
DEFINITIONS

Unless otherwise indicated, the following abbreviations shall apply throughout this Circular:

“Act”	:	The Companies Act 2016 (as amended from time to time and any re-enactment thereof)
“AGM”	:	Annual general meeting to be convened
“Board”	:	Board of Directors of Homeritz
“Bursa Securities”	:	Bursa Malaysia Securities Berhad Registration No.: 200301033577 (635998-W)
“Code”	:	Malaysian Code on Take-Over and Mergers 2016 (as amended from time to time and any re-enactment thereof)
“Director(s)”	:	The Directors of Homeritz for the time being and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director or a chief executive of Homeritz, its subsidiary or holding company.
“Embrace”	:	Embrace Industries Sdn. Bhd. Registration No.: 200801025335 (826659-K)
“EPS”	:	Earnings Per Share
“First Flames”	:	First Flames Sdn. Bhd. Registration No.: 200601015872 (735624-A)
“FYE”	:	Financial year ending/ended 31 August
“Group” or “Homeritz Group”	:	Homeritz and its subsidiaries, collectively
“Homeritz” or “the Company”	:	Homeritz Corporation Berhad Registration No.: 200801004508 (805792-X)
“Homeritz Share(s)” or “Share(s)”	:	Ordinary share(s) in Homeritz
“Home”	:	Home Upholstery Industries Sdn. Bhd. Registration No.: 199701025865 (441363-V)
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities (as amended from time to time)
“LPD”	:	29 November 2024, being the latest practicable date prior to the printing of this Circular
“Market Day”	:	A day on which the stock market of Bursa Securities is open for trading in securities, which may include a Surprise Holiday.

DEFINITIONS

“Major Shareholder(s)”	: Means a person who has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those Shares, is: (i) 10% or more of the total number of voting shares in the Company; or (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company, and includes any person who is or was within the preceding six (6) months of the date on which the terms of the RRPT were agreed upon, such major shareholder of the Company or any other company, which is the subsidiary or holding company For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act.
“NA”	: Net assets
“Person(s) Connected”	: Shall have the same meaning given in Chapter 1, paragraph 1.01 of the Listing Requirements.
“Proposed Renewal of Authority”	: The proposed renewal of authority for Homeritz to purchase its own ordinary shares of up to ten percent (10%) of the issued shares of the Company
“Proposed Shareholders’ Mandate”	: Proposed new shareholders’ mandate for RRPT
“Purchased Share(s)”	: Share(s) purchased pursuant to the Proposed Renewal of Authority
“Registered Office”	: No. 7 (1st Floor) Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar Johor
“Related Party(ies)”	: A Director(s), Major Shareholder(s) or Person(s) Connected with such Director(s) or Major Shareholder(s) of the Company
“RM and sen”	: Ringgit Malaysia and sen, respectively
“RRPT”	: Recurrent related party transaction(s) of a revenue or trading nature which are necessary for the day-to-day operations of Homeritz Group.
“Statement”	: Share buy-back statement in relation to the Proposed Renewal of Authority
“Substantial Shareholder”	: Shall have the same meaning given in Section 136 of the Act
“Surprise Holiday”	: A day that is declared as a public holiday in the Federal Territory of Kuala Lumpur that has not gazetted as a public holiday at the beginning of the calendar year.

Words importing the singular only shall include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporation, unless otherwise specified.

All references to the time of day in this Circular are references to Malaysian time.

All references to “you” in this Circular are to the shareholders of the Company.

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PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE
PROPOSED NEW SHAREHOLDERS' MANDATE FOR
RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**



HOMERITZ CORPORATION BERHAD
Registration No.: 200801004508 (805792-X)
(Incorporated in Malaysia)

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

23 December 2024

Board of Directors:

Chua Fen Fatt	<i>(Managing Director)</i>
Tee Hwee Ing	<i>(Executive Director)</i>
Kee Tong Kiak	<i>(Senior Independent Non-Executive Director)</i>
Hamsiah Binti Khalid	<i>(Independent Non-Executive Director)</i>
Wong Wai Hung	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Homeritz

Dear Sir/Madam,

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE

1. INTRODUCTION

The Board had on 11 December 2024, announced to Bursa Securities on its intention to seek shareholders' approval for the Proposed Shareholders' Mandate at the forthcoming AGM.

