

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

Minutes of the Twelfth Annual General Meeting (“Meeting”) of the Company or (“HOMERITZ”) held at BEI Boutique Hotel, Centro Meeting Hall, Level 3, 8-3, Jalan Abdul Rahman, 84000 Muar Johor on Friday, 03 January 2020 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 : 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 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 There was a total of twenty-three (23) persons present in person as shareholders and proxies holding a total of 186,341,051 shares, equivalent to 62.09% of the total issued share capital of the Company at the Meeting. The Chairman introduced each and every member of the Board of Directors (or “Board”) as well as the Company Secretaries who were in attendance.
- 4.2 Before the Meeting dealt with the business on hand, the Chairman briefed the shareholders and proxies that pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements (“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 Messrs Tricor Investor & Issuing House Services Sdn. Bhd. as the Poll Administrator and Messrs SC Lim, Ng & Co. as the Independent Scrutineer.

Chairman continued to highlight briefly to the Meeting on the Annual Report 2019 and the Audited Financial Statements of the Company for the financial year ended 31 August 2019.

- 4.3 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 26 December 2019 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 02 January 2020 had been provided and/or distributed to MSWG.
- 4.4 The Chairman further proceeded to brief the shareholders and proxies of their right to speak and vote on the resolutions set out in the Notice of Meeting. To facilitate the polling process, the Chairman proposed to the Meeting that all the Agenda items to be deliberated first, followed by the poll voting. Without any objection from the floor, the Chairman proceeded with the business on hand.

5. **AGENDA 1**
RECEIPT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS' AND AUDITORS' THEREON

Noted : 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 Articles of Association of the Company (or "Articles") do not require a formal approval of the shareholders, and hence was not put forward for voting.

Resolved : "THAT the Audited Financial Statements of the Company for the financial year ended 31 August 2019 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 FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2019

Noted : The motion to approve the payment of Directors' fees and allowances of RM153,356.00 for the financial year ended 31 August 2019 was put forward for voting.

Proposer and Secunder : The motion was proposed by Ms Yong Chiow Yin, a proxy representing 100% shareholding for the shareholder, Mr Tay Ming Siong and seconded by Cik Mu'awiah Binti Mokhsin, a proxy representing 100% shareholdings each for the shareholders, Mr Lee Chau Yih, Mr Lee Chiau Ping and Mr Pua Yu Heng.

7. **AGENDA 3 (ORDINARY RESOLUTION NO. 2)**
DIRECTORS' FEES AND ALLOWANCES FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2020

Noted : The motion to approve the payment of Directors' fees and allowances of RM182,000.00 for the financial year ending 31 August 2020 was put forward for voting.

Proposer and Secunder : The motion was proposed by Ms Ng Sek Eng, a proxy representing 100% shareholding for the shareholder, Mr Quek Wee Seng and seconded by Cik Mu'awiah Binti Mokhsin, a proxy representing 100% shareholdings each for the shareholders, Mr Lee Chau Yih, Mr Lee Chiau Ping and Mr Pua Yu Heng.

8. **AGENDA 4 (ORDINARY RESOLUTION NO. 3)
DECLARATION OF A FINAL SINGLE-TIER TAX-EXEMPT DIVIDEND OF 1 SEN PER
ORDINARY SHARE IN RESPECT OF THE FINANCIAL YEAR ENDED 31 AUGUST 2019**

Proposer and : The motion was proposed by Ms Er Shing Ni, a proxy representing
Secunder 100% shareholding for the shareholder, Ms Tee Hwee Ing and seconded
by Mr So Kai Yang, a proxy representing 100% shareholding for the
shareholder, Mr Chua Fen Fatt.

9. **AGENDA 5 (ORDINARY RESOLUTIONS NO. 4 AND 5)
RE-ELECTION OF MS TEE HWEE ING AND ENCIK MOHD KHASAN BIN AHMAD AS
DIRECTORS, RETIRING IN ACCORDANCE WITH ARTICLE 81 OF THE ARTICLES OF
ASSOCIATION OF THE COMPANY**

Noted : The Chairman highlighted that the next two items of the Agenda were
related to the re-election of Ms Tee Hwee Ing and Encik Mohd Khasan
Bin Ahmad, the Directors retiring at the Meeting pursuant to Article 81
of the Articles. The retiring Directors, being eligible pursuant to the
Articles, had offered themselves for re-election.

