

**BENALEC HOLDINGS BERHAD**  
**200501020529 (702653-V)**  
(Incorporated in Malaysia)

Minutes of the Seventeenth Annual General Meeting of the Company conducted online through live streaming from the broadcast venue at Benalec Holdings Berhad Headquarters (Pacific Board Room), No. 23, Jalan Perintis U1/52, Glenmarie Temasya, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan, on Friday, 26 May 2023 at 10.00 a.m.

Present : En. Fazrin Azwar Bin Md. Nor Chairman of the meeting  
– Others as per attendance list

By Invitation : Dato' Leaw Seng Hai  
Mr Koo Hoong Kwan  
Mr Kenneth Chin Kah Kiong } Directors

Absent : Ms Leaw Ai Lin

In Attendance : Ms Lim Wei Lee } Secretary

**1. QUORUM**

On behalf of the Board of Directors of Benalec Holdings Berhad (“the Company” or “BHB”), Encik Fazrin Azwar bin Md. Nor (“the Chairman”), the Independent Non-Executive Chairman of the Company, welcomed all present at the meeting.

He conveyed apologies from Dato' Leaw Seng Hai as he will be arriving late to the meeting while Ms Leaw Ai Lin is unable to attend due to unforeseen circumstances.

Upon confirming a quorum pursuant to Clause 56(2) of the Company's Constitution, the Chairman called the meeting to order at 10.00 a.m.

**2. NOTICE OF MEETING**

The Chairman informed that the resolutions set out in the notice of meeting would be voted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Chairman further informed that the Company was required to appoint at least one scrutineer to validate the votes cast at the general meeting and then declared that the scrutineer for the poll was Sky Corporate Services Sdn. Bhd. (“SCSSB”).

The Chairman informed that the poll on all resolutions would be conducted after the meeting had deliberated on all the items on the agenda. Shareholders or proxies who wished to vote before the voting session could do so via the online remote voting until an announcement on its cessation was made.

The Chairman further informed that Ordinary Resolutions 1 to 7, as tabled at the meeting, required a simple majority of more than 50% votes from the shareholders and proxies who were present and voting at the meeting.

The Chairman informed that during the Q&A session, the Company would address the questions submitted electronically in advance by shareholders or proxies, who could also pose questions during the meeting by typing their questions in the query box. Should there be a duplication in the questions, the Company would group the related and similar questions and provide the appropriate responses. In the event the Company was unable to answer all the questions due to time constraint, the Company will provide the responses either by email or post them on the Company's website.

The Chairman informed that the poll would be administered by the Poll Administrator, namely Tricor Investor & Issuing House Services Sdn. Bhd., and the appointed scrutineer, SCSSB.

The representative from the Poll Administrator was invited to explain the voting procedure through the remote participation and voting application to the shareholders.

There being no objection, the notice convening the meeting, having been circulated to all the shareholders of the Company within the statutory period, was taken as read.

**3. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON**

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The Audited Financial Statements for the financial year ended 31 December 2022, together with the Reports of the Directors and Auditors thereon ("Audited Financial Statements"), having been circulated to all the shareholders of the Company within the statutory period, were tabled before the meeting for discussion.

It was noted that pursuant to Section 340(1)(a) of the Companies Act 2016, this agenda item did not require the shareholders' approval.

The Chairman then informed the shareholders or proxies to leave their questions in the query box and the Board would address the questions during the Q&A session later.

**4. ORDINARY RESOLUTION 1**  
**DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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The meeting continued to consider the payment of Directors' fees of RM648,580.00 for the financial year ended 31 December 2022.

The Chairman informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

**5. ORDINARY RESOLUTION 2**  
**DIRECTORS' BENEFITS FOR THE PERIOD FROM 27 MAY 2023 UNTIL THE NEXT ANNUAL GENERAL MEETING**

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The meeting continued to consider the payment of Directors' benefits.

The Chairman informed that the Board of Directors had proposed an aggregate amount of RM50,000.00 to the Directors of the Company for the period from 27 May 2023 until the next Annual General Meeting of the Company.

