(Unless otherwise defined, the definitions set out in the Annual Report 2025 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.)

<u>Questions received from Minority Shareholders Watch Group :-</u>

<u>Operational and Financial Matters</u>

1. The Group's profit after tax of RM3.4 million in FY2025 was largely driven by RM18.4 million share of profits from associates while its core businesses remained loss-making.

   (a) What is the Group's roadmap and timeline to achieve sustainable operating profitability from its core businesses?

   - We acknowledge that associate contributions were a significant factor in FPE 2025. However, this is part of our deliberate portfolio strategy, where we build value through strategic investments, strengthening of core operations and developing recurring income streams.

   - We strengthen our core operations in construction, engineering and manufacturing through disciplined project execution and cost optimisation; and develop recurring income stream, particularly from our financial solutions segment.

   - While we are positive on the opportunities ahead, particularly in digital infrastructure and construction, the Group remains mindful of the macroeconomic environment.

   - Accordingly, we will continue to adopt a prudent and disciplined approach, ensuring that any growth is sustainable and aligned with long-term shareholder value. The timing of this transition will depend on market conditions and available opportunities.

   - At the same time we are mindful of our disclosure obligations under Bursa Malaysia Listing Requirements and are therefore not in a position to provide detailed forward earnings guidance.

   (b) What are the main drivers expected to close the earnings gap and reduce reliance on associate contributions?

   - We fully acknowledge the importance of strengthening our core operating performance, and this remains a key priority for the Group. At the same time, our investments in associates are part of a deliberate strategy to diversify earnings and enhance overall resilience.

   - On improving operating profit, we are focused on three key areas:-

     (i) improving operational efficiency through tighter cost management;
     (ii) being more selective in project participation to ensure we prioritise margin quality over volume; and
     (iii) gradually building recurring income streams, particularly through our financial solutions segment.

Over time, this approach is intended to strengthen our core earnings contribution while maintaining a diversified income base.

We believe this balanced model is more sustainable in the long run, particularly given the cyclical and project-driven nature of certain industries we operate in.

2. The acquisition of Legacy Core Sdn. Bhd. and the Sabah contract indicate a significant push into the construction sector. What order book target is the Group aiming to achieve over the next two years? And what proportion of future earnings does management expect the construction segment to contribute?

   - Legacy Core's current order book stood at RM291million with reference made to our announcements. The Company does not disclose target orderbook figures at this stage as it may be commercially sensitive.

   - We remain actively engaged in pursuing opportunities aligned with our strategic focus, and any material developments will be announced in accordance with Bursa Malaysia Listing Requirements.

   - Shareholders may therefore stay updated through our official announcements and periodic disclosures.

   - Given the project-based nature and evolving market conditions, it would not be appropriate for the Company to provide forward earnings indications.

3. The Group expects demand for fibre optic cables and cable-related products to remain subdued in 2026. Given the challenging market outlook, how does management plan to improve the manufacturing segment's financial performance in the absence of a meaningful market recovery?

   - We recognise that market conditions in this segment have been more challenging. As such, our approach is to optimise and strengthen the business, including improving operational efficiency, managing costs, and adapting our product offerings to evolving demand.

   - At the same time building complementary income streams. Together, this creates a more stable and sustainable earnings base over time.

<u>Corporate Governance Matters</u>

4. HEXCAP has departed from Practice 1.4 of the Malaysian Code of Corporate Governance (MCCG) which stipulates that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

   Currently, Independent Non-Executive Chairman, Dato' Mazlin Bin MD Junid, serves on all three committees.

   While the Group has indicated that it will reassess the composition of its Board Committees upon the appointment of additional directors, could the Board provide greater clarity on the expected timeline for aligning with Practice 1.4? Additionally, what steps are being taken to strengthen board composition and succession planning to facilitate compliance with this governance best practice and further enhance the independence and effectiveness of the Board Committees?

- The Board and its Committees conduct annual evaluations, periodic reviews and continuous oversight, which ensure that governance practices are not static but evolve over time.