9.1 **ORDINARY RESOLUTION NO. 4
RE-ELECTION OF MS TEE HWEE ING AS DIRECTOR, RETIRING IN ACCORDANCE
WITH ARTICLE 81 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY**

Proposer and : The motion was proposed by Ms Ng Sek Eng, a proxy representing
Secunder 100% shareholding for the shareholder, Mr Quek Wee Seng and
seconded by Ms Loy Huei Ting, a proxy representing 100%
shareholding for the shareholder, Ms Gan Siew Sin.

9.2 **ORDINARY RESOLUTION NO. 5
RE-ELECTION OF ENCIK MOHD KHASAN BIN AHMAD AS DIRECTOR, RETIRING IN
ACCORDANCE WITH ARTICLE 81 OF THE ARTICLES OF ASSOCIATION OF THE
COMPANY**

Proposer and : The motion was proposed by Ms Chua Fen Lee, a shareholder and
Secunder seconded by Ms Er Shing Ni, a proxy representing 100% shareholding
for the shareholder, Ms Tee Hwee Ing.

10. **AGENDA 6 (ORDINARY RESOLUTION NO. 6)
RE-APPOINTMENT OF MESSRS CROWE MALAYSIA PLT (CONVERTED FROM CROWE
MALAYSIA) AS AUDITORS AND AUTHORITY TO THE DIRECTORS TO FIX THEIR
REMUNERATION**

Noted : Based on the Audit and Risk Management Committee's assessment on
the performance and independence of Messrs. Crowe Malaysia PLT
(converted from Crowe Malaysia) in the performance of their obligations
as External Auditors for the financial year ended 31 August 2019, the
Board recommended their re-appointment for financial year ended 31
August 2020. The retiring Auditors, Messrs Crowe Malaysia PLT
(converted from Crowe Malaysia) had earlier indicated their willingness
to continue in office.

Proposer and : The motion was proposed by Mr So Kai Yang, a proxy representing
Secunder 100% shareholding for the shareholder, Mr Chua Fen Fatt, and
seconded by Ms Loy Huei Ting, a proxy representing 100%
shareholding for the shareholder, Ms Gan Siew Sin.

**11 AGENDA 7 (ORDINARY RESOLUTION NO. 7 AND 8 - SPECIAL BUSINESS)
RETENTION OF ENCIK MOHD KHASAN BIN AHMAD AND DATUK TAY PUAY CHUAN
AS INDEPENDENT NON-EXECUTIVE DIRECTORS IN ACCORDANCE WITH THE
MALAYSIAN CODE ON CORPORATE GOVERNANCE (“MCCG”)**

Noted : Based on the justifications stated in the Company's Annual Report 2019 and the Board's assessment of the independence of both Encik Mohd Khasan Bin Ahmad and Datuk Tay Puay Chuan, 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 Annual General Meeting (“AGM”).

**11.1 ORDINARY RESOLUTION NO. 7
RETENTION OF ENCIK MOHD KHASAN BIN AHMAD AS INDEPENDENT NON-
EXECUTIVE DIRECTOR IN ACCORDANCE WITH MCCG**

Proposer and
Seconder : The motion was proposed by Cik Mu'awiah Binti Mokhsin, a proxy representing 100% shareholdings for the shareholders, Mr Lee Chau Yih, Mr Lee Chau Ping and Mr Pua Yu Heng and seconded by Ms Er Shing Ni, a proxy representing 100% shareholding for the shareholder, Ms Tee Hwee Ing.

**11.2 ORDINARY RESOLUTION NO. 8
RETENTION OF DATUK TAY PUAY CHUAN AS INDEPENDENT NON-EXECUTIVE
DIRECTOR IN ACCORDANCE WITH MCCG**

Proposer and
Seconder : The motion was proposed by Ms Yong Chiow Yin, a proxy representing 100% shareholding for the shareholder, Mr Tay Ming Siong and seconded by Mr So Kai Yang, a proxy representing 100% shareholding for the shareholder, Mr Chua Fen Fatt.

**12. AGENDA 8 (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 COMPANIES ACT 2016**

Noted : 1) The mandate now sought was a renewal from the previous mandate obtained at the last AGM held on 23 January 2019 which would expire at the conclusion of this Meeting.
2) No new shares were issued by the Company pursuant to the previous mandate since the last AGM.
3) After taking into consideration various aspects thereof, the Board unanimously recommended that the shareholders vote in favour of this resolution.