The Chairman further informed the shareholders or proxies to leave their questions in the query box pertaining to this resolution and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

**6. ORDINARY RESOLUTION 3**  
**RE-ELECTION OF MS LEAW AI LIN WHO RETIRED BY ROTATION PURSUANT TO CLAUSE 76 OF THE CONSTITUTION OF THE COMPANY**

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The Chairman informed that Ms Leaw Ai Lin was retiring from the Board pursuant to Clause 76 of the Company's Constitution and being eligible, had offered herself for re-election. Her profile is available on page 14 of the Annual Report.

The Chairman further informed the shareholders or proxies to leave their questions pertaining to Ms Leaw Ai Lin's re-election in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

**7. ORDINARY RESOLUTION 4**  
**RE-ELECTION OF MR KENNETH CHIN KAH KIONG WHO RETIRED BY**  
**ROTATION PURSUANT TO CLAUSE 78 OF THE CONSTITUTION OF THE**  
**COMPANY**

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The Chairman informed that Mr Kenneth Chin Kah Kiong was retiring from the Board pursuant to Clause 78 of the Company's Constitution and being eligible, had offered himself for re-election. His profile is available on page 13 of the Annual Report.

The Chairman further informed the shareholders or proxies to leave their questions pertaining to Mr Kenneth Chin Kah Kiong's re-election in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

**8. ORDINARY RESOLUTION 5**  
**APPOINTMENT OF MESSRS BDO PLT AS AUDITORS OF THE COMPANY**

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The Chairman informed that the retiring Auditors, Messrs BDO PLT, had given their consent for re-appointment as Auditors of the Company. The meeting was requested to consider the re-appointment of Messrs BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration.

The Chairman further informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

**9. ORDINARY RESOLUTIONS 6 (SPECIAL BUSINESS)**  
**AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE**  
**COMPANIES ACT 2016**

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The meeting continued to consider the special business in respect of the proposed Ordinary Resolution 6 on the authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016. The full text of the proposed Ordinary Resolution 6 had been set out in the notice of meeting and the same was taken as read.

The Chairman informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

**10. ORDINARY RESOLUTIONS 7 (SPECIAL BUSINESS)**  
**PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

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The Chairman informed that the full text of the proposed Ordinary Resolution 7, as set out in the notice of meeting, and the details of the Proposed Renewal of Authority for Share Buy-Back, which had been clearly set out in the Share Buy-Back Statement contained in the Annual Report, was taken as read.

The Chairman further informed that the passing of this Ordinary Resolution 7 would provide a mandate for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the renewal is obtained from the shareholders of the Company at a general meeting.

The Chairman informed the shareholders or proxies to leave their questions pertaining to this resolution in the query box and the Board would address the questions during the Q&A session later.

Thereafter, the Chairman put the motion to a vote by poll at the end of the meeting.

The Chairman proceeded to the Q&A session.

The meeting went through the questions that were submitted before the meeting and those that were posed during that meeting.

After the questions from the shareholders had been satisfactorily answered by the Chairman, the Board and the Chief Financial Officer, the Chairman concluded the Q&A session.

The Chairman added that the responses to the questions that were not addressed during the Q&A session would either be e-mailed to the shareholders concerned after the meeting or posted on the Company's website.

The Chairman then informed that since the Company had dealt with all the items on the Agenda, the meeting would proceed to conduct the poll for the proposed resolutions. The shareholders and/or proxies were informed to submit their vote.

The representative of the Share Registrar was invited to brief the shareholders on the poll procedure. The meeting proceeded to poll voting.

The voting session ended at 10.50 a.m. and the meeting adjourned for 20 minutes for the counting of the votes.

Upon completion of the counting of the votes, the Chairman called the meeting to order at 11.10 a.m. and announced the results of the poll as follows:-

**ORDINARY RESOLUTION 1 – DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

<u>Result On Voting By Poll</u>					
Vote For		Vote Against		Total Votes	
<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
91,094,307	99.6012	364,732	0.3988	91,459,039	100.0000

Based on the poll result, the Chairman declared the following motion carried:-

“**RESOLVED** THAT the payment of Directors’ fees of RM648,580.00 to the Non-Executive Directors for the financial year ended 31 December 2022 be approved.”

