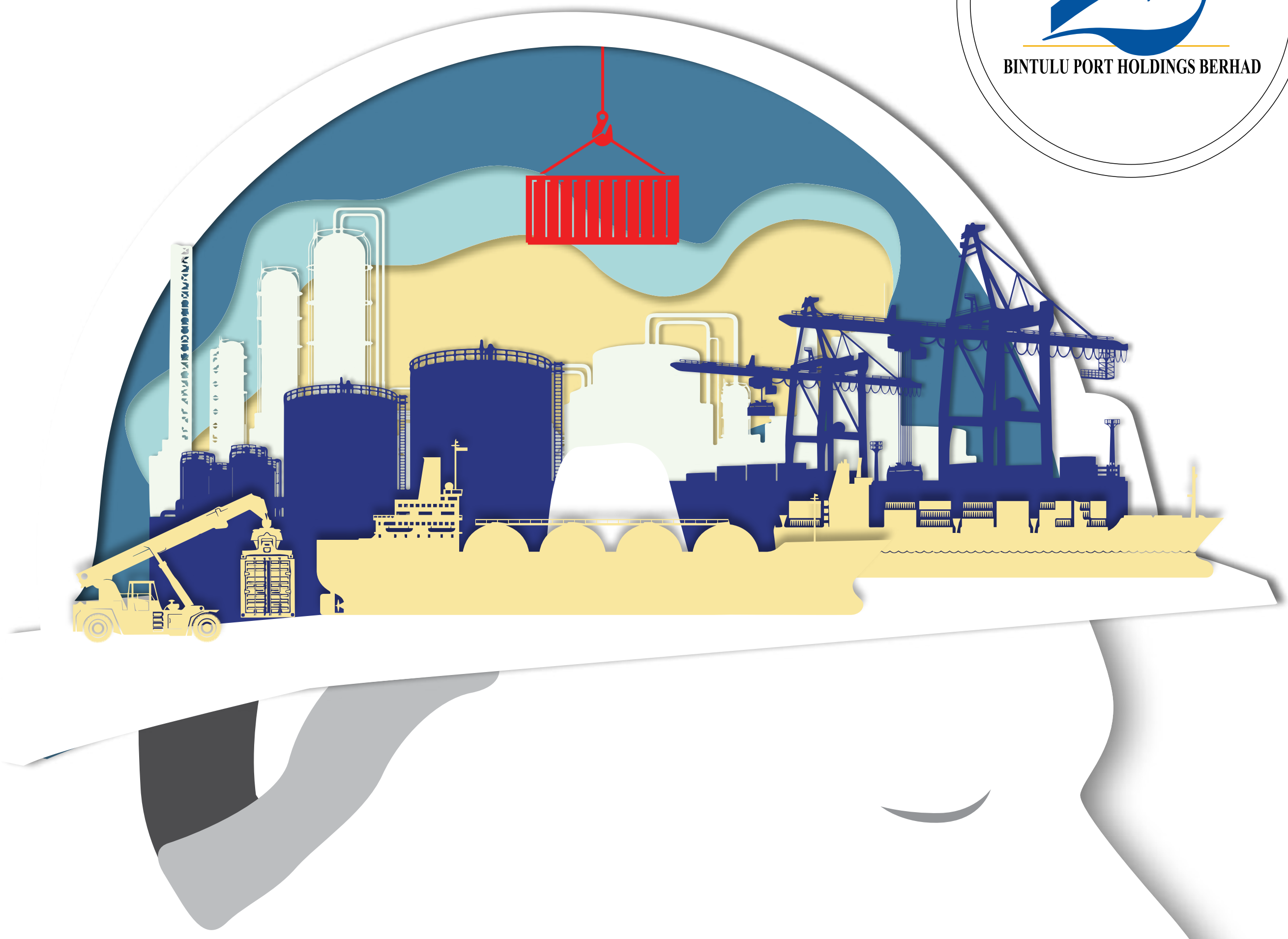


BINTULU PORT HOLDINGS BERHAD

REALISATION OF

GREATER POTENTIAL

Integrated Annual Report

2019

QUICK FACTS

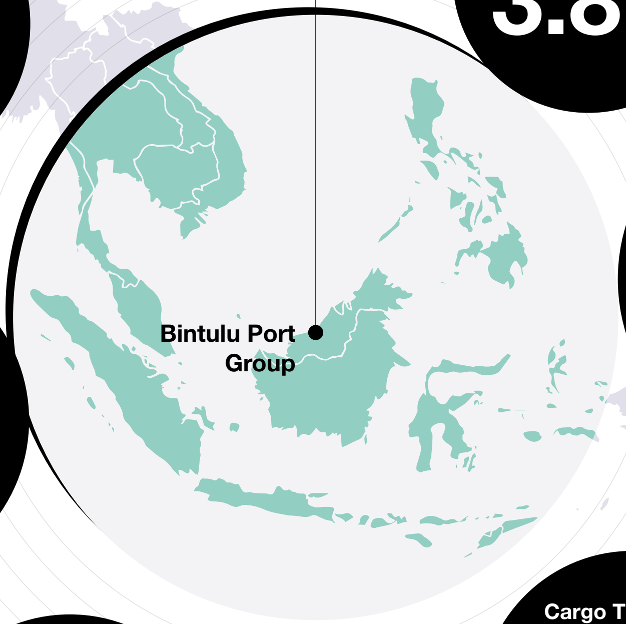
Bintulu Port Holdings Berhad is an investment holding company. Its subsidiaries, Bintulu Port Sdn Bhd and Samalaju Industrial Port Sdn Bhd are engaged in the provision of port services which include marine services (towage, pilotage, mooring), cargo handling and storage, stevedoring, supply base services, bunkering while its other subsidiary, Biport Bulkers Sdn Bhd specialises in the provision of bulking installation services.

Land Area
713 hectares

Total Berthing Length
3.8 km

Operating Revenue in 2019
RM716.42 million

Berthing Capacity
93 million tonnes



Profit Before Tax in 2019
RM179.03 million

Cargo Throughput in 2019
50.14 million

Profit After Tax in 2019
RM129.30 million

1st

- Biggest Container Terminal in East Malaysia
- The 1st Malaysian Port to Implement Container Terminal Operating System (CTOS) - NAVIS SPARCS N4
- The Main Export Outlet of Palm Oil Products in Sarawak & Malaysia
- No. 1 BIMP-EAGA Port in terms of Cargo Throughput since 2011

2nd

- Second-Largest LNG Terminal in the World in a Single Location

3rd

- Ranked 3rd among Malaysian Ports in 2019 with a Cargo Throughput of 50.14 million tonnes

O P E R A T O R

SAMALAJU INDUSTRIAL PORT SDN BHD

Jun 2017
SIPSB has successfully commenced Phase 1 Operation

Sep 2017
Safe handling and delivery of **10,000 LNG shipments without fail**

Feb 2018
Official launch of the Group's new Vision and Mission statement to become **A WORLD-CLASS PORT OPERATOR**

A WORLD CLASS PORT

OUR CORPORATE MILESTONES

Jan 1983
Commencement of **Bintulu Port**

Jan 1983
1st LNG shipment to Japan

Jan 1993
Bintulu Port Sdn Bhd (BPSB) took over the operations

Mar 1996
Incorporation of **Bintulu Port Holdings Berhad (BPHB)**

Jun 1999
Commencement of **Bintulu International Container Terminal (BICT)**

Apr 2001
Listing of BPHB shares on KLSE

Nov 2003
Incorporation of **Biport Bulkers Sdn Bhd (BBSB)**

Jan 2005
1st shipment of palm oil through the new dedicated **Palm Oil Bulking Terminal**

Aug 2012
Incorporation of **Samalaju Industrial Port Sdn Bhd (SIPSB)**

Sep 2014
Obtained principal approval for extension of concession period

OPERATOR

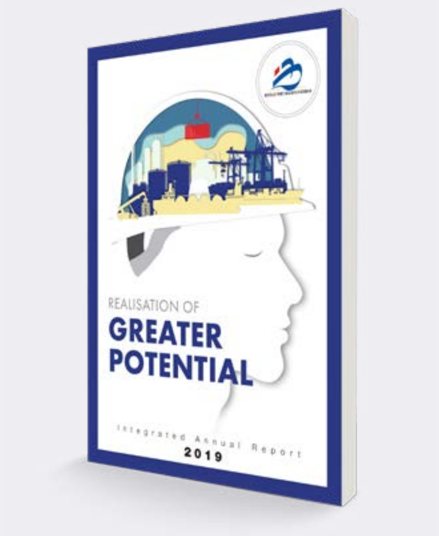
SAMALAJU INDUSTRIAL PORT SDN BHD

Jun 2017
SIPSB has successfully commenced Phase 1 Operation

Sep 2017
Safe handling and delivery of **10,000 LNG shipments without fail**

Feb 2018
Official launch of the Group's new Vision and Mission statement to become **A WORLD-CLASS PORT OPERATOR**

READING THIS REPORT



REPORTING PRINCIPLES AND FRAMEWORK

The Bintulu Port Integrated Annual Report for the financial year ended 31 December 2019 is our first-ever Integrated Report <IR> and will present a balanced and transparent information about our business operations, enabling shareholders to make an informed assessment of our value-creation activities.

This Report serves to inform stakeholders about what we have achieved and the implementation of our plans to realise our goal of being a world-class and sustainable port operator, practising the concept of a green port.

In line with best practices, this Report adopts the International Integrated Reporting Council (IIRC) framework to provide a holistic view of our operations. The reporting is also aligned to and guided by the Malaysian Code on Corporate Governance 2017 (MCCG 2017), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad, the Companies Act 2016 and the Malaysian Financial Reporting Standards.

SCOPE AND BOUNDARIES

The Report details our financial and non-financial performance for the period 1 January 2019 to 31 December 2019. In terms of reporting boundaries, we considered all business operations of the Port and this includes both fully controlled operations as well as subsidiaries. The reporting scope looked at internal and external impacts on the business and sustainability efforts, as well as trends, opportunities and risks that could significantly affect the Port's value-creation abilities.

WE VALUE FEEDBACK

Bintulu Port Holdings Berhad values feedback, comments and enquiries about this Report. Please contact Mervin Garawat of our Investor Relations team at: mervin@bintuluport.com.my

BINTULU PORT'S SIX (6) CAPITALS

As required by the IIRC Framework, we have discussed our six capitals of value creation in this Report and have created navigational icons as seen here for the reader's ease as reference will be made to the capitals throughout the Report.

FORWARD-LOOKING STATEMENTS

This Report contains forward-looking statements with the use of words or phrases such as "might", "forecast", "anticipate", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target" and other similar expressions. The Report may also contain forecast information such as improvements in port traffic or mention a certain course of actions with regard to our business. However, these statements do not guarantee future operating, financial or other results due to risks and uncertainties and thus it is important to note that the statements here do not provide a guarantee that potential results mentioned in these forward-looking statements will be achieved.

REPORT APPROVAL

Bintulu Port Holdings Berhad's Board acknowledges the responsibility for ensuring the integrity of the Integrated Annual Report. Following collective assessment, the due diligence committee, responsible for oversight of the Integrated Annual Report, recommended approval of the Report by the Board of Directors. In the Board's opinion, the Integrated Annual Report provides a fair and balanced representation of the integrated performance of the Company within the context of its identified material aspects.

*Please refer to our online report at **www.bintuluport.com.my***

SEND US YOUR FEEDBACK

To ensure that we report on issues that matter to our stakeholders, please provide any feedback or enquiries by scanning the adjacent QR code.

INSIDE THIS REPORT

Page 34 Operational Review

THE SIX (6) CAPITALS

These icons represent the various Capitals we utilise in the operations of our business. For ease of reference in this report, we will reference these navigation icons in the relevant sections that discuss the Capitals.

- **Financial Capital**
- **Intellectual Capital**
- **Manufactured Capital**
- **Social and Relationship Capital**
- **Human Capital**
- **Natural Capital**

OUR THREE (3) STRATEGIC THRUSTS

These icons represents the Port's three important strategic thrusts. For ease of reference, we will reference these navigation icons in the sections of this report that reference the strategies.

- **Institute Operational Excellence**
- **Expand Port Capacities and Capitalising on Key Growth Market Sector and Profitability**
- **Embark into Smart and Green Port**

NAVIGATION ICONS

The following icons are used in this Report to indicate where additional information can be found.

This icon tells you where you can find related information in our Report.

This icon tells you where you can find more information at www.bintuluport.com.my

VISION, MISSION AND CORPORATE VALUES

Bintulu Port Holdings Berhad is an investment holding company. Its subsidiaries, Bintulu Port Sdn Bhd and Samalaju Industrial Port Sdn Bhd are engaged in the provision of port services which include marine services (towage, pilotage, mooring), cargo handling and storage, stevedoring, supply base services, bunkering while its other subsidiary, Biport Bulkers Sdn Bhd specialises in the provision of bulking installation services.

VISION

A World Class Port Operator

MISSION

Delivering Operational Excellence & Ensuring Our Long Term Sustainability Based on 3Ps **(Profits, People, Planet)**

VISION, MISSION AND CORPORATE VALUES

CORPORATE VALUES

TIIP

Teamwork

Valuing the team effort and the importance of working together as one Group to achieve our Vision.

Integrity

Living up and conducting business to the highest ethical standards and governance.

Innovation

Delivering effective solutions to each customer's needs and continuously adopting new technology to maintain our competitiveness.

Professionalism

Providing quality services in a highly professional manner with sincerity, bold as in having the confidence to go beyond the conventional, taking ownership & responsibility and proactively taking the initiative to act in advance of future needs or changes.

OUR BUSINESSES

BINTULU PORT SDN BHD

Bintulu Port Sdn Bhd (BPSB) is the operator of a modern and efficient multipurpose port in Southeast Asia serving the hinterland, which includes the nation's oil & gas hub. The Port also serves as the export gateway for liquefied natural gas (LNG), industries at Bintulu and Samalaju, and as a transhipment gateway for East Malaysia. We are recognised globally as the second-largest LNG Terminal in the world in a single location.

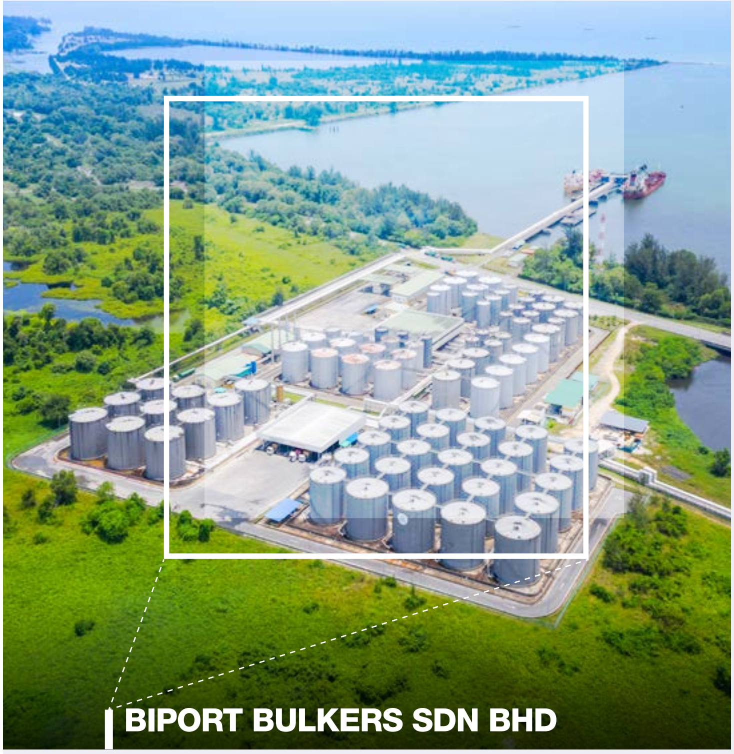
For more information, please scan the QR code or log on to http://www.bintuluport.com.my/

Over the years, BPSB has handled growing volumes of LNG, containerised cargoes, general cargoes, palm oil products, liquid and dry bulk cargoes. We handle in excess of 40 million tonnes of cargo annually. Our facilities include multiple terminals, jetties and other berthing facilities as well as cargo and storage sites.

Our Bintulu International Container Terminal (BICT) is now directly connected to Indonesian ports such as Makassar, Balikpapan and Semarang, as well as ports in China like Shanghai, Xiamen and Shekou. At present, we are connected to regional and global container trade lanes through nine major shipping lines. Three shipping lines, Evergreen Marine Corporation (M) Sdn Bhd, SITC Container Lines (Sarawak) Sdn Bhd and Harbour-Link Line Sdn Bhd, offer direct shipping services to intra-Asia ports, thus boosting our connectivity offerings to customers.

More information on ***pages 34 and 35***.

OUR BUSINESSES



BIPORT BULKERS SDN BHD

Biport Bulkers Sdn Bhd (BBSB) is involved in the provision of bulking installation facilities for crude and refined palm oil, edible oils, vegetable oils and fats and their by-products.

As the leading palm oil bulking installation terminal with the biggest capacity in Sarawak, we are the main export point for edible oil products, handling 91% of Sarawak's palm oil export.

BBSB is the largest palm oil product exporting terminal in Malaysia handling 23.6% of the total Malaysian palm oil export.

Built on a 15-acre site, our bulking terminal is equipped with modern storage facilities consisting of multi-sized storage tanks of various capacities with a dedicated piping system to ensure optimum security, safety and efficiency. We are closely connected to and integrated with five refineries operating within the vicinity of the terminal, operated by Wilmar Group's Bintulu Edible Oil, Sime Darby's Austral Edible Oil, Sarawak Oil Palms' SOP Edible Oil, Kirana Edible Oil and Borneo Edible Oil. BBSB operations are serviced by dedicated palm oil jetties adjacent to its bulking terminal and fully supported by BPSB marine services.

*More information on **pages 36 and 37**.*

SAMALAJU INDUSTRIAL PORT SDN BHD

Located 60km northeast of Bintulu, Samalaju Industrial Port Sdn Bhd (SIPSB) is the operator of a purpose-built port that provides dry bulk and break bulk cargo services to the industries operating within the Samalaju Industrial Park (SIP) and its hinterlands.

Operating with a total land bank of 393 hectares, we are positioned as one of the key drivers for the development of the Sarawak Corridor of Renewable Energy (SCORE).

Just adjacent to the Port is the Samalaju Industrial Park, a 7,000-hectare area dedicated to energy-intensive heavy industries engaged in aluminium smelting, steel, oil refining, silica-based enterprises, marine engineering and a wide range of industrial and commercial activities. It is these industries that will help drive the Port's growth going forward.

SIPSB successfully commenced Phase 1 of its operations in June 2017.

*More information on **pages 38 and 39**.*

CORPORATE STRUCTURE

As at 28 February 2020

Note:
RM1.00 Preference Shares in Bintulu Port Holdings Berhad and Bintulu Port Sdn Bhd are held by Minister of Finance (Incorporated).

ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS

DATO MOHAMMAD MEDAN BIN ABDULLAH
Group Chief Executive Officer

BPHB Senior Management Team

YUSOF BIN IBRAHIM
Chief Operating Officer, Bintulu Port Sdn Bhd

ROSLI BIN IDRIS
Company Secretary

AZMEL KHAN BIN ASGHAR KHAN
General Manager, Group Human Resource Management

ABDANI BIN ABDUL GAFOR
General Manager, Group Health, Safety & Environment

MASLIHAH BINTI HJ. TIOH
Senior Manager, Group Corporate Services

ABU BAKAR BIN HUSAINI
Chief Operating Officer, Biport Bulkers Sdn Bhd

DAIANA LUNA SUIP
General Manager, Group Finance

DAYANG FAIZAH BINTI AWANG BUJANG
General Manager, Group Legal Counsel

MOHAMAD YACOP BIN MOHAMAD JUNIT
Senior Manager, Group Internal Audit

ELVIS TULU AYU
Senior Manager, Group Security

MATSHALLEH BIN MOHAMAD ETLI
Chief Operating Officer, Samalaju Industrial Port Sdn Bhd

EIZAM BIN ISMAIL
General Manager, Group Corporate Planning & Development

ABDUL MANAN BIN ILING
General Manager, Group Information Technology

Bintulu Port Sdn Bhd

YUSOF BIN IBRAHIM
Chief Operating Officer

BORHANA BIN GANI
Marine Services Division

AZHARAN BIN RAMLEE
Container Terminal Division

MOHAMAD BIN MAHDINI
Technical Services Division

SUFRI BIN BOHARI
Cargo Handling Services Division

CAJETAN ANDREW LISSEM
Finance, HR & Admin Division

MOHAMAD AZIMAN BIN DRAHMAN
Port Operation Equipment Division

Biport Bulkers Sdn Bhd

ABU BAKAR BIN HUSAINI
Chief Operating Officer

WAN MOHAMAD ZAIDI BIN WAN KADIR
Operations Division

PETER ANAK LAMAT
Technical Division

NHADDYA BINTI WAHED
Finance, HR & Admin Division

Samalaju Industrial Port Sdn Bhd

MATSHALLEH BIN MOHD ETLI
Chief Operating Officer

REMAZI BIN ARBI
Technical Services Division

EDDY NORIMAN BIN HOSSAIN
Port Operation Equipment Division

LAILATU'LKADAR BIN SITAM
Operations Division

GHAZALI BIN TAMBI
Health, Safety & Environment Division

MOHD HAFIZ BIN ADENAN
Finance, HR & Admin Division

VACANT
Business Development & Stakeholder Division

OUR MARKET LANDSCAPE

ECONOMIC OUTLOOK FOR BINTULU PORT IN 2020

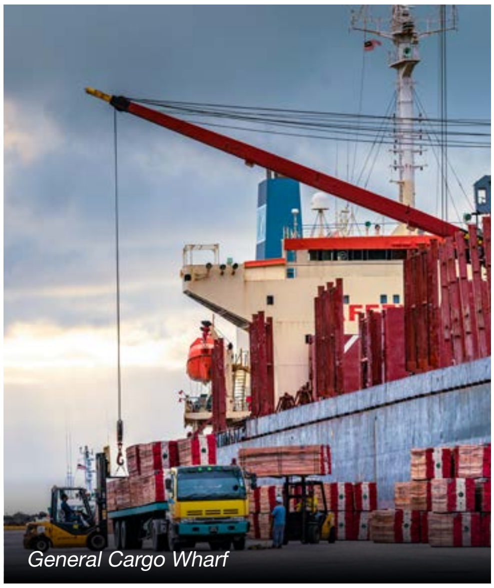
The global economy is expected to be severely impacted in 2020* following the devastating effects of the coronavirus (Covid-19) pandemic that has spread across the world, affecting demand for goods and services as countries closed their borders and implemented restrictions on economic activity to slow the spread of the virus.

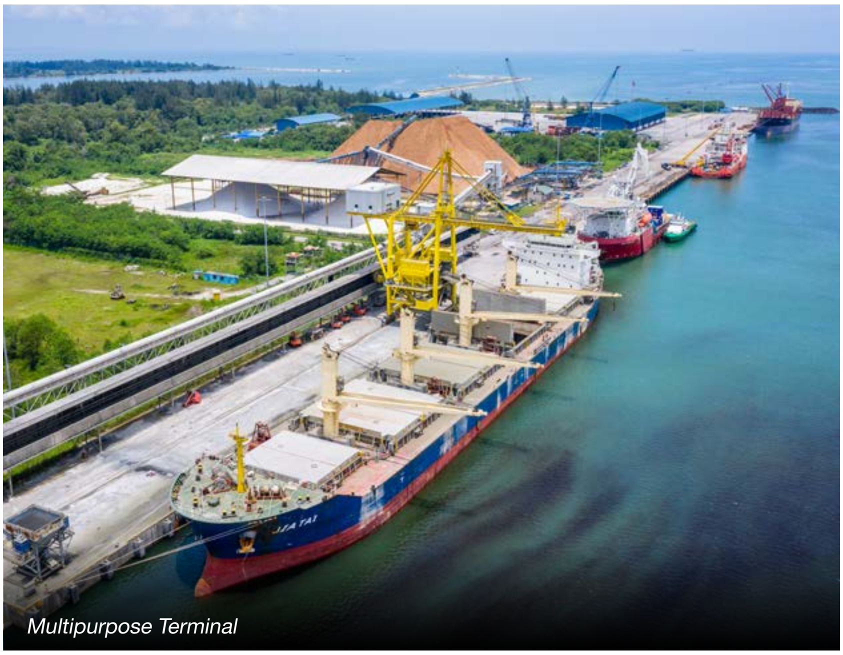
Following moderate growth of 2.9% in 2019, the International Monetary Fund has forecasted a global recession in 2020, although it sees a recovery in economic growth in 2021.

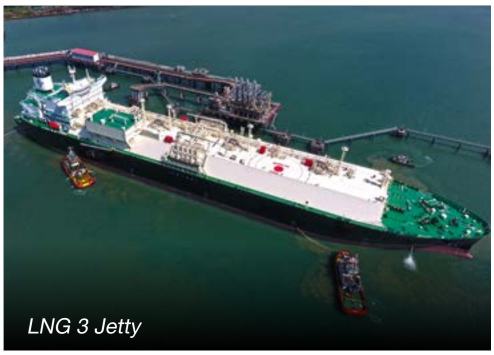
Domestically, as a trading nation, Malaysia will undoubtedly feel the effect of slower trade flows which will have an effect on ports in general. Malaysia's GDP is expected to be affected as well, with the magnitude of the slow down in growth being dependent on the duration and severity of the outbreak. Bank Negara Malaysia has since warned that growth, especially in the first quarter of 2020, would be affected, and together with the Malaysian government has implemented measures to mitigate the impact of the outbreak.

* *Based on statements by the International Monetary Fund and Bank Negara Malaysia*


Palm Oil Jetty


General Cargo Wharf


Multipurpose Terminal


LNG 3 Jetty

OUR MARKET LANDSCAPE

Bintulu International Container Terminal

CHALLENGES IN OUR OPERATING ENVIRONMENT

The industry we operate in faces a number of medium and long-term challenges due to global economic factors, shipping trends and geopolitical developments. These challenges are briefly outlined below.

LNG Market Changing Rapidly; Fierce Competition[1]

Downside risks include new LNG producers emerging in Australia, Qatar and Russia, underpinned by rising demand for LNG, especially from China. LNG is also experiencing downward price pressures given the revival of coal and growing renewable energy options. These factors have resulted in buyers demanding more flexible contracts and better pricing, which has been further complicated by trading specialists who broker short-term and small-scale volume contracts between producers and importers. Overall, this could potentially reduce our LNG Vessel Calls.

Rise of New Shipping Alliances[2]

The recent creation of major and powerful shipping alliances will continue to be a challenge to the operational side of the business. These alliances have achieved economies of scale given their size and wider area of coverage, giving them the ability to choose the ports and routes that offer the best value propositions. A decision by an alliance can influence multiple shipping lines, posing a risk to any port business. To overcome this, we will continue pursuing strategic marketing and operational excellence initiatives to produce the best value services for our customers.

Emergence of New Transhipment Hubs

The emergence of multiple potential transhipment hubs could affect our positioning as the preferred transhipment hub in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA).

Indonesia, which is aspiring to be a maritime powerhouse, is in the process of developing three major transhipment gateways located in Jakarta, Belawan and West Kalimantan. Malaysia itself is on the verge of developing the Melaka Gateway Port and a new port at Pulau Carey, Port Klang. Our neighbour, Sabah Port Sdn Bhd, is expanding its Sapangar Bay Container Port to handle a greater volume of containers while within Sarawak itself, there is a proposal to develop Tanjung Po near Kuching into a deep-sea port.

[1] Industry Source, Global Gas and LNG Outlook to 2035 by McKinsey and Company.
[2] Global trends to 2030 by Deloitte.

OUR MARKET LANDSCAPE

MOST PROMISING TRENDS FOR BINTULU PORT

Containerisation Trend Picking Up Steam[3]

Over the past few years, we have witnessed the rising trend of modularity in logistics packaging and shipment.

The cargo shipment and packaging process is not only becoming more flexible and integrated but also prefabricated, which has over time led to the containerisation trend where traditional cargo is being converted into forms that can be easily transported in containers.

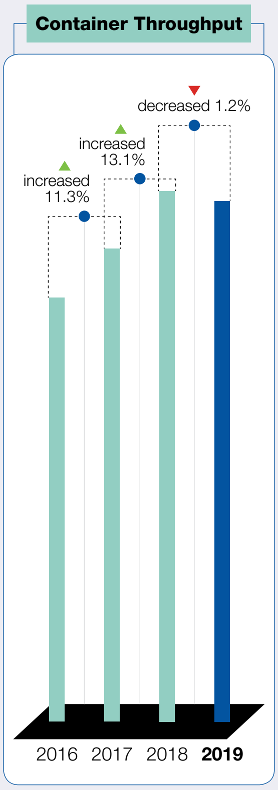
The Group has noted that the trend of conversion from bulk shipment to containers has contributed to higher growth rates of our container business and we expect to see this trend continuing in the foreseeable future. Some of the types of cargo that have been converted from break bulk handling to containers are fertiliser, rice, aluminium, acacia logs and LNG via ISO tanks. Factors that contribute to whether a particular cargo is handled via bulk or container are mostly cost and volume, where it is more convenient for smaller volumes of cargo, or cargo that is sensitive to weather or moisture, to be transported via containers.

The decrease in container traffic in 2019 of 1.2% was mainly due to a decrease in transhipment of wood-based products and fertiliser. The Group is confident that this drop is temporary and that the overall upward containerisation trend remains intact.

2019 HIGHLIGHTS

- Second-biggest contributor to the Group's operating revenue after LNG cargo. Contributed **RM53.50 million** in 2019 with a total volume of **345,564 TEUs**

- **Average double-digit growth from 2016-2019 on container business**



The Group will continue to promote its container service and in line with this, will introduce the Inter Terminal Transfer (ITT) service in 2020 to transport Samalaju investors' cargo via containers from Samalaju Industrial Port to Bintulu Port and vice versa. This new service will allow customers to transport their containers via vessels that will enable the transport of higher volumes instead of the current method, which is via road.

[3] *BPHB Data analysis; Container shipping: The next 50 years by McKinsey and Company.*

OUR MARKET LANDSCAPE

New Regulations May Provide New Opportunities

The International Maritime Organisation (IMO) has introduced new limits that compel ships to use marine fuels with a sulphur content of no more than 0.50%, significantly lower than the previous limit of 3.5%. This regulation came into force effective 1 January 2020 and represents an ongoing effort by the IMO to protect the environment and reduce air pollution. This will effectively force ships to shift from using high sulphur content fuel to lower sulphur content fuel. For the Group, the opportunity lies in our proximity to LNG and other low sulphur content fuels for bunkers, and we are currently working closely with PETRONAS to enable us to meet the needs of the ships coming to our Port.

Renewable and Reliable Power Supply

Demand for aluminium and alloy products is rising, especially from China, Korea, Japan, Turkey and South Africa, and has been reflected through plant operators in Samalaju Industrial Park operating at close to 90% of their capacity. To meet the growing demand, one of the operators, Press Metal, will be commissioning a new plant by Q4 2020 that will bring its total smelting capacity to 1.08 million tonnes. From a power infrastructure standpoint, the state of Sarawak is well-prepared to fulfil the needs of these energy-intensive industries, especially with the clean and renewable energy produced through the Sarawak Corridor of Renewable Energy (SCORE). This key factor will also help to boost the sustainability credentials of our clients going forward.

ENGAGING WITH OUR STAKEHOLDERS

Pursuing shared value

Stakeholders are groups or individuals who are directly and indirectly impacted by our business operations. We are consistently focused on engaging with our stakeholders and responding to their needs to ensure the sustainable growth of our business. We identified nine (9) key stakeholders during a workshop involving our Sustainability Committee and employees ranging from executives to Senior Management.

Below we discuss the expectations and concerns of our stakeholders, the Group's responses (including methods and frequency) and the impact on the Group from our responses.

Shareholders

Expectations & Concerns
Shareholders expect the Company to enhance sustainable value creation and return on investment

Our Response

- Improving our productivity through implementing operational efficiencies while executing growth strategies to increase revenue

Method and Frequency of Engagement

Annual General Meeting	Annually
Shareholdings analysis	Monthly
Analyst briefing	Quarterly

Impact on the Group

Growing revenue while prudently managing cost leads to sustainable returns and dividends

Employees

Expectations & Concerns
Our employees expect to have a safe and secure working environment and also given opportunities for career development

Our Response

- Promoting worklife balance with regular health check-ups & mental health awareness talks
- Benefits were reviewed in 2019 with increases in medical, optical and allowances (i.e. housing & fuel)
- 334 training programmes were held in 2019

Method and Frequency of Engagement

Satisfaction survey	Annually
Corporate HSE week	Annually

Impact on the Group

Creates competent and efficient employees to add value to the Group

ENGAGING WITH OUR STAKEHOLDERS

When engaging with our stakeholders, we aim to:

- Build relationships
- Drive reputation
- Proactively manage issues

Regulatory Authorities and Certification Bodies

Expectations & Concerns

Regulatory authorities expect the Group to comply with the relevant laws, standards, certifications and contracts

Our Response

- Continuing to practice the highest standards of governance, ethics and compliance

Method and Frequency of Engagement

Environmental Monitoring	Quarterly
Site inspection and audits	Periodically
Training for Board of Directors on updates to laws and regulations	Annually
Seminars, briefings and training for all employees	Periodically

Impact on the Group

Overall business continuity

Customers

Expectations & Concerns

Customers expect the Port to be efficient and safe to assist in the quick movement of their cargoes

Our Response

- The Port offers incentives like the Customer Retention & Loyalty Programme and Customer Attraction Programme
- The Port is constantly improving operational efficiency, e.g. Project Diamond, and has a robust maintenance programme to ensure reliability and availability of our equipment and facilities

Method and Frequency of Engagement

Customer Satisfaction Index (CSI)	Annually
Customer Appreciation Night	Biennially
Berthing Meetings	Daily
Focus Groups	Periodically

Impact on the Group

Our quick, efficient and safe turnaround of their goods will help our customers in their business while also raising our status as their preferred port

ENGAGING WITH OUR STAKEHOLDERS

Banks & Investors

Expectations & Concerns

Our lenders and investors expect transparent information on our performance as well as good financial performance to support the repayment of loans

Our Response

- We respond with timely repayments on our borrowings, and an investor relations programme that shares transparent and material information about our performance

Method and Frequency of Engagement

Investor Relations Programme	Quarterly
Interface sessions	As and when required
Group Financial Results announcements	Quarterly

Impact on the Group

Maintaining good financial health and good reporting practices will allow us to be trusted and preferred by investors

Vendors & Suppliers

Expectations & Concerns

Vendors and suppliers expect the Port to be a professional business entity in the context of timely payments, safe operations and an ethical business environment

Our Response

- We respond by ensuring timely payments, equal business opportunities and an ethical business environment

Method and Frequency of Engagement

Vendor registration	As and when required
Contract negotiations	As and when required
Safety induction briefings	Periodically
Site visits	Periodically

Impact on the Group

The continued trust and rapport we build with our vendors and suppliers leads to better value-creation outcomes

Maritime Community

Expectations & Concerns

The maritime community expects the port to conduct its operation in an environmentally friendly manner for the mutual benefits of the port and the community

Our Response

- The port will comply with good environmental practices & standards and the concepts of a green port
- To promote port services to the shipping community and port users through regular and effective communications

Method and Frequency of Engagement

Briefing and communication	As and when required
Networking events	As and when required

Impact on the Group

Complying with rules and regulations is important for business continuity, while exploring new business opportunities improves revenue prospects for the Group

ENGAGING WITH OUR STAKEHOLDERS

Local Community

Expectations & Concerns
The local community expects employment and business opportunities and the Company will play a constructive role as a responsible corporate citizen

Our Response

- We respond by employing locals and ensuring safe operations with regular environmental monitoring and effective waste management
- We regularly engage with the community at large through CSR efforts

Method and Frequency of Engagement

Sponsorships and support for charitable and welfare programmes	Periodically
Industrial training	Periodically
CSR programmes	Regularly

Impact on the Group

Being recognised as a caring, friendly, responsible and proactive organisation will raise our standing with the community while also ensuring the sustainability of the overall business

Media

Expectations & Concerns
The media expects timely, reliable and transparent information about the Port's operations and initiatives

Our Response

- We provide regular press releases to be transparent about our operations and maintain good rapport with our media partners

Method and Frequency of Engagement

Press releases	As and when a newsworthy event is conducted
Media coverage	As and when a newsworthy event is conducted
Media get-together	Annually

Impact on the Group

A long-term partnership with the media is important in order to improve visibility, build on our reputation and broadcast our efforts to our stakeholders

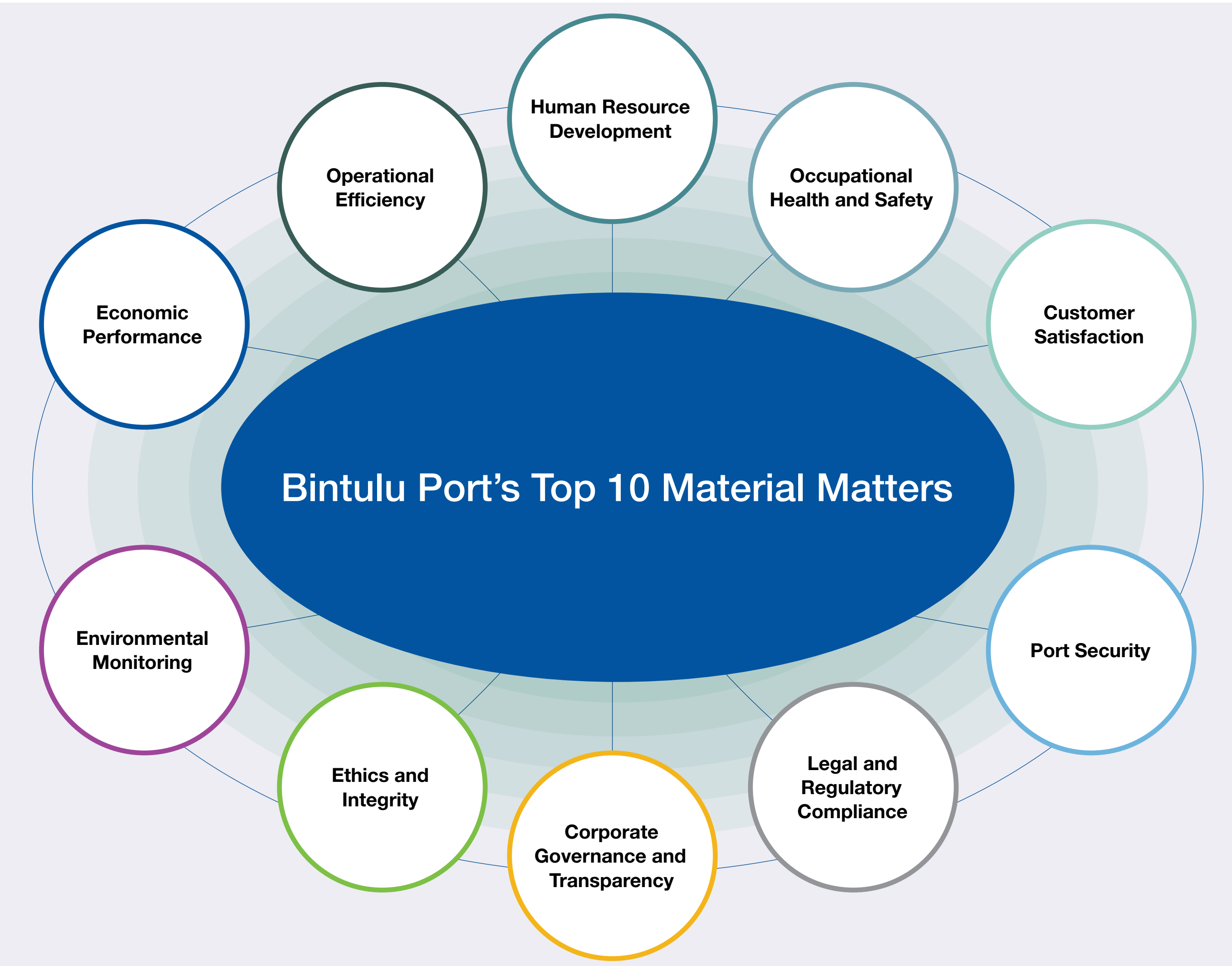
MAPPING OUR MATERIAL ISSUES

Material issues have the ability to affect Bintulu Port's value creation over the short, medium and long-term. In this context, it is imperative for the Group to focus our attention on the matters that have been identified and prioritised, to ensure we respond to the risks and opportunities presented.

