

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of HCB Group recognises the importance of good corporate governance and fully supports the principles and best practices as stipulated in the MCCG to enhance business prosperity and maximise shareholders' value. The Board will continuously evaluate HCB Group's corporate governance practices and procedures and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below are an overview statement and description in general on how HCB Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the FYE 2024 pursuant to Rule 15.25 of AMLR of Bursa Securities. The Board has also provided specific disclosures on the application of the practices in its CG Report which could be obtained from the Company's website at www.hextarcapital.com. Shareholders are advised to read this overview statement together with the CG Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is tasked with the duty of ensuring that the Group and its various businesses operate in accordance with relevant laws, regulations, ethical standards, and good practices while maintaining appropriate governance and standards.

The Board is led by an Independent Non-Executive Chairman who is responsible for ensuring the efficient of its functions. The Chairman is primarily responsible for leading the Board in establishing the values and standards of the Company, oversees the orderly and effective conduct of both Board and shareholders meetings, fosters and maintain a relationship of trust among the Executive and Non-Executive Directors, ensuring the timely provision of precise information to all Directors, facilitates the effective contribution of Non-Executive Directors and upholds constructive relations between Executive and Non-Executive Directors.

The responsibilities of the Managing Director encompass overseeing the implementation of Board policies and strategies, and making operational decisions, serving as the conduit between the Board and the management to ensure the success of the Company's governance and management functions, maintaining effective communication with shareholders and relevant stakeholders, providing robust leadership, i.e., effectively communicating the vision, management philosophy and business strategy to employees, and keeping the Board well-informed of salient aspects and issues concerning the Group's operations.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties to shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to assess strategic, performance and resources related matters brought before the Board. The Executive Directors are supported by a core team of senior management who manage HCB Group's daily business activities. The management leadership team executes and implements the policies and strategies that approved by the Board in compliance with the corporate governance, risk management and internal control framework of HCB Group.

The Board has delegated specific responsibilities to several Board Committees namely, the AC, NRC and TC to oversee, manage and review specific aspects of the Company's business operations and corporate matters. Each Committee operate within its respective approved terms of reference and authority delegated by the Board. The Chairmen of the respective Board Committees will report to the Board on the proceedings of each Board Committee meeting and the proceedings will be minuted accordingly. The Board retains full responsibility for the final decision on all matters.

HCB Group has a well-structured and process-oriented communications framework ensuring all Board and its Committees are well-informed of HCB Group's business activities continuously. Business workgroup activities are reported and assessed against the agreed KPIs of HCB Group's annual business plan on a monthly basis. HCB Group's financial and operational performance are quarterly reviewed by the relevant committees of the Board, or as and when required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

Board Meetings & Procedures

The Board meets at least once every quarter on a scheduled basis and additional meetings will be convened as and when deemed necessary by the Board. The quarterly Board meetings are scheduled in advance at the beginning of the financial year, enabling Directors to plan their schedules ahead and to facilitate full attendance at Board meetings. The Company Secretaries meticulously records all proceedings, deliberations, and conclusions during Board meetings. These minutes are then confirmed by Board members in the subsequent meeting and subsequently endorsed by the Chairman as an accurate record of the proceedings or by the Chairman of the meeting in which the proceedings occurred.

FYE 2024, the Board conducted 7 meetings. The Directors' attendance at these meetings can be found in the Profile of the Board of Directors set out in this Annual Report. All existing Directors as at the date of this Statement have complied to the stipulated minimum requirement of 50% attendance according to the AMLR of Bursa Securities. In the intervals between Board meetings, for any matters requiring Board's decisions, the Board obtains approvals through written resolutions circulated among its members. The resolutions passed in this manner are subsequently noted by the Board during the following quarterly Board meeting.

Board Charter

The functions of the Board are governed and regulated by its Charter, the Constitution of the Company, relevant legislation, Listing Requirements and other regulations and codes. The Board Charter clearly outlines the roles and responsibilities of the Board, Board Committees, Directors and management and matters reserved for the Board. The Board Charter is reviewed and updated periodically when necessary. The Board's spectrum of skills and experience enhances leadership, thus ensuring HCB Group is under the guidance of an accountable and competent Board.