The purpose of this Circular is to provide you with the details of the Proposed Shareholders' Mandate, to set out the Board's recommendation and to seek your approval on the ordinary resolution in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM. The Notice of AGM and the Form of Proxy have been incorporated into the Company's Annual Report 2024 and together with this Circular are available at our Company's website <http://www.homeritzcorp.com>.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING AGM.

2. PROPOSED SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPT subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where in relation to a listed issuer with a share capital of RM60 million or above: -
 - (a) the consideration, value of assets, capital outlay or costs of the aggregated RRPT is RM1 million or more; or
 - (b) any one of the percentage ratios of such aggregated RRPT is 1% or more;whichever is the higher;
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested Person Connected; and where it involves the interest of an interested Person Connected, such Director or Major Shareholder must not vote on the resolution approving the RRPT. An interested Director or interested Major Shareholder must ensure that Person Connected with him are abstained from voting on the resolution approving the RRPT; and
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more and must include information as may be prescribed by Bursa Securities in its announcement.

Accordingly, the Board proposes to seek your approval for the Proposed Shareholders' Mandate to enter into RRPT or a revenue or trading nature in the ordinary course of business based on normal commercial terms, at arm's length, which are not more favourable to the Related Parties than those generally available to the public and which are necessary for Homeritz Group's day-to-day operations.

The Proposed Shareholders' Mandate, if approved by the shareholders of the Company at the forthcoming AGM, will take effect from the date the ordinary resolution is passed by the shareholders at the AGM until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the resolution for the Proposed Shareholders' Mandate was 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 AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

Thereafter, the approval from the shareholders will be sought for the renewal of the Proposed Shareholders' Mandate, if applicable, at each subsequent AGM of the Company. Where Homeritz has procured a shareholder mandate pursuant to Section 2.3 of this Circular, the provisions of Paragraph 10.08 of the Listing Requirements will not apply.

2.2 Principal activities of Homeritz Group

The Company is principally engaged in investment holding and the provision of management services while the principal activities of its subsidiaries are as follow:

Subsidiaries	Effective Equity Interest	Principal Activities
Home	100%	Design, manufacture and sale of upholstery furniture products.
U.S. Furniture Manufacturing Sdn. Bhd.	100%	Property investment holding.
Embrace	100%	Design, manufacture and sale of furniture and furniture parts.
Homeours Sdn. Bhd.	100%	Property investment holding.
Home Newcastle Sdn. Bhd.	100%	Property investment holding.
Eritz Sdn. Bhd.	100%	Dormant.

It is anticipated that the Group would, in the normal course of business enter into RRPT with Related Party(ies), details of which are set out in Section 2.3 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

2.3 Details of the RRPT

The details of the nature of the RRPT are as follows :

No.	Related Party	Company in the Homeritz Group	Nature of relationship	Nature of transaction	Actual value transacted from 22 November 2024 to LPD (RM'000)	Estimated value for the validity of the Proposed Shareholders' Mandate (RM'000)
1.	First Flames ⁽¹⁾	Home	First Flames is 90% owned by Chua Fen Lee ⁽²⁾ , the sister of Chua Fen Fatt ⁽³⁾ and the sister-in-law of Tee Hwee Ing ⁽⁴⁾	Provision of subcontractor services by First Flames	Nil	15,000
2.	First Flames ⁽¹⁾	Embrace	First Flames is 90% owned by Chua Fen Lee ⁽²⁾ , the sister of Chua Fen Fatt ⁽³⁾ and the sister-in-law of Tee Hwee Ing ⁽⁴⁾	First Flames purchases furniture parts and furniture from Embrace.	302	35,000
3.	First Flames ⁽¹⁾	Embrace	First Flames is 90% owned by Chua Fen Lee ⁽²⁾ , the sister of Chua Fen Fatt ⁽³⁾ and the sister-in-law of Tee Hwee Ing ⁽⁴⁾	First Flames rents a single-storey factory known as Lot 4941 (PTD 17074), Block B (G2), Jalan Bakri, 84200 Muar, Johor erected on the land held under PTD 17074, HSD 40781 (formerly Lot 4941, GRN 85821), Mukim Jalan Bakri, Daerah Muar, Negeri Johor with an area of 20,000 square feet at a monthly rental of RM21,500.00 from Embrace.	Nil	1,000
TOTAL					302	51,000

Notes: -

(1) First Flames is a company that is 90% owned by Chua Fen Lee with effect from 22 November 2024.

