

**MINUTES OF THE 33<sup>RD</sup> ANNUAL GENERAL MEETING OF  
SURIA CAPITAL HOLDINGS BERHAD (“THE COMPANY”)  
HELD AT SABAH PORTS SDN. BHD.’S TRAINING CENTRE,  
1<sup>ST</sup> FLOOR, WISMA SABAHPORTS, SAPANGAR BAY  
CONTAINER PORT, SAPANGAR BAY, KOTA KINABALU,  
SABAH ON WEDNESDAY, 25<sup>TH</sup> MAY 2016 AT 10.00 A.M.**

---

CHAIRMAN OF THE MEETING : YBhg. Datuk Hj. Faisyal Datuk Yusof Hamdain Diego

DIRECTORS : PRESENT

Mdm. Ng Kiat Min  
YBhg. Datuk Dr. Mohd Yaakub Hj. Johari  
YBhg. Datuk Mohd Hasnol bin Ayub  
Mr. Vincent Chin Kiang Ming  
YM. Tuan Hj. Muluk bin Samad  
YBhg. Datuk Ismail bin Awang Besar  
YBhg. Datuk Hj. Abu Bakar bin Hj. Abas  
YBhg. Datuk Kee Mustafa

ABSENT

YBhg. Datuk Hj. Ramlee bin Marahaban

IN ATTENDANCE : Pn. Suryani Mohd Saidi – Group Company Secretary

MEMBERS PRESENCE : As per attendance list as attached in as **Appendix (1)**

## **1. CHAIRMAN’S ADDRESS**

---

1.1 The Chairman welcomed all the Shareholders and guests to the 33<sup>rd</sup> Annual General Meeting (AGM) of the Company and thanked all for their attendances. The Chairman announced that for the year under review, the Group’s total revenue grew by 79% to RM488.5 million in 2015 from RM273.1 million achieved in the year 2014.

The remarkable improvement was particularly as a result of the new business segment of property development contributing RM229.2 million or 47% of the Group’s total revenue while revenue from the port operations segment as the core business of the Group still remained solid, representing about 45% of the Group’s total revenue.

Sabah Ports will chart a notable milestone since its privatisation by embarking on major port expansion works for Sapangar Bay Container Port with the approval of the Federal Government to turn the Port into a Transshipment Hub under the Sabah Development Corridor initiative.

The economic outlook for 2016 is expected to be challenging and Bank Negara Malaysia anticipates the country to record lower GDP growth rate of 4.0%-4.5% in 2016. Nevertheless, the Group will stay focus on its strategic action plans and prioritise its resources towards becoming a premier company that provides not only sustainability and satisfactory returns to the Shareholders but also contributes to the development of the State economy.

- 1.2 The Secretary informed that in accordance with Article 67 of the Company's Article of Association, the required quorum is present. The Secretary further informed that as at 10.00 a.m. on the 23<sup>rd</sup> May 2016, a total of 40 proxies had been received. Out of the 40 proxies, 25 proxies represented by the Chairman.
- 1.3 On being informed the presence of sufficient numbers of Shareholders to form a quorum, the Chairman declared the Meeting opened. He informed that the Meeting will be conducted by show of hands unless a poll is demanded.
- 1.4 The Chairman proceeded to invite the Group Managing Director (GMD), Mdm. Ng Kiat Min to present the Company's financial performance for the year ended 31<sup>st</sup> December 2015 *[which is attached to the Minutes as **Appendix (2)**]*.
- 1.5 The Minority Shareholder Watchdog Group (MSWG) had submitted written questions through a letter dated 13<sup>th</sup> May 2016 *[which is attached to the Minutes as **Appendix (3)**]*.
- 1.6 Mr. Joshua Kong had submitted written questions through email on 17<sup>th</sup> May 2016 *[which is attached to the Minutes as **Appendix (4)**]*.
- 1.7 The GMD presented the Management's answer to the questions put forward by MSWG and Mr. Joshua Kong *[which is attached to the Minutes as **Appendix (5)**]*.