**ORDINARY RESOLUTION 2 – DIRECTORS’ BENEFITS FOR THE PERIOD FROM 27 MAY 2023 UNTIL THE NEXT ANNUAL GENERAL MEETING**

<u>Result On Voting By Poll</u>					
Vote For		Vote Against		Total Votes	
<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
90,686,207	99.6388	328,732	0.3612	91,014,939	100.0000

Based on the poll result, the Chairman declared the following motion carried:-

“**RESOLVED** THAT the payment of Directors’ benefits of up to RM50,000.00 to the Non-Executive Directors for the period from 27 May 2023 until the next Annual General Meeting be approved.”

**ORDINARY RESOLUTION 3 – RE-ELECTION OF MS LEAW AI LIN**

<u>Result On Voting By Poll</u>					
Vote For		Vote Against		Total Votes	
<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
88,682,511	96.9536	2,786,528	3.0464	90,469,039	100.0000

Based on the poll result, the Chairman declared the following motion carried:-

“**RESOLVED** THAT Ms Leaw Ai Lin, retiring pursuant to Clause 76 of the Company’s Constitution and being eligible, be re-elected as Director of the Company.”

**ORDINARY RESOLUTION 4 – RE-ELECTION OF MR KENNETH CHIN KAH KIONG**

<u>Result On Voting By Poll</u>					
Vote For		Vote Against		Total Votes	
<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
91,182,511	99.6867	286,528	0.3133	91,469,039	100.0000

Based on the poll result, the Chairman declared the following motion carried:-

**“RESOLVED** THAT Mr Kenneth Chin Kah Kiong, retiring pursuant to Clause 78 of the Company’s Constitution and being eligible, be re-elected as Director of the Company.”

**ORDINARY RESOLUTION 5 – APPOINTMENT OF MESSRS BDO PLT AS AUDITORS OF THE COMPANY**

<u>Result On Voting By Poll</u>					
Vote For		Vote Against		Total Votes	
<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
91,273,511	99.7862	195,528	0.2138	91,469,039	100.0000

Based on the poll result, the Chairman declared the following motion carried:-

**“RESOLVED** THAT Messrs BDO PLT be hereby re-appointed as Auditors of the Company at a fee to be agreed upon with the Directors and to hold office until the conclusion of the next Annual General Meeting.”

**ORDINARY RESOLUTION 6 (SPECIAL BUSINESS) – AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

<u>Result On Voting By Poll</u>					
Vote For		Vote Against		Total Votes	
<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
87,893,911	96.1124	3,555,128	3.8876	91,449,039	100.0000

Based on the poll result, the Chairman declared the following motion carried:-

**“RESOLVED** THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”) and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their

absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.”

**ORDINARY RESOLUTION 7 (SPECIAL BUSINESS) – PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK**

<u>Result On Voting By Poll</u>					
Vote For		Vote Against		Total Votes	
<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>	<u>No. of Shares</u>	<u>%</u>
91,277,111	99.7902	191,928	0.2098	91,469,039	100.0000

Based on the poll result, the Chairman declared the following motion carried:-

“**RESOLVED** THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- i) the aggregate number of issued shares in the Company (“Shares”) purchased (“Purchased Shares”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

(“Proposed Share Buy-Back”).

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:



- (a) the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- i. To cancel all or part of the Purchased Shares;
- ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- iv. To resell all or part of the treasury shares;
- v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- vi. To transfer all or part of the treasury shares as purchase consideration;
- vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities.”

**11. CLOSURE**

There being no further business, the meeting closed at 11.20 a.m. with a vote of thanks to the Chair.