(2) Chua Fen Lee is the Shareholder of the Company.

(3) Chua Fen Fatt is the Managing Director and the Substantial Shareholder of the Company. He is also the Director of Home and Embrace.

(4) Tee Hwee Ing is the Executive Director and the Substantial Shareholder of the Company. She is also the Director of Home and Embrace.

2.4 Review procedures for RRPT

Homeritz Group has established and put in place the following adequate procedures, processes and measures to monitor, track, identify and ensure that all the RRPT are undertaken on an arm's length basis and on normal commercial terms consistent with Homeritz Group's usual business practices and policies, which are not more favourable to the Related Parties than those extended to third parties or public and are not to the detriment of the minority shareholders:

- (i) The interested Directors and Major Shareholders, if any, will be informed and briefed on the procedures put in place by the management of the Group in relation to transactions to be entered into by Homeritz Group. The interested Directors and Major Shareholders, if any, are required to declare and disclose to the Board on transactions in which they are deemed interested as soon as practicable after they become aware of their interests. Details of the disclosure must be recorded in the minutes of the Board meeting at which the disclosure is made or the Board meeting held following the disclosure made;
- (ii) Records pertaining to the RRPT will be analysed and monitored by the management of the Company. The status of the RRPT will be reported by the management of the Group to the Audit and Risk Management Committee on a quarterly basis;
- (iii) The management of the Group will ensure that transactions are made based on terms that are not more favourable to the Related Parties than those generally available to the public by considering the prevailing market prices, commercial terms of transactions with third parties, business practices and policies and terms which are generally acceptable in the industry norms;
- (iv) Any member of the Board and the Audit and Risk Management Committee of the Company may, as he deemed fit, request for additional information pertaining to the RRPT from independent sources or advisers;
- (v) The internal auditors will carry out annual review to ascertain that the established guidelines and procedures mentioned above for RRPT have been complied with. Based on the findings from the internal auditors, the Audit and Risk Management Committee will consider whether the established guidelines and procedures mentioned above for RRPT have become inappropriate, and/or are unable to ensure that the transactions will be on normal commercial terms, and/or will prejudice to the interests of minority shareholders;
- (vi) The Directors having interests in any RRPT shall abstain from Board deliberations and shall ensure that the Major Shareholders and Persons Connected with them are also abstained from voting on the resolution approving the Proposed Shareholders' Mandate;
- (vii) At least 2 other contemporaneous transactions with unrelated third parties for similar products/services will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities;
- (viii) In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by Homeritz Group based on the usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms to ensure that the RRPT are not detrimental to Homeritz Group; and
- (ix) Disclosure will be made in the Annual Report of the Company or in Group's audited financial statements breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate. Immediate announcement will be made when actual amount of a RRPT exceeds the estimated value of the RRPT disclosed in the Circular by 10% or more.

2.5 Statement by the Audit and Risk Management Committee

The Audit and Risk Management Committee of the Company has seen and reviewed the procedures as stipulated under Section 2.4 of this Circular and is of the opinion that the said procedures are sufficient and adequate to ensure that the RRPT are carried out on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of the minority shareholders or disadvantageous to Homeritz Group.

The Audit and Risk Management Committee is also of the view that Homeritz Group has put in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner and these procedures and processes will be reviewed on an annual basis.

If, during its periodic reviews, the Audit and Risk Management Committee should be of the view that such guidelines and procedures are no longer appropriate or adequate to ensure that the RRPT will be carried out on normal commercial terms or will be prejudicial to the interests of minority shareholders, the Company will seek a fresh mandate from shareholders based on new guidelines and procedures.

2.6 Threshold for Authority

There is no specific threshold for approval for RRPT as the RRPT will be reviewed by the Audit and Risk Management Committee and approved by the Board.

2.7 Rationale and Benefit of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will enable Homeritz Group to continue to carry out recurrent transactions necessary for the day-to-day operations and enhance Homeritz Group's ability to pursue business opportunities, which are confidential, time-sensitive in nature in a more expeditious manner. The Proposed Shareholders' Mandate will eliminate the need to make announcement(s) and convene separate general meeting(s) from time to time to seek shareholders' approval as and when potential recurrent transactions with a Related Party arise. This will substantially reduce expenses associated with the convening of such meetings on an ad-hoc basis; improve administrative and cost efficiency; and allow human resources and time to be channeled towards attaining other corporate objectives and opportunities.

