

HOMERITZ CORPORATION BERHAD
REGISTRATION NO.: 200801004508 (805792-X)
(Incorporated in Malaysia)

Minutes of the Thirteenth Annual General Meeting ("Meeting") of the Company (or "Homeritz") held entirely through live streaming from the meeting venue at No. 5 (2nd Floor) Jalan Pesta 1/1 Taman Tun Dr. Ismail 1 Jalan Bakri 84000 Muar Johor ("Meeting Venue") on Friday, 29 January 2021 at 11.00 a.m.

Present The attendance below was as per Attendance List of Directors and Company Secretaries in Annexure 1.

Board of Directors

Mr Chua Fen Fatt (Managing Director)
Ms Tee Hwee Ing (Executive Director)
Encik Mohd Khasan Bin Ahmad (Independent Non-Executive Director)
Datuk Tay Puay Chuan (Senior Independent Non-Executive Director)
Mr Teo Seng Kuang (Independent Non-Executive Director)

In Attendance : Ms Ng Mei Wan (Company Secretary)
 Ms Tan Hui Khim (Company Secretary)

 : The attendance of shareholders/proxies and others was as per summary of Attendance List in Annexure 2.

1. CHAIRMAN OF THE MEETING

It was agreed by all present to appoint Datuk Tay Puay Chuan ("Chairman") to chair the Meeting. Having obtained the quorum, Datuk Tay Puay Chuan presided as Chairman and chaired the Meeting.

2. QUORUM

The quorum for the Meeting was confirmed as present.

3. NOTICE OF THE MEETING

The Notice convening this Meeting had been sent to all shareholders within the prescribed time.

4. PRELIMINARY OF THE MEETING

- 4.1 The Chairman briefed the Meeting that in view of the COVID-19 outbreak and as part of the safety measures, the Meeting of the Company would be conducted entirely through live streaming from the Meeting Venue.
- 4.2 The Chairman briefed the shareholders and proxies of their rights to speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the Meeting using Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIH Online website.
- 4.3 There was a total of Ninety-One (91) persons present as shareholders and proxies holding a total of 253,156,208 ordinary shares, equivalent to 61.48% of the total issued capital of the Company participated remotely from various locations through live streaming at the Meeting. The Chairman introduced each and every member of the Board of Directors (or "Board") as well as the Companies Secretaries who were in attendance. Also joining in this Meeting remotely via video conferencing are the Independent Non-Executive Director, Encik Mohd Khasan Bin Ahmad and the external auditors, Messrs Crowe Malaysia PLT.
- 4.4 Before the Meeting dealt with the business on hand, the Chairman briefed the shareholders and proxies that pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), a listed corporation must, among others, ensure that any resolution set out in the notice of any general meeting is voted by poll. For this purpose, the Company had engaged Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator and Asia Securities Sdn. Berhad as the Independent Scrutineer.

- 4.5 The Poll Administrator was invited to brief the Meeting on the procedures for the conduct of poll and time required for counting and validation of votes casted.
- 4.6 To facilitate the polling process, the Chairman proposed to the Meeting that all the Agenda items to be deliberated first, followed by the Q&A session and lastly by the poll voting.
- 4.7 The Chairman continued to highlight briefly to the Meeting on the Annual Report 2020 and the Audited Financial Statements of the Company for the financial year ended 31 August 2020.
- 4.8 For and on behalf of the Board, Chairman briefed the Meeting on the enquiries raised by the Minority Shareholders Watch Group ("MSWG") via its letter dated 20 January 2021 as well as the Management and/or the Board's representation and/or explanation ("Reply") (as attached). A copy each of the said MSWG's letter and the Reply dated 28 January 2021 had been provided and/or distributed to MSWG.

5. **AGENDA 1
RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 AUGUST 2020 TOGETHER WITH THE REPORTS OF THE DIRECTORS' AND
AUDITORS' THEREON**

The Chairman informed that the motion was put for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 (or "the Act") and the Constitution (or "Constitution") do not require a formal approval of the shareholders, and hence was not put forward for voting.

The Chairman informed that the Audited Financial Statements of the Company for the financial year ended 31 August 2020 together with the Reports of the Directors' and Auditors' thereon be and were hereby received."

6. **AGENDA 2 (ORDINARY RESOLUTION NO. 1)
DIRECTORS' FEES AND ALLOWANCES UP TO RM182,000.00 FOR THE FINANCIAL
YEAR ENDED 31 AUGUST 2020**

The Chairman informed that this resolution is to facilitate payment of Directors' fees and allowances on current financial year basis. In the event that the Directors' fees and allowances are insufficient (e.g. due to more meetings), approval will be sought at the next Annual General Meeting ("AGM") for additional fees and allowances to meet the shortfall.

