC"), chaired by the Group Managing Director and comprising senior management of the Group, to provide oversight and added impetus to the risk management process. The Group also has a cross-functional Sustainability Working Group ("SWG"), which is comprised of Heads of Departments and Divisions, to integrate sustainability principles into daily operations, monitor performance, implement sustainability initiatives and report on progress.

Furthermore, we have also engaged external stakeholders, including suppliers, customers, local communities and government authorities to provide feedback on our sustainability performance from time to time. This approach fosters transparency, accountability and continuous improvement in sustainability practices throughout the Group's operations and supply chain.

The sustainability governance structure is exhibited in the following graph.

GRAPH 3



SUSTAINABILITY STATEMENT (CONT'D)

4. STAKEHOLDER ENGAGEMENT AND SUSTAINABILITY MATTERS ASSESSMENT

Our interactions involve different stakeholder groups and this engagement enables us to identify, prioritize and address material matters, which are then incorporated into our business strategies. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management Committee or Management Meetings by the respective business and functional units. Ongoing engagements, where applicable, are carried out on a regular basis, as they are integral to our business development, stakeholder relationships and commitment to sustainability. Our key stakeholders are outlined in the table below, along with the types of engagement and key topics of interest that we seek to address:

TABLE 1

Stakeholder	Key Concerns	Major Ways of Communication	Responses
SHAREHOLDERS/ INVESTORS	<ul style="list-style-type: none"> • Sustainable and stable return on investment • Timely information disclosure • Law and regulations compliance 	<ul style="list-style-type: none"> • Quarterly financial reports and announcements • Annual report • Corporate website • Annual General Meeting 	<ul style="list-style-type: none"> • Timely updates on the Group's financial performance and information via announcements • Uphold good governance practices across the Group and supply chain
EMPLOYEES	<ul style="list-style-type: none"> • Inclusive workplace • Trainings and career path • Remuneration and benefits • Health and safety in working environment 	<ul style="list-style-type: none"> • Internal communication • Workshops and trainings • Staff performance appraisal and evaluation 	<ul style="list-style-type: none"> • Promote transparent communication with employees • Provide relevant trainings, upskilling and development opportunities • Provide healthy and safe working environment • Provide equal employment opportunities without discrimination • Offer industry-competitive benefits and remuneration packages
SUPPLIERS	<ul style="list-style-type: none"> • Long term cooperations • Timely performance of contractual obligations • Company reputation 	<ul style="list-style-type: none"> • Direct communication • Supplier management system • Incoming quality control checking on raw materials • Supplier meetings 	<ul style="list-style-type: none"> • Transparent and standard procurement process • Maintaining long-term cooperation • Timely payment • Timely information disclosure

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder	Key Concerns	Major Ways of Communication	Responses
CUSTOMERS	<ul style="list-style-type: none"> • High quality and safety products • Stringent quality assurance process • In house product design and development • Timely delivery of finished goods • After sale services • Timely response to requests • Customer data protection 	<ul style="list-style-type: none"> • Buyer quality control inspection and buyer audit • Customer relationship management • Company visits • Events/exhibitions 	<ul style="list-style-type: none"> • Robust quality management and recall mechanism • Prompt feedback to the customers' enquiry • Customer data protection system
GOVERNMENT/ COMMUNITY	<ul style="list-style-type: none"> • Compliance with law and regulations • Contribution to community development 	<ul style="list-style-type: none"> • Meetings with authorities • Company visits • Social services • Charity events 	<ul style="list-style-type: none"> • Seek guidance from authorities • Set up procedures for compliance • Engagement of legal professionals • Attend charity events and make donations

With thorough consideration of the industrial features and the Group's characteristics, we have determined the following most critical sustainability indicators:

1. **Health and Safety for Our Employees** – In the dynamic realm of manufacturing, prioritizing health and safety is far more than merely fulfilling regulatory obligations but rather serves as the foundation of ethical operations and business success. Envisioning a workplace characterized by minimal accidents and illnesses, elevated employee morale and a steady stream of high-quality products is the transformative impact of prioritizing health and safety. By addressing the risks associated with hazardous machinery, wood dust, painting spray and promoting sufficient personal protection measure, proper lifting techniques, we achieve safety as an investment, not just a cost, essential for creating a sustainable and prosperous furniture manufacturing enterprise.
2. **Labour Practices and Human Rights** – Ethical and responsible labour practices are not merely a highlight for goodwill. They are a strategic necessity. Fair wages, safe working conditions and avenues for professional development have a direct influence on the company's financial performance. Fulfilled and motivated employees, protected from exploitation and danger, lead to increased productivity, reduced employee turnover and enhanced product quality. This will eventually empower employees and cultivate a collaborative environment where everyone can flourish.
3. **Product Quality, Health and Safety (Consumer)** – We recognize that furniture-related quality, health or safety issues like faulty construction, harmful chemicals, or unstable designs can lead to serious consequences, including recalls, legal challenges and lasting reputational damage. Therefore, we prioritize customer well-being through rigorous testing, sustainable material sourcing and robust manufacturing practices. Our commitment to quality, health and safety ultimately cultivates customer loyalty and appeals to ethical investors, contributing to a sustainable brand reputation.

SUSTAINABILITY STATEMENT (CONT'D)

4. **Energy Efficiency and Climate Impact** – In today's climate-conscious world, energy efficiency and greenhouse gas reduction are crucial for the furniture industry's sustainability and success. High energy use harms both the environment and our bottom line. By adopting energy-saving technologies, renewable energy sources and sustainable materials, we can:

- Reduce operational costs
- Minimize our carbon footprint
- Appeal to environmentally aware consumers
- Attract eco-minded investors
- Forge partnerships within the growing green economy

These strategies are not just environmentally responsible; they are essential for our long-term viability and competitiveness in an evolving market landscape.

As such, we are planning to add green power into our energy consumption by installing solar panels on the rooftops of our premises.

5. **Material and Waste Management** – Effective material and waste management is crucial for environmental stewardship, operational efficiency and cost control. Our approach includes:

- Sustainable sourcing: We minimize our environmental impact by carefully selecting raw materials, helping combat deforestation and resource depletion.
- Optimized usage: Efficient cutting practices and waste reduction techniques lower material consumption and disposal costs.
- Recycling and reuse: We implement robust programs for wood scraps and other materials, diverting waste from landfills and promoting a circular economy.

This comprehensive strategy enhances our environmental performance, reduces expenses and establishes us as a leader in sustainable furniture manufacturing. By prioritizing responsible material use and waste reduction, we create value for our business while contributing to a more sustainable industry.

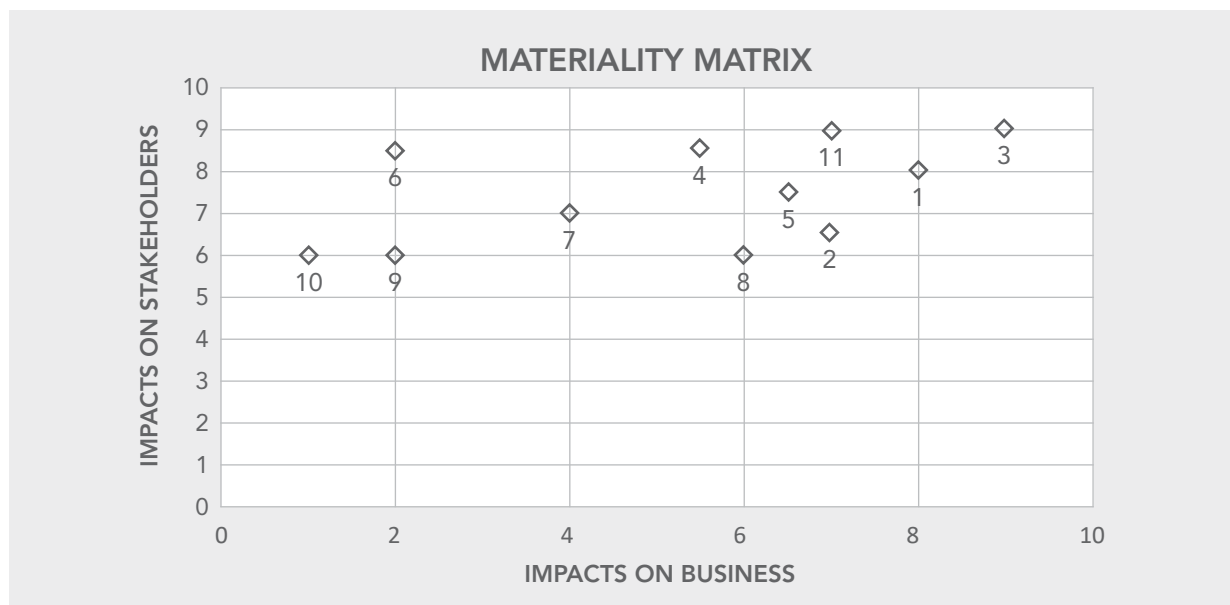
6. **Community Engagement** – Our commitment to the local communities goes beyond corporate social responsibility; it is an integral part of our identity and operations. We believe in fostering strong, mutually beneficial relationships with the communities in which we operate. This involves providing aid in the form of donations to surrounding communities. Additionally, we support local employment and businesses by nurturing our local workforce and sourcing materials and services locally whenever possible, thereby boosting the local economy. Through these efforts, we strive to create a positive impact, ensuring that our growth and success are shared with the community. This holistic approach to community engagement not only enhances our corporate reputation but also fosters a sense of pride and belonging among our employees and stakeholders.
7. **Water Consumption and Emission** – At Homeritz, we recognize the critical importance of managing our water consumption and emissions as part of our commitment to sustainability. We actively monitor our water usage and try to optimize water usage efficiency across our operations. Furthermore, we regularly assess our emission sources and adhere to stringent environmental regulations. Our proactive approach to monitoring and mitigating water consumption and emissions demonstrates our dedication to sustainability, contributing positively to local ecosystems and fostering healthy communities.
8. **Supply Chain Management** – At Homeritz, effective supply chain management is crucial for our sustainability efforts. We are committed to taking the following approaches to exhibit our responsible supply chain management.
- Ethical Sourcing: We prioritize sourcing based on our commitment to sustainability by carefully selecting responsible suppliers and ensuring their supplies are transparent and traceable.
 - Collaboration with Suppliers: We consider our suppliers partners in our sustainability journey. By working closely with them, we drive continuous improvements in sustainable practices, share best practices and develop solutions to reduce environmental impact.

SUSTAINABILITY STATEMENT (CONT'D)

9. **Data Privacy and Protection** – We prioritize the protection of data privacy as a critical component of our operational integrity. We recognize that safeguarding personal and sensitive information of customers, employees and partners is the foundation in building trust and maintaining our reputation.
10. **Diversity and Inclusion** – In our daily operation, we believe that fostering diversity and inclusion is essential for cultivating an innovative and productive workplace, particularly in Malaysia’s rich multi-ethnic landscape. We are dedicated to creating an environment that respects and values individual differences, including gender, ethnicity, age and background, empowering us to attract and retain talented individuals.
11. **Anti-Bribery and Corruption** – We uphold the highest standards of integrity and ethical conduct. Our commitment to anti-corruption is fundamental to our business practices and shapes our interactions with clients, suppliers and customers. We maintain a zero-tolerance policy toward corruption and bribery in all forms. We also implement robust monitoring mechanisms to identify and mitigate potential corruption risks within our operational, sourcing and sales activities.

We plot the critical matters quantitatively in a materiality matrix oriented in two dimensions matrix in Graph 4 which represent respectively for the impact on stakeholders and impact on the business. This framework analyses each matter’s significance in terms of environment, society and governance. This transparent prioritization allows us to focus resources and efforts on the most critical issues.

GRAPH 4



This materiality matrix serves as the cornerstone of our sustainability strategy and sustainability reporting. We ensure the accuracy and completeness of our assessment through internal cross-functional reviews, external expert validation and ongoing stakeholder feedback. This rigorous process ensures our strategy remains relevant as our business and the sustainability landscape evolve.

Furthermore, we do not view the assessment as a static endeavor. We commit to reviewing and potentially updating our materiality matrix as necessary, with timely updates if significant changes occur within our industry and operations. This continuous improvement cycle underscores our commitment to responsible business practices and ensures our sustainability efforts deliver lasting value for all stakeholders.

SUSTAINABILITY STATEMENT (CONT'D)

5. SUSTAINABILITY MATTER MANAGEMENT

At Homeritz, we have been deeply committed to delivering value to our stakeholders while actively reducing our environmental and social impacts with decades of experience in furniture manufacturing. Our approach is guided by a robust sustainability management framework. For the key areas of sustainability we have identified, we implement systematic management strategies in our daily operations. The specific management approaches for each sustainability aspect are detailed in the following sections.

5.1. Health and Safety for Our Employees

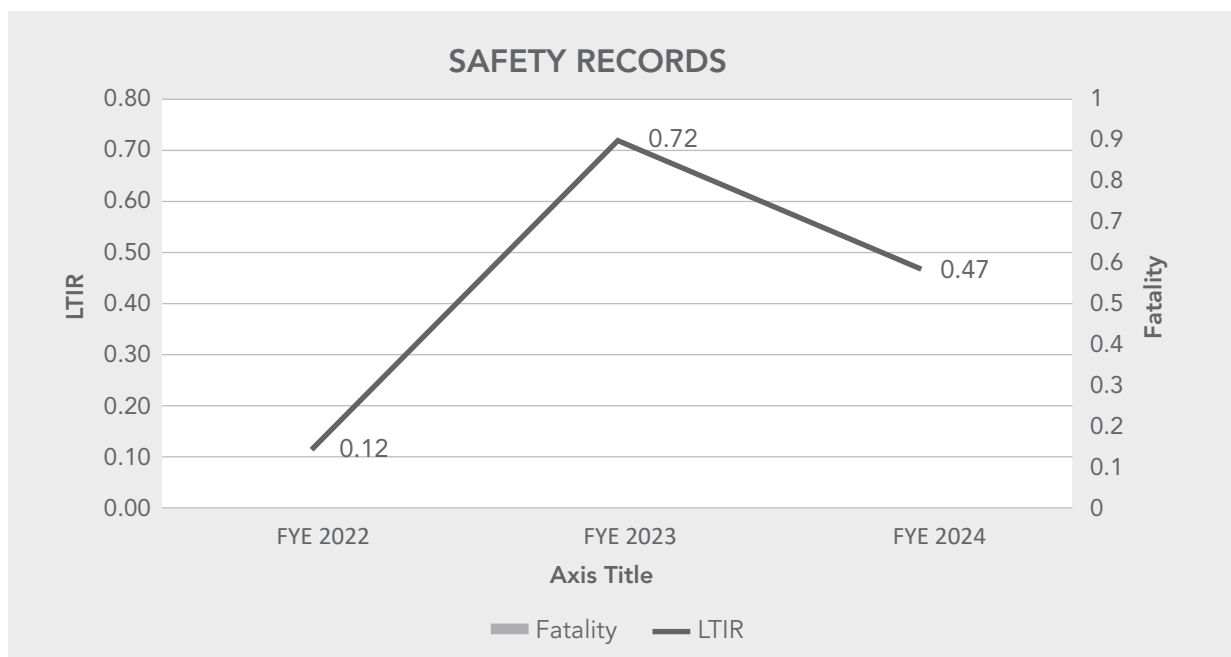
We firmly believe that our employees are our most invaluable assets and as such, their health and safety are paramount. We are dedicated to fostering a safe and healthy work environment, which is guided by our comprehensive safety and health policy which serves as a robust framework for our daily activities. We have 82 employees participating in health and safety training in FYE 2024.

To proactively manage workplace safety, we conduct thorough risk assessments to identify potential hazards in the manufacturing process and implement countermeasures to mitigate them effectively. Some measures among them are as follows:

- Thorough analysis of the potential risks and hazards is backed by our lessons learned and experiences accumulated in our decades of operation. We have signs and tags posted at conspicuous places reminding people of the risk and hazards.
- We also prioritize the provision of appropriate personal protective equipment (PPE), such as gloves, goggles and ear protection, tailored to the specific needs associated with various tasks.
- In addition, we have installed dust collecting systems in all the wood processing factories to collect and dispose of dust and dry spray booth system to control the exhaust of painting sprays. The exhaust is filtered before going into the atmosphere to meet the environmental regulations.
- Furthermore, we have established a comprehensive emergency preparedness plan that includes clearly marked evacuation routes, fire drills and first aid training for designated employees, ensuring everyone knows how to respond in case of an emergency.

As a result of these concerted efforts, we have successfully achieved zero fatality over the last three financial years and low lost time incident rate (LTIR) as shown in the following safety record graph. The LTIR is based on the total employee numbers.

GRAPH 5



SUSTAINABILITY STATEMENT (CONT'D)

5.2. Labour Practices and Human Rights

We consider our employees as essential partners in our success and are dedicated to creating an engaging and fulfilling work environment. This commitment is particularly crucial as the manufacturing sector is facing the challenge of attracting younger talent. To combat this trend, we strive to cultivate a culture that emphasizes growth, development and meaningful career opportunities for our team members.

We also actively engage with our employees through various platforms, including counseling sessions, performance evaluations and appraisal processes, fostering an atmosphere of trust and open dialogue. This approach ensures that our workforce feels valued and listened to, strengthening our collective commitment to success.

To foster long-term relationships with our employees, we have offered everyone permanent employees without employing contractors or temporary staff over the past three financial years.

We care about the career development of our employees. We have been arranging training for their knowledge and skill development. Despite the impact from COVID-19, total annual training hours have ramped up quickly afterwards, which is demonstrated in Table 2.

TABLE 2

Employee Category	FYE 2022	FYE 2023	FYE 2024
Board of Directors	33.5	101.5	71
Production	Nil*	26	35
Non-production	Nil*	95	319
Total	33.5	222.5	425

* No training was provided due to the COVID-19 pandemic and the movement control order.

Additionally, we are committed to providing and respecting fundamental human rights and safeguarding against violation of these rights. The freedoms enshrined in this commitment include freedom from forced and child labour, adherence to minimum wage standards, fair compensation and the provision of reasonable working hours as stipulated by Malaysia Labour Laws.

Furthermore, we deeply understand the pain and hardness of making a living far away from homeland, so we provide accommodations for the foreign laborers in accordance with PERAKUAN PENGINAPAN under the Workers' Minimum Standards of Housing and Amenities Act 1990 (No. 446).

With all the abovementioned efforts, we have achieved zero complaints regarding human rights violations over the last three years and stably low employee turnover rates as shown in Graph 6.