Company Secretaries

Presently, the Board is supported by three (3) qualified and competent Company Secretaries to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The Company Secretaries play a crucial role in ensuring adherence to Board procedures during meetings and provide guidance to the Board on various matters, including corporate governance issues and Directors' responsibilities in compliance with relevant legislation and regulations. Close collaboration with management allows the Company Secretaries to obtain timely and pertinent information, which is then communicated to the Directors. In accordance with the Board's procedures, all deliberations and conclusions of Board meetings are minuted by the Company Secretaries, ensuring accurate and proper records of the proceedings of Board meetings and resolutions are kept in the statutory register at the registered office of the Company. All Directors have unrestricted access to the advice and services of the company secretaries.

The appointment and removal of the Company Secretaries for both Board and Board Committees shall be the prerogative of the Board as a whole.

Code of Conduct

The Directors observe and adhere to the Code of Conduct for Company Directors which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment.

The Code of Conduct provides Directors with guidance on ethical and behavioral considerations and/or actions as during the fulfillment of their duties and obligations. To ensure that the Board maintains direction and control over the Company, a formal set of Matters Reserved for the Board has been implemented to provide guidance in decision-making processes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD RESPONSIBILITIES (CONT'D)

Whistle-blowing Policy and Procedures

A Whistle-blowing Policy and Procedures has been established to ensure transparency in overseeing the whistleblowing process, offering protection and maintaining confidentiality for whistle-blowers. The policy sets out a protocol for employees and stakeholders to report legitimate concerns related to improprieties, malpractices, and misconduct within the Group, facilitating remedial actions.

ABC Policy

A formal ABC Policy was adopted on 28 May 2020. The ABC Policy serves as a directive outlining procedures to prevent, address, and counteract bribery and corrupt practices that may arise in the course of business. The ABC Policy is applicable to all individuals associated with the Group, including employees, Directors (both Executive and Non-Executive), and any person who provide services for and on behalf of the Group. This encompasses contractors, subcontractors, consultants, suppliers, agents, intermediaries and representatives of the Group.

DFPP

The Board adopted a DFPP to set out the fit and proper criteria for the appointment and re-appointment of Directors. This would ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

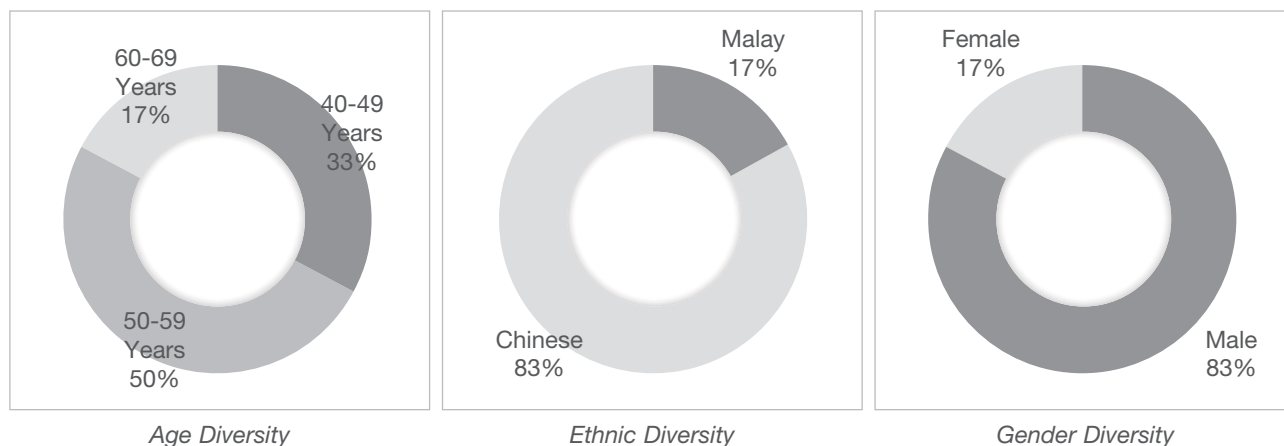
A copy of the Board Charter, Code of Conduct, Whistle-blowing Policy and Procedures, ABC Policy, DDFP and the Matters Reserved for the Board are available on the Company's website, www.hextarcapital.com.

BOARD COMPOSITION

Composition and Balance of the Board

The Board comprises 6 members, including one (1) Executive Director, three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. Thus, the current composition complies with Rule 15.02 of the AMLR of Bursa Securities which requires one-third (1/3) of the Board is made up of Independent Directors and one (1) director is a woman director.