## **2. NOTICE AND AGENDA OF MEETING**

---

On completion of his opening remarks, the Chairman proceeded with the Meeting by requesting the Shareholders' consent to take the Notice and Agenda of Meeting dated 29<sup>th</sup> April 2016 as read.

### **RESOLVED**

With the agreement of the Shareholders present, the Notice and Agenda were taken as read.

## **3. TO RECEIVE THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2015 AND THE REPORTS OF DIRECTORS AND AUDITORS**

---

### **NOTED**

**THAT**, copies of the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> December 2015 together with the Directors' and Auditors' Reports had been circulated earlier to the Shareholders together with the Notice and Agenda of the Meeting. This Agenda is for discussion only and in accordance with Section 169(1) of the Companies Act 1965, the audited financial statements require no approval from the Shareholders. The Chairman invited further questions from the floor and the summary of proceedings are as follows:

- 3.1 Mr. Joshua Kong, a Shareholder, raised the following matters:
- (a) Shareholders received Notice of the AGM later than the previous years.  
The GMD responded that most listed issuers faced challenges in mailing the Notice this year as all listed issuers with the financial year ended 31<sup>st</sup> December are mailing their Annual Reports and Notices at the same time. This is due to the Bursa Malaysia Securities Bhd. (Bursa Malaysia) Listing Requirements requiring all listed issuers to issue Annual Report within four (4) months after the financial year ended. The GMD added that Notice of Meeting has been announced to Bursa Malaysia and published in the local and national newspapers on 29<sup>th</sup> April 2016 which is sufficient time to serve the Notice.
  - (b) To allow Shareholders view and inspect Minutes of Members' Meeting.  
The Company Secretary replied that Shareholders have a right to view and inspect Minutes of Members' Meeting at the Registered Office during office hour.

3.2 Mr. Simon Chee Sei Mun, a Proxy holder, enquired on the following matters:

(a) RM5 million losses suffered by Sapangar Bay Oil Terminal (SBOT).

In response to query from Mr. Simon, the GMD responded that losses of RM5 million suffered by SBOT is due to impairment of the Sapangar Bay Oil Depot which is an accounting treatment. In the past year, SBOT has been profitable.

(b) Losses in the Subsidiary, SCHB Engineering Services Sdn. Bhd. (SCES).

The GMD replied that the losses was mainly due to impairment loss for trade and other receivables. The current core business activities of SCES is the management of the passenger gateways; the Jesselton Point Ferry Terminal and the Kota Kinabalu Cruise Terminal. The SCES also involves in the project management consultant services and completed a few major projects in the past including the Kimanis Power Plant Project. In 2015, there was a merger exercise whereby the operations of the SCES and Suria Bumiria Sdn. Bhd. had been combined to operate under the SCES. New businesses shall be pursued by the SCES, leveraging on the combine skills and expertise. Currently, the SCES is bidding for several projects.

(c) Payment of Real Property Gain Tax (RPGT) to Lembaga Hasil Dalam Negeri (LHDN) in respect of Jesselton Quay (JQ) project with SBC Corporation Berhad (SBC).

The GMD commented that the LHDN is of the view that the joint venture agreement with SBC is a "deemed disposal" due to the element of minimum guaranteed returns. The Company received a notice form the LHDN to pay the RPGT at 15%. Therefore, the Company had paid the RPGT at 15% on the JQ development instead of having to pay the normal corporation tax as business income.

(d) Venturing into port business development by selling vacant land near with port operations to other prospectus.

The GMD responded that Sabah Ports Authority (SPA) is a landlord for all ports land in Sabah. The Subsidiary, Sabah Port Sdn. Bhd. (SPSB) is not the landowner and leasing the ports land for 30 years from SPA subject to an annual lease payment. However, SPSB does sub-lease the leased land to other corporate entities.