After the initial process of identifying our material sustainability matters in 2017, where 23 material issues were identified based on GRI G4 Sustainability Guidelines, the 2018 annual report reduced this to 22 material issues following a revalidation exercise.

In 2018, we then prioritised 10 material issues from the materiality assessment, which were; economic performance, operational efficiency, human resource development, occupational health and safety, customer satisfaction, port security, legal and regulatory compliance, corporate governance and transparency, ethics and integrity and environmental monitoring.

For 2019's Integrated Report, we have not proposed any changes and will carry forward the issues from 2018.



MAPPING OUR MATERIAL ISSUES

<table>
<tr><th rowspan="2">Material Matter</th><th rowspan="2">Impact on Bintulu Port</th><th colspan="3">Bintulu Port's Response to the Matter</th><th rowspan="2">Stakeholder Groups Affected</th></tr>
<tr><th>BPSB</th><th>BBSB</th><th>SIPSB</th></tr>
<tr><td rowspan="3">Economic Performance</td><td>Constant Practice of Cost Efficiency</td><td colspan="3">• Improving operating margin by managing expenses consistent with changes in revenue
• Effective contract and tender administration to support cost budgeting
• Inculcating practical and prudent spending</td><td>Vendors & suppliers
Employees</td></tr>
<tr><td>Expanding Revenue Stream</td><td colspan="3">• Targeting RM1 billion operating revenue by 2022</td><td>Shareholders</td></tr>
<tr><td>Efficient Project Management</td><td colspan="3">• Delivery in full and on time (DIFOT)</td><td>Customers</td></tr>
<tr><td rowspan="3">Operational Efficiency</td><td>Improving Operational Performance of Cargo/Container Handling</td><td>Implementation of Project Diamond, which has already improved productivity and turnaround time by more than 20% on average. This initiative will continue for the foreseeable future

Adherence to our Customer Charter targets of achieving:

• Bulk fertiliser – 5,000 tonnes/day
• Plywood – 83 tonnes/gang hour
• Palm kernel – 6,500 tonnes/day
• Woodchip – 11,000 tonnes/day</td><td>Adherence to our Customer Charter targets of achieving:

• Palm oil – 350 tonnes/day
• Tank turnaround times of more than 12 times per year
• Zero contamination
• Additional pipeline provision</td><td>Optimisation of conveyor belt system

Improving productivity through procurement of equipment to support current mode of business

Adherence to our Customer Charter targets of achieving:

• Alumina – 5,000 tonnes/day
• Silica quartz – 6,000 tonnes/day
• Manganese ore – 6,000 tonnes/day</td><td rowspan="3">Employees & Customers</td></tr>
<tr><td>Improving Reliability & Availability of Marine/Port Equipment & Facilities</td><td>• 100% on-time marine services
• 80% availability of marine craft, facilities and land equipment
• Sufficient assets for operation
• Optimum utilisation of break bulk facilities and coastal terminal</td><td>• Plant and equipment availability (operational equipment effectiveness not less than 90%)
• Sufficient operation equipment needs – shipment & bulking hoses</td><td>• 80% availability of marine craft, facilities and land equipment</td></tr>
<tr><td>Continuous Operational, Work Process and Standard Operating Procedure Improvement</td><td colspan="3">• Responsiveness to customer requests
• Three simultaneous operations through marine craft booking system
• An effective in-house maintenance team
• The initiation of early procurement processes to ensure timely completion of various projects
• Timely and accurate billing
• The review of container operation process flow to improve utilisation and efficiency (from time to time)
• Accurate billing of customers
• Invoice issuance within 3-4 days of the completion of bulking and shipment operation
• Efficient account receivable management</td></tr>
</table>

MAPPING OUR MATERIAL ISSUES

Material Matter	Impact on Bintulu Port	Bintulu Port's Response to the Matter (BPSB / BBSB / SIPSB)	Stakeholder Groups affected
Human Resources Development	**Enriching Human Capital and Instituting Corporate Rebranding**	• Inculcating a new Group Vision, Mission & Corporate Values through Company-wide rebranding • Continuing to enhance human capital capabilities through: i. Developing and enhancing employee capabilities in the areas of leadership, knowledge, skills, behaviour and values ii. Enhancing talent management & developing effective succession planning iii. Employee engagement and providing a conducive working environment iv. Continuous improvement of our Performance Management System (PMS) • Targeting Employee Engagement Index score of 60% • Reduction of attrition rate	Employees
Occupational Health and Safety	**Committing to Safety and Healthy Culture**	• Inculcating ZeFA Rules • Targeting zero LTIF • Effective enforcement of safety requirements, standards & procedures • Enhancing emergency preparedness through multi-agency training & exercises • Promoting health awareness	Employees & Customers
Customer Satisfaction	**Delivering Customer Satisfaction/Delight**	• Implementation of Customer Retention & Loyalty Programme and Customer Attraction Programme • Aiming for an 80% score on the Customer Satisfaction Index	Employees & Customers
Port Security	**Enhancing Security within Port Area**	Installing an intelligent surveillance system that automatically detects unauthorised approaches to the Port's perimeter and delivers a warning to these unauthorised target	Customers, Regulatory Authorities, Maritime Community
Legal and Regulatory Compliance	**Renewal of Concession**	The Group continues to engage with the government on the renewal of our concession agreement, which was agreed to in principle in 2014	Employees, Customers, Regulatory Authorities, Vendors and Suppliers
Corporate Governance and Transparency	**Enterprise Risk Management**	• UTAP Transformation Programme – Embedding Governance, Risk and Compliance (GRC) culture across functions and processes; integrated assurance function; strong three lines of defence • A number of risk awareness briefings and training sessions have been held for Management and our staff since the launch of UTAP in November 2019. Group Internal Audit has been closely involved in UTAP transformation to ensure its smooth implementation	Employees, Shareholders
Ethics and Integrity	**Transformation of Bintulu Port's Culture and Mindset**	• Governance, risk and compliance transformation through the UTAP transformation journey • Started to develop adequate measures to comply with Section 17A, MACC Act 2009	Employees, Customers, Regulatory Authorities, Vendors and Suppliers
Environmental Monitoring	**Compliance with Department of Environment Requirements**	Environmental monitoring conducted quarterly at the port: i) Marine water quality ii) Marine sediment quality iii) Marine biology iv) Ambient air v) Ambient noise level An Internal Environmental Audit (IEA) is also conducted to identify areas that can be improved.	Regulatory Authorities, Local Community, Maritime Community

CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

I am pleased to report that Bintulu Port Holdings Berhad (the Group) has performed admirably in 2019. On behalf of the Board of Directors, I am proud to present the Group's first ever Integrated Annual Report detailing our commitments to creating sustainable value for all our stakeholders.

Tan Sri Dr. Ismail bin Haji Bakar

OUR EXTERNAL ENVIRONMENT REMAINED CHOPPY

In what has been a challenging year for economies in both advanced and emerging markets, Malaysia has managed to stay the course with only a slight moderation of annual GDP growth to 4.3% compared to 4.7% in 2018. This was in line with moderating global growth largely due to uncertainties arising from trade tensions between US and China, which has led to muted investor sentiment and generally lower trade activities around the world.

In Malaysia however, both cargo and container throughput remained on a steady uptrend, maintaining levels seen in 2018 and outpacing global growth rates.

Malaysia has managed to stay the course with only a slight moderation of annual GDP growth:

4.3%

compared to **4.7% in 2018**

Cargo throughput remained on a steady uptrend, maintaining levels seen in **2018** and **outpacing global growth rates**

CONTRIBUTION TO NATION-BUILDING

While the external environment remained challenging, the Group continued its good work, building on its strategic objectives to create value for our stakeholders and the country. Over the years, the Group has grown from strength to strength, contributing greatly to the growth of East Malaysia and the nation as a whole. In line with the National Transport Policy and the recently launched Shared Prosperity Vision, the Group will continue to facilitate the seamless movement of goods to boost trading activities and further contribute to the development of the marketplace for commodities and related products.

CHAIRMAN'S STATEMENT

Our involvement in commodities extends to the palm oil industry where we are the main export outlet for palm oil products in Sarawak and the largest palm oil export terminal in the country. Indeed, the Group has not only accelerated the growth of the Sarawak Corridor of Renewable Energy (SCORE) but has also produced a workforce skilled in marine and engineering capabilities. To further optimise our status as a world-class operator, we are now in the midst of expanding our services to Brunei. We have also implemented the world-renowned NAVIS SPARC N4 operating system that offers comprehensive and real-time port operations monitoring capabilities.

With our established positions as the sole LNG export gateway for the nation and as the world's third-largest LNG exporter, we indirectly contribute to 3.8% of Malaysia's annual GDP while simultaneously spurring the growth of the oil & gas industry. Geographically, the Group is in an ideal position, straddling the middle of East Malaysia without passage or access restrictions to the South China Sea. The Group will continue to leverage on its position as the only deep-sea port in Sarawak and as the only LNG production facility in this part of the world. There is tremendous potential for further business expansion, especially considering our proximity to the large economies of ASEAN, China, Japan and Korea.

Sawn Timber receiving operation

SHARING THE VALUE WE CREATE

I am pleased to announce that the Board of Bintulu Port Holdings Berhad has authorised the payment of a fourth interim single tier dividend of 2.00 sen for the financial year ended 31 December 2019, bringing the total dividend in respect of the year to 14.00 sen per share. This dividend is payable on 16 April 2020.

We indirectly contribute to
3.8%
of Malaysia's annual GDP while simultaneously spurring the growth of the oil & gas industry

Fourth interim single tier dividend of
2.00 sen
for the financial year ended 31 December 2019

Throughput for the Group particularly Samalaju and Bintulu Port expected to increase considering Wenan Iron & Steel Co Ltd of
10 million tonnes
in 2022

The Group will continue to leverage on its position as the
only deep-sea port in Sarawak
and as the only LNG production facility in this part of the world

CHAIRMAN'S STATEMENT

WE WANT TO CONTINUE TO CREATE VALUE

It is in this context that the federal government gave its approval in principle for our concession renewal in 2014 and also why we believe we are the best positioned organisation to continue this business into the future. Our past and continual investments of effort and financial resources should indicate beyond all doubt that we are in this for the long run, and that we aim to create long-term value for our employees, customers and communities.

In terms of recent business developments, we are excited to welcome China's Wenan Iron & Steel Co Ltd, which is expected to start building its steel plant in 2020 in the Samalaju Industrial Park, with operations targeted to commence by the end of 2022. This will be a quantum leap in terms of capabilities and throughput for both Samalaju and Bintulu Ports, considering the plant's annual production capacity of 10 million tonnes. In addition, the Group has also completed several other business growth projects that will be detailed later on in this Report.

We are aware, however, that challenges to the business will persist, whether they come from external factors or from within the organisation, but we are prepared to overcome this. To unlock more value, the Group has already embarked on operational excellence initiatives to improve processes, opened up new business lines and taken steps to improve corporate governance.

As we continue to strive for our stakeholders, it is also important that we report our results correctly and transparently. Against this setting, the Group embarked on producing its first Integrated Report, guided by the principles of the International Integrated Reporting Council framework, to explain to our stakeholders in greater detail about our business, challenges and strategic thinking. This initiative is the start of a journey for the Group and we are committed to improving our reporting in the context of this framework in the coming years.

EMBEDDING SUSTAINABILITY INTO OUR BUSINESS

As the Group progresses with its business, it is well-understood that embedding sustainability into our business practices will produce long-term value-creation results. As such, we continue to take good care of our employees, who are the drivers of our business, through robust health and safety programmes, while paying close attention to their well-being.

Our impact on the environment is also diligently managed and monitored to ensure we mitigate our effects on the water and the air, and also respond quickly in the event of an emergency. Moving forward, we are progressing well against the Smart Digital Green Port Blueprint, which is an overall plan to improve operational efficiency. We expect to see results from next year and beyond. The Group is also cognisant of the communities we affect, and we continue to provide both employment and business opportunities for local communities, as well as corporate social responsibility programmes for the less fortunate.

CHAIRMAN'S STATEMENT

ENHANCING GOOD GOVERNANCE

The Group continues to place great importance on good governance and in this context, the Group has embarked on a transformation journey to improve the Governance, Risk and Compliance (GRC) culture across the entire organisation. To facilitate this, an external consultant has been hired to implement the 'UTAP Transformation Journey'. UTAP means 'shield' in the local Vaie dialect and thus symbolises the three lines of defence mechanism that will help the Group mitigate all forms of significant risks.

The desired outcomes from this transformation journey include:

- Enhanced GRC culture across the three lines of defence
- Clear GRC roles and responsibilities for the three lines of defence
- Improvement in GRC accountability and ownership
- More effective Group Internal Audit (GIA) focus on strategic matters
- Strengthened roles for Enterprise Risk Management (ERM) unit

The Group also adopted a new Company Constitution and is reviewing the existing Board Charter to incorporate recommended practices for large companies as provided for under the Malaysian Code on Corporate Governance. We will continue to observe and implement good corporate governance practices to aid us in our transformation journey.

In addition, the Board approved its Anti-Bribery and Corruption (ABC) policy statement in November 2019. This followed amendments to the Malaysian Anti-Corruption Commission Act that will hold any commercial organisation responsible for the corrupt actions of any person associated with the organisation in obtaining or retaining business or advantages for the organisation. The ABC policy states that the Group will conduct its business ethically and with zero tolerance for all forms of corruption and bribery. The policy is applicable to anyone who has business dealings with the Group and also provides guidance on how to recognise and combat acts of corruption.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to convey our deep appreciation to our customers, business partners, service providers, stakeholders and state and federal government authorities for their continued support. My sincere thanks are also extended to the Management team and employees of the Group for their dedication and effort.

The Board of Directors would like to thank former Chairman of Bintulu Port Holdings Berhad, Tan Sri Dr. Ali bin Hamsa, for his outstanding nine years of service, support and leadership. All of his contributions and efforts have helped in turning the Group into a reputable and capable Port. Tan Sri Dr. Ali bin Hamsa served on the Board from 28 July 2010 to 31 August 2019.

The Board of Directors would also like to thank former Directors of Bintulu Port Holdings Berhad, Dato' Sri Mohamad Norza bin Zakaria and Datuk Siti Zauyah binti Md Desa, for their service and guidance. Dato' Sri Mohamad Norza bin Zakaria served for 14 years from 1 December 2005 to 21 April 2019, while Datuk Siti Zauyah binti Md Desa served from 1 June 2016 to 14 November 2019.

Finally, the Board of Directors would also like to extend a warm welcome to Puan Zakiah binti Jaafar, who has been appointed as Member of the Board of Directors, Bintulu Port Holdings Berhad on 1 March 2020.

Tan Sri Dr. Ismail bin Haji Bakar
Chairman,
Bintulu Port Holdings Berhad

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

Dear Valued Shareholders,

Bintulu Port Holdings Berhad has continued to create value for you through the sustained execution of the strategic plan that was formulated in 2018, and which contributed to healthier financial performance in 2019.

Strategic Thrust 1:
Instituting Operational Excellence

*More information on **page 24**.*

Strategic Thrust 2:
Expand Port Capacities & Capitalising on Key Growth Markets & Profitability

*More information on **pages 25 and 26**.*

Strategic Thrust 3:
Embark Into Smart and Green Port

*More information on **page 27**.*

Against a market backdrop of margin erosions stemming from the rising cost of doing business, increasing competition and escalating demands from customers for better value, the Group worked diligently on implementing initiatives under our three strategic thrusts, which addressed our challenges by driving improvements in operational excellence, pursuing business growth and capability, while cultivating a more sustainable way of doing business. We have also embarked on Integrated Reporting to demonstrate our commitment to good corporate governance practices. This method of reporting will also illustrate how we are using our resources strategically and sustainably to produce long-term value for our stakeholders.

Dato Mohammad Medan bin Abdullah

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

STRATEGIC THRUST 1: STRATEGIC THRUST 2: STRATEGIC THRUST 3:

INSTITUTING OPERATIONAL EXCELLENCE

Our efforts to improve operational excellence have involved all departments in the Group, with special teams being established and given the mandate to monitor performance and troubleshoot any problems immediately.

During the year, we outlined operational excellence initiatives under three main areas that were aimed at reducing inefficiencies and finding new levers to drive improvement.

Initiative 1
Review the Limit of Authority for each subsidiary, which will help to limit overlaps and inconsistencies while providing a better platform for identifying gaps and inefficiencies.

Initiative 2
Audit Transformation aims to elevate the importance of risk evaluation throughout the organisation. Through this initiative, performance bottleneck issues can be identified ahead of time and mitigated as the Group will be able to give more accurate recommendations for continuous improvements, thus enabling risk identification as an important lever to drive operational excellence.

Initiative 3
The Operational Excellence Performance Delivery initiative resulted in all three of the Group's subsidiaries leading their own performance improvement initiatives. For BPSB, Project Diamond was initiated to remove bottleneck issues through improvements in three key result areas, namely Vessel Operations & Productivity, Yard & Gate Operations and Berth Window Management. In BBSB, Project Vroom sought to give priority to vessels that requested for more than five pipelines in order to improve turnaround time, while in SIPSB, Project Grab & Go was launched to ensure dry bulk discharging operations run smoothly.

To support these initiatives from the demand side, we have also undertaken efforts to understand our customers better through more interactive and face-to-face sessions to identify their pain points. We are now seeing an upward trend in our customer satisfaction index results. Our internal customer satisfaction index was 74.2% in 2019 against 70% in 2018, while the external customer satisfaction index was 71.5% in 2019 against 70.1% in 2018.

CUSTOMER SATISFACTION INDEX RESULTS

Internal Customer Satisfaction Index

74.2%
in 2019 against **70%** in 2018

External Customer Satisfaction Index

71.5%
in 2019 against **70.1%** in 2018

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

STRATEGIC THRUST 1: | **STRATEGIC THRUST 2:** | STRATEGIC THRUST 3:

EXPAND PORT CAPACITIES & CAPITALISING ON KEY GROWTH MARKET SECTOR & PROFITABILITY

In the context of business growth, along with the Wenan Steel Project that will be taking off in early 2020, we have explored new opportunities across various cargo types that will leverage on existing capabilities and help to increase throughput. Management has also taken proactive steps to engage with the various state authorities and other stakeholders to strengthen relationships and listen to any concerns they may have. Our business activities for 2019 are detailed below:

Major and New Initiatives in 2019	Expected Outcomes
1. Signed a Memorandum of Understanding (MOU) with Tiger Clean Energy Ltd on 21 January 2019 to provide handling services for LNG ISO Tanks.	• Will help to build the Group's reputation as the first LNG ISO Tank Hub Operator in ASEAN/Asia and lead to Bintulu Port's container sector achieving its biggest growth since it began in 1999. • LNG ISO Tanks are expected to be commissioned by August 2020 and projected to contribute 800,000 TEUs by 2025.
2. Signed an agreement with Straits Inter Logistics on 26 June 2019 in Kuala Lumpur and with Gafung Petroleum (M'sia) Sdn Bhd on 27 June 2019 in Kuching to provide bunkering services.	• Bunkering services is a new business for the Group and we are expecting to recognise significant value through this business annually as it provides more options and value for our customers.
3. Signed an agreement with vehicle transporter, Giga Shipping Sdn Bhd, on 15 August 2019 in Kuala Lumpur to facilitate distribution of vehicles.	• 300 vehicles are expected every month with an upside of 400-500 units. This will help propel Bintulu Port as a main hub for vehicle distribution given our advantageous geographic location.
4. CleanCarbon Group's first coal import shipment was handled on 8 August 2019 with a total volume of 12,000 tonnes of coal from Tanjung Bara, Indonesia, located at the southeast coast of East Kalimantan, Borneo.	• This ongoing arrangement adds value in a number of ways; it involves high-grade coal and brings the product closer to the Asian market. • This thus helps to increase cargo throughput and revenue for Samalaju Industrial Port.

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

STRATEGIC THRUST 1: | **STRATEGIC THRUST 2:** | STRATEGIC THRUST 3:

EXPAND PORT CAPACITIES & CAPITALISING ON KEY GROWTH MARKET SECTOR & PROFITABILITY

Major and New Initiatives in 2019	Expected Outcomes
5. Our collaboration with Wenan Steel is progressing according to plan. In November 2019, Group Management and the team from Wenan Steel mutually agreed on the concept of the project and will focus on the development at Samalaju while catering to Wenan Steel's operational requirements.	• A game changer for Samalaju Industrial Port as it will bring huge throughput to the company. • Wenan Steel will start land-clearing in early 2020 and will commence operations by end-2022. • Volume for Phase 1 is 17 million tonnes, targeted to commence operation by end of 2022.
6. Groundwork by Samling Group Berhad to provide storage and export of wood pellets commenced in November 2019.	• Phase 1, which will last three years, is expected to contribute 120,000 metric tonnes to throughput and help the Port expand its capabilities as a biomass hub.
7. Gassing Up and Cooling Down (GUCD) services: Presently, commercial GUCD services are only available at limited locations around the world. The nearest locations currently are in Singapore and Kochi, India. Thus, we are leveraging off our strategic geographical location to provide convenience for LNG vessels passing through this major LNG trading route.	• Bintulu Port, in partnership with PETRONAS LNG, successfully completed its first commercial GUCD service for the vessel Singapore Energy in October 2018. The success of the GUCD operation has demonstrated our ability and competitiveness in offering value-added services to LNG vessel operators/owners. • Carrying this momentum forward, we provided GUCD services to two vessels in 2019 – the Marvel Kite, which was the largest LNG vessel (LOA: 293m) to ever call on Bintulu Port, and Trinity Glory. We expect to service at least one vessel per quarter, going forward.
8. Building greater connectivity with regional and international counterparts to improve transhipment volume and revenue.	• Harbour-Link Group Berhad (HLL), with headquarters in Bintulu, provides intra-Asia trade connectivity and promotes Bintulu Port as its transhipment hub by connecting regional and coastal trade to intra-asia trade. • In the second half of 2019, HLL launched a service that connects Bintulu to Tawau, Lahad Datu, Sandakan and Labuan. Their ex-Lahad Datu to China ports route is via Bintulu Port and adds transhipment container volume, mostly comprising bagged fertiliser products.

While the growth of the business remained positive, the Group took steps in 2019 to ensure it remained sustainable by enhancing the capabilities of our human capital. We sponsored the attendance of our staff at various training sessions and conferences overseas and locally and encouraged innovation throughout the Company. This led to a number of awards at the 2019 Productivity & Innovative Conference and Exposition. The Group also signed a new collective agreement with unionised staff for the period 2019-2021 and reviewed the benefits of executive staff, resulting in improvements to the benefits for both segments of employees.

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

STRATEGIC THRUST 1: | STRATEGIC THRUST 2: | **STRATEGIC THRUST 3:**

EMBARK INTO SMART AND GREEN PORT

The Smart Digital Green Port (SDGP) Blueprint was commissioned by Bintulu Port Authority (BPA) as a way to address growing concerns about sustainability.

The Blueprint was developed with BPHB serving as the main partner and stakeholder. The SDGP Blueprint is a comprehensive plan to transform the Port in the areas of its operations, energy efficiency, management and organisation and its approach to the environment.

In 2019, some of the initiatives undertaken under the 'Smart' side of the Blueprint included transitioning into electronic systems for procurement, port billings and delivery orders for break bulk cargo. Whereas under the 'Green' part of the Blueprint, a number of training programmes were on environmental topics, while ongoing initiatives included calculating the Port's carbon footprint and energy consumption and a revision of its environmental management plan.

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

A NEW ERA AHEAD: A CHANGE IN MINDSET

While the Group has seen substantial progress over the years, I believe that we should not stand still but should continue to work harder to capitalise on the opportunities we have been given. The tone I wish to set going forward is one that calls for a complete change in mindset and attitude; one that embraces competition, strives for excellence and never gives up. Every one of us has a part to play in this total transformation. A strong and resolute mindset is absolutely necessary to not only thrive, but to compete in a world that requires a tireless work ethic and willingness to learn. We will be left far behind should we take this notion lightly.

To address this new direction, the Group has created the Strategic Transformation Department, specifically dedicated to transforming mindsets and Company culture. Unlocking the potential of our people will certainly set us on the right path for the future and contribute towards creating further value for our stakeholders.

FORWARD THINKING

What the Strategic Transformation Department is meant to do:

- Set up in April 2018, it has been given the mandate to initiate, coordinate and communicate Group-wide transformation programmes and initiatives
- The core of this transformation is to change the mindsets, behaviours and attitudes of our workforce
- To support this, robust systems, processes and governance must also be in place to enable the transformation of the Group into a world-class organisation

What we have done so far:

- We have organised workshops to align our new Vision, Mission and Corporate Values with those of Bintulu Port Authority (BPA) to enable both the Port authority and the Port operator to have a clearly defined vision, and to enable us to speak with one voice
- Initiated new physical branding in the form of uniforms and marketing materials
- Staged engagement sessions and initiated strategic discussions through Townhalls, leadership talks, GCEO engagements and knowledge sharing programmes
- Initiated a Holistic Reputation Management & Transformative Branding Programme
- Coordinated the implementation of new uniforms together with a new Group-wide HR Uniform policy
- Communicated the expansion of the Group's new Vision, Mission and Corporate Values to all Heads of Departments (HOD's) in the form of a Transformation Starter Kit 1/2019
- Inititated and coordinated Operational Excellence Programmes
- Restructured workstreams and established an Operational Excellence Performance Delivery Unit (OEPD)

What we plan to do going forward:

- Business Process Review – Review and map out ways to enhance the business model to withstand changes and shocks, and establish a basis for structured and systematic improvements
- Human Capital Development – Focus on integrating soft skills development into the ongoing mandatory hard skills training. Other initiatives include establishing a job rotation programme and planning for a strong succession talent pipeline
- Inculcation of Corporate Values – Focus on integrating new corporate values and behaviours into day-to-day operations
- Execution and Delivery Transformation Programme – Level up project management capabilities through additional training and knowledge-sharing
- Ideas Lab – Drive innovation and embed it as organisational culture, by focusing on regular engagement, sharing and brainstorming
- Implementation of Corporate Rebranding – Move into the final phase of corporate rebranding, which will include translating our visual identify into branding spaces and collaterals, as well as emphasising reputation management
- Establish a world-class marketing platform by organising the Borneo International Ports & Shipping Conference

GROUP CHIEF EXECUTIVE OFFICER'S MESSAGE

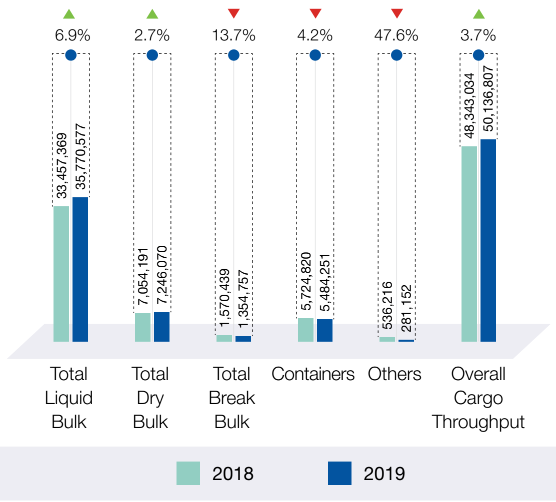
GROUP OPERATIONAL AND FINANCIAL PERFORMANCE

Overall, the Group recorded operating revenue of RM716.42 million, 4.4% higher than 2018. Profit before tax decreased by 15.2% to RM179.03 million (2018: RM211.12 million) mainly due to the recognition of extraordinary income in 2018. Total cargo throughput increased by 3.72% to 50.14 million tonnes from 48.34 million tonnes in 2018, due to more movements of palm oil and LNG cargo. The completion of the second year of operations at Samalaju Industrial Port has also meant better utilisation of the berths and higher throughput of dry bulk cargo, which contributed to higher revenue and profits.

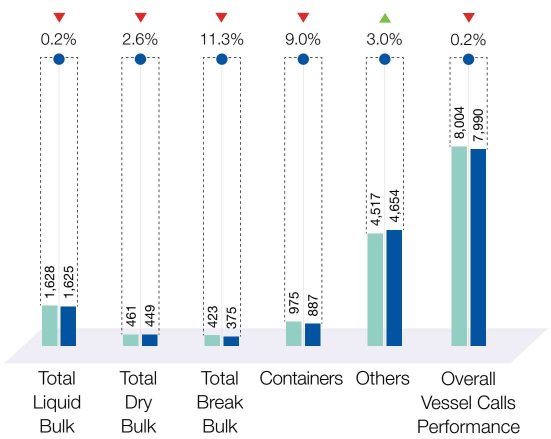
Moving forward, the Group has set a RM1 billion operating revenue target to be achieved by 2022 (FY2019: RM716.42 million). We are confident that with the aggressive implementation of our three strategic thrusts, underpinned by robust sustainability initiatives, the Group will continue to return consistent and sustainable value to stakeholders as we move into a new and vibrant concession period.

BINTULU PORT HOLDINGS BERHAD

2019 Cargo Throughput



2019 Vessel Calls Performance



OUR STRATEGY AND OUTLOOK GOING FORWARD

While performance has generally been on the uptrend, challenges from the external environment have affected the Group and will continue to impact us across a variety of fronts going forward.

Structurally, the industry continues to evolve. With LNG demand rising from China, we are seeing new producers in Australia, Qatar and Russia who will challenge Malaysia's position. Additionally, there are price pressures on the LNG sector emerging due to the resurgence of coal and the rise of renewable energy, pushing sellers to concede better pricing and contract terms.

We are also witnessing the rise of new potential transhipment hubs, both locally and regionally, that have the potential to threaten our position. Adding to this, the shipping industry itself is seeing structural changes as more shipping operators merge or create new alliances, granting them economies of scale and the ability to negotiate better deals with ports on the back of their combined capacity.

Faced with these challenges and growing competition, the Group has no choice but to aggressively implement operational excellence initiatives, as a more efficient and productive organisation will not only reduce costs but also add value for our customers. To this end, we will step up active engagement with customers to help us quickly understand their changing needs, while we look to provide other value-added services such as fuel bunkering services at the port water limits to speed up turnaround time. An interesting and recent global trend that will continue to positively impact our business going forward is the conversion of certain types of cargo into modular forms, which has led to customers opting for the use of containers, and consequently leading to a steady increase in the volume of containers being transported at the Port.

The Group has recognised that its business is highly dependent on the LNG sector and we will be consciously addressing this matter by diversifying into more non-LNG services. In this context, key growth areas we intend to capitalise on are palm oil, dry bulk and oil & gas, while we also see higher import demand for wood-based and containerised cargo. The Group expects growth of 7.7% in 2020 for non-LNG cargo, an increase from the 2019 figure of 24.72 million tonnes. This increase is predicated on growth in the palm oil, container, dry bulk and oil & gas sectors, which are all forecasted to increase in the years to come.

Dato Mohammad Medan bin Abdullah
Group Chief Executive Officer,
Bintulu Port Holdings Berhad

FINANCIAL PERFORMANCE REVIEW

OPERATIONAL & FINANCIAL HIGHLIGHTS OF THE GROUP

REVENUE

	2019 RM '000	2018 (Restated) RM '000
Revenue from port services rendered	650,730	624,019
Revenue from bulking services	43,935	40,080
Rental Income	21,756	22,042
Total Operating Revenue	**716,421**	**686,141**
Revenue from construction services for concession infrastructure	8,683	19,326
Total Revenue	**725,104**	**705,467**

Overall, the Group recorded operating revenue of RM716.42 million, 4.41% higher than that of year 2018. Revenue generated from port services at Bintulu Port is RM536.01 million, up 2.60% year on year (2018: RM522.41 million) whilst revenue generated from port services at Samalaju is up by 12.90% from RM101.61 million in 2018 to RM114.72 million in 2019.

Revenue from LNG is still the main contributor to the port's operations. Revenue generated from the bulking services is RM43.94 million, an increase of 9.63% compared to the previous year 2018 of RM40.08 million. Revenue from rental income is accounted for in accordance with MFRS 16: Leases and comprises rental of warehouse, yard, office space and equipment at Bintulu Port and tank rental at Biport Bulkers.

Revenue from construction services and the cost of construction services recognised in 2019 is RM8.68 million as against RM19.33 million in 2018. These are recognised in accordance with IC Interpretation 12: Service Concession Arrangements and relate to the construction or improvement of port's infrastructure projects and procurement of movable assets under the Privatisation Agreement and Principal Agreement. For the purpose of evaluating the Group's financial performance, this revenue and the corresponding cost have been excluded.

During the year, the Group has adopted MFRS 16: Leases using the modified method of adoption with the date of initial application on 1 January 2019 and the effect is increase/(decrease) as follows:

Assets	RM'000
Right-of-use assets	85,462
Deferred tax assets	2,624
Increase in Assets	**88,086**

Liability	RM'000
Increase in liabilities	
Lease liabilities	**96,393**

Equity	RM'000
Decrease in Retained Earnings	
Retained Earnings	**(8,307)**

FINANCIAL PERFORMANCE REVIEW

INCOME STATEMENT

	2019 RM '000	2018 (Restated) RM '000
Operating Revenue	716,421	686,141
Other Income	11,631	51,695
Manpower Cost	(116,604)	(105,418)
Other Expenditure	(180,010)	(187,167)
EBITDA	**431,438**	**445,251**
Depreciation, Amortisation & Provision of Replacement Obligations	(200,708)	(181,445)
Operating Profit	**230,730**	**263,806**
Finance Costs	(76,459)	(75,822)
Finance Income	24,761	23,139
Profit Before Tax	**179,032**	**211,123**
Income Tax Expense	(49,733)	(62,085)
Profit After Tax	**129,299**	**149,038**

Operating Profit is lower by RM33.08 million from RM263.81 million to RM230.73 million. This is contributed by the lower EBITDA and higher expenditure on depreciation, amortisation and provision of replacement obligations. EBITDA of RM431.44 million in 2019 is lower by RM13.81 million compared to RM445.25 million in 2018 mainly due to the extraordinary income recognised in 2018 on the government grant for the development of the Samalaju Industrial Port. Manpower cost has increased from RM105.42 million to RM116.60 million in 2019. There were additional headcount recruited between Q2 to Q4 2018 to support the full Phase 1 operation at Samalaju and also the increased operation at our container operation. Therefore, the full-year cost impact is taken up in 2019. Other than that, staff medical as well as staff training expenses have also increased. Included in the Other Expenditure in 2019 is RM15.03 million being incurred on the first maintenance dredging work at Samalaju. The Charter Hire of Vessel and land lease for bulking facilities which were previously taken up under Other Expenditure in 2018 are now recognised under Depreciation of Right-of-Use in 2019 in accordance with MFRS 16: Leases. The amount taken up under Depreciation of right-of-use assets is RM11.99 million. Therefore, there is an increase in the expenditure on Depreciation.

During the year, prior year adjustments were done to the financial statement of a subsidiary, Samalaju Industrial Port Sdn Bhd. This adjustment is in relation to the amortisation of movable assets under the concession arrangements. In the previous financial years, these movable assets were amortised by using the respective estimated useful life and after assessing its term to the Principal Agreement, amortisation over the concession period is more appropriate. In doing this, a provision for replacement cost is also being taken up. Detail explanation is disclosed in Note 39 of the Audited Financial Statement on pages 170 and 171.

There were no additional borrowings in 2019 and the Finance Cost comprises profit expenses on Sukuk Murabahah and unwinding of discount on lease obligations, replacement obligations and lease liabilities on right-of-use assets. The higher Finance Cost is due to the unwinding of discount on replacement obligations and lease liabilities on right-of-use assets.

FINANCIAL PERFORMANCE REVIEW

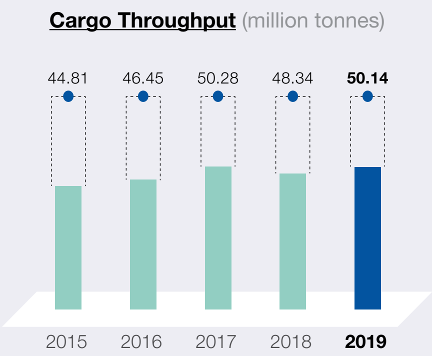
OPERATIONAL & FINANCIAL HIGHLIGHTS OF THE GROUP

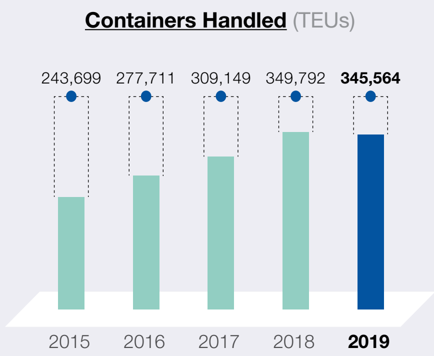
RAM Rating Services Berhad (RAM Ratings) has completed their fourth annual rating review of Bintulu Port Holdings's Berhad (BPHB) as the Corporate Guarantor and Samalaju Industrial Port Sdn Bhd (SIPSB) as the Issuer. RAM Ratings has reaffirmed the respective long-term and short-term corporate ratings of AA_1 and P1 for BPHB; the long-term rating has a stable outlook. RAM Ratings has also reaffirmed the long-term rating of AA_1(s) for SIPSB's Sukuk Murabahah Programme of up to RM950 million in Nominal Value (2015/2036); the long-term rating has a stable outlook. During the financial year under review, there were no breach in any of the covenants relating to the Sukuk Murabahah Programme.

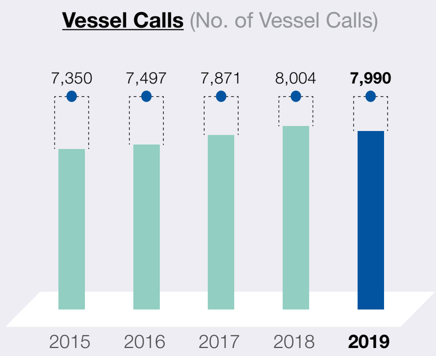
The cash and cash equivalents as at end of 2019 is RM675.94 million. The net cash generated from operating activities of RM374.94 million declined slightly from 2018. The net cash used in investing activities is RM51.32 million and financing activities is RM267.78 million and therefore the net increase in cash and cash equivalents is RM55.84 million.

The Shareholders' fund as at 31 December 2019 stood at RM1,330.10 million from RM1,291.91 million in 2018. The Net Asset Per Share is RM2.89.

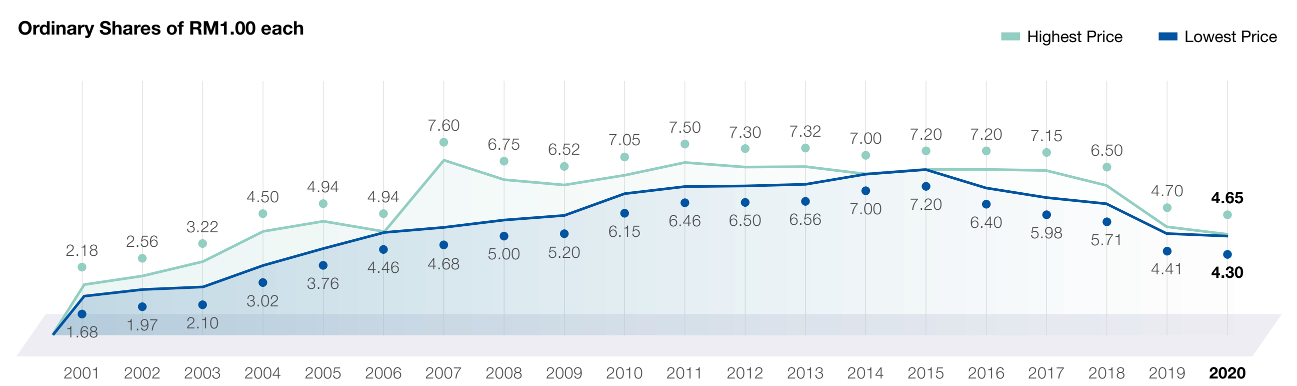
In the year 2020, revenue from the handling of cargoes and vessel calls for LNG will still be the Group's main revenue contributor. The Group is also looking at other key growth cargo areas such as woodchips, palm kernel products and wood pellets, while assessing the impact of the outbreak of the Covid-19 on the import and export of dry bulk cargoes and containerised cargoes from China.





