

HEXTAR CAPITAL BERHAD

Registration No.: 199401036979 (322661-W) (“HCB” or “the Company”)

Appendix I (Questions and Answers during Twenty-Ninth Annual General Meeting of the Company held on 26 February 2025)

(Unless otherwise defined, the definitions set out in the Annual Report 2024 to Shareholders of HCB shall apply herein. All references to “we”, “us”, “our” and “ourselves” are to HCB or HCB Group. All references to “you” are to the shareholders of HCB.)

Questions received from Minority Shareholders Watch Group :-

Operational and Financial Matters

1. The Company has completed the acquisition of a 49% stake in Transgrid Ventures Sdn. Bhd. (“**Transgrid**”) at a purchase consideration of up to RM98.00 million on 10 January 2024.

The Company further completed the acquisition of a 6.75% stake in Binatat Communications Bhd (“**Binacom**”), raising its stake in Binacom to 24.78% on 12 January 2024, for a total consideration of RM53.88 million.

Transgrid’s and Binacom’s contributions to the Group’s overall performance remain below expectation at this juncture.

(a) What is the expected timeline for these acquisitions to yield substantial returns?

- Our investments in Transgrid and Binacom are long-term strategic initiatives aimed at diversifying our earnings base rather than delivering immediate, large-scale profits. Binacom primarily provides support services for satellite, mobile, and fibre optic telecommunications networks, which strengthens our market presence and complements our telecommunications infrastructure capabilities. For Transgrid, we expect modest contributions initially as its digital infrastructure and data centre development projects mature over years. Barring any unforeseen circumstances, we anticipate that these investments will yield sustainable returns within three to five years, driven by Malaysia’s accelerating digital transformation and the growing demand for digital infrastructure. We believe these investments are part of our long-term growth plans for the Company.

(b) What are the specific strategies in place to enhance their profitability?

- To enhance profitability, we are leveraging the inherent strengths of our acquired platforms. For Binacom, we are actively utilizing its capabilities to pursue new contracts, accelerate our market expansion, and solidify our position in the telecommunications sector. Meanwhile, with Transgrid, we are focusing on high-value data centre substation projects that support the growing digital infrastructure demand. Additionally, we are continuously identifying operational efficiencies, fostering strategic partnerships, and exploring cross-selling opportunities within our Group’s ecosystem to maximize returns and further drive long-term growth.

2. The Group has allocated RM2.97 million of capital expenditure (“**capex**”) towards new plant and machinery primarily for the manufacturing segment. The segment recorded a revenue of RM25.59 million and profit-before-tax of RM0.74 million during the Financial Year Ended (“**FYE**”) 2024.

What specific improvements or growth opportunities are anticipated from this additional capex, and how does the Group plan to enhance the competitiveness and profitability of its manufacturing operations?

- The Group’s capital expenditure is focused on enhancing its manufacturing capabilities and positioning the segment for future growth. We have invested in advanced machinery for our fiber optic cables business, equipping our production facilities with the newer technology. Additionally, we have modified existing machinery used in gel production to enable the manufacture & blending of lubricant oil, aligning with our strategic transformation from a gel-based business to a lubricant-focused business. These initiatives are expected to drive improvements in product quality, boost production capacity, and unlock new market opportunities, ultimately enhancing the competitiveness and profitability of our manufacturing operations.

3. “During FYE 2024, T & J Engineering Sdn. Bhd. (“**TJE**”) was awarded a RM97.04 million contract for the construction of student hostels at Universiti Malaysia Kelantan (“**UMK**”), underscoring its capability in delivering large-scale infrastructure projects.” (Page 13 of Annual Report 2024)

The project is expected to be completed by 14 August 2026. (Page 3 of Circular dated 20 June 2024)

Please provide an update on the progress of this construction project. How much progress billings have been issued to date?

