



# **SEE HUP CONSOLIDATED BERHAD**

Registration No. 199601018726 (391077-V)  
Incorporated in Malaysia

**Response to Query Letter dated 12 September 2025 from  
Minority Shareholders Watch Group**

**29<sup>th</sup> Annual General Meeting (“AGM”) of See Hup Consolidated Berhad (“See Hup”  
or the “Group”) to be held on Friday, 19 September 2025**



## Operations & Financial Matters

1. For the last three (3) financial years, the Group revenue has been hovering around RM110 million to RM120 million plus and the Group has continuously incurred losses. (page 7 of AR 2025).

- (a) What were the main reasons that the Group was not able to grow its revenue and to continuously incur losses over the last three (3) financial years?

Response:

The Group's (the Company and its subsidiaries, on collective basis) revenue has been affected by intense competition, with both established leaders and smaller market entrants engaging in aggressive pricing. Nevertheless, steady demand remains the backbone of our operations, and Management is confident that our strong customer ties and efficiency efforts will support future growth.

The losses were attributed mainly - higher operating costs, reduced margins from pricing pressures in the logistics sector and impairments of financial assets.

- (b) What is the outlook for FY 2026 and when does the Management expect the Group to turn profitable? What is the basis?

Response:

The Group expects its core transportation and logistics business to continue delivering stable performance, supported by sustained demand from the construction-related materials, semiconductor, electronics, and food & beverage industries.

At the same time, our ongoing initiatives in operational efficiency and customer diversification are expected to gradually strengthen margins and enhance competitiveness.

While external factors such as fuel costs, pricing pressures in the logistics sector, and broader economic conditions remain key considerations, Management is cautiously optimistic that the measures being undertaken will place the Group on a stronger path towards returning to profitability. This expectation is supported by:

- The infrastructure project in Penang, which is expected to stimulate demand for transportation of construction-related materials and create positive spillover opportunities for our logistics and equipment rental business;
- A steady diverse revenue base from the transportation and logistics segment; and
- Cost optimisation measures to address fleet depreciation and operating overheads

## Operations & Financial Matters (cont'd)

2. Transportation and logistics services were the primary contributors to the Group's revenue, recording an increase in revenue from RM105.21 million in the previous year to RM114.86 million in the current year, primarily driven by higher delivery volumes despite the continued pressure from competitive pricing. (page 10 of AR 2025).

- (a) Is the revenue growth in the transportation and logistics services segment sustainable and is the segment profitable?

Response:

The Group has a diversified customer base and support from these long-term relationships is expected to help sustain growth. Although margins are lower due to the competitive environment, the transportation and logistics services segment remains profitable through active cost management and efficiency improvements.

- (b) What is the current utilisation rate of the warehouses?

Response:

Our bonded and non-bonded warehouses are currently utilised at approximately 85%. As the demand for warehouse space has been increasing. The Group is actively exploring opportunities to expand its warehouse capacity and optimise space management, while improving service quality to meet the growing needs of our customers.

- 3.

Group	2025 (RM)
<b>Trade receivables:</b>	
- Associates	5,701,511
- Unrelated parties	36,424,094
	<b>42,125,605</b>
<b>Less: Loss allowance</b>	(14,525,795)
	<b>27,599,810</b>

(page 117 of AR 2025)

- (a) As at end of FY 2025, loss allowance (RM14.526 million) constituted a significant 34.5% of total trade receivables of RM42.126 million. Why is there such a substantial loss allowance for trade receivables?

Response:

The Group measures impairment of trade receivables using the expected credit loss ("ECL") model under Malaysian Financial Reporting Standards 9. A significant portion of receivables has been classified under Stage 2, where lifetime ECL is required due to increased credit risk and delays in settlement. This has resulted in a higher allowance being recognised.

Management is closely monitoring collections, restructuring payment terms where appropriate, to improve receivable quality and reduce impairment going forward.

- (b) What is the probability of fully recovering the loss allowance?

Response:

The probability of fully recovering the loss allowance is dependent on various factors and the prevailing market conditions. While Management continues to pursue collection efforts and closely monitor the situation, it would be premature to provide any certainty on the full recovery of the loss allowance.

## Sustainability Matters

1. As noted on page 26 of AR 2025, the Group consumes a lot of diesel amounting to about 4 million plus litres annually over the last three (3) financial years.

Does the Group also use biodiesel to reduce the carbon footprint? If not, why and what are the plans going forward?

**Response:**

The Group does not utilise biodiesel at present. Given the scale of our logistics operations, diesel consumption is currently inevitable, and the use of biodiesel has been constrained by several factors, including availability, compatibility with existing fleet infrastructure, and cost considerations.

To support our sustainability goals, Management is introducing the Group's first Euro 5-compliant vehicle, which emits significantly lower pollutants compared to conventional diesel trucks. This pilot initiative will help us to evaluate its performance, fuel efficiency and overall commercial viability before considering a broader rollout.

In parallel, we continue to monitor developments in alternative fuels, including biodiesel, as well as emerging efficiency technologies. These will be assessed as part of our long-term sustainability strategy to transition towards cleaner and more sustainable logistics operations.

