

**HEXTAR CAPITAL BERHAD**

**Registration No.: 199401036979 (322661-W) ("HexCap" or "the Company")**

Appendix I (Questions and Answers during the Extraordinary General Meeting of the Company held on 24 January 2025)

*(Unless otherwise defined, the definitions set out in the circular to shareholders of HexCap in relation to the Proposals dated 9 January 2025 shall apply herein.)*

**Questions received from Minority Shareholders Watch Group :-**

1. The target clienteles of the Company's money lending business include public listed companies, private limited companies ("**PLCs**") and high-net-worth individuals. (Page 3 of the Circular)

PLCs and high-net-worth individuals generally have better credit scores.

How does the Company intend to ensure competitive pricing of its loan products while maintaining adequate margins, especially given that clients (PLCs and high-net-worth individuals) with good credit scores are likely to seek the lowest cost financing options?

- The pricing strategy is not based solely on credit scores; instead, it requires a more holistic evaluation of the borrower's overall financial profile. Our loan product pricing considers a comprehensive range of factors, including the borrower's profile, track record, credit history, payment behavior, type and valuation of security, personal guarantees (if provided), margin of financing, and the industry or segment of the borrower's operations.
- We provide customized loan structuring with flexible terms tailored to meet the unique financial needs of our clients. This personalized approach sets us apart from competitors and strengthens our value proposition. Furthermore, we prioritize quick turnaround times, enabling faster loan approvals and disbursements to attract clients who value efficiency and reliability over marginal cost savings.

2. Our Board is of the view that Johnson Chang and Deric Hen possess the necessary expertise and experience to manage the Money Lending Business" (Page 6 of the Circular).

Considering the key roles of Johnson Chang and Deric Hen in spearheading this new venture, what performance metrics and accountability mechanisms are in place to ensure their success?

- To ensure the success of Johnson Chang and Deric in leading the Money Lending Business, our Board has established performance metrics and accountability mechanisms as set out below:-
  - (i) **Accountability Mechanisms:** Clear segregation of duties exists within the company, ensuring that originator, approvers and credit operations function independently and govern by the mandate approved by the management with each unit held accountable for its respective roles and responsibilities.
  - (ii) **Performance Metrics:** The performance metrics encompasses the area of loan growth, non-performing loans management and credit operation. Specific KPIs have been established and benchmarked against industry peers in the money lending sector, ensuring they align with management's standards and expectations for operational excellence.
- By setting these performance metrics and accountability mechanisms, our Board will be able to provide a clear structure to measure the effectiveness of Johnson Chang and Deric Hen's leadership while maintaining a system of checks and balances to safeguard the company's interests in the new venture.

3. "By leveraging the established networks and market presence of T & J Engineering Sdn. Bhd. ("**TJE**"), Transgrid Ventures Sdn. Bhd. ("**TVSB**"), and Binasat Communications Berhad ("**BCB**"), our Group continues to capitalise on the synergies within its business ecosystem." (Page 14 of the Circular).

Please provide some examples of potential synergies between its existing business segments and the new money lending business.

- Presently, our Group is principally involved in the following business activities:-
  - (i) **Manufacturing Business:** manufacturing of fibre optic cables and cable related products;
  - (ii) **Engineering Services and Trading Business:** provision of engineering services for civil structure and fibre optic cabling system, and trading of industrial products and base oil;
  - (iii) **Telecommunication Network Infrastructure Solutions Business:** includes but not limited to (i) setting up of new infrastructure including construction and installation of telecommunications towers; (ii) supply chain management, warehousing and network maintenance; and (iii) other value-added services such as connectivity services, security services, data centres and related internet access to cloud services;
  - (iv) **Power Generation and Transmission Business:** includes but not limited to (i) Engineering, procurement, construction and commissioning (“**EPCC**”) of power transmission and distribution substation infrastructure; (ii) project management and engineering consultancy of power transmission and distribution infrastructure; (iii) supply and maintenance of equipment for power transmission and distribution substations; (iv) biomass renewable energy power generation; and (v) trading of biomass-related products; and
  - (v) **Construction and Project Management Business:** provision of construction and project management services which includes but not limited to (i) provision of structural, civil, mechanical, electrical, architectural and other engineering services; (ii) site inspection, demolition, site preparation, electrical, plumbing, general external works and other construction installation activities; and (iii) overseeing all aspects of construction project including scheduling, budgeting, monitoring, risk management and quality control.

(collectively, “**Existing Businesses**”).
- The introduction of a Money Lending Business into our Group's operations is expected to create the following synergies with our Existing Businesses:-
  - (i) **Cross-selling opportunities:** Customers from our Existing Business are mostly publicly listed companies, private limited companies or high net worth individuals. These customers are also the target clientele for our Money Lending Business. By providing tailored loan products to these customers, we could strengthen our relationships with these customers and increase our revenue streams.
  - (ii) **Minimise credit risk:** Our in-depth understanding of the industries we serve, as well as our existing customers' business model and operational risk, would enable our Group to evaluate the creditworthiness of potential borrowers effectively, resulting in lower default rates.
  - (iii) **Development of business ecosystem:** By diversifying the business activities of our Group to include Money Lending Business, we can offer end-to-end solutions for our customers, ranging from products and services to financing, creating a comprehensive business ecosystem.
  - (iv) **Increased competitiveness:** By offering a range of tailored loan solutions, including personal loans, business loans, and project financing, it will enhance our competitive advantage in the market as we can offer end-to-end solutions for our customers and be positioned as a more attractive business partner.