The current board composition is illustrated as below:-



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

Appointment and Re-Election to the Board

In adherence to Rule 15.01A of the AMLR of Bursa Securities, a formal DFPP for appointment and re-election of Directors was adopted on 26 May 2022. The DFPP serves the purpose of evaluating the nominated and re-elected Directors based on the established fit and proper criteria set out therein. The DFPP has been designed as a practice guide for the appointment and re-election of Directors to assist the NRC in fulfilling their responsibilities and functions related to the nomination and re-election process of Directors.

The fitness and propriety of a Board candidate or Directors seeking re-election will be assessed in accordance with the following key criteria under the Guidelines:-

- (A) Probity, personal and financial integrity and reputation;
- (B) Experience, expertise and Competence; and
- (C) Time and commitment.

The DFPP is available on the Company's website at www.hextarcapital.com and is subject for review as and when necessary.

In accordance with the Company's Constitution, during each AGM, one-third (1/3) of the Directors are subject to retirement by rotation. This ensure that each Director shall retire from office once every three (3) years or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third (1/3) shall be used. All Directors retiring from office are eligible for re-election.

The Notice of AGM, included in this Annual Report, discloses the names of Directors who retired by rotation at the upcoming AGM. The details of the Directors can be found in the Profile of the Board of Directors set out in this Annual Report.

The Board continuously reviews its size and composition with consideration to its impact on the effectiveness of the Board. Any potential candidate for a Directorship undergoes a thorough review and recommendation by the NRC to the Board for full deliberation and approval.

Evaluation of the Board

The annual evaluation exercise of the Board as a whole, Board Committees and the individual Directors, consisting of the following, is carried out internally by the NRC and facilitated by the Company Secretaries:-

- (a) Evaluation of the Board effectiveness;
- (b) Individual Directors' Self and Peer Performance;
- (c) Evaluation on AC;
- (d) Evaluation on NRC;
- (e) Evaluation by NRC on AC and its members;
- (f) Evaluation relating to Environment, Social as well as Governance or Sustainability Matters; and
- (g) Independent Non-Executive Director Self Evaluation for the FYE 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

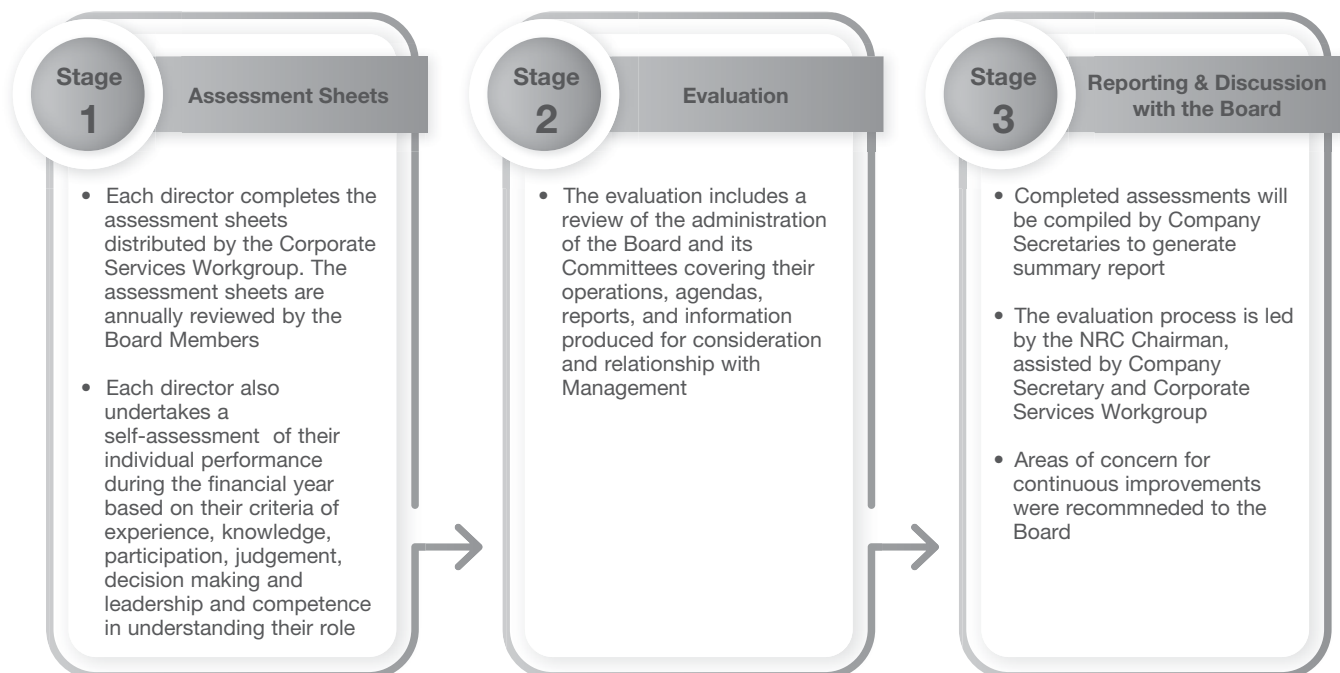
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PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

