



37th AGM of Suria Capital Holdings Berhad

- Questions Received from Shareholders Prior to AGM

Questions from JOSHUA Y C KONG

Email: jknow823@gmail.com

1. Board of Directors

- 1.1 The Board of Directors has been 10 over many years and now 2019/2020 the number has gone down to 6 (page 031) and would this new number mean anything in short, medium and long term in the performance of the directors vis-à-vis the performance of the company also likely with expansion of capacity especially there is an overall expansion of facilities with the Sabah Ports in Sapangar, KK port, and Sandakan as reported.

Answers

The re-appointment of Directors is made in compliance with the requirements of Suria Capital Holding Berhad's Constitution, Code of Corporate Governance and Bursa Malaysia's Main Market Listing Requirements. The composition of the Board of Directors is diverse with the Board of Directors having wide range of competencies, capabilities, technical skills and relevant business experience in various relevant disciplines and expertise to ensure that SuriaGroup continues to be competitive within the industry segments it operates. Suria Capital Holdings Berhad also fulfil the requirement of the State Government where representations of the State Government and major shareholders are on the Board of Suria Capital Holdings Berhad.

- 1.2 The statement in page 032 stated "None of the Directors have any conflict of interest with the company..." and page 035 stated the Group Managing Director holds 377,400 shares in Suria. Your comment please.

Answer

The total shareholding of the Group Managing Director represents 0.01% of the total shares of Suria Capital Holdings Berhad. The Board of Directors of Suria Capital Holdings Berhad are well aware of the shareholding. If there are any further shares purchased by the Group Managing Directors, announcement will be made to Bursa Malaysia. We practise transparency and we adhere to the Code of Corporate Governance.

- 1.3 Page 089 stated that that Datuk Ismail, Datuk Yaakub and Hj Muluk resigned with effect 28 June, 2019 and page 120 they retired. When "resigned and retired" have different ramifications and would the board explain the real reasons for their departures. Have Suria made great mistakes in appointments of several directors for decades?

Answer

Directors may opt to retire voluntarily to pursue their own interest. Whereas resignation would be due to Directors holding directorship over a tenure of more than the minimum number of years allowed under the Code of Corporate Governance.

- 1.4 Page 089 stated that "Michael Tong was below 70% (attendance) as he was newly appointed to the board" Question is, Is this really a valid reason when his attendance was 50%? It would be he is too busy with his own practise and being a practising senior accountant and largely conscious with time and cost, "commitment and dedication" can be questioned with a much-reduced Board's members and increased workload.

Answer

Mr Tong was appointed to the Board of Suria Capital Holdings Berhad on 31 October 2019. As such, his attendance was calculated based on the number of Board meetings held from November to December 2019. Effectively he attended one of the two board meetings held in November and December 2019. All directors on the Board of Suria Capital Holdings Berhad are very committed and dedicated to serve Suria Capital Holdings Berhad.

- 1.5 Page 039, how could that such an error be made like Fellow Member of the United Kingdom Association of **Chartered** Certified Accountant (ACCA), when it should chartered? Is an apology needed?

Answer

Thank you. We took note of the typo error on the word.

- 1.6 Page 035, How could this statement as "Fellow member of the Chartered Association of Certified Accountant, United Kingdom (ACCA)" be flawed for such a prominent ACCA? The correct present name is Association of Chartered Certified Accountants. In both 1.5 and 1.6, it could be a disgrace for ACCA by ACCA senior fellow members.

Answer

Reference was made to the original certificate.

2. Poor Annual Report

- 2.1 Page 068. The correct spelling is Well-being and not wellbeing in page 067 and page 072.

Answer

Both spellings are acceptable.

- 2.2 "Our social engagements involved the environment, community and marketplace" is vague and unclear sentence.

Answer

SuriaGroup's sustainability initiatives are based on the United Nation's Sustainable Development Goals. For investors' further understanding, please refer to www.sustainabledevelopment.un.org

- 2.3 Page 051, the correct word for **draft is draught** in two instances in the second and third paragraph of column on the right.

