



PRESS RELEASE

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SURIA CAPITAL ENSURES UNDISRUPTED PORT OPERATIONS TO SUPPORT STATE'S ECONOMY DURING THE PANDEMIC

Suria Capital Holdings Berhad and its Group of Companies (Suria Group) will continue to support the State's economy by ensuring its ports continue to operate as usual despite the COVID-19 pandemic. As an essential service provider to the economy, the Group through its subsidiary, Sabah Ports Sdn Bhd (Sabah Ports), is committed to provide port services on 24/7 basis in its operations and services at all its ports throughout Sabah. This is in line with the Group's commitment to ensure that there is no disruption to the business and the supply chain of essential goods to the State's economy and the community.

Its Chairman, Datuk Haji Faisyal Bin Datuk Yusof Hamdain Diego said this during the Company's 38th Annual General Meeting (AGM) today (on 29th June 2021). The AGM was conducted fully virtual for the second year due to the COVID-19 pandemic and in accordance to the guidelines set by the Securities Commission.

The virtual AGM was joined by other Board of Directors, the Company's Group Managing Director, Datuk Ng Kiat Min and Chief Financial Officer, Puan Noorida Baharuddin. During the AGM, Datuk Ng as the Group Managing Director presented the Company's performance to the shareholders for the financial year ended December 31, 2020, its growth plan as well as outlook for 2021.

In his statement, Datuk Faisyal acknowledged that the unprecedented outbreak of COVID-19 pandemic at the end of 2019 that had turned into a global crisis, had unavoidably affected the performance and business activities of the Group during 2020. Due to these challenges, SuriaGroup registered a lower but decent profit after tax of RM32.9 million from RM52.2 million in 2019. SuriaGroup's gross profit eased by 29.1% to RM58.9 million in 2020 from RM83.1 million in 2019.

The Group's revenue subsided by RM53.6 million or 19.5% to RM221.9 million in

2020, as compared to RM275.5 million in 2019. This was attributable mainly to lower contribution from operating activities across all business segments, particularly the Group's core business in port operations.

Disruptions in the global supply chain, weak demand conditions as a result of the COVID-19 pandemic had adversely impacted SuriaGroup's port revenue in 2020. Revenue from port operations, which generated 90.1% of the Group's total revenue, slipped to RM199.9 million in 2020 or 12.5% down when compared to its contribution of RM228.4 million in 2019. This was primarily due to the lower cargo throughput and container volume handled by the ports during 2020.

The Group's revenue from contract & engineering and ferry terminal operations declined to RM5.9 million in 2020 from RM18.7 million in 2019. Revenue from this segment was mainly derived from the railway upgrading works from Halogilat station to Tenom station. Revenue from the ferry terminal operations at Jesselton Point and the handling of international cruise ship passengers at Kota Kinabalu Port fell by 68% from the revenue registered in 2019. This was due to the temporary closure of the terminal arising from the imposition of movement restrictions. Additionally, cruise ships had only called at Kota Kinabalu Port in the first quarter of 2020 before the spread of the COVID-19 pandemic.

In view of the Group's performance, the shareholders approved a final tax-exempt dividend of 2.3% or 2.3 sen at the Annual General Meeting. It accounts for a total payout of RM11.4 million, which is equivalent to 3.3% or 3.3 sen net per ordinary share, representing a payout ratio of 34.6% against 33.1% in the previous year.

PORT PERFORMANCE IN 2020

In terms of port performance, the port operations handled lesser cargo in 2020. Sabah Ports handled a total of 29.6 million metric tonnes of cargoes (including containers) in 2020 as against 34.2 million metric tonnes in 2019. The drop in the overall cargo volume was partly due to the lower exports as a result of labour shortage at mills following the health and safety regulations as well as movement restrictions at various intervals as imposed by the government due to the pandemic.

In terms of container operations, the ports also handled lower container volume, down by 5.8% from 379,384 TEUs in 2019 to 357,416 TEUs in 2020. Sapangar Bay Container Port handled 71.2% of the overall TEUs at 254,630 TEUs. Tawau Port handled 17.8% or 63,694 TEUs while Sandakan Port handled 11.0% or 39,092 TEUs in 2020.

Liquid bulk (palm oil and petroleum products) represented 68.3% of the total throughput handled at wharf, general cargoes at 24.2% whilst dry bulk (palm kernel

expeller, fertilizer and wood products) made up 7.5% of the throughput.

BUSINESS DEVELOPMENT

Several initiatives were undertaken by the Group during 2020 particularly to improve the efficiency of business and services. Sapangar Bay Container Port had increased its reefer facility by adding 80 more units of reefer points in August 2020 and this brings to a total of 292 reefer points currently available for the port customers. In addition, the opening of new gate operation hours on Fridays from 1130hrs – 1400hrs at Sapangar Bay Container Port since 17th July 2020 had eased congestions at the gates during those peak hours.

Other developments included the completion of capital dredging works at Sandakan Port as well as maintenance dredging works at Tawau Port to increase the drafts of the outer and inner berths of the ports and enable larger vessels to call at these ports. Similarly, the construction works for a new jetty at Sapangar Bay Oil Terminal had already commenced since October 2020 and is targeted for completion by end of March 2022. The new jetty will cater for more vessels to berth and ease congestion at the terminal.

In property development, the first phase of the Jesselton Quay project, a joint-venture with SBC Corporation Berhad at the Kota Kinabalu Port land, had reached 85% completion as of 31 December 2020. Following the extended imposition of MCO in fourth quarter of 2020 and recently into 2021, the completion of the first phase is now deferred to the fourth quarter of 2021. Meanwhile, the railway construction project for Tenom-Halogilat line was fully completed in March 2021.

SAPANGAR PORT EXPANSION PLAN

As for the expansion project of Sapangar Bay Container Port, it will proceed accordingly. The tender exercise for the proposed expansion of SBCP had been completed and is currently being reviewed by the Federal Ministry of Finance. The project is being implemented by Sabah Economic Development and Investment Authority (SEDIA) with completion period anticipated within three years. Due to the COVID-19 pandemic, the first phase of the expansion project is expected to kick-off in 2021. The Federal Government has pledged to channel the required funding for the expansion project and this was highlighted again in the 2021 Federal budget allocation.

OUTLOOK FOR 2021

As the economic recovery is still quite uncertain due to the lingering impact of the pandemic, the Group is cautiously optimistic that the performance in 2021 would surpass that of 2020. The Group's fundamental remains solid on the back of its

stable core business and a strong balance sheet to weather any short to medium-term challenges. SuriaGroup will continue to put greater emphasis on its business development and commitment towards optimising stakeholders' values without compromising its bottom line for 2021 and years ahead.

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For media enquiries, please contact:

Head, Group Corporate Affairs and Communications

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

Email: mariam@suriapl.com.my