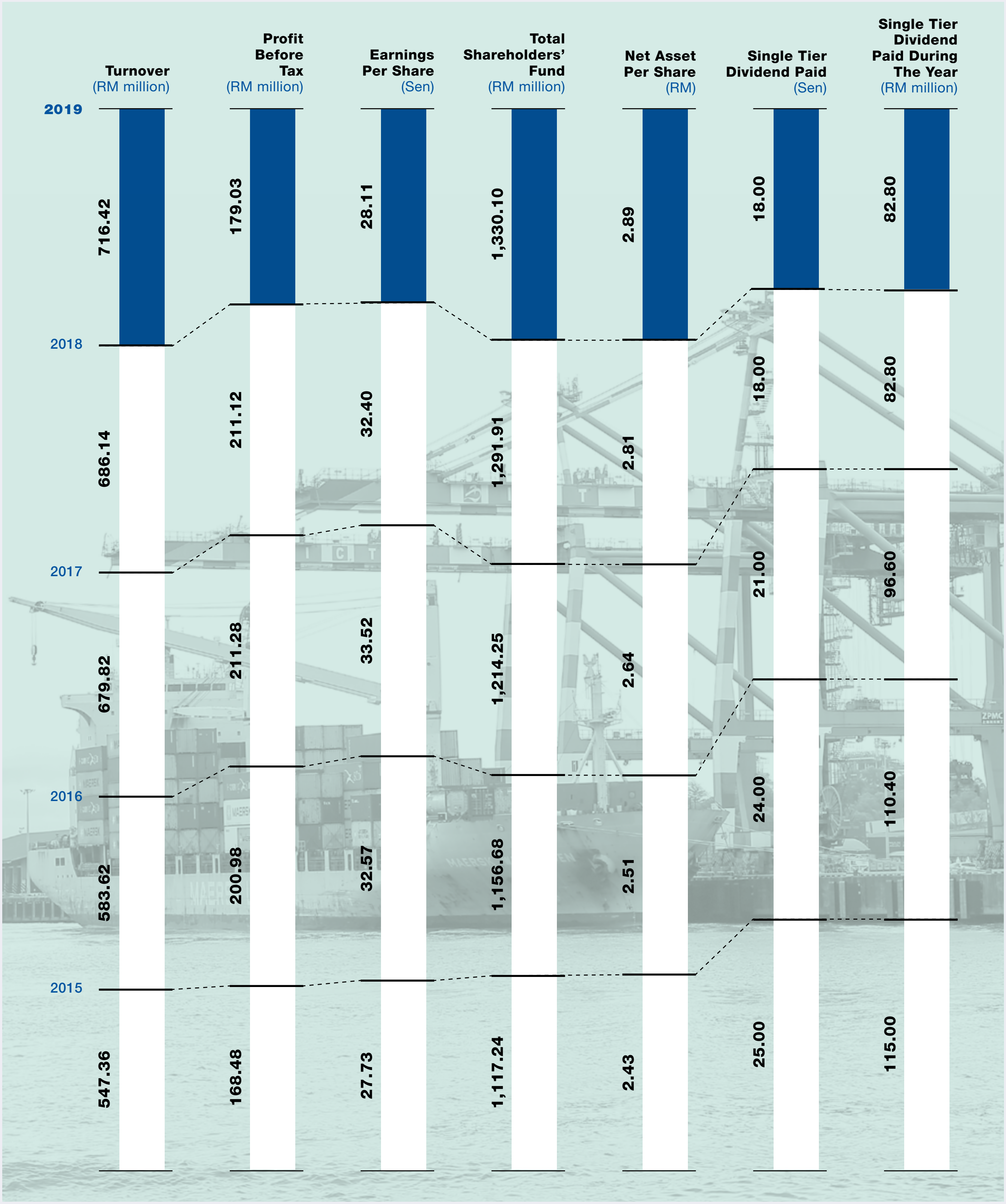


SHARE PERFORMANCE



** Based on transacted price for the period ended 28 February 2020*

FINANCIAL PERFORMANCE REVIEW



OPERATIONAL REVIEW

BINTULU PORT SDN BHD

What We Do

Bintulu Port Sdn Bhd (BPSB) is the operator of a modern and efficient multipurpose port in Southeast Asia serving the hinterland, which includes the nation's oil & gas hub.

BPSB is also East Malaysia's largest container port, Sarawak's oil and gas hub and the nation's sole liquefied natural gas (LNG) export gateway. We are recognised globally as the second-largest LNG Terminal in the world in a single location. Over the years, BPSB has handled growing volumes of LNG, containerised cargoes, general cargoes, palm oil products and liquid and dry bulk cargoes.

OUR COMPETITIVE ADVANTAGES

- As a deep-sea port, we have one of the deepest drafts compared to other berthing facilities within Borneo and can cater to large vessels of up to 80,000 deadweight tonnage (DWT)
- The 1st Malaysian Port to implement Container Terminal Operating System (CTOS) - NAVIS SPARCS N4
- Equipped with the right talent and mindset that prioritises operational excellence and the best customer service

OPERATIONAL REVIEW

OPERATIONAL & FINANCIAL PERFORMANCE

No.	Descriptions	2015	2016	2017	2018	2019
1.	**Cargo Throughput** (million tonnes)	44.74	46.00	47.64	44.12	**45.20**
2.	**Container Throughput** (TEUs)	243,699	277,771	309,149	349,792	**345,564**
3.	**Vessel Calls**	7,329	7,457	7,717	7,775	**7,740**
4.	**Turnover** (RM million)	507.42	539.99	582.06	538.81	**561.32**
5.	**Profit Before Tax** (RM million)	170.72	188.11	235.13	197.33	**213.70**
6.	**Net Asset Per Share** (RM)	6.09	6.61	7.70	7.89	**8.65**
7.	**Total Shareholders' Fund** (RM million)	395.55	429.45	500.21	512.94	**562.53**

KEY INITIATIVES AND STRATEGIC PROGRESS

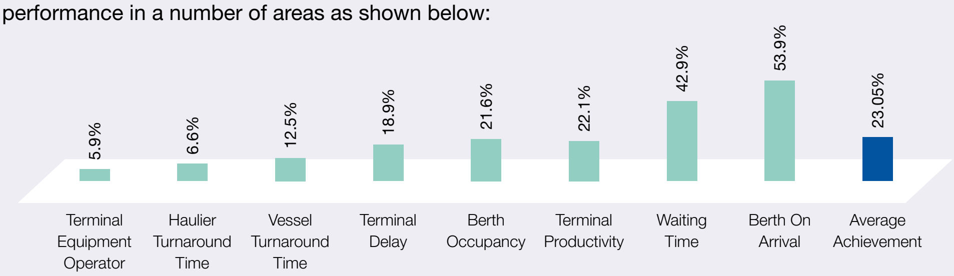
In 2019, BPSB handled 45.20 million tonnes of cargo compared to 44.12 million tonnes in year 2018.

The Port recorded significant growth in LNG and palm oil cargoes but saw reduced dry bulk, break bulk and container traffic. The increase in LNG throughput was largely due to greater demand from South Korea and China, while the increased palm oil cargoes were due to low prices and demand from India and China.

To improve operational excellence, the Port initiated Project Diamond, which was targeted at removing bottleneck issues in our container services. We focused on three key areas, namely Vessel Operations & Productivity, Yard & Gate Operations and Berth Window Management.

PROJECT DIAMOND RESULTS

As a result of this initiative, we were able to improve the turnaround time, productivity and performance in a number of areas as shown below:



Looking forward, the Port has continued to find new channels of growth. In this context, we have diversified into fuel bunkering services together with Straits Inter Logistics and Gafung Petroleum (M'sia) Sdn Bhd. This business is expected to positively impact the Port and add value to the many services we already offer. In addition, we have also agreed to provide LNG ISO Tanks services to Tiger Clean Energy Ltd, which will make us the first LNG ISO Tank Hub operator in the region. This deal will help propel the Port's container sector into achieving its largest growth ever, as we expect it to contribute 800,000 TEUs at peak LNG ISO Tank production levels.

CHALLENGES

No.	Key challenges	Mitigation/action taken
1.	The concession agreement for operating the Port will expire on 31 December 2022.	The Company is currently engaging with Bintulu Port Authority, the Ministry of Transport and the Public-Private Partnership Unit to have the new concession agreement finalised. In 2014, the federal government had agreed in principle to extend the concession.

PRIORITIES AND OUTLOOK

Short-Term

- Driving operational excellence to improve current processes and productivity
- Driving container sector and other dynamic cargoes for greater growth
- Reviewing current work processes, as well as having more stringent control over capital and operational spending to prevent any revenue leakages and to maximise profit margins

Mid-Term

- Expanding in accordance with Thrust 2, Expand Port Capacities and Capitalising on Key Growth Market Sector and Profitability

Long-Term

- Being a Smart, Digital and Green Port, which will make BPSB more sustainable and competitive

OPERATIONAL REVIEW

BIPORT BULKERS SDN BHD

What We Do

Biport Bulkers Sdn Bhd (BBSB) is involved in the provision of bulking installation facilities for crude and refined palm oil, edible oils, vegetable oils and fats and their by-products.

Our operations are fully supported by Bintulu Port, a deepwater and all-weather port, within which the bulking terminal is sited. Bintulu Port provides marine services and a dedicated edible oil terminal that is situated adjacent to the bulking terminal.

BBSB is currently the leading company specialising in the storage of vegetable oils, facilitating five major palm oil refineries in Bintulu, and the main export outlet for vegetable oils in Sarawak. Built on a 15-acre site, BBSB's bulking terminal is equipped with modern storage facilities consisting of multi-sized storage tanks complemented by a dedicated piping system to ensure optimum security, safety and efficiency.

OUR COMPETITIVE ADVANTAGES

- Strategic location serving the main route of South China Sea maritime traffic
- Centrally located within Sarawak with the advantage of a deep-sea port compared to others that are riverine ports
- Large capacity and supporting infrastructure consisting of:
  - 85 storage tanks with a capacity of 154,600 metric tonnes
  - 13 units of export pipelines
  - Ability to handle large vessels up to 50,000 deadweight tonnage (DWT)
  - Efficient pumping rate of 350 metric tonnes per hour

OPERATIONAL REVIEW

OPERATIONAL & FINANCIAL PERFORMANCE

No.	Descriptions	2015	2016	2017	2018	2019
1.	**Cargo Throughput** (million tonnes)	3.57	3.65	4.09	4.26	**4.51**
2.	**Turnover** (RM million)	41.89	41.11	45.89	52.17	**56.58**
3.	**Profit Before Tax** (RM million)	17.59	16.97	19.73	24.48	**26.59**
4.	**Net Asset Per Share** (RM)	2.95	3.11	3.33	3.53	**3.64**
5.	**Total Shareholders' Fund** (RM million)	117.94	124.46	133.14	141.36	**145.45**

KEY INITIATIVES AND STRATEGIC PROGRESS

BBSB's development has been in line with the growth of Sarawak's planted area of oil palms. BBSB started its operations in 2005 handling 339,641 MT of palm oil and is currently handling 4.51 MT in 2019 which accounted for 91% of Sarawak palm oil exports.

To continue to serve this industry well, initiatives taken this year were focused on improving our bulking facilities, which enabled gains in operational efficiency. This included the replacement of pump sets, installing pipelines to facilitate internal transfers, a new pedestal crane at Palm Oil North 2 (PON 2) and providing sufficient shipment hoses. We also took steps to mitigate our impact on the environment by switching to natural gas instead of diesel to power our boilers and by replacing high-pressure sodium lights with LED lights in all street lighting at BBSB.

Initiatives	Significance	Result
Encouraged the use of insulated bulking pipelines to transfer palm oil stearin to vessels	Reduction in road tanker operations, which helped to reduce carbon emissions within Port area	• Higher revenue due to faster turnaround and a reduction in carbon emissions due to less usage of road tankers
Installed a new pedestal crane to lift shipment hoses to vessels at Palm Oil North 2 (PON 2)	All jetties are now fully utilised	• Reduced handling time • Increased efficiency • Reduced vessel waiting time as vessels with length overall (LOA) of 120m are now able to berth at PON 2
Purchased a new pump set to be used as a redundant pump for all jetties	More flexibility and efficiency	• Higher productivity and reduced downtime means we are ever ready to provide bulking services to customers
Purchased a new air receiver to provide sufficient compressed air supply to clean the pipelines	Ability to perform simultaneous operations	• Higher productivity and efficient work flow
Provided sufficient shipment hoses for operational needs	Ability to provide optimal pumping capacity	• Higher productivity, faster turnaround time, reduced vessel congestion

CHALLENGES

No.	Key challenges	Mitigation/action taken
1.	Emergence of new competitors in Sarawak	Improving our facilities and services to continue to provide better services to our customers.
2.	Jetty congestion during peak period	Providing sufficient shipment hoses and carrying out proper maintenance on plant and machineries to increase productivity and increase usage of PON 2.
3.	Pipeline congestion at interchange	Providing new connections at the interchange to smoothen pipeline operations.
4.	Draft limitation due to siltation at PON 2	Dredging the area at PON 2 has allowed vessels with LOA 120 and a capacity of 10,000 DWT to berth.

PRIORITIES AND OUTLOOK

Short-Term

- Targeting to handle 4.6 million MT throughput
- Allowing bypass services for high-tonnage refineries. Bypass operations allow the transferring of products from refineries directly to the vessel without passing through the storage tanks
- Emphasising operational excellence

Mid-Term

- New phase of development to cater for increase in palm oil growth, which includes constructing new jetties and bulking facilities

Long-Term

- Attracting palm oil players from outside Sarawak
- Diversifying into business relating to palm oil

OPERATIONAL REVIEW

SAMALAJU INDUSTRIAL PORT SDN BHD

What We Do

Located 60km northeast of Bintulu, Samalaju Industrial Port Sdn Bhd (SIPSB) is the operator of a purpose-built port that provides dry bulk and break bulk cargo services to the industries operating within the Samalaju Industrial Park (SIP) and its hinterlands.

Operating with a total land bank of 393 hectares, we are positioned as one of the key drivers for the development of the Sarawak Corridor of Renewable Energy (SCORE).

OUR COMPETITIVE ADVANTAGES

- A major sea port owned by the Sarawak state
- Capacity of 18 million tonnes per annum
- Ability to handle vessels of up to 50,000 DWT
- Automated handling operations for dry bulk cargo using a conveyor belt system

OPERATIONAL REVIEW

OPERATIONAL & FINANCIAL PERFORMANCE

No.	Descriptions	2015	2016	2017	2018 (Restated)	2019
1.	**Cargo Throughput** (million tonnes)	71	450	2,643	4,221	**4,940**
2.	**Vessel Calls**	21	40	154	229	**250**
3.	**Turnover** (RM million)	2.59	8.21	58.16	101.61	**114.72**
4.	**Loss Before Tax** (RM million)	(14.66)	(0.06)	(38.05)	(6.51)	**(56.21)**
5.	**Net Asset Per Share** (RM)	0.96	0.96	0.90	0.91	**0.85**
6.	**Total Shareholders' Fund** (RM million)	576.51	574.78	539.65	543.34	**583.51**

KEY INITIATIVES AND STRATEGIC PROGRESS

In 2019, SIPSB handled a total cargo throughput of 4.94 million tonnes, a 17.03% increase compared to 2018. The increase in throughput was contributed by the ramping up of plant capacity in SIP by our investors. This Port has a total handling capacity of 18 million tonnes per annum with its current industrial built-up area. It is expected that this capacity will increase in the near future.

For SIPSB, our top priority, which has also been a challenge, is to find investors to increase throughput to utilise our excess capacity. In that context, we are pleased to have signed an agreement with CleanCarbon, a Norwegian company that produces clean coal. CleanCarbon commenced its first phase of operations in August 2019 and it is expected to expand further by 2022. This has added 1.94% to our throughput.

One other important investor we continue to engage with is Wenan Steel. Wenan Steel is one of the largest steel producers in the world and SIPSB can expect to handle up to 34 million MT of their cargo. We are in discussions with the company to prepare the first phase of the plant, which is expected to start operating in Q4 2022.

Our business continues to invest in operational efficiency initiatives to improve vessel turnaround time through the purchase of new equipment and the upgrading of the conveyor belt facilities. We have also invested in deepening the port basin to cater to larger-capacity vessels. The business has also been recognised for its outstanding occupational safety and health performance through the Malaysian Society for Occupational Safety & Health Gold Class 1 Award.

CHALLENGES

No.	Key challenges	Mitigation/action taken
1.	Longer waiting time for vessels transporting alumina as there is only one berth allocated to handle alumina	Enhancing coordination with consignee on vessel planning and plant planning.
2.	Conversion of export products from bulk into containerised cargo	Engaging with service liners on the opportunities to handle containers via Samalaju Port and to add Samalaju Port as one of the service routes.

PRIORITIES AND OUTLOOK

Short-Term	Mid-Term	Long-Term
- Targeting to handle throughput of 5.3 million MT - Continuing to focus on improving operational excellence - Handling inter-terminal transfer cargo via containers from Samalaju Port to Bintulu Port	- New phase of development to cater for the increase of cargo from new investors	- Engaging and attracting more players to invest in Samalaju Industrial Park - Diversifying Port business

OUR VALUE-CREATION MODEL

Key Inputs, Resources and Capitals

1 FINANCIAL CAPITAL

Financial capital is defined as the pool of funds available to Bintulu Port.

- Operating revenue of RM716.42 million
- Market capitalisation of RM2.14 billion*
- Total shareholders' fund of RM1.33 billion
- Retained earnings of RM439.28 million
- Gearing ratio of 41.41%

2 MANUFACTURED CAPITAL

Manufactured capital includes Bintulu Port's assets and infrastructure, i.e. the machinery, equipment and technology that facilitate the Port's services to customers.

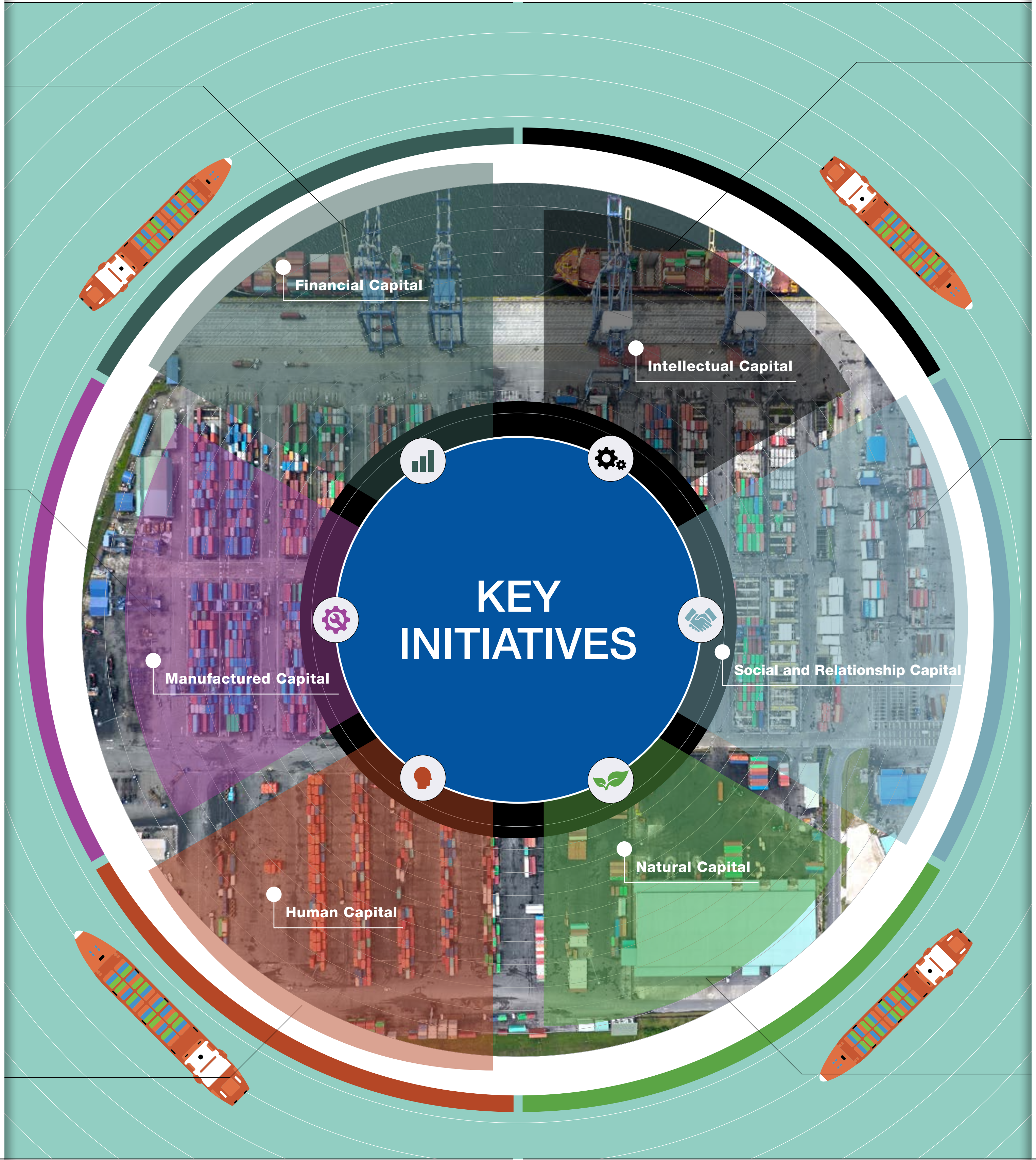
- 3 General Cargo Wharfs
- 3 LNG Jetties
- 2 Container Terminals
- 2 Edible Oil Terminals
- 5 Multipurpose Terminals
- More than 135,000 sq m of storage space
- 25 vessels for ship handling and patrolling
- 18 cranes to handle containers with combined Safe Working Load of more than 120 tonnes
- 85 storage tanks with a capacity 154,600 metric tonnes
- 13 units of export pipelines
- Assets worth approximately RM4.53 billion (at cost)

3 HUMAN CAPITAL

This capital covers the skills and experience of all Bintulu Port employees that enable the Port to deliver its strategy, products and services to create value for stakeholders.

- Total employees of 1,505
- RM400,291 spent on HSE training
- Total of RM4.29 million invested in human resource training

* As of 28 February 2020



OUR VALUE-CREATION MODEL

Key Inputs, Resources and Capitals

4 INTELLECTUAL CAPITAL

This capital encompasses organisational and knowledge-based intangibles that can include intellectual property such as licenses – or property, such as licences or proprietary knowledge, systems or procedures.

- Concession agreement to operate Bintulu Port
- Sole PETRONAS Supply Base licence holder, which enables the Port to attract PETRONAS Production Arrangement Contractors
- Holds bunkering licences that enable the Port to provide bunkering services
- Innovation team

5 SOCIAL AND RELATIONSHIP CAPITAL

This capital describes the relationships built between communities, stakeholders and other relevant groups. This also includes promoting and participating in community welfare programmes.

- Being a good corporate citizen
- Employment opportunities
- Business opportunities
- Customer-centric initiatives
- Engaging the community

6 NATURAL CAPITAL

All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of BPHB.

- Water Quality
- Air Quality
- Energy Management
- Waste Management

OUR VALUE-CREATION MODEL

TRADE-OFFS

Our Financial Capital and reputation can be impacted by our dividend payout. We pay very close attention to how we manage our Financial Capital against shareholders' expectations on the dividend payout to ensure we continue to have the financial ability to grow the business.

The Group is required to spend Financial Capital to dredge the Port's canals and basins, partly due to contractual obligations and marine requirements, but also to ensure safe vessel operation in port.

Outcomes

- **Profit in 2019 (Profit after tax): RM129.30 million**
- **% growth in revenue: 4.41%**
- **Dividend payout ratio: 64.04%**
- **Net Asset Per Share: RM2.89**

Initiatives

We continue to maintain a strong capital base to ensure investor, creditor and market confidence remains positive to enable future growth of the business.

Constantly striving to manage working capital to be at an optimal level.

Cost containment through an outsourcing strategy for manpower and equipment as opposed to procurement of capex.

Ensuring adequate reinvestment into the business via good maintenance practices.

TRADE-OFFS

Resources have been diverted to improving our operational efficiency. The trade-off in this context would be against other initiatives to drive business sustainability and competitiveness. The investments to improve our efficiency are necessary in order to be quicker and turn around more vessels, which will lead to higher revenue generation.

Outcomes

Project Diamond has produced:
- Increased Moves Per Hour
- Reduction in Operational Delay
- Faster vessel turnaround time
- Reduction in berth occupancies
- Improved Terminal Equipment Operator availability
- Reduction of long queues and waiting times for hauliers
- An increase of 39.5% of stearin by pipeline throughput in 2019 as compared to 2018, which account for an increase of RM280,000 to BBSB's revenue.

Initiatives

Effective Port Security - Recognised for exhibiting the best performance by a Marine Facility Security Officer under the International Ship and Port Facility Security Code (ISPS) Continuous Education Programme.

TRADE-OFFS

The associated costs with maintaining healthy, motivated and skilled Human Capital weighs on our Financial Capital. However, this trade-off is necessary in order to secure the long-term future of the business.

Outcomes

Diversity of workforce:
Male – 1,238
Female – 267

Our Employee Engagement Survey has shown an upward trend over the past 3 years, improving from 51.9% in 2017 to 59.6% in 2019

Total Training Hours:
2019: 42,408 hours, **2018:** 53,242 hours

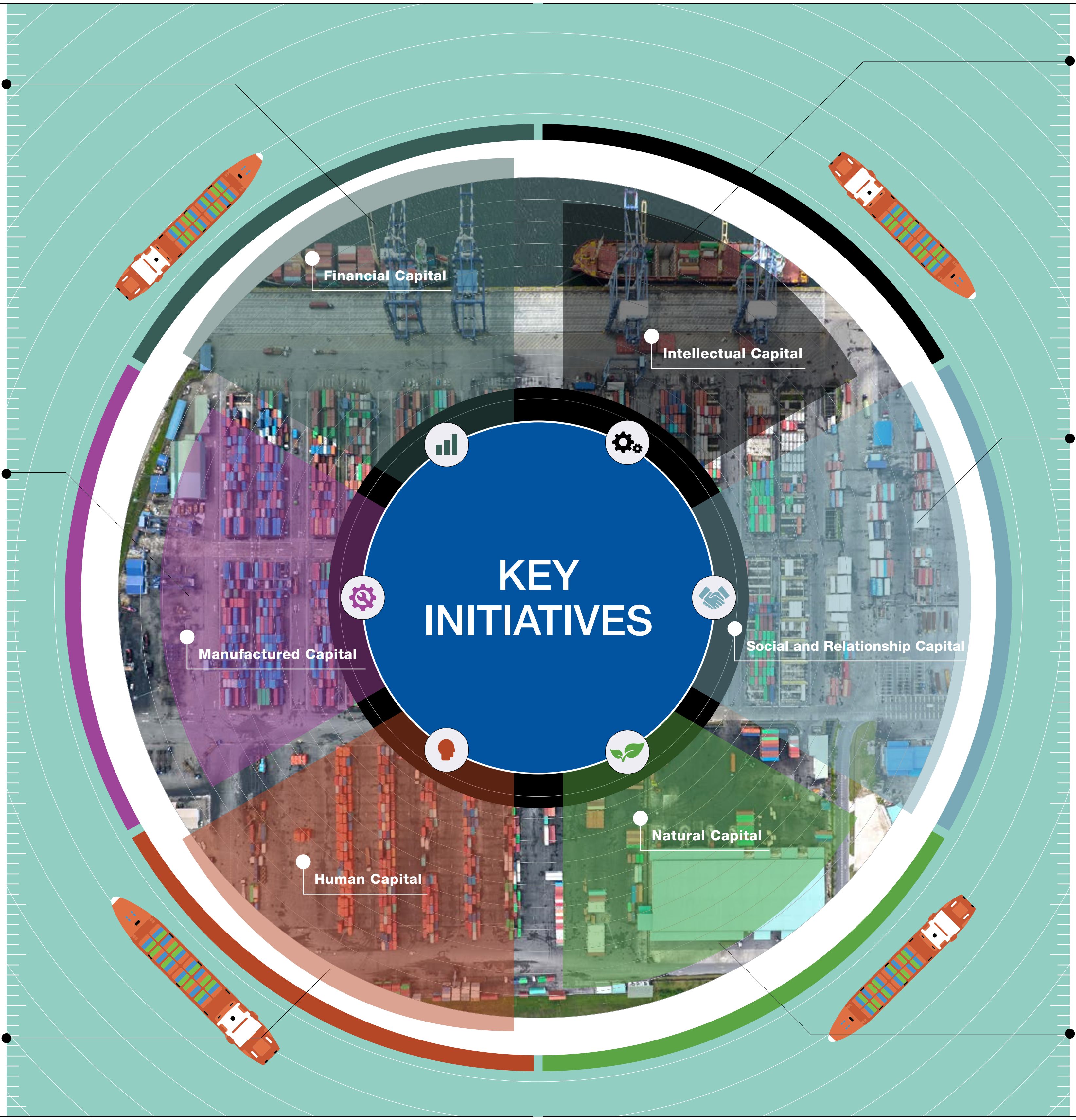
Employee turnover rate as of 31 December 2019: 3.85%, **2018:** 0.48%

Initiatives

The Port continuously engages its employees through events such as long-service awards, leadership talks, various training programmes, farewell dinners for retiring employees, townhall meetings and an annual dinner.

To improve employee retention, we maintain a good relationship with the union that represents more than 1,200 of our non-executive staff. We improved staff benefits in 2019 across the organisation and also offer education allowances that are directed towards the children of lower-income wage earners.

In addition, we have built a Montessori cum day care centre to mitigate the issue of resignations due to logistical issues and childcare costs.



OUR VALUE-CREATION MODEL

Initiatives

- Ongoing marketing activities to promote our various services and capabilities.
- Ongoing investment into the innovation team, which finds efficiencies, operational improvements or cost savings for the Group.
- The first Malaysian port to implement NAVIS SPARCS N4 TOS.
- Constant negotiation and engagement with Bintulu Port Authority, which includes townhall meetings with our customers.
- Engagement with the Chief Minister of Sarawak to ensure the continuation of our licences and to demonstrate our value and contribution to the state.
- Engagement with other central agencies – Chief Secretary, Ministry of Finance, Public-Private Partnership Unit and Ministry of Transport.

Outcomes

- Ongoing marketing activities have led to the Port providing bunkering services to two well-established players.
- The innovation team continued to win awards at the Annual Productivity & Innovation Conference and Exposition for projects that sped up the Port's cargo handling, documentation handling and emergency service response times.
- With real-time data, the NAVIS SPARCS system allows for better planning and monitoring, which contributes to the overall efficiency of the Port. It is also a world-renowned operating system with established customers all around the world. Thus, having the system improves our credibility.

TRADE-OFFS

The ongoing engagement with central authorities and investments is to ensure the Group remains known as the best operator for Bintulu Port is an absolutely necessary trade-off. The extension of our concession is the basis for the continuation of our business.

Initiatives

Robust procurement practices that are aimed at securing the best value for money. Our procurement practices are also geared towards supporting Sarawak-based companies, especially those in Bintulu.

As a good corporate citizen, we organise many community-based and charity events.

The Group also primarily hires Sarawakians, providing a boost to the local economy and its communities.

Outcomes

External Customer Satisfaction Index:
71.5% in **2019**
against **70.1%** in **2018**

Almost 99% of our 1,505 staff **are Sarawakians.**

TRADE-OFFS

The communities around us play a vital role in supporting our business activities. Resources expended in this area are necessary to maintain our social licence to operate.

Initiatives

Environmental Monitoring
- Conducting environmental monitoring and reporting for both water and air quality.
- Providing gas detectors, especially for ammonia gases and LNG for emergency purposes.
- Electric-powered forklifts are used to reduce carbon emissions.
- Carbon footprint calculation has been conducted and will be implemented by Q1 2020 using 2019 as a baseline to identify the areas with the most carbon emissions reported. We also have plans to reduce emissions.
- Reduction of diesel consumption in all divisions.

Energy Management
- Energy monitoring initiatives to compare usage of energy monthly/yearly.
- A study on the use of solar energy for streetlights has been conducted and will be implemented by Q2 2020.
- LED light replacement is ongoing.
- Inverter-type air conditioner replacement is ongoing.

Waste Management
- Reduced waste generation by recycling waste for several processes.
- Conducting the Reduce, Reuse, Recycle programme, especially for domestic waste.

Outcomes

Environmental Monitoring
- Complied with Department of Environment requirements.
- Operational costs reduced, water consumption reduced by 1%.
- Carbon footprint calculation baseline established.
- Fuel consumption reduced by 10% for POED division and increased by 8% for Marine division.

Energy Management
- Electricity consumption reduced by 7%.

Waste Management
- Continue less production of 3R waste due to double-sided printing and recycling used paper initiatives.

TRADE-OFFS

Some of our operations deplete natural resources and are in pristine environments. We are guided by Environmental Impact Assessments (EIA) in our approach to development and operation.

As such, we invest heavily in our endeavours to achieve net positive gains through initiatives such as waste management and energy management, to prevent any adverse environmental effects.

RISK AND OPPORTUNITIES

The Group constantly evaluates the various major risks that may impact the business, as well as ways to mitigate such risks.

MARKET RISK

This risk describes the Group's heavy reliance on key customers and not being able to achieve targeted cargo volumes.

CAUSE AND CONSEQUENCES OF THE RISK	MITIGATION AND OPPORTUNITIES
This risk can occur due to: • Power and supply disruptions • Competition from industries • Macroeconomic and microeconomic situation • Potential customers backing out • Delay in the completion of customer plant or project implementation **The consequences are:** • Less cargo throughput • Inability to meet short-term and long-term financial obligations • Underutilisation of the Port's facilities • Reduced revenue for the Group	• Port development packages tailored to the long-term projection demands of customers • Increasing revenue streams through other identified Port-related and value-added services • Establishing a dedicated Marketing & Business Development team to oversee and assist the state and federal agencies in attracting more investors to the Port's hinterland • Undertaking marketing strategies to ensure targeted growth for container throughput and other identified cargo sectors • Increasing Port capacity & productivity through better housekeeping, optimisation and continuous improvement of service delivery

Link to Material Matters

- **Economic Performance**

TERRORISM RISK

This describes the risk of sabotage or terrorist attacks on the Port, which can include arson, hijacking, weapons smuggling, blockades or attacks of other kinds.

CAUSE AND CONSEQUENCES OF THE RISK	MITIGATION AND OPPORTUNITIES
This risk can occur due to: • Bintulu Port being classified as a key installation in Malaysia as well as a major port for LNG export, which makes it a prime target for terrorist attacks **The consequences are:** • Disruption of Port operations, which will disrupt business continuity • Business recovery will be costly • Reputational impact	• Implementation of ISO 28000:2007 Security Management Supply Chain • Implementation of ISPS Code and Act A1316 • Marine security being stationed close to LNG basin during LNG operations • Marine security monitoring and checking suspicious vessels and vessels without Automatic Identification Systems (AIS) • ISPS Drill and exercise • Emergency Response Plan • Port security assessment and plan

Link to Material Matters

- **Port Security**
- **Occupational Health and Safety**
- **Customer Satisfaction**
- **Economic Performance**

RISK AND OPPORTUNITIES

Some of these risks may also present opportunities for the Group and we have taken this into consideration alongside our business strategies. We have discussed some of the risks that can affect the Group's business below.

MARITIME INCIDENT RISK

This describes the risk of marine incidents or accidents that could happen within the port water limit at any time such as grounding, collisions or contact with the jetty during berthing operations.

CAUSE AND CONSEQUENCES OF THE RISK	MITIGATION AND OPPORTUNITIES
This risk can occur due to: • Bad weather, poor visibility and rough seas • Mechanical failure of vessels • Malfunctioning of navigational aids • Human error • Non-compliance with rules and regulations **The consequences are:** • Loss of life • Port closure or disruption of Port operations • Pollution, fire or explosion and damage to Port facilities • Financial losses	• Enforcing safety practices for maritime operations • Facilities to detect and track vessels within Port limits, for example, VTMS, radar and docking sonar • Vessel Safety Inspection • Maintenance of buoys • Training for marine-related personnel (mandatory and competency training) • Operational safety briefings and roll calls for marine crew • Submission of Vessel Declaration Form

Link to Material Matters		
• **Port Security**	• **Customer Satisfaction**	• **Operational Efficiency**
• **Occupational Health and Safety**	• **Economic Performance**	

CYBERSECURITY RISK

This refers to the risk of cyber threat including but not limited to virus attacks, hacking, sabotage, malware and phishing.

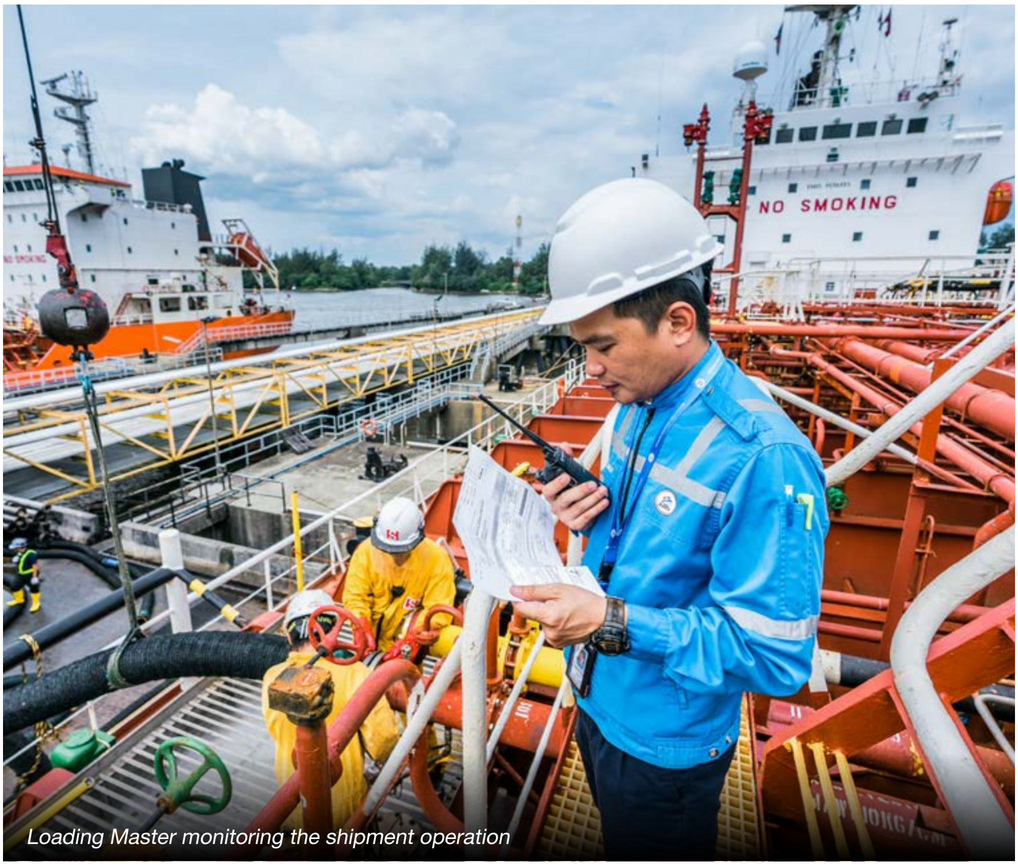
CAUSE AND CONSEQUENCES OF THE RISK	MITIGATION AND OPPORTUNITIES
This risk can occur due to: • Lack of user awareness of cybersecurity • Antivirus programmes not being updated • Unauthorised installation of software by users • Possible attacks by hackers **The consequences are:** • Loss of data • Corruption of system applications, which can result in major downtimes • Operational disruptions • High maintenance and support costs • Reputational impact	• Implementation of information security management system ISO27001:2013 • Establishing IT security policies, procedures and firewalls • Ensuring antivirus programmes are up to date • Education and awareness of users • CCTV systems at GIT Data Centre • Bi-annual IT penetration test • Limiting access to internal wireless networks • Annual review of user access

Link to Material Matters	
• **Customer Satisfaction**	• **Economic Performance**
• **Port Security**	• **Operational Efficiency**

OUR PEOPLE

EMPLOYEE BENEFITS

The Group is aware that having a loyal, dedicated and talented workforce while providing a safe and conducive workplace is crucial for the Group to accomplish its objectives of value creation.