Answer

The word "draft" refers to the depth of the water at the port. The use of the word is correct.

- 2.4 In view of 1.5 and 1.6 and 2.1, 2.2 and 2.3 above, such instances do cast doubt on the reliability of the Annual Report with regards to the contents thereof.

Answer

We take note of your personal views on the Annual Report which is not the general thoughts or views of our key shareholders.

3 Update of the Statement

- 3.1 Page 052, middle of first column "expansion would commence in the second half of 2020..." Is this done?

Answer

Funding for the expansion comes from the Federal Government. Due to the COVID-19 pandemic and imposition of MCO and CMCO, delay can be expected. However, progress on the initial works involving consultant and design works are on-track.

- 3.2 Page 052, SBCCT, "in the second quarter of 2020..." Is this done?

Answer

Due to the COVID-19 pandemic and imposition of MCO and CMCO, delay can be expected.

3.3 Page 052, SBOT "...the jetty in early 2020..." Is this done?

Answer

Due to the COVID-19 pandemic and imposition of MCO and CMCO, delay can be expected. The appointment of the main Contractor is expected to be finalised in the third quarter of 2020.

3.4 Page 052, "...a new oil jetty in 2020" is this done? If not done, when would that be done? Please update us with all development done and still in progress and the impact to the port business once completed.

Answer

Due to the COVID-19 pandemic and imposition of MCO and CMCO, delay can be expected. The appointment of the main Contractor is expected to be finalised in the Third quarter of 2020.

4. Social - People

4.1 Page 063, under qualification, others including primary education is 30% (2018) and 26% (2019). Please enlighten us on this in the context of quality of service and performance in their respective duties that may have adverse impact on the overall performance of the discharge of port functions.

Answers

Employees with primary education are employed for the general workers position mainly at the ports. This shows that SuriaGroup provides employment to Sabahans regardless of their education level, race or gender.

5. Share Values

- 5.1 Page 080 share prices of RM2.34 (2015); RM1.99 (2016); RM1.85(2017); RM1.65(2018); RM1.27 (2019) and now 0.90 sen June 2020. I believe it was RM3+some 20 years ago. The decline since 2015 is so much that its trend downward cannot be comprehended when so much is going for SG. In recent years. Going by the market decline overall, it would appear that the prevailing scenario in the nation can cause the decline to 0.50 sen at the end of year (very sad). I hope my prediction may not come true.

I would say the market perception could not be arrested unless SG does something to turn around the company with some decent sense in it vis-à-vis its market value. Isn't it your gut feeling that SG is worth much more even today?

So I suggest SG engage some professional valuers to assess the SG using various parameters to boost the real values so that quality investors would raise the market price of SG shares. The role of the professional valuers would conduct due diligence on the market values of the SG and make realistic recommendation to investors. Without that it seems it is free fall.

Answer

Thank you. We take note of the comments.

6. Accounts

Page 130, please explain in current assets, the amount of trade and other receivables of RM135,672,000 as per note 18. What is the actual nature of this massive sum? Is it recoverable in 2020?

Answer

The bulk (78%) of the total trade and other receivables under current assets totalling RM135,672,000 is the amount due from our Joint Venture (JV) partner, SBC Corporation Berhad for the proceeds receivable for disposal of land held for property development amounting to RM106,361,000 (please refer to Note 18 on page 185 of the Annual Report). While, the remaining balance represented current trade and other receivables. This amount due from JV partner consists of cash and entitlement-in-kind, as well as the current trade and other receivables are receivable within year 2020.

Question from WONG CHON SHUAN

Email: tonykl9988@yahoo.com

1. The approved but not contracted for amounting to RM228.0 million represents the balance of the total capital expenditures commitment of RM1.3 billion during the concession period of 30 years under the Ports Privatisation Agreement. The agreement will be expired at 2034 or RM16.3 million/year. With the profit of RM50 to RM60 million a year, there will be sufficient fund to pay for higher dividend. Can I suggest to increase the dividend policy from present 35% to 50%. Thank you

Answer

Thank you for your suggestion.