The Ordinary Resolution 1 was table to the Shareholders.

7. **AGENDA 3 (ORDINARY RESOLUTION NO. 2)
DECLARATION OF A FINAL SINGLE-TIER TAX-EXEMPT DIVIDEND OF 1.5 SEN PER
ORDINARY SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 AUGUST 2020**

The Ordinary Resolution 2 was table to the Shareholders.

8. **AGENDA 4 (ORDINARY RESOLUTIONS NO. 3 AND 4)
RE-ELECTION OF MR CHUA FEN FATT AND MR TEO SENG KUANG AS DIRECTORS,
RETIRING IN ACCORDANCE WITH CLAUSE 91 OF THE CONSTITUTION OF THE
COMPANY**

8.1 **ORDINARY RESOLUTION NO. 3
RE-ELECTION OF MR CHUA FEN FATT AS DIRECTOR, RETIRING IN ACCORDANCE
WITH CLAUSE 91 OF THE CONSTITUTION OF THE COMPANY**

The Chairman informed that the retiring Director, Mr Chua Fen Fatt being eligible has offered himself for re-election.

The Ordinary Resolution 3 was table to the Shareholders.

**8.2 ORDINARY RESOLUTION NO. 4
RE-ELECTION OF MR TEO SENG KUANG AS DIRECTOR, RETIRING IN ACCORDANCE
WITH CLAUSE 91 OF THE CONSTITUTION OF THE COMPANY**

The Chairman informed that the retiring Director, Mr Teo Seng Kuang being eligible has offered himself for re-election.

The Ordinary Resolution 4 was table to the Shareholders.

**9. AGENDA 5 (ORDINARY RESOLUTION NO. 5)
RE-APPOINTMENT OF MESSRS CROWE MALAYSIA PLT AS AUDITORS AND
AUTHORITY TO THE DIRECTORS TO FIX THEIR REMUNERATION**

The Chairman informed that the retiring External Auditors, Messrs Crowe Malaysia PLT had earlier indicated their willingness to continue in office.

The Ordinary Resolution 5 was table to the Shareholders.

**10. AGENDA 6 (ORDINARY RESOLUTION NO. 6, 7 AND 8 - SPECIAL BUSINESS)
RETENTION OF ENCIK MOHD KHASAN BIN AHMAD, DATUK TAY PUAY CHUAN AND
MR TEO SENG KUANG AS INDEPENDENT NON-EXECUTIVE DIRECTORS IN
ACCORDANCE WITH THE MALAYSIAN CODE ON CORPORATE GOVERNANCE
("MCCG")**

Based on the justifications stated in the Company's Annual Report 2020 and the Board's assessment of the independence of Encik Mohd Khasan Bin Ahmad, Datuk Tay Puay Chuan and Mr Teo Seng Kuang, who have served for a cumulative term of more than nine (9) years, the Board hereby recommended their retention as Independent Non-Executive Directors of the Company until the conclusion of the next AGM.

**10.1 ORDINARY RESOLUTION NO. 6
RETENTION OF ENCIK MOHD KHASAN BIN AHMAD AS INDEPENDENT NON-
EXECUTIVE DIRECTOR IN ACCORDANCE WITH MCCG**

The Ordinary Resolution 6 was table to the Shareholders.

**10.2 ORDINARY RESOLUTION NO. 7
RETENTION OF DATUK TAY PUAY CHUAN AS INDEPENDENT NON-EXECUTIVE
DIRECTOR IN ACCORDANCE WITH MCCG**

The Ordinary Resolution 7 was table to the Shareholders.

**10.3 ORDINARY RESOLUTION NO. 8
RETENTION OF MR TEO SENG KUANG AS INDEPENDENT NON-EXECUTIVE
DIRECTOR IN ACCORDANCE WITH MCCG**

The Ordinary Resolution 8 was table to the Shareholders.

**11. AGENDA 7 (ORDINARY RESOLUTION NO. 9 - SPECIAL BUSINESS)
AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES NOT EXCEEDING TEN
PERCENT (10%) OF THE ISSUED SHARE CAPITAL OF THE COMPANY PURSUANT TO
SECTION 75 OF THE ACT**

The Chairman informed that pursuant to Section 75 of the Act, the Directors of the Company are empowered to allot and issue shares in the Company provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total issued share capital of the Company as they may think fit.