SUSTAINABILITY STATEMENT (CONT'D)

GRAPH 6

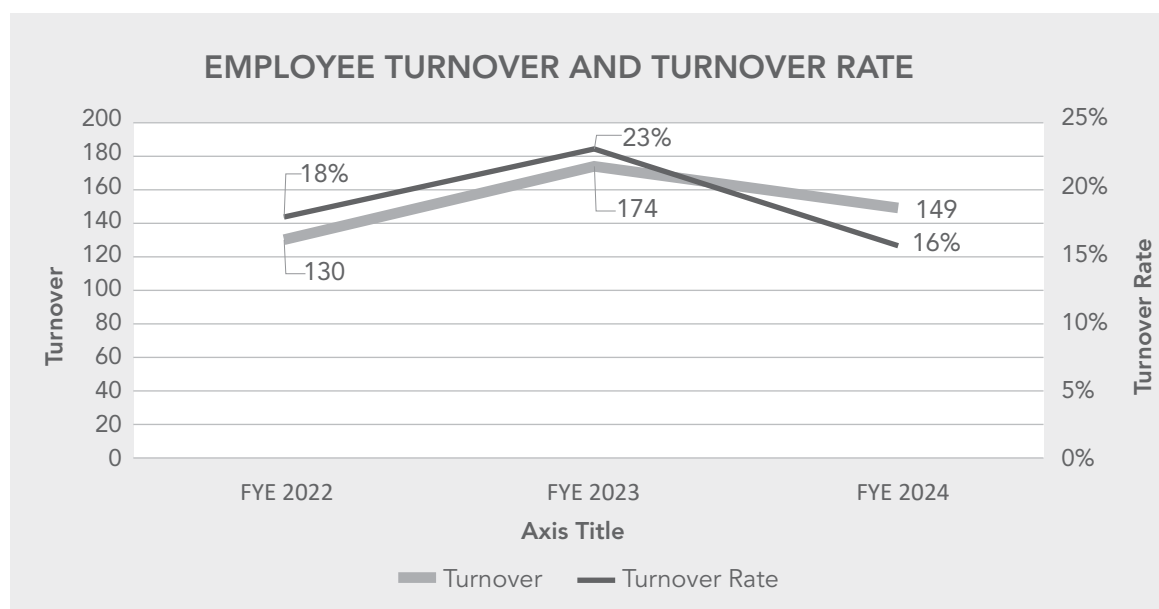


TABLE 3

Category	FYE 2022		FYE 2023		FYE 2024	
	Turnover	Turnover Rate	Turnover	Turnover Rate	Turnover	Turnover Rate
Production	111	17%	148	22%	123	15%
Non-production *	19	23%	26	32%	26	31%

* Non-production includes board of directors. Two Independent Directors resigned in FYE 2023 and one resigned in FYE 2024, due to having already met the tenure limit as per listing requirements.

5.3. Product Quality, Health and Safety (Consumer)

We are dedicated to delivering high-quality, safe products that consistently meet or exceed customer expectations. From sourcing top-tier raw materials to implementing strict quality checks at every stage, we prioritize zero defects. Additionally, we adhere to all relevant product safety standards and regulations in every market we serve.

Beyond functionality and quality, we strive for innovative designs that prioritize ergonomics and aesthetics. We also prioritize transparency by providing clear and accurate information to our customers, empowering them to make informed decisions and use our products safely and effectively.

Our commitment to customer satisfaction is unwavering. We actively listen to customer feedback and continuously seek ways to improve our products and services. Our responsive after-sales service ensures timely resolution of any concerns or issues.

The combination of the above efforts forms the prestigious reputation to our customers. We have received no major complaints on the quality, health, or safety of our products over the past three financial years. We will keep up with the effort to maintain the long-standing dedication to delivering excellence.

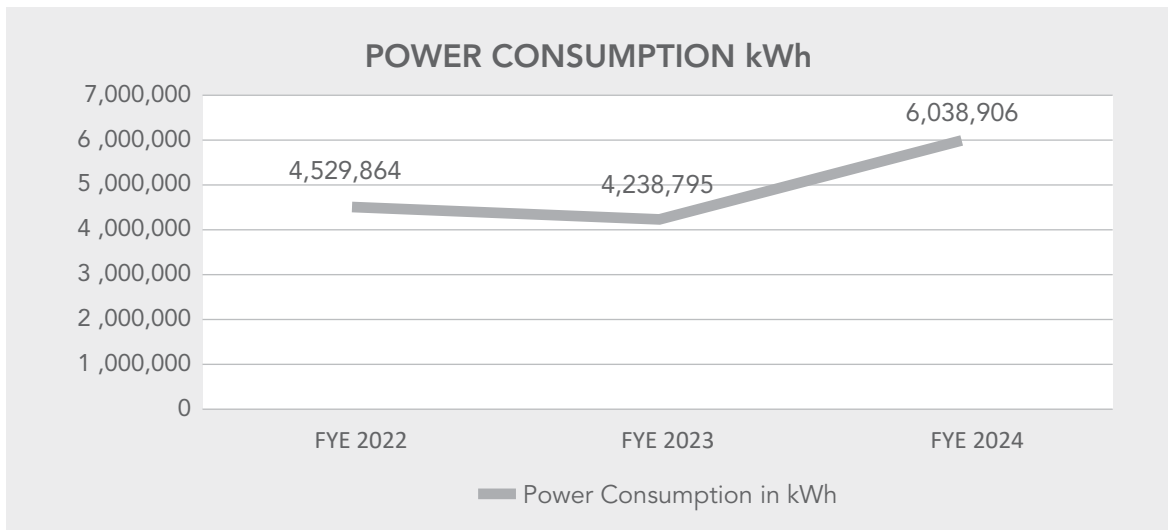
SUSTAINABILITY STATEMENT (CONT'D)

5.4. Energy Efficiency and Climate Impact

We recognize the environmental challenges posed by climate change and are dedicated to reducing our energy consumption and greenhouse gas emissions. Our energy strategy includes planning to install solar panels on our premises to enhance energy efficiency. This report marks the beginning of our carbon footprint monitoring and reporting using the Greenhouse Gas (GHG) Protocol and we will continue to track our GHG emissions to ensure we meet our climate commitments.

Proactive measures to reduce energy consumption have been implemented, such as leveraging natural light and installing Light Emitting Diodes (LED) lighting. Our power consumptions, even though fluctuating along with the production load, are constrained within a limited range. The increase in power consumption is aligned with the rise in revenue.

GRAPH 7



We have become increasingly aware of our carbon footprint, particularly in light of the growing impacts that natural disasters are having on human society. We recognize that as a business entity and as responsible global citizens, we must take meaningful actions to reduce our impact on climate change in every aspect of our daily operations. The values in Table 4 include Scope 1 and Scope 2 carbon emissions for the past three financial years.

TABLE 4

	t CO ₂ e
FYE 2022	2,371
FYE 2023	2,711
FYE 2024	4,689

SUSTAINABILITY STATEMENT (CONT'D)

5.5. Material and Waste Management

As a furniture manufacturer, we are acutely aware that transforming a large volume of materials into our products along with the generated residuals inevitably impacts the environment and the people who use them. With this in mind, we implement stringent measures at every stage of our process to minimize negative effects on nature and people.

- **Raw Materials:** Our production process involves using solids, liquids and gases. Adopting eco-friendly renewable or recyclable raw materials is a key component of our environmental responsibility. By reducing our dependence on finite resources, such as natural-growth wood, we have been trying to increase the portion of raw materials coming from renewable sources, including internationally recognized resources like rubberwood, degradable packing materials.
- **Waste Management:** We are responsible for managing the waste generated by our operations and products in an environmentally sound manner. Waste materials are carefully collected for potential reuse or disposal. Scheduled waste is stored separately and properly and will be collected by a licensed scheduled waste collector.

5.6. Community Engagement

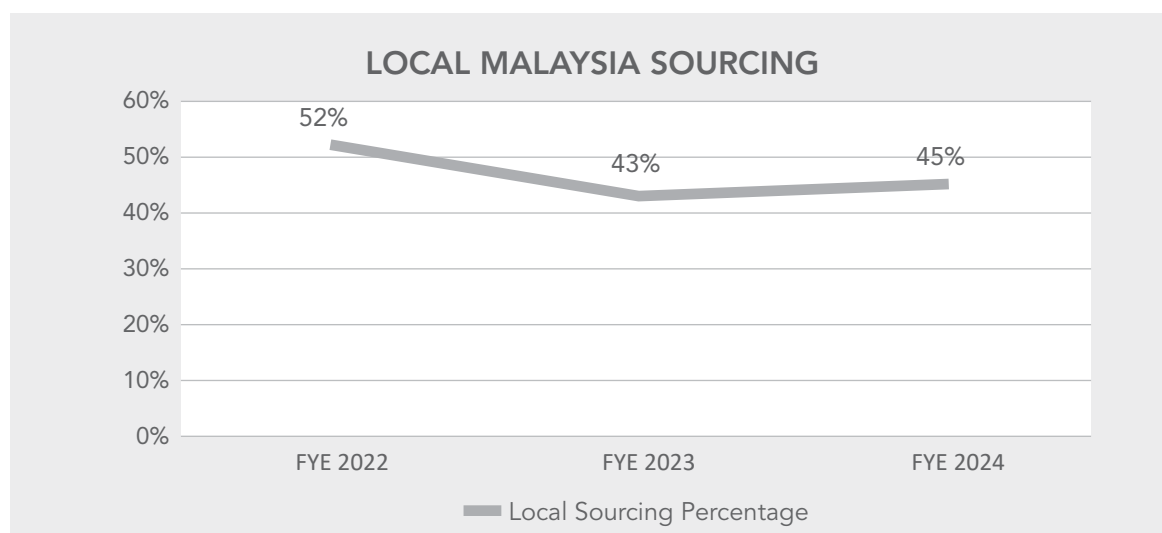
We are committed to being a positive contributor to the communities where we operate. Our community engagement initiatives focus on making a meaningful impact by donating to local charity organizations. We build strong relationships with local groups and aim to create shared value, empowering our communities and contributing to their long-term well-being. Data of our support to the local community is shown in Table 5.

TABLE 5

	FYE 2022	FYE 2023	FYE 2024
Total amount invested in the community ("RM")	34,940	228,070	47,565
Total number of beneficiaries of the investment in communities	9	10	11

As part of our commitment to local communities, we have been working to strengthen the local supply chain in Malaysia to support the local economy and create jobs. Graph 8 exhibits that we keep a big chunk of our supply remained within Malaysia.

GRAPH 8



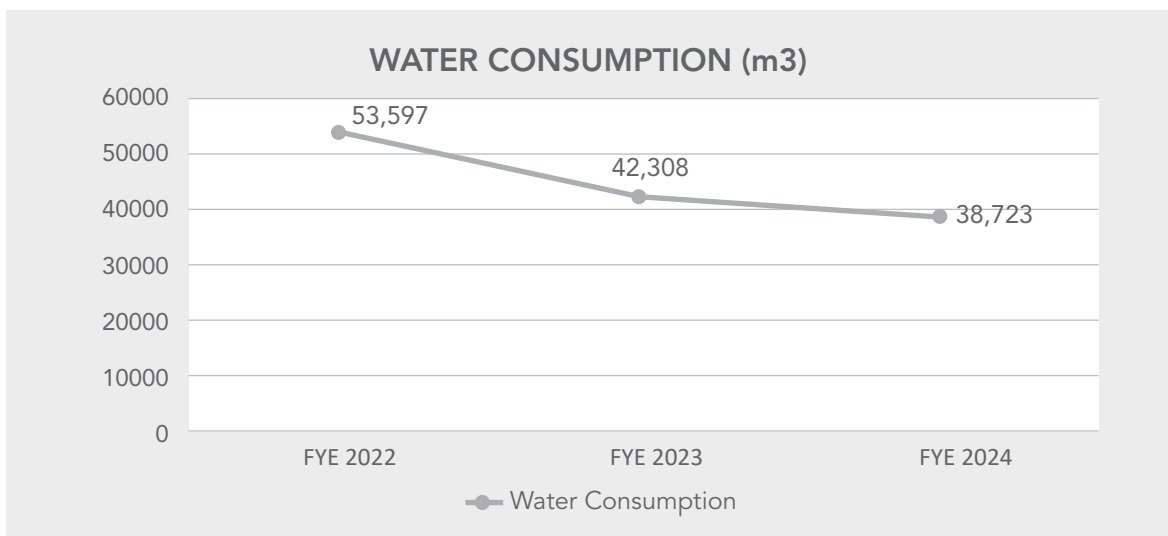
SUSTAINABILITY STATEMENT (CONT'D)

5.7. Water Consumption and Emission

Reducing water consumption is crucial not only for conserving this invaluable resource but also for diminishing our environmental impact and lowering operational expenses. We are dedicated to adopting and implementing a variety of water-saving strategies and initiatives. These efforts are designed to ensure that we use water more efficiently and responsibly. By doing so, we contribute to a more sustainable future for both our business and the environment.

The following Graph 9 indicates water consumption over the last three years.

GRAPH 9



In parallel with the effort of decreasing water consumption, we understand the importance of controlling gas emissions in our manufacturing processes. Our goal is to reduce the release of dust and other harmful air pollutants produced during painting and finishing. The painting spray will be collected and filtered to minimize the hazardous material release into the atmosphere. This approach protects the local community from the pollutants and promotes a cleaner environment, reflecting our commitment to responsible manufacturing practices.

5.8. Supply Chain Management

We understand that the environmental and social impacts of our business reach well beyond our operations. By collaborating closely with our suppliers, we aim to ensure that the materials we use are ethically sourced and have a minimal environmental impact. This sustainable approach to supply chain management strengthens our relationships with suppliers, enabling us to mitigate risks, reduce waste and foster innovation that benefits our products, our business and our planet.

We also realize the importance of transparency and accountability in our supply chain and we have been actively working towards building a more ethical one by having developed and implemented the procedures of vendor evaluation and selection. The procedures ensure that we always maintain a list of qualified and competent suppliers that align with our standards and values.

SUSTAINABILITY STATEMENT (CONT'D)

5.9. Data Privacy and Protection

We are deeply committed to protecting the privacy of our customers, employees, suppliers and other partners. Data privacy and protection are fundamental to our ethical business practices. We implement robust security measures that comply with industry best practices and the Personal Data Protection Act ("PDPA") to safeguard sensitive information. Our ongoing efforts include comprehensive data governance, regular security assessments and employee training to minimize risks and ensure responsible handling of personal data. All our data is stored on company servers with access controls and firewall protection to prevent unauthorized access. We believe that strong data privacy practices foster trust with our stakeholders and are vital to our long-term success. We take pride in having maintained a record of zero breaches or losses of customer data over the past three financial years.

5.10. Diversity and Inclusion

Malaysia is characterized by its multi-ethnic and multicultural society, offering businesses a unique opportunity to embrace diversity and inclusion. We believe that fostering a workplace where individuals from all backgrounds feel valued, respected and empowered can lead to a more innovative, engaged and successful workforce. Diversity and inclusion promote unity, spark creativity and enhance problem-solving abilities within our organization. They also enable us to better understand and serve our diverse customers worldwide.

The following table exhibit the three-year average employee distribution in terms of ethnicity, gender and age. The Graph also reflects the population composition of Muar city by race and the labour-intensive feature of the industry. Our staff is comprised of two major ethnic groups which are Malay, Chinese from Malaysia, as well as foreign laborers from other countries.

TABLE 6

FYE 2022				
Category/Ethnicity	Malay	Chinese	Indian	Foreign
Board of Directors	20%	80%	Nil	Nil
Production	2%	5%	Nil	93%
Non-production	33%	62%	Nil	5%
FYE 2023				
Category/Ethnicity	Malay	Chinese	Indian	Foreign
Board of Directors	20%	80%	Nil	Nil
Production	1.5%	4.6%	0.1%	93.8%
Non-production	33%	62%	Nil	5.2%
FYE 2024				
Category/Ethnicity	Malay	Chinese	Indian	Foreign
Board of Directors	20%	80%	Nil	Nil
Production	1.5%	3.9%	0.1%	94.5%
Non-production	33.3%	61.6%	Nil	5.1%

SUSTAINABILITY STATEMENT (CONT'D)

TABLE 7

Category/Gender	FYE 2022		FYE 2023		FYE 2024	
	Male	Female	Male	Female	Male	Female
Board of Directors	80%	20%	60%	40%	60%	40%
Production	97.9%	2.1%	97.9%	2.1%	98%	2%
Non-production	28.2%	71.8%	29.9%	70.1%	28.2%	71.8%

TABLE 8

Category/Age	FYE 2022		FYE 2023		FYE 2024	
	Between 20 - 45	Above 45	Between 20 - 45	Above 45	Between 20 - 45	Above 45
Board of Directors	Nil	100%	Nil	100%	Nil	100%
Production	95.9%	4.1%	95.6%	4.4%	95.4%	4.6%
Non-production	76.9%	23.1%	76.6%	23.4%	78.2%	21.8%

5.11. Anti-Bribery and Corruption

Our steadfast dedication to anti-corruption principles cultivates a culture of integrity, transparency and accountability across our organization. We uphold a zero-tolerance policy against bribery and corruption, bolstered by our comprehensive compliance programs. These programs encompass employee training, a robust whistle-blowing policy, clear communication channels for reporting concerns and regular audits. Such measures ensure a fair and equitable business environment, safeguard our reputation and attract socially responsible investors.

In the past three financial years, we have achieved full employee training coverage and complete operational assessments against corruption risks. We are proud to have maintained our record with zero confirmed incidents of corruption during this period.

6. LOOKING FORWARD

As we reflect on our sustainability journey, we are proud of the significant progress made across our environmental, social and governance initiatives. Our achievements include maintaining zero workplace fatalities and reducing water consumption. We have also demonstrated our commitment to workforce development through increased training hours and maintained excellent safety records with low incident rates.

We recognize that sustainability is an ongoing journey rather than a destination. As we move forward, we remain committed to our vision of being one of the leading global manufacturers of high-quality, innovative home furniture while maintaining the highest standards of sustainable business practices. We will continue to adapt our strategies to meet emerging challenges and opportunities, always keeping our commitment to environmental stewardship, social responsibility and ethical governance at the forefront of our operations.

Our success in achieving these goals will require the continued dedication of our employees, the support of our stakeholders and the maintenance of strong partnerships throughout our value chain. We look forward to sharing our progress and achievements in future sustainability statement as we work together toward a more sustainable future.



ASSURANCE STATEMENT

Introduction

Carbon Beyond Technology has been engaged by Homeritz Corporation Berhad (the "Company") to provide limited assurance on its FY2024 Sustainability Statement (the "Statement"). The Statement covers the Company's sustainability performance for the year ended August 31, 2024.

Intended Users of This Assurance Statement

This Assurance Statement is provided with the intention of informing the Company's stakeholders.

Our Responsibilities

We verified and consolidated the data collected from the Company for the scope of the Statement.

Our limited assurance engagement was conducted in the manner of intermediate level as defined in the Sustainability Reporting Guide 3rd Edition issued by Bursa Malaysia and also based upon Global Reporting Institute (GRI) standards at a moderate level of scrutiny. The standards require that we plan and perform our procedures to obtain limited assurance about whether the Statement is free from material misstatement.

Our procedures included:

- Reviewing the Company's sustainability policies and procedures.
- Assessing the data provided by the Company.
- Performing inquiries of the Company's management regarding the assumptions and basis used in collecting the data and preparing the Statement.
- Analyzing relevant information and explanations supporting the disclosures in the Statement.

Our Conclusion

On the basis of the methodology described and the verification work performed, the information and data contained within the Statement is reliable and there are no material misstatements in the Company's FY2024 Sustainability Statement.

Important Matters

The Statement is the responsibility of the Company's management. Our responsibility is to provide an independent assurance statement in the Statement based on our limited assurance procedures.