Proposer and
Seconder : The motion was proposed by Ms Er Shing Ni, a proxy representing 100% shareholding for the shareholder, Ms Tee Hwee Ing and Ms Yong Chiow Yin, a proxy representing 100% shareholding for the shareholder, Mr Tay Ming Siong.

13. **AGENDA 9 (ORDINARY RESOLUTION NO. 10 - SPECIAL BUSINESS)**
PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

- Noted : 1) 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.
- 2) 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.

Proposer and Seconder : The motion was proposed by Ms Chua Fen Lee, a shareholder and seconded by Ms Loy Huei Ting, a proxy representing 100% shareholding for the shareholder, Ms Gan Siew Sin.

14. **AGENDA 10 (SPECIAL RESOLUTION 1)**
PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY TO REPLACE THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION

Noted : This resolution, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provisions of the Listing Requirements of Bursa Securities and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that may arise from the Act and the Listing Requirements.

Proposer and Seconder : The motion was proposed by Ms Chua Fen Lee, a shareholder and seconded by Ms Ng Sek Eng, a proxy representing 100% shareholding for the shareholder, Mr Quek Wee Seng.

15. **OTHER BUSINESS**

- 15.1 The Chairman sought confirmation from the Company Secretaries that the Company had not received any notice for transaction of any other business which had been given in accordance with the Act and Articles of Association of the Company.
- 15.2 The Chairman informed that the poll voting would commence soon. 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.
- 15.3 The polling slips from the floor were duly collected by the Poll Administrator personnel. The Chairman opened to the floor for questions pertaining to the Company's accounts and prospects. Upon the conclusion of the Q&A session, the Meeting was adjourned for poll counting and validation of votes.

16. **ANNOUNCEMENT OF POLL RESULTS**

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

16.1 Ordinary resolution 1

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,031,051 (100.00%) |
| Against | 0 |
| Total | 186,031,051 (100.00%) |
| | No. of Shares |
| Abstained | 310,000 |
| Spoilt | 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 to RM153,356-00 for the financial year ended 31 August 2019 be hereby approved."

16.2 Ordinary resolution 2

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,011,051 (99.989%) |
| Against | 20,000 (0.011%) |
| Total | 186,031,051 (100.000%) |
| | No. of Shares |
| Abstained | 310,000 |
| Spoilt | 0 |

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

Resolved : "THAT the payment of Directors' fees and allowances amounting to RM182,000-00 for the financial year ending 31 August 2020 be hereby approved."

16.3 Ordinary resolution 3

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,341,051 (100.000%) |
| Against | 0 |
| Total | 186,341,051 (100.000%) |
| | No. of Shares |
| Abstained | 0 |
| Spoilt | 0 |

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

Resolved : "THAT the declaration of a Final Single-Tier Tax-Exempt Dividend of 1 sen per ordinary share in respect of the financial year ended 31 August 2019 be hereby approved."

16.4 Ordinary resolution 4

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,341,051 (100.000%) |
| Against | 0 |
| Total | 186,341,051 (100.000%) |
| | No. of Shares |
| Abstained | 0 |
| Spoilt | 0 |

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

Resolved : "THAT Ms Tee Hwee Ing retiring pursuant to Article 81 of the Articles of Association of the Company, be hereby re-elected as a Director of the Company."

16.5 Ordinary resolution 5

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,311,051 (100.000%) |
| Against | 0 |
| Total | 186,311,051 (100.000%) |
| | No. of Shares |
| Abstained | 30,000 |
| Spoilt | 0 |

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

Resolved : "THAT Encik Mohd Khasan Bin Ahmad retiring pursuant to Article 81 of the Articles of Association of the Company, be hereby re-elected as a Director of the Company."

16.6 Ordinary resolution 6

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,341,051 (100%) |
| Against | 0 |
| Total | 186,341,051 (100%) |
| | No. of Shares |
| Abstained | 0 |
| Spoilt | 0 |

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

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

16.7 Ordinary resolution 7

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,301,951 (99.995%) |
| Against | 9,100 (0.005%) |
| Total | 186,311,051 (100.000%) |
| | No. of Shares |
| Abstained | 30,000 |
| Spoilt | 0 |

In view thereof, the Chairman declared that Ordinary Resolution 7 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."