The mandate now sought was a renewal from the previous mandate obtained at the last AGM held on 03 January 2020 which will expire at the conclusion of this Meeting.

No new shares were issued by the Company pursuant to the previous mandate since the last AGM.

After taking into consideration various aspects thereof, the Board unanimously recommended that the shareholders vote in favour of this resolution.

The Ordinary Resolution 9 was table to the Shareholders.

12. **AGENDA 8 (ORDINARY RESOLUTION NO. 10 - SPECIAL BUSINESS)
PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

This resolution, if passed, would allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total number of issued shares of the Company.

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 AGM of the Company.

The Ordinary Resolution 10 was table to the Shareholders.

13. Datuk Chairman informed that the Company had received questions prior to and during the Meeting. The questions received would be moderated to avoid repetition and may also be summarised for reasons of brevity.

A summary of questions by the Shareholders together with the summarised responses by the Company was annexed hereto and marked as Annexure 3.

14. The Chairman informed that the poll voting would commence soon.

15. **ANNOUNCEMENT OF POLL RESULTS**

The Chairman called the Meeting to order and announced the poll results (as per the enclosed "Result on Voting by Poll") as follows:

15.1 **Ordinary resolution 1**

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,361,614 (99.961648%)	71 (93.421053%)
Against	96,439 (0.038352%)	5 (6.578947%)
Total	251,458,053 (100.000000%)	76 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	42,750	3
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 1 was carried as follows:

Resolved : "THAT the payment of Directors' fees and allowances amounting up to RM182,000.00 for the financial year ended 31 August 2021 be hereby approved."

15.2 Ordinary resolution 2

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,475,801 (99.999999%)	76 (98.701299%)
Against	2 (0.000001%)	1 (1.298701%)
Total	251,475,803 (100.000000%)	77 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	25,000	2
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 2 was carried as follows:

Resolved : "THAT the declaration of a Final Single-Tier Tax-Exempt Dividend of 1.5 sen per ordinary share in respect of the financial year ended 31 August 2020 be hereby approved."

15.3 Ordinary resolution 3

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,373,489 (99.996767%)	72 (97.297297%)
Against	8,127 (0.003233%)	2 (2.702703%)
Total	251,381,616 (100.000000%)	74 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	119,187	5
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 3 was carried as follows:

Resolved : "THAT Mr Chua Fen Fatt retiring pursuant to Clause 91 of the Constitution of the Company, be hereby re-elected as a Director of the Company."

15.4 Ordinary resolution 4

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,373,364 (99.996717%)	71 (95.945946%)
Against	8,252 (0.003283%)	3 (4.054054%)
Total	251,381,616 (100.000000%)	74 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	119,187	5
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 4 was carried as follows:

Resolved : "THAT Mr Teo Seng Kuang retiring pursuant to Clause 91 of the Constitution of the Company, be hereby re-elected as a Director of the Company."

15.5 Ordinary resolution 5

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,373,489 (99.996767%)	72 (97.297297%)
Against	8,127 (0.003233%)	2 (2.702703%)
Total	251,381,616 (100.000000%)	74 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	119,187	5
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 5 was carried as follows:

Resolved : "THAT Messrs Crowe Malaysia PLT be hereby re-appointed as the Company's Auditors for the ensuing year and the Directors be hereby authorised to fix the Auditors' remuneration."

15.6 Ordinary resolution 6

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,344,414 (99.982367%)	69 (92.000000%)
Against	44,327 (0.017633%)	6 (8.000000%)
Total	251,388,741 (100.000000%)	75 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	112,062	4
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 6 was carried as follows:

Resolved : "THAT Encik Mohd Khasan Bin Ahmad be hereby retained as Independent Non-Executive Director of the Company until the conclusion of the next AGM."

15.7 Ordinary resolution 7

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,064,039 (99.985184%)	70 (93.333333%)
Against	37,202 (0.014816%)	5 (6.666667%)
Total	251,101,241 (100.000000%)	75 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	399,562	4
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 7 was carried as follows:

Resolved : "THAT Datuk Tay Puay Chuan be hereby retained as Independent Non-Executive Director of the Company until the conclusion of the next AGM."

15.8 Ordinary resolution 8

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,344,414 (99.985201%)	69 (93.243243%)
Against	37,202 (0.014799%)	5 (6.756757%)
Total	251,381,616 (100.000000%)	74 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	119,187	5
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 8 was carried as follows:

Resolved : "THAT Mr Teo Seng Kuang be hereby retained as Independent Non-Executive Director of the Company until the conclusion of the next AGM."

