

Questions received from Minority Shareholders Watch Group :-

1. “Competitive pressures in the market or the failure of our Group to compete effectively may lead to reduced revenue, missed trading opportunities and reduced margins, any of which could significantly impact the business operations and financial performance of our Group.” (Page 9 of the Circular).

What measures are in place to mitigate the financial risks associated with entering a new and competitive industry?

- In order to mitigate the potential financial risks associated with entering a new industry, our Group has implemented regular monitoring and reporting mechanisms to track performance of new business activities. These measures ensure operational and cost efficiency for all future and upcoming projects to be undertaken by T & J Engineering Sdn. Bhd. (“TJE”).
 - Additionally, our Group has identified Mr. Chang Kian Seong and Dato’ Thomas Ngu Sing Hieng who possess the relevant experience to lead the new Construction and Project Management Business. The profiles of Mr. Chang Kian Seong and Dato’ Thomas Ngu Sing Hieng are set out in Section 2.2 of the Circular.
2. On 16 January 2024, Sarawak Consolidated Industries Bhd (SCIB) accepted a letter of award from Landasan Kapital (M) Sdn. Bhd. for the execution of civil, structural, architectural and mechanical works. The project involves the construction of student hostels in Universiti Malaysia Kelantan located in Bachok, Kelantan. On 12 March 2024, SCIB and Landasan Kapital mutually agreed to terminate the project. SCIB informed that the company is taking necessary measures to protect its interests by enforcing its rights under the contract. This is to mitigate the risks that could potentially arise from the project site’s unreadiness, which could lead to delays in site possession and commencement of its scope of work. Considering the tight project timeline and the possibility that an extension of time may not be granted by the project owner, these delays could significantly impact the project timeline, posing a risk of loss due to late delivery.

What measures are being taken to ensure that the Group can successfully manage and complete the construction project within the timeframe given by Landasan Kapital (M) Sdn. Bhd.?

- Notwithstanding the commencement date in the Letter of Award, to date, TJE has not accepted the Letter of Award. TJE expects to accept the Letter of Award and commence the execution of civil, structural, architectural and mechanical works upon obtaining the shareholders’ approval for the Proposed Diversification. To ensure that the construction project can be completed within the given timeframe, TJE has adopted the following approaches:-

- (i) **Project Planning:** TJE has constructed a detailed project plan and schedule to outline each phase of the construction process and milestones in ensuring that all works can be completed on time.
- (ii) **Resources Allocation:** To date, TJE has employed 6 staff (i.e. 1 construction general manager, 2 civil engineers, 1 quantity surveyor, 1 quality control and assurance officer and 1 safety officer) who are involved in the Construction and Project Management Business. Our Board will review the adequacy of resources for the project from time to time.

As and when the need arises, our Group may employ necessary talent to support the new business, taking into consideration the scale of business operations, working capital and the cash flow.

- (iii) **Project Management:** Our Group has identified Dato’ Thomas Ngu Sing Hieng who possesses more than 30 years of experience in the industry to lead, manage and monitor the project teams of the Construction and Project Management Business to ensure timely delivery of the project, as well as to oversee risk management to mitigate potential challenges arising therefrom. In addition, our Group has identified

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Appendix I (Questions and Answers during the Extraordinary General Meeting of the Company held on 5 July 2024)

Mr. Chang Kian Seong to be responsible for charting the overall strategy and business direction of our Group, as well as overseeing our Group’s corporate and financial matters.

By leveraging the experience of key management personnel, our Board is of the view that our Group has the capability to diversify into the Construction and Project Management Business. Further details of their profiles are set out in Section 2.2 of the Circular.

