



PRESS RELEASE

Tuesday, 30 June 2020

SURIA CAPITAL REGISTERS STEADY NET PROFIT IN 2019

Suria Capital Holdings Berhad held its 37th Annual General Meeting (AGM) today (on 30th June 2020) to present the Company's performance to its shareholders for the financial year ended December 31, 2019, its growth plan as well as outlook for 2020. The AGM was conducted virtually due to the COVID-19 pandemic and in accordance to the guidance issued by the Securities Commission.

The virtual AGM was presided by the Company's Chairman, Tan Sri Ibrahim Menudin, joined by other Board of Directors, together with Group Managing Director, Mdm Ng Kiat Min and Chief Financial Officer, Puan Noorida Baharuddin.

In 2019, SuriaGroup (the Company and its Group of subsidiaries) registered a net profit of RM52.2 million, which dropped marginally from RM52.9 million in 2018. SuriaGroup's gross profit eased by 13% to RM83.1 million in 2019 as against RM95.7 million in 2018. SuriaGroup had registered lower revenue from operations of RM250.5 million, down by RM13.4 million or 5% as compared to RM263.8 million in 2018, attributable mainly to lower contribution by its core business in port operations.

In view of the performance, the shareholders approved a final tax-exempt dividend of 2.5% or 2.5 sen, a dividend payout of RM17.3 million, which is equivalent to 5.0% or 5.0 sen net per ordinary share. It represented a payout ratio of 33.1% against 35.4% in the preceding year.

Port Performance

Port operation segment remained the key component of SuriaGroup's revenue, accounting for 81% of SuriaGroup's total revenue for 2019. However, it stood 6% lower when compared to its contribution of RM238.9 million in 2018. This was in view of the lower overall cargo throughput and container volume handled by its ports during 2019.

During the year, Sabah Ports handled a total of 34.2 million metric tonnes of

cargoes (including containers) in 2019 as against 36.4 million metric tonnes in 2018. Operations at wharves (excluding containers) remained stable at a total throughput of 10.7 million metric tonnes against 10.5 million metric tonnes handled in 2018. Sufferance wharves, on the other hand, handled lesser cargo throughput in 2019 with only 18.0 million metric tonnes, a decline by 12% as compared to 20.3 million metric tonnes in 2018. This was mainly due to lower throughput for general cargoes and wood products.

In terms of container volume, Sabah Ports handled 379,384 Twenty-Foot Equivalent Units (TEUs) in 2019, down by 2% as against 386,786 TEUs in 2018. Sapangar Bay Container Port handled 70% of the overall TEUs, an increase of 1% at 267,094 TEUs in 2019 compared to 264,983 TEUs in 2018. Tawau Port handled 19% or 70,998 TEUs while Sandakan Port handled 11% or 41,292 TEUs in 2019.

Liquid bulk (palm oil and petroleum products) represented 46% of the total throughput handled at wharf, whilst containers (general cargoes and consumable goods), dry bulk (palm kernel expeller and fertiliser) and break bulk (wood products and other general cargoes) made up 34%, 12% and 8%, respectively of the remaining throughput.

A total of 8,686 vessels (including cruise vessels) called at main ports during the year as compared to 9,225 vessels in 2018. Sandakan Port received the most vessels (1,251 vessels), followed by Kota Kinabalu Port, Tawau Port, Sapangar Bay Container Port and other ports.

Contract & Engineering and ferry terminal operation segments

The Group's segment of contract and engineering and ferry terminal operations contributed lesser amount of revenue during the year under review. The railway upgrading project and ferry terminal operations contributed RM18.7 million and RM6.0 million respectively during the financial year under review.

Port Development

During 2019, a number of port development programmes were carried out by its port-operating subsidiary, Sabah Ports Sdn Bhd (Sabah Ports) particularly to improve operational capability, efficiency and capacity, and mitigate challenges that come hand in hand with growth, which include accommodating larger vessels, addressing congestion at ports and investing in more port handling equipment.

In 2019, Sabah Ports completed a major wharf extension project at Sandakan Port at a cost of RM129.4 million. The new extension added four new berths to the main wharf that will further enhance the port's handling capacity and boost its position as the hub-port for the East Coast of Sabah as well as serving the BIMP-EAGA region especially Southern Philippines and East Indonesia.

Other key development programmes during the year under review included the dredging works at Sandakan Port and Tawau Port, though still on-going, to deepen the port drafts so as to accommodate berthing of larger vessels and to ease congestion. Tawau Port has been an important connecting point at the East Coast of Sabah for cross-border trade with Sabah's neighbouring countries, especially with the bordering Indonesian towns.

In the meantime, the port expansion project at Sapangar Bay Container Port towards a transshipment hub will proceed to the next stage of consultancy works involving technical studies and design works. The funding for the project from the Federal Government is being channeled through Sabah Economic Development and Investment Authority (SEDIA). Construction works for the first phase of the project are expected to commence in 2020 with completion period of three (3) years.