16.8 Ordinary resolution 8

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,051,951 (99.995%) |
| Against | 9,100 (0.005%) |
| Total | 186,061,051 (100.000%) |
| | No. of Shares |
| Abstained | 280,000 |
| Spoilt | 0 |

In view thereof, the Chairman declared that Ordinary Resolution 8 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."

16.9 Ordinary resolution 9

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,341,051 (100.000%) |
| Against | 0 |
| Total | 186,341,051 (100.00%) |
| | No. of Shares |
| Abstained | 0 |
| Spoilt | 0 |

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

Resolved : "THAT subject always to the Act, the Memorandum and Articles of Association 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."

16.10 Ordinary resolution 10

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,341,051 (100.000%) |
| Against | 0 |
| Total | 186,341,051 (100.000%) |
| | No. of Shares |
| Abstained | 0 |
| Spoilt | 0 |

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

Resolved : "THAT, subject to compliance with the Act, the Memorandum and Articles of Association 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."

16.11 **Special resolution 1**

| | No. and Percentage of Shares |
|------------------|-------------------------------------|
| For | 186,341,051 (100.000%) |
| Against | 0 |
| Total | 186,341,051 (100.00%) |
| | No. of Shares |
| Abstained | 0 |
| Spoilt | 0 |

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


Resolved : "THAT approval be hereby given to the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new constitution of the Company be hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be hereby authorised to assent to any modifications, variations and/ or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

17. **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 PUAY CHUAN
Chairman of the Meeting

Dated this 03 January 2020



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

26 December 2019

BY FAX/HAND

(Fax No: 606 9541 707)

The Board of Directors
Homeritz Corporation Berhad
No.7 (1st Floor)
Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar, Johor

**Attention: Ng Mei Wan
Tan Hui Khim
Company Secretaries**

Dear Directors,

**Re: 12th Annual General Meeting (AGM) of Homeritz Corporation Berhad
("HOMERITZ") to be held on Friday, 3 January 2020**

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

Strategy & Financial Matters

- 1) Revenue of Homeritz was down by 11.26% to RM147.7 million in FY2019 from RM166.44 million (page 3 of AR2019), mainly due to lower export sales to Asia and Asia Pacific (excluding Malaysia).
 - a) Why was there a decline in export sales amid growing furniture exports of 9.7% year-on-year to RM7.79 billion (2018: RM7.1 billion) for the first nine months of 2019 (*Kuala Lumpur and Selangor Furniture Association (KSFA), The Edge Financial Daily, 16 December 2019*)?
 - b) KSFA also noted that furniture exports to the US jumped 26.6% to RM3.05 billion from RM2.4 billion during the first nine months. However, growth of Homeritz's export sales to US was rather muted at 2.3% at RM61.4 million for FY2019 (2018: RM60.01 million, page 78 of AR2019).

What can be done by the Company to capitalize on the trade spat between US and China to grow the export sales of furniture?

- 2) The Company has spent RM3.7 million in FY2019 to construct new plant and acquire new land under the Muar Furniture Park (page 5 of AR2019). Please provide an update on the progress of relocating to MFP and the expected capital expenditure to be incurred for this exercise.

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia • Company No. 524989-M • Registration No.: 20-0001022382 (524989-M))

Tingkat 11, Bangunan KWSP, No 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.

Tel: (603): 2070 9090 Fax: (603): 2070 9107

E-Mail: mswatch@mswg.org.my Website: www.mswg.org.my

- 3) The Company received RM2.87 million of Other Income in FY2019, representing a 174% increase compared to RM1.04 million in FY2018 (page 45 of AR2019). What is the nature of the Other Income and is it a recurring income?

Corporate Governance Matters

- 1) Based on the Corporate Governance (CG) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (MCCG), please provide clarification on the following:
- a) Practice 1.2

A chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Company's response: Departure

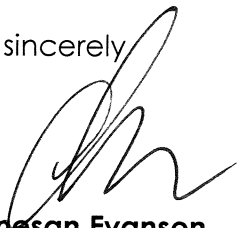
MSWG's comment: A chairman acts as the main conduit between management and the board. He/she is tasked to provide leadership for the board so that the board can perform its responsibilities effectively. Besides, the existence of chairman is to ensure that there is active participation from all directors in deliberation of key issues and allows dissenting views to be freely expressed. The Company has not had a chairman since it went listing on the Main Market of Bursa Malaysia in 2010.