**SIGNED AS A CORRECT RECORD**

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**CHAIRMAN OF THE MEETING**

Dated:

Minutes of 17th AGM

**BENALEC HOLDINGS BERHAD**  
**200501020529 (702653-V)**  
(Incorporated in Malaysia)

**NOTES IN RESPECT OF THE QUESTION-AND-ANSWER (“Q&A”) SESSION AT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE COMPANY CONDUCTED ONLINE THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT BENALEC HOLDINGS BERHAD HEADQUARTERS (PACIFIC BOARD ROOM), NO. 23, JALAN PERINTIS U1/52, GLENMARIE TEMASYA, SEKSYEN U1, 40150 SHAH ALAM, SELANGOR DARUL EHSAN, ON FRIDAY, 26 MAY 2023 AT 10.00 A.M.**

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**Questions from Minority Shareholders Watch Group (“MSWG”)**

**Q1** The Group recorded a loss before tax (LBT) of RM44.26 million in the current FY2022, representing an increase of loss of approximately 32.9% as compared to a LBT of RM33.3 million in the prior financial year (Page 19 of the Annual Report 2022/AR2022), with land reclamation services and vessel chartering and marine transportation each recorded segments LBT except Disposal of land held for sale recorded a segment profit before tax (Page 90 of AR2022).

- (a) How does the Board intend to address the widened LBT recorded in FY2022?**
- (b) What is the outlook for Benalec’s three business segments in FY2023?**

**Ans to Q1** (a) The aftermath of COVID-19 pandemic which has caused unprecedented disruption to many aspects of the economy continued to be felt throughout FY2022, as Malaysia only reopened its international borders in May 2022. The uncertainties in both national and global economies were further challenged by the oil price volatility due to the Russian-Ukraine war, weakening of the Ringgit against other major currencies, tightening of monetary policies by central banks worldwide and the Malaysian political instability surrounding its general elections in end 2022. Consequentially, many market players preferred to adopt a wait-and-see approach as general market sentiments turned cautious and conservative within the investment fraternity, especially when it comes to major investments.

Considering the current economic challenges while bearing in mind the financial position of the Group, our current strategy will err towards a more conservative approach, whereby our aim is to market and monetise our existing inventory first, and to adopt the “sell-then-build” model wherever possible.

So far in FY2022, the management has seen increased interest and activity for its industrial projects in Pulau Indah and Johor. Starting from Johor, the management is actively pursuing several promising leads on its projects in Tanjung Piai and Pengerang, both of which are strategically located at the south-eastern and south-western tips of Johor, and have attracted interest from major oil and gas companies. It should be noted that the management is currently engaged in advanced discussions with a potential investor, and is anticipating the completion of their feasibility study prior to a final investment decision. Additionally, the local state government and investment agencies have also increased their efforts to attract more FDI opportunities to Johor, providing additional support for the Group's projects.

As for the industrial project in Pulau Indah, the Company has a total net entitlement of 77.82 acres ready for immediate monetisation and there has been significant market activity following the announcement by the Group made on 18<sup>th</sup> April 2023 regarding the Settlement Agreement related to the project. The management expects the settlement achieved to contribute positively to the earnings of the Group as and when the Group receives sales proceeds arising from any subsequent land sale or other income to be generated by Benalec pursuant to its entitlements towards the Pulau Indah project in the near future.

Finally, the management is also constantly looking out to explore and to diversify its income stream into a more sustainable and recurring pattern, as well as participating in tender of projects that are viable to bring in recurring income and to replenish its existing order book. We recognise the need to generate new recurring revenue and income stream to smoothen out the current lumpiness in our income and cash flow recognition, and this will also be part of the Group's strategy to improve its financial performance in FY2023.

- (b) Against the backdrop of the current economic uncertainties and market challenges, while it is generally perceived that the property market would remain soft in the immediate and near-term, we remain cautiously optimistic on the Group's outlook in FY2023 due to the abovementioned strategies the management has already / is actively deploying.