Sabah Ports had also carried refurbishment works at its oil terminals, including those undertaken for oil tanks and pipelines at its Lahad Datu Oil Depot and Karamunting Oil Terminal in Sandakan thereby improving their lifespan and durability. Sapangar Bay Oil Terminal (SBOT) was also embarking for a new jetty extension to ease congestion and enhance efficiency of the existing bulk oil terminal and to reduce the ship's waiting time. The new jetty is crucial as SBOT is the only oil terminal serving the West Coast of Sabah and the current utilisation rate has reached almost its full capacity. The new jetty will also allow periodic preventive maintenance works of the pipelines to be carried out more efficiently without compromising on safety and disrupting operations. There were also replacement works for fenders and bollards at Kota Kinabalu Port to enable the berthing of bigger cruise vessels such as Genting Dream at the later part of 2019.

In other developments, Sabah Ports is embarking on the construction of Sapangar Bay Conventional Cargo Terminal (SBCCT). The proposed development is located between SBCP and SBOT. Upon completion within three (3) years, the existing operations of Kota Kinabalu Port will be relocated to Sapangar Bay to make way for the redevelopment of the whole port area into a multi-billion commercial and tourism-related new city centre, Jesselton Waterfront City (JWC).

In recognition of the continued efforts in sustainable port developments over the years, Sabah Ports received an international award in 2019 when Sapangar Bay Container Port won the Green Port Award System (GPAS). It was presented during the APEC Port Service Network Forum in Peru.

Property Development of Jesselton Quay Central and One Jesselton Waterfront

The first phase of the Jesselton Quay development, jointly developed with its partner SBC Corporation Berhad (SBC) known as Jesselton Quay Central (JQC), is now under construction with completion expected by first quarter of 2021. The

second phase of the Jesselton Quay development will encompass high-end residences, hotels and retail outlets.

Featured as a unique development, the Jesselton Quay had won the iProperty Development Excellence Awards 2019 in Kuala Lumpur for the “Best Waterfront Development” in the category of Future Projects.

The second project, One Jesselton Waterfront, a joint venture with Gabungan AQRS Berhad is to be developed on the 6.25 acre-land, also within the Kota Kinabalu Port where the Jesselton Point Ferry Terminal is situated. The mixed development would comprise Suria’s corporate office, a retail mall, serviced suites, serviced apartments, residential units, retail lots, an office tower, car parks and the redeveloped Jesselton Point Ferry Terminal. To complement the vibrancy of the development, Suria will develop the adjacent parcel of the Kota Kinabalu Port into a dedicated international cruise terminal.

Railway Project

In another development, the railway rehabilitation project by the Group’s engineering arm, SCHB Engineering, to connect Halogilat Station to Tenom Station is soon to be completed. Upon full completion, it will be handed over to the Sabah State Railway Department for full operations. The major works involved the upgrading of 27 km-railway tracks linking the area to the nearest towns of Tenom and Beaufort. As the only mode of transport, the train service will improve connectivity in the locality,

Moving Forward

The Group is anticipating a challenging business environment in 2020. This is in view of the uncertain economic outlook globally following the widespread of the unprecedented COVID-19 pandemic impacting most countries around the world.

In this regard, SuriaGroup anticipates the next few years to mark a phase of contained growth. It is thus pertinent for the Group to relook into its strategic plans and business models in order to mitigate the adverse impacts related to the economic setbacks. Among the planned measures would include strategic collaborations and partnerships with major logistic players that would ultimately increase cargo movement, expand the export base and tap into unrealised cargo potentials.

The initiatives and planning undertaken by SuriaGroup particularly in the port infrastructure development will help to rejuvenate the economy in the growth sectors back on track such as in agriculture, tourism, oil and gas, property development and transport services. Being part of the highly transformative development in Sabah, SuriaGroup will continue to play a major and proactive role as the catalyst for growth and to contribute to the Group’s shareholders’ value.

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About Suria Capital Holdings Berhad

Suria Capital Holdings Berhad is a public-listed company on the Main Market of Bursa Malaysia since 1996. Incorporated in 1983, the core business is in the provision of port services through its subsidiary, Sabah Ports Sdn Bhd which manages and operates eight major ports in Sabah, The ports are Kota Kinabalu Port, Sapangar Bay Container Port, Sapangar Bay Oil Terminal, Kudat Port, Sandakan Port, Lahad Datu Port, Tawau Port and Kunak Port. The port business is further complemented by subsidiaries of Sabah Port Sdn Bhd., S.P. Satria Sdn Bhd and S.P. Marine Services Sdn Bhd, which are respectively involved in the supply and maintenance of port equipment as well as in the provision of bunkering services.

Suria Capital has also diversified into property development in Sabah through its involvement in upcoming mega projects, namely Jesselton Quay and One Jesselton Waterfront on the Kota Kinabalu Port land.

Its engineering arm, SCHB Engineering Services Sdn Bhd has been involved in engineering works in Sabah including the railway rehabilitation project from Tanjung Aru to Beaufort and Tenom. The subsidiary also operates Jesselton Point Ferry Terminal in Kota Kinabalu and provides the “meet and greet” facilities for cruise ship passengers at Kota Kinabalu Port.

For media enquiries, please contact:

Head, Group Corporate Affairs and Communications

Tel: 088-257788; HP: 019-821 9888;

Email: mariam@suriapl.com.my



Tan Sri Ibrahim, Chairman of Suria Capital after presiding the virtual AGM from his office.



Mdm Ng Kiat Min (seated second from left) at the virtual AGM with the company's directors and management.