15.9 Ordinary resolution 9

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,318,614 (99.977075%)	66 (89.189189%)
Against	57,627 (0.022925%)	8 (10.810811%)
Total	251,376,241 (100.000000%)	74 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	124,562	5
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 9 was carried as follows:

Resolved : "THAT subject always to the Act, the Constitution of the Company and approvals and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors of the Company be hereby empowered pursuant to Section 75 of the Act, to allot and issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not exceed ten percent (10%) of the total number of the issued shares of the Company for the time being AND THAT the Board of Directors be hereby also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

15.10 Ordinary resolution 10

	No. and Percentage of Shares	No. and Percentage of Shareholders
For	251,403,114 (99.999005%)	73 (97.333333%)
Against	2,502 (0.000995%)	2 (2.666667%)
Total	251,405,616 (100.000000%)	75 (100.000000%)
	No. of Shares	No. of Shareholders
Abstained	95,187	4
Spoilt	0	0

In view thereof, the Chairman declared that Ordinary Resolution 10 was carried as follows:

Resolved : "THAT, subject to compliance with the Act, the Constitution of the Company, the Listing Requirements of Bursa Securities 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 Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

- (i) 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 and paid-up capital of the Company; and
- (ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits and/or share premium 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 Act) 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 Securities in accordance with the relevant rules of Bursa Securities 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 Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities 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:

- (i) the conclusion of the next AGM 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
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) 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."

16. **CONCLUSION OF MEETING**

There being no further business, the Meeting ended at 12.00 noon with a vote of thanks to the Chairman.

The Chairman thanked the shareholders and proxies for their presence and continuous support.

Confirmed as correct records:



.....
DATUK TAY PUJAY CHUAN
Chairman of the Meeting

Dated this 29 January 2021



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

20 January 2021

The Chairman and
Board of Directors
HOMERITZ CORPORATION BERHAD
No.7, 1st Floor
Jalan Pesta 1/1
Taman Tun Dr Ismail 1
Jalan Bakri
Muar,
84000 Johor

(FAX: 06-9541 707)

Attention: Ng Mei Wan/ Tan Hui Khim
Company Secretary

Re: 13th Annual General Meeting (AGM) of Homeritz Corporation Berhad
(Homeritz) to be held on Friday, 29th January 2021

In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following issues: -

Operational & Financial Matters

- 1) The furniture industry is a labour-intensive one. As such, the Group is subject to risk of labour shortages and increase in labour costs. In addition, the Group has to resort to recruiting foreign workers as it faces difficulties in employing local workforce. (Page 5 of AR 2020)
 - a) In light of the Government's call to Malaysian companies to reduce their dependence on foreign labour, what are the measures that have put in place by the Company towards this end?
 - b) What is the ratio of foreign workers to local workers for the Company?

- 2) The Group's capital expenditure incurred for FYE 2020 amounted to RM18 million, of which a substantial amount of about RM14 million was utilised for work in progress in construction of a new plant and progress payment made for purchase of new land under Muar Furniture Park; and remaining RM4 million for upgrading and acquiring new equipment, machineries and other assets. (Page 4 of AR 2020)

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia. Company No:524989-M)

TINGKAT 11, BANGUNAN KWSP, NO.3, CHANGKAT RAJA CHULAN, OFF JALAN RAJA CHULAN,
50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107

E-mail: mwatch@mswg.org.my Website: www.mswg.org.my



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

What is the amount allocated for capital expenditure in FYE 2021 and what will the amount be utilised for ?

- 3) 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. (Page 5 of AR 2020)

Since 94% of the revenue of the Company is denominated in USD and especially with the USD depreciating sharply lately, has the Company entered into any hedging arrangements and if yes, what is the amount involved to mitigate its forex exposure?

Corporate Governance

- 1) The Company has not had a Chairman since its listing and this is not in line with Practice 1.2 of the Malaysian Code of Corporate Governance that stipulates that PLCs appoint a Chairman who will instil good corporate governance practices, leadership and ensure the effectiveness of the Board.

The Company has stated in its CG Report that it intends to maintain the current board composition until the need for a Chairman arises.

Does the Company have any plans of appointing a Chairman, and if yes, by when?