- (e) Participation of the Group in the construction of Pan-Borneo Highway.  
The GMD informed that the Group is considering bidding for the project and it is too early to respond at this stage. Shareholders have to wait for further announcement.
- (f) Increased of Other Expenses in the year under year review (Page 63 of Annual Report).  
The GMD replied that the relatively higher expenses were due to the impairment loss on trade and other receivables (RM4.9 million), impairment of Sapangar Bay Oil Depot (RM11.7 million), cost incurred on the Employee Shares Grant and Options (RM4.6 million) and legal compensation on Zublin International (M) Sdn. Bhd.'s arbitration (RM6.8 million).
- (g) Business venture on environmental aspects.  
The GMD informed that the Group is currently venturing into renewable energy. The Group has begun joint venture projects on two small 1KW solar energy projects and is bidding on 10 KW solar power project. The Group is also looking into wind energy and the possible site for installing the wind turbine in Kudat. Sabah Ports Sdn. Bhd. has embarked on the "Green Port" initiatives. In line with this initiatives, the Group is working towards electrifying the port's equipment and machineries. Further, as a corporate social responsibility project, the Group provides fund for marine research conducted by Universiti Malaysia Sabah.

3.3 Mr. Teh Kian Lang, a Shareholder, sought for clarification and queried on the following matters:

- (a) RM1.3 billion fund for expansion of Sapangar Bay Container Port which was disclosed in the national newspaper.  
The GMD explained that RM800 million was allocated and channelled through Sabah Economic Development and Investment Authority (SEDIA). However, further request for additional RM500 million was made. A value management study was conducted and to evaluate the additional RM500 million for expansion of berth length and purchase of equipment. The request is being considered and subject to approval by Federal Ministry of Finance.
- (b) Timeline on relocation of Kota Kinabalu Port (KK Port) to Sapangar Port, size of the land required and how the Company is going to fund for the relocation.

The GMD explained that KK Port's operation will be affected by the nearby construction and cost required for its relocation is estimated to be around RM300 million to RM400 million and expected to complete in 2019. On land size and funding, the GMD replied that at this stage, it is still too early to disclose anything. The Shareholders will be informed in due course and the Company will be convening an Extraordinary General Meeting by end of the year.

- 3.4 Mr. Joseph Lam Wai, a Proxy holder, informed that he wanted to buy more shares but there are no shares available in the market. He recommended the Company to reward the shareholders by issuing bonus or warrant issues. The GMD took note of the issue and informed that the Company will consider various factors before taking further action.

*[NOTE: YBhg. Datuk Ismail bin Awang Besar took the Chair for Resolution 1 since the Chairman, YBhg. Datuk Hj. Faisyal is to retire by rotation under the Agenda. Datuk Faisyal left the meeting room during the deliberation].*

**4. RESOLUTION 1  
TO RE-ELECT YBHG. DATUK HJ. FAISYAL BIN DATUK YUSOF  
HAMDAIN DIEGO WHO RETIRES BY ROTATION PURSUANT TO  
ARTICLE 89 OF THE COMPANY'S ARTICLES OF ASSOCIATION**

**NOTED**

**THAT**, the Directors retiring by rotation pursuant to Article 86 of the Company's Articles of Association and eligible for re-election is YBhg. Datuk Hj. Faisyal bin Datuk Yusof Hamdain Diego.

**RESOLVED**

**THAT**, YBhg. Datuk Hj. Faisyal bin Datuk Yusof Hamdain Diego the Director retiring by rotation under Article 86 be and is hereby re-elected a Director of the Company under Article 89 of the Company's Articles of Association.

*[NOTE: YBhg. Datuk Hj. Faisyal took the Chair after the conclusion of Resolution 1].*

**5. RESOLUTION 2  
TO RE-ELECT YBHG. DATUK KEE MUSTAFA WHO RETIRES BY  
ROTATION PURSUANT TO ARTICLE 89 OF THE COMPANY'S  
ARTICLES OF ASSOCIATION**

---

**NOTED**

**THAT**, the Directors retiring by rotation pursuant to Article 86 of the Company's Articles of Association and eligible for re-election is YBhg. Datuk Kee Mustafa.