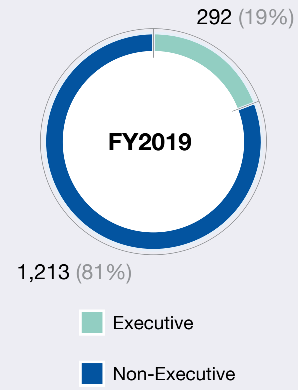
Loading Master monitoring the shipment operation

In this context, the Group makes great efforts to ensure that our employees are motivated, well taken care of and provided with the right opportunities to improve their skills and knowledge.

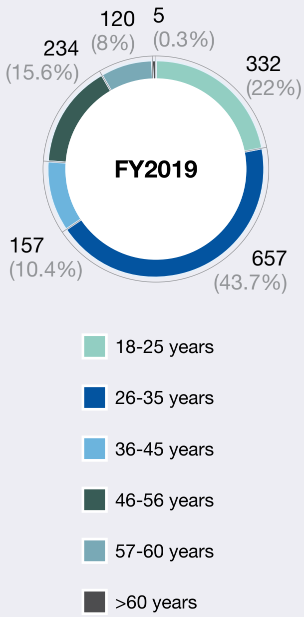
The Group's remuneration scheme is designed to retain high-performers and to attract new talent. Training programmes and opportunities are also provided to those who wish to advance their knowledge and skills in their respective fields or disciplines.

In terms of developing good labour relationships, the Group regularly organises activities such as annual dinners, sports and team-building retreats. The health, safety and welfare of the employees are also important concerns of the Group. In 2019, we increased certain allowances for our employees Group-wide, and negotiated a new collective agreement with the unionised staff of the Port.

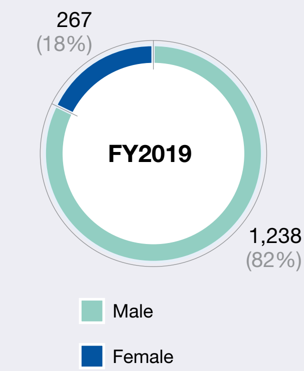
Total workforce



Age Distribution



Gender distribution



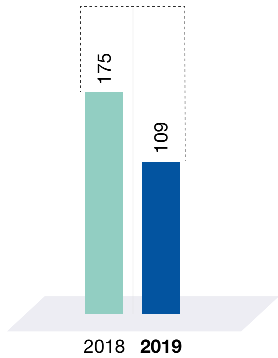
As at 31 December 2019

OUR PEOPLE

In addition to this, the Group operates a Montessori kindergarten and day care centre for the children of our staff, to ease their logistical burden and relieve them from expensive childcare costs. The Group life insurance scheme for staff is also in place, and health screenings and annual medical check-ups are available for staff above the age of 40.

Activities at Tadika Montessori Pelabuhan Bintulu (TMPB)

Total New Hires



Total amount spent on training:
RM4.29 million
for 334 training programmes

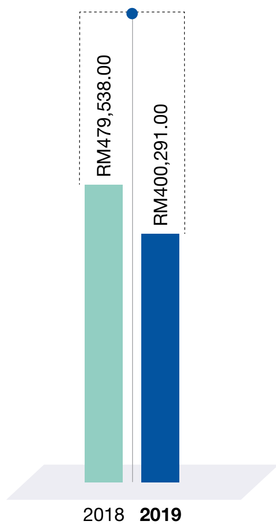
HEALTH AND SAFETY

The Group is committed to embedding a Port-wide culture that promotes the health, welfare and safety of our employees, contractors and the wider Port industry and community. This commitment is defined by strict policies and processes that guide our approach and decision-making to ensure the effective management of our health and safety systems.

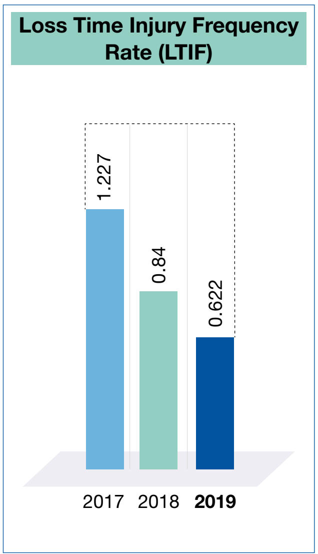
Our goal is to prevent all workplace incidents and injuries and embed a culture where safety is innate to Port operations. We achieve this through strong leadership and stakeholder engagement, continual identification and control of risk and performance monitoring and evaluation. It is also critical to invest in the promotion of safety communication and training to provide employees with the skills and competencies to manage risk. Senior Management actively contributes to this goal by providing visible leadership through their walkabouts across the various worksites and engagement with Port stakeholders. All employees are committed to ensuring that safety and environment management is a common responsibility to be shared by all at BPHB.

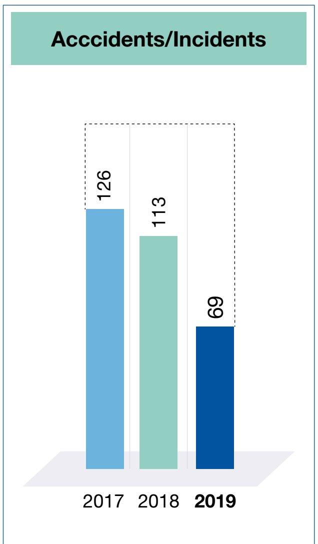
In 2019, the Port continued to implement the Zero Fatality and Accident (ZeFA) Rules and the Stop Work Policy. The Stop Work Policy empowers all staff to stop work that is deemed to be unsafe, as a means to prevent work-related injuries, disabilities and near-misses.

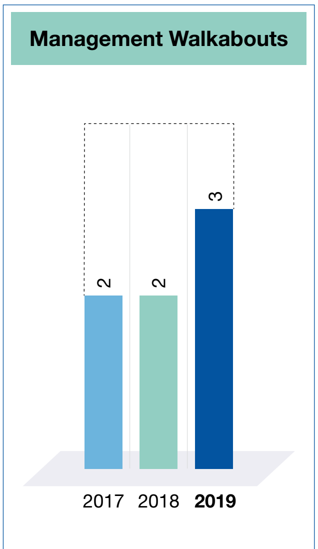
HSE Training Investment



OUR PEOPLE







REPORTING ON HEALTH AND SAFETY

Our approach to health and safety reporting is designed to drive transparency, accountability and continuous improvement at all levels of the organisation. Routine engagement across our organisation is crucial to ensure safety is prioritised and staff remain informed of any new hazards or risks. We have various reporting processes in place that include monthly safety reports, and an Employee Safety and Health Committee that discusses health and safety for the entire Port, lessons learned and improvement initiatives.

For 2019, we have seen a decrease in incidents and accident cases and zero cases of major fires, or oil or chemical spills. Our Loss Time Injury Frequency Rate is reported on a Group-wide basis and in 2019, it was recorded at 0.622.

EMERGENCY MANAGEMENT

The Group maintains an Emergency Response Plan (ERP) that provides an integrated framework for emergency management within the port limits. The ERP is reviewed as and when necessary to ensure it is updated to meet all regulatory safety requirements.

WORKPLACE WELL-BEING

Looking after our employees and providing support are priorities for the Group. We take an active role in promoting healthy lifestyles, including physical, mental and social well-being that helps build positive work environments and organisational resilience. We have a number of activities and programmes in place that inspire staff to focus on their health and well-being and create balance between their work and home lives.

GRIEVANCE PROCEDURE

BPHB is committed to providing a transparent and fair process for employees to bring workplace concerns to upper levels of Management. BPHB ensures that all grievances are dealt with fairly and in a timely manner. The complaint must be submitted within the time specified by the complainant's immediate superior. If there is no consensus following discussions with the Management, complaints can be escalated to the Industrial Relations Department, Ministry of Human Resource as a dispute and action will be taken based on Section 26, Industrial Relations Act 1967.

Kesatuan Sekerja Kakitangan Bintulu Port Sdn Bhd (the worker's union) uses the same grievance channel, except it raises its complaints directly to the Management. Employees can also express their dissatisfaction through another channel, that is, the Crew Articleship Agreement between Management and crew representatives. It is clearly stated in Section 98 of the Merchant Shipping Ordinance (MSO) 1952. The agreement covers areas such as grade and salary structure, allowances, on-board complaint procedures, leave and other benefits agreed by both parties. BPSB also conducts daily berthing meetings as part of our efforts in resolving any concerns or issues regarding safe berthing and cargo operations of the ship at the port with the shipping agent. These meetings are chaired by the Manager of the Logistics Department, Cargo Handling Services Division.

CONVENIENCE FOR OUR EMPLOYEES

Our IT Department implemented a Human Resource Mobile Self Service online platform in 2019 for employees to apply for leave and to receive their payslips. Previously, leave applications and payslip distribution was done via hardcopy.

With this platform, our employees spend less time waiting for leave information, while the entire Group benefits from better data accuracy, efficiency and reduced costs as leave applications and payslips no longer have to be printed out.

OUR PEOPLE

HSE ACHIEVEMENTS AND ACTIVITIES

Emergency Preparedness Workshop for Top Management

SDGP Awareness

Management Walkabout

Health Talk – Mental Health

Zumba Exercise After Working Hours

WAY FORWARD: OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

For 2019, the Group has set a new Occupational Health, Safety and Environment Index for improving its safety and environmental performance. This includes the setting of new KPIs for LTIF and incident/accident percentages for the Group. We will also increase the number of walkabouts undertaken by Management while encouraging staff to report near-miss incidents, unsafe acts and unsafe conditions.

OUR ENVIRONMENT

ENERGY

Staff during operation at Reefer Container Facility

Fuel Consumption

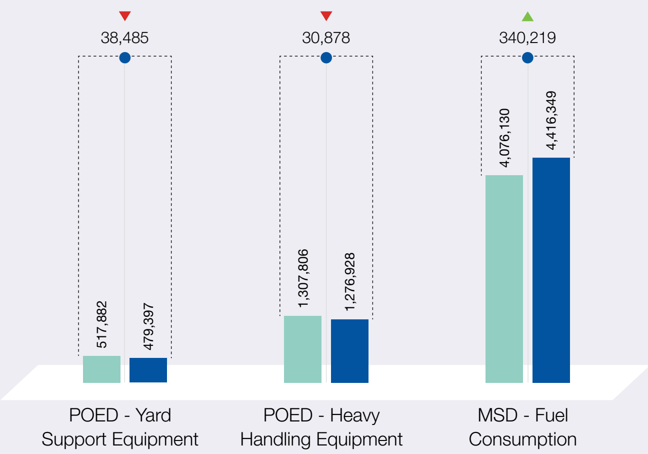
Energy consumption is a substantial part of our port operations and business activities. The main energy source is diesel, which powers our vessels, plants and equipment. We are acutely aware of the impact of fossil fuels on the environment and are taking active steps to mitigate the effects and reduce usage wherever possible. The graphs below show the fuel consumption for the Port Operation Equipment Department (POED) and the Marine Services Division (MSD).

Electricity and Water Consumption

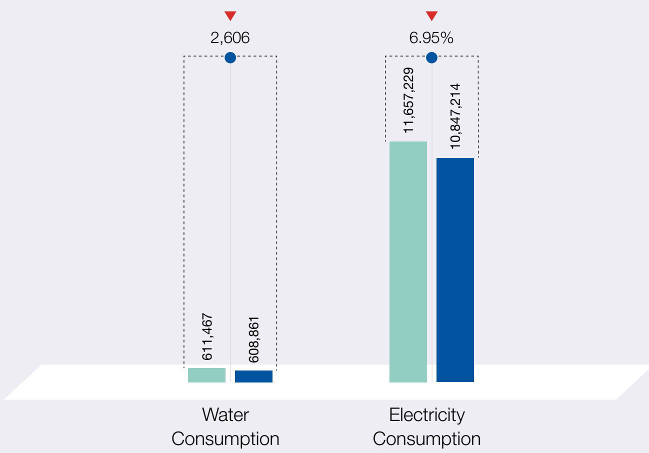
The Group consumes large amounts of electricity and water for its operations and hence we continue to take steps to optimise our consumption. In 2019, we were able to reduce electricity consumption by:

- increasing the use of energy-saving LED lights throughout the Port
- the conversion of air conditioners to inverter types
- improving awareness among employees to turn off the lights and their computers during lunch hours, out of office and after working hours

Fuel Consumption (Litre)



Water & Electicity Consumption (Litre & kWh)



2018 2019

OUR ENVIRONMENT

WASTE MANAGEMENT

Scheduled Waste

The two main types of waste generated from our operations are scheduled waste and solid waste. Our total scheduled waste generated is reported monthly to Group HSE, which manages the disposal of scheduled waste.

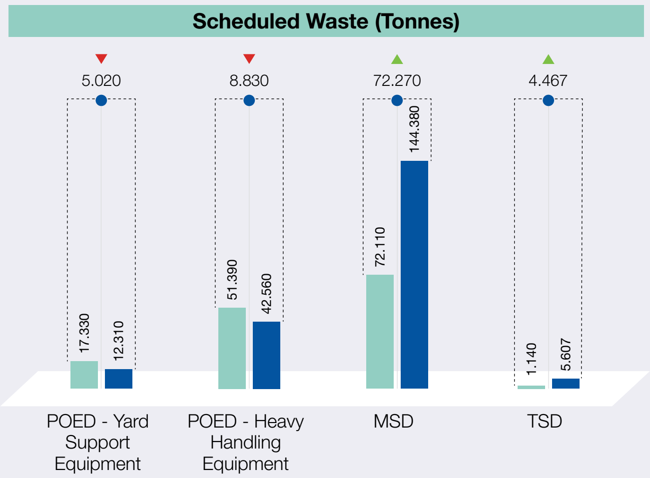
A DOE Registered Waste Handler (Trienekens or E-Concern) has been appointed to dispose of the scheduled waste from each storage facility. The amount of waste generated by BPSB in 2019 showed an increase due to an increase in operations and maintenance demands.

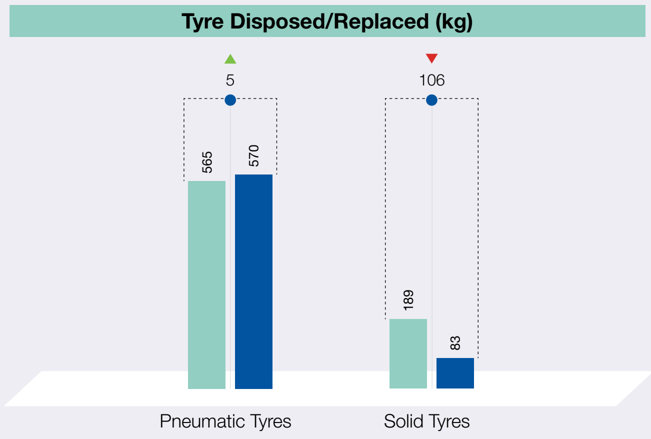
Recycling Programme

In 2019, the Group collected 214.2kg of recyclable waste compared to the 356kg collected in 2018. The types of waste we collected included paper, plastic, aluminium tins and cardboard boxes. The reduction in recyclable waste was because of the implementation of double-sided printing.

Tyre Disposal

In addition to the more traditional recyclable waste, the Group also recycles tyres to prevent them from being sent to landfills or being left in open spaces. The total number of tyres recycled in 2019 was 653 pieces, of which 570 were pneumatic tyres while 83 were solid tyres.





2018 2019

MARINE LIFE AND ECOSYSTEM

The conservation of marine life and its surrounding ecosystems is important as it directly impacts us and our communities. We are aware that out port activities impact the environment and are fully committed to mitigating these effects.

Dredging activities to further develop the Port or to maintain operational requirements cause the most impact. The Port has to dredge in order to remove unwanted deposits from water pathways, to enable smooth and uninterrupted ship berthing. Impacts from dredging activities include:

i

Alteration of soil deposit composition which can lead to the wiping out of habitats that certain creatures and organisms depend on

ii

If the dredging involves contaminated soil, the contaminated materials will cause the harmful particles to regroup and spread to a larger area, effectively polluting the water body

In order to minimise our impact, all projects or developments in the planning stage, which include dredging activities, will have an environmental impact assessment performed. Environmental Monitoring is also carried out on a quarterly basis, which includes the monitoring of aquatic biological species such as phytoplankton, sediment quality and water quality.

Beyond this, we manage the handling of chemicals to avoid spills and also monitor ballast water and the effects it may have on marine life and ecosystems. The release of ballast water, which may contain contaminants and sediments, can have a negative impact on the marine environment.

MARINE POLLUTION MANAGEMENT

The Group manages marine pollution through emergency preparedness and staff training as part of its Emergency Management Plan. Port tenants – through their Environment Management Plans – are responsible for ensuring pollution to the marine environment is minimised through the implementation of controls commensurate with any identified risks in their operations. If Port tenants become aware of a pollution incident, they are responsible for notifying Bintulu Port Control and Group HSE to ensure appropriate response is provided.

OUR ENVIRONMENT

ENVIRONMENTAL MONITORING

An important part of marine pollution management is Environmental Monitoring, which focuses on both our port areas. Environmental Monitoring is divided into three main areas, which are:

950m Berth

Petrochemical Jetty

LNG-3 Jetty

The monitoring is conducted quarterly and measures:

- Marine Water Quality
- Marine Sediment Quality
- Marine Biology
- Ambient Air Quality
- Ambient Noise Level

Based on the latest quarterly results (October-December 2019), our results for both inner harbours met the quality standards set out by DOE. An Internal Environmental Audit (IEA) was also conducted by selected consultants to identify areas for improvement. The audit is conducted quarterly on the same three areas where we focus our Environmental Monitoring efforts. The Group is in the process of transitioning the Environmental Management Plan (EMP) into the operational phase for the 2nd Inner Harbour, which will be completed by April 2020.

The Group is currently in the process of implementing environmental software for real-time environmental monitoring at Bintulu Port. The benefits of the software are:

- Providing immediate alerts of breaches or significant levels of pollutants, enabling swift remedial action to be taken
- Identification of potential sources of pollution and contaminants, informing operational and maintenance decisions
- A single point of reference for monitoring weather conditions on land and sea, to more effectively plan Port activities for optimum operational efficiency and reduced environmental impact
- Simple and intuitive interfaces that provide an immediate and comprehensive understanding of environmental conditions, improving communication with all stakeholders both internally and externally, including regulators and the community

OUR ENVIRONMENT

HSE AWARENESS PROGRAMME

The Safety and Environment Department (SED) conducts safety briefings for those who have applied to enter the operations area. All regulations by DOSH and DOE are included in the safety briefings and the Port's Zero Fatality Rules are the overall guidelines that are used to keep the Port safe through environmentally friendly working conditions.

SITE INSPECTIONS AND AUDITS

Site inspections are conducted every day by Safety Personnel to ensure all operations have complied with safety regulations. Every Unsafe Act and Unsafe Condition (UAUC), including environmental aspects, will be monitored and demerit points will be given to those who do not follow the regulations as per the safety briefing. The types of inspections conducted are:

- Occupational Safety Inspection
- Vessel Safety Inspection
- Tug Boat Audit
- Jetty Audit
- Scheduled Waste Inspection
- First Aid Inspection
- Machinery Entry
- Technical Audit
- DOSH Machinery Inspection
- Pest Control Monitoring Inspection

MITIGATING SPILLS AND ENVIRONMENTAL CONSERVATION

The Group has measures in place to mitigate the impact of potential oil spills or leaks in order to minimise the negative effects of such an occurrence on the marine environment.

We use a bund wall for primary containment around the skid tank, which is able to contain up to 110% of the volume. The containment design ensures flowage does not go directly to the drains and this is further supported with oil traps installed along the flowage area to help contain the spills. This design received the approval of the local authorities before it was constructed.

In addition, listed below are the activities and programmes conducted by the Group in 2019 in support of environmental conservation:

BPSB	BBSB	SIPSB
Protecting Our Rivers Awareness Talk during the Data Kakus CSR programme	Effluent Treatment Plant (ETP) management and monitoring as per DOE requirement	SIPSB Energy Saving Programme
MOU-signing ceremony with DOE to collaborate in environmental conservation activities	Scheduled waste monitoring & management	Tree-planting programme at Wisma Samalaju Building
Reducing plastic use during HSE Week by providing tupperware bottles to all staff	Chimney smoke emission monitoring for each of our four boilers as per DOE requirement	SIPSB Zero Waste Programme
Group Workshop Housekeeping Campaign 2019	Jetty Housekeeping conducted by an appointed contractor	SIPSB 'Plogging' at Kuala Nyalau
Monitoring freshwater supply under the Drinking Water Surveillance Control Programme	Energy conservation – LED bulbs & solar power for streetlights, especially for those used around the storage tank area	SIPSB Eco Run for Kids at Kuala Nyalau and donation to outstanding UPSR students from Kampung Nyalau
Smart Digital Green Port Awareness Talk during HSE Week	Usage of pipeline from refineries to storage tanks	Briefing on Compost Fertilisers by UPM Bintulu for the Kampung Nyalau Community
Environmental Monitoring Reporting for the proposed Second Inner Harbour (Quarterly)	Reducing road tanker operations, reducing congestion of trucks and reducing carbon emissions, leading to greener environment	Coral Reef Monitoring Programme (Annually)
Third-Party Environmental Audit for 950m Berth, Petroleum Jetty & LNG Jetty-3 (Quarterly)		Fisheries Landing Programme (Annually)
Workplace Housekeeping Hours conducted during HSE Week for all staff in their own office		Environmental Monitoring Programme (Quarterly)
Scheduled waste monitoring & management		Shoreline Monitoring Programme (Annually)
Management Walkabout (Workshop visit)		Third-Party Environmental Audit (Annually)
Reduce, Reuse, Recycle Programme		Scheduled waste monitoring & management
Energy cost-saving: high mast lighting		
Retrofitting of high mast lighting to LED luminaires		

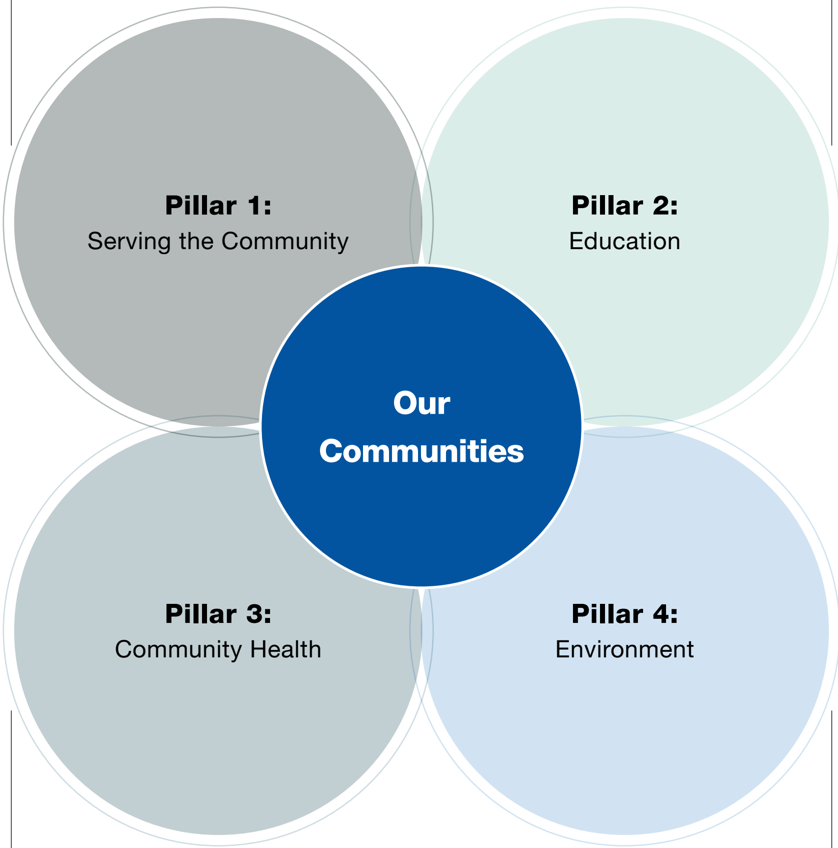
OUR COMMUNITY

To the Group, the communities around us are a key component of our business.

Our social licence to operate is essentially predicated on how we are viewed by the communities we impact and interact with, and as such, we strive every year to meet the needs of local communities. Our corporate social responsibility programme is focused on four main pillars that seek to make a long-term and positive social impact.

The Group is involved in numerous programmes to help those in need. Our programmes are not only limited to charity programmes, but also extended to programmes that invest in the community or see our participation in local projects.

The Group believes that every child deserves access to a good education.



The Group believes in supporting the provision of quality health services, as well as ensuring our communities remain healthy, while also being aware of what it takes to remain healthy.

The Group is committed to reducing the negative impact of our business operations on the environment.

PILLAR 1:

SERVING THE COMMUNITY

These programmes help us to create goodwill while being sensitive to a particular community's specific needs. Every year, we contribute financial aid, basic necessities and facilities to local communities. These contributions are highly appreciated by families within the community, and our employees involved find such deeds to be personally rewarding.

1. Donated RM10,000.00 to the Persatuan Nelayan Bintulu community and **32** book vouchers worth RM3,200.00
2. Donation of **660** pieces of zinc roofing to ease the cost of rebuilding

PILLAR 2:

EDUCATION

We provide help through a variety of ways to support this aspiration, including direct contributions to needy students and assistance to schools. We also offer industrial training to tertiary-level students to help bolster their qualifications.

1. **760** Form 4 students from eight secondary schools in Bintulu Division were involved in the 'Program Kembara Cemerlang SPM'
2. Sponsored school supplies worth a total of **RM71,655**

OUR COMMUNITY

1 PROGRAM JALINAN MESRA BERSAMA PERSATUAN NELAYAN BINTULU (PNB)

Program Jalinan Mesra Bersama Persatuan Nelayan Bintulu is an engagement initiative by the Group to build rapport with PNB. We donated RM10,000 to the PNB community and 32 book vouchers worth RM3,200 were given to their children. We also conducted an exciting interactive session, career talk and boat ride.

2 RELIEF FOR FIRE VICTIMS AT UMA BAWANG SG. ASAP, BELAGA & RH. CHANDI SELANGAU, SIBU

The Group's employees volunteered their help following fires that destroyed the homes of many villagers at Uma Bawang Sg Asap and Chandi Selangau. As part of the relief efforts, BPHB volunteers visited these villages to donate food supplies. This was later followed up with a donation of 660 pieces of zinc roofing to ease the burden of rebuilding their longhouses.

1 PROGRAM KEMBARA CEMERLANG SPM 2019

A total of 760 Form 4 students from eight secondary schools in Bintulu Division were involved in the 'Program Kembara Cemerlang SPM' held in October 2019, to help students prepare for the SPM examinations. It was organised by Bintulu Port Holdings Berhad (BPHB) and the Bintulu Education Office (PPD) in collaboration with the Bintulu Principals Association, Bintulu Excellent Teachers Council and Bintulu Guidance and Counselling Teachers Association. This was part of the Group's commitment to work with relevant agencies to produce high-quality human capital for the future.

2 PROGRAM BACK TO SCHOOL 2020

A total of 200 students from primary schools in the Tubau and Kemena zones were sponsored under the Group's 'Back To School' programme. The programme reduced the financial burden of low-income families preparing their children for the 2020 school session. The Group sponsored school supplies worth a total of RM71,655.

OUR COMMUNITY

PILLAR 3:

COMMUNITY HEALTH

The Group believes in supporting the provision of quality health services, as well as ensuring our communities remain healthy, while also being aware of what it takes to remain healthy. In this context, we provide health screenings during our various community engagements, organise sporting events and also provide contributions in kind to the Bintulu Hospital annually.

More than **RM80,000** worth of medical equipment, as well as items for the Special Care Nursery, were distributed

The blood donation campaign was able to attract **100** donors

1 DONATION OF MEDICAL EQUIPMENT TO BINTULU HOSPITAL

More than RM80,000 worth of medical equipment, as well as items for the Special Care Nursery, were distributed by the Group on 8 January 2019. The equipment comprised two units of Corometrics Twins Antepartum Fetal Monitors, two units of Pocket Dopplers with FHR Display, one unit of Sonorex Digitech Ultrasonic Cleaner, one unit of electrocardiograph and one unit of Connex Spot Vital Signs Monitor. The contribution was part of the Group's efforts in giving the community access to better healthcare services and strengthening health service delivery.

2 BLOOD DONATION CAMPAIGN

We organised a blood donation campaign at Times Square Megamall on 7 September 2019. The main objectives of this campaign were to support the blood bank of Bintulu Hospital and create awareness among the community. The campaign was able to attract 100 donors.

OUR COMMUNITY

PILLAR 4:

ENVIRONMENT

The Group continued to contribute to environment conservation through various initiatives and programmes that helped to create environmental awareness. Besides making the areas greener, the programmes also positively impacted the local communities.

Planted **70** Hopea odorata (merawan siput jantan) trees at the Bintulu Golf Club to help beautify the area

More than **200** people comprising employees and members of the community participated in this event

Contributed **RM15,900** to the Kg Kenyah Badeng community through the CSR programme

1 TREE-PLANTING AT HOLE 18, KELAB GOLF BINTULU

The Group planted 70 Hopea odorata (merawan siput jantan) trees at the Bintulu Golf Club to help beautify the area. This type of tree, which can grow up to a height of 45 metres, is also expected to reduce the incidence of golf balls hitting cars that drive by on the adjacent road.

2 ENVIRONMENTAL AWARENESS PROGRAMME AT KG KUALA NYALAU

The Group, through Samalaju Industrial Port, organised an Environmental Awareness Programme in December 2019 that included an Eco Run and 'plogging' to help clean up the beach. More than 200 people comprising employees and members of the community participated in this event.

3 BINTULU PORT'S CSR PROGRAMME WITH THE KENYAH COMMUNITY

The Group organised a CSR programme at Kg Kenyah Badeng on 17 October 2019 to build rapport with the Kenyah community. We donated 100 chairs to SK Ulu Kakus, repaired two school buildings, donated 40 units of solar LED street lights and contributed RM15,900 to the Kg Kenyah community.

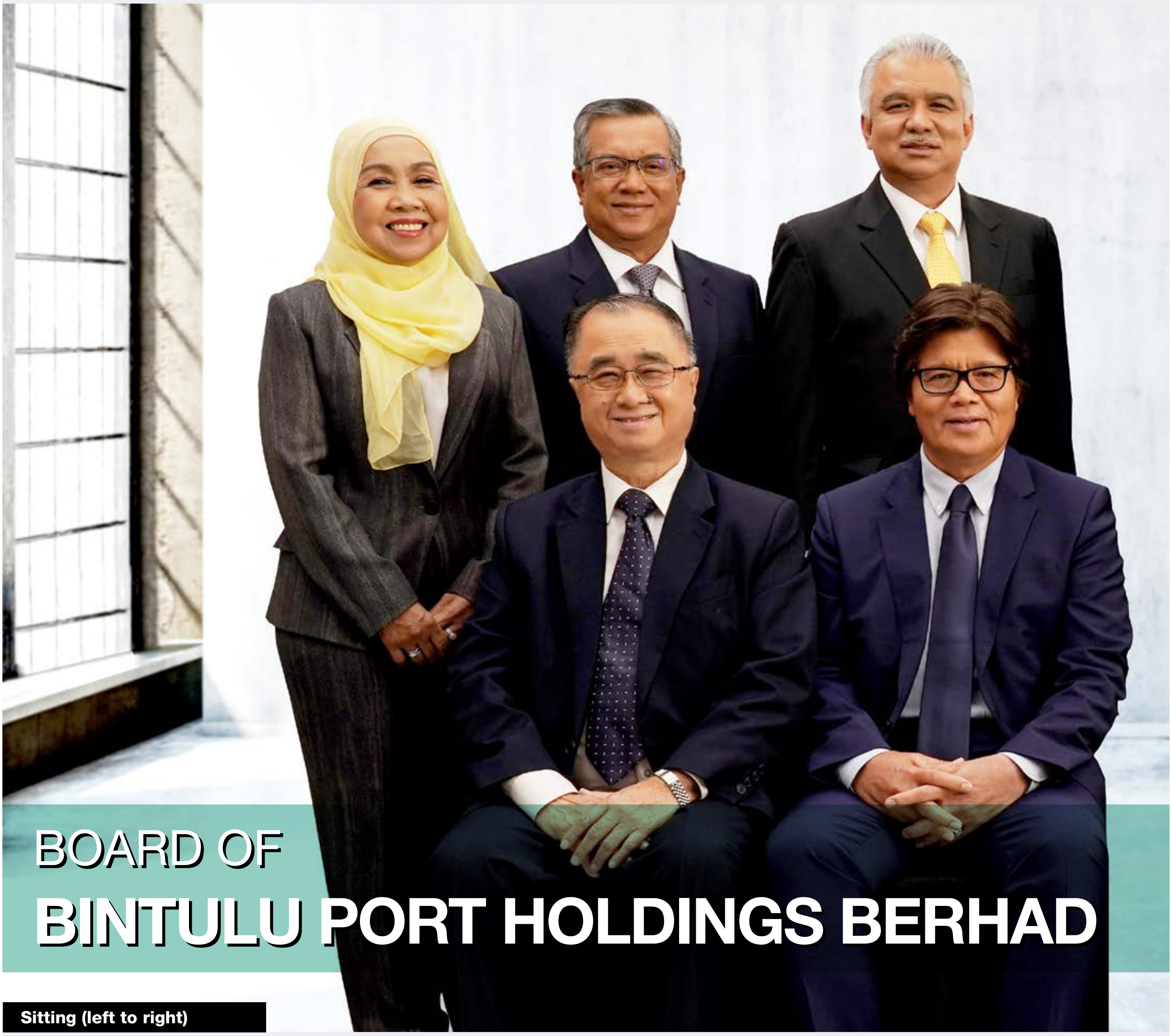
WHO GOVERNS US

Standing (left to right)

Datuk Nozirah binti Bahari
Independent Non-Executive Director

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Independent Non-Executive Director

Encik Dzafri Sham bin Ahmad
Non-Independent Non-Executive Director



BOARD OF BINTULU PORT HOLDINGS BERHAD

Sitting (left to right)

Puan Zakiah binti Jaafar
(not in the photo)
Non-Independent Non-Executive Director

Dato Sri Fong Joo Chung
Non-Independent Non-Executive Director

Dato Mohammad Medan bin Abdullah
Group Chief Executive Officer

WHO GOVERNS US

General Dato' Seri Diraja Tan Sri (Dr) Mohd Zahidi bin Hj. Zainuddin (R)
Non-Independent Non-Executive Director

Datuk Nasarudin bin Md Idris
Non-Independent Non-Executive Director

Encik Salihin bin Abang
Independent Non-Executive Director

Datuk Yasmin binti Mahmood
Independent Non-Executive Director

Tan Sri Dr. Ismail bin Hj. Bakar
Chairman

Tan Sri Datuk Amar Mohamad Morshidi bin Abdul Ghani
Non-Independent Non-Executive Director

WHO GOVERNS US

OUR BOARD MEMBERS

"The Group's ability to deliver on its purpose, mission and strategic objectives is underpinned by the quality and expertise of its leadership. The Board of Directors provides sound, ethical leadership and strategic guidance and ensures that the principles of good corporate governance are the foundation of all that we do."

COMMITTEE MEMBERSHIP KEY:

ARC	Chairman of Audit and Risk Committee (ARC)
ARC	Member of Audit and Risk Committee (ARC)
NRC	Chairman of Nomination and Remuneration Committee (NRC)
NRC	Member of Nomination and Remuneration Committee (NRC)
FIC	Chairman of Finance and Investment Committee (FIC)
FIC	Member of Finance and Investment Committee (FIC)

For more information about our Governance Practices, please go to page 72.

Tan Sri Dr. Ismail bin Hj. Bakar

60 Age

Chairman, Bintulu Port Holdings Berhad

Tan Sri Dr Ismail bin Hj. Bakar was appointed as Non-Independent Non-Executive Chairman and Director of Bintulu Port Holdings Berhad effective 1 September 2019.

Committee Membership: None

QUALIFICATIONS

- Bachelor of Economics, B. Econs (Hons) in Applied Economics, University of Malaya, Malaysia, 1983
- Diploma in Public Administration (DPA), National Institute of Public Administration (INTAN), Malaysia, 1985
- Masters of Business Administration (MBA), University of Hull, United Kingdom, 1995
- Ph.D, University of Hull, United Kingdom, 2004

CAREER EXPERIENCE

- **2018-2020:** Chief Secretary, the Government of Malaysia
- **2014-2018:** Director of National Budget, National Budget Office, Treasury, Ministry of Finance and Secretary-General, Ministry of Transport
- **2008-2014:** Senior Advisor to the Executive Director (SEA Group) of the World Bank; then Deputy Secretary-General (Policy), Ministry of Defence and Director in the National Strategic Unit, Ministry of Finance
- **1990-2008:** Senior positions in various divisions, Ministry of Finance
- **1983-1990:** Assistant Secretary, Contract and Supply Division, Ministry of Finance; then Director in the Anti-Narcotics Task Force, Malaysia

OTHER DIRECTORSHIPS

- Nil

WHO GOVERNS US

Tan Sri Datuk Amar Mohamad Morshidi bin Abdul Ghani

64 Age

Non-Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Board Member, Bintulu Port Sdn Bhd

Tan Sri Datuk Amar Mohamad Morshidi bin Abdul Ghani was appointed as a Non-Independent Non-Executive Director on 22 December 2014.

Committee Membership: None

QUALIFICATIONS

- Bachelor in Economics (Statistics), Universiti Kebangsaan Malaysia, Malaysia, 1979
- Master of Science in Human Resource Administration, University of Scranton, Pennsylvania, USA, 1998
- Senior Executive Fellows Programme, Harvard University, USA, 2006

CAREER EXPERIENCE

- **2009-2019:** State Secretary, Sarawak
- **2001-2009:** Permanent Secretary, Ministry of Social Development and Urbanisation and Director, State Planning Unit in the Chief Minister's Department; then Deputy State Secretary, Sarawak
- **1998-2001:** Senior positions in the Chief Minister's Department
- **1988-1998:** Director, Kuching North City Hall
- **1980-1988:** Management Executive, PETRONAS

OTHER DIRECTORSHIPS

Public companies:

- Sarawak Energy Berhad

Puan Zakiah binti Jaafar

53 Age

Non-Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad
- Board Member, Samalaju Industrial Port Sdn Bhd

Puan Zakiah binti Jaafar was appointed as a Non-Independent Non-Executive Director on 1 March 2020.