SUSTAINABILITY STATEMENT (CONT'D)

Signed:



Carbon Beyond Sdn Bhd

www.carbon-beyond.com

Unit 23A-8, Oval Tower @ Damansara, 685, Jalan Damansara, Damansara, 60000, Kuala Lumpur

11 December 2024

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY DATA TABLE

Indicator	Measurement Unit	2022	2023	2024
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.12	0.72	0.47
Bursa C5(c) Number of employees trained on health and safety standards	Number	0	0	82
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Production	Hours	0	26	35
Non-Production	Hours	33.5	196.5	390
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0	0	0
Bursa C6(c) Total number of employee turnover by employee category				
Production	Number	111	148	123
Non-Production	Number	19	26	26
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	52	43	45
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	4,529.86	4,238.80	6,038.91
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	53,597	42,308	38,723
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Production	Percentage	100	100	100
Non-Production	Percentage	100	100	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	34,940	228,070	47,565
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	9	10	11
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Production Between 20-45	Percentage	95.9	95.6	95.4
Production Above 45	Percentage	4.1	4.4	4.6
Non-production Between 20-45	Percentage	76.9	76.6	78.2
Non-production Above 45	Percentage	23.1	23.4	21.8
Gender Group by Employee Category				
Production Male	Percentage	97.9	97.9	98
Production Female	Percentage	2.1	2.1	2
Non-production Male	Percentage	28.2	29.9	28.2
Non-production Female	Percentage	71.8	70.1	71.8
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	80	60	60
Female	Percentage	20	40	40
Between 20-45	Percentage	0	0	0
Above 45	Percentage	100	100	100

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY PERFORMANCE REPORT

Indicator	Measurement Unit	2024
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.47
Bursa C5(c) Number of employees trained on health and safety standards	Number	82
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Production	Hours	35
Non-Production	Hours	390
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category		
Production	Number	123
Non-Production	Number	26
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	45.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	6,038.91
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	38,723.000000
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Production	Percentage	100.00
Non-Production	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	47,565.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	11
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Production Between 20-45	Percentage	95.40
Production Above 45	Percentage	4.60
Non-production Between 20-45	Percentage	78.20
Non-production Above 45	Percentage	21.80
Gender Group by Employee Category		
Production Male	Percentage	98.00
Production Female	Percentage	2.00
Non-production Male	Percentage	28.20
Non-production Female	Percentage	71.80
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	60.00
Female	Percentage	40.00
Between 20-45	Percentage	0.00
Above 45	Percentage	100.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Homeritz Corporation Berhad ("Company" or "Homeritz") acknowledges the importance of practising good corporate governance practices under the leadership of the Board of Directors ("Board"), as guided by the Malaysian Code on Corporate Governance ("MCCG") within the Company and the subsidiaries ("the Group"). It is being applied as a fundamental part of discharging the directors' responsibilities to protect and to enhance shareholders' value.

The Board of Directors of Homeritz presents this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year 31 August ("FYE") 2024. This statement takes guidance from the key Corporate Governance principles as set out in the MCCG. The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report 2024 which is available on the Company website at <http://www.homeritzcorp.com>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board's Leadership on Objectives and Goals

1.1 Company's strategic aims, values and standards

The Board is responsible for formulating the strategic plans and establishing visions and goals for delivery of long-term values and ensures effective leadership through oversight on management and continuously monitoring, overseeing and evaluating the Group's strategies, policies and performance so as to protect and to enhance shareholders' and other stakeholders' value.

There is a division of functions between the Board and the Management. The Board is focused on the Group's overall governance by ensuring the implementation of strategic plans and objectives are in line with its vision and missions; and that accountability to the Group and stakeholders is monitored effectively. The Board does not actively manage but rather oversees the overall management of the Group which is delegated to the Managing Director who is responsible for the day-to-day management of the business and operations of the Group. He is supported by the Executive Director and the Senior Management Team.

To ensure the effective discharge of its function and responsibilities, the Board also delegates some of the Board's authorities and discretion to the properly constituted Board Committees, namely the Audit and Risk Management Committee ("ARMC"), Nominating Committee and Remuneration Committee, which are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board. Besides that, the Chairman of the relevant Board Committees also reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Board may also delegate specific functions to ad hoc committees as and when required. The powers delegated to these committees are set out in the Terms of Reference of each of the Committees as approved by the Board.

The Board meets quarterly and at such time as it deems necessary to fulfil its responsibilities. The Board is kept informed of key strategic initiatives, significant operational issues and the Group's performance through the comprehensive status report tabled and deliberated in the meetings. Various Key Performance Indicators ("KPIs") are set and monitored from time to time.

The Independent Non-Executive Directors provide objective and independent judgement to the decision making of the Board which provides an effective check and balance to the Board's decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

1.2 The Chairman

The Board is of the opinion that the current Board size is optimum and well-managed under the leadership of the Board as a whole. With a strong and effective representation of Independent Non-Executive Directors, which forms a majority in the Board, the necessary check and balance is in place. Hence, the Board is of the view to maintain the current well-balanced board composition until such time where the need for a Chairman arises. The Board as a whole is wholly responsible for matters pertaining to the overall conduct of the Group and is committed to good corporate governance practices.

1.3 Separation of positions of the Chairman and Group Chief Executive Officer ("CEO")

Given the size of the Group is relatively small, the Group does not have an independent Chairman and a CEO. The Group is of the view that the current Board size is optimum and caters effectively to the scope of the Group's operations. The strong and majority representation of Independent Non-Executive Directors in the Board provides the necessary check and balance to safeguard the interests of all shareholders and stakeholders and to preserve a balance of authority, power and accountability. The Managing Director leads the senior management of the Company in the day-to-day management and running of the Group as well as the implementation of the Board's decisions and policies. Mr. Kee Tong Kiak as the Senior Independent Non-Executive Director, facilitates communication with shareholders and stakeholders in order to address and deal appropriately with any concerns raised.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) professionally qualified Company Secretaries. Both Company Secretaries have the requisite credentials and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("the Act"). The Company Secretaries play an important advisory role and is a source of information and advice to the Board and its committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

1.5 Meeting Materials

The Board is provided with an agenda, reports and other relevant information at least seven (7) days prior to the Board Meetings, covering various aspects of the Group's operations, so that they have a comprehensive understanding of the matters to be deliberated during meetings. All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretaries. Management and advisers are invited to attend Board Meetings, where necessary, to provide additional information and insights on the relevant agenda tabled at Board Meetings. Upon conclusion of the meetings, the minutes are circulated in a timely manner to all board members.

The Directors have the right to fully access of the advice and services of Company Secretaries and all information pertaining to the Group for the purpose of discharging their duties. The Board may, when necessary, obtain independent professional advice and information on specific matters, in the furtherance of their duties, at the cost of the Company.

The Company Secretaries attend and ensure that the deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

2. Demarcation of Responsibilities

2.1 Board Charter

The Board is guided by the Board Charter which sets out the roles, functions, authority, responsibilities, membership, key matters reserved for the Board, relationships with management and other matters. The Board reviews the Board Charter from time to time and updates the Board Charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure its effectiveness. The Board Charter is made available at the Company's website at <http://www.homeritzcorp.com>.

3. Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture which engenders ethical conduct. A Code of Conduct and Ethics is formalised and incorporated in the Board Charter with the aim to cultivate good corporate conduct that permeates throughout the Group through transparency, accountability and integrity.

The Code describes what the Group must endeavour to do proactively in order to increase corporate value and which describes the areas in daily activities that require caution in order to minimise any risks that may occur.

Directors are required to disclose any conflict of interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain themselves from any deliberations on the matter.

The Code of Conduct is made available for reference at the Company's website at <http://www.homeritzcorp.com>.

3.2 Whistleblowing Policy and Procedure

The Board has established the Whistleblowing Policy and Procedure and is committed to maintain the highest possible standard of professionalism, ethics and legal conduct in the Group's business activities. The Company's Whistleblowing Policy and Procedure provides a mechanism for its Board members, all levels of employees, contractors, suppliers, bankers, customers and business associates to report suspected or instances of wrong doing in the conduct of its business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.

The Whistleblowing Policy and Procedure is available on the Company's website at <http://www.homeritzcorp.com>.

3.3 Anti-Bribery and Corruption Policy

The Group acknowledges the importance in conducting business in an ethical and honest manner and is committed to implement and enforce systems that ensure bribery is prevented.

Following the implementation of the corporate liability provision involving commercial organisations under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which was enforced on 1 June 2020, the Group adopted the Anti-Bribery and Corruption Policy ("ABC Policy") which elaborates and provides guidance to whom the policy applies on and how to address improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The ABC Policy is available on the Company's website at <http://www.homeritzcorp.com>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

3.4 Directors' Fit and Proper Policy

The Board had adopted the Directors' Fit and Proper Policy. The Policy served as guidance to the Nominating Committee ("NC") and the Board in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election. This Policy is to ensure that Directors must possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. The fit and proper criteria will be applicable at the time of appointment as a director and on a continuing basis as all directors of the Company and/or its subsidiaries are expected to conduct themselves with highest integrity and professionalism as well as to comply with all relevant legal and regulatory obligations.

The Directors' Fit and Proper Policy is available on the Company's website at <http://www.homeritzcorp.com>.

4. Sustainability measure to support the Company's long-term strategy and success

4.1 Strategic Management of Material Sustainability Matters

Our sustainability efforts represent our commitment towards maximising opportunities and efficiency to continuously operate as a profitable entity and to create long term values to all stakeholders after taking into consideration the aspects of economic, environment and social ("EES"). The Group has an Enterprise Risk Management Committee ("ERMC"), which is chaired by the Group Managing Director and comprises senior management of the Group, to provide oversight role of monitoring sustainability activities, where the relevant material sustainability matters ("MSM") are identified by the ERMC in tandem with the normal risk management initiatives.

The ERMC will conduct a materiality review internally to identify MSM that were and remained relevant and significant to the Group and its stakeholders in influencing business decisions. The ERMC report to the Audit and Risk Management Committee ("ARMC") on the sustainability developments. The MSM list will table to the Board by ARMC for the Board's approval.

Please refer to the Sustainability Statement for the relevant measures in managing the sustainability matters.

4.2 Delivery of Sustainability Consideration to Stakeholder

The Board had engaged with the stakeholders proactively such as Shareholders, Customers, Employees, Suppliers, Government and Regulator accordingly, to ensure that the Board meet the stakeholders' expectation and satisfaction for the Company's sustainability growth.

The Company had also disclosed the sustainability measures and forms of engagement with the stakeholder in the Sustainability Statement which also formed part of the Annual Report 2024 to the stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PART II – BOARD COMPOSITION

5. Board's Objectivity

5.1 Composition of the Board

The Board currently has five (5) members, comprising two (2) Executive Directors, one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors. This Board composition complies with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") to have at least one third (1/3) of Independent Directors in the Board.

Notwithstanding that the Board does not have an Independent Chairman, the existing Independent Non-Executive Directors have accounted for more than fifty percent (50%) of the Board composition. Further, the Board is of the opinion that the strong representation of high calibre Independent Non-Executive Directors which forms the majority of the Board, provides the necessary check and balance required.

The current Board composition is in line with the MCCG best practice that requires at least half of the Board to comprise of independent directors.

5.2 Re-election of Director

In accordance with the Constitution of the Company, all directors shall retire from office once in every three (3) years but shall be eligible for re-election and one-third (1/3) of the directors shall retire from office and be eligible for re-election at each Annual General Meeting ("AGM").

Newly appointed directors during the financial year shall hold office until the next following AGM and shall then be eligible for re-election. This requirement has been adhered to by the Board members in AGM.

The Nominating Committee is responsible for recommending to the Board those Directors who are eligible to stand for re-election.

5.3 Tenure of Independent Directors

As at the date of this Statement, none of the Independent Non-Executive Director has reached nine (9) years of service since their appointment as Director. Their tenure of service is set out in the Board of Directors' Profile of this Annual Report.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

5.4 Policy on Independent Director's Tenure

The Board is of the view that the independence of Directors is assessed based on their independent judgement, courage to confront management for clarification and raise any issue of concern, to weigh the management proposals rationally and objectively. The independence has not been compromised though they may be on the Board for more than nine (9) years.

The Board Charter has reviewed and adopted the MCCG to justify and seek shareholders' approval annually through a two-tier voting process in the event the Board desires to retain a director who has served in the capacity for more than nine (9) years as an Independent Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

5.5 Diverse Board and Senior Management

The Nominating Committee is responsible for reviewing and assessing the mix of skills, expertise, composition, size, experience and effectiveness of the Board, its Committees and senior management.

This process ensures that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.

The Board recognises that a diverse Board can offer greater depth and breadth compared to non-diverse Board. Board diversity provides for discussion of the same ideas in differing ways, allowing constructive debates that lead to better decision-making.

Appointment of Board and Key Senior Management are based on objective criteria, merit and besides gender diversity, due regard is placed for diversity in skills, experience, age and cultural background. Please refer to the Board of Directors' Profile and Profile of Key Senior Management on pages 7 to 8 and 53 respectively for further information.

5.6 Gender Diversity Policy

The Board acknowledges the importance of gender diversity in the Board and senior management and the recommendation of the MCGG pertaining to the establishment of a gender diversity policy. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The Board currently has 40% female representation on the Board, which meets the gender equality principles as set out in the MCGG.

5.7 New Candidates for Board Appointment

The Nominating Committee is responsible for identifying, assessing and recommending suitable candidates for Board membership and also for evaluating the performance of the Directors on an on-going basis. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.

The process for the appointment of a new director is summarised as follows: -

- 1.) A candidate is identified through recommendation of existing Directors, senior management staff, other consultants and/or independent sources;
- 2.) In evaluating the suitability of candidates to the Board, the Nominating Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
- 3.) The Nominating Committee will make recommendation to the Board if the proposed candidate is found to be suitable. This includes recommendation for appointment as a member of the various Board committees, where necessary; and
- 4.) The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the Nominating Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

5.8 Nominating Committee

The Nominating Committee has three (3) members comprising exclusively Non-Executive Directors, all of whom are Independent Directors. The Nominating Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the Nominating Committee had met once and full attendance by the members was recorded.

Directors	Number of Meetings Attended
Chairman	
Kee Tong Kiak <i>Senior Independent Non-Executive Director</i>	1/1
Members	
Hamsiah Binti Khalid <i>Independent Non-Executive Director</i>	1/1
Wong Wai Hung <i>Independent Non-Executive Director</i> <i>(Appointed on 15 December 2023)</i>	0/0
Teo Seng Kuang <i>Independent Non-Executive Director</i> <i>(Resigned w.e.f 15 December 2023)</i>	1/1

The Nominating Committee is responsible for assessing the performance of the existing Directors, reviewing the training needs of Directors and assessing the independence of the Independent Directors. The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each ARMC Member.

The Terms of Reference ("ToR") of the Nominating Committee is available on the Company's website at <http://www.homeritzcorp.com>.

6. Overall Board Effectiveness

6.1 Annual Evaluation and Directors Training

The Board, together with the Nominating Committee, determines the size and composition of the Board that facilitates the decision-making process of the Company. The Board comprises of directors with a broad and relevant range of skills, diversity, expertise and experience.

The Nominating Committee conducted its annual evaluation on the effectiveness of the Board, its Committees and the contribution of each Director.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, relationship with management, roles and responsibilities of the Board, the Board Committee and the Chairman and corporate governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

These assessments and comments by all Directors were summarised and discussed at the Nominating Committee meeting which were then reported to the Board at the Board meeting held thereafter. This will allow the Directors to know their standing and the Board to take appropriate remedial actions when necessary.

There were no major concerns from the results of the annual assessment. The Nominating Committee is satisfied that the size of the Board is optimum and there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

Based on the annual board assessment and evaluation, the Nominating Committee has recommended the re-election of Mr Chua Fen Fatt and Ms Tee Hwee Ing as directors at the forthcoming 17th AGM. The Board (saved for the interested directors) is satisfied that these two (2) directors have continued to contribute to the Board effectiveness and have discharged their fiduciary duties and responsibilities as directors in accordance with their respective ToR.

The Directors are aware of the time commitment expected from each of them to attend to the matters of the Group generally, including attendance at Board, Board Committee and other types of meetings. The Directors would notify the Company prior to accepting any new directorship in a public listed company ("PLC"). None of our Directors hold more than five (5) directorships in PLC. The Board is satisfied that the present directorships in external organizations held by the Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group.

The Board has committed to meet at least four (4) times a year, usually before the announcement of quarterly results to Bursa Securities, with additional meetings convened when necessary.

During the FYE 2024, five (5) Board Meetings were held and the attendance is as follows: -

Directors	Number of Meetings Attended
Chua Fen Fatt	5/5
Tee Hwee Ing	5/5
Kee Tong Kiak	5/5
Hamsiah Binti Khalid	5/5
Wong Wai Hung (<i>Appointed on 15 December 2023</i>)	3/3
Teo Seng Kuang (<i>Resigned w.e.f 15 December 2023</i>)	2/2

The Board acknowledges that continuous education is vital in keeping them abreast with developments in the market place, new statutory and regulatory requirements updates, as well as enhancing professionalism and knowledge in enabling them to discharge their roles in an effective manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

During the financial year under review, all the Directors have attended the seminars and training programmes as follows:

Directors	Training Programme Attended
Chua Fen Fatt	Scheduled Waste Management Introduction of E-invoice
Tee Hwee Ing	Scheduled Waste Management Introduction of E-invoice
Kee Tong Kiak	Case Study – Based Webinar: ESG – Role of the Accountant and Financial Reporting
Hamsiah Binti Khalid	Mandatory Accreditation Programme (MAP) MIA International Accountants Conference 2024 – Navigating New Frontiers, Embracing Sustainability
Wong Wai Hung	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) E-Invoice Implementation Antibribery & Corruption Training (ABC)

PART III – REMUNERATION

7. Level and Composition of Remuneration

7.1 Remuneration Policy

The Company aims to set remuneration at levels which are sufficient to attract and to retain Directors and senior management to run the business successfully taking into consideration all relevant factors including the function, workload and responsibilities involved. The remuneration policy and procedures are available on the Company's website at <http://www.homeritzcorp.com>.

For Executive Director and senior management, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, they receive a fixed Director's fee, meeting and travelling allowance for attending meetings of the Board and its Committees. Other allowance may also be paid for performance of specific job assignment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

7.2 Remuneration Committee

The Remuneration Committee has three (3) members of whom all are Independent Non-Executive Directors.

Directors	Number of Meetings Attended
Chairman	
Wong Wai Hung <i>Independent Non-Executive Director</i>	1/1
Members	
Kee Tong Kiak <i>Senior Independent Non-Executive Director</i>	1/1
Hamsiah Binti Khalid <i>Independent Non-Executive Director</i>	1/1

The Remuneration Committee is guided by its Terms of Reference, which is available on the Company's website, <http://www.homeritzcorp.com>. The Remuneration Committee is responsible for setting and reviewing policies and procedures on matters relating to the remuneration of the Board and Senior Management.

The Remuneration Committee makes recommendation to the Board on all elements of remuneration and terms of employment of Executive Directors and Senior Management. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. The Directors' fees and allowances are subject to the approval of the shareholders of the Company at the AGM.

The current remuneration payable to Non-Executive Directors comprises Directors' fees and meeting allowance, based on the number of meetings they attended for a year.