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4. How prepared is the Company to adapt to potential regulatory changes in the money lending sector (such as the Consumer Credit Act), and what are the contingency plans to address such risks?

- In mitigating such risk, our Group has undertaken a series of evaluations to identify gaps in our system of internal controls, corporate governance, and risk management framework. For instance, we:-
  - (i) Have set up a monitoring system, appointing an officer to track and review our Group's compliance with the applicable laws and regulations, such as the timing for license renewals and the status of compliance with the licensing conditions imposed by the relevant authorities;
  - (ii) Conduct a periodical review with Opcom Trading Sdn. Bhd. (“**OTSB**”) and regularly coordinate with the relevant key management personnel to ensure activities conducted align with the relevant laws and regulations;
  - (iii) Engage with regulatory bodies and legal consultants to stay updated on regulatory changes and best practices.
- However, there can be no assurance that any changes in economic and regulatory conditions, which are beyond our Group's control, will not materially affect our business and financial performance.

5. With the Company's ongoing diversification into multiple sectors, how does the management ensure that resources are not overstretched and that each business segment is given adequate focus and support?

- Our Company had on 20 December 2022, 1 December 2023 and 5 July 2024, obtained shareholders' approval for the diversification into the Telecommunication Network Infrastructure Solutions Business, Power Generation and Transmission Business, and Construction and Project Management Business, respectively.
- Prior to diversifying into these new business segments, our Board has identified at least 2 key management personnel with relevant experience to spearhead such business segments. A summary of the key management personnels identified for the business segments is as follows:-

<b>Subsidiary / Business segments</b>	<b>Key management personnels</b>
T & J Engineering Sdn. Bhd. (“ <b>TJE</b> ”) ( <sup>(1)</sup> ) / Telecommunication Network Infrastructure Solutions Business	Dato' Thomas Ngu Sing Hieng ( <sup>(2)</sup> ) Yusree Putra Bin Alias
Transgrid Ventures Sdn. Bhd. / Power Generation and Transmission Business	Dato' Sri J.O. Nantha Kumar A/L J.C. Ramalu Johnson Chang Kian Seong ( <sup>(3)</sup> )
TJE ( <sup>(1)</sup> ) / Construction and Project Management Business	Dato' Thomas Ngu Sing Hieng ( <sup>(2)</sup> ) Johnson Chang Kian Seong ( <sup>(3)</sup> )
Opcom Trading Sdn. Bhd. / Money Lending Business	Deric Hen Chee Tuck Johnson Chang Kian Seong ( <sup>(3)</sup> )

**Notes:-**

- (1) The diversification into the Telecommunication Network Infrastructure Solutions Business was subsequent to the completion of the acquisition of TJE. The subsequent diversification into the Construction and Project Management Business was due to TJE’s receipt of a letter of award from Landasan Kapital (M) Sdn Bhd for the execution of civil, structural, architectural, and mechanical works.
  - (2) Dato’ Thomas Ngu Sing Hieng is the director of TJE. He possesses more than 30 years of experience in the industry. Further details of his profile are set out in Section 2.2 of the circular dated 20 June 2024.
  - (3) Johnson Chang Kian Seong is the Managing Director of our Group. He is primarily responsible for charting the overall strategy and business direction of our Group as well as overseeing our Group’s corporate and financial matters. The further details of his profile are set out in Section 2.1.2 of the circular dated 9 January 2025.
- In addition, our Board has several strategic approaches in place to ensure that our Company’s resources are not overstretched and that each business segment receives adequate focus and support. Among others, are as follows:-
    - (i) **Resource allocation**

Other than the key management personnel, our Group has centralised operations units, such as finance, IT, human resources, and corporate secretarial services in place to support the business segments’ day-to-day operations.

Our Board will review the capabilities and resources needed for each business segment from time to time. As and when the need arises, our Group may employ necessary talents to support the new business, taking into consideration the scale of business operations, working capital and the cash flow.
    - (ii) **Periodic Performance Reviews**

Our Board will evaluate the financial and operational performance of each business segment on a regular basis to ensure resources are being used effectively.

**Questions received from Shareholders/Proxy Holders**

6. Any e-voucher or e-wallets as a token of appreciation to the shareholders who attended the EGM today?
  - Thank you for your suggestion regarding e-vouchers or e-wallets for EGM attendees. Our Board will take it into consideration in the future. However, at present, our primary focus is on utilizing our resources wisely with the aim of paying dividends to our shareholders. We appreciate your understanding and continued support as a shareholder.