**RESOLVED**

**THAT**, YBhg. Datuk Kee Mustafa, the Director retiring by rotation under Article 86 be and is hereby re-elected a Director of the Company under Article 89 of the Company's Articles of Association.

**6. RESOLUTION 3  
TO RE-ELECT YBHG. DATUK HJ. RAMLEE BIN MARAHABAN  
WHO RETIRES PURSUANT TO ARTICLE 93 OF THE COMPANY'S  
ARTICLES OF ASSOCIATION**

---

**NOTED**

**THAT**, the Director retiring under Article 86 be and is hereby re-elected a Director of the Company under Article 89 of the Company's Articles of Association is YBhg. Datuk Hj. Ramlee bin Marahaban.

**RESOLVED**

**THAT**, YBhg. Datuk Hj. Ramlee bin Marahaban, the Director retiring pursuant to Article 93 be and is hereby pursuant to Article 93 be and is hereby re-elected as Director of the Company under Article 93 of the Company's Articles of Association.

**7. RESOLUTION 4  
TO RE-APPOINT YBHG. DATUK ISMAIL BIN AWANG BESAR,  
J.P. AS DIRECTOR PURSUANT TO SECTION 129(6) OF THE  
COMPANIES ACT 1965**

---

**NOTED**

**THAT**, pursuant to Section 129 of the Companies Act, 1966, YBhg. Datuk Ismail bin Awang Besar is to retire at the AGM.

**RESOLVED**

**THAT**, YBhg. Datuk Ismail bin Awang Besar be and is hereby re-appointed as Director pursuant to Section 129(6) of the Companies Act 1966 and to hold office until the conclusion of the next AGM.

**8. RESOLUTION 5  
TO APPROVE FINAL TAX EXEMPT DIVIDEND OF 4% (4 SEN PER  
ORDINARY SHARES), IN RESPECT OF THE FINANCIAL YEAR  
ENDED 31<sup>ST</sup> DECEMBER 2015**

---

**RESOLVED**

**8.1 THAT**, a final tax exempt dividend of 4% (4 sen net per ordinary share) in respect of the financial year ended 31<sup>st</sup> December 2015, be and is hereby declared and approved to be paid on 30<sup>th</sup> June 2016.

**8.2 THAT**, the entitlement date shall be fixed on 10<sup>th</sup> June 2016 and a Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10<sup>th</sup> June 2016 in respect of transfers.
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

**9. RESOLUTION 6  
TO APPROVE PAYMENT OF DIRECTORS' FEES AMOUNTING TO  
RM585,000.00 FOR THE FINANCIAL YEAR ENDING  
31<sup>ST</sup> DECEMBER 2015**

---

**RESOLVED**

**THAT**, the Directors' Fees of RM585,000.00 for the financial year ending 31<sup>st</sup> December 2015 be and is hereby approved.

**10. RESOLUTION 7  
TO RE-APPOINT MESSRS. ERNST & YOUNG AS AUDITORS OF  
THE COMPANY AND AUTHORISE THE DIRECTORS TO  
DETERMINE THEIR REMUNERATION**

---

**RESOLVED**

**THAT**, Messrs. Ernst & Young be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next AGM at a remuneration to be determined by the Directors.



**11. RESOLUTION 8**  
**AUTHORITY TO THE DIRECTORS TO ALLOT AND ISSUE SHARES**

**RESOLVED**

**THAT**, pursuant to Section 132D of the Companies Act 1965, the Directors be and are hereby empowered to allot and issue shares in the Company, at any time, at such price, until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares does not exceed ten per centum (10%) of the issued capital of the Company at the time of issue and **THAT** the Directors be and are and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued, subject to the Act, the Articles of Association of the Company and approval from the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary.