The Company has stated in CG report that it intends to maintain the current board composition until such time where the need for a Chairman arises. When will the Company envisage such a need arising?

Please present the questions raised herein, and the related answers, to 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/LCY/HOMERITZ/AGM 2020

Date: 02 JAN 2020

The Chief Executive Office
Minority Shareholders Watch Group (MSWG),
Tingkat 11, Bangunan KWSP,
No.3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur.

Attn: Mr. Devanesan Evanson / Ms Kris Lim Cian Yai

Dear Sir/ Madam.

**12th Annual General Meeting (AGM) of Homeritz Corporation Berhad
("HOMERITZ") to be held on Friday, 3 January 2020**

We refer to your letter dated 26 December 2019 pertaining to questions on strategy & financial and corporate governance matters.

We are pleased to provide the response to the various points and questions raised as per Appendix attached.

The Board also take the 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 the Board of Directors



Chua Fen Fatt
Managing Director

家丽资机构有限公司

HOMERITZ CORPORATION BERHAD (Co. No. 885792-X)

Lot 8726, Ptd 6023, Batu 8, Kawasan Perindustrian Bukit Bakri, 84200 Muar, Johor, West Malaysia

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www.homeritzcorp.com

APPENDIX

HOMERITZ CORPORATION BERHAD
 Company No.: 200801004508 (805792-X)
 12th AGM to be held on Friday, 3 January 2020
 Reply to MSWG
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Strategy & Financial Matters

| No. | Question: | Reply: |
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| 1) | <p>Revenue of Homeritz was down by 11.26% to RM147.7 million in FY2019 from RM166.44 million (page 3 of AR 2019), mainly due to lower export sales to Asia and Asia Pacific (excluding Malaysia).</p> <p>a) Why was there a decline in export sales amid growing furniture exports of 9.7% year-on-year to RM7.79 billion (2018: RM7.1 billion) for the first nine months of 2019 (Kuala Lumpur and Selangor Furniture Association (KSFA), The Edge Financial Daily, 16 December 2019)?</p> <p>b) KSFA also noted that furniture exports to US jumped 26.6% to RM3.05 billion from RM2.4 billion during the first nine months. However, growth of Homeritz's export sales to US was rather muted at 2.3% at RM61.4 million for FY2019 (2018:RM60.01 million, page 78 of AR 2019).</p> <p>What can be done by the Company to capitalize on the trade spat between US and China to grow the export sales of furniture?</p> | <p>We noted that from January to September 2019, total furniture exports rose 9.7% to RM7.79 billion from RM7.10 billion for the same period last year whilst exports to the US jumped 26.6% to RM3.05 billion from RM2.4 billion according to information from Kuala Lumpur and Selangor Furniture Association ("KSFA") which was published in The Edge Financial Daily on 16 December 2019. The increase of total furniture exports of RM0.69 billion during the first nine months of 2019 was mainly contributed by the increase from the US market of RM0.65 billion as the US-China trade war opened up opportunities for local furniture makers.</p> <p>The US-China trade war did not directly and immediately benefit the Company as US is not the main market of the Company. Our group exported the product to more than 40 countries across the world covering Europe, Australasia, North and South America, Asia and Africa. We mainly focused on medium to high-end range of upholstered home furniture mostly catering to Continental European style and preferences.</p> <p>In order to further gain and exploit the US market opportunities, our Design and Development ("D&D") team has been developing more designs cater for US consumer preferences. The new products will be introduced to the target US customers through international furniture exhibition/fairs. Participation in the local and international trade fairs is very important as it provide an opportunity for the Company to meet potential customers, to capture a bigger market share and increase our revenue. Besides the annual Malaysian International Furniture Fair which we have taken part since 2001, we have also participated in other international furniture fairs held in Europe and China.</p> <p>Set out below are coming international furniture exhibitions of the Company:</p> <p>The International Interiors Show 13 – 19 Jan 2020 Cologne International Expo Centre, German</p> <p>Export Furniture Exhibition, Malaysia (EFE) 09 – 12 March 2020 Kuala Lumpur Convention Center (KLCC)</p> |