Meetings of the Remuneration Committee are held as and when necessary and at least once a year. The Members met once in the FYE 2024 and full attendance by the members was recorded.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

8. Remuneration for Directors and Senior Management

8.1 Directors' Remuneration

The details of the remuneration received and receivable by the Directors of the Company and the Group for FYE 2024 are as follows: -

Company

Directors	Salaries and Bonus (RM)	EPF, SOCSO, and EIS Contribution (RM)	Director Fee (RM)	Meeting Allowance (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors						
Chua Fen Fatt	-	-	-	3,500	-	3,500
Tee Hwee Ing	-	-	-	3,500	-	3,500
Total	-	-	-	7,000	-	7,000
Non-Executive Directors						
Kee Tong Kiak	-	-	54,000	3,500	-	57,500
Hamsiah Binti Khalid	-	-	42,000	3,500	-	45,500
Wong Wai Hung (Appointed on 15 December 2023)	-	-	29,750	2,100	-	31,850
Teo Seng Kuang (Resigned w.e.f 15 December 2023)	-	-	13,417	1,400	-	14,817
Total	-	-	139,167	10,500	-	149,667

Group

Directors	Salaries and Bonus (RM)	EPF, SOCSO, and EIS Contribution (RM)	Director Fee (RM)	Meeting Allowance (RM)	Benefits-in-kind (RM)	Total (RM)
Executive Directors						
Chua Fen Fatt	2,150,000	324,159	-	3,500	28,000	2,505,659
Tee Hwee Ing	2,150,000	324,158	-	3,500	-	2,477,658
Total	4,300,000	648,317	-	7,000	28,000	4,983,317
Non-Executive Directors						
Kee Tong Kiak	-	-	54,000	3,500	-	57,500
Hamsiah Binti Khalid	-	-	42,000	3,500	-	45,500
Wong Wai Hung (Appointed on 15 December 2023)	-	-	29,750	2,100	-	31,850
Teo Seng Kuang (Resigned w.e.f 15 December 2023)	-	-	13,417	1,400	-	14,817
Total	-	-	139,167	10,500	-	149,667

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Aggregate Directors' Remuneration

Categories of Remuneration	Group		Company	
	Executive Directors (RM)	Non-Executive Directors (RM)	Executive Directors (RM)	Non-Executive Directors (RM)
Salaries and bonus	4,300,000	-	-	-
EPF, SOCSO and EIS Contribution	648,317	-	-	-
Director Fee	-	139,167	-	139,167
Meeting Allowance	7,000	10,500	7,000	10,500
Benefits-in-kind	28,000	-	-	-
	4,983,317	149,667	7,000	149,667

Total remuneration of Directors in respect of the FYE 2024, in bands of RM50,000 is tabulated below:

	Number of Directors		Total
	Executive Directors	Non-Executive Directors	
Below RM 50,000	-	3	3
RM 50,001 - RM 100,000	-	1	1
RM100,001 - RM150,000	-	-	-
RM150,001 - RM200,000	-	-	-
RM200,001 - RM250,000	-	-	-
RM250,001 - RM300,000	-	-	-
RM300,001 - RM350,000	-	-	-
RM350,001 - RM400,000	-	-	-
RM400,001 - RM450,000	-	-	-
RM450,001 - RM500,000	-	-	-
RM500,001 - RM550,000	-	-	-
RM550,001 - RM600,000	-	-	-
RM600,001 - RM650,000	-	-	-
RM650,001 - RM700,000	-	-	-
RM700,001 - RM750,000	-	-	-
RM750,001 - RM800,000	-	-	-
RM800,001 and above	2	-	2

8.2 Senior Management's Remuneration

With regard to the disclosure of remuneration of Group's senior management, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the senior management due to the sensitivity of their remuneration package, privacy, competition and issue of staff poaching.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

9. Effective and Independent ARMC

The ARMC of the Company presently comprises of all three (3) members as Independent Non-Executive Directors. The Chairman of the ARMC namely Mr Kee Tong Kiak is distinct from the Chairman of the Board.

The members of the ARMC have a mix of legal, commercial, banking, financial skills, management and accounting experience. Arrangements will be made by the Company for the members of the Committee to attend seminars to continue to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The ARMC is tasked to assist the Board in overseeing the Group’s financial reporting processes and reviewing the financial statements to ensure that the financial statements are properly drawn up in accordance to the provisions of the Companies Act 2016 and applicable Malaysian Financial Reporting Standards by the Malaysian Accounting Standards Board (“MASB”) with the objective to give a true and fair view of the state of affairs of the Group.

The Board, through the ARMC, establishes a formal and transparent arrangement with the external auditors of the Company in seeking professional advice and in ensuring compliance with the relevant Malaysian Financial Reporting Standards issued by MASB.

The ARMC communicated directly and independently with the auditors without the presence of the Executive Directors at least twice a year during each financial year to discuss the audit findings and/or any issues detected during the course of audit work.

The ARMC is delegated with the task of assessing the suitability, competence, objectivity and independence of Messrs. Crowe Malaysia PLT as the External Auditor of the Company, taking into consideration the level of non-audit services rendered by Crowe Malaysia PLT to the Company during the financial year under review. The ARMC also seeks written assurance and declaration from the External Auditor, confirming that they are and have been, independent throughout the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants. Based on the recommendation of ARMC on the re-appointment of External Auditor, the Board would then seek shareholders’ approval at the AGM.

Further details of the roles and responsibilities of the ARMC, including the activities undertaken during the year under review, are set out in the ARMC on pages 46 to 48 of this Annual Report.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10. Risk Management and Internal Control Framework

10.1 Effective Risk Management and Internal Control Framework

The Board affirms its overall responsibilities for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness.

The Board recognises the Company’s level of risk tolerance and actively identify, assess and monitor significant business risks on an ongoing basis to safeguard shareholders’ investments and Company’s assets. Appropriate internal control systems are put in place as measures to manage and mitigate the impact of the key risk within cost levels appropriate to the significance of the risks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Group has an outsourcing arrangement with an independent internal audit service provider ("Internal Auditor") in relation to its internal audit function to examine and evaluate the adequacy and effectiveness of the Group's internal control systems. The Internal Auditor reports directly to the ARMC during the quarterly ARMC meetings. Further details of the Group's internal audit function are set out in the Statement on Risk Management and Internal Control section of this Annual Report.

10.2 Features, Adequacy and Effectiveness of Risk Management and Internal Control Framework

The Board has adopted a systematic approach to oversee the actual performance and provides guidance to the Management on measures to improve the business performance and minimise risk impacts. The Group has an adequate and effective risk management framework and a sound internal control system in place. The Group's risk management function is being assigned to the ARMC to monitor and mitigate the significant key business risks. The ARMC will perform a risk oversight role by reviewing the adequacy and effectiveness of the Group's system of internal control and risk management function and advises the Board accordingly.

The Board is committed towards improving the risk management to meet its corporate objectives and to support all types of businesses and operations within the acceptable level of risks which are aligned with the Group's risk appetite. The Board is of the view that the existing system of risk management and internal control is sound and sufficient to protect the Group's interest and that of its stakeholders. The features of risk management and internal control framework are adequately disclosed in the Audit and Risk Management Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control of this Annual Report.

11. Effective Governance, Risk Management and Internal Control

The Board emphasized on the internal control and risk management which safeguard the Group's assets and shareholder's interest. To maintain independency, the Company has engaged internal audit function to an external independent consultant ("Internal Auditor"). The ARMC has opined that the internal audit team had carried out their duties objectively, impartially and independently in accordance with the Internal Audit Charter, International Professional Practice Framework for Internal Auditing and Code of Ethics for Internal Auditors. The ARMC is satisfied that the Internal Auditor had maintained a high degree of independence and professionalism in carrying out their duties.

Besides, the ARMC has reviewed the adequacy of resource requirements and competencies of the audit staff as well as the annual audit plan and their audit works. The ARMC has obtained reasonable assurance that the internal audit function has advised the Board accordingly and remained effective. As such, the Board is confident that the Internal Auditor is competent enough to provide value added services and able to meet all its audit objectives.

The processes of corporate governance, risk management and internal control framework are adequately disclosed in the Audit and Risk Management Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – ENGAGEMENT WITH STAKEHOLDERS

12. Continuous Communication between Company and Stakeholders

The Board acknowledges the importance of an effective communication channel between the Board, shareholders and general public and at the same time, fully compliance with the Bursa Securities' disclosure framework to provide investors and the public with complete and accurate information on a timely basis. Hence, the Board has established Corporate Disclosure Policy to promote timely and high-quality disclosure of material information to the public.

The Board is also mindful that information that is expected to be material must be handled with caution and announced immediately. The annual reports, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Board will continue to assess and improve on the reporting and disclosure. The Company further ensures that shareholders are kept fully informed through information provided on the Bursa Securities' and Company's websites at <http://www.bursamalaysia.com> and <http://www.homeritzcorp.com> respectively and it is accessible by public.

PART II – CONDUCT OF GENERAL MEETINGS

13. Encourage Shareholders' Participation at General Meetings

The Board values the participation of shareholders at general meetings and recognises their contributions as valuable feedback for the conduct of the Group's businesses. Notice of AGM and Annual Reports are sent to shareholders at least twenty-eight (28) days prior to the meeting.

This would allow the shareholders to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney together with the Notice of AGM, which provides information to shareholders with regard to, among others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

All the Directors shall endeavour to present in person to engage directly with and be accountable to the shareholders for their stewardship of the Company at the 17th AGM. The proceedings of the 17th AGM will include the Chairperson's briefing on the Company's overall performance for FYE 2024, the presentation of the external auditors' unqualified report to the shareholders, and a Question & Answer ("Q&A") session which the Chairperson will invite shareholders to raise questions pertaining to the Company's financial statements and other items for adoption at the meeting, before putting a resolution to vote. The Directors and external auditors will be in attendance to respond to the shareholders' queries.

Under Paragraph 8.29A(1) of the Listing Requirements, a PLC must, among others, ensure that any resolution set out in the notice of any general meeting, is voted by poll. For this purpose, the share registrar will be appointed as the Poll Administrator and an independent scrutineer will be appointed to validate the votes cast at the 17th AGM. All shareholders or proxies will be briefed on the voting procedures prior to the poll voting by the Share Registrar.

The outcome of the 17th AGM will be announced to Bursa Securities on the same meeting day.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

COMPLIANCE STATEMENT

The Board is pleased to report this Statement, together with the Corporate Governance Report which is available on the Company's website at <http://www.homeritzcorp.com>. provides the corporate governance practices of the Company with reference to the MCCG. The Board considers and is satisfied that the Company has fulfilled its obligations under the board Principles set out in the MCCG. However, the Board has reserved several of the Practices and has rationalised and provided justifications for the deviations in the Corporate Governance Report. Nevertheless, the Company will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

This Statement was approved at the meeting of the Board on 11 December 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS

There were no proceeds raised from any proposal during the financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for the services rendered to the Group by the External Auditors for the financial year under review are as per table below:

	Company (RM)	Subsidiaries (RM)
Audit fees	28,000	92,000
Non-audit fees	5,000	-
	33,000	92,000

3. MATERIAL CONTRACTS

During the financial year under review, there were no material contracts entered into by the Company and its subsidiaries involving Directors' and / or substantial Shareholders' interests.

4. RECURRENT RELATED PARTY TRANSACTIONS

Details of the recurrent related party transactions undertaken by the Group during the financial year are disclosed in Note 29 of the Financial Statements herein.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") comprises three (3) members, all of whom are Independent Non-Executive Directors. The current composition meets the requirement of paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Should there be a vacancy in the ARMC resulting in the non-compliance of paragraphs 15.09(1) and 15.10 of the Listing Requirements, the Company must fill up the vacancy within three (3) months thereof.

The ARMC reviews and updates its Term of Reference ("ToR") from time to time as to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. The salient features of the ToR can be viewed on the Company's website at <http://www.homeritzcorp.com>.

SUMMARY OF ACTIVITIES

A total of five (5) ARMC meetings were held for the financial year ended 31 August ("FYE") 2024. The details of attendance of each ARMC member are as follows:

Members	Attendance
Chairman Kee Tong Kiak <i>Senior Independent Non-Executive Director</i>	5/5
Members Hamsiah Binti Khalid <i>Independent Non-Executive Director</i>	5/5
Wong Wai Hung <i>Independent Non-Executive Director</i> <i>(Appointed on 15 December 2023)</i>	3/3
Teo Seng Kuang <i>Independent Non-Executive Director</i> <i>(Resigned w.e.f 15 December 2023)</i>	2/2

The main activities undertaken by the Committee during the financial year under review included the following:

- a) Ensuring Financial Statements Comply with Applicable Accounting Standards and Other Legal Requirement
 - reviewed the unaudited quarterly financial results, audited financial statements and annual report of the Group and the Company and ensured of amongst others, that it complies with applicable Malaysian Financial Reporting Standards prior to making recommendations for the Board's approval and subsequent announcements;
 - reviewed any changes in the implementation of major accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with Listing Requirements of Bursa Malaysia Securities Berhad and other legal requirements; and
 - monitored the integrity of the financial statements of the Company and assessed whether the financial report represents a true and fair view of the Company's performance and ensured compliance with the regulatory requirements.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

b) Related Party Transactions

- reviewed the potential related party transaction and any conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

c) External Audit

- reviewed and evaluated factors relating to the independence of the External Auditors. The ARMC worked closely with the External Auditors in establishing procedures in assessing the suitability and independence of the External Auditors, in confirming that they are and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants;
- considered and recommended to the Board of Directors the re-appointment of Crowe Malaysia PLT as the External Auditors and payments of fees including fees paid for non-audit services during the financial year;
- reviewed with the External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by Malaysian Accounting Standards Board;
- reviewed with the External Auditors the audit review memorandum covering the results of the audited financial statements and audit report in particular, accounting issues and significant audit adjustments arising from the external audit; and
- conducted private meetings with the external auditors without the presence of Executive Directors or employees of the Group.

d) Internal Audit

- considered and recommended to the Board of Directors the appointment of the Internal Auditors and payments of fees;
- reviewed the adequacy of the scope, function, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- reviewed the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- reviewed the performance and competency of the Internal Auditors;
- reviewed internal audit reports, recommendations and Management's responses and assessed on the actual and potential impact of any failure or weakness of the internal controls in place. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the Internal Auditors were discussed together with the Management Team in a separate forum; and
- reviewed implementation of the recommendations made by the Internal Auditors through follow-up internal audit reports to the ARMC.

e) Whistleblowing and Fraud

- reviewed the whistle-blowing policy for adoption to the Board; and
- cultivated the awareness of the employees and ensured the whistleblower could report directly to the ARMC on any possible wrongdoings or fraud detected.

f) Risk Management

- reviewed the principal risks which may affect the Group directly or indirectly and if deemed necessary, recommend additional course(s) of action to mitigate such risks;
- reviewed on the adequacy and effectiveness of the enterprise risk management framework;
- reviewed the material sustainability matters of the Group and recommended the same to the Board for approval; and
- reviewed the Statement of Risk Management and Internal Control and the Sustainability Statement of Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

g) Overseeing the Governance Practices in the Group

- reviewed the application of Corporate Governance principles and the extent of the Group's compliance with the recommendations set out under the new Malaysian Code of Corporate Governance;
- reviewed the Corporate Governance Overview Statement, Corporate Governance Report and ARMC Report to ensure adherence to legal and regulatory reporting requirements and appropriate resolution of all accounting matters requiring significant judgement and recommended the same to the Board for approval;
- reviewed the minutes of meeting of the ARMC;
- reviewed and recommended to the Board for approval the Anti-Bribery and Corruption Policy and revision thereto; and
- reviewed the revised Term of Reference of the ARMC; and
- reviewed, monitor and report any conflict of interest ("COI") situations that involve directors and key senior management within the Group included those COI situations that arose, persist or may arise and the measures taken to resolve, eliminate or mitigate such COI situations. During the financial year, there were no COI situations that involved directors and key senior management within the Group.

INTERNAL AUDIT FUNCTION

The Board acknowledges that it is responsible for maintaining sound systems of internal control which provide reasonable assessment of effective operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Group has engaged an external independent consultant ("Internal Auditors" or "IA") to carry out the internal audit function to assist the ARMC in maintaining sound systems of internal control. The internal audits were undertaken to provide independent assessment on the accuracy, efficiency and effectiveness of the Group's internal control systems. The IA report directly to the ARMC. The IA present and discuss Internal Audit Plan with the ARMC and present the result of reviews directly to the ARMC which includes significant internal audit findings, recommendations for improvements, Management's response and proposed action plans.

During the FYE 2024, the external independent consultant has conducted review on internal control of the selected subsidiaries focusing on the following areas: -

- Network filtering mechanism to control inbound and outbound traffic;
- Managing configuration of operating system and network in a secure manner and encryption of information in storage according to its classification;
- Controls over system user access rights;
- User training and continuous education;
- Production planning;
- Production execution;
- Detection, resolution and reporting to management of production shortfalls and problems; and
- Monitoring of production plant efficiency and performance.

An overview of the Group's approach in maintaining sound systems of internal control is set out in the Statement on Risk Management and Internal Control on pages 49 to 52 of this Annual Report.

The professional fee incurred for the internal audit function for the financial year 2024 was RM 22,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

In pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board is pleased to present its Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 August 2024.

BOARD’S RESPONSIBILITY

The Board acknowledges its responsibility for ensuring that a sound system of risk management and internal control is maintained. It has reviewed the effectiveness of these systems to safeguard shareholders’ interests and the Group’s assets.

During the financial year under review, the Board is of the view that the Company’s overall risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management framework and practices adopted by the Group. The Board has also received the same assurance from both the Managing Director and the Accountant of the Company.

Notwithstanding the above, in view of limitations that are inherent in any systems of risk management and internal control, such systems are designed to manage, rather than eliminate the risks of failure to achieve the Group’s business objectives. They can only provide reasonable, rather than absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board recognizes that effective risk management is essential for achieving the Group’s strategic and operational objectives and goals.

Risk management is an integral part of the Group’s decision making and routine management and it is incorporated into the strategic and operational planning processes at all levels across the Group.

To achieve a sound system of risk management and internal control, the Board and management ensure that the risk management and control framework is embedded in the culture, processes and structures of the Group.

The Group has an Enterprise Risk Management Committee, headed by the Managing Director and comprising Senior Management, to provide oversight and added impetus to the risk management process for the Group as a whole.

The steps for managing the risks identified in the risk register are outlined below:

- a) Identifying the risks to achieve strategic and operational objectives;
- b) Determining and assessing the existing controls in place;
- c) Assessing the impact and likelihood of the risk after taking into account the existing controls to derive the residual risk; and
- d) Determining further control improvements to mitigate the risk and indicating the expected impact on residual risk once they are fully implemented.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- e) The Heads of Departments are required to conduct risk assessments related to their business plans, strategies and other significant activities and to maintain risk registers that reflect an appropriate risk profile. These risk registers are used as one of the business tools to highlight the risk exposures and risk mitigation. The risk registers are updated as and when there are changes to business environment or regulatory guidelines. Policies, procedures, guidelines and templates are being developed to ensure awareness of acceptable levels of risk and to manage risks and opportunities consistently and effectively across the Group. Periodic operational and management meetings are held to monitor the identified risks and communicate related internal controls to management.

The Board affirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by major companies within the Group. The results of this process, including the risk mitigation measures taken by Management to address key identified risks, are periodically reviewed by the Board.

INTERNAL CONTROL SYSTEM

Internal Audit Function

The Board recognises that continuous monitoring is a vital component of effective internal control systems. The Group has an outsourcing arrangement with an independent internal audit service provider to examine and evaluate the adequacy and effectiveness of the internal control systems across its business units. The internal audit adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of individual business units of the Group. These plans are regularly updated and approved by the Audit and Risk Management Committee ("ARMC").

The Group has outsourced its internal audit function, which conducts audits in accordance with the internal audit plan approved by the ARMC. The results of these reviews are reported directly to the ARMC which includes significant internal audit findings, recommendations for improvements, Management's responses and proposed action plans. Follow-up reviews of the implementation of action plans are carried out to ensure that the matters highlighted in the internal audit reports have been adequately addressed. Based on the internal audit reviews conducted, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report. The internal audit also appraises and contributes to improving the Group's risk management and internal control systems and reporting to the ARMC on a regular basis. The professional fee incurred for the internal audit function in respect of 31 August ("FYE") 2024 was RM 22,000.