**12. CONCLUSION**

---

12.1 The Chairman also thanked the Shareholders and Stakeholders including the State Government of Sabah, Sabah Ports Authority, the Federal and State Economic Planning Unit, the Land and Survey Department, the Sabah Economic Development and Investment Authority (SEDIA), the Ministry of Finance as well as the Ministry of Infrastructure Development for their assistance.

12.2 The Secretary informed that there is no other matter to be discussed and the Chairman declared the Meeting closed at 12.09 p.m. with a vote of thanks to the Chair.

**Read and Confirmed as a Correct Record**

.....  
**DATUK HJ. FAISYAL**  
**DATUK YUSOF HAMDAIN DIEGO**  
**Chairman of the Meeting**

**Date:**

# AGM 2016 Q&A | Suria Capital Holdings

## QUESTIONS FROM MSWG AND ANSWERS STRATEGY AND FINANCIALS

### QUESTION 1

As reported, port segment registered total revenue of RM217.2 million, representing about 45% of the Group's total revenue during 2015. However, this revenue was lower by 6% when compared to RM232.0 million in 2014. The decline in revenue was attributed mainly to the lower container throughput as well as general cargo and palm oil throughput handled by port.

How would the Board address the drop in container throughput in FY2015? How would the Company compare its container business performance against the other hubs in the region?

### ANSWER

Sabah Ports experienced a total drop of 9% in container throughput from 398,800 TEUs in 2014 to 363,185 TEUs in year 2015. The lower container throughput was partly due to the relatively lower transshipment volume handled in 2015 at 1,556 TEUs as compared to 13,199 TEUs in 2014. The shipping line that handled the transshipment has ceased operation. In comparison, the main ports in East Malaysia also experienced a drop in 2015. Bintulu Port recorded a 9.9% decrease from 270,495 TEUs in 2014 to 243,699 TEUs in 2015 whereas Kuching Port registered a 1% decline from 227,660 TEUs in 2014 to 225,660 TEUs in 2015.

As for general cargo, the drop is mainly due to lower project cargo through Kota Kinabalu Port as some of the development projects such as SAMUR have been completed. Meanwhile, the decrease in the palm oil throughput from 6.5 million tons in 2014 to 6.1 million tons in 2015 is attributed to low price and low production.

The throughput handled by a port depends very much on the prevailing economic condition. The Board foresees that with the various developments being implemented under the 11th Malaysia Plan, these will bring positive impact to the economy of Sabah and thus stimulate the throughput at the ports of Sabah.

### QUESTION 2

Logistics and bunkering had managed to weather the downturn of oil prices and emerge profitable through the implementation of strategic approaches. Please brief on the strategic measures to grow the business.

### ANSWER

SP Satria Logistics Sdn. Bhd. (SPSL) has diversified its business from bunkering to logistics support providing integrated marine supply services at ports such as crane hire and transportation, storage and warehouse facilities as well as shipping agency handling. SPSL is also expanding its business by supplying fuel to domestic industrial outlets such as pulp and paper mill and sawmill. Going forward, SPSL will venture into downstream petroleum storage and distribution business by operating both the oil storage depots in Lahad Datu and Sapangar Bay respectively. SPSL is expected to capitalise on its business strength both in the marine and inland sectors.

### QUESTION 3

Please update shareholders on the initiatives taken by the Group for making its ports as the preferred port in the BIMP-EAGA region.

### ANSWER

Initiatives taken to make the ports as the preferred ports in BIMP-EAGA region include expansion of infrastructure, purchase of additional handling equipment, new Terminal Operation System and improvement in operation to enhance productivity. These include:

- Expansion of Sapangar Bay Container Port to be a transshipment hub;
- Construction of additional berths at Sandakan Port;
- Construction of a new jetty with two berths at Sapangar Bay Oil Terminal, and
- Purchase of equipment.