Dividend Policy is reviewed on periodic basis to ensure that we reflect SuriaGroup's performance in our efforts to enhance shareholders' value.

Questions from TEH KIAN LANG

Email: kteh3@yahoo.com

1. Operations disrupted by COVID-19? Delay in projects such as Sapangar upgrade and upgrades of other ports? How to manage this disruption risk? Strategy going forward?

Answer

COVID-19 pandemic is an unprecedented event and has affected many businesses and companies. SuriaGroup is of no exception. As port operations are essential services, SPSB operates 24/7 as usual, even during the MCO to continually serve the logistic needs of the Sabah. The State economic activities slowed down during the lock down. The adverse impact on the throughput was felt in the month of April and May 2020. We are taking immediate actions to protect our business and at the same time reassessing our mid to long term plans. We are seeing improvement as CMCO is relaxed and businesses are opened. Throughput in the month of June 2020 is showing improvements.

2. Involvement in pan Borneo?

Answer

Currently, SuriaGroup is not involved in Pan Borneo projects. We are open to venture into new business opportunities whilst at the same time we are mindful of risks and will only proceed if the risk exposures are within our risk appetite.

3. Status of GABUNGAN AQRS DP application?

Answer

Gabungan AQRS Berhad had submitted the Interim Development Plan to the local authorities in June 2019. At present, Gabungan AQRS Berhad is in the process of finalising the Development Plan to incorporate enhancements of the design in accordance with the new Guidelines imposed by the local authorities effective December 2019. With the imposition of MCO and CMCO, some delays in obtaining the approval can be expected.

4. Fed funds under 9MP release for upgrade of Sapangar port?

Answer

The Federal Government has released some portion of the funds through Sabah Economics Development and Investment Authority ("SEDIA") for payments to consultants for the consultancy and design works. SEDIA is the implementor of the project and SPSB will be the port operator when the project is completed.

Questions from DESMOND CHIN SOON HAO

Email: desmondcsh@gmail.com

1. Any fundraising exercise (e.g. right issue) coming soon in this year?

Answer

An announcement will be made to Bursa Malaysia if SuriaGroup intends to undertake fundraising exercise. There is currently no immediate plan for a fundraising exercise.

2. How's the port business going for the month of April and May?

Answer

COVID-19 pandemic is an unprecedented event and has affected many businesses and companies. SuriaGroup is of no exception. The adverse impact on the throughput was felt in the month of April and May 2020. We are seeing improvement as CMCO is relaxed and businesses are opened. Throughput in the month of June 2020 is showing improvements.

Questions from CHOW WAI SUM

Email: chowwaisum@gmail.com

1. Any plan to revert to physical meeting next year?

Answer

SuriaGroup shall always abide by the requirements of the Regulators.

2. What is the COVID-19 impact on operations going forward?

Answer

COVID-19 pandemic is an unprecedented event and has affected many businesses and companies. SuriaGroup is of no exception. The adverse impact on the throughput was felt in the month of April and May 2020. We are seeing improvement as CMCO is relaxed and businesses are opened. Throughput in the month of June 2020 is showing improvements.

3. Any e-gift vouchers?

Answer

We regret that there is no e-gift voucher for shareholders who have participated during the virtual AGM. We believe that the sum will be well spent to help the needy during this challenging period.

Questions from GAN KOK SENG

Email: gkokseng@hotmail.com

1. What is the current capacity port utilizations rate in Sabah ports?

Answer

Sabah Ports Sdn Bhd operates eight (8) ports in Sabah. Each port has different utilisation rate. These rates are assessed periodically and are aligned with the planned expansion projects to address future capacity issues at the ports.

2. TEUs for 2019 was 2% drop against 2018, will the continuous in port expansion worsen the capacity utilizations in these Sabah Ports?

Answer

The expansion plans will improve capacity utilisation rate, reduce congestion at the ports and improve port efficiencies.