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|--|--|--|--|
| | | | <p>The 45th China International Furniture Fair (Guangzhou) 18 – 21 March 2020 China Import & Export Fair Complex (Guangzhou * Pazhou)</p> |
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|------|---|---|---|---|-------------------------|---|---|---|-----------------------|----|----|----|---|---------------|----|----|----|---|------------|----|--|----|---|----------------|----|--|--|---|------------|----|--|--|---|--------------------|----|--|--|---|-------------|---|--|--|---|----------------|---|--|--|--|-------|-----|----|----|
| 2) | <p>The Company has spent RM3.7 million in FY2019 to construct new plant and acquire new land under Muar Furniture Park ("MFP") (Page 5 of AR2019). Please provide an update on the progress of relocating to MFP and the expected capital expenditure to be incurred for this exercise.</p> | <p>The total purchase consideration of the MFP land is RM9.4 million. These are land under development, the titles of which have yet to be issued. The progress payments for the land are made based on the certificate or notice issued by the relevant Consultant confirming that the required stage of works has been completed in accordance with the Schedule of Payments.</p> <p>Schedule of Payment of MFP and Progress Update as follow:</p> <table border="1" data-bbox="582 1198 997 1747"> <thead> <tr> <th>Item</th> <th>Description of works</th> <th>Percentage of claim (%)</th> <th>Percentage of completion up to 31/08/2019 (%)</th> <th>Percentage of completion up to 31/12/2019 (%)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Upon execution of SPA</td> <td>10</td> <td>10</td> <td>10</td> </tr> <tr> <td>2</td> <td>Site clearing</td> <td>20</td> <td>20</td> <td>20</td> </tr> <tr> <td>3</td> <td>Earthworks</td> <td>25</td> <td></td> <td>25</td> </tr> <tr> <td>4</td> <td>Drainage works</td> <td>15</td> <td></td> <td></td> </tr> <tr> <td>5</td> <td>Road works</td> <td>10</td> <td></td> <td></td> </tr> <tr> <td>6</td> <td>Water reticulation</td> <td>10</td> <td></td> <td></td> </tr> <tr> <td>7</td> <td>Electricity</td> <td>5</td> <td></td> <td></td> </tr> <tr> <td>8</td> <td>Infrastructure</td> <td>5</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Total</td> <td>100</td> <td>30</td> <td>55</td> </tr> </tbody> </table> <p>These lands are meant for future expansion, not for relocation. The acquisition of MFP lands is expected to be completed by 2024.</p> | Item | Description of works | Percentage of claim (%) | Percentage of completion up to 31/08/2019 (%) | Percentage of completion up to 31/12/2019 (%) | 1 | Upon execution of SPA | 10 | 10 | 10 | 2 | Site clearing | 20 | 20 | 20 | 3 | Earthworks | 25 | | 25 | 4 | Drainage works | 15 | | | 5 | Road works | 10 | | | 6 | Water reticulation | 10 | | | 7 | Electricity | 5 | | | 8 | Infrastructure | 5 | | | | Total | 100 | 30 | 55 |
| Item | Description of works | Percentage of claim (%) | Percentage of completion up to 31/08/2019 (%) | Percentage of completion up to 31/12/2019 (%) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 | Upon execution of SPA | 10 | 10 | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 | Site clearing | 20 | 20 | 20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Earthworks | 25 | | 25 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | Drainage works | 15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | Road works | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 | Water reticulation | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 | Electricity | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 | Infrastructure | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Total | 100 | 30 | 55 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3) | <p>The Company received RM2.87 million of the Other Income in FY2019, representing a 174% increase compared to RM1.04 million in FY 2018 (page 45 of AR 2019). What is the nature of the Other Income and is it a recurring income?</p> | <p>The additional other income earned by the Company was gain on forex exchange as the USD strengthened against Ringgit Malaysia. This is not a recurring income.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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Corporate Governances Matters

| No. | Question: | Reply: |
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| 1) | <p>Based on the Corporate Governance ("CG") report of the Company on the application of Practices under the Malaysian Code on Corporate Governance ("MCCG"), please provide clarification on the following:</p> <p>a) Patrice 1.2</p> <p>A chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.</p> <p>Company's response: Departure</p> <p>MSWG's comment: A chairman acts as the main conduit between management and the board. He/she is tasked to provide leadership for the board so that the board can perform its responsibilities effectively. Besides, the existence of chairman is to ensure that there is active participation from all directors in deliberation of key issues and allows dissenting views to be freely expressed. The Company has not had a chairman since it went on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") in 2010.</p> <p>The Company has stated in CG report that it intends to maintain the current board composition until such time where the need for a Chairman arises. When will the Company envisage such a need arising?</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. 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> |