Evaluation of the Board (Cont'd)

The outcomes of the annual evaluation were summarised and presented to the NRC for recommendation before reporting the same to the Board for notation. Both NRC and the Board acknowledged the findings and results and would address them in an appropriate manner. The evaluation process is carried out in three stages as follows:-



Board Independence

The presence of the experienced Independent Non-Executive Directors have ensured proper check and balance within the Board, and provides unbiased and independent perspectives, advice and judgement, besides playing key supporting roles.

Criteria have been set to assess the independence of both potential candidates and existing Directors based on the guidelines set out in the AMLR of Bursa Securities. On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

The NRC had undertaken a review and assessment of the independence status of the Independent Directors serving on the Board. Based on the assessment, the Board expresses overall satisfaction with the demonstrated independence of the Independent Directors, i.e. they are perceived as independent from management and free from any business dealing or other relationship with HCB Group that could reasonably be perceived to interfere their ability to exercise their unfettered and independent judgement.

The Company adopts the best practices outlined in the MCCG which recommend the reconsideration of Independent Directors serving beyond a cumulative term of nine (9) years. However, the Board recognizes the valuable contributions of long-serving Directors who possess tremendous insight and in-depth knowledge of the Company's business and affairs. The length of their service on the Board does not compromise their capacity for independent judgement or commitment to act in the best interest of HCB Group. Should an Independent Director exceed nine (9) years, the Independent Director may continue to serve on the Board as a Non-Independent Director, subject to the Board's justification and annual shareholders' approval through a two-tier voting process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

BOARD COMPOSITION (CONT'D)

Board Independence (Cont'd)

The Board is dedicated to enhancing the presence of women and individuals from diverse cultural and linguistically backgrounds. In addition, the Board supports broad diversity principles across the full range of diversified groups of people. HCB Group is committed to creating a supportive, flexible and fair work environment valuing differences among employees. The aim is to provide a workplace that is free from all forms of discrimination and harassment and all employees are given equal opportunities.

REMUNERATION

Nominating and Remuneration Committee

The NRC assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement, appointment and/or replacement of Directors. The remuneration function primarily focuses on ensuring the Directors and senior management are fairly and responsibly rewarded in recognition of high performance levels.

NRC is responsible for the annual review of the required mix of skills, experience and core competency that Non-Executive Directors should bring to the Board. NRC also assess the overall effectiveness of the Board as a whole, the Board Committees, the performance of each existing Director including Independent Directors. Under the AMLR of Bursa Securities, the NRC annually reviews the term of office of the AC and evaluates the performance of the AC and each of its individual members.

Remuneration Policy

HCB's Remuneration Policy is designed to maintain a remuneration mix that is market competitive and equitable which is aligned with the Company's strategic thrusts and value drivers. It aims to attract and retain Directors of high caliber who are able to provide the necessary skills and experience commensurate with the responsibilities for the effective management of the Group as well as in line with the philosophy of value-based management. The Remuneration Policy is accessible for reference on the Company's website, www.hextarcapital.com.

The aggregate remuneration of the Directors (including benefits-in-kind) for the FYE 2024 is as follows:-

Directors	Company		Group	
	Directors' Fee (RM)	Allowances (RM)	Directors' Fee (RM)	Salary (RM)
Dato' Mazlin Bin MD Junid	48,000	42,000	-	-
Chang Kian Seong	36,000	24,000	1,500	839,041
Ong Soon Lim	36,000	19,500	16,500	154,574
Teh Li King	36,000	19,500	-	-
Er Kian Hong	36,000	28,000	-	-
Chen Thien Yin (Appointed w.e.f. 29 March 2024)	18,000	15,000	-	-
Magnus Kreuger (Resigned w.e.f. 29 March 2024)	18,000	16,000	-	-

The Board decided the remuneration of the Directors based on the recommendation put forth by the NRC. Non-Executive Directors receive fixed annual fees and allowances for attending Board and Board Committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Cont'd

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

REMUNERATION (CONT'D)

Remuneration Policy (Cont'd)

The Board has established a policy and procedure to facilitate the NRC to review, deliberate and recommend to the Board for a decision on the remuneration packages of the Executive Directors and senior management and the Board periodically reviews the recommendations as required.

