



PRESS RELEASE

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PORT SECTOR SPEARHEADS SURIAGROUP'S REVENUE HIGHER BY 20% IN 2018

Suria Capital Holdings Berhad is pleased to announce that for the year ended 31 December 2018, the Company and its subsidiaries (SuriaGroup) posted higher operating revenue of RM263.8 million versus RM232.4 million in 2017, representing an improvement of 14%. This is attributed mainly to higher contributions by port operations, being the main source of revenue for the Group, and contract revenue from railway project.

In terms of gross profit, the Group registered a marginal increase of 2% to RM95.7 million in 2018 against RM94.2 million in 2017. The Group's net profit recorded an increase of 8% at RM52.9 million in 2018 as compared to RM48.9 million in 2017. With that, Suria would be distributing a total dividend of 6.0 sen per share for the financial year 2018, representing a payout ratio of 35.4% of the net profit.

During the year, a total of 30.9 million tonnes of cargo throughput (excluding containers) was handled as against 30.3 million tonnes in 2017, representing a marginal increase of 2%. In terms of containers handled by Sabah Ports, the TEUs recorded was 386,786, the highest since 2014, increasing by 9.5% against 353,161 TEUs in 2017. Out of these, Sapangar Bay Container Port handled 68.5% of the overall TEUs.

PORT EXPANSION & MAJOR DEVELOPMENT PROGRAMMES TO BOOST EFFICIENCY

During 2018, Sabah Ports acquired a total of five units of empty container handlers and reach stackers to enhance the container handling capacity at its ports. Other improvement initiatives included installation of five units of new marine loading arms at Sapangar Bay Oil Terminal and enhancement of the yard and fire-fighting facilities at Tawau Port. Sabah Ports has also upgraded its financial system with the installation of the Enterprise Resource Planning (ERP) solutions to streamline processes and information in real time.

In most recent port infrastructure development, Sabah Ports had successfully extended the wharf of Sandakan Port by an additional 281 meters at a total cost of RM129.4 million to overcome congestion issues. The new wharf was officially launched on 21st February 2019 by

the Chief Minister of Sabah. Six vessels can now berth at Sandakan Port at any one time. The wharf extension serves to position Sandakan Port as the hub-port for the East Coast of Sabah with good overland connectivity with Tawau Port and Lahad Datu Port. This is expected to spur economic development and create logistics opportunities in that region.

This year, Sabah Ports will extend the current jetty at Sapangar Bay Oil Terminal (SBOT) in view of the high utilization rate and growing liquid cargo throughput. When completed, SBOT would have twin jetties that could accommodate vessels up to 60,000 DWT. Extension works are expected to commence by end of 2019, with target completion within 2 years.

Concurrently, Sabah Ports will construct a new general cargo terminal in Sapangar Bay to allow the relocation of the existing operations from Kota Kinabalu Port in view of the planned commercial developments taking place in the vicinity.

PROPOSED DEVELOPMENTS OF JESSELTON QUAY, ONE JESSELTON WATERFRONT AND INTERNATIONAL CRUISE AND FERRY TERMINAL

The first phase of Jesselton Quay development, namely Jesselton Quay Central which measures 4 acres, consists of two towers of 25-storey commercial suites (CityPads), one tower of i-hotel, Gallery Shoppes, a recreation club and carparks. Market reception of the two towers of CityPads have been very encouraging registering a sale of 94% so far. Jesselton Quay Central is expected to be completed by end of 2020.

As for the One Jesselton Waterfront development, which consists of retail malls, hotels, service suites and offices, construction is expected to commence in the first quarter of 2020.

It is the long-term plan for the Group to develop an International Cruise and Ferry Terminal at the existing Kota Kinabalu Port. In the next 8 to 10 years, the entire Kota Kinabalu Port land will be transformed into a new city focus dubbed as the Jesselton Waterfront City encompassing Suria's mixed developments and the State-owned Sabah International Convention Centre. The major transformation of the Kota Kinabalu waterfront will be the game changer to re-create the Kota Kinabalu City skyline and ultimately elevate the competitiveness of the City in attracting domestic and foreign investments.

On a separate development, Suria through its engineering arm is currently involved in a RM49.5 million railway upgrading project which links Halogilat Station to Tenom Station for a total distance of 27 km. There have been many challenges in the implementation of the project, particularly in sourcing materials and getting payments for the progress works done. Nevertheless, Suria will target to complete the project by end of 2019.

BUSINESS OUTLOOK AND GROWTH PROSPECTS IN 2019

The newly extended wharf at Sandakan Port is expected to accommodate more vessels to berth and this may in turn contribute to more containers being handled at the ports. Further, the anticipated lifting of the barter trade and transshipment ban would see an increase in cross-border trade that would contribute to higher cargo throughput handled at the ports of Sabah, including containerized cargo.

Meanwhile, the thriving tourism development in Sabah, as evidenced by the growing number of tourist arrivals into the State, bodes well with the Group's business especially in the property segment as well as the cruise and ferry passenger-handling segment.

To achieve Sabah Ports' vision "To be the Ports of Preference in the BIMP-EAGA Region", efforts will be concentrated on further enhancing the efficiency at the ports to support the economic development of the State. The long-term plan of Sabah Ports is to develop the Sapangar Bay Integrated Port which would include the Sapangar Bay Container Port, the proposed new port Sapangar Bay Conventional Cargo Terminal and the soon-to-be upgraded Sapangar Bay Oil Terminal. All the major port activities for the West Coast of Sabah will eventually be centralised at Sapangar Bay, from the handling of containers, liquid cargo and conventional cargo to the handling of RORO services.

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