



SEREMBAN ENGINEERING BERHAD

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(Listed On The Main Board of Bursa Malaysia Securities Berhad)

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10 December 2025

The Chief Executive Officer
Minority Shareholders Watch Group
Level 23, Unit 23-2 Menara AIA Sentral
No.30, Jalan Sultan Ismail,
50250 Kuala Lumpur

Attention: Sir/Madam

46th ANNUAL GENERAL MEETING (“AGM”) OF SEREMBAN ENGINEERING BERHAD (“SEB”) TO BE HELD ON WEDNESDAY, 10 DECEMBER 2025

We refer to your letter dated 3 December 2025. Kindly find your issues raised in the interest of minority shareholders and all other stakeholders of SEB and our management replied hereunder.

Operational and Financial Matters

1. The Group recorded revenue and profit after tax of RM133.87 million and RM1.10 million respectively for the financial year ended 30 June 2025 as compared to the revenue of RM294.98 million and profit after tax of RM3.07 million for the preceding financial year. The decline in revenue of RM161.11 million and profit after tax of RM1.97 million was primarily attributable to lower contributions from projects in the electrical & electronics and food industries as well as the reversal of deferred tax asset. (page 32 of AR 2025)
 - (a) Which key industries does the Group secure projects from that contribute to the bulk of its revenue? Apart from lower contributions from electrical & electronics and food industries, how were the contributions from other industries?

Reply:

The revenue contribution in percentage from the key industries was food industries (61%) electrical & electronic industries, chemical and construction (33%); and. renewable energy and automotive and others 6%.

(b) What is the Group's total outstanding order book? What is the outstanding unbilled order book?

Reply:

It is always company's policy not to disclose information pertaining to the order book and unbilled order book publicly due to confidentiality and sensitivity.

(c) What is the total bid submitted for FY 2026? What is the Group's expected success rate?

Reply:

The bid in submission is an ongoing process throughout the year. Given the variety in nature of projects tendered and sector of industries, the success rates may vary from time to time, depending on the prevailing market conditions and competitiveness.

2. To further enhance production efficiency and ensure alignment with project timelines, the Group is implementing Lean Manufacturing principles across all fabrication lines. The approach focuses on minimizing waste, optimizing workflow, and continuously improving operational processes. By empowering frontline teams to identify inefficiencies and streamline daily activities, it can boost productivity, improve quality control, and maintain flexibility — all without significant capital expenditure. (page 33 of AR 2025)

Would the Management be able to share the extent/magnitude of cost savings and productivity gains following the implementation of Lean Manufacturing principles?

Reply:

The implementation of Lean Manufacturing principles is still in the early stage of execution across the Group's fabrication lines. While the Group have begun to observe operational improvements such as reduced cycle times, enhanced workflow efficiency, and fewer process variations, the full extent of cost savings and productivity gains will only be realized progressively as the initiatives mature.

At this juncture, Management has not established a quantifiable estimate of the overall financial impact, as the outcomes are very much influenced by the scale of deployment, project complexity, and ongoing refinement of process improvements. However, initial observations have somehow indicated positive traction in areas such as material utilization efficiency, labour productivity, and rework reduction, which are expected to contribute to cost efficiency over time.

The Group will continue to monitor and evaluate performance metrics as part of its continuous improvement program and will provide more meaningful disclosures once data trends stabilize in time to come with a more reliable baseline for measurement is being established.

3. The Group operates in a dynamic and increasingly competitive market environment. To remain resilient and sustain growth, the Group has identified and implemented several strategic initiatives which include, among others:
 - Diversifying product and service offerings to reduce dependency on specific markets;
 - Leveraging Group synergies to capture new business opportunities and expand market reach;
 - Obtaining new certifications to strengthen competitiveness and support the introduction of new products(page 33 of AR 2025)

Please share with shareholders any developments or achievements in regard to the above three (3) initiatives.