- During FYE 2024, TJE was awarded the RM97.04 million contract for the construction of student hostels at UMK, with an expected completion date of 14 August 2026. To date, total progress billings have reached RM8.75 million. While progress has been slower than initially anticipated due to the minor setback of building materials supply and the onset of the monsoon flooding season in Kelantan, management is taking proactive measures to ensure steady project advancement working closely with our project partners accordingly. Our focus remains on accelerating key milestones while maintaining quality, so that the project remains on track for timely completion.
4. “The Group will continue to capitalise on the synergies created with these investments, and we are confident that they will contribute to the continued growth of our Group.” (Page 19 of Annual Report 2024)

(a) Please elaborate on the specific synergies identified and how they will be operationalised?

- Our diversified investments enable us to leverage shared operational strengths across our business segments. For example, we integrate our expertise in engineering, procurement, and project management across telecommunications, power, and construction sectors. This synergy is operationalised through coordinated project management, which allow us to reduce costs and cross-sell services effectively. Such integration not only enhances efficiency but also strengthens our value proposition to clients.

(b) What measurable benefits have been realised so far, and how will these synergies contribute to HexCap’s overall performance in the short and long term?

- To date, these synergies have resulted in measurable benefits, including a year-to-date contribution of RM7.3 million from our associate companies in FY2024. In the short term, these initiatives have reduced operating costs and maximized our specialized expertise. Looking ahead, we expect these integrated strategies to drive sustainable revenue growth and further enhance profitability.

(c) Are there other similar projects in the pipeline, and what is the Group's long-term strategy for the construction sector?

- In the construction sector, we are actively pursuing additional projects beyond our current engagements. Our long-term strategy is to build a robust track record in construction and project management by leveraging our technical expertise and operational capabilities. Upon securing further projects, we plan to invest in capacity expansion and form strategic partnerships to capture new opportunities. This proactive approach will ensure that our construction segment continues to grow and make contribution to HCB’s overall performance.

HEXTAR CAPITAL BERHAD

Registration No.: 199401036979 (322661-W) (“HCB” or “the Company”)

Appendix I (Questions and Answers during Twenty-Ninth Annual General Meeting of the Company held on 26 February 2025)

Corporate Governance Matters

5. Practice 1.4 of the Malaysian Code on Corporate Governance (“MCCG”) stipulates that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Dato’ Mazlin Bin MD Junid, Independent Non-Executive Chairman, is a member of the Audit Committee, Nominating and Remuneration Committee.

In explaining the departure, it was mentioned that the Board is confident that this departure does not impair the objectivity of the Chairman or the Board when deliberating on the observations and recommendations put forth by Board Committees in view of all Directors deliberate and discuss matters as a whole. In addition, the Chairman is not involved in the Company’s managerial and operational matters.

How does the Board ensure that the Chairman’s presence does not influence the discussions or decisions of these committees?

- The Chairman’s presence does not influence the discussions or decisions of the Board Committees by maintaining a clear governance structure. Each committee meetings are led by the respective independent chairman / chairperson, who led the meeting’s agenda and guide discussions. In addition, the Board Committees prioritise independence, objectivity, and adherence to established charters and protocols, ensuring unbiased and transparent deliberations in accordance with its Terms of Reference.

Sustainability Matters

6. “This Statement does not account for operations where we own an interest but do not exercise control.” (Page 30 of Annual Report 2024)

The acquisition of the entire stake in TJE was completed on 7 March 2023.

The data on electricity consumption, GHG emission, water usage and waste management does not seem to include construction of telecommunication towers and student hostels at UMK undertaken by TJE.

What is the rationale for excluding TJE’s sustainability-related data from the Group’s reporting?

- In line with the operational control approach, TJE’s sustainability-related data for its office premises, including electricity consumption and water usage - where the Company exercises operational control—has been duly included in the Group’s sustainability reporting. However, the construction of telecommunication towers and student hostels at UMK is attributed to the entity responsible for managing resources and environmental impacts at these project sites, namely the subcontractors who directly oversee and manage these aspects.
- Under the GHG Protocol and established sustainability reporting frameworks, such activities are generally classified under Scope 3 emissions. While we acknowledge the growing importance of Scope 3 reporting, it is currently not a mandatory requirement and remains under ongoing evaluation for future inclusion. Nonetheless, we remain committed to continuously enhancing our sustainability reporting practices and are actively exploring mechanisms to track and disclose relevant Scope 3 data in alignment with industry best practices.