3. When is the last and next tariff hikes in Sabah Ports?

Answer

The current Port Tariff formally known as Sabah Ports Authority (Scale of Dues and Charges) (Amendment) Regulations 2007 has undergone minor amendments from time to time since its initial enactment in 1977 due to among others, addition of new services related to handling of containers; liquid bulk handled via Sabah ports pipelines and dry cargo in bulk handled by port users and transshipment, oversized containers and crane hire charges.

The Port Tariff has substantially remained the same for over forty (40) years. Pursuant to Clause 19.1 of the Privatisation Agreement, Sabah Ports Sdn Bhd shall be permitted the first revision of the Port Tariff on the first day of the fifth (5th) year of the concession period. The clause further provides that SPSB shall apply to SPA to amend the Port Tariff from time to time based on the financial needs of the Sabah Ports as well as the financial performance of Sabah Ports Sdn Bhd.

37th AGM of Suria Capital Holdings Berhad

- Questions Posted on Query Box on 30 June 2020

Questions from LEW TUCK WAI

Email: lewtw123@gmail.com

1. Suria Capital has indicated its intention to grow another new business segment, namely the Renewable Energy segment which has good potential in view of the good amount of sunlight in the state of Sabah. Can the Board share its plans for this new venture?

Answer

Suria Capital Holdings Berhad acknowledge the potential of renewable energy business in Sabah and will venture into this business when the timing is right and the authorities have finalised plans for the State.

2. What is the nature of the Capital Commitment - Approved but not contracted amounting to RM270.513 million on page 208 of the Annual Report?

Answer

The amount mainly represents the balance of capital expenditures to be incurred in accordance with the planned capital expenditures in the Privatisation Agreement where Sabah Ports Sdn Bhd is committed to spend a minimum of RM1.3 billion in capital expenditures throughout the 30-years concession period.

3. With the change in Federal Government in February 2020, will it affect the pledged investment amount of RM1.027 Billion for the development of the transshipment hub at Sapangar Bay Container Port? Likewise, what is the status of the Sapangar Bay Conventional Cargo Terminal which is supposed to commence in FY2020

Answer

With regards to the expansion of the Sapangar Bay Container Port ("SBCP"), the Federal Government has channelled RM50 million through the Sabah Economic Development and Investment Authority ("SEDIA") for the consultancy and design work fees for SBCP. SEDIA is the implementing agency while Sabah Ports Authority is the project owner. Sabah Ports Sdn Bhd's role in this project is as the

terminal operator. To-date, the final draft design layout has been endorsed by the Technical Committee and the Development Plan has been submitted to Dewan Bandaraya Kota Kinabalu for approval. We are optimistic that the funding for the project from the Federal Government will continue for the long-term benefits of the State of Sabah.

The design layout phase for the Sapangar Bay Conventional Cargo Terminal is still on-going. The project will be tendered as planned after all the necessary approvals from the authorities have been obtained.

4. Based on the completion status of Jesselton Quay Centre (JQC), when will the 60 units of Gallery Shoppes expected to be completed and handed over to Suria Capital? Is there any payment in cash or kind due to Suria Capital from the 2nd Phase of the JQC?

Answer

The progress of the construction of the JQ Central as at 31 May 2020 is at 77%. Our Joint-Venture Partner, SBC Corporation Berhad was faced with the same challenges as experienced by all companies involved in the construction industry due the imposition of MCO and CMCO. The progress of construction has to a certain extent, been affected.

We are optimistic that the construction of JQ Central could catch up with the lifting of the MCO and CMCO. The expected completion of the project will still be within target which will be in the first quarter of 2021.

Questions from PANG CHIN HONG

Email: kazekumo3@hotmail.com

1. Couldn't hear at all.

Answer

Thank you for your kind feedback. We will notify the Registrar for future improvement.

2. How has the impact of COVID-19 on your business so far this year? In particular, how has the halt of operations of cruise ships globally impacted the use of your ports? Besides, how has the global supply chain disruption impacted your port usage? Appreciate if you can elaborate.