Further, the Proposed Shareholders' Mandate is intended to facilitate transactions to be entered into in the ordinary course of business of Homeritz Group which are transacted from time to time with the Related Parties which are carried out at arm's length on Homeritz Group's normal commercial terms and are not prejudicial to the interest of the shareholders and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

The benefit of the RRPT to the Group is all in the ordinary course of business and intended to meet the business needs of the Group at the best possible terms so as to achieve synergistic benefits within the Group. As such, it is anticipated that the RRPT would occur on a frequent and recurrent basis.

2.8 Amount Due and/or Owing to Related Parties Pursuant to the RRPT

As at the LPD, there were no outstanding amount due and/or owing to Homeritz Group by the Related Parties involved in the RRPT which exceeded the credit terms granted.

2.9 Disclosure in Annual Report

Disclosure will be made in the Company's Annual Report in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:

- (i) types of RRPT made; and
- (ii) names of Related Parties involved in each type of the RRPT made and their relationship with the Group.

The above disclosure will be made in the Company's Annual Report for each subsequent financial year after the Proposed Shareholders' Mandate has been obtained.

2.10 Effects of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate will not have effect on the share capital and substantial shareholders' shareholdings of the Company.

The Proposed Shareholders' Mandate is not expected to have any material effect on the consolidated earnings, gearing and NA of the Group.

2.11 Approval Required

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of the Company at the forthcoming AGM.

2.12 Interests of the Directors, Major Shareholders and/or Persons Connected with Them

Save as disclosed below, none of the other Directors, Major Shareholders and/or Persons Connected with them have any direct or indirect interest in the Proposed Shareholders' Mandate:

	Shareholdings as at LPD			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Interested Directors				
Chua Fen Fatt	152,015,881	32.82	93,526,281 (*)	20.19
Tee Hwee Ing	93,526,281	20.19	152,015,881 (*)	32.82
Interested Major Shareholders				
Chua Fen Fatt	152,015,881	32.82	93,526,281 (*)	20.19
Tee Hwee Ing	93,526,281	20.19	152,015,881 (*)	32.82
Persons Connected to Director				
Chua Fen Lee	19,022,376	4.11	-	-
Tee Hui Chein	19,602,475	4.23	543,750 (#)	0.12
Tay Ming Siong	543,750	0.12	19,602,475 (#)	4.23

Notes: -

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

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

The interested Directors have abstained and will continue to abstain from the Board's deliberations and voting on the Proposed Shareholders' Mandate.

The interested Directors, Major Shareholders and Persons Connected with them (as disclosed above), have abstained and will abstain from voting in respect of their direct and indirect shareholdings, if any, on the ordinary resolution in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The interested Directors, Major Shareholders and Persons Connected with them will also undertake to ensure that Persons Connected with them will abstain from voting in respect their direct and/or indirect shareholdings, if any, in the Company on the ordinary resolution deliberating or approving the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

Save as disclosed above, none of the other Directors and Major Shareholders of Homeritz or Persons Connected with the Directors or Major Shareholders of Homeritz, has any interest, direct or indirect, in the relevant resolutions pertaining to the Proposed Shareholders' Mandate.

3. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save and except for the above-mentioned Interested Directors), after taking into consideration the relevant factors and after careful deliberation, is of the opinion that the Proposed Shareholders' Mandate is in the best interests of Homeritz Group and its shareholders and accordingly recommends that you vote in favour of the resolution in respect of the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

4. AGM

The Company's AGM 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. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution pertaining to the Proposed Shareholders' Mandate.

If you are unable to attend and vote in person at the AGM, you are requested to complete and deposited 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 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 AGM to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of AGM.

The lodging of the instrument appointing a proxy and the power of attorney or other authority does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

5. FURTHER INFORMATION

You are requested to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
HOMERITZ CORPORATION BERHAD

Kee Tong Kiak
(Senior Independent Non-Executive Director)

PART B
STATEMENT TO SHAREHOLDERS IN RELATION TO
THE PROPOSED RENEWAL OF AUTHORITY FOR THE
COMPANY TO PURCHASE ITS OWN ORDINARY SHARES
OF UP TO TEN PERCENT (10%) OF THE ISSUED SHARES
CAPITAL IN THE COMPANY



HOMERITZ CORPORATION BERHAD
Registration No.: 200801004508 (805792-X)
(Incorporated in Malaysia)