Purchase of equipment:

- a. For Sapangar Bay Container Port
  - 2 units of Ship-to-shore Gantry Crane
  - 4 units of Rubber-tyred Gantry
  - 8 sets of Terminal Tractor with Trailer
- b. For Sandakan Port
  - 1 unit of Mobile Harbour Crane
  - 1 unit of Reachstacker
  - 4 sets of Terminal Tractor with Trailer
- c. For Tawau Port
  - 1 unit of Reachstacker
  - 4 sets of Terminal Tractor with Trailer

### QUESTION 4

During the year under review, SCHB Engineering Services Sdn. Bhd. (SCES) and Suria Bumiria Sdn. Bhd. had gone through a restructuring and merger exercise with the purpose of capitalising on the combined skills and expertise from both companies to undertake projects in the construction and property sectors in the future. How would the merger help the firm achieve its strategic vision in the property business and what would be the expected targets for the merged entity, going forward?

### ANSWER

The merger would help the Group achieve its strategic vision in the property business with the synergy created from the combined expertise and skills in both companies. The previous track records in construction works, project management, experience and expertise from both companies would give SCES a strong confidence to embark on any future projects. This synergy will also give SCES a better standing to bid for any projects from private sector as well as government sector.

To achieve expected targets, going forward, the merged entity will:

- Continue to expand experience in railway related works by bidding for the upgrading works of the current Sabah railway line as well as the new gorge railway line from Beaufort to Tenom.
- Embark on renewable energy production business, by participating in Large Scale Solar projects in Sabah and exploring potential in setting up wind turbine farm in northern part of Sabah.
- Embark on smaller-scale property development projects.
- Expand business in property management by becoming a potential property manager for the completed properties in both Jesselton Quay and One Jesselton.

## **QUESTION 5**

What would be the revenue mix and profit targets for the Group between property segment and its traditional port business?

### **ANSWER**

Suria does not have large landbank and the exceptional gain registered in year 2015 deriving from the property segment is a non-recurring income. We would adhere to our vision, that is to be a leading investment corporation in ports and port-related businesses in Malaysia. Going forward, the income from the property sector will be relatively small and the Group will still focus on its core business, i.e. port and port-related operations, and would expect this segment to contribute largely (>80%) to the Group's revenue and profit.

## **QUESTION 6**

Please share with shareholders on the sustainability of the Company's development with the current landbank.

### **ANSWER**

The existing land in the vicinity of KK Port is a prime land in the city where we also carry out our port undertakings, i.e. handling passengers at the ferry and cruise terminals. The said lands shall be developed into a mix development project where Suria will retain some properties for recurring income generation purposes. We have plans to further expand the cruise terminal business by developing the current KK general cargo port into a dedicated international cruise terminal. It is the long-term plan of the Company to develop a dedicated international cruise terminal alongside the mixed developments and the ferry terminal to create a new integrated city focus that supports tourism and creates multiplier effect for the economic advancement in the State of Sabah. These efforts shall be in line with the Company's vision, mission and its port undertaking that would create long-term values for the sustainability of the State as a whole.

## **QUESTION 7**

In 2015, Suria Capital had entered into a JV agreement with Gabungan AQRS Bhd. to develop One Jesselton Waterfront within the vicinity of Kota Kinabalu Port.

What is the current status of this project and what is the estimated timeframe to complete the whole project?

### **ANSWER**

The current status of the project is:

- Completing the subdivision of land title process to enable both JV partners to obtain relevant development approvals and bank financing prior to inaugural launch.
- Presenting to the local authorities the much awaited revised and improved traffic plan scheme for both joint venture parcels in line with the KK City Traffic Master Plan.

The estimated timeframe to complete the whole project is 5 years depending on the property market condition. The initial project will start off with the building of Suria Group corporate office. The construction of the corporate office is intended to complete in the next 3 years from obtaining the building plan approval from local authority. The first property launch to the public will possibly be the sale or lease of retail spaces and service apartments. There would also be opportunity for en-bloc purchase and leasing as well which will be dealt at corporate level.