We would appreciate if the Board could present the points raised here, and their related answers, for the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely

DEVANESAN EVANSON
Chief Executive Officer
DE/RS/HOMERITZ /AGM2020

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia. Company No:524989-M)

TINGKAT 11, BANGUNAN KWSP, NO.3, CHANGKAT RAJA CHULAN, OFF JALAN RAJA CHULAN,
50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107

E-mail: msswatch@mswg.org.my Website: www.mswg.org.my

Date: 28 January 2021

The Chief Executive Officer
MINORITY SHAREHOLDERS WATCH GROUP ("MSWG")
Tingkat 11, Bangunan KWSP,
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur

Via courier
Tel: 03-20709090

Attn: Mr. Devanesan Evanson / Mr Ranjit Singh

Dear Sir/ Madam,

HOMERITZ CORPORATION BERHAD ("HOMERITZ")
REGISTRATION NO.: 200801004508 (805792-X)
RE: 13TH Annual General Meeting ("13TH AGM") to be held on Friday, 29 January 2021

We refer to your letter dated 20 January 2021 pertaining to the questions on strategy & financial and corporate governance matters ("Questions").

We are pleased to enclose herewith our reply to the Questions (as attached in Appendix) for your attention.

The Board would like to takes this opportunity to thanks MSWG for the interest shown in our Group and your efforts to strengthen shareholders activism.

Yours faithfully,
For and on behalf of Homeritz Corporation Berhad


Tee Hwee Ing
Executive Director

家丽资机构有限公司

HOMERITZ CORPORATION BERHAD (Co. No. 805792-X)

Lot 8726, Ptd. 6023, Batu 6, Kawasan Perindustrian Bukit Bakri, 84200 Muar, Johor, West Malaysia

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HOMERITZ CORPORATION BERHAD

Company No.: 209801004508 (805792-X)

13th AGM to be held on Friday, 29 January 2021

Reply to MSWG

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APPENDIX

Strategy & Financial Matters

No.	Question:	Reply:
1)	<p>The furniture industry is a labor-intensive one. As such, the Group is subject to risk of labour shortages and increase in labour costs. In addition, the Group has to resort to recruiting foreign workers as it faces difficulties in employing local workforce. (Page 5 of AR 2020).</p> <p>a) In light of the Government's call to Malaysian companies to reduce their dependence on foreign labour, what are the measures that have put in place by the Company towards this end?</p> <p>b) What is the ratio of foreign workers to local workers for the Company?</p>	<p>a) 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.</p> <p>b) As at the financial year ended 31 August 2020, the ratio of foreign workers to local workers is 6 to 1.</p>
2)	<p>The Group's capital expenditure incurred for FYE 2020 amounted to RM18 million, of which a substantial amount of about RM14 million was utilised for work in progress in construction of a new plant and progress payment made for purchase of new land under Muar Furniture Park; and remaining RM4 million for upgrading and acquiring new equipment, machineries and other assets. (Page 4 of AR 2020).</p> <p>What is the amount allocated for capital expenditure in FYE 2021 and what will the amount be utilised for?</p>	<p>In FYE 2021, the capital expenditure estimated at about RM20 millions of which RM7 million for the balance payment of construction of a new plant and progress payment made for purchase of new land under Muar Furniture Park, RM 8 million to acquire new machineries for new plant and RM5 million for upgrading machineries and recurring capital expenditure.</p>

APPENDIX

HOMERITZ CORPORATION BERHAD
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 13th AGM to be held on Friday, 29 January 2020
 Reply to MSWG
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No.	Question:	Reply:
3)	<p>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. (Page 5 of AR 2020).</p> <p>Since 94% of the revenue of the Company is denominated in USD and especially with the USD depreciating sharply lately, has the Company entered into any hedging arrangements and if yes, what is the amount involved to mitigate its forex exposure?</p>	<p>The Group 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. In financial year ended 31 August 2020, approximately 60% of the purchase of raw materials which are denominated in USD.</p>

Corporate Governances Matters

No.	Question:	Reply:
1)	<p>The Company has not had a Chairman since its listing and this is not in line with Practice 1.2 of the Malaysian Code of Corporate Governance that stipulates that PLCs appoint a Chairman who will instil good corporate governance practices, leadership and ensure the effectiveness of the Board.</p> <p>The Company has stated in its CG Report that it intends to maintain the current board composition until the need for a Chairman arises.</p> <p>Does the Company have any plans of appointing a Chairman, and if yes, by when?</p>	<p>The Company do not have any plan of appointing a Chairman yet.</p> <p>The Board is of the opinion that the current size of the Board is optimum and well-balanced under the leadership of the Board as a whole given the relatively small size of the Group. 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.</p> <p>Hence, the Board is of the view to maintain the current well-balanced Board composition until such time when the appointment of a chairman of the Company becomes mandatory by Listing Requirement of Bursa Securities and other legal requirements.</p>