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

SIXTIETH ANNUAL GENERAL MEETING

QUESTIONS AND ANSWERS

QUESTION 1

i) Property can't sell now better build condo without facilities or go for landed property.
ii) Please reward participate shareholder to encourage support for VIRTUAL meeting which can save a lot of expenses for company.
iii) Invest in company which produce vaccine, consumer product, technology or mobile phones.

Answer:
i) Our next 2 projects will be strata villa and we are waiting for authority approval. The pandemic has changed the way we live and we are allowing for more ventilation, flexible spaces and private/public spaces in common areas.
ii) Due to the current economy which is adversely impacted by the pandemic, kindly bear with us. When the economy improves shareholders will be rewarded with dividend when the company performance improves.
iii) We have no plan to invest into the above industries which we are not familiar with.

QUESTION 2

Referring to Page 69 – Inventories. This has increased from RM301.7mil to RM324.6mil, why is it increase?

Answer:
The Inventories is comprised of Property Development Cost, Completed Properties and Consumables. The increase is mainly due to transfer of RM97.0 million from Land Held for Property Development to Property Development Cost. The amount was partially offset by a drop of Completed Properties, approximately RM63.0 million relating to Completed Project sold during the financial year.

QUESTION 3

Referring to Page 71 – Other Income. Why did the other income drop from RM12.7mil in year 2020 to RM8.4mil in year 2021?

Answer:
In 2020, there was a non recuring gain of RM4.9 million derived from the forfeiture of termination of sales properties to purchasers.

QUESTION 4

Referring to Page 71 – Share of profit of joint ventures and associates. The Share of profit of joint ventures and associates surged from RM7.6mil to RM28.8mil, where was this increase come from?

Answer:
The increase was mainly contributed by Fortress Minerals Limited which is our associate company. Production output increased together with an increase in the market price of iron ore.

QUESTION 5

Note 42 on page 152 of the AR disclosed the proposed disposal of land and building for RM41 Million.

1) Where is this land and building located?
2) What is the expected gain/loss from the disposal?
3) The rationale for the disposal.

Answer:

(1) This is our Singapore office located in 25, Teo Hong Road, Singapore.
(2) It was sold for SGD13.28 million (RM41 million) and expected a gain of SGD6.15 million (RM19 million)
(3) Upon management deliberation, this is a good time to dispose the property as the market value for commercial building within the area has increased substantially.

QUESTION 6

The Management Discussion and Analysis on page 24 of the AR reported the acquisition of Fortress Mengapur S/B in Pahang.

(1) What is the rationale of this acquisition?
(2) Will Fortress Minerals be performing better than FY2021 in view of the boom in commodities price?

Answer:

(1) Fortress Board has gone through extensive due diligence exercise on site and the reports indicates substantial reserve. Besides iron ore, there are reserves of silver, gold and copper. Fortress will initially focus on extraction of iron ore.

(2) There has been a huge volatility in the price of iron ore from May 2021 at USD220 per tonne to September 2021 at USD120 per tonne. What Fortress can do is be consistent in production output and be mindful of production costs.

QUESTION 7

In view of falling price of iron ore, what's the prospect of contribution from Fortress Mining in the current year?

Answer:

Iron ore price is volatile in the world market and is beyond the management control. The management always ensure the cost of production is competitive and the output is consistent.

QUESTION 8

1) How much loss during lock down?
2) How is the property sale?
3) How many attend this meeting?

Answer:

1) Due to the nature of property development industry, accounting revenue is recognised based on sales and work progress. The effect of lock down and work from home, meant slow reconstruction of work progress and slower sales.
2) The total property revenue was RM140 million and was derived from sales of Completed properties of RM63 million and RM77 million from ongoing project.
3) There were 267 attendees.

QUESTION 9

What plans are in place to enhance the group’s performance in the pandemic?

Answer:
In view of high vaccination rate achieved in Malaysia, we are cautiously optimistic with economy going forward. As such, we are planning to launch at least one project in Selangor for this financial year and this will be Strata villa properties. We will also gradually re-open the Hotel we deem fit. In Singapore, marketing of One Draycott and MYRA are ongoing.

QUESTION 10

1) For UNA project, when is the target to obtain CCC? What's is the remaining unsold units?
2) Any consideration of Bonus shares to award to shareholder including free warrants?
3) Associate company mining contributes higher profit to group and any special dividend for consideration.

Answer:
1) UNA is expected to obtain VP by end September 2021. The balance of unsold unit is 58 units.
2) Currently there are no plans to declare Bonus Issue and warrant for Selangor Dredging Berhad.
3) Fortress is currently in the midst of increasing its production capacity and had completed its acquisition of Fortress Mengapur Sdn Bhd. As such the group needs to conserve cash for its operations.

QUESTION 11

How long has BDO PLT been the auditors of SDB? And is there any policies in place for a change of Auditors for good governance?

Answer:
BDO PLT has been acted as auditors of SDB for 6 years (since FY2016). The Malaysian Institute of Accountants (MIA) allows an individual engagement partner to act for seven cumulative years. The current practice is in compliance with MIA.