On a final note, the Settlement Agreement announced on 18<sup>th</sup> April 2023 is also a long-awaited avenue for the Group to exit and conclude the ongoing litigations and safeguard the Group from further legal disputes or litigations from the same parties. With all outstanding legal suits and disputes between the Group and such parties fully resolved, the management will be able to refocus and align its resources and efforts to grow the Group's existing business operations moving forward and implement the strategic plans expediently to achieve its goals and targets set out.

**Q2 Notwithstanding the widening LBT the Group recorded, its tax expense increased significantly from RM618,120 in FY2021 to RM6,922,057 in FY2022 (Page 82 of AR2022). Subsequently, it has further impacted the Group's bottom-line results in FY2022, adversely.**

- (a) What are the reasons for the higher tax expense recorded in FY2022?**  
**(b) In what ways that the Group can increase its tax efficiency?**

**Ans to Q2** (a) In reference to Note 27 of the Financial Statements (Page 125 of AR2022), the increase of tax in the current financial year is mainly caused by two (2) items, i.e.

- i. The additional tax liability of RM3.6 million from the recent tax audit covered for YA2015-YA2019. The tax authority is of the opinion that certain expenses which the Company claimed as deductible expenses for the reclamation works in YA2015 and YA2016 are in fact disallowable expenses.

- ii. The reduction of Deferred Tax Asset by RM3.3 million arose from the consequential effect of the reduction in Contract Liability (Deferred Revenue of Infra) by RM13.6 million, calculated at the prevailing tax rate of the company at 24%. Such reduction of Deferred Tax Asset is an accounting adjustment and has no cash outflow impact in FY2022 as the tax payment for such Contract Liability has been paid upfront in prior years upon completion of land sale transactions.
- (b) The business model of Benalec is unique and rather niche to be eligible for the existing special tax incentives offered by the tax authority, other than the usual allowable expenses/cost deductible against business income.

In view that the nature of our business is highly capital intensive, the management has from time-to-time sought consultations/applications from relevant authorities such as Malaysia Investment Development Authority (MIDA), Royal Custom of Malaysia, as well as Ministry of Finance (MOF) for certain special tax incentives related to our projects. Typically, these consultations/applications are more focused towards securing incentives for the potential investors / offtakers of our project land. As an example, one of the applications we have previously submitted include the UKAS facilitation fund and the Free Commercial Zone for our projects in Johor.

Finance personnel and management are also regularly updated on new and relevant tax guidelines by attending seminars/ forums/ courses, as well as updates from our tax agent.

**Q3**      **There is a land held for sale written down amounting to RM6,460,526 recorded in FY2022 (FY2021: Nil) (Page 82 of AR2022).**

**What are the reasons for writing down the amount of RM6,460,526 in FY2022 when there were no write-downs in FY2021? Can the amount be reversed?**

**Ans to Q3**      The cost of certain parcels of land held for sale were written down by RM6.5 million to their net realisable value during the current financial year to prudently reflect the recoverable amounts in compliance to the Malaysia accounting standards. Such net realisable value is determined to be equivalent to the disposal consideration from the Sales & Purchase Agreements (“SPAs”) signed, but have not have been completed within FY2022.

The loss in disposal of these lands were deemed necessary by the Board in sustaining the operations of the Group and replenishing its cash flow amidst the prevailing depressed and uncertain market condition.

The amount is unlikely to be reversed assuming the signed SPAs are to be completed in accordance to the terms of the respective SPAs. However, if any of these SPAs are terminated, the relevant amount would be reversed if the management is able to resell the lands at a later time (after the complete termination of the original SPA) for a higher price.

**Q4** The Group is pleased to be in collaboration and discussions with several parties to explore Tanjung Piai Maritime Industrial Park's suitability as the project site for different projects ranging from power plants, storage terminals, aromatic plants, refineries and steel mills (Page 24 of AR2022).

**What is the update on the above, is the Group currently having a serious discussion for any potential collaboration?**

**Ans to Q4** The Group has managed to sign two (2) land sales SPAs with a total disposal consideration of RM30.65 million since FYE2021. The Group is also finalising another potential SPA with estimated sale value of RM21.51 million and is expected to execute the said SPA in Q2 2022.

