**SELANGOR DREDGING BERHAD**
**Registration No. 196201000105 (4624-U)**
(Incorporated in Malaysia)

**SIXTY FIRST ANNUAL GENERAL MEETING**

**QUESTIONS AND ANSWERS**

**QUESTION 1**
**How do you thinking about 2023 market?**

**Answer:**
1. For the year under review, we have transitioned to the endemic phase of the pandemic, and the restrictions that were imposed in 2020 and 2021 have been lifted in phases.

2. We are cautiously optimistic of a recovery but we are also mindful of other challenges such as inflation and rising interest rates that may affect property purchases.

3. Also, the Group is presently preparing for the launch of two new developments in Klang Valley. The two projects are pending for final approvals from the authorities.

**QUESTION 2**
**Sdrege has been very quiet especially in the last 3 years. The share price is in cold storage. With the higher NTA, is there a possibility that the company do a MBO and return the investment worth to their shareholders especially those long-term. I have been holding the shares for about 20 years.**

**Answer:**
1. Since early 2020, the Group has navigated a very challenging environment with many external uncertainties, coupled with weaker economic conditions as a result of the pandemic and movement restriction periods.

2. Despite the recent reopening of the economy, we will continue to stay vigilant and implement various cost-cutting measures throughout our operations as part of our efforts to be more prudent.

3. There are no plans for us to implement an MBO or Management Buyout.

4. Our efforts are now focused on marketing and selling of unsold stocks for completed developments and developments under construction in Malaysia and Singapore.

5. We ask for all our shareholders to bear with us.

**QUESTION 3**
**i. Property cant sell now better build condo without facilities or go for landed property.**

**ii. Invest in company which produce vaccine, consumer product, technology or mobile phones.**

**Answer:**

i. The range of facilities is heavily influenced by the cost and the type of residents or target market that the condominium is aiming for. As a boutique developer and in line with SDB's Brand Promise, we build by taking the needs of today's modern-day homebuyers into consideration. As such, we always provide our residents and tenants with carefully curated spaces and facilities that will help to promote their well-being. Our upcoming projects are actually inspired by considering the needs of homebuyers during the pandemic. By incorporating the elements of a hybrid lifestyle, it will give homeowners plenty of flexible spaces and is located within a self-contained gated and guarded community.

I. At the moment, we intend to focus on our core businesses and strengthen our brand presence in property development and property management. Apart from the hotel operations (represented by Hotel Maya) and our associate's mining business (Fortress Minerals), we have no plans to invest in other industries yet.

**QUESTION 4**
**Referring to Page 81 – Other Income is RM39.3mil in year 2022 compared to RM7.2mil in year 2021. What is the increase?**

**Answer:**
The increase was mainly contributed by the non-recurring gain of RM19.0 million that was derived from the disposal of shoplot in Singapore, revaluation gain and unrealised foreign exchange gain.

**QUESTION 5**
**Referring to Page 85 – Changes in contract assets is RM43.8mil positive compared to (RM2.2mil) in year 2021, what were the causes?**

**Answer:**
One of the components in contract assets is accrued billing which is work completed - but yet to bill to purchasers. The RM43.8 million was mainly due to the completed UNA serviced apartment in Kuala Lumpur. Following the delivery of vacant possession in October 2021, the work done was billed to the purchasers.

**QUESTION 6**
**Please provide the latest percentage sales in units and percentage for the Myra and One Draycott projects in Singapore. When will the construction of these 2 projects expected to be completed?**

**Answer:**
Sales:
For MYRA, current sales is at 70%.
For One Draycott, current sales is at 17%.

Expected Completion:
MYRA is expected to be completed in the 4th Quarter of 2023.
One Draycott is expected to be completed in the 1st Quarter of 2023.

**QUESTION 7**

**An amount of RM41.117 million was received from the disposal of non-current assets under SDB Asia Pte Ltd (Note 20 - page 138 of AR)**

(1) What is the status of this proposed disposal.?
(2) What is the Book Value of this asset in the financial statements of SDB?
(3) What the disposal result in a profit or loss for FY2023?

**Answer:**
1) The disposal/deal has been completed in June 2022.

2) The Book Value of the asset is SGD7million (approximately RM22 million).

3) The disposal resulted in a profit of SGD6 million (approximately RM19 million).