Remuneration of Senior Management

The total remuneration received by senior management of the Group encompassing salary, bonus, benefits in-kind and other emoluments categorized in bands of RM50,000, in respect of the FYE 2024, is tabulated below:-

RANGE OF REMUNERATION	NUMBER OF SENIOR MANAGEMENTS
Below RM50,000	-
RM50,001 - RM100,000	-
RM100,001 – RM150,000	-
RM150,001 – RM200,000	1
RM200,001 – RM250,000	-
RM250,001 – RM300,000	-
RM300,001 – RM350,000	1
RM350,001 – RM400,000	1

Supply of and Access to Information and Advice

The Board has a formal schedule of matters exclusively reserved for its decision making. The Directors, whether collectively or individually have full and timely access to all information pertaining to HCB Group's business and affairs, to fulfill their duties effectively. Prior to the Board meetings, the agenda for each meeting together with a full set of Board papers containing information relevant to the meeting's agenda are circulated to all Directors. This allows sufficient time for Board members to obtain additional explanations or clarifications from senior management and/or the Company Secretaries, or to consult independent advisers as necessary before the meetings.

Senior management personnel are invited to attend Board meetings as needed to provide reports on their respective areas of responsibility, furnishing the Board with detailed explanations and clarifications on issues tabled and/or raised during the Board meetings. Additionally, external advisers may be invited to attend Board meetings at the expense of the Company when necessary.

At all times, all members of the Board have direct and unrestricted access to the senior management for information relating to the business and affairs of HCB Group.

Training

The Directors evaluated their individual training needs and participated in courses, seminars, conferences and talks to enhance their skill sets and knowledge to enable them to carry out their duties and discharge their responsibilities as Directors of the Company effectively. Additionally, the Directors kept themselves updated with the business and regulatory changes in official Board meetings and engaging in informal small group discussions among the Directors. Throughout the reviewed financial period, regular updates and/or briefings on regulatory and industry trends were conducted at Board and Committee meetings respectively.

The Board consistently promotes and advocates for its members to participate in suitable training and educational programs to enhance their capabilities in effectively carrying out their roles as Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

FYE 2024, the Company has in place an AC which comprises three (3) Independent Non-Executive Directors. The AC is responsible to oversee the processes for the preparation and finalization of the financial data. The AC reviews the financial reports, related party transactions, situations of potential conflict of interests and evaluate the internal controls of HCB Group.

The AC has established formal and transparent arrangements to maintain an appropriate relationship with the Company's External Auditors. This includes policies and procedures to review the suitability and independence of the External Auditor. During the reviewed financial period, the AC has received written assurance from the External Auditor confirming their independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Risk Management Committee holds monthly meetings and reports to the AC. This Committee regularly reviews all risks including financial, operation and market risks and ensures that risks and associated controls are regularly reviewed to align with current business conditions and maintain relevance. Steps are taken to eliminate outdated and irrelevant risks while identify new and vulnerable risks leading to the implementation of new controls. The management, adhering to robust corporate governance practices, place significant importance on ensuring that HCB Group is always vigilant against any situation that could potentially affect adversely to its assets, income and ultimately, its profits.

Tender Committee

The TC of the Board is responsible to review HCB Group's procurement activities and commitment to undertake major business ventures with third parties. For procurement activities, TC examines the recommendation from the management team for expenditure or investment activities that require Board approvals.

The Committee also assess the business transactions that beyond a specific financial threshold set by the Board, including the nature of the transaction, risks associated and the risk-reward considerations of the proposed transaction.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound internal control system and emphasizes the importance of regularly review its effectiveness in order to safeguard HCB Group's assets and therefore shareholders' investments in HCB Group. This system, by its nature, able to provide reasonable but not absolute assurance against material misstatement, fraud or loss.