Committee Membership: FIC

QUALIFICATIONS

- Bachelor of Science (Hons) in Economics, University of Warwick, United Kingdom, 1990
- Master of Social Science (Economics), University of Birmingham, United Kingdom, 1991
- Postgraduate Diploma in Public Administration, National Institute of Public Administration (INTAN), Malaysia, 1994
- Advanced Management and Leadership Programme, Oxford University, United Kingdom, 2014
- Advanced Management and Leadership Programme for JUSA Officers, National Institute of Public Administration (INTAN), Malaysia, 2015
- Premier Executive Development Programme, Razak School of Government, Canberra, Australia, 2017

CAREER EXPERIENCE

- **2018-2019:** Deputy Director General (Macro), Economic Planning Unit (EPU); then Deputy Secretary General (Macro), Ministry of Economic Affairs, then Deputy Secretary General (Investment), Ministry of Finance
- **2014-2018:** Director (Macroeconomics Section), EPU
- **2012-2014:** Deputy Director III, Social Services Section, then Deputy Director I, Macroeconomics Section, EPU
- **2006-2012:** Principal Assistant Director, Macroeconomics Section and Malaysia Development Institute, EPU
- **2005-2006:** Research Assistant to H.E. Tun Dr Mahathir bin Mohamad, Islamic Development Bank
- **2003-2005:** Principal Assistant Director, K-Economy Section, EPU
- **1991-2003:** Assistant Director, Macroeconomics Section, EPU

OTHER DIRECTORSHIPS

Public companies:

- Petroliam Nasional Berhad (PETRONAS)

WHO GOVERNS US

General Dato' Seri Diraja Tan Sri (Dr) **Mohd Zahidi bin Hj. Zainuddin (R)**

71 Age

Non-Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Board Member, Samalaju Industrial Port Sdn Bhd

General Dato' Seri Diraja Tan Sri (Dr) Mohd Zahidi (R) was appointed as a Non-Independent Non-Executive Director on 16 March 2006.

Committee Membership: FIC

QUALIFICATIONS

- Masters of Science Degree in Defence and Strategic Studies, Quaid-I-Azam University, Islamabad, Pakistan, 2002
- Senior Executive Programme, Harvard University, USA, 2002
- Fellow, Malaysian Institute of Management (MIM)

CAREER EXPERIENCE

- **2006-2013:** Member, Dewan Negara Perak and Trustee, Yayasan Sultan Azlan Shah; then Orang Kaya Bendahara Seri Maharaja Perak
- **1999-2005:** Chief of Defence Forces
- **1968-1998:** Key appointments at field and ministerial level, Malaysian Armed Forces
- **1966-1968:** Officer Cadet, Royal Military College, Sungai Besi; then Second Lieutenant, Royal Malay Regiment, Malaysian Armed Forces

OTHER DIRECTORSHIPS

Listed entities:

- Affin Holdings Berhad

Dato Sri **Fong Joo Chung**

70 Age

Non-Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Chairman, Bintulu Port Sdn Bhd

Dato Sri Fong Joo Chung was appointed as a Non-Independent Non-Executive Director on 16 September 2004.

Committee Membership: NRC

QUALIFICATIONS

- Bachelor of Law (Hons), University of Bristol, United Kingdom, 1971
- Barrister-at-Law, Lincoln's Inn, London, United Kingdom, 1981

CAREER EXPERIENCE

- **2007-2020:** State Legal Counsel, Sarawak Government
- **1992-2007:** State Attorney-General, Sarawak
- **1971-1992:** Advocate in private legal practice

OTHER DIRECTORSHIPS

Listed entities:

- Sarawak Cable Berhad

Public companies:

- Sarawak Energy Berhad

WHO GOVERNS US

Datuk Nasarudin bin Md Idris

64 Age

Non-Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Chairman, Samalaju Industrial Port Sdn Bhd

Datuk Nasarudin bin Md Idris was appointed as a Non-Independent Non-Executive Director on 26 August 2010.

Committee Membership: FIC

QUALIFICATIONS

- Bachelor of Arts (Hons), University of Malaya, Malaysia, 1978
- Master of Business Administration, Henley – The Management College (Brunel University), United Kingdom, 1991
- Stanford Executive Programme, Stanford University, USA, 2000
- Postgraduate Diploma in Petroleum Economics, College of Petroleum Studies, United Kingdom, 1987

CAREER EXPERIENCE

- **2010–2014:** President and Chief Executive Officer, MISC Berhad, a subsidiary of PETRONAS
- **1978–2010:** Various senior positions, PETRONAS Group

OTHER DIRECTORSHIPS

Listed entities:

- MISC Berhad
- Malaysian Marine and Heavy Engineering Holdings Berhad

Encik Dzafri Sham bin Ahmad

55 Age

Non-Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Board Member, Bintulu Port Sdn Bhd

Encik Dzafri Sham bin Ahmad was appointed as a Non-Independent Non-Executive Director on 1 September 2015.

Committee Membership: ARC

QUALIFICATIONS

- Bachelor of Science in Mechanical Engineering, University of Miami, Florida, USA, 1987

CAREER EXPERIENCE

- **2016-Present:** Vice President of Group Health, Safety, Security and Environment, PETRONAS
- **2008-2016:** Various senior positions, PETRONAS Group
- **2003-2008:** Construction Manager and Asset Integrity Advisor, Egyptian LNG Project, integrated Project Management Team, PETRONAS
- **1988-2003:** Gas Utilisation Engineer, PETRONAS Gas Berhad; then Mechanical Engineer, Senior Project Engineer and Engineering Manager, MLNG Dua and MLNG Tiga projects, PETRONAS

OTHER DIRECTORSHIPS

- Nil

WHO GOVERNS US

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup

67 Age

Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Chairman, Biport Bulkers Sdn Bhd

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup was appointed as an Independent Non-Executive Director on 1 January 2015.

Committee Membership: NRC

QUALIFICATIONS

- Bachelor of Arts (Hons), University of Malaya, Malaysia, 1977
- Master of Science (Human Resources), University of Scranton, Pennsylvania, USA, 1993

CAREER EXPERIENCE

- **2016-Present:** Non-Executive Director of TC Megah Sdn Bhd – logistics and forwarding services
- **2016-Present:** Non-Executive Director of Gafung Petroleum Sdn Bhd – supply of fuel bunkering services
- **2013-Present:** Non-Executive Chairman of Misar Shipping Sdn Bhd – ships' husbanding services
- **2013-Present:** Non-Executive Director of Era Tiara Sdn Bhd – logistics, transportation and wholesale trading
- **2013-Present:** Executive Chairman of Setara Vista Sdn Bhd – civil and mechanical contract works
- **2012-Present:** Non-Executive Director of N.B. Heavy Industries Sdn Bhd – manufacturing and assembly of heavy commercial vehicles
- **2012-2016:** Executive Director of Nexgem Sdn Bhd – indirect tax consulting services
- **2012-2016:** Non-Executive Non-Independent Director (2012-2014) and Non-Executive and Non-Independent Chairman (2014-2016) of SMTrack Berhad (formerly known as Smartag Solutions Bhd) – RFID track and trace technology solutions for cargo and revenue security
- **2012-2015:** Senior Advisor of International Tax and Investment Centre (ITIC), Washington D.C., USA – promotion of tax, trade and investment policy reforms
- **1977-2012:** Various Senior Management positions at the Royal Malaysian Customs Department, and retired as the Director General of Customs

OTHER DIRECTORSHIPS

- Nil

Datuk Yasmin binti Mahmood

57 Age

Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Board Member, Biport Bulkers Sdn Bhd

Datuk Yasmin binti Mahmood was appointed as an Independent Non-Executive Director on 1 January 2015.

Committee Membership: ARC

QUALIFICATIONS

- Bachelor of Science (Computer Science and Applied Mathematics), University of New South Wales, Australia, 1983

CAREER EXPERIENCE

- **2019-Present:** Chairman, POS Malaysia Berhad
- **2019-Present:** Managing Director, FutureReady Consulting Sdn Bhd
- **2014-2019:** Chief Executive Officer, Malaysia Digital Economy Corporation (MDEC)
- **2010-2014:** Executive Director, YTL Communications Sdn Bhd
- **2010-2014:** Director, YTL e-Solutions Berhad
- **2006-2009:** Managing Director, Microsoft Malaysia Sdn Bhd
- **2005-2006:** Regional Manager, Malaysia, Thailand and Taiwan, Dell Asia Pacific
- **1999-2005:** General Manager, Dell Asia-Pacific
- **1995-1999:** General Manager, HP Sales Malaysia
- **1993-1995:** General Manager, Dataprep Retail Sdn Bhd
- **1988-1993:** Marketing Manager, HP Sales Malaysia

OTHER DIRECTORSHIPS

Public companies:

- POS Malaysia Berhad

WHO GOVERNS US

Datuk Nozirah binti Bahari

64 Age

Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad
- Board Member, Biport Bulkers Sdn Bhd

Datuk Nozirah binti Bahari was appointed as an Independent Non-Executive Director on 1 February 2016.

Committee Membership: NRC

QUALIFICATIONS

- Bachelor of Social Science (Hons) in Urban Studies, University of Science Malaysia, Malaysia, 1978
- Diploma in Public Administration, National Institute of Public Administration, Malaysia, 1981
- Global Leadership Development Programme (Fall) by International Centre for Leadership in Finance (ICLIF), 2006
- Advanced Management Programme, Harvard Business School, USA, 2007
- Financial Institutions Directors' Education Programme (FIDE), 2010

CAREER EXPERIENCE

- **2011-2015:** Deputy Secretary General (Management), Ministry of Finance Malaysia
- **2011:** Director of Budget Management Division, Ministry of Finance Malaysia
- **2007-2011:** Undersecretary, Loan Management, Financial Market and Actuary Division, Ministry of Finance Malaysia
- **2005-2007:** Deputy Undersecretary, Loan Management, Financial Market and Actuary Division, Ministry of Finance Malaysia
- **2002-2005:** Deputy Undersecretary, Procurement and Supplies Division, Ministry of Finance Malaysia
- **2000-2002:** Principal Assistant Secretary, Procurement and Supplies Division, Ministry of Finance Malaysia
- **1993-2000:** Deputy Finance Officer (Treasury), Sabah, Ministry of Finance Malaysia
- **1991-1993:** Director, Manpower Planning Unit (MAMPU), Prime Minister Department Branch Office, Sabah
- **1988-1991:** Principal Assistant Secretary, Planning and Policy Division, Ministry of Agriculture Malaysia
- **1985-1988:** Assistant Secretary, Procurement and Supplies Division, Ministry of Health Malaysia
- **1981-1985:** Assistant Secretary, Finance Division, Ministry of Finance Malaysia

OTHER DIRECTORSHIPS

- Nil

Encik Salihin bin Abang

47 Age

Independent Non-Executive Director

- Board Member, Bintulu Port Holdings Berhad Group
- Board Member, Samalaju Industrial Port Sdn Bhd

Encik Salihin bin Abang was appointed as an Independent Non-Executive Director on 1 February 2018.

Committee Membership: ARC

QUALIFICATIONS

- Bachelor of Accounting (Hons), Universiti Islam Antarabangsa, Malaysia, 1997
- Master of Science in Accounting, Universiti Islam Antarabangsa, Malaysia, 2008
- ASEAN Senior Management Development Programme (SMDP), Harvard Business School, USA, 2011
- Chartered Accountant, C.A.(M)
- ASEAN Chartered Professional Accountant (ACPA)

CAREER EXPERIENCE

- **2019-Present:** Independent Non-Executive Director, Chairman of Board Audit Committee, member of Board Risk Committee, Sustainability Committee and Executive Committee, Boustead Heavy Industries Corporation Berhad
- **2019-Present:** Independent Non-Executive Director, Chairman of Board Risk Committee, member of Board Audit Committee and Sustainability Committee, G3 Global Berhad
- **2018-2019:** Member of Board Audit Committee, Land Custody and Development Authority (LCDA) of Sarawak
- **2018-Present:** Adjunct Professor, Tunku Puteri Intan Safinaz School of Accountancy, (Universiti Utara Malaysia) and School of Maritime Business and Management (Universiti Malaysia Terengganu)
- **2017-2019:** President, Malaysian Institute of Accountants (MIA)
- **2017-2019:** Member of Board of Trustees, the Malaysian Accountancy Research and Education Foundation (MAREF)
- **2017-2019:** Member of Board of Trustees, the Financial Reporting Foundation (FRF)
- **2015-2017:** President, Malaysia Accounting Firms Association (MAFA)
- **2012-2019:** Member of Investment Committee, Rubber Industry Smallholders Development Authority (RISDA)
- **2002-Present:** Founder and Managing Partner, SALIHIN Chartered Accountants

OTHER MEMBERSHIPS

- Fellow Member of the Association of International Accountants, United Kingdom
- Fellow Chartered Tax Practitioner with the Chartered Tax Institute of Malaysia (FCTIM)
- Certified Financial Planner (CFP) with the Financial Planning Association of Malaysia (FPAM)

OTHER DIRECTORSHIPS

Listed entities:

- G3 Global Berhad
- Boustead Heavy Industries Corporation Berhad

WHO LEADS US

DATO MOHAMMAD MEDAN BIN ABDULLAH
Group Chief Executive Officer

OMAR BIN SALLEH
Chief Operating Officer, Bintulu Port Sdn Bhd

YUSOF BIN IBRAHIM
Chief Operating Officer, Bintulu Port Sdn Bhd

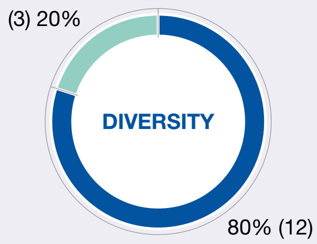
ABU BAKAR BIN HUSAINI
Chief Operating Officer, Biport Bulkers Sdn Bhd

MATSHALLEH BIN MOHAMAD ETLI
Chief Operating Officer, Samalaju Industrial Port Sdn Bhd

ROSLI BIN IDRIS
Company Secretary

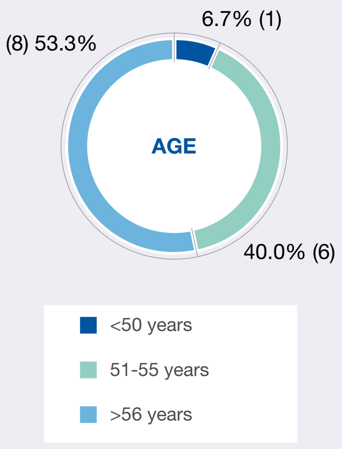
DAIANA LUNA SUIP
General Manager, Group Finance

OUR LEADERSHIP



BPHB	Bintulu Port Holdings Berhad
BPSB	Bintulu Port Sdn Bhd

WHO LEADS US



The role, responsibilities, composition, procedures and evaluation of the Executive Committee are described in detail in the Charter.

BBSB	Biport Bulkers Sdn Bhd
SIPSB	Samalaju Industrial Port Sdn Bhd

EIZAM BIN ISMAIL
General Manager, Group Corporate Planning & Development

AZMEL KHAN BIN ASGHAR KHAN
General Manager, Group Human Resource Management

DAYANG FAIZAH BINTI AWANG BUJANG
General Manager, Group Legal Counsel

ABDUL MANAN BIN ILING
General Manager, Group Information Technology

ABDANI BIN ABDUL GAFOR
General Manager, Group Health, Safety & Environment

MOHAMAD YACOP BIN MOHAMAD JUNIT
Senior Manager, Group Internal Audit

MASLIHAH BINTI HJ. TIOH
Senior Manager, Group Corporate Services

ELVIS TULU AYU
Senior Manager, Group Security

WHO LEADS US

DATO MOHAMMAD MEDAN BIN ABDULLAH
Group Chief Executive Officer

Nationality: Malaysian Age 62 BPHB

Dato Mohammad Medan Abdullah was appointed as the Group Chief Executive Officer of Bintulu Port Holdings Berhad Group (BPHB) effective 1 March 2017, bringing with him vast experience of over 35 years in the oil & gas industry.

Qualifications
- Bachelor of Law (Hons), University of Malaya, 1982
- Advanced Management Programme, Wharton Business School, University of Pennsylvania, 2007

Career Experience
- **2013-2016:** Managing Director and President (Asia Pacific), Gazprom Marketing & Trading Pte Ltd
- **2010-2013:** Senior General Manager, Group Corporate Affairs Division (PETRONAS Group)
- **2007-2010:** Chief Executive Officer, Malaysia LNG
- **1990-2007:** Various senior positions in PETRONAS and PETRONAS Carigali
- **1988-1990:** Legal Adviser, Baram Delta Operations
- **1983-1988:** Legal Officer, PETRONAS Carigali Sdn Bhd
- **1982:** Trainee Legal Officer, PETRONAS

Directorships in other public-listed/public companies
- Handal Resources Berhad
- Petroleum Sarawak Berhad (PETROS)

OMAR BIN SALLEH
Chief Operating Officer

Nationality: Malaysian Age 62 BPSB

Omar bin Hj. Salleh was appointed as the Chief Operating Officer of Bintulu Port Sdn Bhd (BPSB) on 1 January 2016. He is primarily responsible for the day-to-day operations of BPSB and reports directly to the Group Chief Executive Officer.

Qualifications
- Bachelor of Arts (Hons) in Southeast Asian Studies, University of Malaya, 1982
- Senior Management Programme, Astridge College, United Kingdom, 1996

Career Experience
- **2014-2015:** General Manager, Group Corporate Planning and Development
- **1993-2014:** Manager, Human Resource, and Head of the Human Resource and Cargo Handling Services Divisions; then Senior Manager, Corporate Development Division, BPSB
- **1982-1993:** Administrative Officer; then Senior Assistant Traffic Manager and Administrative Manager, Bintulu Port Authority (BPA)

YUSOF BIN IBRAHIM
Chief Operating Officer

Nationality: Malaysian Age 59 BPSB

Yusof bin Ibrahim assumed the position of Chief Operating Officer of Bintulu Port Sdn Bhd (BPSB) on 1 January 2020 and is responsible for the day-to-day operations of BPSB. He reports directly to the Group Chief Executive Officer.

Qualifications
- Bachelor of Literature (Hons) in Mass Communication, Universiti Sains Malaysia, 1986

Career Experience
- **2018-2019:** Chief Operating Officer, BBSB
- **2014-2018:** General Manager, Cargo Handling Services, BPSB
- **1992-2014:** Various positions in Cargo Handling Services and Human Resource Planning & Development Division, BPSB
- **1986-1992:** Various positions in Bintulu Port Authority (BPA)

ABU BAKAR BIN HUSAINI
Chief Operating Officer

Nationality: Malaysian Age 59 BBSB

Abu Bakar bin Husaini was appointed as the Chief Operating Officer of Biport Bulkers Sdn Bhd (BBSB) on 1 January 2020 and manages the day-to-day operations of the company. He reports directly to the Group Chief Executive Officer.

Qualifications
- Bachelor of Science (Hons) in Finance & Accounting, University of Salford, United Kingdom, 1988
- Enterprise Risk Manager since 2010
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2011
- Licensed Company Secretary since 2 September 2015

Career Experience
- **2016-2019:** Company Secretary, BPHB
- **2014-2015:** Assistant Company Secretary
- **2010-2013:** Internal audit role
- **1996-2009:** Finance and internal audit roles at BPSB
- **1991-1996:** PETRONAS Carigali
- **1988-1991:** Audit Semi-Senior at Arthur Andersen & Hanafiah Raslan Mohamad

MATSHALLEH BIN MOHAMAD ETLI
Chief Operating Officer

Nationality: Malaysian Age 53 SIPSB

Matshalleh bin Mohamad Etli assumed the position of Chief Operating Officer of Samalaju Industrial Port Sdn Bhd (SIPSB) on 1 June 2016. He is responsible for the implementation and management of the strategies on projects' planning, design, construction and infrastructure work by providing leadership and strategic and tactical direction for the successful completion of the port. He reports directly to the Group Chief Executive Officer.

Qualifications
- Bachelor of Science in Housing, Building and Planning, Universiti Sains Malaysia, 1990
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2012

Career Experience
- **2014-2016:** Acting Chief Operating Officer, SIPSB
- **2011-2014:** Head, Operations and Stakeholders Relations, Samalaju Industrial Port Sdn Bhd
- **1993-2009:** Various positions in BPSB
- **1991-1993:** Fire Superintendent, BPA

ROSLI BIN IDRIS
Company Secretary

Nationality: Malaysian Age 51 BPHB

Rosli bin Idris was appointed as Company Secretary of Bintulu Port Holdings Berhad (BPHB) on 1 January 2020.

Qualifications
- Bachelor of Accountancy (Hons), Universiti Teknologi MARA, 1994
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2014
- Chartered Accountant of the Malaysian Institute of Accountants (MIA)

Career Experience
- **2014-2019:** Senior Manager, Finance, Human Resource & Administration, SIPSB
- **2011-2013:** Head of Finance Services, Samalaju Port Management Unit, BPSB
- **2011:** Manager Management Accounting, BPSB
- **2009-2010:** Assistant Manager Finance & Administration, IOT Management Sdn Bhd
- **2005-2008:** Management Accountant, BPSB
- **1996-2004:** Executive Treasury, BPSB
- **1994-1996:** Project Accountant, PPES Oil & Gas Sdn Bhd

DAIANA LUNA SUIP
General Manager, Group Finance

Nationality: Malaysian Age 56 BPHB

Daiana Luna Suip assumed the position of General Manager, Group Finance of BPHB on 1 January 2014. She is responsible for all financial, accounting, investor relations and investment issues relating to the Group and also provides strategic and operational support to Management.

Qualifications
- Advanced Diploma in Accountancy, Institut Teknologi MARA, 1990
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2012
- Master of Business Administration, University of Sunderland, 2018
- Chartered Accountant of the Malaysian Institute of Accountants (MIA)

Career Experience
- **2011-2013:** Senior Manager, Finance Division, BPSB
- **2008-2011:** Manager, Group Accounts, BPSB
- **2006-2008:** Manager, Financial Accounting, BPSB
- **1994-2006:** Financial Accountant and Group Accountant, BPSB
- **1993-1994:** Audit Executive, BPSB
- **1991-1993:** Audit Assistant, Arthur Andersen

WHO LEADS US

EIZAM BIN ISMAIL

General Manager, Group Corporate Planning & Development

Nationality: Malaysian Age 47 BPHB

Eizam bin Ismail assumed the position of General Manager, Group Corporate Planning & Development on 24 May 2018. He is responsible for the implementation of Group-wide strategies and plans on corporate planning and business development and enterprise risk management and marketing, as well as for branding programmes and customer services functions.

Qualifications

- Bachelor of Business Administration in Transport, Universiti Institut Teknologi MARA, 1996
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2015

Career Experience

- **2012-2018:** Manager, Marketing & Customer Service, BPSB; then Senior Manager, Corporate Planning, BPHB
- **2002-2012:** Executive, Corporate Marketing (under the Chief Executive Officer's Office), Executive, Marketing & Business Development and Executive, Marketing (Containerised) in the Corporate Development Division, BPSB
- **1999-2002:** Associate Consultant on various port and shipping consultancy projects in Southeast Asia

DAYANG FAIZAH BINTI AWANG BUJANG

General Manager, Group Legal Counsel

Nationality: Malaysian Age 51 BPHB

Dayang Faizah binti Awang Bujang assumed the position of General Manager, Group Legal Counsel of BPHB on 23 August 2017. She is responsible for the formulation, management and implementation of Group-wide legal strategies, advice and services.

Qualifications

- Bachelor of Laws (Hons), International Islamic University, Malaysia, 1992
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2012

Career Experience

- **2014-Present:** Acting Assistant General Manager, Legal; then Acting General Manager, Legal before becoming General Manager, Group Legal Counsel
- **2010-2014:** Manager, Legal; then Acting Senior Manager, Legal, BPSB
- **1993-2010:** Legal Executive and Executive, Contract Management; then Manager, Contract Management, BPSB
- **1992-1993:** Underwent pupillage with Messrs. Jaini Mardi & Associates, Bintulu, Sarawak and admitted as an Advocate & Solicitor in the High Court of Sabah and Sarawak

ABDANI BIN ABDUL GAFOR

General Manager, Group Health, Safety & Environment

Nationality: Malaysian Age 57 BPHB

Abdani bin Abdul Gafor assumed the position of General Manager, Group Health, Safety & Environment of BPHB on 23 August 2017. He is responsible for the effective HSE management of the Group and maintains workplace safety and health systems.

Qualifications

- Bachelor of Engineering, University of Tasmania, 1989
- Master of Business Administration, Heriot-Watt University, 1999
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2011

Career Experience

- **2008-2017:** Manager, Safety & Emergency; then Senior Manager, Health, Safety & Environment, BPSB
- **1993-2008:** Electrical Engineer, Technical Services Division; then Manager, Safety & Emergency and Manager, Mechanical & Electrical, Technical Services Division, BPSB
- **1991-1992:** Electrical Engineer, BPA

MASLIHAH BINTI HJ. TIOH

Senior Manager, Group Corporate Services

Nationality: Malaysian Age 54 BPHB

Maslihah binti Hj. Tioh assumed the position of Senior Manager, Group Corporate Services of BPHB on 1 January 2015. She is responsible for the overall corporate services of the Group, including internal and external communications, especially public and government relations. In this capacity, she is responsible for creating and communicating a favourable public image of the Group through media campaigns designed to reach consumers, employees, customers, government agencies and other stakeholders. She is also responsible for overseeing Group procurement and office management services.

Qualifications

- Bachelor of Arts (Hons) in Mass Communication, Universiti Kebangsaan Malaysia, 1990
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2012

Career Experience

- **2007-2014:** Manager, Performance and Rewards; then Senior Manager, Performance and Rewards, BPHB
- **1993-2006:** Executive, Public Affairs; then Manager, Personnel and Payroll in the Human Resource Management Division, Manager, Commercial in the Finance Division and Manager, Remuneration & Benefits, BPSB
- **1991-1992:** Executive, Public Relations, BPA

AZMEL KHAN BIN ASGHAR KHAN

General Manager, Group Human Resource Management

Nationality: Malaysian Age 58 BPHB

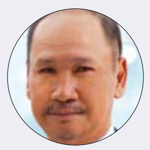
Azmel Khan bin Asghar Khan assumed the position of General Manager, Group Human Resource Management on 23 August 2017. He formulates, plans, implements and manages the development and implementation of Group-wide human capital strategies and ensures the effective and efficient administration of and compliance with these strategies.

Qualifications

- Diploma in Business Studies, Institut Teknologi MARA, 1983
- Bachelor of Communications, Universiti Putra Malaysia, 2003
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2013

Career Experience

- **2017-Present:** General Manager, Group Human Resource Management
- **2015-2017:** Acting General Manager, Group Human Resource Management
- **2014-2015:** Senior Manager, Human Resource Planning and Organisational Development
- **2007-2014:** Manager, Corporate Affairs
- **2007-2006:** Manager, Warehousing; then Manager, Commercial
- **1993-2006:** Executive in Commercial and Billing; then Manager, Warehousing, BPSB
- **1983-1993**: Traffic Officer; Purchasing Officer then Assistant Administrative Officer, BPA



ABDUL MANAN BIN ILING

General Manager, Group Information Technology

Nationality: Malaysian Age 60 BPHB

Abdul Manan bin Iling assumed the position of General Manager, Group Information Technology of BPHB on 1 June 2015. He is responsible for the implementation of Group-wide IT strategies, as well as for providing advice and services relating to IT systems and support.

Qualifications:

- Bachelor of Science (Hons) in Computer Science, Universiti Sains Malaysia, 1987

Career Experience

- **2014-2015:** Assistant General Manager, Group Information Technology
- **2007-2014:** Acting Senior Manager, Information Technology; then Senior Manager, Information Technology, BPSB
- **1993-2007:** Assistant Manager, Systems Development; then Manager, Systems Development and Manager, Application Systems, BPSB
- **1988-1993:** Port Officer, BPA

MOHAMAD YACOP BIN MOHAMAD JUNIT

Senior Manager, Group Internal Audit

Nationality: Malaysian Age 55 BPHB

Mohamad Yacop bin Mohamad Junit assumed the position of Senior Manager, Group Internal Audit of BPHB on 1 March 2018.

Qualifications

- Diploma in Accountancy, Institut Teknologi MARA, 1987
- Bachelor of Communications, Universiti Putra Malaysia, 1999
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2015

Career Experience

- **2013-2018:** Manager, Commercial, BPSB
- **1993-2013:** Various positions in Human Resources, Finance, Commercial and Audit, BPSB
- **1990-1992:** Assistant Port Officer and Assistant Administration Officer, BPA

ELVIS TULU AYU

Senior Manager, Group Security

Nationality: Malaysian Age 55 BPHB

Elvis Tulu Ayu assumed the position of Senior Manager, Group Security, on 1 March 2015. At the time, he was a Superintendent in the Malaysian Auxiliary Police Association. He is responsible for the control and development of Group security strategies, programmes and plans to ensure a secure working environment through proactive security measures designed to protect people, assets and operations against the threat of injury and loss or damage by criminal, hostile or malicious acts.

Qualifications

- Diploma in Accountancy, Institut Teknologi MARA, 1987
- Bachelor of Arts in Business Administration, Bolton Institute, United Kingdom, 2004
- Management Development Programme, Asian Institute of Management (AIM), Philippines, 2013

Career Experience

- **2015-Present:** Senior Manager, Group Security, BPHB (covering BPSB, BBSB and SIPSB) with the rank of Superintendent, Royal Malaysian Police
- **2014-2015:** Manager, Warehousing, BPSB
- **2011-2012:** Acting Senior Manager, HSE, BPSB
- **2002-2013:** Manager, Security, BPSB
- **2010-2012:** Rank of Superintendent of Police
- **2002-2009:** Rank of Deputy Superintendent of Police
- **1998-2001:** Executive, Fire, Emergency Services and Security (Rank of Assistant Superintendent of Police)
- **1993-1997:** Executive, Security, BPSB (Rank of Inspector)
- **1992:** Regular Police Inspector Training at PULAPOL, KL (9 months)
- **1988-1991:** Assistant Security Officer, BPA

DRIVING STRONG GOVERNANCE

Corporate Governance Overview Statement

TAN SRI DR. ISMAIL BIN HJ. BAKAR

"Good corporate governance is the foundation of strong corporate performance. It provides a solid base for a healthy organisational culture; effective strategic leadership; and dynamic decision-making taking into account various stakeholder views and interests."

1 LEADERSHIP

Your Board is collectively responsible for the long-term success of your Company. The Group Chief Executive Officer (GCEO) manages the business on a day-to-day basis whilst the Non-Executive Directors provide an appropriate level of scrutiny, constructive challenge and support to all proposals including those relating to strategy, performance, responsibility and accountability. This enables Board decisions to be well considered and justified. Appropriate Board processes are in place to ensure adequate oversight of the implementation of those decisions.

2 EFFECTIVENESS

Your Board continuously reviews its composition to ensure it retains a balance of skills, experience, independence and knowledge which enables it to discharge its duties and responsibilities effectively. The Board undertakes an annual evaluation of its own effectiveness and that of its Committees as well as that of individual Directors.

3 ACCOUNTABILITY

Your Board is mindful of the risk environment in which it operates when making any decisions. It maintains sound risk management and internal control systems and regularly reviews the principal risks impacting the business. The Board assesses the appropriate appetite for risk in striving to achieve the Company's strategic objectives.

4 ENSURING EFFECTIVE ENGAGEMENT WITH OUR STAKEHOLDERS

Your Board recognises the importance of maintaining open dialogue with its various stakeholders. A number of events and communications take place throughout the year to maintain regular contact with stakeholders and receive feedback on all areas of the business including (but not limited to) governance, operational processes and strategy.

This corporate governance overview statement is guided by the MCCG 2017, Bursa Malaysia's Main Market Listing Requirements, Bursa Malaysia's Corporate Governance Guidelines, the Securities Industries Central Depositories Act (SICDA), the Companies Act 2016, our Board Charter and Company Constitution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This section details:
- The structure and composition of the Board and its Committees;
- How responsibilities are divided among the Board, its Committees and individual Directors;
- The main activities of the Board in FY2019; and
- The recruitment and induction process for new Directors.

See Pages 72-76

This section details:
- The process and outcomes of the internal evaluation for FY2019; and
- The progress made on the actions arising from the internal evaluation for FY2019.

See Pages 76-77

This section details:
- The work undertaken by the Audit and Risk Committee;
- The Board's approach to risk management, its internal control and risk management systems; and
- Its processes for evaluating whether the Integrated Report and Accounts of the Company are fair, balanced and understandable.

See Pages 79-81

This section details:
- How the Board and individual Directors engaged with stakeholders throughout FY2019; and
- How stakeholders can communicate with the Company.

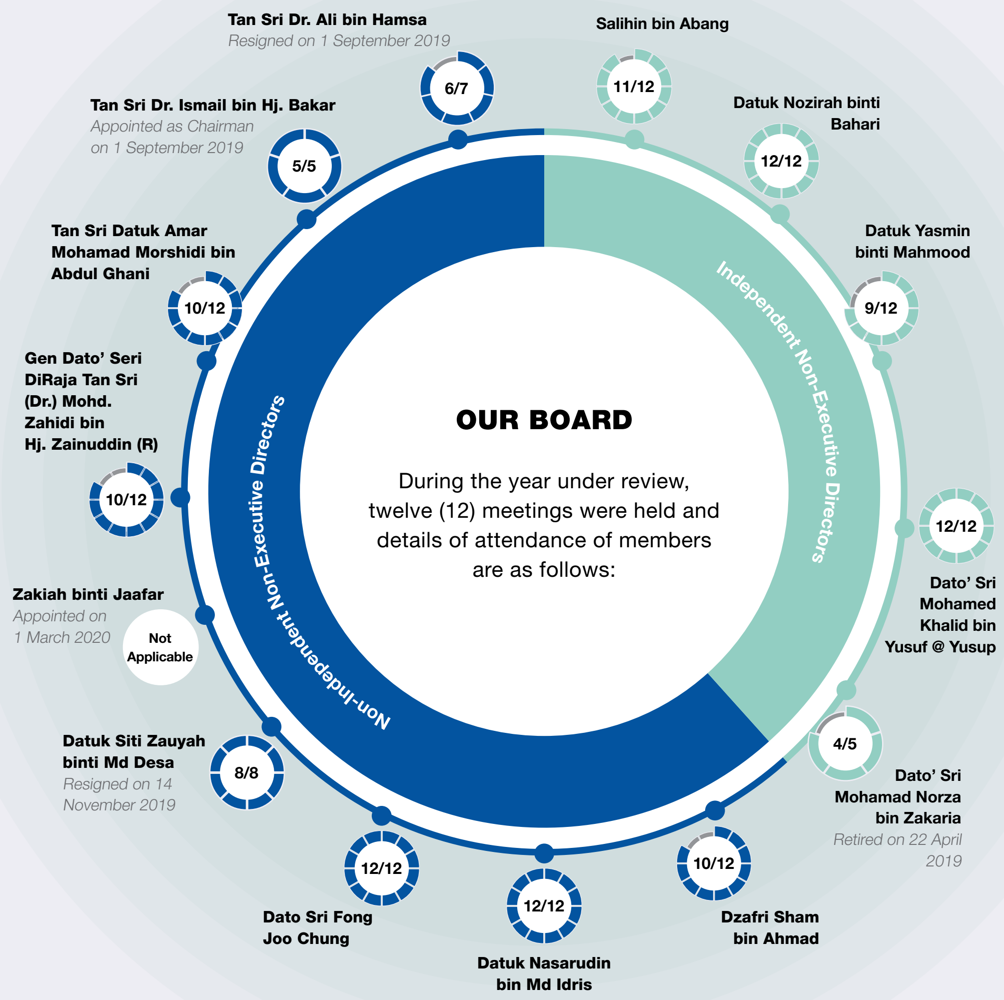
See Pages 82-84

This Statement is to be read in conjunction with our Corporate Governance Report, which can be scanned from the QR code provided or alternatively, can be found on our corporate website at http://www.bintuluport.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR GOVERNANCE

Bintulu Port Holdings Berhad (BPHB)



AUDIT AND RISK COMMITTEE (ARC)

For the Audit and Risk Committee, six (6) meetings were held and the details of attendance of members are as follows:

NOMINATION AND REMUNERATION COMMITTEE (NRC)

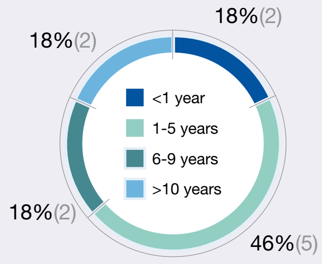
For the Nomination and Remuneration Committee, eight (8) meetings were held and the details of attendance of members are as follows:

FINANCE AND INVESTMENT COMMITTEE (FIC)

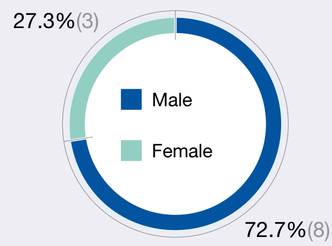
For the Finance and Investment Committee, two (2) meetings were held and the details of attendance of members are as follows:

Strengthened our Company's Constitution and updated our Board Charter.

TENURE



DIVERSITY



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRACTICES AT A GLANCE

Chairman of ARC

Salihin bin Abang (83%)
Independent Non-Executive Director (5/6)

Members of ARC

Datuk Yasmin binti Mahmood (66%)
Independent Non-Executive Director (4/6)

Dzafri Sham bin Ahmad (100%)
Non-Independent Non-Executive Director (6/6)

Dato' Sri Mohamad Norza bin Zakaria (66%)
Independent Non-Executive Director (Retired on 22 April 2019) (2/3)

Chairman of NRC

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup (100%)
Independent Non-Executive Director (8/8)

Members of NRC

Dato Sri Fong Joo Chung (100%)
Non-Independent Non-Executive Director (8/8)

Datuk Nozirah binti Bahari (100%)
Independent Non-Executive Director (8/8)

Chairman of FIC

Datuk Nasarudin bin Md Idris (100%)
Non-Independent Non-Executive Director (2/2)

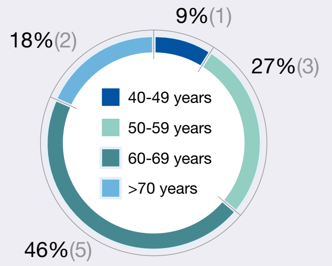
Members of FIC

Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R) (100%)
Non-Independent Non-Executive Director (2/2)

Datuk Siti Zauyah binti Md Desa (100%)
Non-Independent Non-Executive Director (Resigned on 14 November 2019) (2/2)

Puan Zakiah binti Jaafar Not Applicable
Non-Independent Non-Executive Director (Appointed on 1 March 2020)

AGE



Bintulu Port Sdn Bhd

Non-Independent Non-Executive Directors	
Dato Sri Fong Joo Chung *Chairman of BPSB*	(6/6) 100%
Tan Sri Datuk Amar Mohamad Morshidi bin Abdul Ghani	(5/6) 83%
Dzafri Sham bin Ahmad	(6/6) 100%

Biport Bulkers Sdn Bhd

Independent Non-Executive Directors	
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup *Chairman of BBSB*	(4/4) 100%
Datuk Yasmin binti Mahmood	(3/4) 75%
Datuk Nozirah binti Bahari	(4/4) 100%

Samalaju Industrial Port Sdn Bhd

Non-Independent Non-Executive Directors	
Datuk Nasarudin bin Md Idris *Chairman of SIPSB*	(13/13) 100%
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)	(12/13) 92%
Tan Sri Dr. Ali bin Hamsa *Resigned on 1 September 2019*	(7/8) 87%
Datuk Siti Zauyah binti Md Desa *Resigned on 14 November 2019*	(7/8) 87%
Puan Zakiah binti Jaafar *Appointed on 1 March 2020*	*Not Applicable*

Independent Non-Executive Directors	
Salihin bin Abang	(12/13) 92%
Dato' Sri Mohamad Norza bin Zakaria *Resigned on 22 April 2019*	(2/3) 66%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

"A sound corporate governance structure commits the Company to high standards of business ethics."

A sound corporate governance structure commits the Company to high standards of business ethics. The structure guides the Board, as the guardian of responsible corporate governance, in the formulation and implementation of the Company's strategy to achieve targeted performance and create sustainable value to the benefit of all stakeholders. The structure comprises appropriate policies, procedures and power of execution to ensure that governance strategies are properly implemented, managed, reviewed and adjusted. This ensures responsible corporate citizenship through regulatory and best-practice adherence, effective and ethical leadership and sustainable value creation.