## **CORPORATE GOVERNANCE**

### **QUESTION 1**

The recent amendments to Chapter 9, Paragraph 9.21 (2) of the Main Market Listing Requirements requires companies to publish the summary of key matters discussed at the AGMs onto the companies' website for AGMs held on or after 1st July 2016. In line with this, we hope the Board would publish the summary of proceedings for this AGM on the Company's website.

### **ANSWER**

Suria took note of the request and would publish the summary of proceedings for this AGM on the Company's website.

### **QUESTION 2**

Fee for other non-audit services of the Group is more than 50% of total auditors' remuneration. Can the Board explain the nature of the non-audit services? Is there a policy for "Non-Audit" services?

### **ANSWER**

The nature of the non-audit services is mainly on GST implementation, tax advisory services on joint venture agreements, employees' shares scheme implementation, and review of statement of risk management and internal control undertaken in the year 2015.

There is no standing policy for non-audit services as these are based on needs as and when the work is required. These services are normally procured on best-effort/best-value basis.

## **QUESTIONS FROM JOSHUA KONG AND ANSWERS**

### **QUESTION 1**

All ports in Sabah are grouped under the Sabah Ports Authority and fall under the responsibility of the Sabah State Ministry of Communications and Works.” Official status.

But in SURIA, according to the Chairman’s report, that Ministry is not even mentioned while SEDIA and Federal Ministry of Urban Wellbeing, Housing and Local Government were given prominence in the expansion of the Sapangar Bay Container Port.

Why is this a departure of sort and likely disrupt the flow of implementation of the expansion programme?

### **ANSWER**

The Sabah Ports Authority is under the purview of the Sabah State Ministry of Infrastructure Development. Under the 11th Malaysia Plan, the Federal Government has allocated RM800 million for developing the Sapangar Bay Container Port into a transshipment hub. The Federal Government has decided that the fund is to be channelled through Sabah Economic Development and Investment Authority (“SEDIA”) as the implementing agency which under the purview of Ministry of Urban Wellbeing. It is not expected that such arrangement would give rise to any disruption to the flow of implementation of the expansion programme.

### **QUESTION 2**

Despite the expansion plan of SBCP of RM800 million announced in mid-February, 2016, why are the shares in SURIA still on the slide? Any good market reason for this downward trend?

### **ANSWER**

The market sentiment has been poor given the various uncertainty and economic challenges faced regionally and globally. Investors are relatively more cautious and are generally taking the “wait-and-see” approach. Nevertheless, Suria shares have been hovering around RM2.10 – RM2.30 despite the economic downturn and have been resilient against the downward trend observed in the KLCI index.

### **QUESTION 3**

SURIA has a core business in the ports of Sabah and yet it does not appear to progress well in recent years namely RM218 million (2011); RM220 million (2012); RM224 million (2013); RM235 million (2014); RM220 million (2015) showing income from port operations.

### **QUESTION 3.1**

How would SURIA really address this almost flat development for the core business especially the big drop in 2015?

## ANSWER

The throughput handled by a port depends very much on the prevailing economic condition. In 2015, there was a drop in the port business due to the economic slowdown. The container throughput dropped 9%, partly due to the relatively lower transshipment volume handled. In comparison, the main ports in East Malaysia also experienced a drop in 2015, with Bintulu Port registering a 9.9% decrease and Kuching Port recording a 1% decline. General cargo has dropped as some development projects such as SAMUR have been completed. Meanwhile, the decrease in the palm oil throughput is attributed to low price and low production. With the various developments being implemented under the 11th Malaysia Plan, there will be positive impact to the economy of Sabah and thus stimulate the throughput at the ports of Sabah.