Answer

COVID-19 pandemic is an unprecedented event and has affected many businesses and companies. SuriaGroup is of no exception. As port operations are essential services, SPSB operates 24/7 as usual, even during the MCO to continually serve the logistic needs of the Sabah. The State economic activities slowed down during the lock down. The adverse impact on the throughput was felt in the month of April and May 2020. We are seeing improvement as CMCO is relaxed and businesses are opened. Throughput in the month of June 2020 is showing improvements.

There was no arrival of cruise ships in Kota Kinabalu since the imposition of MCO and CMCO. This business segment will be opened once the Government lifts the restrictions at the Malaysian borders and allow foreign tourists to come to Malaysia.

3. Given the low share price, the company is very much deep undervalued. Would you consider share buyback (aggressively)?

Answer

Suria Capital Holdings Berhad considers the costs and benefits of share buy-back. However, at this juncture we are not looking at share buy-back aggressively.

4. Suria Capital is a brick and mortar company. Can you elaborate how has the company strategise to remain future proof in the age of digitalisation. Has there been any move by the company or think of evolving the business model to anticipate business disruption due to digitalisation?

Answer

Over the years, the Group has implemented several digitalisation projects for identified processes based on the critical needs of business and operations. Based on the 5-year IT Strategic Plan, the digitalisation projects that will be prioritised in year 2020 include upgrading one of the major port management systems into on-line based applications. For further details please refer to page 057 of the Annual Report 2019.

Questions from CHUA CHIN LEONG

Email: chua.chinleong@gmail.com

1. Just for feedback: The streaming is poor due to occasional disruption, blur visual and mickey mouse voice

Answer

Thank you for your kind feedback. We will notify the Registrar for future improvement.

2. Very poor transmission esp. voice, picture ok

Answer

Thank you for your kind feedback. We will notify the Registrar for future improvement.

Questions from GAN KOK SENG

Email: gkokseng@hotmail.com

1. When is the last and next tariff hikes in Sabah Ports?

Answer

The current Port Tariff formally known as Sabah Ports Authority (Scale of Dues and Charges) (Amendment) Regulations 2007 has undergone minor amendments from time to time since its initial enactment in 1977 due to among others, addition of new services related to handling of containers; liquid bulk handled via Sabah ports pipelines and dry cargo in bulk handled by port users and transshipment, oversized containers and crane hire charges.

The Port Tariff has substantially remained the same for over forty (40) years. Pursuant to Clause 19.1 of the Privatisation Agreement, Sabah Ports Sdn Bhd shall be permitted the first revision of the Port Tariff on the first day of the fifth (5th) year of the concession period. The clause further provides that SPSB shall apply to SPA to amend the Port Tariff from time to time based on the financial needs of the Sabah Ports as well as the financial performance of SPSB.

2. What is the current capacity port utilizations rate in Sabah ports? TEUs for 2019 was 2% drop against 2018, will the continuous in port expansion worsen the capacity utilizations in these Sabah Ports?

Answer

TEUs are applicable to ports which handle containers and they are Sapangar Bay Container Port, Sandakan Port and Tawau Port. The 2% drop in TEUS was due to reduction in transshipment activities at Sandakan Port.

Sabah Ports Sdn Bhd operates eight (8) ports in Sabah. Each port has different utilisation rate. These rates are assessed periodically and are aligned with the planned expansion projects to address future capacity issues at the ports.

The expansion plans will improve capacity utilisation rate, reduce congestion at the ports and improve port efficiencies.

Questions from LEONG WAI HONG

Email: lwhleon@gmail.com

1. With the list of development projects, what is the expected capex profile for the next 5 years. How do you finance it?

Answer

The balance of Sabah Ports Sdn Bhd's commitment to spend on capital expenditures is RM330 million pursuant to the Privatisation Agreement. Notwithstanding this, it is expected that Sabah Ports Sdn Bhd will be spending approximately RM500 million in the next 5 years to cater for the construction of a new conventional cargo port, construction of new oil jetties and procurement for port equipment when the expansion of the container port is completed. There are many funding options available to Sabah Ports Sdn Bhd which include term financing or raising funds from the capital markets.