Reply:

The Group is pleased to report the positive progress across the above-mentioned strategic initiatives. In particular, the Group has successfully penetrated new market segments in the renewable energy sector by supplying industrial equipment for biomass-related applications. In addition, the Group also successfully secured new business in the automotive industry through the fabrication of steel structures for automated guided vehicles (AGVs), thus reflecting our ability to tailor engineering solutions to emerging customer requirements.

These developments have clearly demonstrated the effectiveness of strategies deployed and the Group's capability to capitalize on new opportunities through product innovation and market expansion.

4. On 14 June 2023, the Company had entered into a joint venture agreement ("JVA") with NS Corporation ("NS Corp") and on 25 July 2023 incorporated a new company, name NSC SEB Jetty Sdn. Bhd. as a special purpose vehicle, for the proposed development of the concession lands comprising the land held under HSD 44462, PT 12778, Mukim Port Dickson, Daerah Port Dickson, Negeri Sembilan measuring approximately 5,269 square meters ("Jetty Arang Land")

where the Jetty Arang is situated. (page 66 of AR 2025)

What type of development is proposed for the concession lands and the estimated gross development value? When is the development expected to commence and what is the anticipated timeframe for completion?

Reply:

SEB and NS Corp have entered into a joint venture agreement to undertake the development of three parcels of concession land in Port Dickson, Negeri Sembilan, including the Jetty Arang site, with a total land area of approximately 26.381 acres.

The primary objective of the JVA is to carry out the development project, as well as undertake jetty operations for exports and imports, warehousing, tank farms and related logistics.

At this juncture, both parties are in the process of obtaining the necessary approvals from the relevant local authorities. NS Corp will continue playing a key role in facilitating and coordinating the regulatory approval process.

As the development remains subject to final approvals and detailed planning, the estimated gross development value, commencement date and project timelines are still under review and hence not being quantified. The Group will provide updates as and when there are material developments with greater visibility on the project milestones.

5. We note that for FY 2025, two (2) customers contributed a sizeable amount of revenue totalling RM106.1 million, constituting a significant 79.2% of the Group's total revenue of RM133.9 million. (Customer A: RM28.6 million, Customer D: RM77.5 million). (page 111 of AR 2025)

Considering the significant concentration of customers risk, what actions or measures has the Group taken to mitigate such risk?

Reply:

The Group recognizes the inherent risks associated with high customer concentration and has put in place several measures to mitigate such exposure.

Strategically, the Group is actively broadening its market reach by

diversifying into multiple industries and expanding its customer base, with the objective of reducing reliance on any single customer over time. This includes pursuing new project opportunities across different sectors and geographies, as well as strengthening relationships with existing and prospective clients.

Overall, these initiatives are designed to progressively reduce customer concentration risk and build a more balanced and sustainable revenue profile for the Group moving forward.

Sustainability Matters

6. We note that the Group has not established targets for several areas such as economic performance (page 10), energy reduction (page 13), emissions/decarbonization (page 14), and waste management (page 15).

Why are targets not established to enable proper and effective monitoring of performance against targets set? When does the Management plan to establish the targets?

Reply:

The Group acknowledges the importance of setting measurable targets to enable effective tracking of performance across key sustainability areas, including economic performance, energy reduction, emissions/ decarbonization and waste management.

The targets set in FY 2024 were maintained in FY2025 to underscore our continued relevance and significance to the Group's business operations and long-term value creation. Retaining these targets also enables the Group to consistently track and measure its sustainability performance over time, providing a clear basis for evaluating progress, identifying areas for improvement, and ensuring alignment with the Group's strategic sustainability objectives.

Having said that, we are progressively working towards developing appropriate metrics and performance indicators that can be integrated into our long-term sustainability roadmap in FY 2026. The Group remains committed to continuous improvement and will update stakeholders as and when meaningful progress has been achieved.

Please feel free to contact our Company Secretary should you require further clarification.

Thank you.

Yours faithfully,
Seremban Engineering Berhad



Lai Ngan Guan
Executive Director