After considering all outstanding SPAs yet to be completed and potential SPA with interested buyers identified, the total market value of the Group's remaining unsold inventory consisting of reclaimed lands in Melaka, P. Indah and Tanjung Piai is estimated at more than RM600 million.

With the current challenges within the property market – depressed land prices due to poor overall demand, recessionary pressure due to buyer's inability to complete or secure funding, etc. – and while having to ensure ongoing sales for the Group, it is crucial for the Group to attract interest via competitive pricing and create unique value propositions for potential purchasers.

As the master developer of our Johor projects, Benalec can reclaim the land in accordance to the off-taker's requirement based on a "sell-then-build" model. By doing so, proper planning of comprehensive costing and realistic timeframe of reclamation works can be tailored correspondingly to the demands of the off-taker whilst ensuring that the Group has smooth cash flow to realise the project. The management is highly confident in its unique tailor-made proposition to purchasers or investors, and the strong competitive advantages of our Johor projects. We believe this will allow us to capture opportunities that will arise imminently in the oil, gas, chemical and renewables market, as the domestic and global economy recovers from the current reopening.

### **Sustainability / Environment, Social, Governance (ESG) matters**

**Q:** Benalec works closely with Department of Environment to ensure construction activities at land reclamation project sites do not cause water pollution and siltation and affect the habitat of marine life; formal Environmental policies and work procedures are in place to ensure this environmental-opportunity is viewed and treated as significant (Page 32 of AR2022).

Apart from adhering to the rules and placing policies and work procedures, are there any planned initiatives to be taken by the Company to strengthen its ESG matters, especially in the environment aspect related to its core business activity, in FY2023?

**Ans:** Potential environmental issues surrounding water pollution and siltation have always been one of the environmental agendas that the Group places high level of attention towards, given the potential direct impact of our marine construction operations. We have been and will continue to work very closely with Department of Environment to ensure that the formal policies and work procedures set out to ensure environmental compliance within our operations are always up to standard. This includes our continuous compliance towards the Detailed Environmental Impact Assessment (DEIA) requirements, as well as consistent monitoring and management in accordance with the Environmental Management Plan (EMP).

Other than that, the Group has been taking further initiatives to evaluate, monitor and consider the environmental impact arising from the indirect gas emission from the usage of vessels and land equipment in our operations. In addressing that, we are seeking to lower emission by using more technologically advanced sand carriers which can perform several different functions using one same vessel (as opposed to more conventional tugs and barges) to reduce fleet mobilization and gas emission while increasing operational efficiency. Additionally, more environmentally-friendly land equipment from our sub-contractors are also being considered.

As for governance matters, the Group consistently publishes a Corporate Governance report on an annual basis, as part of its endeavours to fulfil the recommendations contained in the Malaysian Code on Corporate Governance. The management is also in the midst of assessing and recommending external consultants to the Board to produce a holistic review and proposal towards the Group in strengthening its ESG matters.

### **Question from shareholder**

#### **Shareholder – Yap Yik Yong**

**Q: When would the Board expect the Company to break-even its financial?**

**Ans:** As highlighted in MSWG Q&A earlier, the aftermath of COVID-19 pandemic and the current uncertainties in both national and global economies continued to be felt by the Group and it is generally perceived that the property market would remain soft in the immediate and near term.

Despite the challenges, the Board and management continues to believe in the resiliency of our business model as a whole and the underlying value of the reclaimed lands. This is underscored by the Group's ability to monetise more than 1,000 acres of lands in Melaka, amounting to more than RM1.4billion in land sales being achieved. The Group has also seen increased interest on its industrial lands in Pulau Indah and Johor since FY2022. The management is actively pursuing several promising leads and negotiations are still on-going to reach a financial close.

Having said that, the management is also constantly looking out to explore and diversify its revenue stream into a more sustainable and recurring pattern, we will not hesitate to look at opportunities that arise which allow us to achieve that. We endeavor not to stay complacent, and remain vigilant towards the needs of the market, striving to innovate, adapt and create value for our customers wherever possible.