- Enhancements to Board composition and governance practices are also deliberated carefully to ensure the right fit and effectiveness, rather than being implemented purely to meet timelines.

- Succession planning is addressed through the Nominating and Remuneration Committee, which identifies the skills and competencies required at both Board and management levels, and assesses potential candidates accordingly. This includes both internal talent development and consideration of external candidates where appropriate.

- The process ensures continuity while allowing the Board to refresh its composition in a structured and orderly manner.

- While we do not set a fixed timeline for full adoption, the commitment is clear to continuously improve and evolve our governance framework in line with best practices and the Group's growth trajectory.

- The Board remains committed to continuously strengthening our governance practices over time.

<u>Sustainability Matters</u>

5. While the Group achieved meaningful improvements in energy intensity during FY2025, its absolute Scope 1 and Scope 2 emissions increased by 29% year-on-year. (page 39-40 of AR 2025).

   As HEXCAP pursues growth while targeting Net Zero emissions by 2050, what are the Group's interim emissions reduction targets and decarbonisation roadmap? What initiatives are being considered to reduce Scope 2 emissions which account for the majority of the Group's carbon footprint?

   - At this stage, the Group's approach to Net Zero is focused on building the foundational elements and implementing practical measures, rather than relying solely on long-term targets.

   - The Group has taken initial steps in identifying relevant ESG indicators and has begun tracking selected metrics in line with Bursa Malaysia's Sustainability Reporting Guide.

   - As we continue to strengthen our data collection processes, we intend to progressively enhance our disclosures, including expanding quantitative indicators and targets where appropriate.

   - These steps form the building blocks for a more structured decarbonisation pathway. As our data and processes mature, we will progressively enhance our initiatives and disclosures in line with regulatory expectations.

<u>Questions received from Shareholders/Proxy Holders</u>

6. Please provide a brief presentation summarising the Company's key developments during the financial year, its current position, and future plans to facilitate shareholders' understanding of the Company's progress and outlook.

- For the current year, the Group would continue to actively pursue and bid for new projects as part of its ongoing business strategy. In respect of the fibre optic business, the Group will continue to participate in tenders and bidding exercises for the supply of products and services to major telecommunications companies in Malaysia, including Telekom Malaysia, Maxis, CelcomDigi and U Mobile, particularly in relation to opportunities arising from the second digital network initiative. These initiatives are expected to contribute to the Group's revenue growth.

- The construction segment is anticipated to experience increased activities going forward, supported by the Group's continued participation in tenders for infrastructure-related projects from government agencies and ministries. Overall, the Group is confident that these business segments will remain the key drivers of the Group's future growth and performance.

7. Please advise the Company's strategic rationale for its investment in Binacom and provide clarification on the future direction of the investment. The Company had increased its shareholding in Binacom through substantial investment and clarification is sought on the reasons for acquiring a significant stake. In addition, an explanation is required on how the investment would create synergies with the Group's existing businesses, given the challenges faced by other companies operating within the satellite industry as well as the prospects of the investment and whether the Company would be able to realise value and returns from its investment in Binacom going forward.

- Binacom's core business relates to the provision of satellite and telecommunications services, including the leasing of satellite spectrum capacity for transmission purposes.

- Binacom's operations comprise three (3) main business segments:-

  (i) First, its Very Small Aperture Terminal ("**VSAT**") business, which provides satellite-based connectivity services similar in concept to low-earth-orbit connectivity solutions, enabling internet and voice communications in rural and remote locations such as plantation areas, offshore oil rigs, and maritime vessels. Binacom currently operates a network of more than 20,000 VSAT terminals;

  (ii) Second, Binacom is involved in satellite transmission and broadcasting services, supporting live telecasts and content distribution between Malaysia and overseas destinations. By way of illustration, it has previously facilitated the live transmission of a concert event from Axiata Arena (now known as Unifi Arena) to China for an event organizer; and

  (iii) Third, Binacom holds key telecommunications-related licenses, including Application Service Providers ("**ASP**"), Network Facility Providers ("**NFP**"), and Authorised Facilities Providers ("**AFP**"). These licenses are critical in enabling participation in government-led digital infrastructure initiatives. In particular, the NFP license positions Binacom to bid directly for projects under the Government's JENDELA programme. Following the announcement of the JENDELA Phase 2 tender by the relevant authorities, Binacom is expected to participate in upcoming bids without the need for third-party intermediaries, thereby potentially enhancing its revenue opportunities.