Our Board is of the opinion that the Company's corporate governance practices materially reflect the Malaysian Code on Corporate Goverance (MCCG) 2017, the Main Market Listing Requirements (MMLR) and the Companies Act 2016. Our Board regularly reviews and assesses the Company's governance structures and processes to ensure that they are consistent with best practice. The Board's Charter and the Board Committees' Terms of References are available on the Company's website: www.bintuluport.com.my.

BOARD COMPOSITION

Our Board believes the composition of Non-Independent Non-Executive and Independent Non-Executive Directors remains appropriate having regard to the size and nature of the business. In addition, the combination of experience, diverse backgrounds, length of service and calibre of the Non-Executive Directors further enhances this composition and the ability to deliver the Group's strategy while mitigating against the risk of 'group think'.

BOARD INDEPENDENCE

Our Board recognises the importance of its Non-Executive Directors remaining independent throughout their appointment, as it enables them to provide objective advice and guidance to the Group Chief Executive Officer (GCEO) and Senior Management. This independence allows the Non-Executive Directors to constructively challenge and scrutinise the performance of the GCEO and provide an independent perspective on business strategy, performance and the integrity of the financial information considered by the Board and disclosed to the Company's shareholders and other stakeholders. Their independence is of the utmost importance when considering the appointment or removal of the GCEO and in the determination of succession planning for Board positions and other Senior Management roles within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Decisions, Matters Reserved for the Board and Delegated Authorities

Our Board makes decisions on strategy and in relation to items set out in the matters reserved for the Board. It also delegates various operational decisions to several Board and Management Committees. The schedule of matters reserved to the Board is available on the Company's website at www.bintuluport.com.my

The Board

The Chairman

- Leads and manages the Board in the achievement of its objectives, sets its agenda and chairs its meetings.
- Responsible for the effectiveness of the Board and its governance.
- Facilitates the effective contribution of Non-Executive Directors and cordial and constructive relations between Directors and the GCEO.
- Responsible for the identification and provision of continued development needs of each Director.
- Ensures effective communication with shareholders and other stakeholders and participates in public relations activities as appropriate.

Non-Executive Directors

- Support and constructively challenge the GCEO using their broad range of experience and external perspective, ensuring the needs of stakeholders are appropriately considered.
- Evaluate proposals on strategy.
- Monitor the implementation of the Group's strategy within its risk and control framework.

Audit and Risk Committee

- Monitors the integrity of the Group's Financial Statements and its systems for internal control and risk management.
- Monitors the independence, objectivity and tenure of the External Auditors.
- Considers whether the Annual Report and Accounts are fair, balanced and understandable.
- Assesses the long-term viability of the Company.
- Reviews risk management policies, guidelines and strategies of the Group.
- Reviews all business risks and ensures the implementation of appropriate systems and frameworks to manage these risks by risk owners.
- Oversees the risks under Corporate Risk.

Nomination and Remuneration Committee

- Monitors the composition of the Board to ensure progressive refreshing of the Board and its Committees.
- Reviews succession plans of the Board and Senior Management.
- Oversees the diversity policy of the Board.
- Designs and implements the Group's overall remuneration strategy and policy.
- Reviews and recommends to the Board remuneration packages of the GCEO and Senior Management.
- Sets and monitors performance of corporate key performance indicators.

Finance and Investment Committee

- Reviews and adopts the strategic financial plan of the Company.
- Reviews the Company's annual budget and the variances of actual results against the approved budget and forecasted budget.
- Reviews the capital expenditure for projects, business acquisitions and investment appraisals exceeding RM5 million to be undertaken by the Company.
- Reviews and recommends to the Board all of the Group's financial policies.
- Reviews, recommends and updates the Group's investment policies for consideration and adoption by the Board. This includes all ethical aspects of the investment.
- Oversees and reports on the management and progress of investments.

Group Chief Executive Officer

- Develops the Group's strategies for the enhancement of long-term shareholder return taking into account the interests of the Group's stakeholders.
- Leads the implementation of the Group's strategies that have been approved by the Board.
- Responsible for the day-to-day leadership and management of the operational activities of the Group in accordance with overall strategies and policies as determined by the Board.
- Chairs the Management Committee through which he carries out his duties.
- Oversees corporate relations with shareholders and other stakeholders.

The Company Secretary

- Supports the Chairman and the GCEO in fulfilling their duties, especially with respect to induction and training.
- Available to all Directors for advice and support.
- Keeps the Board regularly updated on governance matters and best practices.
- Advises the Board on the regulatory requirements of Bursa Malaysia, Companies Commission of Malaysia and any other relevant regulatory bodies.
- Attends and maintains a record of the matters discussed and approved at Board and Committee meetings.

For further details on Directors' profiles, please refer to ***pages 60 to 65*** *of this Report.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

MAIN ACTIVITIES UNDERTAKEN BY THE BOARD DURING THE YEAR UNDER REVIEW

Our Board provides clear, entrepreneurial and responsible leadership to the Group in order to promote the long-term success of the Group, while ensuring the Group has an appropriate risk and control framework, adequate resources and appropriate values and standards to deliver its strategy.

- **Overseeing governance, risk and compliance, in particular, the adoption of a new Constitution for Bintulu Port Holdings Berhad – a requirement of the Companies Act 2016 as well as Bursa Malaysia's Main Market Listing Requirements.**
- **Establishing adequate procedures in relation to corporate liability through the implementation of Section 17A of the MACC Act 2009, effective 1 June 2020.**
- **Deliberating and approving the Liability Management Exercise pertaining to Sukuk Murabahah Programme of up to RM950,000,000.00 in nominal value.**
- **Reviewing appointments and resignations of Directors and succession planning for Senior Management, as well as the deliberation on and approval of remuneration packages for high-performers.**
- **Deliberating and approving Quarterly and Annual Financial Performance of the Group including deliberation and approval for dividend proposal.**
- **Evaluating the corporate risk assessments for FY2019.**
- **Deliberating on the implementation of the Group's Governance, Risk and Compliance (GRC) Transformation Plan 2018 – 2020.**
- **Deliberating on and approval of the Group's Annual Budget.**
- **Deliberating on and endorsing the Group's business plan for FY2020.**

BOARD MEETINGS AND SUPPORT

The Chairman, with the assistance of the Company Secretary, ensures that the Board receives accurate, timely and clear information. Each Director is issued with an agenda, Board papers and comprehensive operating and financial management reports for the period under review, generally five working days before any Board meeting.

The Company Secretary attends all Board and Committee meetings and all Directors have access to the Company Secretary's advice and, if necessary, to independent professional advice at the Company's expense to assist with the discharge of their responsibilities as Directors.

All Directors are provided with a yearly schedule of proposed meeting dates. Any Director who is unable to attend a meeting is invited to provide their views to the Chairman ahead of that meeting, having reviewed the agenda, Board papers and management information. Reasons for non-attendance are recorded by the Company Secretary. Formal minutes of each Board meeting are prepared, circulated and submitted for confirmation at the next meeting.

INDUCTION

Upon joining the Company, each new Director participates in a full and formal induction process. The aim of the induction is to assist the Directors to familiarise themselves with the Group's business and its culture, in addition to the roles and responsibilities of the Board and each member of Senior Management. Each new Director is provided with an induction pack containing general and specific information relating to their role such as a schedule of meetings, copies of Board minutes, terms of reference of the Committees and other Committee-specific information, various policies and procedures and details of their duties and obligations as a Director of a listed company. In addition, new Board members are obliged to complete the Mandatory Accreditation Programme as required by Bursa Malaysia.

TRAINING

As part of the Performance Assessment of the Board, the Chairman asks the Board as a whole and individual Directors for any training requirements they deem necessary or appropriate. He also agrees to the annual developmental needs of each individual director, which include training to keep them abreast with the latest regulatory and policy developments. For FY2019, appropriate training relevant to the Group's business was conducted with a focus on the new Section 17A of the MACC Act 2009 as well as on the implementation of MFRS 16 as an applicable reporting standard. In addition, at each Board meeting, the Company Secretary provides an update on any developments in corporate governance on the back of which future training topics are often identified.

BOARD AND COMMITTEE EVALUATIONS

The Chairman of the Board leads the Performance Assessment process internally, supported by the Company Secretary. Questionnaires are issued to the Board and Committee members. The questionnaire looks at a variety of areas including, among other matters, the contribution and performance of the Directors with regards to their competencies, time commitments, integrity and experience in meeting the needs of the Group and suggestions put forward to enhance Board effectiveness. The results are discussed between Board and Committee members, respectively, at their meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

For FY2019, the results of the evaluation were positive overall and showed that the Board was running effectively. The Board continued to be seen as being cohesive and comprising of the appropriate balance of experience, skills and knowledge to implement the Group's strategy over the next few years. Board meetings operate in a spirit of openness, fostered by the Chairman, in which Directors are able to challenge and discuss openly ideas of importance to the Group and its strategy.

Areas of Improvement for the Board

	Chairman	Non-Executive Directors
FY2019 Outcomes	The Chairman discharged his duties efficiently, based on the assessment. The Chairman succeeded in producing a positive ambience during meetings by allowing the members of the Board to participate deliberately, and giving them equal opportunities to contribute to the outcomes of the meetings. During the AGM/EGM, queries were answered satisfactorily and the Chairman asserted effective control of the situation. Finally, a good working relationship with the CEO was maintained by the Chairman and both sides understood their duties towards one another and the roles they played with regards to the Company.	The dynamism of the Board was proven through its balance and composition, which had an effective blend of expertise and skills to assist the Company in achieving its strategic goals. The Board did remarkably well with regards to ethical leadership as well as its ability to fairly assess the Group's position and prospects. The Board was collectively satisfied with the integrity of the Group's financial and narrative statements. The Board acknowledged the importance of human capital and the essential role it played in the advancement of the Company. The assessment proposed the need for continuous life-long learning and knowledge management among the Board. For FY2019, the Board took reasonable steps to ensure the financial results were reported fairly and in accordance with generally accepted accounting principles.
Actions for FY2020	For FY2020, the Chairman should focus more on efforts to proactively shape the culture in the boardroom. The Chairman should also encourage Board members to engage in Board and Committee meetings by drawing on their skills, experience and knowledge. As part of his duties, the Chairman should ensure that the Board listens to the views of shareholders, employees, customers and other key stakeholders in the implementation of the Group's business strategy.	It was highlighted that the Board should promote long-term value creation for both stakeholders and shareholders while at the same encouraging contributions to the wider society. The Management should work together with the Board to ensure that technology is utilised appropriately in analysing, interpreting and presenting information to the Board with the primary purpose of ensuring accuracy and reliability of information. The Board should also consider the impact of environmental and social issues on the Group's business or linking strategy to a recognised international framework. Based on the review, the Board should increase its efforts in promoting dialogue with shareholders and stakeholders while ensuring that the feedback obtained from such sessions is considered in the Board's decision-making. Workforce views and priorities should also be considered in developing approaches to invest in the human capital of the Group.

Areas of Improvement for the Committees

	Audit and Risk Committee	Nomination and Remuneration Committee	Finance and Investment Committee
FY2019 Outcomes	For FY2019, the Board was generally satisfied with the ARC in relation to its ability to monitor the integrity of the financial statements and related announcements of the Group as a whole, as well as its recommendations to the main Board on the adequacy and effectiveness of the Group's internal controls and risk management.	The NRC discharged its responsibilities in exercising independent judgement and discretion when recommend to the Board remuneration packages, taking into account the Company's and individual's performance. The NRC also carried out its role in the process of appointments, ensuring plans were in place for orderly succession for both Board and Senior Management positions.	The Board was generally satisfied with the FIC's assistance in providing the Board with oversight, approval and recommendations concerning the Company's capital structure and capital allocation strategy, as well as other financial arrangements and transactions that could materially impact the financial position of the Company. The FIC assisted the Management in the development of budgets that incorporate strategic plan objectives and initiatives.
Actions for FY2020	The ARC should review the adequacy of the Group's internal controls over its risks. The ARC should also conduct a review on the Group's internal financial controls and internal control and risk management.	The NRC should ensure that the remuneration policies and practices of the Group promote the long-term sustainable success of the Group and at the same time support its strategies. Generally, the remuneration packages are designed to reward high-performers.	The FIC should continue monitoring the implementation of the Group's approved business plans.

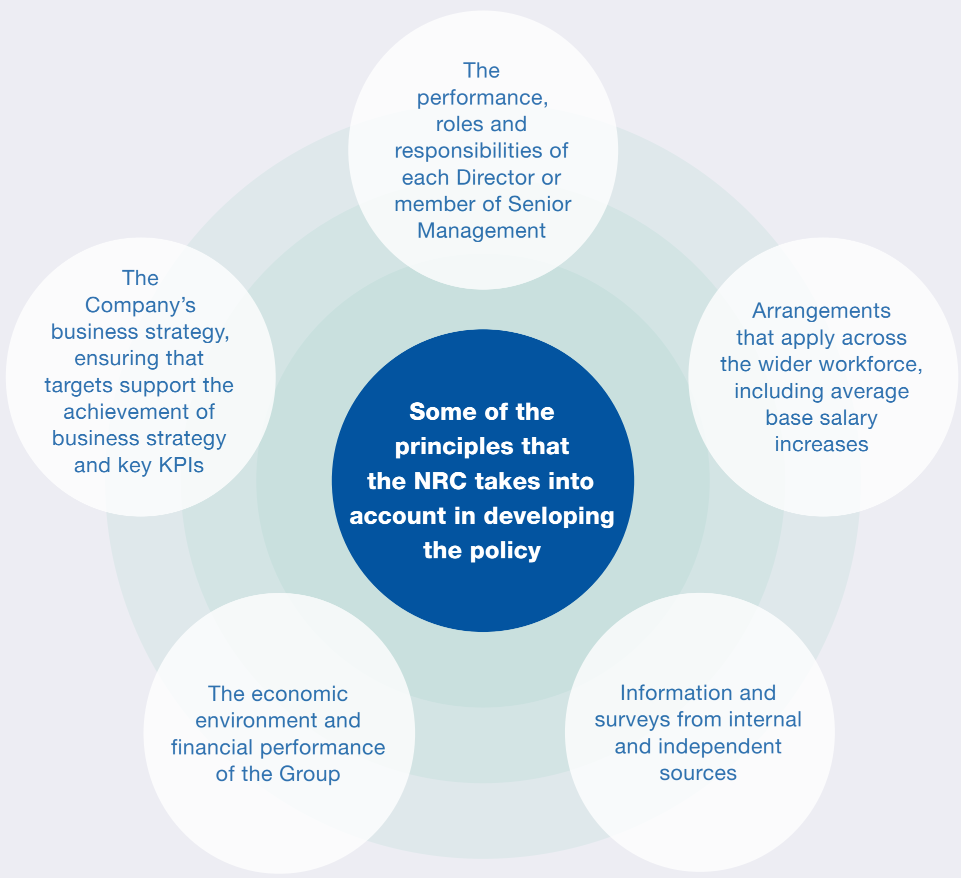
CORPORATE GOVERNANCE OVERVIEW STATEMENT

OUR APPROACH TO REMUNERATION

The responsibility of setting appropriate levels of remuneration for the Directors, the GCEO and Senior Management resides within the purview of the NRC. The NRC believes that our most important asset is our people. The remuneration strategy therefore seeks to ensure that we appropriately reward our Directors and employees for performance against the Group's key objectives and goals while delivering sustainable value creation.

AIMS OF OUR REMUNERATION POLICY

- To promote the long-term success of the Company and to be fully aligned with the performance and strategic objectives of the Group in order to enhance value creation.
- To attract, retain, motivate and competitively reward Directors and Senior Management with the requisite experience, skills and ability to support the achievement of the Group's key strategic objectives in any financial year.
- To take account of pay and employment conditions of employees across the Group while reflecting the interests and expectations of shareholders and other stakeholders.
- To reward the delivery of profit, the maintenance of an appropriate capital structure and the continued improvement of return on capital employed by the business while ensuring that Directors and Senior Management adopt a level of risk that is in line with the risk profile of the business as approved by the Board.



For full details of our Directors' and top Senior Managers' remunerations, refer to Principles 7.1 and 7.2 on pages 34 to 36 of the Corporate Governance Report 2019, which can be accessed through scanning the adjacent QR code or alternatively, through our corporate website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUDIT, RISK AND INTERNAL CONTROLS

Our Board recognises that successful delivery of the Group's strategic and day-to-day objectives is underpinned by a comprehensive and consistent assessment of relevant risks. Effective, agile and universally applied risk management principles enable the Group to accurately examine its risk profile against its accepted attitude and appetite, limit its exposure to unacceptable risks and ensure long-term viability. Once key risks to delivering value to the Group and its stakeholders are identified, a decision is made to treat, tolerate, terminate or transfer potential exposure. For more information, refer to pages 85 to 90 for Statement on Risk Management and Internal Control. The Board is committed to meeting the relevant requirements of the MCCG 2017 and has applied the principles of the Code in establishing procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Group is willing to take in order to achieve its long-term strategic objectives.

Roles and responsibilities

Our Board is responsible for the implementation and oversight of Bintulu Port's risk management framework and for examining and verifying the internal control environment. It sets the Group's appetite for and attitude towards risk in pursuit of its agreed strategic objectives and drives an effective risk management culture. Our Board directs the level of risk that can be taken by the Group, subsidiaries and respective divisions. Group policies, procedures and delegated authority levels set by the Board provide the structure in which risks are reviewed and escalated to the appropriate level within the Group, up to and including the Board, for consideration and approval.

The roles and responsibilities of the Board, the ARC and Senior Management are set out below.

Responsibilities	Actions Undertaken
Board - Responsible for the Group's systems of risk management and internal control. - Determines Group appetite for and attitude to risk in pursuit of its strategic objectives.	• Issues and reviews the Group's risk management policy. • Performs quarterly reviews of the effectiveness of the Group's risk management and internal control systems. • Reviews the Group's risk landscape, principal risks and risk responses.
ARC - Reviews significant accounting policies and judgements. - Reviews the effectiveness of Group internal controls, including systems to identify, assess, manage and monitor risks. - Confirms the Group Internal Audit Plan.	• Receives regular reports on internal and external audit and other assurance activities. • Annually assesses the Group's risk management and internal control systems.
Senior Management - Demonstrates strategic leadership. - Responsible for reviewing and implementing the Group's risk management policy. - Ensures appropriate actions are taken to manage strategic risks and other key risks.	• Reviews the strategic plan and annual budget process. • Produces and tracks the Group Risk Register. • Reviews risk management and assurance activities and processes. • Carries out monthly/quarterly finance and performance reviews.

INTERNAL CONTROL

Our Board has ultimate responsibility for the Group's risk management and internal control systems and regularly reviews their effectiveness. The Group's systems and controls are designed to ensure exposure to significant risk is both understood and appropriately managed. The Board recognises that any system of internal control is designed to identify and control rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss. Central to the Group's systems of internal control are its processes and framework for risk management. The Group has a thorough understanding of its risk exposures and has mapped out its assurance network accordingly.

There is also an independent internal audit function that executes a risk-based programme of audit throughout the entire Group. All audit reports are shared with relevant Head of Divisions in addition to being reviewed by the Audit and Risk Committee. It is the expectation and requirement of the Board that Head of Divisions ensure this comprehensive internal control environment (including internal audit) is embedded within their business units.

Principal risks

The principal risks that could adversely impact the Group's profitability and ability to achieve its strategic objectives are set out on pages 44 and 45, Risk and Opportunities.

ANTI-BRIBERY AND CORRUPTION POLICY

Following Parliament's amendment of both the Malaysian Anti-Corruption Commission (MACC) Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which requires that organisations need to institute policies and procedures that serve as a defence to acts of bribery and corruption, our Board unanimously approved the BPHB Anti-Bribery and Corruption Policy (ABC Policy) on 28 November 2019. The ABC policy ensures honest, ethical, transparent and accountable conduct in all of its businesses, adopts a zero tolerance approach to all forms of corruption, objects to all forms of money laundering practices, is applicable to all persons within the BPHB Group, provides employees with information and guidance on how to recognise, deal with and combat corruption and ultimately, protects the Group against repercussions should acts of corruption occur.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE WORK OF OUR BOARD COMMITTEES

There are three main Board Committees (Audit and Risk, Nomination and Remuneration and Finance and Investment). Reports on meetings of the main Board Committees are provided at each full Board meeting by the relevant Committee chair. Each Committee reviews its own terms of reference annually and these are then reviewed by the full Board together with the matters reserved to the Board. Additional attendees are invited to attend Board Committee meetings at the discretion of the relevant chair.

The Audit and Risk Committee (ARC)

COMMITTEE ACTIVITIES DURING THE YEAR

i. Reviewed the quarterly financial reports of the Company as well as the financial report for the fourth quarter of 2018 for Bintulu Port Holdings Berhad;
ii. Reviewed Group's Financial Performance for the year ended 31 December 2018;
iii. Prepared the Audit and Risk Committee Report to be incorporated into the Integrated Annual Report 2019;
iv. Reviewed of the Sustainability Statement, Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control;
v. Deliberated and gave guidance on the identified corporate risk profile;
vi. Reviewed the 2018 Audit Progress Report by the External Auditor;
vii. Reviewed the 2018 Audit Results by the External Auditor;
viii. Reviewed the Audit Planning Memorandum by the External Auditor for the year 2019;
ix. Had two (2) audit special sessions with the External Auditor;
x. Deliberated on the Company's declaration of dividends; and
xi. Proposed adequate procedures under Section 17A of the MACC Act 2009.

Internal Audit

The internal audit function is carried out by Group Internal Audit, which works independently and is answerable to the ARC.

Group Internal Audit is also responsible for:
- Providing the ARC with independent and objective reports on the state of internal controls, risk management, governance processes and the extent of compliance with the Group's established policies and procedures and the relevant statutory requirements; and
- Providing reasonable assurance to the ARC and to the Board based on audit findings concerning the effectiveness of risk management, internal controls and governance processes.

A summary of Internal Audit's activities during the financial year is as follows:
- Developed an annual Audit Plan using a risk-based approach for the Group;
- Conducted seven (7) audit studies based on the approved Audit Plan;
- Conducted seven (7) follow-up audits on corrective actions taken by the Management pertaining to the previous audit findings; and
- Assisted the ARC in reviewing the mitigation actions taken on the risk profiles and ensured that the principal risks were addressed.

For FY2019, Group Internal Audit performed its duties with independence, proficiency and due professional care so as to give assurance to the Board on the integrity of its internal controls and the reliability of the systems as a whole. The cost incurred in running the in-house Group Internal Audit for FY2019 was RM1,000,009.79.

External Audit

The external audit function is to carry out audit work based on the approved Audit Planning Memorandum.

For the year under review, the External Auditors carried out the following:

- Audit on Financial Statements and other issues as per the Audit Planning Memorandum;
- Preparation of reports and recommendations regarding areas that required improvement in principal risk, internal control and financial matters, based on observations made in the audit work;
- Review of Group Internal Audit's assignments and reports in order to avoid duplication of External and Internal Audit work and to ensure a proper system of internal control for the Group was in place;
- Review of the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for the Group. (The details of the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control can be found on pages 70 to 84 and pages 85 to 90 respectively); and
- Engagement and private sessions with the ARC.

The ARC believes that the engagement of External Auditor and reports given by them for the FY2019 had not impaired their independence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A forward-looking agenda is established for the Board and each of the main Board Committees to ensure that items are scheduled at the appropriate time during the year. Sufficient time is given for the consideration of the agenda during the meetings. Regular deep dive presentations form part of the annual meeting cycle, focusing on particular business areas or major projects of strategic importance to the Group. The full terms of reference for all Board Committees and their roles and responsibilities are available on our website at www.bintuluport.com.my. Committee membership and attendance can be found on pages 72 and 73 of this Report. The focus areas of each Committee during the year under review are listed below.

The Nomination and Remuneration Committee (NRC)

COMMITTEE ACTIVITIES DURING THE YEAR

i. Made proposals on the appointment, resignation and re-election of Directors/the Chairman pursuant to the 24th Annual General Meeting of Bintulu Port Holdings Berhad;
ii. Carried out the Annual Performance Assessment for the Board of Directors of Bintulu Port Holdings Berhad;
iii. Made proposals for promotion, confirmation and renewal of contracts in Senior Management positions in the Company;
iv. Made proposals for payment of performance bonuses and annual salary increments for Management and staff;
v. Made proposals on the key performance indicators of the Group Chief Executive Officer; and
vi. Developed criteria for the talent pool and human resource development programme in relation to the Group's succession planning.

The Finance and Investment Committee (FIC)

COMMITTEE ACTIVITIES DURING THE YEAR

i. Deliberated on the proposed expansion of the Bintulu International Container Terminal (BICT);
ii. Deliberated and gave guidance on the procurement of major port operational equipment for Samalaju Industrial Port Sdn Bhd;
iii. Deliberated and gave guidance on and recommended the 2020 Group Business Plan; and
iv. Deliberated and made recommendations on the 2020 Group's Budget.

Directors who are standing for re-election at the Twenty-Fourth (24th) Annual General Meeting of the Company

a) The Directors retiring by rotation pursuant to Clause 24.5 of the Company's Constitution and Para 7.26 of the Main Market Listing Requirements and who have offered themselves for re-election are:

- **Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R)**
  (Non-Independent Non-Executive Director)
- **Tan Sri Datuk Amar Mohamad Morshidi bin Abdul Ghani**
  (Non-Independent Non-Executive Director)
- **Datuk Nasarudin bin Md Idris**
  (Non-Independent Non-Executive Director)

b) The Directors retiring pursuant to Clause 24.12 of the Company's Constitution and who have offered themselves for re-election are

- **Tan Sri Dr. Ismail bin Hj. Bakar**
  (Non-Independent Non-Executive Director)
- **Zakiah binti Jaafar**
  (Non-Independent Non-Executive Director)

The profiles of the above-named Directors who are standing for re-election as stated in the Notice of the 24th AGM are set out in the Who Governs Us on pages 60 to 65 of this Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Ensuring Effective Engagement with Our Stakeholders

"Our Board recognises the importance of having a transparent relationship with its shareholders and other stakeholders. Throughout the year, the Board and Senior Management have actively engaged with various stakeholders on items of importance to them. Our engagement programmes aim to ensure that our operations have a positive impact on stakeholders through their strategic priorities."

SHAREHOLDERS

INVESTOR RELATIONS

The Company complies with the Corporate Disclosure Guide issued by Bursa Malaysia as well as the disclosure requirements of Bursa Malaysia's Main Market Listing Requirements. The Company also acknowledges the importance of timely and equal dissemination of material information to shareholders, investors and the public at large. The company holds briefing sessions each financial year for fund managers, investment analysts and the media in conjunction with the announcement of quarterly and yearly financial results to Bursa Malaysia.

*Kindly refer to the list of interface and engagement sessions conducted by BPHB during FY2019 on **page 84**.*

ANNUAL GENERAL MEETING

- The Group Chief Executive Officer updates shareholders on the Group's performance and activities during the year. Shareholders are also given the opportunity to meet Board members and air any issues or queries they may have about the business. The Chairman and each Board Committee Chair are also available throughout the AGM to answer shareholder questions.
- The Notice of AGM is circulated to all shareholders at least 21 days prior to the meeting and all resolutions are voted on by way of polling as required under the MCCG 2017.
- The Group shares how it responds to queries from all shareholders, including the Minority Shareholders Watch Group (MSWG)

EXTRAORDINARY GENERAL MEETING

- An EGM was held on 28 November 2019 to obtain shareholders' approval on Bintulu Port Holdings Berhad's new Constitution.

RETAIL SHAREHOLDERS

- The Company Secretarial team, together with the Company's Registrars, regularly engages with our retail shareholders regarding their shareholdings and general enquiries.
- The Company Secretary informs the Chairman and the Group Chief Executive Officer of any areas of concern or importance raised by the retail shareholders to ensure that they are kept aware of the views of our retail shareholder base.

Up-to-date information on the Group is accessible via the Group's website at http://www.bintuluport.com.my.

*Please refer to **pages 12 to 15** for Engaging with Our Stakeholders, to see how we engage with our universe of stakeholders.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

GOVERNMENT & REGULATORS

The Group remains steadfast in its efforts to work with regulators to ensure that the Group complies with all relevant rules and regulations set by the Government and other regulatory agencies.

For FY2019, the Group complied with the rules set under Bursa Malaysia's Main Market Listing Requirements in terms of timely announcements as well as material disclosures relevant to the Group's business.

Further, the Group also complied with Companies Commission of Malaysia requirements in ensuring financial statements and narratives of the Group were prepared according to applicable accounting standards and frameworks.

For the year under review, the Group increased its efforts in the implementation of good corporate governance practices as provided under the Securities Commission's MCCG 2017. In FY2019, the Group adopted a Company Constitution in line with the Companies Act 2016 as well as the Listing Requirements.

CUSTOMERS

CUSTOMER CHARTER AND GROUP VISION

The Group strives to provide quality port services with continuous improvement based on customer feedback and the Customer Charter.

The Group is committed to ensuring the following standards prescribed by the Customer Charter are always met:

1. **FAST TURNAROUND TIME**
   We will provide on-time marine services, ensure availability of berth, and constantly improve our operational efficiencies.
2. **QUALITY PERFORMANCE DELIVERY**
   We will be responsive towards our customers' feedback, deliver transparent work procedures, and provide practical and innovative solutions through dynamic process improvements and technology.
3. **SAFETY AND SECURITY**
   We will handle our customers' cargoes, containers and vessels safely and securely while in our custody and within the port water limits.

In meeting their needs and expectations, the Group undertakes regular engagement and interface sessions with customers. To assess customers' level of satisfaction in relation to our commitment stipulated under the Customer Charter, a Customer Satisfaction Survey is conducted annually.

The primary contacts of the Group are as follows:

Group Chief Executive Officer
Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext. 300)
Fax: +60 86 253597

Company Secretary
Bintulu Port Holdings Berhad
Tel : +60 86 291001 (ext. 257)
+60 86 251090 (Direct Line)
Fax: +60 86 254062

CORPORATE GOVERNANCE OVERVIEW STATEMENT

LIST OF INTERFACE AND ENGAGEMENT SESSIONS

No.	Date	Summary of Interface/Engagement Sessions	Venue
1	13 February 2019	Kumpulan Wang Simpanan Pekerja, Kumpulan Wang Persaraan (KWAP) & Kenanga Investment Bank Berhad	BPHB & SIPSB
2	29 May 2019	KWAP	KWAP, Integra Tower, Kuala Lumpur
3	19 August 2019	Kenanga Investment Bank Berhad	BPHB
4	29 August 2019	Permodalan Nasional Berhad	Menara PNB, Kuala Lumpur
5	25 September 2019	Aberdeen Standard Investment	Holiday Inn Glenmarie, Kuala Lumpur

ADDITIONAL COMPLIANCE INFORMATION

i. Recurrent Related Party Transactions (RRPT) of a Revenue Nature

As required by the MMLR, RRPT of a revenue nature must be disclosed in the Annual Report. For the year 2019, there were no new related parties involved with the Group other than the existing ones, which comprised the Sarawak State Financial Secretary (SFS) and Petroliam Nasional Berhad (PETRONAS). The transactions involved were in the ordinary course of business and were in terms not more favourable to the related party than those generally available to the public. The services rendered or goods purchased were based on a non-negotiable fixed price which was published or publicly quoted and all material terms including the prices or charges were applied consistently to all customers or classes of customers.

ii. Non-Audit Fees

The requirement to disclose the Non-Audit Fees is provided for under Chapter 9, Item (18) of Appendix 9C of the MMLR. Hence, the Non-Audit Fees paid to the External Auditors by the Group for reviewing the Directors' Statement on Risk Management and Internal Control for the year ended 31 December 2019 were in the sum of RM9,000.00 only.

iii. Material Contract

The Board confirms that there was no material contract entered into by the Group involving the Directors' and major shareholders' subsisting interest at the end of 2019.

iv. Imposition of Sanctions/Penalties

There were no sanctions/penalties on the Group, Board of Directors and Management for the financial year ended 31 December 2019.

v. Details of Attendance at Meetings Held in the Financial Year Ended 31 December 2019

For attendance, please refer to pages 72 and 73 of this Statement.

vi. Statement by the Board on Compliance

Throughout the financial year ended 31 December 2019, the Group complied with and observed the substantive provisions of the MCCG, the relevant Chapters of the Main Market Listing Requirements and the Companies Commission of Malaysia's requirements.

Statement made in accordance with the Board's Resolution dated 11 March 2020.

EFFECTIVE RISK MANAGEMENT

Statement on Risk Management and Internal Control

OUR APPROACH TO RISK MANAGEMENT

While business plans are derived from the Strategic Plan and translated into the Company's KPIs, the strategies must be formulated with an understanding of related risks that matter and how they can be managed or mitigated based on value drivers such as Financial, Customer, Internal Process and Learning & Growth.

ROLES AND RESPONSIBILITIES

The Board, while acknowledging its responsibility, recognises that the risk management and internal control system is designed to manage, rather than eliminate, risks that may impede the achievement of the Group's business goals and objectives.

Therefore, the system can only provide reasonable, but not absolute, assurance against the occurrence of any material misstatement, fraud or losses.

To ensure the adequacy, effectiveness and integrity of the Group's risk management and internal control, the Board maintains full control over governance, strategic, financial, organisational, operational, regulatory and compliance risks and has put in place formal lines of responsibility and delegation of authority.

The review of the risk management and internal control environment and processes is delegated by the Board to the Audit and Risk Committee (ARC).

For Enterprise Risk Management, the ARC provides oversight on risk management matters relating to the activities of the Group, and reviews, appraises and assesses the efficacy of controls and progress of action plans taken to mitigate, monitor and manage the overall risk exposure of the Group.

For Internal Control, the ARC reviews the adequacy and effectiveness of internal controls in relation to the audits conducted by Group Internal Audit (GIA) during the year.

Audit issues and actions taken by Management to address the findings tabled by GIA are deliberated on during the ARC meetings.

In summary, Internal Control and risk-related matters that warrant the attention of the Board are recommended by the ARC to the Board for its further deliberation and approval, while matters or decisions made within the ARC's purview are escalated to the Board for its acknowledgment.

Risk Monitoring and Reporting Structure

Board of Directors

- Oversees the risks under Corporate Risk – Red Category
- Receives and reviews reports on risk management
- Informed of the current status of Corporate Risk under the Red Category
- Gives further guidance and directions based on reports on risk management

Audit and Risk Committee

- Oversees the risks under Corporate Risk – Red Category
- Receives and reviews reports on risk management
- Acknowledges any new risks or risks that register improvement
- Acknowledges risk updates and improvements of the Group, which includes BPSB, BBSB and SIPSB
- Updated on the status of the risks on a quarterly basis

Management Level

- Oversees the risks at divisional level
- Oversees plans for risk assessment, monitoring and mitigation that include current control strategies and action plans
- Updates the Audit Committee/ Board of Directors on risk assessment and mitigation
- Determines Corporate Risk based on the impact and likelihood

ERM Unit
(under Group Corporate Planning and Development)

- Updates the risk profiles quarterly
- Coordinates updates of risk profiles together with the Risk Focal Person
- Conducts risk assessment analysis based on projects

Risk Focal Person/Risk Owner

- Ensures mitigation measures and action plans are undertaken
- Acts as a liaison in providing feedback on new risks

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT PROCESS

1 Understanding the Business
- Objective
- Strategy

2 Risk Identification
- What can happen?
- How can it happen?

3 Risk Category
- Business Environment/ Hazard
- Governance/Legal
- Operations
- Financial
- Information
- Strategic

4 Risk Assessment
- SWOT Analysis
- PESTLE - Political, Economic, Social, Technological, Legal and Environmental - Analysis
- Feasibility Study
- Impact
- Likelihood

5 Risk Mitigation
- Accept
- Spread
- Avoid
- Transfer

6 Record-Keeping
- Maintain records
- Review risk quarterly; implement changes in area of work or after an incident

Our Enterprise Risk Management and Internal Control Structure

ENTERPRISE RISK MANAGEMENT (ERM)

ERM Environment
Creates and establishes clear functional responsibilities and accountabilities that cover Governance, Framework and Process

Materiality Assessment
Assessment made according to the recommendations of Bursa Malaysia's Sustainability Reporting Guide

Risk Management Committee
Internal Risk Management Committee established to monitor Principal Risks of the Group as a whole

Risk Management Function
The existence of an established ERM Unit responsible for the coordination of risk management for the Group

Risk Management Awareness Programme
Group-wide inculcation of a robust risk governance and compliance culture, supported by training programmes

Group Principal Risk Profile
Provides oversight for the Audit and Risk Committee during meetings

Insurance
Involves information relating to the protection of the Group's assets

INTERNAL CONTROL

Authority Responsibility
Encompasses Board TOR, all structures of the organisation and the internal control and compliance environment, as well as responsibility levels

Planning, Monitoring and Reporting
Covers budgeting and forecasting exercises, continuous performance review and appropriate application of finance functions

Policies & Procedures
Contain information on how the Group operates through SOPs, Code of Conduct and its Customer Charter

Audit
Covers internal and external audit functions of the Group as well as audit by certification bodies

Compliance
Contains information on the role played by Group Legal Counsel

Performance Measurement
Contains information on how the performance of employees is measured

Employees' Competencies
Contains information on how employees' competencies are continuously enhanced

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ENTERPRISE RISK MANAGEMENT (ERM)

The Group's Enterprise Risk Management (ERM) segments comprise the following key elements:

SEGMENT	KEY ELEMENT
ERM Environment	One of the key features of the risk management environment is the implementation of established and clear functional responsibilities and accountabilities for the management of risk. The ERM Environment consists of a framework, process and governance and is illustrated on pages 85 and 86 of this Statement.
Materiality Assessment	Pursuant to the recommendations of Bursa Malaysia's Sustainability Reporting Guide, an organisation should reconsider its material sustainability risks and opportunities (i.e. sustainability matters) at least once a year. This is to ensure that the sustainability matters being managed and reported remain significantly important to its business and are aligned to stakeholders' needs. The Group undertook a materiality assessment in 2018, comprising a series of focus group sessions and interviews with various key internal stakeholders.
Risk Management Committee	A Risk Management Committee has been established, comprising the following members: • Group Chief Executive Officer (GCEO) • Chief Operation Officers (COOs) • General Manager, Group Legal Counsel • General Manager, Group Finance • General Manager, Group Health & Safety Environment • General Manager, Group Corporate Planning & Development • General Manager, Group Information Technology • Senior Manager, Group Security In 2019, three (3) meetings were conducted and the Management planned to have meetings on a quarterly basis in 2020.
Risk Management Function	The risks are viewed from a Group-wide perspective and managed on a Group-wide basis and are driven by a designated ERM Unit under Group Corporate Planning & Development (GCPD). The ERM Unit is responsible for the overall coordination of risk management for the Group and works closely with Risk Focal Persons who undertake the monitoring and assessing of risk controls in their respective divisions and departments. The ERM Unit reports directly to the GCEO.
Risk Management Awareness Programme	The main objective of the programme is to inculcate a robust risk governance and compliance culture among all staff, ranging from operational to Senior Management. The programme is conducted on an annual basis.
Group Principal Risk Profile	The Group Principal Risk Register & Profile is a permanent agenda item of ARC meetings, which deliberate on the following principal risks: • Strategic Risk • Financial Risk • Operational Risk • Business Environment/Hazard Risk • Information & Data Risk • Governance/Legal Risk
Insurance	Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group's assets are adequately covered against any mishap that could result in material loss.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

The Group's internal control segments comprise the following key elements:

SEGMENT	KEY ELEMENT
Authority & Responsibility	**TERMS OF REFERENCE** The Board has delegated certain responsibilities to Board Committees, as follows, through clearly defined and approved Terms of Reference (TOR) which shall be reviewed as and when necessary: • Audit and Risk Committee • Nomination and Remuneration Committee • Finance and Investment Committee The above TOR are accessible on the Group's website. In addition, there are a number of committees established by the Management with specific TOR, such as the Major Tender Committee, Minor Tender Committee and Quotation Committee. **ORGANISATIONAL STRUCTURE** The Group has an organisational structure with formal lines of authority and accountability that sets out clear segregation of powers to guarantee effective control at various levels of the Group. The Management is responsible for the implementation of the Group's strategies and day-to-day business based on the established structure and limits of authority. The organisational structure is reviewed from time to time to address changes in the business environment, as well as to keep abreast of current and future trends in new technologies, products and services. **RESPONSIBILITY LEVELS** The Group has established levels of authority, which have been approved by the Board and which are subject to review from time to time to reflect the limits of authority of the Management in all aspects of the Group's major businesses, operations and functions. **COMPLIANCE ENVIRONMENT** Each division and business unit within the Group has established an adequate compliance environment by instituting specific and dedicated functions to oversee compliance matters with respect to business and operations. **INTERNAL CONTROL POLICY** The policy was established and was approved by the Board of Directors and it is subject to review from time to time, in order to reflect changes in the internal control environment that may affect the Group's business and operations.
Planning, Monitoring & Reporting	**BUDGET** The Group performs comprehensive budgeting and forecasting exercises. An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year. These are deliberated on and approved by the Board prior to implementation by the Management. **PERFORMANCE REVIEW** The Group's business plans for the year are reviewed and deliberated on by the Board on an annual basis. The actual performance against budget and financial performance variances are analysed and reported on a quarterly basis to the Board and timely corrective actions are then taken. **FINANCE FUNCTION** The Group Finance Division is required to provide assurance to the ARC that appropriate accounting policies have been adopted and applied consistently, that the going concern basis as applied in the Annual Financial Statements and Condensed Consolidated Financial Statements of the Group is appropriate and that prudent judgments and reasonable estimates have been made in accordance with the requirements set out in established and applicable Financial Reporting Standards.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL	
SEGMENT	**KEY ELEMENT**
Policies & Procedures	**STANDARD OPERATING PROCEDURES** Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations. Information relating to Financial, Procurement & Contract Management, Human Resources and Information Technology are documented and accessible through the Group's intranet and manuals. In addition, the Group has obtained accreditation from local and international bodies to standardise relevant processes such as ISO9001 and ISO14000. **ANTI-BRIBERY AND CORRUPTION (ABC)** It is also important for the Group to comply with, uphold and conduct its business in accordance with applicable laws in relation to anti-bribery and corruption. The details of ABC policy are on page 79. **CODE OF CONDUCT** The Code of Conduct is given to all newly recruited staff upon joining the Group. They are required to strictly adhere to the Code of Conduct in order to ensure a high level of discipline and integrity while carrying out their duties. It is the responsibility of all staff to maintain and practise the Code of Conduct as part of their accountability towards achieving the Group's overall objectives. **CUSTOMER CHARTER** The Customer Charter is a benchmark set by the Group for evaluating operational efficiency and performance in meeting service delivery standards and customer satisfaction. The Management is committed to ensuring strict adherence to the Customer Charter at all levels of operation. For any failure to meet the Customer Charter, the Management carries out service recovery initiatives. **WHISTLEBLOWER POLICY** The policy was approved by the Board to provide an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including breaches of the Code of Conduct and of the Group's policies, in a secure and confidential manner.
Audit	**INTERNAL AUDIT** The internal control practices are audited in-house by GIA to assess the adequacy and effectiveness aspects of governance, risk and controls. Any irregularity or significant finding by GIA is reported to the ARC together with recommendations for corrective measures on a timely basis. The Management is responsible for ensuring that corrective actions are carried out within a determined time frame. **EXTERNAL AUDIT** The External Auditors' Annual Plan, which comprises planned audit services (inclusive of other assurance-related services), recurring non-audit services and non-recurring non-audit services, is tabled to the ARC for deliberation and approval. Other than the financial statutory audit, there are audits on operational statutory compliance conducted by the relevant authorities, such as the DOE Compliance Audit and BOMBA (Malaysia) Fire Certificate Inspection Audit, to ensure fulfilment of licence conditions. **CERTIFICATION AUDIT** The audit is conducted by certification bodies, on a scheduled-basis, such as ISO 9001: 2015, and ISO 14001: 2015, to ensure continuous certification is obtained from local and international bodies including renewals of certification.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL

SEGMENT	KEY ELEMENT
Compliance	The role of Group Legal Counsel is to advise the Board and Management on all legal matters and manage any litigation. It also plays a pivotal role in ensuring that interests of the Group are legally preserved and safeguarded. The Board is updated through reports as and when there is an introduction of new legislation, new terms of business or changes in existing laws relevant to the Group.
Performance Measurement	Key performance indicators (KPIs), which are based on the Corporate and Divisional Balanced Scorecards and Behavioural Competencies, are used to track and measure employees' performance. In addition, annual employee engagements and customer satisfaction surveys are conducted to gain feedback on the effectiveness and efficiency of stakeholder engagements for continuous improvement.
Employees' Competencies	Training and development programmes are identified and scheduled for the staff to acquire the necessary knowledge, skills and core competencies to enhance their professionalism. This is to ensure that the Group can assign staff with specific and specialised training, thereby minimising unnecessary errors or non-compliance with the established policies.