The other features of the Group's systems of internal control include the following:

a) Control Environment

i. Policies and Procedures

The defined policies and procedures are in place and are continually undergoing improvements to ensure they effectively support the Group's business activities as it continues to grow.

ii. Organisational Structure and Authorisation Procedures

The Group maintains a formal organisational structure with clearly defined lines of reporting to the Board Committees and Senior Management, which includes roles and responsibilities, authority limits, review procedures and approval processes, etc.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

iii. Whistleblowing Policy and Procedure

The Group has a whistleblowing policy and procedure that provides a platform for staff and external parties to report any breaches or suspected breaches of laws, regulations, or the Group's policies and procedures in a safe and confidential manner.

iv. Key Financial Performance Indicator

Key financial performance indicators serve as tools for measuring and tracking progress, which is essential for the Company's performance.

v. Human Resource Management Policy

The appointment of staff is based on the required qualifications, experience and competencies needed to fulfill their responsibilities. Training and development are provided for selected staff to further enhance their skills and capabilities. Additionally, a formal employee appraisal is conducted at least once a year to evaluate and measure employees' performance and competencies.

vi. Succession Planning

Identify and groom middle management in all key areas as an integral part of the management succession plan. The plan also includes offering a competitive remuneration package and providing training and career development opportunities for employees across all key functions of the Group's operations.

b) Information and Communication

- i. Pertinent information needed to meet the Group's business objectives is communicated through established reporting lines across the Group. This ensures that matters requiring the Board's and Senior Management's attention are highlighted for review, deliberation and resolution on the timely basis.
- ii. Periodic management meetings are held to provide a forum where management takes overall responsibility for conducting reviews, identifying, discussing and resolving key operational issues, thereby enhancing effectiveness.

c) Review and Monitoring Process

- i. Periodic management meetings are held to provide a forum where management takes overall responsibility for periodic reviews to identify, discuss and resolve key operational issues, thereby enhancing effectiveness. Additionally, scheduled and ad-hoc meetings are held at both operational and management levels to address business and operational issues as necessary.
- ii. The Board monitors the Group's performance by reviewing quarterly financial results, the annual report, audited financial statements, the Group's risk profile and internal control issues identified by the External Auditors, Internal Auditors and management, the announcement to Bursa Securities. These documents are reviewed by the ARMC before being presented to the Board for approval.
- iii. The ARMC also monitors the implementation of the recommendations proposed by the External Auditors and Internal Auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirement of the Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group's internal control system. AAPG 3 does not require the External Auditors to and they did not, consider whether this Statement covers all risk and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

CONCLUSION

The Board has reviewed the adequacy and effectiveness of the system of risk management and internal control and that relevant actions have been or are being taken, as the case may be, to remedy any significant weaknesses identified from the review based on the outcome of observations raised by the Internal Auditors and External Auditors directly to the ARMC.

The Board is of the view that the risk management and internal control systems are satisfactory with no significant internal control deficiencies or weaknesses that would result in material losses or contingencies to warrant disclosure in the Group's Annual Report for the financial year under review.

This Statement was approved at the meeting of the Board on 11 December 2024.

PROFILES OF KEY SENIOR MANAGEMENT

CHUA FEN FATT Managing Director

Chua Fen Fatt is one of the founders of HUI in 1997 and since then, he has been the driving force in the Group and has been instrumental in the success, growth and development of the Group.

TEE HWEE ING Executive Director

Tee Hwee Ing is the co-founder of HUI together with Chua Fen Fatt in 1997. As the Executive Director, she is primarily responsible for the overall corporate and administrative functions of the Group.

All the key members of senior management are also members of the Board. Their profiles are set out on page 7.

STATEMENT ON DIRECTORS' RESPONSIBILITIES IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements give a true and fair view of the state of affairs of the Group and of the Company and the results and cash flows of the Group and of the Company for the financial year ended. The financial statements are prepared on a going concern basis, in accordance with applicable approved accounting standards and comply with the provisions of the Companies Act 2016. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and present them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

The Directors are responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions recorded. In preparing the financial statements, the Directors are required to exercise judgement to make certain estimates that are reasonable, prudent and relevant to be incorporated in the financial statements. The Directors are also responsible for safeguarding the assets of the Group and hence to take reasonable steps to prevent and detect fraud and other irregularities.

This above statement is approved at the meeting of the Board on 11 December 2024.

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 August 2024.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of its subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after tax for the financial year	34,151,469	8,935,640

DIVIDENDS

Dividends paid or declared by the Company since 31 August 2023 are as follows:-

A final dividend of 1.60 sen per ordinary share amounting to RM 7,411,918 in respect of the financial year ended 31 August 2023 was approved by the shareholders at the Annual General Meeting held on 22 January 2024 and paid on 8 March 2024. The payment was made to the shareholders whose name appeared in the Company's Record of Depositors on 16 February 2024.

At the forthcoming Annual General Meeting, a final dividend of 1.70 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 August 2025.

On 6 December 2024, the Company declared a special dividend of 3.90 sen per ordinary share in respect of the financial year ending 31 August 2025, payable on 31 December 2024 to shareholders whose names appeared in the record of depositors on 23 December 2024. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 August 2025.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS' REPORT (CONT'D)

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM 98,019,936 to RM 98,023,596 by way of an issuance of 6,100 new ordinary shares from the exercise of Warrants C at an exercise price of RM 0.60 per warrant as disclosed in Note 16 to the financial statements which amounted to RM 3,660.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

- (b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the Warrants.

WARRANTS

Warrants C 2020/2023

As at 31 August 2024, the summary of the movements of Warrants is as follows:-

Issue Date	Expiry Date	Number of Warrants			At 31.08.2024
		At 01.09.2023	Exercised	Lapsed	
17.12.2020	16.12.2023	82,270,550	(6,100)	(82,264,450)	-

The ordinary shares issued from the exercise of Warrants shall rank equally in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or other distribution declared, made or paid prior to the relevant date of allotment and issuance of the new shares arising from the exercise of Warrants. Further details on the Warrants are detailed in Note 16 to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

DIRECTORS' REPORT (CONT'D)

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chua Fen Fatt	
Tee Hwee Ing	
Kee Tong Kiak	
Hamsiah Binti Khalid	
Wong Wai Hung	(Appointed on 15 December 2023)
Teo Seng Kuang	(Resigned on 15 December 2023)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of ordinary shares			Balance At 31.08.2024
	Balance At 01.09.2023	Transferred	Sold	
Chua Fen Fatt				
- Direct	152,015,881	-	-	152,015,881
- Indirect ⁽¹⁾	93,526,281	-	-	93,526,281
Tee Hwee Ing				
- Direct	93,526,281	-	-	93,526,281
- Indirect ⁽¹⁾	152,015,881	-	-	152,015,881

Warrants C 2020/2023

	Number of Warrants C			Balance At 31.08.2024
	Balance At 01.09.2023	Entitled	Lapsed	
Chua Fen Fatt				
- Direct	25,964,925	-	(25,964,925)	-
- Indirect ⁽¹⁾	5,256	-	(5,256)	-
Tee Hwee Ing				
- Direct	5,256	-	(5,256)	-
- Indirect ⁽¹⁾	25,964,925	-	(25,964,925)	-

Notes:

⁽¹⁾ Deemed interest by virtue of his/her spouse's interests in the Company.

By virtue of their shareholdings in the Company, Chua Fen Fatt and Tee Hwee Ing are deemed to have an interest in the shares in all of its subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Executive directors of the Company		
Short-term employee benefits:-		
- salaries, bonuses and other benefits	4,309,317	7,000
- defined contribution benefits	646,000	-
	4,955,317	7,000
Estimated monetary value of benefits-in-kind	28,000	-
Non-executive directors of the Company		
Short-term employee benefits:-		
- fees	139,167	139,167
- other benefits	10,500	10,500
	149,667	149,667

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 5 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 33 to the financial statements.

DIRECTORS' REPORT (CONT'D)

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:

	The Group RM	The Company RM
Audit fees	120,000	28,000
Non-audit fees	5,000	5,000
	125,000	33,000

Signed in accordance with a resolution of the directors dated 11 December 2024.

Chua Fen Fatt

Tee Hwee Ing

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Chua Fen Fatt and Tee Hwee Ing, being two of the directors of Homeritz Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 64 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 August 2024 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 11 December 2024.

Chua Fen Fatt

Tee Hwee Ing

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Chua Fen Fatt, being the director primarily responsible for the financial management of Homeritz Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 106 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by }
the abovementioned Chua Fen Fatt at }
Muar in the State of Johor Darul Takzim }
on this 11 December 2024 }

Before me
Ng Lee Kiau (No. J239)
Commissioner for Oaths

Chua Fen Fatt

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMERITZ CORPORATION BERHAD (INCORPORATED IN MALAYSIA) REGISTRATION NO.: 200801004508 (805792-X)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Homeritz Corporation Berhad, which comprise the statements of financial position as at 31 August 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 64 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2024, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Carrying Value of Inventories Refer to Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group held inventories with carrying amount of RM 44,360,172 as at 31 August 2024.</p> <p>The carrying value of inventories is stated at the lower of cost and net realisable value.</p> <p>We have considered carrying value of inventories as a key area of our audit as management periodically reviews the inventories for potential write-down by considering their aging profile, estimation of market price fluctuation and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future consumptions, sales and demands.</p>	<p>Our procedures included, among others:-</p> <ul style="list-style-type: none"> • Compared the net realisable value to the cost of inventories at the end of the reporting period to assess the reasonableness of inventories write-down. • Performed test on the inventory ageing report to ensure inventories were grouped into the appropriate age bracket. • Reviewed the consistency of inventories write-down by checking such write-down against the corresponding age profile of inventories according to the group policy.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMERITZ CORPORATION BERHAD (CONT'D)

(INCORPORATED IN MALAYSIA) REGISTRATION NO.: 200801004508 (805792-X)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMERITZ CORPORATION BERHAD (CONT'D)

(INCORPORATED IN MALAYSIA) REGISTRATION NO.: 200801004508 (805792-X)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Muar, Johor Darul Takzim
Date : 11 December 2024

Goh Siow Yen
03557/03/2025 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 AUGUST 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	-	-	62,795,872	53,259,202
Property, plant and equipment	6	68,264,144	67,832,931	-	-
Right-of-use assets	7	8,120,448	1,766,458	-	-
Prepaid lease payments	8	8,980,344	8,980,344	-	-
Amount owing by subsidiaries	13	-	-	-	9,535,143
Goodwill	9	478,506	478,506	-	-
		85,843,442	79,058,239	62,795,872	62,794,345
CURRENT ASSETS					
Inventories	10	44,360,172	33,714,419	-	-
Trade receivables	11	14,383,704	12,163,861	-	-
Other receivables, deposits and prepayments	12	4,930,815	8,860,499	375,089	269,900
Amount owing by subsidiaries	13	-	-	23,737	-
Derivative assets	14	25,412	-	-	-
Fixed deposits with licensed banks	15	151,228,405	138,771,790	37,884,300	38,291,250
Cash and bank balances		36,935,998	31,468,411	2,451,163	663,079
		251,864,506	224,978,980	40,734,289	39,224,229
TOTAL ASSETS		337,707,948	304,037,219	103,530,161	102,018,574
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	98,023,596	98,019,936	98,023,596	98,019,936
Retained profits		210,047,978	183,308,427	5,262,449	3,738,727
TOTAL EQUITY		308,071,574	281,328,363	103,286,045	101,758,663
NON-CURRENT LIABILITIES					
Lease liabilities	17	233,565	41,725	-	-
Deferred tax liabilities	18	4,336,000	4,736,000	-	-
		4,569,565	4,777,725	-	-
CURRENT LIABILITIES					
Trade payables	19	9,411,908	5,931,658	-	-
Other payables and accruals	20	13,825,283	10,029,845	167,492	182,487
Lease liabilities	17	281,118	248,268	-	-
Current tax liabilities		1,548,500	1,721,360	76,624	77,424
		25,066,809	17,931,131	244,116	259,911
TOTAL LIABILITIES		29,636,374	22,708,856	244,116	259,911
TOTAL EQUITY AND LIABILITIES		337,707,948	304,037,219	103,530,161	102,018,574

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
REVENUE	21	229,720,854	162,643,736	8,000,000	5,000,000
OTHER INCOME		3,041,639	3,307,149	-	-
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		8,101,708	49,233	-	-
RAW MATERIALS USED		(115,704,699)	(73,961,832)	-	-
DEPRECIATION		(5,850,124)	(6,236,566)	-	-
STAFF COSTS	23	(47,785,290)	(35,751,992)	(156,667)	(171,985)
FINANCE COSTS		(29,127)	(23,773)	-	-
OTHER EXPENSES		(33,534,034)	(21,658,551)	(194,439)	(234,566)
RESULTS FROM OPERATING ACTIVITIES		37,960,927	28,367,404	7,648,894	4,593,449
INTEREST INCOME		6,967,909	5,019,803	1,677,629	1,387,779
PROFIT BEFORE TAX	24	44,928,836	33,387,207	9,326,523	5,981,228
INCOME TAX EXPENSE	25	(10,777,367)	(7,393,338)	(390,883)	(325,097)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		34,151,469	25,993,869	8,935,640	5,656,131
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		34,151,469	25,993,869	8,935,640	5,656,131
EARNINGS PER SHARE (SEN)	26				
- Basic		7.37	5.61		
- Diluted		7.37	5.61		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

The Group				
	Note	Share capital RM	Retained profits RM	Total equity RM
Balance at 1 September 2022		98,019,606	161,946,947	259,966,553
Profit after tax and total comprehensive income for the financial year		-	25,993,869	25,993,869
Contributions by and distributions to owners of the Company:-				
- Dividends	27	-	(4,632,389)	(4,632,389)
- Issuance of new shares upon warrants exercised		330	-	330
Balance at 31 August 2023 / 1 September 2023		98,019,936	183,308,427	281,328,363
Profit after tax and total comprehensive income for the financial year		-	34,151,469	34,151,469
Contributions by and distributions to owners of the Company:-				
- Dividends	27	-	(7,411,918)	(7,411,918)
- Issuance of new shares upon warrants exercised		3,660	-	3,660
Balance at 31 August 2024		98,023,596	210,047,978	308,071,574

The Company				
	Note	Share capital RM	Retained profits RM	Total equity RM
Balance at 1 September 2022		98,019,606	2,714,985	100,734,591
Profit after tax and total comprehensive income for the financial year		-	5,656,131	5,656,131
Contributions by and distributions to owners of the Company:-				
- Dividends	27	-	(4,632,389)	(4,632,389)
- Issuance of new shares upon warrants exercised		330	-	330
Balance at 31 August 2023 / 1 September 2023		98,019,936	3,738,727	101,758,663
Profit after tax and total comprehensive income for the financial year		-	8,935,640	8,935,640
Contributions by and distributions to owners of the Company:-				
- Dividends	27	-	(7,411,918)	(7,411,918)
- Issuance of new shares upon warrants exercised		3,660	-	3,660
Balance at 31 August 2024		98,023,596	5,262,449	103,286,045

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		44,928,836	33,387,207	9,326,523	5,981,228
Adjustments for:-					
Depreciation of property, plant and equipment		5,455,425	5,920,552	-	-
Depreciation of right-of-use assets		394,699	316,014	-	-
Property, plant and equipment written off		7,035	12,757	-	-
Unrealised loss/(gain) on foreign exchange		997,807	(317,222)	-	-
Dividend income		-	-	(8,000,000)	(5,000,000)
Gain on disposal of property, plant and equipment		(155,817)	-	-	-
Gain on lease modification		(2,210)	-	-	-
Fair value gain on derivative		(25,412)	(151,859)	-	-
Interest expense on lease liabilities		29,127	23,773	-	-
Interest income		(6,967,909)	(5,019,803)	(1,677,629)	(1,387,779)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES					
		44,661,581	34,171,419	(351,106)	(406,551)
Inventories		(10,645,753)	(1,415,901)	-	-
Trade and other receivables, deposits and prepayments		(5,040,847)	3,462,559	(105,189)	(110,581)
Trade and other payables and accruals		7,706,271	3,018,062	(14,995)	(11,578)
CASH FROM/(FOR) OPERATIONS					
		36,681,252	39,236,139	(471,290)	(528,710)
Dividend received		-	-	8,000,000	5,000,000
Interest received		6,967,909	5,019,803	1,677,629	1,387,779
Tax paid		(11,350,227)	(7,586,738)	(391,683)	(261,497)
NET CASH FROM OPERATING ACTIVITIES					
		32,298,934	36,669,204	8,814,656	5,597,572
BALANCE CARRIED FORWARD					
		32,298,934	36,669,204	8,814,656	5,597,572

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

	Note	The Group		The Company	
		2024 RM	2023 RM	2024 RM	2023 RM
BALANCE BROUGHT FORWARD		32,298,934	36,669,204	8,814,656	5,597,572
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investments in existing subsidiaries		-	-	(9,536,670)	-
Additions to prepaid lease payments		-	(1,410,560)	-	-
Repayment of advances from/ (Advances to) subsidiaries		-	-	9,511,406	(1,430,208)
Withdrawal/(Additions) of fixed deposits with tenure more than 3 months		3,652,673	(128,771,790)	11,173,483	(38,291,250)
Proceeds from disposal of property, plant and equipment		190,000	-	-	-
Purchase of property, plant and equipment	28(a)	(5,957,964)	(3,814,103)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,115,291)	(133,996,453)	11,148,219	(39,721,458)
CASH FLOWS (FOR) FINANCING ACTIVITIES					
Dividend paid		(7,411,918)	(9,264,772)	(7,411,918)	(9,264,772)
Interest paid		(29,127)	(23,773)	-	-
Repayment of lease liabilities	28(b)	(385,194)	(294,224)	-	-
Proceeds from issuance of new shares upon warrants exercised		3,660	330	3,660	330
NET CASH (FOR) FINANCING ACTIVITIES		(7,822,579)	(9,582,439)	(7,408,258)	(9,264,442)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22,361,064	(106,909,688)	12,554,617	(43,388,328)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		(784,189)	181,353	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		41,468,411	148,196,746	663,079	44,051,407
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28(d)	63,045,286	41,468,411	13,217,696	663,079

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : No. 7 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar
Johor Darul Takzim

Principal place of business : Lot 8726, PTD 6023 Batu 8
Kawasan Perindustrian Bukit Bakri
84200 Muar
Johor Darul Takzim

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "the Group".

The financial statements of the Company and of the Group are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 December 2024.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services. The principal activities of its subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

- 3.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any)(cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements, except as follows:-

Amendments to MFRS 101: Disclosure of Accounting Policies

The Amendments to MFRS 101 'Disclosure of Accounting Policies' did not result in any changes to the existing accounting policies of the Group and of the Company. However, the amendments require the disclosure of 'material' rather than 'significant' accounting policies and provide guidance on how entities apply the concept of materiality in making decisions about the material accounting policy disclosures. The Group and the Company have made updates to the accounting policies presented in Note 4 to the financial statements in line with the amendments.