2. No change of chart?

Answer

There is no change to the Group's organisation chart.

Questions from TEH KIAN LANG

Email: kteh3@yahoo.com

1. Will Suria revert back to physical AGM next year? E-gift vouchers for shareholders who attend today?

Answer

Suria Capital Holdings Berhad will revert to physical AGM next year as the restriction has been lifted. We regret that there is no e-gift voucher for shareholders who have participated during the virtual AGM. We believe that the sum will be well spent to help the needy during this challenging period.

2. How will Suria capitalise on the new Indonesia capital in Kalimantan?

Answer

Sabah Ports Sdn Bhd and Indonesia Port Corporation (IPC) or PT Pelabuhan Indonesia II (Persero) signed a Memorandum of Understanding (MoU) in 2019 to explore business potential to enhance bilateral trade and cooperation and port related training apprenticeship, exchange of information and technical assistance for the purpose of improving port efficiency. The MoU entered into signifies a strong commitment by both parties to mutually explore investment and business potentials when the new capital city of Indonesia is positioned in Kalimantan as well as build capacity and skills for the purpose of increasing port efficiency.

3. Estimate when GABUNGAN land sales profit and initial cash from disposal?

Answer

The deemed disposal of the 6.28 acres land will be recognised when the development plan has been approved, which can be expected in the first half of 2021. The initial cash of RM2 million was received in 2015 when the joint-venture Agreement was executed.

4. Status of Gabungan Awesome project?

Answer

Gabungan AQRS Berhad had submitted the Interim Development Plan to the local authorities in June 2019. At present, Gabungan AQRS Berhad is in the process of finalising the Development Plan to incorporate enhancements of the design in accordance with the new Guidelines imposed by the local authorities effective December 2019. With the imposition of MCO and CMCO, some delays in obtaining the approval can be expected.

5. Status of development of the KK general port?

Answer

The design layout phase for the Sapangar Bay Conventional Cargo Terminal is still on-going. The project will be tendered as planned after all the necessary approvals from the authorities have been obtained.

Question from CHONG FOOK SOON

Email: clyffchong@hotmail.com

1. What is dividend policy of the Group? How much impact that the US-China trade war and pandemic have on the Group's business? How much impact that the low commodities price of palm oil and oil & gas have on the port business of the Group?

Answer

The dividend policy of Suria Capital Holdings Berhad is up to 35% of SuriaGroup's Profit After Tax. The key consideration in our proposal for the dividend pay-out is based on the performance of SuriaGroup. The impact of the movements in commodity prices of palm oil and oil and gas will be reflected in the increase or decrease in throughput which will affect port revenue that is the main contributor to SuriaGroup's revenue.

Question from PORAVI A/L S P SITHAMBARAM PILLAY
Email: pillay4611@hotmail.com

1. Good morning Mr Chairman. Please consider giving us e-vouchers as a reward for participating and supporting our Company during this RPV.

Answer

We regret that there is no e-gift voucher for shareholders who have participated during the virtual AGM. We believe that the sum will be well spent to help the needy during this challenging period.

Question from DESMOND CHIN SOON HAO

Email: desmondcsh@gmail.com

1. Will there be right issue (funding exercise) coming soon? How's the business going for May and June?

Answer

There is no plan for a corporate exercise.

Cargo throughput for the month of April and May 2020 have been affected in view of the COVID-19 pandemic. However, there are improvements in cargo throughput in the month of June 2020.

Question from LAU ATI @ LAU CHUAN TENG

Email: ctlau5369@gmail.com

1. Please consider giving e-voucher to participating shareholders in line with Bursa practice, Thank you

Answer

We regret that there is no e-gift voucher for shareholders who have participated during the virtual AGM. We believe that the sum will be well spent to help the needy during this challenging period.