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

23 December 2024

Board of Directors:

Chua Fen Fatt	<i>(Managing Director)</i>
Tee Hwee Ing	<i>(Executive Director)</i>
Kee Tong Kiak	<i>(Senior Independent Non-Executive Director)</i>
Hamsiah Binti Khalid	<i>(Independent Non-Executive Director)</i>
Wong Wai Hung	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Homeritz

Dear Sir/Madam,

STATEMENT TO THE SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY

1. INTRODUCTION

At the last AGM held on 22 January 2024, the Company obtained its shareholders' approval for the authority for Homeritz to purchase its own ordinary shares of up to ten percent (10%) of the issued shares of the Company. The said approval shall, in accordance with the Listing Requirements, expire at the conclusion of the Company's forthcoming AGM.

The Board had on 11 December 2024, announced the Company's intention to seek shareholders' approval for the Proposed Renewal of Authority at the forthcoming AGM.

The purpose of this Statement is to provide you with the details of the Proposed Renewal of Authority and to seek your approval on the ordinary resolution in relation to the Proposed Renewal of Authority to be tabled at the forthcoming AGM in relation to the Proposed Renewal of Authority. The Notice of AGM and the Form of Proxy have been incorporated into the Company's Annual Report 2024 and together with this Circular are available at our Company's website <http://www.homeritzcorp.com>.

SHAREHOLDERS ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS STATEMENT CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF AUTHORITY TO BE TABLED AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY

2.1 The Company proposes to seek your approval for a renewal of the authority to purchase of up to ten percent (10%) of the issued shares capital on Bursa Securities via stockbroker(s) to be appointed by the Board, at any time during the authorised period. The authority from the shareholders for the Proposed Renewal of Authority will be effective upon the passing of the ordinary resolution for the Proposed Renewal of Authority at the forthcoming AGM until:

- (i) the conclusion of the next AGM of the Company at which time the said authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

2.2 Pursuant to Paragraph 12.10 of the Listing Requirements, the Proposed Renewal of Authority must be made wholly out of the retained profits account of the Company. The retained profits account of the Company for the last three (3) financial years were as follows:

	Retained profits (RM)
As at 31 August 2022 as per audited accounts	2,714,985
As at 31 August 2023 as per audited accounts	3,738,727
As at 31 August 2024 as per audited accounts	5,262,449

The maximum amount of the funds to be allocated for the Proposed Renewal of Authority shall be limited to retained profits of the Company. The funding will be internally generated and will not have a significant negative bearing on the cash flow position of the Homeritz Group.

2.3 Pursuant to the Listing Requirements, the purchase price of Shares cannot be more than fifteen percent (15%) above the weighted average market price of our Shares for five (5) Market Days immediately preceding the date of the purchase. In the case of a resale of the treasury shares on Bursa Securities, the Company may only resell any treasury shares at a price, which is:

- (i) not less than the weighted average market price of Shares for five (5) Market Days immediately prior to the date of the resale; or
- (ii) a discounted price of not more than five percent (5%) to the weighted average market price for Shares for five (5) Market Days immediately prior to the date of the resale, provided that:
 - (a) the resale takes place no earlier than thirty (30) days from the date of the purchase; and
 - (b) the resale price is not less than the cost of purchase of the Shares being resold.

2.4 In accordance with Section 127(4) of the Act, the Directors are able to deal with any Purchased Shares by the Company under the Proposed Renewal of Authority in the following manner:

- (i) to cancel the Purchased Shares; or
- (ii) to retain the Purchased Shares in treasury which is referred to as "treasury shares" in the Act; or
- (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder of the Purchased Shares.

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY (CONT'D)

In regards to the Purchased Shares and retain as treasury shares, the Board may decide to distribute the treasury shares as share dividends to our shareholders and/or resell the treasury shares on Bursa Securities and utilise the proceeds from the resale of the treasury shares for potential investment opportunities arising in the future or as working capital.

If the Board decides to resell the treasury shares on Bursa Securities, the Company will make an announcement on the day the resale is made, providing details of the description of the Shares resold, the number of Shares resold, the resale price of each Share resold or where relevant, the highest and lowest resale price, the total consideration received and the cumulative net outstanding treasury shares at the date of notification, where applicable.