## QUESTION 3.2

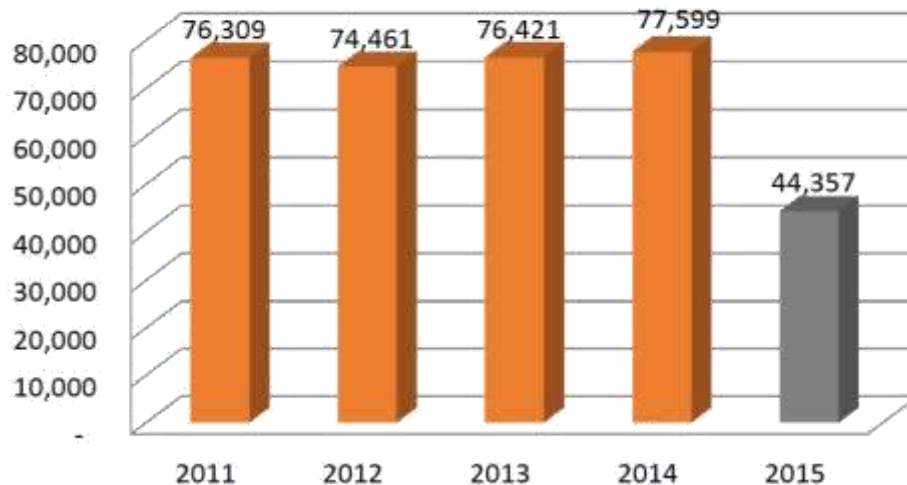
Would SURIA prepare a separate statement of income for the core business to affirm that SURIA is on track for better days based on the previous 5 years? Shareholders would appreciate this presentation if it is available.

## ANSWER

**Revenue (RM'000)**



**Profit Before Tax (RM'000)**



### **QUESTION 3.3**

Shareholders invest in SURIA for its core business and not on the “capital gain” on sale of assets/properties which is not reflective of the performance of SURIA in its core operations.

#### **ANSWER**

We assume that the capital gain mentioned here refers to the non-recurring income in 2015 deriving from the property development. The non-recurring income registered in 2015 was derived from the accounting and tax treatment of the joint venture development which is treated as a “deemed disposal” of the land held for the property development. This is due to the fact that the JV terms negotiated by SURIA consists of a minimum entitlement of RM324 million and therefore most of the risks had been transferred to the JV partner. The joint venture on the proposed property development still subsists and SURIA is entitled to 18% upside for value exceeding the minimum net saleable value of RM1.8 billion. Therefore, there is no actual sale of land and so-called “capital gain” arising from the development.

### **QUESTION 3.4**

The sale of assets or JV is also of concern for the shareholders given the delay so far. Please state SURIA’s position on this.

#### **ANSWER**

The main reason for the long gestation period to bring both of the projects to launch is the finalisation of the traffic plan in the area which is to be in line with the overall Kota Kinabalu City Traffic Master Plan. The current status of the project is:

- Completing the subdivision of land title process to enable both JV partners to obtain relevant development approvals and bank financing prior to inaugural launch.
- Presenting to the local authorities the much awaited revised and improved traffic plan scheme for both joint venture parcels in line with the KK City Traffic Master Plan.

### **QUESTION 4**

Climate change and environment matter faced by the ports.

#### **QUESTION 4.1**

Have SURIA got any emergency plans for any eventuality of flooding of the port area being so near to the rising sea levels when climate change impacts Sabah?

#### **ANSWER**

The ports in Sabah are not affected by the rising sea levels at present and are not expected to be affected in the near future.



## **QUESTION 4.2**

There are a lot of pollution of wastes in the oceans or seas around Sabah. How if any action plan is in place to avoid the shipping lanes to be in hazardous scenario for the ships coming/leaving ports?

## **ANSWER**

The shipping lanes are under the purview of the Marine Department. Nevertheless, SPSB has embarked on the collection and disposal of household garbage from marine vessels. With this new service made available at all ports, vessels can now dispose their household garbage as well as scheduled waste at all the ports in Sabah. This is also in line with SPSB's aspiration to become green ports. For the waterfront area, through SCES, we are also planning to embark on coastal cleaning in the vicinity of the ferry terminal and KK Port.