- These factors collectively form the strategic rationale for the investment in Binacom, with a view to participate in the growth of digital connectivity and infrastructure development initiatives in Malaysia and supporting long-term value creation.

8. Please advise the percentage contribution of both project-based revenue and recurring income.

   - Binacom's revenue comprises a balanced mix of recurring income and project-based revenue:-

     (i) A significant portion of recurring income is derived from VSAT operations, with more than 20,000 VSAT terminals deployed nationwide. These services are typically contracted on a recurring basis under multi-year arrangements, ranging from one (1) to four (4) years, providing stable and predictable revenue streams. Binacom also generates recurring income from the provision of service centre support to foreign telecommunications companies operating within the Southeast Asian region; and

     (ii) On the project-based side, revenue is derived from engineering and infrastructure works, including fibre optic-related installation projects, which are generally undertaken over a two (2) to three (3) year cycle. The execution of such projects enhance Binacom's track record as an engineering service provider, and support as well as strengthen its ability to secure future contracts.

   - Overall, the Group views that the combination of recurring income and project-based revenue contributes to a balanced and sustainable business model.

9. Please advise the Group's prospects of securing projects under the JENDELA Phase 2 programme and the potential value of projects that may be awarded.

   - The Group remain optimistic about participating in the JENDELA Phase 2 programme. However, it was unable to provide any forward-looking estimates or assurances regarding the value or quantum of contracts that may be secured, as the relevant tenders have not been awarded.

   - The Government had recently initiated the tender process for JENDELA Phase 2, with tender submissions expected to close by the end of the month. The tender evaluation process is anticipated to take approximately three (3) to six (6) months, with project awards expected to be announced thereafter. Subject to successful tender outcomes, project mobilisation and commencement of works could potentially begin in the following year.

   - The projects under JENDELA Phase 2 are expected to be of a similar scale to those previously undertaken by the Group. The Group intends to participate in the tender exercises and compete for the available opportunities.

   - Based on publicly available information, the Malaysian Communications and Multimedia Commission ("**MCMC**"), through the Universal Service Provision ("**USP**") Fund, is expected to roll out JENDELA Phase 2 projects across Peninsular Malaysia, Sabah and Sarawak, with projects to be released in stages. However, as the tenders are still ongoing and details of individual project packages have yet to be finalised, no specific projections can be provided at this stage. Any successful contract awards will be announced in accordance with the applicable regulatory and disclosure requirements.

10. Please advise on the potential market size and value of opportunities available under the JENDELA Phase 2 programme.

    - Based on information made available to the Company, the overall market opportunity under the JENDELA Phase 2 programme is estimated to be closed to a billion over the coming year. The Group intends to participate in the relevant tender exercises, however, the actual value of contracts that may be secured by the Group remains subject to the outcome of the tender process and therefore, no assurance or specific allocation of potential contract value to the Group can be determined at this stage.

11. Please explain the potential growth in the power, energy, and high-voltage infrastructure sector, noting that significant investments are expected in the industry and that some competitors appear to be performing strongly. Please also explain the reason for the Group's associate , Transgrid Ventures Sdn. Bhd. ("**Transgrid**") had not captured a larger market share despite the sector's potential, and sought clarification on its current performance and competitive position.

    - Tenaga Nasional Berhad ("**TNB**") has a substantial budget allocated for the expansion and upgrading of the national power infrastructure network, and that Transgrid continues to participate in tendering for projects from both TNB and data centre operators.

    - Transgrid maintains a healthy and growing order book; however, specific figures are not disclosed. Its projects are primarily derived from TNB and data centre infrastructure requirements, and the pipeline of work continues to expand in line with industry demand.