- Our Group will continuously review the adequacy of resources for the aforesaid project from time to time to ensure the timely and successful completion of the project.
3. The Company has undertaken numerous equity fundraising exercises in the past 3 financial years. On 23 January 2024, the Company announced its proposal to undertake another private placement of up to 134,089,200 Shares in HexCap, representing not more than 30.00% of the total number of issued shares. Further, the Company’s cash and cash equivalents decreased from RM77.47 million as of 30 September 2023 to RM21.87 million as of 31 March 2024.
- (a) Based on the above, how will the proposed diversification impact the Company's focus and resource allocation towards its existing business segments?
- The Proposed Diversification will diversify the earnings base of our Group and reduce the business risk of dependency on the Existing Businesses. Nevertheless, our Group will continue with our Existing businesses in the same manner.
 - In addition, the Proposed Diversification bodes well with our Group’s long-term plan to seek additional opportunities for Engineering, procurement, construction and commissioning (“**EPCC**”) works beyond the telecommunication network projects. The Construction and Project Management Business is complementary to our Group’s recent diversifications into the Telecommunication Network Infrastructure Solutions Business and Power Generation and Transmission Business as our Group can solidify its value proposition particularly in the construction and civil engineering segment.
- (b) Are there any plans for further equity fundraising in the near future to support the construction project to be undertaken?
- Save for the “Provision and Implementation of Jalanan Digital Negara (JENDELA) Phase 1 project” that is expected to be completed by 31 December 2024, and construction of student hostels in Universiti Malaysia Kelantan, TJE has not tendered for any other construction or project management contract.
 - While our Group does not currently have any plans to undertake any fundraising exercises to support the ongoing and upcoming projects, we remain open to the possibility of raising funds for future projects that TJE may tender for, as opportunities arise. This flexibility ensures that we can capitalize on new opportunities and undertake further fundraising exercises as may be required to support our growth and strategic initiatives.
4. Given HexCap’s involvement in various business segments such as manufacturing, telecommunication network infrastructure solutions and power generation and transmission, how does the Company justify the need to diversify further instead of focusing on and optimising the performance of the existing business segments?
- On 12 April 2024, TJE received a Letter of Award from Landasan Kapital, being the main contractor, to act as the sub-contractor for the execution of civil, structural, architectural and mechanical works with contract sum of RM97,043,422.00.
 - Based on the amount of the sub-contract sum in the Letter of Award, our Board anticipates that the new business activities in the Construction and Project Management Business may contribute 25% or more of the net profits of our Group and/or result in a diversion of more than 25% of the Net Asset of our Group towards the aforesaid new business activities moving forward.

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- To capture the opportunity for our Group to venture into the construction industry, our Board proposes to diversify our Existing Businesses to include the Construction and Project Management Business.
5. In addition to diversifying the earnings base of the Group, how do construction and project management services provide diversification benefits compared to other industries or businesses?
- The construction sector is forecast to grow by 6.80% in 2024 following better performance in civil engineering subsector. We intend to continue to further establish our presence in the Construction and Project Management Business upon completion of the construction work pursuant to the Letter of Award. In the next two years, we intend to build our track record in the construction industry by participating in the bidding of the construction and property development related contracts.
 - Our Group has identified key management personnel and established a project team within TJE. By capitalizing on this internal expertise, we aim to expand into the construction sector. Leveraging TJE's capabilities, we can effectively manage and execute construction and project management services.
 - Premised on the above and the outlook of the construction industry as set out in Section 5.2 of the Circular, our Board is of the view that the Proposed Diversification should enhance our Group's future prospects as it represents an opportunity to derive additional streams of revenue and income in the future financial years.

Questions received from Shareholders/Proxy Holders

6. Any e-voucher as a token of appreciation to the shareholders who attended the EGM today?
- Thank you for your suggestion regarding e-vouchers for EGM attendees. Currently, the Group is focusing on cost control with the aim of paying dividends in the future instead of e-vouchers. We appreciate your understanding and support as a shareholder.
7. When does the Company plan to pay dividend and distribute the treasury shares?
- The Group do not have any formal dividend policy. Distribution of dividends to shareholders in future is our intention. Nevertheless, there are some factors that will impact our Board's decision on dividend pay-out, including financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant to our Board.
8. Hope the Board would consider conducting hybrid general meetings, whether Annual or Extraordinary, which allow for real-time interaction and engagement with shareholders, enhance transparency, improve accessibility, and ensure regulatory compliance, benefiting both shareholders and the Company.
- At present, there is no requirement for HCB to conduct Annual or Extraordinary general meetings physically or in a hybrid format, taking into account cost considerations. However, we will consider this suggestion for future meetings as needs arise. Thank you for your suggestion.