- 3.2 The Group and the Company have not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 : Amendments to the Classification and Measurement and MFRS 7 : of Financial Instruments	1 January 2026
Amendments to MFRS 10 : Sale or Contribution of Assets between an Investor and MFRS 128 : and its Associate or Joint Venture	Deferred
Amendments to MFRS 16 : Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101 : Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 : Supplier Finance Arrangements and MFRS 7	1 January 2024
Amendments to MFRS 121 : Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group and the Company have not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and the Company upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure of Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company have yet to be assessed.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Critical accounting estimates and judgements

Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of property, plant and equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

(c) Impairment of goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

(d) Write-down of inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

(e) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 11 to the financial statements.

(f) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amount of current tax liabilities of the Group and of the Company as at the reporting date are RM 1,548,500 and RM 76,624 (2023: RM 1,721,360 and RM 77,424) respectively.

(g) Discount rates used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.1 Critical accounting estimates and judgements (cont'd)

Critical judgements made in applying accounting policies

Management believes that there are no instances of application of critical judgement in applying the accounting policies of the Group which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4.2 Financial instruments

(a) Financial assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

Financial Assets Through Other Comprehensive Income

The Group has elected to designate the equity instruments as financial assets through other comprehensive income at initial recognition.

The financial assets are initially measured at fair value plus transaction costs. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes taken up in other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference of a debt instrument which are recognised directly in profit or loss. The fair value changes do not include interest and dividend income.

(b) Financial liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.2 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

(d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

4.3 Goodwill

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

4.4 Investment in subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

4.5 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Factory buildings	2%
Factory equipment, plant and machinery	12.5 - 20%
Showroom, renovation, office equipment, furniture and fittings	10 - 20%
Motor vehicles	10 - 20%

Capital work-in-progress represent factory buildings under construction. They are not depreciated until such time when the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

4.6 Right-of-use assets and lease liabilities

(a) Short-term Leases and Leases of Low-value Assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.7 Research and development costs

Research costs are recognised as an expense when they are incurred.

Capitalised development costs are initially measured at cost. Subsequent to the initial recognition, the development costs are stated at cost less accumulated amortisation and any accumulated impairment losses.

Capitalised development costs are amortised from the point at which the asset is available for use using the straight-line method over a periods of 5 years. Prior to that, the capitalised development costs are tested for impairment annually and whenever there is an indication that they may be impaired.

4.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification and first-in, first-out method and comprises all cost of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

5. INVESTMENT IN SUBSIDIARIES

	The Company	
	2024 RM	2023 RM
Unquoted shares, at cost	62,795,872	53,259,202

The details of the subsidiaries (all of which are incorporated in Malaysia) are as follows:-

Name of subsidiaries	Percentage of issued share capital held by parent		Principal activities
	2024	2023	
Home Upholstery Industries Sdn. Bhd.	100%	100%	Design, manufacture and sale of upholstery furniture products.
U.S. Furniture Manufacturing Sdn. Bhd.	100%	100%	Property investment holding.
Embrace Industries Sdn. Bhd.	100%	100%	Design, manufacture and sale of furniture and furniture parts.
Homeours Sdn. Bhd.	100%	100%	Property investment holding.
Home Newcastle Sdn. Bhd.	100%	100%	Property investment holding.
Eritz Sdn. Bhd.	100%	100%	Dormant.

- (a) On 29 December 2023, the Company subscribed an additional 483,240 ordinary shares at an issue price of RM 1 each in the capital of U.S. Furniture Manufacturing Sdn. Bhd. ("USF") by way of offsetting amount due from USF of RM 483,240.
- (b) On 29 December 2023, the Company subscribed an additional 4,516,830 ordinary shares at an issue price of RM 1 each in the capital of Homeours Sdn. Bhd. ("HOSB") by way of offsetting amount due from HOSB of RM 4,516,830.
- (c) On 29 December 2023, the Company subscribed an additional 4,516,840 ordinary shares at an issue price of RM 1 each in the capital of Home Newcastle Sdn. Bhd. ("HNSB") by way of offsetting amount due from HNSB of RM 4,516,840.
- (d) On 29 December 2023, the Company subscribed an additional 19,760 ordinary shares at an issue price of RM 1 each in the capital of Eritz Sdn. Bhd. ("ERITZ") by way of offsetting amount due from ERITZ of RM 19,760.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024
(CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

The Group 2024		Freehold land RM	Factory buildings RM	Factory equipment, plant and machinery RM	Showroom, renovation, office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
At cost								
At 1 September 2023		17,540,348	37,458,329	43,038,949	5,703,598	7,210,418	4,316,559	115,268,201
Additions		-	44,980	2,579,552	1,097,996	1,248,475	956,853	5,927,856
Disposals		-	-	-	-	(661,663)	-	(661,663)
Write-off		-	-	(893,590)	(95,999)	-	-	(989,589)
At 31 August 2024		17,540,348	37,503,309	44,724,911	6,705,595	7,797,230	5,273,412	119,544,805
Less: Accumulated depreciation								
At 1 September 2023		-	6,402,805	33,640,234	3,352,260	3,964,163	-	47,359,462
Charge for the financial year		-	671,275	3,562,620	535,774	685,756	-	5,455,425
Disposals		-	-	-	-	(627,480)	-	(627,480)
Write-off		-	-	(888,893)	(93,661)	-	-	(982,554)
At 31 August 2024		-	7,074,080	36,313,961	3,794,373	4,022,439	-	51,204,853
Less: Impairment losses								
At 1 September 2023 / 31 August 2024		75,808	-	-	-	-	-	75,808
Carrying amount								
At 31 August 2024		17,464,540	30,429,229	8,410,950	2,911,222	3,774,791	5,273,412	68,264,144

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2023		Freehold land RM	Factory buildings RM	Factory equipment, plant and machinery RM	Showroom, renovation, office equipment, furniture and fittings RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
At cost								
At 1 September 2022		17,540,348	37,332,218	43,431,223	4,597,735	7,135,418	2,419,505	112,456,447
Additions		-	126,111	1,109,260	1,149,853	75,000	1,897,054	4,357,278
Write-off		-	-	(1,501,534)	(43,990)	-	-	(1,545,524)
At 31 August 2023		17,540,348	37,458,329	43,038,949	5,703,598	7,210,418	4,316,559	115,268,201
Less: Accumulated depreciation								
At 1 September 2022		-	5,733,739	31,013,144	2,918,960	3,305,834	-	42,971,677
Charge for the financial year		-	669,066	4,128,196	464,961	658,329	-	5,920,552
Write-off		-	-	(1,501,106)	(31,661)	-	-	(1,532,767)
At 31 August 2023		-	6,402,805	33,640,234	3,352,260	3,964,163	-	47,359,462
Less: Impairment losses								
At 1 September 2022 / 31 August 2023		75,808	-	-	-	-	-	75,808
Carrying amount								
At 31 August 2023		17,464,540	31,055,524	9,398,715	2,351,338	3,246,255	4,316,559	67,832,931

There is no property, plant and equipment in the Company throughout the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024
(CONT'D)

7. RIGHT-OF-USE ASSETS

The Group 2024	At	Additions	Reclassification	Depreciation	Reassessment/ Modification	Derecognition	At
	01.09.2023						RM
	RM	RM	RM	RM	RM	RM	RM
Carrying amount							
Leasehold land	1,489,908	-	6,136,595	(20,887)	-	-	7,605,616
Factories	-	447,094	-	(89,005)	-	-	358,089
Hostels	271,338	-	-	(222,251)	78,410	(38,521)	88,976
Shophouse	5,212	125,111	-	(62,556)	-	-	67,767
	1,766,458	572,205	6,136,595	(394,699)	78,410	(38,521)	8,120,448
The Group 2023	At	At	At	Depreciation	At	At	At
	01.09.2022						RM
	RM	RM	RM	RM	RM	RM	RM
Carrying amount							
Leasehold land	1,510,795	1,510,795		(20,887)			1,489,908
Hostels	503,909	503,909		(232,571)			271,338
Shophouse	67,768	67,768		(62,556)			5,212
	2,082,472	2,082,472		(316,014)			1,766,458

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

7. RIGHT-OF-USE ASSETS (CONT'D)

The Group leases certain pieces of leases leasehold land, factories, hostels and shophouse of which the leasing activities are summarised below:-

- (i) Leasehold land The Group has entered into 4 (2023: 2) non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 (2023: 99) years with no renewal or purchase option included in the agreements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.
- (ii) Factories The Group has leased 2 (2023: NIL) factories that run 2 (2023: NIL) years with an option to renew.
- (iii) Hostels The Group has leased 6 (2023: 6) hostels that run 1 to 2 (2023: 2) years, with an option to renew.
- (iv) Shophouse The Group has leased 1 (2023: 1) unit of shophouse that runs 1 (2023:1) year, with an option to renew.

8. PREPAID LEASE PAYMENTS

	The Group	
	2024 RM	2023 RM
Leasehold land		
At 1 September	8,980,344	7,569,784
Additions	-	1,410,560
At 31 August	8,980,344	8,980,344

These represents progress claims paid for 4 pieces of leasehold land.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

9. GOODWILL

	The Group	
	2024 RM	2023 RM
At cost		
At 1 September/ 31 August	478,506	478,506

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to the cash-generating unit ("CGU") for impairment testing on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on value-in-use. The goodwill was allocated to design, manufacturing and sale of furniture and furniture parts, which comprises a CGU namely Embrace Industries Sdn. Bhd.. Value-in-use is determined by discounting the future cash flows to be generated from the continuing use of the CGU based on the following assumptions:-

- Cash flows are projected based on the management's five-year business plan.
- Discount rates used for cash flows discounting purpose are the pre-tax discount rate which reflects specific risks relating to the relevant operating segments. The discount rate applied for cash flow projection is 8.00% (2023: 9.60%).
- Annual growth rate of 6.60% (2023: 5.30%) for the CGU is determined based on the management's estimate of the industry trends and past performances of the CGU.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

10. INVENTORIES

	The Group	
	2024 RM	2023 RM
Raw materials	31,448,830	28,768,636
Work-in-progress	7,646,425	2,747,705
Finished goods	5,096,405	1,893,418
Consumable tools	168,512	304,660
	44,360,172	33,714,419
Recognised in profit or loss:-		
Inventories recognised as cost of sales	107,602,991	73,912,599

11. TRADE RECEIVABLES

The Group's normal trade terms range from cash against documents to 150 days credit (2023: cash against documents to 150 days credit) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Deposits	456,318	3,471,764	2,000	2,000
Deposits paid to suppliers	736,102	597,498	-	-
Prepayments	2,079,819	3,353,995	-	-
Sundry receivables	1,658,576	1,437,242	373,089	267,900
	4,930,815	8,860,499	375,089	269,900

- (a) In financial year 2023, included in deposits of the Group is an amount of RM 2,858,822 paid for the purchase of two leasehold lands (Note 33).
- (b) The deposits paid to suppliers are unsecured and interest free. The amount owing will be offset against future purchases from the suppliers.

13. AMOUNT OWING BY SUBSIDIARIES

This represents non-trade balances which are unsecured, interest free advances and payment made on behalf. The amount owing are repayable on demand.

14. DERIVATIVE ASSETS

2024	The Group	
	Contract/ Notional amount RM	Derivative assets RM
Foreign forward currency contracts	884,388	25,412

The Group does not apply hedge accounting.

The Group uses foreign forward currency contracts to manage some of its transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency translation exposure and fair values changes exposures. Such derivatives do not qualify for hedge accounting. The settlement dates on foreign forward currency contracts is 3 months (2023: NIL) after the end of the reporting period.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates at 3.70% to 4.00% (2023: 2.35% to 4.10%) per annum and 3.70% to 3.95% (2023: 2.40% to 4.05%) per annum respectively. The fixed deposits have maturity periods of 3 to 12 months (2023: 3 to 6 months) and 3 to 6 months (2023: 3 to 6 months) for the Group and the Company respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

16. SHARE CAPITAL

	The Group and The Company			
	2024		2023	
	Number of shares	RM	Number of shares	RM
Issued and fully paid-up				
Ordinary shares				
At 1 September	463,238,852	98,019,936	463,238,302	98,019,606
Issuance of new shares pursuant to:-				
- Warrant exercised	6,100	3,660	550	330
At 31 August	463,244,952	98,023,596	463,238,852	98,019,936

- (a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (b) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from RM 98,019,936 to RM 98,023,596 by way of an issuance of 6,100 new ordinary shares pursuant from the exercise of Warrant C at an exercise price of RM 0.60 per warrant which amounted to RM 3,660.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

- (c) In the previous financial year, the issued and fully paid-up share capital of the Company was increased from RM 98,019,606 to RM 98,019,936 by way of issuance of 550 new ordinary shares pursuant from the exercise of Warrant C at an exercise price of RM 0.60 per warrant which amounted to RM 330.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

Warrants C 2020/2023

A total 82,274,350 bonus warrants were issued by the Company on 17 December 2020 on the basis of one (1) warrant for every four (4) existing ordinary shares held. Each warrant entitles the holder the right to subscribed for one (1) new ordinary share of the Company at an exercise price of RM 0.60. The warrants have expired on 16 December 2023.

The salient terms of the above warrants 2020/2023 ("Warrant C") are as follows:-

- (a) The Warrants C are constituted by a Deed Poll executed on 1 December 2020.
- (b) The Warrants C are traded separately.
- (c) The Warrants C can be exercised any time during the tenure of 3 years commencing from the date of issue on 17 December 2020. Warrants C not exercised during the aforesaid period will lapse and cease to be valid.
- (d) Each Warrant C entitles the registered holder to subscribe for one new ordinary share in the Company.
- (e) Subject to the provisions in the Deed Poll, the Exercise Price and the number of Warrants C held by each warrant holder shall from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company.
- (f) Subject to the provisions in the Deed Poll, the Company is free to issue shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the warrant holders will not have any participating rights in such issues unless otherwise resolved by the Company in general meeting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

17. LEASE LIABILITIES

	The Group	
	2024 RM	2023 RM
At 1 September	289,993	584,217
Addition	572,205	-
Changes due to lease modification	78,410	-
Derecognition due to lease modification	(40,731)	-
Interest expense recognised in profit or loss	29,127	23,773
Repayment of principal	(385,194)	(294,224)
Repayment of interest expense	(29,127)	(23,773)
At 31 August	514,683	289,993
Analysed by:-		
Current liabilities	281,118	248,268
Non-current liabilities	233,565	41,725
	514,683	289,993

18. DEFERRED TAX LIABILITIES

	The Group	
	2024 RM	2023 RM
At 1 September	(4,736,000)	(4,736,000)
Recognised in profit or loss (Note 25)	400,000	-
At 31 August	(4,336,000)	(4,736,000)

The component and movement of deferred tax liabilities of the Group during the financial year are as follows:-

	Excess of capital allowances over depreciation RM	Other temporary differences RM	Total RM
At 1 September 2022	(4,682,000)	(54,000)	(4,736,000)
Recognised in profit or loss (Note 25)	7,000	(7,000)	-
At 31 August 2023/1 September 2023	(4,675,000)	(61,000)	(4,736,000)
Recognised in profit or loss (Note 25)	99,000	301,000	400,000
At 31 August 2024	(4,576,000)	240,000	(4,336,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

19. TRADE PAYABLES

The normal trade terms granted to the Group range from cash against documents to 120 days credit (2023: cash against documents to 120 days credit) from the date of invoices.

20. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Accruals	6,192,452	2,637,738	167,167	182,485
Deposit from customers	6,021,499	5,431,200	-	-
Sales tax payable	36,515	50,988	-	-
Sundry payables	1,574,817	1,909,919	325	2
	13,825,283	10,029,845	167,492	182,487

Included in sundry payables of the Group is an amount of RM 541,711 (2023: RM 571,819) payable for the purchase of property, plant and equipment (Note 28(a)).

21. REVENUE

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Revenue from contracts with customer				
<u>Recognised at point in time</u>				
Sales of furniture and furniture parts	229,720,854	162,643,736	-	-
Revenue from other sources				
Dividend income	-	-	8,000,000	5,000,000
	229,720,854	162,643,736	8,000,000	5,000,000

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 30 to the financial statements.

(b) Revenue from sales of furniture and furniture parts are recognised at a point in time when goods have been delivered and accepted by the customers.

Revenue is measured based on the price specified in the contract, net of trade discount.

(c) The information of revenue from other sources is summarised below:-

Dividend Income

Dividend income is recognised when the right to receive dividend payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Directors of the Company				
<u>Executive directors:-</u>				
Salaries, bonuses and other benefits	4,309,317	3,409,317	7,000	7,000
Defined contribution benefits	646,000	646,000	-	-
	4,955,317	4,055,317	7,000	7,000
<u>Non-executive directors:-</u>				
Fees	139,167	154,485	139,167	154,485
Other benefits	10,500	10,500	10,500	10,500
	149,667	164,985	149,667	164,985
Total directors' remuneration	5,104,984	4,220,302	156,667	171,985

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM 28,000 (2023: RM 29,083).

23. STAFF COSTS

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Executive directors' remuneration (Note 22)	4,955,317	4,055,317	7,000	7,000
Other staff costs				
Salaries, bonuses and other benefits	34,436,783	25,489,483	139,167	154,485
Defined contribution benefits	1,025,731	1,001,132	-	-
Other staff related expenses	7,367,459	5,206,060	10,500	10,500
	42,829,973	31,696,675	149,667	164,985
Total staff costs	47,785,290	35,751,992	156,667	171,985

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024
(CONT'D)

24. PROFIT BEFORE TAX

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- audit fees:-				
- current financial year	120,000	120,000	28,000	28,000
- underprovision in prior year	-	7,000	-	2,500
- non-audit fees:-				
- auditors of the Company	5,000	5,000	5,000	5,000
Material Expenses/(Income)				
Depreciation of property, plant and equipment	5,455,425	5,920,552	-	-
Depreciation of right-of-use assets	394,699	316,014	-	-
Interest expense on lease liabilities	29,127	23,773	-	-
Property, plant and equipment written off	7,035	12,757	-	-
Research and development expenditure	2,521,655	2,285,423	-	-
Short-term lease expenses	9,600	8,000	-	-
Unrealised loss on foreign exchange	997,807	-	-	-
Fair value gain on derivatives measured at fair value through profit or loss	(25,412)	(151,859)	-	-
Gain on disposal of property, plant and equipment	(155,817)	-	-	-
Gain on reassessment/modification of leases	(2,210)	-	-	-
Government grant	(34,913)	(43,039)	-	-
Interest income	(6,967,909)	(5,019,803)	(1,677,629)	(1,387,779)
Gain on foreign exchange:-				
- realised	(2,231,805)	(1,777,413)	-	-
- unrealised	-	(317,222)	-	-
Rental income	(258,000)	(258,000)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

25. INCOME TAX EXPENSE

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Current tax expense	10,700,000	7,830,000	400,000	330,000
Under/(Over)provision in the previous financial year	477,367	(436,662)	(9,117)	(4,903)
	11,177,367	7,393,338	390,883	325,097
Deferred tax (Note 18):-				
- overprovision in the previous financial year	(400,000)	-	-	-
	(400,000)	-	-	-
	10,777,367	7,393,338	390,883	325,097

A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:-

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	44,928,836	33,387,207	9,326,523	5,981,228
Tax at statutory income tax rate of 24%	10,783,000	8,013,000	2,238,000	1,435,000
Tax effect of:-				
- non-taxable income	(581,000)	(537,000)	(1,920,000)	(1,200,000)
- non-deductible expenses	751,000	354,000	82,000	95,000
Utilisation of tax incentive	(253,000)	-	-	-
Under/(Over)provision in the previous financial year:-				
- current tax	477,367	(436,662)	(9,117)	(4,903)
- deferred tax	(400,000)	-	-	-
	10,777,367	7,393,338	390,883	325,097

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

26. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to the owners of the Company by the weighted average number of ordinary shares during the financial year.