REVIEW OF THIS STATEMENT

In line with Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control.

Their review was performed in accordance with Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants.

Based on their review for the financial year ended 31 December 2019 and up to the date of issuance of the Financial Statements, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in all material aspects.

GIA has also reviewed this Statement and reported to the ARC that, while it has addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group's internal control and risk management system.

CONCLUSION

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group's assets, as well as the shareholders' investments and the interests of customers, regulators, employees and other stakeholders.

The Board has received assurance from the GCEO that the Group's internal control and risk management system is operating adequately and effectively in all material aspects, based on the framework adopted by the Group.

Statement made in accordance with the Board's Resolution dated 11 March 2020.

Tan Sri Dr. Ismail bin Hj. Bakar
Chairman

Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Independent Non-Executive Director

AUDITED FINANCIAL STATEMENTS

DIRECTORS

Tan Sri Dr. Ismail bin Hj. Bakar
Zakiah binti Jaafar
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R)
Dato Sri Fong Joo Chung
Datuk Nasarudin bin Md Idris
Dzafri Sham bin Ahmad
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Datuk Yasmin binti Mahmood
Datuk Nozirah binti Bahari
Salihin bin Abang

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

Lot 15, Block 20, Kemena Land District
12th Mile, Tanjung Kidurong Road
97000 Bintulu, Sarawak

AUDITORS

Ernst & Young PLT

PRINCIPAL BANKER

CIMB Bank Berhad

INSIDE THIS SECTION

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and provision of management services.

The principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	**129,299**	**118,426**
Profit attributable to:		
Equity holders of the parent	**129,299**	**118,426**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2018 were as follows:

In respect of the financial year ended 31 December 2018 as reported in the Directors' report of that year:	**RM'000**
Fourth interim single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 19 April 2019	**27,600**
In respect of the financial year ended 31 December 2019:	
First interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, paid on 9 August 2019	**18,400**
Second interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, paid on 10 October 2019	**18,400**
Third interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, paid on 27 December 2019	**18,400**
	82,800

The Directors have authorised the payment of a fourth interim single tier dividend of 2.0 sen per share on 460,000,000 ordinary shares, amounting to RM9,200,000, which will be paid on 16 April 2020 to shareholders registered on the Company's Register of Members at the close of business on 27 March 2020. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

DIRECTORS' REPORT

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dr. Ali bin Hamsa	(Resigned on 1.9.2019)
Datuk Siti Zauyah binti Md Desa	(Resigned on 14.11.2019)
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R)	
Dato Sri Fong Joo Chung	
Datuk Nasarudin bin Md Idris	
Dzafri Sham bin Ahmad	
Dato' Sri Mohamad Norza bin Zakaria	(Retired on 22.4.2019)
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	
Datuk Yasmin binti Mahmood	
Datuk Nozirah binti Bahari	
Salihin bin Abang	
Tan Sri Dr. Ismail bin Hj. Bakar	(Appointed on 1.9.2019)
Zakiah binti Jaafar	(Appointed on 1.3.2020)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest.

INDEMNITIES TO DIRECTORS AND OFFICERS

During the financial year, the Group maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act 2016. The total insured limit for the Directors' and Officers' Liability Insurance is RM50 million per occurrence or in the aggregate. The annual insurance premium paid is RM60,000.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts inadequate to any substantial extent or it necessary to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 9 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2020.

Tan Sri Dr. Ismail Bin Hj Bakar

Dato Sri Fong Joo Chung

STATEMENT BY DIRECTORS

Pursuant to Section 251 (2) of the Companies Act 2016

We, **Tan Sri Dr. Ismail Bin Hj Bakar** and **Dato Sri Fong Joo Chung**, being two of the Directors of **Bintulu Port Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 98 to 171 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 11 March 2020.

Tan Sri Dr. Ismail Bin Hj Bakar

Dato Sri Fong Joo Chung

STATUTORY DECLARATION

Pursuant to Section 251 (1)(b) of the Companies Act 2016

I, **Daiana Luna Suip (CA 16050)**, being the Officer primarily responsible for the financial management of **Bintulu Port Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 98 to 171 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Daiana Luna Suip** at Bintulu in the State of Sarawak on 11 March 2020.

Daiana Luna Suip

Before me,

Magdalene Lucas
Q 082
Commisioner For Oath

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		Group		Company	
		2019	2018 (Restated)	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Revenue from port services rendered	4	**650,730**	624,019	**-**	-
Revenue from construction services for concession infrastructure	4	**8,683**	19,326	**-**	-
Revenue from bulking services	4	**43,935**	40,080	**-**	-
Dividend income from subsidiaries	4	**-**	-	**122,200**	140,000
Management fee charged to subsidiaries	4	**-**	-	**43,764**	39,671
Rental income	4	**21,756**	22,042	**-**	-
		725,104	705,467	**165,964**	179,671
Other income	5	**11,631**	51,695	**2,395**	3,628
Cost of construction services	6	**(8,683)**	(19,326)	**-**	-
Employee benefit expenses	7	**(116,604)**	(105,418)	**(33,884)**	(30,080)
Depreciation of property, plant and equipment	14	**(31,076)**	(30,951)	**(515)**	(339)
Depreciation of right-of-use assets	15	**(11,986)**	-	**-**	-
Amortisation of intangible assets	17	**(151,571)**	(144,680)	**(281)**	(178)
Charter hire of vessels		**(6,492)**	(19,499)	**-**	-
Maintenance dredging costs	28	**(22,233)**	(15,128)	**-**	-
Fuel, electricity and utilities		**(26,971)**	(28,823)	**(68)**	(67)
Insurance expenses		**(3,024)**	(3,224)	**(85)**	(80)
Land lease	8	**-**	(1,375)	**-**	-
Repair and maintenance		**(41,349)**	(40,088)	**(644)**	(388)
Replacement obligations	28	**(6,075)**	(5,814)	**-**	-
Service contracts		**(42,197)**	(40,523)	**-**	-
Other expenses	9	**(37,744)**	(38,507)	**(17,437)**	(15,095)
Total expenses		**(506,005)**	(493,356)	**(52,914)**	(46,227)
Operating profit		**230,730**	263,806	**115,445**	137,072
Finance costs	10	**(76,459)**	(75,822)	**-**	-
Finance income	5	**24,761**	23,139	**2,981**	1,842
Profit before tax		**179,032**	211,123	**118,426**	138,914
Income tax expense	12	**(49,733)**	(62,085)	**-**	-
Profit net of tax, representing total comprehensive income for the year		**129,299**	149,038	**118,426**	138,914
Profit attributable to:					
Equity holders of the parent		**129,299**	149,038	**118,426**	138,914
Earnings per share					
Basic (sen)	13	**28.11**	32.40		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

		Group			Company	
	Note	31.12.2019 RM'000	31.12.2018 (Restated) RM'000	01.01.2018 (Restated) RM'000	2019 RM'000	2018 RM'000
Assets						
Non-current assets						
Property, plant and equipment	14	**296,890**	285,827	299,191	**4,095**	2,398
Right-of-use assets	15	**73,476**	-	-	**-**	-
Investment in subsidiaries	16	**-**	-	-	**1,051,900**	961,900
Intangible assets	17	**1,675,702**	1,814,140	1,959,167	**1,854**	1,140
Deferred tax assets	18	**58,035**	50,850	56,371	**-**	-
		2,104,103	2,150,817	2,314,729	**1,057,849**	965,438
Current assets						
Inventories	19	**-**	4,470	4,544	**-**	-
Concession financial assets	20	**-**	-	48,098	**-**	-
Tax recoverable		**1,734**	2,219	1,991	**-**	-
Trade and other receivables	21	**102,626**	108,319	115,700	**11,676**	5,895
Investment in securities	22	**124,852**	90,608	81,879	**-**	10,784
Cash and bank balances	23	**694,704**	644,359	563,481	**26,066**	76,420
		923,916	849,975	815,693	**37,742**	93,099
Total assets		**3,028,019**	3,000,792	3,130,422	**1,095,591**	1,058,537
Equity and liabilities						
Equity attributable to equity holders of the Company						
Share capital	24	**890,818**	890,818	890,818	**890,818**	890,818
Retained earnings		**439,282**	401,090	334,852	**182,151**	146,525
Total equity		**1,330,100**	1,291,908	1,225,670	**1,072,969**	1,037,343

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019 (Continued)

		Group			Company	
		31.12.2019	31.12.2018 (Restated)	01.01.2018 (Restated)	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current liabilities						
Other payables	25	**51,547**	45,811	37,561	**17,305**	18,894
Loans and borrowings	26	**938,827**	937,316	935,805	**-**	-
Lease liabilities	27	**452,780**	501,189	637,586	**-**	-
Provisions	28	**12,151**	5,814	-	**-**	-
Deferred tax liabilities	18	**-**	4,381	3,850	**-**	-
		1,455,305	1,494,511	1,614,802	**17,305**	18,894
Current liabilities						
Other payables	25	**52,637**	54,160	123,781	**5,317**	2,300
Loans and borrowings	26	**-**	-	11,600	**-**	-
Lease liabilities	27	**138,861**	115,393	117,248	**-**	-
Provisions	28	**39,476**	34,037	18,909	**-**	-
Income tax payable		**11,640**	10,783	18,412	**-**	-
		242,614	214,373	289,950	**5,317**	2,300
Total liabilities		**1,697,919**	1,708,884	1,904,752	**22,622**	21,194
Total equity and liabilities		**3,028,019**	3,000,792	3,130,422	**1,095,591**	1,058,537

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Note	Share Capital RM'000	Retained Earnings RM'000	Equity Total RM'000
Group				
2019				
Opening balance at 1 January 2019		**890,818**	**382,674**	**1,273,492**
Effect of prior year adjustments	39	**-**	**18,416**	**18,416**
Opening balance at 1 January 2019 (Restated)		**890,818**	**401,090**	**1,291,908**
Less: MFRS 16 adjustment		**-**	**(8,307)**	**(8,307)**
Total comprehensive income		**-**	**129,299**	**129,299**
Transactions with owners				
Dividends on ordinary shares	29	**-**	**(82,800)**	**(82,800)**
Closing balance at 31 December 2019		**890,818**	**439,282**	**1,330,100**
2018				
Opening balance at 1 January 2018		890,818	323,430	1,214,248
Effect of prior year adjustments	39	-	11,422	11,422
Opening balance at 1 January 2018 (Restated)		890,818	334,852	1,225,670
Total comprehensive income (Restated)		-	149,038	149,038
Transactions with owners				
Dividends on ordinary shares	29	-	(82,800)	(82,800)
Closing balance at 31 December 2018 (Restated)		890,818	401,090	1,291,908
Company				
2019				
Opening balance at 1 January 2019		**890,818**	**146,525**	**1,037,343**
Total comprehensive income		**-**	**118,426**	**118,426**
Transactions with owners				
Dividends on ordinary shares	29	**-**	**(82,800)**	**(82,800)**
Closing balance at 31 December 2019		**890,818**	**182,151**	**1,072,969**
2018				
Opening balance at 1 January 2018		890,818	90,411	981,229
Total comprehensive income		-	138,914	138,914
Transactions with owners				
Dividends on ordinary shares	29	-	(82,800)	(82,800)
Closing balance at 31 December 2018		890,818	146,525	1,037,343

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 (Restated) RM'000	Company 2019 RM'000	Company 2018 RM'000
Operating activities					
Profit before tax		**179,032**	211,123	**118,426**	138,914
Adjustments for:					
Amortisation of intangible assets	17	**151,571**	144,680	**281**	178
Depreciation of property, plant and equipment	14	**31,076**	30,951	**515**	339
Depreciation of right-of-use assets	15	**11,986**	-	**-**	-
Finance costs	10	**76,459**	75,822	**-**	-
Bad debts written off	9	**28**	-	**-**	-
Property, plant and equipment written off	9	**-**	5	**-**	-
Gain on disposal of property, plant and equipment	5	**(118)**	(234)	**-**	-
Dividend income from subsidiaries	4	**-**	-	**(122,200)**	(140,000)
Dividend income from unit trust	5	**(6,707)**	(2,686)	**(786)**	(383)
Interest income	5	**(24,761)**	(23,139)	**(2,981)**	(1,842)
Guarantee fee income	5	**-**	-	**(1,276)**	(3,098)
Gain on fair value of investments in securities	5	**(2,527)**	(969)	**(333)**	(136)
Staff gratuities	25	**1,194**	1,519	**-**	-
Provision for maintenance dredging costs	28	**22,233**	15,128	**-**	-
Provision for replacement obligations	28	**6,075**	5,814	**-**	-
Directors' gratuities	25	**263**	252	**263**	252
Income recognised from Liquidated Ascertained Damages ("LAD")	5	**-**	(10,901)	**-**	-
Impairment on trade receivables	9	**-**	49	**-**	-
Reversal of impairment on trade receivables	5	**(49)**	-	**-**	-
Total adjustments		**266,723**	236,291	**(126,517)**	(144,690)

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2019 (Continued)

	Note	Group		Company	
		2019	2018 (Restated)	2019	2018
		RM'000	RM'000	RM'000	RM'000
Operating cash flows before working capital		**445,755**	447,414	**(8,091)**	(5,776)
Changes in working capital					
(Increase)/decrease in trade and other receivables		**(1,438)**	7,992	**435**	(164)
Decrease/(increase) in other current assets		**13,037**	745	**(232)**	(10)
(Decrease)/increase in other payables		**(2,042)**	(55,712)	**2,694**	(1,041)
Net change in subsidiaries balances		**-**	-	**(6,219)**	(1,467)
Net change in concession finance assets		**-**	48,098	**-**	-
Payment of maintenance dredging	28	**(16,794)**	-	**-**	-
Total changes in working capital		**(7,237)**	1,123	**(3,322)**	(2,682)
Cash flows generated from/(used in) operations		**438,518**	448,537	**(11,413)**	(8,458)
Directors' gratuities paid	25	**(182)**	-	**(182)**	-
Income tax paid, net refunded		**(57,333)**	(63,890)	**-**	-
Staff gratuities paid	25	**(6,062)**	(7,572)	**-**	-
Net cash flows generated from/(used in) operating activities		**374,941**	377,075	**(11,595)**	(8,458)
Investing activities					
Interest received		**23,346**	21,809	**3,145**	1,656
Acquisition of property, plant and equipment	14	**(43,371)**	(18,363)	**(1,199)**	(845)
Increase in intangible assets	17	**(12,628)**	(30,864)	**(2,008)**	(518)
Investment in a subsidiary		**-**	-	**(90,000)**	-
Proceeds from disposal of property, plant and equipment		**845**	832	**-**	-
Purchase of investment in securities		**(36,913)**	(4,988)	**-**	-
Proceeds from investment in securities		**11,903**	-	**11,903**	-
Net dividend received		**-**	-	**122,200**	140,000
Net movement in fixed deposits with maturity more than 3 months		**5,500**	(5,557)	**-**	-
Net cash flows (used in)/generated from investing activities		**(51,318)**	(37,131)	**44,041**	140,293

STATEMENTS OF CASH FLOWS

For the year ended 31 December 2019 (Continued)

	Note	Group 2019 RM'000	Group 2018 (Restated) RM'000	Company 2019 RM'000	Company 2018 RM'000
Financing activities					
Dividends paid	29	**(82,800)**	(82,800)	**(82,800)**	(82,800)
Interest paid on term loan		**-**	(312)	**-**	-
Interest paid on Sukuk		**(37,836)**	(37,630)	**-**	-
Interest paid on lease liabilities		**(25,808)**	(25,207)	**-**	-
Repayment of term loan		**-**	(11,600)	**-**	-
Payment of principal portion of lease liabilities		**(121,334)**	(106,987)	**-**	-
Net cash flows used in financing activities		**(267,778)**	(264,536)	**(82,800)**	(82,800)
Net increase/(decrease) in cash and cash equivalents		**55,845**	75,408	**(50,354)**	49,035
Cash and cash equivalents at beginning of the year		**620,099**	544,691	**76,420**	27,385
Cash and cash equivalents at end of the year	23	**675,944**	620,099	**26,066**	76,420

Changes in liabilities arising from financing activities

	1 January RM'000	MFRS 16 Adjustment RM'000	Adjustment RM'000	Cashflows RM'000	Reclassification RM'000	31 December RM'000
For year ended 31 December 2019						
Current lease liabilities	**115,393**	**6,262**	**-**	**(121,334)**	**138,540**	**138,861**
Non-current lease liabilities	**501,189**	**90,131**	**-**	**-**	**(138,540)**	**452,780**
Non-current interest-bearing borrowings (excluding lease liabilities)	**937,316**	**-**	**-**	**1,511**	**-**	**938,827**
	1,553,898	**96,393**	**-**	**(119,823)**	**-**	**1,530,468**
For year ended 31 December 2018						
Current lease liabilities	117,248	-	(31,265)	(106,987)	136,397	115,393
Non-current lease liabilities	637,586	-	-	-	(136,397)	501,189
Current interest-bearing borrowings (excluding lease liabilities)	11,600	-	-	(11,600)	-	-
Non-current interest-bearing borrowings (excluding lease liabilities)	935,805	-	-	1,511	-	937,316
	1,702,239	-	(31,265)	(117,076)	-	1,553,898

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Lot 15, Block 20, Kemena Land District, 12th Mile, Tanjung Kidurong Road, 97000 Bintulu, Sarawak.

The principal activity of the Company is investment holding and provision of management services.

The principal activities of the subsidiaries are set out in Note 16.

There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies and effects arising from the adoption of new and amended MFRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2019, the Group and the Company adopted the following new and amended MFRSs and Annual Improvements (collectively referred to as "pronouncements"), which were effective for annual financial periods beginning on or after 1 January 2019 as set out below:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and effects arising from the adoption of new and amended MFRSs (Continued)

Description	Effective for annual periods beginning on or after
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16: Leases	1 January 2019
Annual Improvements to MFRSs 2015-2017 Cycle:	
(i) Amendments to MFRS 3: Business Combinations	1 January 2019
(ii) Amendments to MFRS 11: Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112: Income Taxes	1 January 2019
(iv) Amendments to MFRS 123: Borrowing Costs	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128: Long-term Interest in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company except as discussed below:

MFRS 16: Leases

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and effects arising from the adoption of new and amended MFRSs (Continued)

MFRS 16: Leases (Continued)

The effect of adoption MFRS 16 as at 1 January 2019 (increase/(decrease)) is, as follows:

	RM'000
Assets	
Right-of-use assets	85,462
Deferred tax assets	2,624
	88,086
Liabilities	
Lease liabilities	96,393
Total adjustment on equity:	
Retained earnings	(8,307)

The Group has lease contracts for leasehold land and vessels. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as finance lease. Refer to Note 2.18 Leases for the accounting policy prior to 1 January 2019.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group has applied weighted average incremental rate of 4.50% at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and effects arising from the adoption of new and amended MFRSs (Continued)

MFRS 16: Leases (Continued)

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases within reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2.3 Standards issued but not yet effective

The Standards and Interpretations (collectively referred to as pronouncements) that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these pronouncements, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 1: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (Continued)

These pronouncements are not expected to have any material impact to the financial statements of the Group and the Company except as discussed below:

(a) Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments were made to MFRS 101 Presentation of Financial Statements and MFRS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information. Material information may, for instance, be obscured if information regarding a material item, transaction or other event is scattered throughout the financial statements, or disclosed using a language that is vague or unclear. Material information can also be obscured if dissimilar items, transactions or other events are inappropriately aggregated, or conversely, if similar items are inappropriately disaggregated.

The amendments replaced the threshold 'could influence', which suggests that any potential influence of users must be considered, with 'could reasonably be expected to influence' in the definition of 'material'. In the amended definition, therefore, it is clarified that the materiality assessment will need to take into account only reasonably expected influence on economic decisions of primary users.

Although the amendments to the definition of material is not expected to have a significant impact on an entity's financial statements, the introduction of the term 'obscuring information' in the definition could potentially impact how materiality judgements are made in practice, by elevating the importance of how information is communicated and organised in the financial statements.

(b) Revised Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The changes to the Conceptual Framework may affect the application of MFRS in situations where no standard applies to a particular transaction or event.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses, which are not eliminated when there are indications of impairment.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree.

The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed off and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over investee to affect its returns. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 Service concession arrangements

The Group recognises the consideration received or receivable as a financial asset to the extent that it has an unconditional right to receive cash or another financial asset for the construction services. Financial assets are accounted for in accordance with the accounting policy set out in Note 2.10.

The Group recognises the consideration receivable as an intangible asset to the extent that it receives a right to charge users of the public service. Intangible assets are accounted for in accordance with the accounting policy set out in Note 2.7.

Subsequent costs and expenditures related to infrastructure and equipment arising from the Group's commitments to the concession contracts or that increase future revenue are recognised as additions to the intangible asset and are stated at cost. Assets for which the residual interest is not transferred to the grantor at the end of concession are recognised as property and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 2.8. When the Group has contractual obligations that it must fulfill as a condition of its license to: a) maintain the infrastructure to a specified standard or, b) to restore the infrastructure when the infrastructure has deteriorated below a specified condition, it recognises and measures these contractual obligations in accordance with the accounting policy for provisions in Note 2.15. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

(a) Concession intangible assets

A concession intangible asset is measured at the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered. Concession intangible assets are amortised using straight-line method of amortisation over the concession period.

According to IC12: Service Concession Arrangements, where the grantor controls significant residual interest in the assets at the end of the concession term through ownership, beneficial entitlement or otherwise, these asset are intangible assets i.e. the licence to operate the port.

(b) Goodwill on acquisition of a subsidiary

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the cash-generating unit retained.

(c) Software

Software acquired separately is measured on initial recognition at cost. Software has a finite useful life and is stated at cost less accumulated amortisation and impairment losses.

Software is amortised on a straight line basis over its estimated useful life of ten years.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Other property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual value over the estimated useful life, at the following annual rates:

Building and bulking facilities	9 - 25 years
Machinery and equipment	5 - 14 years
Motor vehicles	7 - 10 years
Office furniture, fittings and equipment	5 - 10 years
Vessels	14 - 20 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.9 Inventories

Inventories represent landed development properties in the staff housing project and were stated at the lower of cost and net realisable value. The cost of inventories included the expenditure incurred in acquiring the land, direct cost and appropriate proportions of common costs attributable to developing the properties to completion.

Any gains or losses on the disposal of inventories were recognised in the profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of business model.

The Group's and Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual costs held while financial asset classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial Instruments (Continued)

i) Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial Instruments (Continued)

i) Financial assets (Continued)

Derecognition (Continued)

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial Instruments (Continued)

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of those measured subsequently at amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial Instruments (Continued)

iii) Offsetting of financial instrument

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.11 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ('CGU')).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the units or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Revenue

(a) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as it transfers control over a service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or

ii. the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

iii. the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with the above criteria, an entity satisfies the performance obligation and recognises revenue at a point in time.

(b) Revenue from other sources

Revenue from other sources are recognised as follows:

(i) Management fees

Management fees are recognised as services are rendered.

(ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.13 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Income taxes (Continued)

(b) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances, unused tax losses and other unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances, unused tax losses and other unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the assets is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, where they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the future taxable profit will be available against which the related tax benefit can be realised.

2.14 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plan

The Group and the Company participate in the national pension scheme as defined by the laws of the country in which it has operations. The Group and the Company make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future net cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the accretion in the provision due to the passage of time is recognized as finance cost.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group and of the Company, are not recognised in the financial statements but are disclosed as contingent liabilities unless the possibility of an outflow of economic resources is considered remote.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, short term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.18 Leases

Group and Company as a lessee

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

Group and Company as a lessee (Continued)

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Leasehold land 30 years
- Vessels 5 - 10 years

If ownership of the leased asset transfers to the Group or the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognize lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group or the Company and payments of penalties for terminating the lease, if the lease term reflects the Group or the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use their incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

Group and Company as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and the Company also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Leases in which the Group and the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.19 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Fair value measurements

The Group and the Company measure financial instruments at fair value at each reporting date. Also, fair values of the financial instruments measured at amortised cost are disclosed in Note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair values are measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities; or
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; or
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates that could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies which may have significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment assessment of (i) concession intangible assets and (ii) investment in a subsidiary, Samalaju Industrial Port Sdn. Bhd. ("SIPSB")

(i) Concession intangible assets for SIPSB

The Group assesses concession intangible assets at the end of each reporting period when there is an indication that an asset may be impaired by comparing its carrying amount with its recoverable amount. This requires an estimation of the recoverable amount by estimating the value-in-use of the cash-generating unit ("CGU"). Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are disclosed in Note 17.

(ii) Investment in a subsidiary, SIPSB

When Note 3.2 (a)(i) identified impairment assessment is required then it indicates the carrying amount of investment in SIPSB may also be impaired. Considering SIPSB's underlying assets comprise the concession intangible assets as stated in (i), the management estimated the recoverable amount of the investment by using the same VIU. Further details are disclosed in Note 17.

(b) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future profits together with future planning strategies.

The carrying amount of the Group's deferred tax assets at the reporting date is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

4. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
- Revenue from port services rendered	**650,730**	624,019	**-**	-
- Revenue from construction services for concession infrastructure	**8,683**	19,326	**-**	-
- Revenue from bulking services	**43,935**	40,080	**-**	-
	703,348	683,425	**-**	-
Revenue from other source:				
- Management fee charged to subsidiaries	**-**	-	**43,764**	39,671
- Dividend income from subsidiaries	**-**	-	**122,200**	140,000
- Rental income	**21,756**	22,042	**-**	-
	21,756	22,042	**165,964**	179,671
	725,104	705,467	**165,964**	179,671

Revenue from port services and bulking services is accounted for in accordance with MFRS 15: Revenue from contracts with customers.

Revenue from rental income is accounted for in accordance with MFRS 16: Leases.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Timing of revenue recognition:				
- Over time	**703,348**	683,425	**-**	-

The information regarding trade receivables and contract balances is disclosed in Note 21.

Geographical analysis of revenue

The revenue from port and bulking services are generated in Malaysia.

Nature of goods and services

Provision of port services and bulking services.

Timing of recognition or method used to recognise revenue

Revenue from port and bulking operations is recognised on an accrual basis when the services are performed.

Significant payment terms

Credit period from 15 to 30 days from the invoice date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

4. REVENUE (CONTINUED)

Provision of port services

a) Bintulu Port Sdn. Bhd. ("BPSB")
The variable element in consideration is contingent upon or affected by certain customers achieving the cargoes volume as stated in the contracts.

b) SIPSB
There are no variable elements in consideration.

There are no obligation for returns or refunds nor warranty in the provision of port services.

Provision of bulking services
The variable element in consideration is contingent upon or affected by certain customers achieving the minimum throughput as stated in the contracts.

Transaction price allocated to the performance obligations
Transaction price is based on published tariff rate provided by Bintulu Port Authority ("BPA") and Samalaju Port Authority ("SPA") for provision of port services. The transaction price for bulking services is based on contract rate signed between customers and the Company.

Revenue from construction services is recognised as required under IC Interpretation 12: Service Concession Arrangements and in accordance with MFRS 15: Revenue from contracts with customers in respect of the upgrading of port facilities works undertaken during the year. There is no mark-up recognised on these activities as the Group outsourced the construction services to third parties.

5. OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Finance income:				
Interest income from:				
- Current account	**40**	42	**-**	-
- Short term deposits	**24,670**	23,047	**2,981**	1,842
- Staff loans	**51**	50	**-**	-
	24,761	23,139	**2,981**	1,842

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

5. OTHER INCOME (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other income:				
Reversal of impairment of trade receivables	**49**	-	**-**	-
Dividend income from unit trust	**6,707**	2,686	**786**	383
Rental income	**30**	105	**-**	-
Gain on disposal of property, plant and equipment	**118**	234	**-**	-
Gain on fair value of investment in securities	**2,527**	969	**333**	136
Guarantee fee income	**-**	-	**1,276**	3,098
Government grant surplus	**-**	35,720	**-**	-
Income recognised from LAD	**-**	10,901	**-**	-
Others	**2,200**	1,080	**-**	11
	11,631	51,695	**2,395**	3,628
	36,392	74,834	**5,376**	5,470

6. COST OF CONSTRUCTION SERVICES

	Group	
	2019 RM'000	2018 RM'000
Cost of construction services for concession infrastructure	**8,683**	19,326

The Group considers the fair value for the consideration for the services rendered in the acquisition or construction and upgrade of the infrastructure approximates the cost incurred as all the construction works are subcontracted out.

7. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries, allowance and bonus	**89,275**	80,149	**25,186**	22,599
Defined contribution plan (Employees Provident Fund)	**11,885**	11,096	**3,663**	3,381
Staff gratuities	**1,194**	1,519	**-**	-
Other employee benefits	**14,250**	12,654	**5,035**	4,100
	116,604	105,418	**33,884**	30,080

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

8. LAND LEASE

	Group	
	2019 RM'000	2018 RM'000
Land lease	-	1,375

The above land lease expense relates to rental of land from Bintulu Port Authority ("BPA") by a subsidiary, Biport Bulkers Sdn. Bhd. This was accounted for as an operating lease in previous year.

9. OTHER EXPENSES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
The following items have been included in arriving at other expenses:				
Auditors' remuneration				
- current year	318	299	105	100
- underprovision in previous year	3	-	-	-
Non-Executive Directors (Note 11)				
- Fees	1,799	1,923	1,179	1,258
- Other emoluments	922	722	809	607
Management fee on financial advisory services	720	-	-	-
Rental of equipment	1,989	2,559	68	72
Rental of premises	47	45	3,600	3,600
Property, plant and equipment written off	-	5	-	-
Bad debts written off (Note 21)	28	-	-	-
Impairment of trade receivables (Note 21)	-	49	-	-

10. FINANCE COSTS

	Group	
	2019 RM'000	2018 RM'000
Unwinding of discount		
- Contractual obligation for lease payment (Note 27)	21,681	25,207
- Lease liabilities on right-of-use assets (Note 27)	4,127	-
- Replacement obligations (Note 28)	262	-
Interest expense on term loan	-	226
Profit expense on Sukuk Murabahah	50,389	50,389
	76,459	75,822

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

11. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-Executive Directors:				
- Fees	**1,799**	1,923	**1,179**	1,258
- Meeting and other allowances	**568**	470	**455**	355
	2,367	2,393	**1,634**	1,613
- Provision for Directors' Gratuities	**354**	252	**354**	252
	2,721	2,645	**1,988**	1,865

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	2019	2018
Non-Executive Directors:		
RM50,001 - RM100,000	**2**	-
RM100,001 - RM150,000	**8**	11
RM150,001 - RM200,000	**2**	-
RM200,001 - RM250,000	**1**	1

12. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group		Company	
	2019 RM'000	2018 (Restated) RM'000	2019 RM'000	2018 RM'000
Statement of profit or loss:				
Current income tax:				
Malaysian income tax	**56,182**	56,205	**-**	-
Under/(over)provision in previous years	**2,493**	(172)	**-**	-
	58,675	56,033	**-**	-
Deferred income tax (Note 18):				
Origination or reversal of temporary differences	**(7,213)**	(2,290)	**-**	-
(Over)/underprovision in previous years	**(1,729)**	8,342	**-**	-
	(8,942)	6,052	**-**	-
Income tax expense recognised in profit or loss	**49,733**	62,085	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

12. INCOME TAX EXPENSE (CONTINUED)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	Group		Company	
	2019 RM'000	2018 (Restated) RM'000	2019 RM'000	2018 RM'000
Profit before tax	**179,032**	211,123	**118,426**	138,914
Tax at Malaysian statutory tax rate of 24%	**42,968**	50,669	**28,422**	33,339
Adjustments:				
Non-deductible expenses	**5,193**	15,775	**897**	147
Income not subject to tax	**(2,187)**	(14,299)	**(29,596)**	(33,692)
Under/(Over)provision of tax expenses in previous years	**2,493**	(172)	**-**	-
(Over)/underprovision of deferred tax in previous years	**(1,729)**	8,342	**-**	-
Utilisation of previously unrecognised unabsorbed capital allowances	**2,718**	-	**-**	-
Deferred tax assets not recognised during the year	**277**	1,770	**277**	206
Income tax expense recognised in profit or loss	**49,733**	62,085	**-**	-

The Group and the Company have unabsorbed tax losses and unabsorbed capital allowances available for carrying forward as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unabsorbed tax losses	**60,057**	57,654	**8,922**	10,212
Unabsorbed capital allowances	**322,305**	259,414	**4,763**	3,014
	382,362	317,068	**13,685**	13,226

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses can only be carried forward as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses to be carried forward until:				
- Year of assessment 2025	**55,935**	57,654	**8,493**	10,212
- Year of assessment 2026	**4,122**	-	**429**	-
	60,057	57,654	**8,922**	10,212

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the number of ordinary shares outstanding during the financial year.