    - Transgrid's projects are typically construction-based infrastructure works with defined project life cycles ranging from approximately twenty four (24) to forty eight (48) months. These projects involve the construction of substations and related power transmission infrastructure, which serve to step down electricity from the national grid for end-user distribution.

    - The nature of such projects differs from conventional building construction works, as claims and progress payments are generally made upon completion of defined milestones or upon full completion of works, subject to retention sums as per standard industry practice.

    - It was emphasized that Transgrid's business performance is inherently project-based and cyclical in nature, but continues to support steady growth through ongoing participation in infrastructure tenders and completion of secured contracts.

12. Transgrid does not manufacture transformers and clarification was sought on its role, with the suggestion that it primarily imports and adds value to third-party equipment, as well as further explanation of its business model.

    - Transgrid's scope of work extends beyond the procurement or import of transformers. It explained that not all parties are qualified or authorised to participate in this segment of the industry, as it involves the installation, construction, and integration of equipment into fully operational substations.

- Transgrid specializes in the development of high-voltage substations, including projects involving 132kV and 275kV systems. These works require specialized technical capability and regulatory approval, and contractors must be recognised and approved by TNB in order to participate in such projects. Without such approval, contractors are not permitted to undertake works in this segment due to the critical nature of power infrastructure and safety considerations.

- Substation construction is a complex engineering undertaking involving the full integration of civil works, electrical systems, and installation of high-voltage equipment. The execution timeline may also vary depending on the location of the project, with rural or remote sites requiring additional logistical planning for the transportation of materials and equipment.

- Hence, Transgrid's role is not limited to equipment procurement, but encompasses end-to-end engineering, construction, and commissioning of substations as part of the national power infrastructure network.

13. With reference to the Group's "cautiously optimistic" outlook, and the opportunities arising from 5G networks, telecommunications infrastructure, and data centre development appear to present significant growth potential. Despite these opportunities, the outlook remained cautious, hence, please explain how the Group positioned itself relative to its competitors and its level of confidence in performance for the coming year.

    - The Group does not provide specific forecasts on future outcomes. However, the Group remains cautiously optimistic due to continued expectations that government-led infrastructure development will persist, particularly as Malaysia continues to upgrade and enhance its national infrastructure.

    - The demand is being supported by growth in related sectors, including the expansion of data centres and telecommunications infrastructure projects. At the same time, a cautious stance is maintained due to prevailing external uncertainties, including geopolitical tensions, fluctuations in global oil prices, and the potential impact on operational and logistics costs. Diesel pricing, which remains unsubsidised, continues to contribute to cost pressures within the logistics and construction supply chain.

    - In addition, construction material prices remain subject to potential increases, which further contribute to overall market uncertainty.

    - Against this backdrop, while the Group remains positive on long-term infrastructure demand, it continues to adopt a prudent and cautious approach in its outlook and planning, in line with prevailing market conditions.

14. Please provide the Group's current outstanding order book in the construction segment, the Group's tendering policy, and its internal target for order book replenishment for year 2026.

    - The Group's current outstanding order book stands at approximately RM291million, comprising three construction projects under Legacy Core's contracts. With regard to future tenders, the Group continues to participate in open tender exercises as and when they are made available. Any successful awards arising from such tenders will be announced in accordance with the relevant regulatory disclosure requirements.

- The Group's approach is to progressively replenish its order book through continuous bidding activities. The Group intends to at least maintain and, where possible, improve its order book position through the securing of additional projects.

15. Please advise whether the Group's construction activities are mainly concentrated in the Sabah market.

    - The Group's construction activities are not concentrated in any single region. Instead, projects are undertaken across Malaysia, including Peninsular Malaysia, Sarawak and Sabah. The project execution is dependent on project location and the Group's ability to mobilise resources efficiently to the respective sites to ensure timely delivery of works.

16. Please advise the Group's financial solutions segment, noting that the loan portfolio had more than doubled to approximately RM56 million in the previous year, and sought clarification on the current non-performing loan ratio ("**NPL**").

    - There is currently nil in records.

17. Please provide the breakdown of the Group's financial solutions portfolio, specifically between personal loans, business loans, and project financing, and sought clarification on the classification disclosed in the Annual Report.