	The Group	
	2024	2023
Profit after tax attributable to owners of the Company (RM)	34,151,469	25,993,869
Weighted average number of ordinary shares in issue (unit)	463,243,296	463,238,646
Basic earnings per share (sen)	7.37	5.61

(b) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year.

27. DIVIDENDS

	The Group and The Company	
	2024	2023
	RM	RM
In respect of the financial year ended 31 August 2022		
Final dividend of 1.00 sen per ordinary share	-	4,632,389
In respect of the financial year ended 31 August 2023		
Final dividend of 1.60 sen per ordinary share	7,411,918	-
	7,411,918	4,632,389

At the forthcoming Annual General Meeting, a final dividend of 1.70 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 August 2025.

On 6 December 2024, the Company declared a special dividend of 3.90 sen per ordinary share in respect of the financial year ending 31 August 2025, payable on 31 December 2024 to shareholders whose names appeared in the record of depositors on 23 December 2024. The financial statements for the current financial year do not reflect this special dividend. Such dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 August 2025.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

28. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the additions of right-of-use assets are as follows:-

	The Group	
	2024 RM	2023 RM
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	5,927,856	4,357,278
Less: Unpaid balance included in sundry payables (Note 20)	(541,711)	(571,819)
Add: Cash paid in respect of acquisitions in the previous financial year	571,819	28,644
	5,957,964	3,814,103
Right-of-use assets		
Cost of right-of-use assets acquired (Note 7)	572,205	-
Less: Addition of new lease liabilities (Note (b) below)	(572,205)	-
	-	-

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group 2024	Lease liabilities RM	Total RM
At 1 September	289,993	289,993
<u>Changes in financing cash flows</u>		
Repayment of principal	(385,194)	(385,194)
Repayment of interest	(29,127)	(29,127)
	(414,321)	(414,321)
<u>Non-cash changes</u>		
Acquisition of new lease	572,205	572,205
Reassessment/modification of leases	78,410	78,410
Derecognition due to lease modification	(40,731)	(40,731)
Interest expense recognised in profit or loss	29,127	29,127
	639,011	639,011
At 31 August	514,683	514,683

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

28. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

The Group 2023	Lease liabilities RM	Total RM
At 1 September	584,217	584,217
<u>Changes in financing cash flows</u>		
Repayment of principal	(294,224)	(294,224)
Repayment of interest	(23,773)	(23,773)
	(317,997)	(317,997)
<u>Non-cash changes</u>		
Interest expense recognised in profit or loss	23,773	23,773
	23,773	23,773
At 31 August	289,993	289,993

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group 2024 RM	2023 RM
Payment of short-term lease	9,600	8,000
Interest paid on lease liabilities	29,127	23,773
Payment of lease liabilities	385,194	294,224
	423,921	325,997

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Cash and bank balances	36,935,998	31,468,411	2,451,163	663,079
Fixed deposits with licensed banks	151,228,405	138,771,790	37,884,300	38,291,250
	188,164,403	170,240,201	40,335,463	38,954,329
Less: Fixed deposits with tenure of more than 3 months	(125,119,117)	(128,771,790)	(27,117,767)	(38,291,250)
	63,045,286	41,468,411	13,217,696	663,079

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

29. RELATED PARTY DISCLOSURES

(a) Subsidiaries

The subsidiaries are disclosed in Note 5 to the financial statements.

(b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Subsidiaries				
Dividend received	-	-	8,000,000	5,000,000
Company in which person(s) connected to director has substantial financial interests				
Repayment of lease liabilities	61,210	63,901	-	-
Interest expense on lease liabilities	4,790	2,099	-	-
Company in which director has substantial financial interest				
Professional fee expenses	38,787	21,393	-	-
Director				
Short-term lease expenses	9,600	8,000	-	-

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

30. OPERATING SEGMENTS

(a) Business segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely furniture industry.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

30. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

In presenting information on the basis of geographical segments, segmental information on non-current assets is not presented, as all assets are located in Malaysia.

Segmental revenue is presented based on the geographical location of customers.

	The Group	
	2024 RM	2023 RM
Africa and Middle East	2,201,467	1,079,801
Americas and European Countries	97,151,439	63,145,916
Asia and Asia Pacific (excluding Malaysia)	102,023,336	82,755,978
Malaysia	28,344,612	15,662,041
	<hr/>	<hr/>
	229,720,854	162,643,736

(c) Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue

	Revenue	
	2024 RM	2023 RM
Customer A	26,416,942	*

* Not being a major customer by definition herein for the respective reporting period.

31. CAPITAL COMMITMENTS

	The Group	
	2024 RM	2023 RM
Purchase of property, plant and equipment	7,294,000	4,818,000
Additions to prepaid lease	470,000	470,000
	<hr/>	<hr/>
	7,764,000	5,288,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS

The activities of the Group and of the Company are exposed to variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

32.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) **Market risk**

(i) **Foreign currency risk**

The Group and the Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currency of entities within the Group. The currencies giving rise to this risk are primarily Euro ("EUR") and United States Dollar ("USD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into foreign forward currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on carrying amounts of the financial instruments at the end of reporting period is summarised below:-

Foreign currency exposure

The Group	Euro RM	United States Dollar RM	Ringgit Malaysia RM	Others RM	Total RM
2024					
<u>Financial Assets</u>					
Trade receivables	-	10,506,130	3,877,574	-	14,383,704
Cash and bank balances	47,501	16,106,851	20,763,857	17,789	36,935,998
	47,501	26,612,981	24,641,431	17,789	51,319,702
<u>Financial Liabilities</u>					
Trade payables	-	1,869,707	7,542,201	-	9,411,908
Other payables and accruals	-	-	7,753,466	13,803	7,767,269
	-	1,869,707	15,295,667	13,803	17,179,177
Net financial assets	47,501	24,743,274	9,345,764	3,986	34,140,525
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(9,345,764)	-	(9,345,764)
Currency Exposure	47,501	24,743,274	-	3,986	24,794,761

32. FINANCIAL INSTRUMENTS (CONT'D)**32.1 Financial risk management policies (cont'd)****(a) Market risk (cont'd)****(i) Foreign currency risk (cont'd)***Foreign currency exposure (cont'd)*

The Group	Euro RM	United States Dollar RM	Ringgit Malaysia RM	Others RM	Total RM
2023					
<u>Financial Assets</u>					
Trade receivables	-	9,389,073	2,774,788	-	12,163,861
Cash and bank balances	45,598	7,530,054	23,886,980	5,779	31,468,411
	45,598	16,919,127	26,661,768	5,779	43,632,272
<u>Financial Liabilities</u>					
Trade payables	-	638,946	5,292,712	-	5,931,658
Other payables and accruals	-	85,826	4,461,369	462	4,547,657
	-	724,772	9,754,081	462	10,479,315
Net financial assets	45,598	16,194,355	16,907,687	5,317	33,152,957
Less: Net financial assets denominated in the respective entities' functional currencies	-	-	(16,907,687)	-	(16,907,687)
Currency Exposure	45,598	16,194,355	-	5,317	16,245,270

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(a) Market risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2024	2023
	RM	RM
Effects on profit after tax		
EUR/RM		
- strengthened by 5%	1,805	1,733
- weakened by 5%	(1,805)	(1,733)
USD/RM		
- strengthened by 5%	940,244	615,385
- weakened by 5%	(940,244)	(615,385)

There is no impact on the Group's equity.

(ii) Interest rate risk

The Group does not have any interest-bearing borrowings and hence, is not exposed to interest rate risk.

(iii) Equity price risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Company's exposure to credit risk arises principally from advances to subsidiaries. The Company monitors the ability of the subsidiaries regularly and repayments made by the subsidiaries on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(i) Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2024 RM	2023 RM
Africa and Middle East	355,141	2,934
Americas and European Countries	5,241,635	3,349,823
Asia and Asia Pacific (excluding Malaysia)	4,842,472	6,036,316
Malaysia	3,944,456	2,774,788
	14,383,704	12,163,861

At the end of the reporting period, the Group's major concentration of credit risk relates to the amounts owing by two (2) (2023: two (2)) trade receivables, the balances of each is equal to or more than 10% of total balances constituted approximately 28% (2023: 36%) of its trade receivables.

(ii) Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of impairment losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluate whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectations of recovery despite the fact that they are still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:-

- Significant financial difficulty of the receivable;
- A breach of contract, such as default of past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, assumptions and techniques used for estimating impairment losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (2023: 24 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate as the key macroeconomic factor of the forward-looking information for certain subsidiary. However, the historical loss rate for remaining subsidiary were not adjusted as they have not identified any forward-looking assumptions which correlate to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Sales made are generally accompanied by letters of credit or advance payments and therefore, there is minimal exposure to credit risk. Furthermore, outstanding trade receivables are largely collected within the credit term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Trade receivables (cont'd)

Allowance for impairment losses

The information about the credit exposure and loss allowances recognised for trade receivables is as follows:-

The Group	Gross amount RM	Lifetime individual allowance RM	Lifetime collective allowance RM	Carrying amount RM
2024				
Current (not past due)	14,118,662	-	-	14,118,662
1 to 30 days past due	261,327	-	-	261,327
Credit impaired	3,715	-	-	3,715
	14,383,704	-	-	14,383,704
2023				
Current (not past due)	12,099,234	-	-	12,099,234
1 to 30 days past due	58,753	-	-	58,753
61 to 90 days past due	755	-	-	755
Credit impaired	5,119	-	-	5,119
	12,163,861	-	-	12,163,861

The Group believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these receivables were negligible. They are good customers with good payment records.

Other receivables

The Group and the Company apply the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

(iii) Assessment of impairment losses (cont'd)

Other receivables (cont'd)

Allowance for impairment losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed deposits with licensed banks, cash and bank balances

The Group and the Company consider the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount owing by subsidiaries (non-trade balances)

The Company also applies the 3-stage general approach (see information in other receivables above) to measuring expected credit losses for all inter-company balances.

Inputs, assumptions and techniques used for estimating impairment losses

The Company measures the expected credit losses on individual basis, which aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiaries' financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiaries does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for impairment losses

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(c) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practice prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:-

The Group	Contractual interest rate %	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM
2024					
<u>Non-derivative financial liabilities</u>					
Trade payables	-	9,411,908	9,411,908	9,411,908	-
Other payables and accruals	-	7,767,269	7,767,269	7,767,269	-
Lease liabilities	5.20 - 6.70	514,683	543,020	304,280	238,740
		17,693,860	17,722,197	17,483,457	238,740
2023					
<u>Non-derivative financial liabilities</u>					
Trade payables	-	5,931,658	5,931,658	5,931,658	-
Other payables and accruals	-	4,547,657	4,547,657	4,547,657	-
Lease liabilities	3.50 - 5.70	289,993	299,500	257,500	42,000
		10,769,308	10,778,815	10,736,815	42,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.1 Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis (cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (cont'd):-

The Company	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
2024			
<u>Non-derivative financial liabilities</u>			
Other payables and accruals	167,492	167,492	167,492
2023			
<u>Non-derivative financial liabilities</u>			
Other payables and accruals	182,487	182,487	182,487

32.2 Capital risk management

Capital structure is a combination of equity and debt used by an entity to finance its overall operations and growth. The objective of the capital management of the Group and the Company are to maintain an optimal capital structure and ensuring availability of funds in order to support its businesses and related shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company monitor and maintain a prudent level of total debt to total equity ratio to optimise shareholders value and to ensure compliance with debt covenants and regulatory, if any.

There was no change in the approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.3 Classification of financial instruments

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets				
<u>Fair value through profit or loss</u>				
Derivative assets	25,412	-	-	-
<u>Amortised cost</u>				
Trade receivables	14,383,704	12,163,861	-	-
Other receivables	1,658,576	1,437,242	373,089	267,900
Amount owing by subsidiaries	-	-	-	9,535,143
Fixed deposits with licensed banks	151,228,405	138,771,790	37,884,300	38,291,250
Cash and bank balances	36,935,998	31,468,411	2,451,163	663,079
	204,206,683	183,841,304	40,708,552	48,757,372
Financial liabilities				
<u>Amortised cost</u>				
Trade payables	9,411,908	5,931,658	-	-
Other payables and accruals	7,767,269	4,547,657	167,492	182,487
Lease liabilities	514,683	289,993	-	-
	17,693,860	10,769,308	167,492	182,487

32.4 Gains or losses arising from financial instruments

	The Group		The Company	
	2024 RM	2023 RM	2024 RM	2023 RM
Financial assets				
<u>Fair value through profit or loss</u>				
Net gain recognised in profit or loss	25,412	-	-	-
<u>Amortised cost</u>				
Net gains recognised in profit or loss	5,569,628	5,467,427	1,677,629	1,387,779
Financial liabilities				
<u>Fair value through profit or loss</u>				
Net gain recognised in profit or loss	-	151,859	-	-
<u>Amortised cost</u>				
Net gains/(losses) recognised in profit or loss	373,557	(154,175)	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

32. FINANCIAL INSTRUMENTS (CONT'D)

32.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value at the end of the reporting period:-

The Group 2024	Fair value of financial instruments carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
Financial assets					
Derivative assets:-					
- Forward currency contracts	-	25,412	-	25,412	25,412

- (a) The fair values of foreign forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate (government bonds).
- (b) There were no transfers between level 1 and level 2 during the financial year.

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 1 February 2021, a subsidiary of the Company, Embrace Industries Sdn. Bhd. ("EISB"), entered into a sale and purchase agreement with Khazanah Realty Sdn. Bhd. ("the Vendor") for the acquisition of two leasehold lands which located at PN 81402 Lot No. 11722 and PN 73632 Lot No. 11723, both of Mukim of Parit Bakar, District of Muar, State of Johor ("the said property") for a total purchase consideration of RM 5,717,643 and EISB has paid deposit of 50% amounting to RM 2,858,822.

Upon signing of this agreement, the following conditions precedent are to be fulfilled within three months from the date of this agreement with an extension of two months:-

- (i) To obtain approval to construct the public infrastructure, factory building, planning permission and building plan;
- (ii) To obtain certification from the licensed Architect that the construction of the public infrastructure for Lot 11723 has been commenced; and
- (iii) To obtain consent of the State Authority to transfer Lot 11722 from the Vendor to the Company.

However, the Vendor has breached the undertaking and failed or refused to assist EISB in applying to the authorities concerned for the approval to construct the public infrastructure, factory building, planning permission and the approval of building plan for the said property. Furthermore, the Vendor applied for the consent of the State Authority after 4 months from the agreement. Thus, EISB alleged the Vendor had waived the conditions precedent and time is at large. EISB had filed a writ of summons in the High Court on 24 September 2021 for claiming a declaration that the Vendor is not entitled to terminate the agreement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2024 (CONT'D)

33. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (CONT'D)

On 5 November 2021, the Vendor's solicitors had filed a Statement of Defence and Counterclaim. EISB had then filed an amended Statement of Claim and a Reply to Defence and Defence to Counterclaim on 29 November 2021. EISB had then filed an application for summary judgment before the learned judge of the Muar High Court on 18 July 2022. The matter is fixed for further case management on 15 January 2024 and trial dates fixed on 11 March 2024 and 12 March 2024. Subsequent to that, the court has adjourned the case to 28 March 2024 for case management.

On 28 March 2024, the consent judgement was entered by the Court based on an agreement reached between both parties involved. Consent Judgment reflects the terms of a settlement agreement between the parties which they have consented instead of proceeding to a full trial. The salient terms of the consent judgment are as follows:-

1. EISB agrees to pay the total purchase price of RM5,717,643 (i.e. RM 2,822,785 for Lot 11722 and RM 2,894,858 for Lot 11723) to the Vendor.
2. Vacant possession of Lot 11722 and Lot 11723 shall be deemed to have been delivered to EISB on the date of the consent judgment and all outgoings such as quit rent, assessment and other outgoings shall be apportioned as at the date of delivery of vacant possession.
3. Upon the successful registration of Lot 11722 and Lot 11723 in favour of EISB in accordance with the terms of the consent judgment, both parties shall have no further claims whatsoever against each other in respect of any matters arising out of or in connection with the Sale and Purchase Agreement.
4. The parties' rights, obligations and responsibilities shall be in accordance with the provisions stipulated in the Sale and Purchase Agreement, except as modified by the consent judgment.
5. Each party shall bear its own costs in the matter and the legal fees incurred in the conveyancing matter.

Upon filing of the consent judgment, the material litigation between EISB and the Vendor was concluded. Subsequently to that, the acquisition was completed and the said lands were transferred to EISB during the financial year. The two leasehold lands are classified under right-of-use assets as disclosed in Note 7 to the financial statements.

LIST OF PROPERTIES

AT 31 AUGUST 2024

Registered Owner	Location	Description and existing use	Tenure/ Expiry of Lease	Age of Buildings (Years)	Category of Land Use/ Land Area/ Built Up Area	Net book Value as at 31.08.2024 RM	Date of valuation/ acquisition
USF	Lot No. 8726, PN 9634, Mukim of Jalan Bakri, District of Muar, State of Johor	A plot of industrial land erected with a block of single-storey factory building together with a three-storey office annexe, an extended first floor factory and lean to sheds, showroom and other ancillary structures.*	Leasehold for a term of 99 years/ Expiring on 29 December 2094	24	Industrial/ 9,030 sq. m./ 9,051 sq. m.	3,413,802	15.01.2008
HUI	Lot PTD No. 9495, HSD 31616, Mukim of Jalan Bakri, District of Muar, State of Johor	A plot of industrial land erected with a block of single-storey factory building and a guard house.	Freehold	17	Industrial/ 7,262 sq. m./ 4,391 sq. m.	2,375,875	15.01.2008
HUI	HS(D) 35993, Lot PTD 11373, in the Mukim of Jalan Bakri, District of Muar, State of Johor	Two (2) adjoining plots of industrial land erected with a block of single-storey factory building together with a double-storey office annexe, a production office and other ancillary structures.	Freehold	17	Industrial/ 24,282 sq. m./ 17,217 sq. m.	8,864,231	15.01.2008
HUI	HS(D) 33704 and HS(D) 33703, Lots PTD 10628 and 10629, both in the Mukim of Jalan Bakri, District of Muar, State of Johor	Two (2) adjoining plots of industrial land erected with two blocks of single-storey factory building together with a double-storey office annexe, and other ancillary structures.	Freehold	14	Industrial/ 15,544 sq. m./ 9,290 sq. m.	5,141,005	10.09.2007
HUI	HS(D) 33687, Lot PTD 10634 in the Mukim of Jalan Bakri, District of Muar, State of Johor	A plot of industrial land with a block of single-storey factory building.	Freehold	7	Industrial/ 7,851 sq. m./ 5,116 sq. m.	3,599,398	18.11.2010

LIST OF PROPERTIES AT 31 AUGUST 2024 (CONT'D)

Registered Owner	Location	Description and existing use	Tenure/ Expiry of Lease	Age of Buildings (Years)	Category of Land Use/ Land Area/ Built Up Area	Net book Value as at 31.08.2024 RM	Date of valuation/ acquisition
HUI	HS(D) 38792, Lot PTD 13725 in the Mukim of Jalan Bakri, District of Muar, State of Johor	A plot of agriculture land.	Freehold	N/A	Agriculture/ 0.4053 hectares/ N/A	1,158,797	20.03.2018
EISB	Lot No. 8721, PN 9639, Mukim of Jalan Bakri, District of Muar, State of Johor	A plot of industrial land erected with a block of single-storey factory building together with a double-storey office annexe, and other ancillary structures.	Leasehold for a term of 99 years/ Expiring on 29 December 2094	24	Industrial/ 4,076 sq. m./ 2,338 sq. m.	1,281,869	16.01.2009
EISB	HS(D) 40781 PTD 17074 (Previously known as GRN 85821 Lot 4941), Mukim of Jalan Bakri, District of Muar, State of Johor	A plot of industrial land with 4 blocks of factory together with a four-storey of hostel annexe and other ancillary structures.	Freehold	4	Industrial/ 38,641 sq.m./ 24,065 sq.m.	23,594,831	07.09.2015
HNSB	PLO 31 and PLO 32, Muar Furniture Park**	Two (2) adjoining plots of industrial land.	Leasehold/ N/A	N/A	Industrial/ 6 acres/ N/A	4,490,172	27.02.2019
HOSB	PLO 33 and PLO 34, Muar Furniture Park**	Two (2) adjoining plots of industrial land.	Leasehold/ N/A	N/A	Industrial/ 6 acres/ N/A	4,490,172	27.02.2019
EISB	PN 81402 and PN 73632, Lot 11722 and 11723, Mukim of Parit Bakar, District of Muar, State of Johor	Two (2) plots of industrial land.	Leasehold for a term of 99 years/ Expiring on 23 December 2103	N/A	Industrial/ 1.9674 hectares/ N/A	6,136,595	15.05.2024

Notes:

* HUI owns the factory building which was built on Lot 8726.