- 2.5 The Proposed Renewal of Authority will allow the Board to exercise the power of the Company to purchase its Shares at any time within the abovementioned period using the internal funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later, depending on, amongst others, the availability of internally generated funds, the actual number of Shares to be purchased and other relevant factors.

The actual number of Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained profits account and the financial resources available to the Company. In the event the Company purchases its own Shares using external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of the Company.

3. RATIONALE AND POTENTIAL ADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY

The Proposed Renewal of Authority will enable Homeritz to utilise any of its surplus financial resources to purchase its own Shares from the market. It may stabilise the supply and demand of Shares traded on Bursa Securities and thereby support its fundamental value. The stability of Share price is important to maintain investors' confidence to facilitate any future fund raising exercises via the equity market.

Assuming all things being equal, any purchase of Shares, regardless whether its Shares so purchased were retained as treasury shares or cancelled, would result in a lower number of Shares being used for the purpose of computing the EPS. The reduced issued share capital subsequent to the Proposed Renewal of Authority may improve the Company's EPS, which in turn could be expected to benefit the shareholders.

The Purchased Shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the total issued share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

4. POTENTIAL DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY

The Proposed Renewal of Authority will temporarily reduce the financial resources of the Company. This may result in the Company foregoing other investment opportunities that may emerge in the future or, at least, deprive the Company of interest income that can be derived from funds to be utilised for the Proposed Renewal of Authority.

It may also reduce the amount of resources available for distribution in the form of dividends to the shareholders as funds are utilised to purchase its own Shares. However, the financial resources of the Company may recover and increase upon the re-selling of the Purchased Shares held as treasury shares.

Notwithstanding the above, the Board is of the view that the Proposed Renewal of Authority is not expected to have any material disadvantage to the shareholders as well as the Company as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders and the Company.

5. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY

The effects of the Proposed Renewal of Authority are as follows:

5.1 Share Capital

The effects of the Proposed Renewal of Authority on the issued share capital of the Company, based on the following scenarios, are as follows:

	No of Shares
As at LPD	463,244,952
Proposed Renewal of Authority (assuming all Shares purchased are fully cancelled)	<u>(46,324,495)</u>
Balance after the Proposed Renewal of Authority	<u>416,920,457</u>

In the event Shares purchased are retained as treasury shares, the Proposed Renewal of Authority will not affect the issued share capital of Homeritz but the rights attached to them in relating to voting, dividends and participation in any other distributions or otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including calculation of substantial shareholdings, take-overs, notices, the requisitioning of meetings, calculation of quorum for meetings and the result of a vote on a resolution at meeting.

5.2 NA

The consolidated NA of the Company may increase or decrease depending on the number of Shares purchased under the Proposed Renewal of Authority, the purchase prices of its Shares, the effective cost of funding and the treatment of its Shares purchased under the Proposed Renewal of Authority.

The Proposed Renewal of Authority will reduce the consolidated NA per Share when the purchase price exceeds the consolidated NA per Share at the time of purchase. On the contrary, the consolidated NA per Share will increase when the purchase price is less than the consolidated NA per Share at the time of purchase.

If the Shares purchased under the Proposed Renewal of Authority are held as treasury shares and subsequently resold on Bursa Securities, the consolidated NA per Share would increase if the Company realises a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the Group's NA by the cost of the treasury shares.

5.3 Working Capital

The Proposed Renewal of Authority will reduce the working capital and cash flow of Homeritz Group, the quantum of which depend on the purchase price of its Shares, the actual number of Shares purchased and any associated costs incurred in making the purchase. For Shares purchased which are kept as treasury shares, upon their resale, the working capital and cash flow will increase. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

5.4 Earnings

The effect of the Proposed Renewal of Authority on the consolidated EPS of the Company will depend on the purchase prices paid for its Shares, the effective funding cost to the Group to finance the purchases of its Shares or any loss in interest income to the Group, if internally generated funds are utilised to finance the purchase of its Shares. Further, the purchase of Shares will result in a lower number of shares being taken into account for purposes of EPS computation.

Assuming that any Purchased Shares are retained as treasury shares and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

5.5 Dividends

The Proposed Renewal of Authority is not expected to have any material impact on the policy of the Board in recommending dividend, if any, to the shareholders. However, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Authority.