    - The Group's financing activities are primarily focused on project financing and corporate/commercial lending. The Group does not provide lending to individual retail borrowers.
    - In relation to the reference in the Annual Report to "personal loans," the classification relates to internal revenue reporting terminology and does not reflect retail consumer lending activity.
    - The Group's lending preference is directed towards corporate and commercial counterparties rather than individual borrowers.

18. As the lending portfolio continues to grow, please confirm what measures are in place to ensure that credit growth does not compromise the quality.

    - Appropriate credit risk management measures are in place where all financing applications are subject to review by a credit committee. The credit assessment process includes evaluation of the borrower's profile, industry sector, and associated risk factors. Consideration is also given to the project structure, including payment mechanisms, available security or collateral, and the location of the project and underlying assets.
    - These credit evaluation processes are broadly aligned with standard banking credit assessment practices and are designed to ensure prudent lending and safeguard the quality as the portfolio grows.

19. The Group's impairment charges were noted to be significant, and clarification was sought on the nature and reasons for the impairment.

    - Current year impairment relates to trade receivables whereas the impairment in previous financial year primarily relates to goodwill impairment arising from previous acquisitions.

- The Group assess impairment of trade receivables in accordance with MFRS using the Expected Credit Loss ("ECL") model taking into consideration historical loss experience, ageing profiles, customer credit risk characteristics, and forward-looking economic factors.

20. Please provide the rationale for the private placement undertaken in the previous year, which resulted in dilution of minority shareholders as well as confirming whether further fund-raising exercises would be undertaken in future as such actions may disadvantage minority shareholders, particularly where operations could potentially generate sufficient cash flow.

    - The Group is not in a position to comment on or provide assurance regarding any future capital-raising exercises. As a general practice for listed companies, private placements are undertaken for various purposes, including strengthening the Company's capital base, supporting working capital requirements, and funding business expansion or project progression. Such measures are also be used to reduce reliance on borrowings, where appropriate.

    - Capital-raising decisions are made based on the Group's funding requirements and overall strategic considerations at the relevant time.

21. Referring to the Group's overall financial position, concerns were raised regarding the absence of dividend payments, the use of private placements for fundraising, and perceived inconsistencies between the Group's stated outlook on upcoming projects and its current financial performance. Please advise the impact on share price performance and future shareholder returns.

    - The Group does not comment on short-term share price movements, as these are influenced by overall market conditions and investor sentiment.

    - The Group currently does not have a formal dividend policy in place. The priority at this stage is to ensure the long-term sustainability of the business and to strengthen its operational foundation.

    - In this regard, retained earnings and capital management decisions are directed towards supporting business growth and future project execution. The Group's objective is to enhance long-term shareholders' value through improved business performance and sustainable growth over time.

22. The Group operates across multiple business segments and performance across several segments appears to have declined. In light of anticipated government initiatives and the resumption of JENDELA Phase 2 projects, please advise which business segments are expected to be most active going forward.

    - The Group expects its core business segments to remain the primary drivers of activity moving forward. These include the fibre optic business, construction activities, power-related business, and the telecommunications tower segment.

    - The fibre optic segment is expected to see continued uptake in demand from telecommunications customers. Similarly, the construction and power-related businesses are anticipated to benefit from the resumption and rollout of infrastructure projects and tender activities.

- Certain government-related awards and tenders had been delayed in the previous year due to changes in policy and timing of project rollouts. However, it is expected that these projects and tender opportunities will gradually resume and be awarded in the coming months, which should contribute to increased activity across the Group's core segments.

23. Improvements to the signage within the building were requested.

    - The Board acknowledged the request and confirmed that improvements to the signage would be undertaken.

24. Appreciate it if the Board could consider offering e-voucher or e-wallets as a token of appreciation to the shareholders who attended the 30TH AGM.

    - The Board thanked the shareholders for the suggestion regarding door gifts, including e-vouchers and e-wallets for 30TH AGM attendees. The Board noted the request and would consider it for future general meetings. The Board expressed appreciation for the continued support of shareholders.