** Land held under Master title of HS(D) 38459, PTD 13399 and HS(D) 38460, PTD 13400, Geran 50191, Lot 8531 situated in Mukim Jalan Bakri, District of Muar, State of Johor which titles have yet to be issued. The lands are under development and not ready to use and included in the prepaid lease payment.

ANALYSIS OF SHAREHOLDINGS

AT 29 NOVEMBER 2024

Issued and Fully Paid Up Share Capital	: RM 98,023,595.68
Class of Shares	: Ordinary shares
No. of shares in issue	: 463,244,952
Voting Right	: One vote per ordinary share at any shareholders' meeting
Number of Shareholders	: 5,242

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of issued shares capital
1-99	582	11.102	27,983	0.006
100-1,000	558	10.644	255,732	0.055
1,001-10,000	2,267	43.246	11,277,387	2.434
10,001-100,000	1,619	30.885	48,020,393	10.366
100,001-23,162,246*	214	4.082	158,121,295	34.133
23,162,247 and above**	2	0.038	245,542,162	53.004
Total	5,242	100.000	463,244,952	100.000

Notes:

* Less than 5% of issued shares capital.

** 5% and above of issued shares capital.

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS (Holding 5% or more of the issued shares capital)

Name of Shareholders	Direct	No. of shares held		%
		%	Indirect	
Chua Fen Fatt	152,015,881	32.815	93,526,281 ⁽¹⁾	20.189
Tee Hwee Ing	93,526,281	20.189	152,015,881 ⁽¹⁾	32.815

DIRECTORS' SHAREHOLDINGS ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	No. of shares held		%
		%	Indirect	
Chua Fen Fatt	152,015,881	32.815	93,526,281 ⁽¹⁾	20.189
Tee Hwee Ing	93,526,281	20.189	152,015,881 ⁽¹⁾	32.815

Note:

⁽¹⁾ Deemed interest by virtue of his/her spouse's substantial interest of the Company.

ANALYSIS OF SHAREHOLDINGS AT 29 NOVEMBER 2024 (CONT'D)

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AT 29 NOVEMBER 2024 (AS PER THE RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of shares held	% of issued share
1	CHUA FEN FATT	152,015,881	32.815
2	TEE HWEE ING	93,526,281	20.189
3	TEE HUI CHEIN	19,602,475	4.231
4	CHUA FEN LEE	19,022,376	4.106
5	RHB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE HUI</i>	7,648,600	1.651
6	JCBNEXT BERHAD	5,723,800	1.235
7	LEONG YOK MOY	4,881,850	1.053
8	YAYASAN GURU TUN HUSSEIN ONN	4,419,125	0.953
9	OOI SAY EE	3,900,000	0.841
10	KINGSLEY LIM FUNG WANG	3,800,000	0.820
11	QUEK WEE SENG	3,746,250	0.808
12	YAYASAN GURU TUN HUSSEIN ONN	3,060,625	0.660
13	ELEBEST ENGINEERING SDN. BHD.	3,000,000	0.647
14	YAYASAN GURU TUN HUSSEIN ONN	2,697,000	0.582
15	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG (E-IMO/JSI)</i>	2,300,000	0.496
16	SULTAN IDRIS SHAH	2,083,750	0.449
17	NG AH BAH @ NG SEE KAI	1,844,000	0.398
18	UOB KAY HIAN NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	1,740,000	0.375
19	KHOR SHEN CHIEH	1,600,700	0.345
20	QUEK WEE SENG	1,496,000	0.322
21	RHB NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING</i>	1,343,750	0.290
22	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. <i>STANDARD CHARTERED SAADIQ BHD SCBMB TRUSTEE FOR BMMB OPPORTUNITY FUND</i>	1,300,000	0.280
23	CHAN HOONG MUN	1,169,200	0.252
24	KHOR CHAI MOI	1,111,312	0.239
25	CHONG KONG HOE	1,106,400	0.238
26	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. <i>STANDARD CHARTERED SAADIQ BHD SCBMB TRUSTEE FOR BMMB SYARIAH DYNAMIC FUND (BMMB-E00103)</i>	1,100,000	0.237
27	PUA YU HENG	1,079,625	0.233
28	CIMB GROUP NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR DBS BANK LTD (SFS)</i>	1,066,900	0.230
29	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR CHONG KHONG SHOONG</i>	1,050,000	0.226
30	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR WONG YEE WAH @ WONG MOK CHOON (SS2 PJ-CL)</i>	1,049,793	0.226

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF HOMERITZ CORPORATION BERHAD ("THE COMPANY") WILL BE HELD AT BEI BOUTIQUE HOTEL, CENTRO MEETING HALL, LEVEL 3, 8-3, JALAN ABDUL RAHMAN, 84000 MUAR, JOHOR ON TUESDAY, 21 JANUARY, 2025 AT 11.00 A.M. FOR THE TRANSACTION OF THE FOLLOWING BUSINESSES:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 August 2024 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' fees and allowances up to RM182,000.00 for the financial year ending 31 August 2025 payable quarterly in arrears after each quarter of completed service of the Directors during the subject financial year. *(Ordinary Resolution 1)*
3. To declare a final single-tier dividend of 1.7 sen per ordinary share in respect of the financial year ended 31 August 2024. *(Ordinary Resolution 2)*
4. To re-elect Mr Chua Fen Fatt, the Director who retire in accordance with Clause 91 of the Company's Constitution. *(Ordinary Resolution 3)*
5. To re-elect Ms Tee Hwee Ing, the Director who retire in accordance with Clause 91 of the Company's Constitution. *(Ordinary Resolution 4)*
6. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to determine their remuneration. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without any modification as ordinary resolutions:-

7. **Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016** *(Ordinary Resolution 6)*

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant regulatory authorities (where applicable), the Directors of the Company be hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company without first offer to holders of existing issued shares of the Company, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being ("Proposed General Mandate").

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier.

THAT the Directors of the Company be hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for such New Shares on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AND THAT authority be hereby given to the Directors of the Company, to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation thereto as to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities."

8. Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT") *(Ordinary Resolution 7)*

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given for the Company and its subsidiaries ("Group") to enter into the RRPT as set out in the Section 2.3 of the Part A of the Circular to Shareholders dated 23 December 2024, which are necessary for the Group's day-to-day operations, in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate");

THAT the Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which time the Proposed Shareholders' Mandate has been passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (c) revoked or varied by a resolution passed by the shareholders in general meeting, whichever is the earlier;

AND FURTHER THAT the Directors of the Company and/or any of them be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital *(Ordinary Resolution 8)*

"THAT subject to compliance with the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be hereby given full authority, to seek shareholders' approval for the renewal of authority for the Company to purchase and/or such amount of ordinary shares in the Company ("Shares") through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

- (a) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued share capital of the Company; and
- (b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company;

THAT the Directors be hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 127 of the Companies Act 2016) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Companies Act 2016, rules, regulations, guidelines, requirements and/or orders of Bursa Malaysia Securities Berhad and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Seventeenth Annual General Meeting, the proposed final single-tier dividend of 1.7 sen per ordinary share in respect of the financial year ended 31 August 2024, will be paid on 07 March 2025 to depositors registered in the Record of Depositors of the Company at the close of business on 14 February 2025.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 14 February 2025 in respect of ordinary transfers; or
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

NG MEI WAN

(SSM Practising Certificate No.: 201908000801) (MIA 28862)

TAN HUI KHIM

(SSM Practising Certificate No.: 201908000859) (LS 0009936)

Company Secretaries

Muar, Johor

23 December 2024

Notes:-

1. Only depositors whose names appear in the Record of Depositors as at 14 January 2025 shall be regarded as members and be entitled to attend, participate, speak and vote at the Seventeenth Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

6. *In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively its in the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via TIIH Online website at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Seventeenth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of Seventeenth Annual General Meeting.*

EXPLANATORY NOTES TO THE AGENDA:-

8. *Item 1 of the Agenda*
Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. *Item 2 of the Agenda - Ordinary Resolution 1*
Approval of Directors' fees and allowances for the financial year ending 31 August 2025.

Directors' fees and allowances approved for the financial year ended 31 August 2024 was RM182,000.00. The Directors' fees and allowances proposed for the financial year ending 31 August 2025 are calculated based on the number of scheduled Board and Committee Meetings for financial year ending 31 August 2025 and assuming that all the Non-Executive Directors will hold office until the end of the subject financial year.

This resolution is to facilitate payment of Directors' fees and allowances on a quarterly basis as and when required. In the event the Directors' fees and allowances proposed are insufficient (e.g. due to more meetings), approval will be sought at the next annual general meeting for additional fees and allowances to meet the shortfall.

10. *Item 7 of the Agenda - Ordinary Resolution 6*
Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

(a) *The proposed Ordinary Resolution 6, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the Seventeenth Annual General Meeting to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares capital of the Company. This authority, unless revoked or varied at a general meeting shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.*

(b) *The General Mandate is a renewal of the previous mandate obtained at the last Annual General Meeting held on 22 January 2024 which will expire at the conclusion of the forthcoming Annual General Meeting.*

(c) *As at the date of this Notice, the Company did not issue any new ordinary shares based on the previous mandate obtained at the last Annual General Meeting.*

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (d) *The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions.*
- (e) *In accordance with Clause 9 of the Company's Constitution, the passing of the Ordinary Resolution 6, the shareholders of the Company shall be taken as agree for the New Shares to be issued to such person(s) as the Directors may deem fit and expedient in the interest of the Company without first offer the New Shares to holders of existing issued shares of the Company prior to issuance of the New Shares.*

11. *Item 8 of the Agenda - Ordinary Resolution 7*

Proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT")

The proposed Ordinary Resolution 7, if passed, will enable the Company and its subsidiaries ("Group") to enter into RRPT as set out in the Section 2.3 of the Part A of the Circular to Shareholders of the Company dated 23 December 2024, which are necessary for the Group's day-to-day operation in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

12. *Item 9 of the Agenda - Ordinary Resolution 8*

Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital

The proposed Ordinary Resolution 8, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total issued share capital of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next Annual General Meeting of the Company.

Further details are set out in the Circular to Shareholders dated 23 December 2024.

13. **Annual Report**

The Annual Report for the financial year ended 31 August 2024 is now available at the Company's corporate website, www.homeritzcorp.com. Printed copy of the Annual Report shall be provided to the shareholders upon request soonest possible from the date of receipt of the request.

Shareholders who wish to receive the printed Annual Report may request at <https://tiih.online> by select "Request for Annual Report" under the "Investor Services" or contacting Tricor Investor & Issuing House Services Sdn. Bhd. [197101000970 (11324-H)] at 03-27839299 or email your request to is.enquiry@vistra.com.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING (PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Details of Individuals Standing for Election as Directors

No individual is seeking election as a Director at the Seventeenth Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Please refer to item 10 – Explanatory Notes to the Agenda for Ordinary Resolution 6 on Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

ADMINISTRATIVE GUIDE

FOR THE SEVENTEENTH ANNUAL GENERAL MEETING ("17TH AGM") OF HOMERITZ CORPORATION BERHAD

Date	: Tuesday, 21 January 2025
Time	: 11.00 a.m.
Venue of Meeting	: BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor

1. CORPORATE MEMBERS

- a. Corporate members who wish to appoint corporate representatives instead of a proxy, must deposit their original or duly certified certificate of appointment of corporate representative to Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") on or before the Annual General Meeting.
- b. Attorneys appointed by power of attorney are required to deposit their power of attorney with Tricor not later than **Sunday, 19 January 2025 at 11.00 a.m.** to attend and vote at the 17th AGM.

2. GENERAL MEETING RECORD OF DEPOSITORS ("ROD")

- a. Only a depositor whose name appears on the ROD as at **14 January 2025** shall be entitled to attend, participate, speak and vote at the 17th AGM or appoint proxies to attend and/or vote on his/her behalf.

3. PROXY

The appointment of proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company at least forty-eight (48) hours before the time appointed for holding the 17th AGM or any adjournment thereof, otherwise the Form of Proxy shall not be treated as valid:-

- a. In hard copy form

In case of an appointment made in hard copy form, the Form of Proxy must be deposited with the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively its in the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

- b. By electronic means

You may also submit the Form of Proxy electronically via TIIH Online website at <https://tiih.online> not later than Sunday, 19 January 2025 at 11.00 a.m.. Please do read and follow the procedures below to submit Form of Proxy electronically.

ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING (“17TH AGM”) OF HOMERITZ CORPORATION BERHAD (CONT’D)

4. ELECTRONIC LODGEMENT OF FORM OF PROXY

The procedures to lodge your Form of Proxy electronically via Tricor’s **TIIH Online** website are summarised below:

Procedure	Action
1. Steps for Individual Members	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> Please access the website at https://tiih.online. Register as a user under the “e-Services”. Select the “Sign Up” button and followed by “Create Account by Individual Holder”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b) Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your username (i.e. email address) and password. Select the corporate event: “HOMERITZ CORPORATION BERHAD 17TH AGM - SUBMISSION OF FORM OF PROXY”. Read and agree to the terms and conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print Form of Proxy for your record.
2. Steps for Corporation or Institutional Members	
(a) Register as a User with TIIH Online	<ul style="list-style-type: none"> Access TIIH Online website at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional member selects the “Sign Up” button and followed by “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional member must register as a user in accordance with the above steps before he/she can subscribe to this corporate member electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b) Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> Login to TIIH Online website at https://tiih.online. Select the corporate event: “HOMERITZ CORPORATION BERHAD 17TH AGM - SUBMISSION OF FORM OF PROXY”. Read and agree to the terms and conditions and confirm the Declaration. Proceed to download the file format for “Submission of Form of Proxy” in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Proceed to upload the duly completed proxy appointment file. Select “Submit” to complete your submission. Print the confirmation report of your submission for your record.

ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING (“17TH AGM”) OF HOMERITZ CORPORATION BERHAD (CONT’D)

5. POLL VOTING

- a. The Voting at the 17th AGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll and MK Advisory Management as Scrutineers to verify the poll results.
- b. During the 17th AGM, the Chairman will invite the Poll Administrator to brief on the Voting procedures. The voting session will commence as soon as the Chairman calls for the poll to be opened.
- c. Upon completion of the voting session for the 17th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

6. ANNUAL REPORT 2024

- a. The Company’s Annual Report 2024 is available at the Company’s website at www.homeritzcorp.com.
- b. Should you require a printed copy of the Annual Report 2024, please request at our Share Registrar’s website at <https://tiih.online> by selecting “Request for Annual Report/Circular” under the “Investor Services” or kindly contact Tricor. Nevertheless, we hope that you would consider the environment before you decide to request for the printed copy.

7. REGISTRATION

- a. The registration will commence at 10.00 a.m. on Tuesday, 21 January 2025 and will remain open until the conclusion of the 17th AGM or such time as may be determined by the Chairman of the meeting.
- b. Please present your original National Registration Identity Card (“NRIC”) or passport (for non-Malaysian) to the registration staff for verification.
- c. Upon verification, you are required to write your name and sign the attendance list placed on the registration table. You will be given a voting slip for voting purposes.
- d. No person will be allowed to register on behalf of another person even with the original NRIC or passport of the other person.

8. RECORDING OR PHOTOGRAPHY

- a. Strictly **NO** unauthorised recording or photography of the 17th AGM proceedings is allowed.

ADMINISTRATIVE GUIDE FOR THE SEVENTEENTH ANNUAL GENERAL MEETING (“17TH AGM”) OF HOMERITZ CORPORATION BERHAD (CONT’D)

9. ENQUIRY

- a. If you have any enquiries on the above, please contact our Share Registrar during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Contact Person : Nor Faeayzah
(+603-2783 9274 / nor.faeayzah@vistra.com)
Damia Insyirah
(+603-2783 7962 / damia.insyirah@vistra.com)
Fax Number : +603-2783 9222
Email : is.enquiry@vistra.com

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CDS Account No.	
No of shares held	

I/We, NRIC/Passport/Registration No.
 (full name in capital letters)

of
 (full address and telephone no.)

being a member/members of **HOMERITZ CORPORATION BERHAD**, hereby appoint

..... NRIC / Passport No
 (full name in capital letters)

of
 (full address and telephone no.)

and/or (delete as appropriate) NRIC / Passport No
 (full name in capital letters)

of
 (full address and telephone no.)

or failing him/her*, the CHAIRMAN OF THIS MEETING as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company will be held at BEI BOUTIQUE HOTEL, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar, Johor on Tuesday, 21 January, 2025 at 11.00 a.m. and at any adjournment thereof in respect of my/our shareholding in the manner indicated below :-

No.	Ordinary Resolution	For	Against
1	Approval of Directors' Fees and allowances for the financial year ending 31 August 2025		
2	Declaration of a final single-tier dividend of 1.7 sen per ordinary share in respect of the financial year ended 31 August 2024		
3	Re-election of Mr Chua Fen Fatt as Director		
4	Re-election of Ms Tee Hwee Ing as Director		
5	Re-appointment of Messrs Crowe Malaysia PLT as Auditors		
6	Renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
7	New shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
8	Renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital		

[Please indicate with a "x" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Proxy	No. of Shares	Percentage
1		
2		
Total		100%

Dated this day of

.....
 Signature of Shareholder or Common Seal

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 14 January 2025 shall be regarded as members and be entitled to attend, participate, speak and vote at the Seventeenth Annual General Meeting.
2. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Companies Act 2016. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing. If the appointer is a corporation, the instrument must be executed under its Common Seal or under the hand of an attorney so authorised. Any alterations in the Form of Proxy must be initialed by the member.
6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).

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Affix Stamp

The Share Registrar
Tricor Investor & Issuing House Services Sdn. Bhd.
Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Please fold here

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively its in the drop-in box provided at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic lodgement via TIIH Online website at <https://tiah.online> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of Seventeenth Annual General Meeting to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of Seventeenth Annual General Meeting.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the Seventeenth Annual General Meeting and any adjournment thereof.