2. The Group has proactively taken steps to enhance its environmental performance by reducing pollutants and hazards resulting from its operations, thereby moving towards a more sustainable environment. A key aspect of its strategy involves maintaining and regularly servicing its vehicles, machinery, and equipment under the expertise of its fleet management team. (page 26 of AR 2025)

**Response:**

The Group has taken the proactive steps towards transitioning to lower-emission vehicles. We are in the process of acquiring our first Euro 5-compliant truck, which will serve as pilot test to evaluate its performance, cost efficiency and operational suitability. While there is no immediate plan for large scale investment heavily at this stage, the insights gained from this test run will guide Management's future decisions regarding fleet upgrades.

As for electric trucks, the Group has not made any purchases yet. The technology and infrastructure required to support electric logistics vehicles in Malaysia are still developing and might not yet be viable for large-scale operations at this time. Nonetheless, Management continues to closely monitor advancements in electric mobility and other low-carbon technologies and remain open to adopting them when these become commercially and operationally feasible for the Group.



## Corporate Governance

1. **Practice 1.2** of Malaysian Code on Corporate Governance (MCCG)

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

The position of Chairman of the Board is currently vacant. The Chairman for the Board meetings is rotated among the Directors thus giving each person an opportunity to experience and learn the roles and responsibilities expected from a Chairman. (page 4 of CGR 2025)

For good corporate governance, there should be a duly appointed Chairman to chair all Board meetings and general meetings (AGMs and EGMs). This also allows continuity and consistency in practice. Does the Company have any plans to appoint a chairman, and if so, by when?

Response:

The Board has no immediate plans to appoint a formal Chairman at this juncture. The Board has been operating effectively without one; opting instead to rotate the role of meeting Chair among its Executive Directors and Non-Independent Non-Executive Director. This approach has fostered balanced participation, encouraged diverse perspectives and ensured that no single individual dominates proceedings.

In addition, the Board's responsibilities are well supported by its established Board Committees, namely, the Audit Committee, Nominating Committee and Remuneration Committee, which continue to discharge their respective responsibilities with diligence and independence. This structure has been effective in maintaining robust governance and oversight over matters within their purview.

The Board will continue to monitor its governance framework and remain open to revisiting the appointment of a formal Chairman should the need arise in the future.

2. **Practice 5.9** of the MCCG

The board comprises at least 30% women directors. (page 25 of CGR 2025)

Currently, the Board comprises one (1) female Director, representing 20% of the total Board composition.

What are the challenges, if any, faced by the Company in sourcing for women directors and when does it plan to apply Practice 5.9?

Response:

The current composition of the Board, with one (1) female Director out of five (5), complies with para 15.02(1) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. The Board believes that its present size is adequate given the Group's operational scale and does not see the need to increase the number of the Directors (particularly female Directors) solely to meet the expectation of Practice 5.9 of the MCCG.

That said, the Group remains committed to promoting female leadership. The Group has four (4) female Executive Directors serving on the boards of its subsidiaries, reflecting this commitment. to strengthening female leadership within the organisation.

The Board will continue to assess their readiness and suitability for Board-level appointments, ensuring that any selection is based on merit, preparedness and alignment with the Group's strategic needs.

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**Response to Queries from Shareholder(s)**

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**1. Dr. Ismet Yusoff | Corporate Representative from MSWG**

The Audited Financial Statement (“AFS”) reflected a 6% decline in revenue within the logistics and transport segments, which is indicative of industry challenges such as rising operational costs and subdued market demand. The particular concern is the machinery subcontracting business, which has shown limited contribution to overall performance. Given the above trends, what are the mitigation of See Hup and project performance for FY2026, particularly in underperforming segments?

**Response:-**

See Hup is actively seeking new business opportunities in Penang. Despite current challenges, we believed in the potential and future growth of Penang and determined to contribute meaningfully to its development.

Logistics is our core business, and we are actively expanding our business and focus on the Fast-Moving Consumer Goods (“FMCG”) sector, supported by Penang’s growing population and increase in consumer demand. The semiconductor industry that flourishing growth provides a bright foundation of future in Penang. See Hup aim to sustain and build on this positive trend, leveraging our capabilities and market presence.

Despite the uncertainties in recent years, See Hup priorities remain to :

- sustain business operations through strategic planning;
- Increase sales and reduce costs to improve profitability; and
- Explore future projects and contract opportunities, especially in high-growth areas.

**2. Dr. Ismet Yusoff | Corporate Representative from MSWG**

Referring to Note 17 of the AFS, as underlined on page 122 of the Annual Report, the gross loan instalment within 1 year is amounting to RM4.3 million.

Could you please clarify:

- i. Whether See Hup was able to meet and service this loan as scheduled?
- ii. Whether See Hup’s cash position sufficient to support the repayment obligations?

**Response:-**

The balance sheet of the AFS showed a healthy cash flow position of See Hup. The operational cash flow is recorded at RM16 million, which reflected positive liquidity in See Hup. Given this cash flow performance over a five-year period, See Hup should have no issue meeting and serve the RM4.3 million loan instalment as disclosed in Note 17 and Note 18.

**3. Dr. Ismet Yusoff | Corporate Representative from MSWG**

Operating cash inflow has decreased from RM8.8 million to RM2.7 million. Would this raise any concern?

**Response:-**

The Group has continued to maintain effective cost control measures and actively pursuing new business opportunities. The current level of cash generation is expected to be sufficient to support its financial commitments.