5.6 Directors and Substantial Shareholders' shareholdings

The direct and indirect shareholdings of the Directors and Substantial Shareholders of the Company as at LPD are set out as follows:

Directors and/or Substantial Shareholders	<u>As at the LPD</u>				<u>After the Proposed Share Buy-Back Authority***</u>			
	<u>Direct</u> No. of Shares	%	<u>Indirect</u> No. of Shares	%	<u>Direct</u> No. of Shares	%	<u>Indirect</u> No. of Shares	%
Chua Fen Fatt**	152,015,881	32.82	93,526,281*	20.19	152,015,881	36.46	93,526,281*	22.43
Tee Hwee Ing**	93,526,281	20.19	152,015,881*	32.82	93,526,281	22.43	152,015,881*	36.46
Kee Tong Kiak	-	-	-	-	-	-	-	-
Hamsiah Binti Khalid	-	-	-	-	-	-	-	-
Wong Wai Hung	-	-	-	-	-	-	-	-

Notes:

* Deemed interested by virtue of his/her spouse's substantial interest of the Company

** Substantial shareholders

*** Assuming the Proposed Renewal of Authority for Homeritz to purchase its own ordinary shares implemented in full

6. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES DURING THE PREVIOUS TWELVE (12) MONTHS

As at LPD, the Company has not purchase or resale any Shares during the previous twelve (12) months.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Shares transacted for the twelve (12) months from December 2023 to November 2024 are as follows:

	High RM	Low RM
2023		
December	0.520	0.505
2024		
January	0.560	0.510
February	0.550	0.530
March	0.555	0.515
April	0.590	0.535
May	0.625	0.575
June	0.610	0.575
July	0.605	0.575
August	0.590	0.540
September	0.585	0.560
October	0.595	0.560
November	0.585	0.565

The last transacted market price of the Shares immediately prior to the announcement of the Proposed Renewal of Authority on 11 December 2024

0.615

The last transacted market price of the Shares as at LPD

0.570

(Source: investing.com)

8. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the requirement of twenty-five percent (25%) public shareholding spread under Paragraph 8.02(1) of the Listing Requirements.

As at LPD, the public shareholding spread of our Company based on the issued shares of 463,244,952 Shares was 38.53%. Our Board will ensure that our Company complies with the minimum public spread of twenty-five percent (25%) in implementing the Proposed Renewal of Authority.

9. IMPLICATION OF THE CODE

Our Company does not intend to undertake the Proposed Renewal of Authority such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any party resulting from the Proposed Renewal of Authority, the relevant parties shall make the necessary application to the Security Commission for a waiver to undertake a mandatory offer pursuant to the Code.

10. APPROVALS REQUIRED

The Proposed Renewal of Authority is subject to the approval of the shareholders of the Company at the forthcoming AGM.

11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save for the proportionate increase in the percentage shareholdings of the Directors and Substantial Shareholders in the Company as a result of the Proposed Renewal of Authority, none of the Directors or Substantial Shareholders and/or Persons Connected to them, has any interest, direct or indirect, in the Proposed Renewal of Authority or the resale of the treasury shares, if any.

12. DIRECTORS' RECOMMENDATION

The Board, having considered all the aspects of the Proposed Renewal of Authority, is of the opinion that it is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Authority to be tabled at the forthcoming AGM.

13. AGM

The Company's AGM 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. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing the ordinary resolution pertaining to the Proposed Renewal of Authority.

If you are unable to attend and vote in person at the AGM, you are requested to complete and deposited 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 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 AGM to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of AGM.

The lodging of the instrument appointing a proxy and the power of attorney or other authority does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

14. FURTHER INFORMATION

You are requested to refer to the attached Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
HOMERITZ CORPORATION BERHAD

Kee Tong Kiak
(Senior Independent Non-Executive Director)

1. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

2. MATERIAL CONTRACTS

The Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years immediately preceding the date of this Circular.

3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither the Company nor any of its subsidiary is engaged in any material claims, litigation and/or arbitration either as plaintiff or defendant, which has a material effect on the financial position of the Group. The Directors are not aware of any proceedings pending or threatened against the Group of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of our Group immediately preceding the date of this Circular.

There were no contingent liabilities or material litigation or guarantees other than those arising in the ordinary course of the business of the Group and the Company and on these, no material losses are anticipated.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except for public holidays) from the date of this Circular up to and including the date of the forthcoming AGM, at the Registered Office:

- (i) Constitution of the Company; and
- (ii) The audited financial statements of the Company for the past two (2) FYEs 2023 and 2024.

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