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

SIXTY SECOND ANNUAL GENERAL MEETING

QUESTIONS AND ANSWERS

QUESTION 1
Referring to Page 80 – Other Income is RM27.82mil in year 2023 compared to RM39.3mil in year 2022. What is the decrease?

Answer:
The decrease was mainly due to non recuring gain of RM19.0 million derived from disposal of Singapore shop lot in year 2022.

QUESTION 2
Referring to Page 80 – Administrative and General expenses is RM25.88mil in year 2023 compared to RM33.77mil in year 2022, what were the causes?

Answer:
The decrease was mainly due to reversal of impairment of a trade receivable of RM8.66 million resulted from the termination of sales and a net forfeiture income of RM2.15 million was derived from the termination.

QUESTION 3
Which project make profit and which project make loss?

Answer:
Up to this point, all of our projects have been profitable. Nevertheless, the profit margins vary from one project to another.

QUESTION 4
With regard to the One Draycott and Myra projects in Singapore, the current cooling measure have affected the sales of both projects.

(1) What is the percentage of units sold for both projects?
(2) The number of units unsold and the value reported as Inventories as at 31 March 2023?

Answer:
The real estate market in Singapore has seen an impact from the cooling measures. As of 31 August 2023, the sales percentages for two properties are as follows:

1) One Draycott - 53%, 34 units
2) MYRA - 96%, 82 units

On 31 March 2023, the number of unsold units for these properties was:

1) One Draycott – 75%, 48 units.
2) MYRA – 24%, 20 units.

QUESTION 5
The AR reported that Hotel Maya completed its renovation and beautification to further enhance its guests' experience.

(1) What is the current occupancy rate for the hotel?

(2) Despite an improvement in revenue to RM17 million in FY2023, the Hospitality Division still reported a loss of RM1.831 million (Note 35 - page 149 of AR). When will the Hospitality Division expected to return to profitability?

Answer:
1) The occupancy rate in August 2023 stands at 48%.

2) The loss of RM1.8 million is calculated after factoring in the depreciation of the hotel building, which amounts to RM2.4 million and is a non-cash item.

QUESTION 6
The Joint-Venture of Champsworth Devt Pte Lte (CD) reported a substantial increase in Loss before Tax amounted to RM51.480 million (Note 9 - page 125 of AR)
(1) What are the reason(s) for the substantial increase in losses for FY2023?

(2) What will be the development and sales undertaken by CD in FY2024, if any?

Answer:
1) The primary reason for the loss was the inclusion of approximately RM42 million in Additional Buyer's Stamp Duty ("ABSD") related to the One Draycott project on the income statement. This was done in compliance with the guideline issued by the Institute of Singapore Chartered Accountants ("ISCA"). According to ISCA's perspective, ABSD should be expensed on the income statement immediately, rather than being treated as part of property development costs and gradually recognized based on project progress and sale.

2) In FY2024, the company will persist in its endeavors to transform the remaining inventory into sales. Currently, there are no prospects for new developments on the horizon.

QUESTION 7
The investment in Associates, namely, Fortress Minerals Limited (FML) has a carrying value of RM124.447 million as at 31 March 2023 (Note 8 (a) - page 123 of AR).

Under Note 8(b), it is mentioned that the fair value of the Group's interest in FML is RM205.868 million. Why is the reason for the big difference between the carrying value and fair value in the Balance Sheets of the Group?

Answer:
The fair valuation of Fortress Minerals Limited ("FML") is calculated based on the market price of FML as traded on the SGX (Singapore Exchange).

QUESTION 8

The Group reported a negative cash flow generated from operations amounted to (RM33.361 million) mainly due to cash outflow for contract assets and contract liabilities amounted to (RM93.090 million).

(1) What constitute the "contract assets and contract liabilities amounted to RM93.093 million?

(2) What is the budgeted capex and investment for FY2024?

Answer:

1) The contract assets primarily comprise Accrued Billing, which arises from the timing difference between recognizing revenue based on the progress of work and the actual billing to purchasers.

2) We have not allocated funds for significant investments in FY2024, and the capital expenditures (CAPEX) will be focused on routine business operations.

QUESTION 9

An amount of RM7.977 million was credited to the PBT which was attributed to Forfeiture income from purchaser (Note 28 - page 141 of AR)

(1) Which project(s) this item is attributed to?

(2) Has this amount been previously recognized as Sales Revenue in previous years' financial statements?

Answer:

1) It is related to Sqwhere project at Sungai Buluh

2) Revenue and profit were initially recorded on the income statement. After the sales were terminated, these entries were reversed, and a net gain of around RM2 million was achieved by forfeiting 25% of the purchaser's payments.