Questions received from Shareholders/Proxy Holders

7. We would appreciate it if the Board could consider offering e-voucher or e-wallets as a token of appreciation to the shareholders who attended the 29TH AGM today.
- Thank you for your suggestion regarding door gifts, e-vouchers, e-wallets or similar items for attendees of the 29TH AGM. The Board has taken note of your request and will consider it for future meetings. We appreciate your continued support as a shareholder.

HEXTAR CAPITAL BERHAD

Registration No.: 199401036979 (322661-W) (“HCB” or “the Company”)

Appendix I (Questions and Answers during Twenty-Ninth Annual General Meeting of the Company held on 26 February 2025)

8. What are the expected revenue and profit contribution from our Company's acquisition/merger to expand into the electrical power and controls segment where Tenaga Nasional Berhad (“TNB”) is the major spender on capital expenditures? Additionally, how much in contracts have been and/or are expected to be secured this fiscal year?
- Our expansion into the power segment through Transgrid aligns with the rising infrastructure demand in Malaysia. While the contribution from Transgrid is still in its early stages, we anticipate incremental revenue growth over the next few years as ongoing projects progress and new contracts are secured.
 - As part of the Group's long-term strategy, Transgrid's contribution will grow in tandem with Malaysia's increasing investments in power transmission, renewable energy, and data centre substations.
 - We are confident that once the projects reach more advanced stages, profitability will strengthen. To date, Transgrid has secured multiple high-value projects in power and data centre substations, including:-
 - (i) RM197 million for the TNB Vantage Data Centre substation project;
 - (ii) RM137 million for the GDS Data Centre substation project; and
 - (iii) RM104 million for the Microsoft Data Centre substation project.
9. Please advise the cost of hosting annual events such as the Chinese New Year celebration, annual dinner and similar gathering. We also suggest inviting shareholders to these events as part of the Company's Economic, Sustainability and Governance (“ESG”) engagement. In addition, please also advise details on the cost of meals for all staff and vendors, meeting expenses for 29TH AGM and the overall cost of holding the physical meeting.
- We appreciate the suggestion to invite shareholders to corporate gatherings as part of our ESG initiatives and shareholder engagement efforts. Management will take this into consideration for future planning.
 - The cost of meals provided during today's AGM for staff and vendors has been managed prudently, in line with corporate governance and hospitality standards.
 - The cost of hosting this online meeting is approximately RM20,000, which is not significantly different from the cost of a physical meeting.
10. What are the Group's strategies to add value to the Company?
- The Group's value enhancement strategy focuses on diversification, operational efficiency, and strategic investments to drive sustainable growth.
 - We actively maximize synergies across business segments, capitalize on emerging opportunities in high-growth sectors, and remain committed to securing new contracts to strengthen our market position and revenue base.
11. Are the auditors present in this AGM and how many shareholders dialed in to join the 29TH AGM when the session started?
- The auditors were presented at the 29TH AGM and a total of 59 shareholders were registered at the start of the session.

HEXTAR CAPITAL BERHAD

Registration No.: 199401036979 (322661-W) (“HCB” or “the Company”)

Appendix I (Questions and Answers during Twenty-Ninth Annual General Meeting of the Company held on 26 February 2025)

12. What are the chances of the potentially large capital investment in Data Centre being downsized or even dropped?
- The contract awarded by large multinational or nationally owned, such as TNB or Vantage, global multinational company (“**MNC**”) or Microsoft, the large MNC are unlikely to be downsized or dropped when the capital investment are about to be announced. In the case of the contract to be signed by Transgrid, agreements are made through Engineering, Procurement, and Construction (“**EPC**”) contractors, and no capital expenditure is required from our side. Our role is to complete and deliver the substation to them.