Currently, HCB Group have outsourced its Internal Audit function to Wensen Consulting Asia (M) Sdn. Bhd., who reports directly to the AC, to ensure independent reviews be carried out on the adequacy and integrity of the HCB Group's internal controls system. The Board considers the system of internal controls instituted throughout the HCB Group to be sound and adequate. The total cost incurred for the Internal Audit activities of HCB Group for the financial year under review was RM26,000. The Statement on Risk Management and Internal Control furnished on pages 63 to 67 of the Annual Report provides an overview of the state of internal controls within the HCB Group.

Relationship with External Auditors

Through the AC, the Board has established and maintained a formal and transparent relationship with HCB Group's External and Internal Auditors. A summary of the AC's activities during the financial year can be found in the AC Report set out in this Annual Report.

The AC will conduct a private session with the External Auditors in the absence of all executive directors and management of HCB Group at least twice a year. There is open and unrestricted communication between the AC and External Auditors. The AC ensures reasonable assurance regarding the effectiveness of the internal control system through an annual independent assessment conducted by the External Auditors. Furthermore, External Auditors are invited to participate the Company's AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Financial Reporting

The Board aims to present a fair, balanced and meaningful assessment of HCB Group and the Company's financial performance and prospects. This is primarily achieved through the release of the quarterly financial results' announcements and annual financial statements to Bursa Securities as well as the circulation of the Annual Report to the shareholders. The AC supports the Board by reviewing the financial information to be disclosed, to ensure completeness, accuracy and adequacy before releasing it to Bursa Securities.

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are obligated by the CA 2016 to prepare the financial statements for each financial year which give a true and fair view of the financial position as at the end of the financial year and the financial performance for the financial year of HCB Group and the Company. During the preparation of the financial statements, the Directors ensure that the applicable approved accounting standards in Malaysia, the provisions of the CA 2016 and the AMLR of Bursa Securities have been applied. In preparing the financial statements, the Directors have:-

- Selected suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured that all applicable accounting standards have been adopted; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the HCB Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the HCB Group keeps accounting records that disclose with reasonably accurate representation of the financial position of both HCB Group and the Company which enable them to ensure compliance with the CA 2016. Additionally, the Directors have overall responsibility for taking reasonable steps to safeguard the assets of HCB Group and to prevent and identify instances of fraud and other irregularities.

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

ENGAGEMENT WITH STAKEHOLDERS

The Group recognises and uphold principles of transparency and accountability towards its shareholders and investors. As such, HCB is committed to the timely and effective dissemination of information through appropriate channels to the shareholders and investors to ensure that they are properly informed about major developments of HCB Group. Such information is communicated with them through various means, such as annual reports, press releases and periodic disclosures and announcements made to Bursa Securities, including quarterly and annual results. All relevant information and documents are readily available on Bursa Securities' website at www.bursamalaysia.com and the Company's website at www.hextarcapital.com.

CONDUCT OF GENERAL MEETINGS

The 28th AGM was conducted in a virtual manner through live streaming from the conference room of HCB on 29 March 2024. The Board, including the Chairman, were physically present at the broadcast venue together with the Company Secretary, the Group Financial Controller and senior management of the Company. All resolutions set out in the Notice of AGM were by way of poll and all resolutions tabled were duly approved by the shareholders. The AGM provides an opportunity for shareholders to pose relevant questions to the fellow Board members.

In line with the MCGG, the notice of the 28th AGM was issued at least 28 days prior to the AGM date. The shareholders, corporate representatives and proxies attended the 28th AGM via remote participation and voting facilities provided by the vendor.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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CONDUCT OF GENERAL MEETINGS (CONT'D)

The scrutineers verified and announced the poll results for each resolution, encompassing votes in favour and against. Subsequently, the Chairman of the 28th AGM declared that all the resolutions set out in the Notice of AGM were carried. The poll results were also announced by the Company Secretary to Bursa Securities on the same day for the benefit of all shareholders. The minutes of the 28th AGM were also made available on HCB's website at www.hextarcapital.com.

COMPLIANCE WITH MCCG

The Board is supportive of all recommendations outlined in the MCCG and the Board is satisfied that the recommendations set out in the MCCG have been substantially implemented within HCB Group. The Board will take reasonable steps to review existing policies and procedures from time to time to ensure full compliance thereof.

KEY FOCUS AREAS AND FUTURE PRIORITIES

In view of the enhancements in the corporate governance regulations, the Board has reviewed and updated the existing policies and procedures to ensure their alignment with the Company's current requirements. The Board will further look any additional enhancements or developments in corporate governance policies and procedures, as needed.

This statement is issued in accordance with a resolution of the Board dated 24 January 2025.