**QUESTION 8**

**The associate company, Fortress Minerals has been contributing good profits to SDB for the last 2 financial years.**

1) **Based on latest reserves and production figures, how long will the reserves be available for mining?**

2) **The price of commodities including iron ore has been on the downtrend in the past few months. Will Fortress be able to maintain its profitability in FY2023 based on latest operational results?**

**Answer:**

1) As at 28 February 2022, Fortress Minerals reported a total of 16.13 million tonnes of indicated and inferred resources. This comprises 5.41 million tonnes of indicated and inferred resources at Bukit Besi and 10.72 million tonnes of inferred resources at Mengapur. Assuming a production volume of 1.0 to 1.1 million tonnes a year and no further exploration, the total resources will be sufficient for close to 15 years.

2) Fortress Minerals had an average unit cost of US$28.01/WMT for 1H FY2023 as reported on 5 October 2022. The average realised selling price for 1H FY2023 was US$106.86/DMT.

The commencement of production of Cermat Aman Sdn Bhd ("CASB") mine on 1 July 2022 has added production capabilities in the same key mineral resource. The ramp up of operations is progressing well and Fortress Minerals continues to leverage the synergies such as existing downstream distribution lines and the ability to better match customers' specific demands to plan its production between its two producing assets. This will enable Fortress Minerals to extract further efficiencies against the backdrop of rising inflation and operating costs, and lower commodity prices.

The Company remains in a strong position to grow its operations strategically and to maximise shareholders' value.

**QUESTION 9**

**The Group is planning to launch two new Klang Valley-based developments in 2nd half of 2022 (page 23 of AR). Please provide further details of these projects as follows:**

**1) GDV and number of units for each project.**
**2) Expected launch dates.**

**Answer:**

The upcoming 2 projects are 19Trees located at Taman Melawati, and Jia located at Bukit Serdang.

1) 19Trees comprises 222 units of luxury homes, while Jia comprises 324 units of luxury homes. Both projects have a total GDV of approximately RM800 million.
2) 19Trees will be launched at anytime now, while Jia is expected to be launched by the last quarter of 2022.

**QUESTION 10**

**The completed development properties amounting to RM156.574 million was reclassified at cost and net realisable value (page 117 of the AR).**

**1) What is the reason for the reclassification and please explain the difference between cost and nest realisable value.**

**2) What is the breakdown in percentage of these completed but unsold properties between Malaysia and Singapore.**

**3) Latest value of unsold completed properties as at 30 June 2022.**

**Answer:**

1) Inventories are stated at cost or net realisable value, whichever is lower. At the beginning of FY2022, we had put some units for promotion of which after deducting selling and distribution costs, the net selling price is lower than costs. Therefore, the accounting standard requires us to make an impairment to the balance of unsold stock of the project. The impairment is not permanent nor actual loss. It is merely an accounting treatment.

2) All the completed inventories are from projects in Malaysia.

3) As at 30 June 2022, the completed inventory is valued at approximately RM153 million.

**QUESTION 11**

**The losses from Hotel operations has reduced from RM10.059 million in FY2021 to RM2.613 million in FY2022.**

1) **What is the current occupancy rate of Hotel Maya vs FY2022?**
2) **Will the hotel be able to return to profitability in FY2023 based on current levels of operations?**

**Answer:**

1) The occupancy rate at Hotel Maya is trending at 50%.

2) In the upcoming year, we hope that the hotel operations will generate a healthy return. The hospitality industry is sensitive to economic stability and inflation will adversely impact the travel sector. Currently, the world is facing a surge in inflation, and inflation surges are often associated with recessions.

   Moreover, experts are raising the alarm of global recession including the head of World Trade Organization. The ongoing Russian-Ukraine war, anticipated measures of inflation by the US Government, and China's Zero-COVID policy are suggesting a likely global recession.

**QUESTION 12**

**Better diversify into food and beverage business.**

**Answer:**

With uncertainties in the global and local economies, we are of the opinion that the better strategy for the Group is to focus on the industry in which we are familiar with, and has already established a brand presence.

**QUESTION 13**

**The Net Cash from Operating Activities has increased to RM65.934 million in FY2022 (page 86 of AR), and further improved from the receipt of the asset in Singapore. With the reopening of the economy in Malaysia and Singapore;**

**What are the reason for non-declaration of dividend for FY2022?**

**Answer:**

We are planning to launch 2 projects in this Financial Year and the cash are reserved to fund these 2 projects. Moreover, we have to prepare ourselves for any likely recessions in the near future.

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