The following tables reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2019 RM'000	2018 (Restated) RM'000
Profit net of tax	**129,299**	149,038

	Group	
	2019 '000	2018 '000
Number of ordinary shares for basic earnings per share computation	**460,000**	460,000

	Group	
	2019	2018 (Restated)
Basic earnings per share for profit for the year (sen)	**28.11**	32.40

(b) Diluted

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures RM'000	Bulking facilities RM'000	Machinery and equipment RM'000	Motor vehicles RM'000	Office furniture, fittings and equipment RM'000	Vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
Cost:								
At 1 January 2018	45,198	159,545	267,335	10,185	21,993	114,704	7,373	626,333
Additions	910	-	6,432	857	1,928	108	8,128	18,363
Disposals	-	-	(10,273)	(545)	(98)	-	-	(10,916)
Written off/Expensed off	-	-	(16)	-	-	-	-	(16)
Transfers	-	7,335	-	-	-	-	(7,335)	-
Adjustments	51	-	(160)	-	3	-	-	(106)
At 31 December 2018 and 1 January 2019	**46,159**	**166,880**	**263,318**	**10,497**	**23,826**	**114,812**	**8,166**	**633,658**
Additions	**191**	**40**	**1,549**	**1,598**	**2,728**	**920**	**36,345**	**43,371**
Disposals	**-**	**-**	**(5,149)**	**(677)**	**-**	**-**	**-**	**(5,826)**
Written off/Expensed off	**-**	**-**	**-**	**-**	**(51)**	**-**	**-**	**(51)**
Reclassification from/(to) intangible assets	**756**	**-**	**-**	**-**	**2,102**	**-**	**(2,658)**	**200**
Transfers	**3,769**	**729**	**14,087**	**-**	**162**	**17,480**	**(36,227)**	**-**
At 31 December 2019	**50,875**	**167,649**	**273,805**	**11,418**	**28,767**	**133,212**	**5,626**	**671,352**
Accumulated depreciation:								
At 1 January 2018	18,857	54,140	178,442	5,885	14,636	55,182	-	327,142
Charge for the year	3,466	6,474	13,083	1,174	1,759	4,995	-	30,951
Disposals	-	-	(9,762)	(458)	(98)	-	-	(10,318)
Reclassification from intangible assets	67	-	-	-	-	-	-	67
Written off	-	-	(11)	-	-	-	-	(11)
At 31 December 2018 and 1 January 2019	**22,390**	**60,614**	**181,752**	**6,601**	**16,297**	**60,177**	**-**	**347,831**
Charge for the year	**3,393**	**6,565**	**13,062**	**886**	**1,906**	**5,264**	**-**	**31,076**
Disposals	**-**	**-**	**(4,460)**	**(639)**	**-**	**-**	**-**	**(5,099)**
Reclassification from intangible assets	**510**	**-**	**-**	**-**	**195**	**-**	**-**	**705**
Written off	**-**	**-**	**-**	**-**	**(51)**	**-**	**-**	**(51)**
At 31 December 2019	**26,293**	**67,179**	**190,354**	**6,848**	**18,347**	**65,441**	**-**	**374,462**
Net carrying amount:								
31 December 2018	23,769	106,266	81,566	3,896	7,529	54,635	8,166	285,827
31 December 2019	**24,582**	**100,470**	**83,451**	**4,570**	**10,420**	**67,771**	**5,626**	**296,890**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Motor Vehicles RM'000	Office Furniture, Fittings and Equipment RM'000	Total RM'000
Company			
Cost:			
At 1 January 2018	1,491	1,162	2,653
Additions	312	533	845
At 31 December 2018 and 1 January 2019	**1,803**	**1,695**	**3,498**
Additions	**271**	**928**	**1,199**
Reclassification from intangible assets	**-**	**1,013**	**1,013**
Written off	**-**	**(51)**	**(51)**
At 31 December 2019	**2,074**	**3,585**	**5,659**
Accumulated depreciation:			
At 1 January 2018	463	298	761
Charge during the year	154	185	339
At 31 December 2018 and 1 January 2019	**617**	**483**	**1,100**
Charge during the year	**232**	**283**	**515**
Written off	**-**	**(51)**	**(51)**
At 31 December 2019	**849**	**715**	**1,564**
Net carrying amount:			
At 31 December 2018	1,186	1,212	2,398
At 31 December 2019	**1,225**	**2,870**	**4,095**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

15. RIGHT-OF-USE ASSETS

	Vessels RM'000	Leasehold land RM'000	Total RM'000
Group			
Cost:			
At 1 January 2019 and 31 December 2019	108,012	26,617	134,629
Accumulated depreciation:			
At 1 January 2019	42,956	6,211	49,167
Charge for the year	11,099	887	11,986
At 31 December 2019	54,055	7,098	61,153
Net carrying amount:			
At 31 December 2019	53,957	19,519	73,476

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares in Malaysia, at cost	1,030,000	940,000
Financial guarantee granted	21,900	21,900
	1,051,900	961,900

Name of subsidiaries	Country of Incorporation	Principal activities	Proportion of Ownership Interest 2019 %	2018 %
Held by the Company:				
Bintulu Port Sdn. Bhd.	Malaysia	Provision of port services at Bintulu Port, Sarawak	100	100
Biport Bulkers Sdn. Bhd.	Malaysia	Provision of bulking installation facilities for palm oil, edible oils, vegetables oils, fats and its by-products	100	100
Samalaju Industrial Port Sdn. Bhd.	Malaysia	Development and provision of port services at Samalaju Port, Sarawak	100	100

All subsidiaries are audited by Ernst & Young PLT, Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

17. INTANGIBLE ASSETS

	Concession leased assets RM'000	Concession intangible assets RM'000	Software RM'000	Capital work-in-progress RM'000	Others RM'000	Total RM'000
Group						
Cost:						
At 1 January 2018	533,459	3,051,668	18,127	72,860	15	3,676,129
Additions	838	16,608	857	12,561	-	30,864
Transfer from capital work in progress	1,966	78,508	-	(80,474)	-	-
Adjustments	(13)	-	-	-	-	(13)
At 31 December 2018 and 1 January 2019	**536,250**	**3,146,784**	**18,984**	**4,947**	**15**	**3,706,980**
Additions	**702**	**-**	**718**	**11,208**	**-**	**12,628**
Transfer (to)/from property, plant and equipment	**(734)**	**(945)**	**553**	**926**	**-**	**(200)**
Transfers	**440**	**9,160**	**4,978**	**(14,578)**	**-**	**-**
At 31 December 2019	**536,658**	**3,154,999**	**25,233**	**2,503**	**15**	**3,719,408**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

17. INTANGIBLE ASSETS (CONTINUED)

	Concession leased assets RM'000	Concession intangible assets RM'000	Software RM'000	Capital work-in-progress RM'000	Others RM'000	Total RM'000
Group (Continued)						
Accumulated amortisation:						
At 1 January 2018	361,847	1,359,803	12,447	-	-	1,734,097
Effect of adjustments (Note 39)	-	(17,135)	-	-	-	(17,135)
At 1 January 2018 (Restated)	361,847	1,342,668	12,447	-	-	1,716,962
Amortisation (Restated) for the year	35,513	108,209	958	-	-	144,680
Adjustments	-	# 31,265	-	-	-	31,265
Reclassification to property, plant and equipment	(67)	-	-	-	-	(67)
At 31 December 2018 (Restated)	397,293	1,482,142	13,405	-	-	1,892,840
At 1 January 2019	397,293	1,519,389	13,405	-	-	1,930,087
Effect of adjustments (Note 39)	-	(37,247)	-	-	-	(37,247)
At 1 January 2019 (Restated)	397,293	1,482,142	13,405	-	-	1,892,840
Charge for the year	34,775	115,650	1,146	-	-	151,571
Reclassification to property, plant and equipment	(502)	(203)	-	-	-	(705)
At 31 December 2019	**431,566**	**1,597,589**	**14,551**	**-**	**-**	**2,043,706**
Net carrying amount:						
At 1 January 2018 (Restated)	171,612	1,709,000	5,680	72,860	15	1,959,167
At 31 December 2018 (Restated)	138,957	1,664,642	5,579	4,947	15	1,814,140
At 31 December 2019	**105,092**	**1,557,410**	**10,682**	**2,503**	**15**	**1,675,702**

\# This was related to an adjustment to the carrying amount of lease concession infrastructure due to exclusion of the decommissioned LPG Jetty from the lease obligation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

17. INTANGIBLE ASSETS (CONTINUED)

	Capital Work-in-progress RM'000	Software RM'000	Total RM'000
Company			
Cost:			
At 1 January 2018	-	1,089	1,089
Additions	142	376	518
At 31 December 2018 and 1 January 2019	142	1,465	1,607
Additions	1,424	584	2,008
Transfers	(553)	553	-
Transfer to property, plant and equipment	(1,013)	-	(1,013)
At 31 December 2019	**-**	**2,602**	**2,602**
Accumulated amortisation:			
At 1 January 2018	-	289	289
Charge for the year	-	178	178
At 31 December 2018 and 1 January 2019	-	467	467
Charge for the year	-	281	281
At 31 December 2019	**-**	**748**	**748**
Net carrying amount:			
At 31 December 2018	142	998	1,140
At 31 December 2019	**-**	**1,854**	**1,854**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

17. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used in value-in-use calculations of SIPSB impairment assessment ("CGU")

The Group assesses concession intangible assets at the end of each reporting period when there is an indication of that an asset may be impaired by comparing its carrying amount with its recoverable amount.

The recoverable amounts of the CGU have been determined based on value-in-use calculations using cash flow projections covering a 40-year period which is the length of the concession period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing on the concession intangible assets:

(a) Discount rate

Value-in-use was determined by discounting the future cash flows generated by applying the discount rate of 8.0% (2018: 8.0%).

The rate used to discount future cash flows is subject to change in economic conditions and is reviewed annually.

(b) Revenue

Revenue growth is based on projected cargo volume by port users for 3 years at published tariff rates issued by Samalaju Port Authority, except for discounts given to certain port users. Projected cargo volume is assumed to be constant after 3 years.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that reasonably possible changes in any of the above key assumptions would not cause the carrying values to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

18. DEFERRED TAX

The components and movement of deferred tax liabilities and (assets) during the financial year prior to offsetting are as follows:

	Deferred Tax Liabilities	Deferred Tax Assets					
	Property, Plant and Equipment RM'000	Right of-use Assets RM'000	Contractual Obligation on Lease Payment RM'000	Retirement Benefits RM'000	Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
Group							
At 1 January 2018	32,249	-	(32,473)	(7,691)	(45,278)	(5,041)	(58,234)
Effect of adjustment (Note 39)	12,698	-	-	-	(6,985)	-	5,713
At 1 January 2018 (Restated)	44,947	-	(32,473)	(7,691)	(52,263)	(5,041)	(52,521)
Recognised in profit or loss (Restated) (Note 12)	28,310	-	(11,550)	1,426	(9,630)	(2,504)	6,052
At 31 December 2018 and 1 January 2019	73,257	-	(44,023)	(6,265)	(61,893)	(7,545)	(46,469)
Effect of MFRS 16 adoption	-	(2,624)	-	-	-	-	(2,624)
Recognised in profit or loss (Note 12)	96	(611)	7,298	1,168	(14,896)	(1,997)	(8,942)
At 31 December 2019	**73,353**	**(3,235)**	**(36,725)**	**(5,097)**	**(76,789)**	**(9,542)**	**(58,035)**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

18. DEFERRED TAX (CONTINUED)

	Deferred tax liabilities	Deferred tax assets	
	Property plant and equipment RM'000	Unabsorbed capital allowance RM'000	Total RM'000
Company			
At 1 January 2018	362	(362)	-
Recognised in profit or loss (Note 12)	7	(7)	-
At 31 December 2018 and 1 January 2019	**369**	**(369)**	**-**
Recognised in profit or loss (Note 12)	**222**	**(222)**	**-**
At 31 December 2019	**591**	**(591)**	**-**

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting, are as follows:

	Group	
	2019 RM'000	2018 (Restated) RM'000
Deferred tax assets	**(58,035)**	(50,850)
Deferred tax liabilities	**-**	4,381
	(58,035)	(46,469)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses	**60,057**	57,654	**8,922**	10,212
Unabsorbed capital allowances	**2,536**	2,817	**2,536**	2,817
Others	**24,533**	16,901	**-**	-
	87,126	77,372	**11,458**	13,029

19. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Landed development properties in staff housing project, at net realisable value	**-**	4,470

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

20. CONCESSION FINANCIAL ASSETS

	Group	
	2019 RM'000	2018 RM'000
At 1 January	**-**	48,098
Facilitation fund received	**-**	(48,098)
At 31 December	**-**	-

Concession financial assets comprises facilitation fund receivable from the Government of Malaysia ("GOM") for construction services rendered in respect of Samalaju Port development project. SIPSB had received the final tranche of money from GOM in previous year.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade receivables				
External parties	**42,959**	29,221	**-**	-
Impairment	**-**	(49)	**-**	-
	42,959	29,172	**-**	-
Other receivables				
Amounts due from subsidiaries	**-**	-	**10,320**	4,172
Interest receivable	**2,746**	1,331	**23**	187
Staff loans	**1,926**	2,082	**697**	807
Sundry receivables	**3,418**	11,120	**25**	350
	8,090	14,533	**11,065**	5,516
	51,049	43,705	**11,065**	5,516
Other current assets				
GST receivables	**9,256**	15,547	**-**	-
Prepaid operating expenses	**26,911**	24,605	**611**	379
Contract assets	**15,410**	24,462	**-**	-
	51,577	64,614	**611**	379
	102,626	108,319	**11,676**	5,895

(a) Trade receivables

Trade receivables are non-interest bearing and are generally from 15 to 30 days (2018: 15 to 45 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent fair values on initial recognition.

Trade receivables include amounts due from Malaysia LNG Sdn. Bhd. and other subsidiaries of a substantial shareholders, Petroliam Nasional Berhad, with the amount of RM7,460,388 (2018: RM3,617,286) and RM1,938,389 (2018: RM1,257,142) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand.

(c) Other current assets

Included in prepaid operating expenses is prepaid lease rental for the first quarter of the following year of RM20,234,597 (2018: RM18,431,452) paid to Bintulu Port Authority ("BPA").

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2019 RM'000	2018 RM'000
Trade receivables - LNG*:		
Neither past due nor impaired	**8,125**	6,248
1 to 15 days past due not impaired	**871**	853
More than 15 days past due not impaired	**307**	192
	1,178	1,045
	9,303	7,293
Trade receivables - Non LNG:		
Neither past due nor impaired	**8,387**	11,852
1 to 30 days past due not impaired (2018: 1 to 45 days past due not impaired)	**3,519**	1,804
More than 30 days past due not impaired (2018: More than 45 days past due not impaired)	**6,672**	532
	10,191	2,336
	18,578	14,188
	27,881	21,481

* - This relates to customers with vessels that carry liquefied natural gas.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables (Continued)

	Group	
	2019 RM'000	2018 RM'000
Trade receivables - bulking services:		
Neither past due nor impaired	**3,143**	3,521
1 to 30 days past due not impaired	**141**	70
31 to 60 days past due not impaired	**-**	-
61 to 90 days past due not impaired	**-**	-
More than 90 days past due not impaired	**-**	49
	141	119
	3,284	3,640
Trade receivables - port services at Samalaju:		
Neither past due nor impaired	**11,794**	3,741
1 to 30 days past due not impaired	**-**	-
31 to 60 days past due not impaired	**-**	1
61 to 90 days past due not impaired	**-**	-
More than 120 days past due not impaired	**-**	358
	-	359
	11,794	4,100
	42,959	29,221

The movement of allowance for impairment losses of trade receivables during the year are as follows:

	2019 RM'000	2018 RM'000
At 1 January	**49**	-
Charge for the year (Note 9)	**28**	49
Reversal on impairment loss (Note 5)	**(49)**	-
Bad debts written off (Note 9)	**(28)**	-
At 31 December	**-**	49

22. INVESTMENT IN SECURITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fair value through profit or loss				
Non-equity exposure unit trust fund	**124,852**	90,608	**-**	10,784

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

23. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash at banks and on hand	**8,244**	29,309	**1,466**	720
Deposits with licensed financial institutions:				
Short term deposits with licensed banks	**609,040**	537,670	**12,100**	66,600
Money market instruments purchased under repurchase agreements	**77,420**	77,380	**12,500**	9,100
	686,460	615,050	**24,600**	75,700
Cash and bank balances	**694,704**	644,359	**26,066**	76,420

The effective interest rates and the maturities of deposits as at the reporting date were as follows:

	Interest rate		Maturity	
	2019 %	2018 %	2019 Days	2018 Days
Group				
Deposits with licensed banks	**3.00 - 3.60**	3.40 - 3.90	**31 - 180**	31 - 365
Money market instruments purchased under repurchase agreements	**2.60 - 2.80**	2.65 - 3.05	**3 - 25**	3 - 19
Company				
Deposits with licensed banks	**3.45 - 3.50**	3.80 - 3.90	**31 - 92**	31 - 33
Money market instruments purchased under repurchase agreements	**2.70 - 2.80**	2.70 - 2.75	**6 - 21**	9 - 19

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	**694,704**	644,359	**26,066**	76,420
Less: Deposits with maturity period of more than 3 months	**(18,760)**	(24,260)	**-**	-
Cash and cash equivalents	**675,944**	620,099	**26,066**	76,420

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

24. SHARE CAPITAL

	No. of shares		Amount		
	Share Capital (Issued And Fully Paid) '000	One Special Rights Redeemable Preference Shares '000	Share Capital (Issued and Fully Paid) RM'000	One Special Rights Redeemable Preference Shares RM'000	Total Share Capital RM'000
Group/Company					
At 1 January 2018 and 31 December 2018	460,000	*	890,818	*	890,818
At 1 January 2019 and 31 December 2019	**460,000**	*****	**890,818**	*****	**890,818**

* The Special Share amounted to RM1.

The Special Share

The Special Share, which may only be held by or transferred to the Minister of Finance (Incorporation) or its successors or any Minister, representative or any person acting on behalf of the Government of Malaysia, carries certain rights as provided by Clauses 9, 24.2 and 44.1 of the Company's Constitution.

These special rights include:

(i) the right to appoint not more than four persons at anytime as directors of the Company;

(ii) the right to repayment of the capital paid up on the Special Share in priority to any other member in the event of winding-up of the Company; and

(iii) the right to require the Company to redeem the Special Share at its issued price at any time.

Certain matters, in particular, the alteration of specified Clauses, any substantial disposal of assets, amalgamation, merger and takeover, require prior approval of the holder of the Special Share.

The Special Share does not carry any right to vote at General Meetings but the holder is entitled to attend and speak at such meetings.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

25. OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current:				
Other payables				
Due to subsidiaries	**-**	-	**12**	83
Directors' gratuities	**332**	-	**332**	-
Accrued operating expenses	**10,683**	14,878	**1,045**	769
Sundry payables	**26,945**	28,471	**2,589**	171
Deposit received	**5,411**	4,442	**-**	-
Retention money	**4,308**	1,235	**-**	-
Staff gratuities	**4,798**	4,405	**-**	-
Financial guarantee contract	**-**	-	**1,339**	1,277
Others	**160**	729	**-**	-
	52,637	54,160	**5,317**	2,300
Non-current:				
SUKUK profit distribution	**33,990**	22,742	**-**	-
Directors' gratuities	**1,119**	1,370	**1,119**	1,370
Staff gratuities	**16,438**	21,699	**-**	-
Financial guarantee contract	**-**	-	**16,186**	17,524
	51,547	45,811	**17,305**	18,894
Total other payables	**104,184**	99,971	**22,622**	21,194

(a) Other payables

Included in accrued operating expenses and sundry payables are amount due to PETRONAS Gas Berhad, a subsidiary of a substantial shareholder, Petroliam Nasional Berhad of RM140,837 (2018: RM 175,826). This amount is non-interest bearing.

(b) Amount due to subsidiaries

The amount due to subsidiaries was unsecured, non-interest bearing and was repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

25. OTHER PAYABLES (CONTINUED)

(c) Staff gratuities

	Group	
	2019 RM'000	2018 RM'000
At 1 January	**26,104**	32,157
Arose during the year (Note 7)	**1,194**	1,519
Utilised during the year	**(6,062)**	(7,572)
At 31 December	**21,236**	26,104
Current:	**4,798**	4,405
Non-current:		
Later than 1 year but not later than 2 years	**3,531**	4,480
Later than 2 years but not later than 5 years	**5,169**	6,743
Later than 5 years	**7,738**	10,476
	16,438	21,699
	21,236	26,104

The Group operated an unfunded, defined Retirement Benefit Scheme for its employees. Effective 1 January 2014, the scheme was closed for future accruals and members would instead receive additional contributions to EPF up to 19% of salaries.

(d) Directors' gratuities

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	**1,370**	1,118	**1,370**	1,118
Arose during the year	**263**	252	**263**	252
Payment during the year	**(182)**	-	**(182)**	-
At 31 December	**1,451**	1,370	**1,451**	1,370
Current:	**332**	-	**332**	-
Non-current:	**1,119**	1,370	**1,119**	1,370
	1,451	1,370	**1,451**	1,370

(e) Financial guarantee contract

Financial guarantee contracts relate to the differential rate on the financing facilities taken by a subsidiary which resulted from a corporate guarantee provided by the Group and the Company.

The Group has remeasured the fair value of the financial guarantee liability in respect of borrowings of a subsidiary. As a result, an income of RM1.276 million (2018: RM 3.098 million) was recognised during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

26. LOANS AND BORROWINGS

	Group	
	2019 RM'000	2018 RM'000
Non-current		
Unsecured:		
Sukuk Murabahah	**938,827**	937,316
Total loans and borrowings	**938,827**	937,316

Sukuk Murabahah

The Sukuk Programme obtained by the Company, has a tenure of 20 years from the date of first issuance and has a limit of RM950 million in nominal value. It is based on the Shariah principle of Murabahah (via a tawarruq arrangement) involving selected Shariah-compliant commodities ("Sukuk Murabahah"). The Sukuk Programme is unsecured. It is backed by an irrevocable and unconditional guarantee by Bintulu Port Holdings Berhad as the guarantor. The proceeds from the issuance under the Sukuk Murabahah shall be utilised by the Company for the payment of fees and expenses relating to the Sukuk Programme, funding of the initial Financial Service Reserve Account Minimum Required Balance, capital expenditure, payments of Periodic Distributions to beneficial holders during construction and working capital requirements all of which shall be in relation to the Project.

On 28 December 2015, the Company raised a total amount of RM700,000,000 from the first issuance of the Sukuk Murabahah, which has tenure of up to 14 years from the date of issuance.

On 23 December 2016, the subsidiary raised a total amount of RM250,000,000 from the second issuance of the Sukuk Murabahah, which has tenure of up to 20 years from the date of issuance.

Summary of the Sukuk Murabahah is tabulated below:

As at 31 December 2019/2018

Year of Issuance	Nominal amount	Periodic distribution rates	Yield-to-maturity rates	Tenure	Redemption dates
	RM' million	% p.a.	% p.a.	Years	Years
2015	700	5.05 - 5.65	5.30 - 6.00	8 - 14	2023 - 2029
2016	250	4.50	3.48 - 3.49	17 - 20	2033 - 2036

The Sukuk Murabahah is redeemable as follows:

	2019 RM'000	2018 RM'000
Later than 2 years but not later than 5 years	**160,000**	60,000
Later than 5 years	**778,827**	877,316
	938,827	937,316

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

27. LEASE LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Current:		
Contractual payments to grantors in Service Concession Agreements	127,227	115,393
Other lease liabilities	11,634	-
	138,861	115,393
Non-current:		
Contractual payments to grantors in Service Concession Agreements	378,761	501,189
Other lease liabilities	74,019	-
	452,780	501,189
	591,641	616,582

(i) Contractual payments to grantors in Service Concession Agreements

	Group	
	2019 RM'000	2018 RM'000
At 1 January	616,582	754,834
Unwinding of discount (Note 10)	21,681	25,207
Payments	(132,275)	(132,194)
Adjustment #	-	(31,265)
At 31 December	505,988	616,582
Current:	127,227	115,393
Non-current:		
Later than 1 year but not later than 2 years	131,444	131,514
Later than 2 years but not later than 5 years	135,871	279,765
Later than 5 years	111,446	89,910
	378,761	501,189
	505,988	616,582

\# This was related to an adjustment to the carrying amount of lease concession infrastructure due to exclusion of the decommissioned LPG Jetty from the lease obligation.

In accordance with IC Interpretation 12: Service Concession Arrangements, a provision for the contractual obligations for the lease of land and facilities is accrued at the inception of the arrangement and subsequently as additional land and facilities are leased, at the present value of the future expenditure expected to be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

27. LEASE LIABILITIES (CONTINUED)

(ii) Other lease liabilities

	Maturity	2019 RM'000
Group		
Non-current	2021 – 2041	**74,019**
Current	2020	**11,634**
		85,653
Maturity of lease liabilities		
Within one year		**11,634**
Later than 1 year and not later than 2 years		**12,198**
Later than 2 years and not later than 5 years		**24,079**
Later than 5 years		**37,742**
		85,653

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2019 RM'000
Group	
At 1 January 2019	**96,393**
Unwinding of discount (Note 10)	**4,127**
Payments	**(14,867)**
At 31 December 2019	**85,653**

The following are the amounts recognised in profit or loss:

	2019 RM'000
Depreciation expense of right-of-use assets	**11,986**
Unwinding of discount on lease liabilities	**4,127**
Expenses relating to short-term lease	**3,150**
Total amount recognised in profit or loss	**19,263**

The Group had total cash outflows for other leases of RM18,017,198 in 2019.

Other lease liabilities relate to leases of land and vessels accounted for in accordance with MFRS 16: Leases. The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

28. PROVISIONS

	Maintenance dredging RM'000	Replacement obligations RM'000	Total RM'000
Group			
At 1 January 2019	**34,037**	**5,814**	**39,851**
Arose during the year	**22,233**	**6,075**	**28,308**
Unwinding of discounts (Note 10)	**-**	**262**	**262**
Payments	**(16,794)**	**-**	**(16,794)**
At 31 December 2019	**39,476**	**12,151**	**51,627**
Current	**39,476**	**-**	**39,476**
Non-current	**-**	**12,151**	**12,151**
At 1 January 2018	18,909	-	18,909
Effect of adjustment (Note 39)	5,037	5,814	10,851
Arose during the year	10,091	-	10,091
At 31 December 2018 (Restated)	34,037	5,814	39,851
Current	34,037	-	34,037
Non-current	-	5,814	5,814

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

29. DIVIDENDS

	Dividends in respect of the year		Dividends recognised in year	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Final single tier dividend for 2017				
- 6.00 sen per share	-	-	-	27,600
Special single tier dividend for 2017				
- 4.00 sen per share	-	-	-	18,400
Interim single tier dividend for 2018				
- 4.00 sen per share	-	18,400	-	18,400
- 2.00 sen per share	-	9,200	-	9,200
- 2.00 sen per share	-	9,200	-	9,200
- 6.00 sen per share	-	27,600	**27,600**	-
Interim single tier dividend for 2019				
- 4.00 sen per share	**18,400**	-	**18,400**	-
- 4.00 sen per share	**18,400**	-	**18,400**	-
- 4.00 sen per share	**18,400**	-	**18,400**	-
	55,200	64,400	**82,800**	82,800

The Directors have authorised the payment of a fourth interim single tier dividend of 2.0 sen per share on 460,000,000 ordinary shares, amounting to RM9,200,000, which will be paid on 16 April 2020 to shareholders registered on the Company's Register of Members at the close of business on 27 March 2020. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

30. COMMITMENTS

Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment and concession intangible assets	**12,872**	35,757	**-**	327
Approved but not contracted for:				
Property, plant and equipment and concession intangible assets	**4,505**	4,706	**-**	-
	17,377	40,463	**-**	327

31. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Significant transactions with subsidiaries				
Dividend income	**-**	-	**122,200**	140,000
Management fee received from subsidiaries	**-**	-	**43,764**	39,671
Rental expense charged by BPSB	**-**	-	**(3,600)**	(3,600)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Sale and purchase of goods and services (Continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Transactions with subsidiaries of a substantial shareholder, Petroliam Nasional Berhad:				
Rendering of services:				
- Malaysia LNG Sdn. Bhd.	**208,476**	213,226	**-**	-
- Vestigo Petroleum Sdn. Bhd.	**392**	151	**-**	-
- PS Terminal Sdn. Bhd.	**-**	46	**-**	-
- PETRONAS Carigali Sdn. Bhd.	**10,142**	11,161	**-**	-
- PETRONAS Dagangan Berhad	**1,753**	1,851	**-**	-
- PETRONAS Floating LNG 1 (L) Ltd	**2,159**	2,969	**-**	-
- PETRONAS Chemical Marketing (L) Ltd	**780**	806	**-**	-
Purchase of fuel and lubricants:				
- PETRONAS Dagangan Berhad	**(14,619)**	(11,621)	**-**	-
Purchase of gas:				
- PETRONAS Gas Berhad	**(3,037)**	(2,706)	**-**	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2019 are disclosed in Notes 21 and 25.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

31. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Directors of that entity.

The remuneration and benefits of Directors and other member of key management of the Group and of the Company during the year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Remuneration and benefits	**4,011**	3,539	**3,122**	2,603
Post-employment benefits:				
Defined contribution plan	**231**	193	**231**	193
	4,242	3,732	**3,353**	2,796

32. SERVICE CONCESSION ARRANGEMENTS

(a) BPSB

In a privatisation exercise by the Malaysian Government on 31 December 1992, BPA sold the business of port operations at Bintulu Port to BPSB. According to the Privatisation Agreement, the subsidiary is granted a licence to provide port services at Bintulu Port for a period of 30 years, with an option to extend for another 30 years.

In consideration for a right to charge users of the port, the subsidiary pays a scheduled annual lease rental for the existing infrastructure and the land. Since the inception of the agreement, the subsidiary has also constructed additional infrastructure. These assets will be returned to BPA upon termination of the privatisation agreement at nominal value.

The charges to the users are according to a tariff set by BPA at the inception of the privatisation agreement and have not been varied.

The Government has granted to the Company approval in principle on the extension of the concession subject to terms and conditions to be agreed between the two parties. Negotiation on the terms and conditions is still ongoing. Parties are expected to conclude the negotiation and execute the agreement by end of 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

32. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

(a) BPSB (Continued)

	Intangible assets	
	Gross value RM'000	Net carrying amount RM'000
• Description arrangement: Financing, building and operating of Bintulu Port	2,281,398 (2018: 2,280,701)	351,583 (2018: 465,666)

- Period of concession:1993-2022, with the option to extend for thirty years
- Remuneration: Services for port facilities
- Investment grant from concession grantor: No
- Infrastructure return to grantor at end of concession
- Investment and renewal obligations: Nil
- Re-pricing dates: Nil

(b) SIPSB

On 9 July 2013, a subsidiary, SIPSB and Bintulu Port Holdings Berhad signed a service agreement ("Principal Agreement") with the State Government of Sarawak for building, operating and transfer of Samalaju Port.

The estimated cost of developing the port is RM1.9 billion of which approximately RM500 million is in respect of capital dredging and reclamation which were funded by a grant from the government of Malaysia. In addition, SIPSB is required to pay a scheduled annual lease rental for the land effective from the date of completion of the port facilities.

In consideration for the construction of the port, the subsidiary is given the right to charge port users for the services rendered in accordance with port tariffs approved by the State Government of Sarawak. The operation under the service concession agreement is for a period of forty years effective from the date of completion of Phase 1 of the port facilities in June 2017, with an option to extend for twenty years.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

32. SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

(b) SIPSB (Continued)

At the end of the concession period, the subsidiary shall transfer all moveable and immoveable assets of the port facilities at values determined according to the terms of the agreement.

The main features of the concession arrangements are summarised as follows:

	Intangible assets	
	Gross value RM'000	Net carrying amount RM'000
• Description arrangement: Financing, building and operating of Samalaju Port	1,412,760 (2018: 1,407,136)	1,313,421 (2018: 1,342,736)

- Period of concession: 2017-2056, with an option to extend for twenty years
- Remuneration: Services for port facilities
- Investment grant from concession grantor: Yes
- Infrastructure return to grantor at end of concession
- Investment and renewal obligations: Nil
- Re-pricing dates: Nil

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair values of financial instruments not carried at fair value

Set out below, is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

	Carrying amount		Fair value	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group				
Financial liabilities:				
Interest-bearing loans and borrowings – Non-current				
- SUKUK Murabahah	**938,827**	937,316	**917,950**	852,311

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Other payables	25
Lease liabilities	27

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature except for the non-current lease liabilities.

Lease liabilities

The fair values of lease liabilities are estimated by discounting expected future cashflows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

34. FAIR VALUE MEASUREMENT

Fair value hierarchy

The Group and the Company classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities; or

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

34. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value hierarchy (Continued)

The following table provides the fair value measurement hierarchy of the Group's and the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2019				
Current assets at fair value (Note 22)				
Investment in securities	**-**	**124,852**	**-**	**124,852**
Liabilities for which fair values are disclosed				
Loans and borrowings				
- SUKUK Murabahah	**-**	**917,950**	**-**	**917,950**
2018				
Current assets at fair value (Note 22)				
Investment in securities	-	90,608	-	90,608
Liabilities for which fair values are disclosed				
Loans and borrowings				
- SUKUK Murabahah	-	852,311	-	852,311
Company				
2019				
Current assets at fair value (Note 22)				
Investment in securities	**-**	**-**	**-**	**-**
2018				
Current assets at fair value (Note 22)				
Investment in securities	-	10,784	-	10,784

There have been no transfers between Levels during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group's financial risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's exposures to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to the interest rate risk relate to fixed deposits, money market investments and repurchasing agreement ("REPO") with financial institutions.

Since all the Group's and the Company's financial assets and liabilities are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have material impact on the Group's and the Company's profit or loss.

(b) Credit risk

Risk management objectives, policies and processes for managing the risk

The Group and the Company minimise credit risk by ensuring that all potential third party counterparties are assessed prior to registration and entering into new contracts. Existing third party counterparties are also subject to regular reviews, including reappraisal and approval of granted limits. The creditworthiness of counterparties is assessed based on an analysis of all available quantitative and qualitative data regarding business risks and financial standing, together with the review of any relevant third party and market information.

The Group and the Company use ageing analysis and credit term review to monitor the credit quality of the receivables. Any customers including related companies exceeding their credit limit are monitored closely.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

Exposure to credit risk, credit quality and collateral (Continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract such as a default; or
- it is probable that the customer will enter bankruptcy or other financial reorganisation.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group and the Company manage its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group and the Company perform credit rating assessment of all its counterparties in order to measure expected credit loss ("ECL") of trade receivables for all segments. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties, which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the probability of default assigned to each counterparty is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process, and is assessed based on the Group's and the Company's historical experience.

No expected credit loss was provided for during the financial year as the impact to the Group and the Company were deemed immaterial.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from their ability to meet the obligations on their activities in the construction of concession infrastructure. The Group will fund these activities through equity, funding from the Government and credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	Two to five years RM'000	More than five years RM'000
Group					
At 31 December 2019					
Financial liabilities:					
Other payables (Note 25)	**104,184**	**104,184**	**52,637**	**9,819**	**41,728**
Loans and borrowings (Note 26)	**938,827**	**1,400,484**	**37,527**	**292,805**	**1,070,152**
Lease liabilities (Note 27)	**591,641**	**787,747**	**160,182**	**346,492**	**281,073**
Total undiscounted financial liabilities	**1,634,652**	**2,292,415**	**250,346**	**649,116**	**1,392,953**
At 31 December 2018					
Financial liabilities:					
Other payables (Note 25)	99,971	99,971	54,160	12,593	33,218
Loans and borrowings (Note 26)	937,316	1,368,641	37,836	229,490	1,101,315
Lease liabilities (Note 27)	616,582	807,871	132,275	440,406	235,190
Total undiscounted financial liabilities	1,653,869	2,276,483	224,271	682,489	1,369,723

	Carrying amount RM'000	Contractual cash flows RM'000	Within one year RM'000	Two to five years RM'000	More than five years RM'000
Company					
At 31 December 2019					
Financial liabilities:					
Other payables (Note 25)	**5,097**	**5,097**	**3,978**	**1,119**	**-**
Financial guarantee contract (Note 25)	**17,525**	**17,525**	**1,339**	**6,015**	**10,171**
Total undiscounted financial liabilities	**22,622**	**22,622**	**5,317**	**7,134**	**10,171**
At 31 December 2018					
Financial liabilities:					
Other payables (Note 25)	2,393	2,393	1,023	1,370	-
Financial guarantee contract (Note 25)	18,801	18,801	1,277	5,809	11,715
Total undiscounted financial liabilities	21,194	21,194	2,300	7,179	11,715

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

36. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

i) Amortised cost (''AC")
ii) Fair value through profit or loss ("FVTPL")

	Note	FVTPL RM'000	AC RM'000	Total carrying amount RM'000
2019				
Group				
Financial assets				
Trade and other receivables	21	**-**	**51,049**	**51,049**
Cash and bank balances	23	**-**	**694,704**	**694,704**
Investment in securities	22	**124,852**	**-**	**124,852**
		124,852	**745,753**	**870,605**
Financial liabilities				
Other payables	25	**-**	**104,184**	**104,184**
Loans and borrowings	26	**-**	**938,827**	**938,827**
Lease liabilities	27	**-**	**591,641**	**591,641**
		-	**1,634,652**	**1,634,652**
2018				
Group				
Financial assets				
Trade and other receivables	21	-	43,705	43,705
Cash and bank balances	23	-	644,359	644,359
Investment in securities	22	90,608	-	90,608
		90,608	688,064	778,672
Financial liabilities				
Other payables	25	-	99,971	99,971
Loans and borrowings	26	-	937,316	937,316
Lease liabilities	27	-	616,582	616,582
		-	1,653,869	1,653,869

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

36. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

The table below provides an analysis of financial instruments categorised as follows: (Continued)

	Note	FVTPL RM'000	AC RM'000	Total carrying amount RM'000
2019				
Company				
Financial assets				
Trade and other receivables	21	**-**	**11,065**	**11,065**
Cash and bank balances	23	**-**	**26,066**	**26,066**
		-	**37,131**	**37,131**
Financial liabilities				
Other payables	25	**-**	**22,622**	**26,622**
2018				
Company				
Financial assets				
Trade and other receivables	21	-	5,516	5,516
Cash and bank balances	23	-	76,420	76,420
Investment in securities	22	10,784	-	10,784
		10,784	81,936	92,720
Financial liabilities				
Other payables	25	-	21,194	21,194

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, other payables, lease liabilities less cash and bank balances. Capital includes equity attributable to the owners of the parent.

	Note	Group 2019 RM'000	Group 2018 RM'000
Loans and borrowings	26	**938,827**	937,316
Other payables	25	**104,184**	99,971
Lease liabilities	27	**591,641**	616,582
Less: Cash and bank balances	23	**(694,704)**	(644,359)
Net debt		**939,948**	1,009,510
Equity attributable to the owners of the parent		**1,330,100**	1,291,908
Total equity		**1,330,100**	1,291,908
Capital and net debt		**2,270,048**	2,301,418
Gearing ratio		**41.41%**	43.86%

38. SEGMENT INFORMATION

The Group reporting is organised and managed into two major business segments based on the nature of services provided, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Port operations - the provision of port services and construction services which include construction of port facilities, handling of cargo for liquefied natural gas, petroleum products, liquefied petroleum gas, general cargo, container, dry bulk cargo and other ancillary services; and

(ii) Bulking services - the provision of bulking installation facilities for palm oil, edible oils, vegetable oils, fats and its by-products.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects, may be measured differently from operating profit or loss in the consolidated financial statements.

No segmental information is provided on a geographical basis as the Group's activities are carried out in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

38. SEGMENT INFORMATION (CONTINUED)

	Port Operations RM'000	Bulking Services RM'000	Others RM'000	Consolidation Adjustments and Eliminations RM'000	Note	Per Consolidated Financial Statements RM'000
31 December 2019						
Revenue:						
External customers (Note 4)	**675,444**	**49,660**	**-**	**-**		**725,104**
Inter-segment	**-**	**6,924**	**165,964**	**(172,888)**		**-**
Total revenue	**675,444**	**56,584**	**165,964**	**(172,888)**		**725,104**
Results:						
Interest income	**20,951**	**829**	**2,981**	**-**		**24,761**
Guarantee fee income	**-**	**-**	**1,276**	**(1,276)**		**-**
Depreciation and amortisation	**184,737**	**9,100**	**796**	**-**		**194,633**
Other non-cash expenses	**54,379**	**1,193**	**263**	**-**	A	**55,835**
Segment profit	**157,492**	**26,592**	**118,424**	**(123,476)**	B	**179,032**
Assets:						
Additions to non-current assets	**47,133**	**5,659**	**3,207**	**-**	C	**55,999**
Segment assets	**2,821,805**	**176,314**	**1,095,591**	**(1,065,691)**	D	**3,028,019**
Segment liabilities	**1,675,761**	**30,866**	**22,622**	**(31,330)**	E	**1,697,919**
31 December 2018 (Restated)						
Revenue:						
External customers (Note 4)	659,744	45,723	-	-		705,467
Inter-segment	-	6,451	179,671	(186,122)		-
Total revenue	659,744	52,174	179,671	(186,122)		705,467
Results:						
Interest income	20,500	796	1,843	-		23,139
Guarantee fee income	-	-	3,098	(3,098)		-
Depreciation and amortisation	166,824	8,290	517	-		175,631
Other non-cash expenses	47,654	14	252	-	A	47,920
Segment profit	190,825	24,482	138,914	(143,098)	B	211,123
Assets:						
Additions to non-current assets	47,109	755	1,363	-	C	49,227
Segment assets	2,768,657	145,244	1,058,537	(971,646)	D	3,000,792
Segment liabilities	1,712,371	3,882	21,196	(28,565)	E	1,708,884

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

38. SEGMENT INFORMATION (CONTINUED)

A Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Group	
	2019 RM'000	2018 (Restated) RM'000
Staff gratuities	**1,194**	1,519
Maintenance dredging costs	**22,233**	15,128
Replacement costs	**6,075**	5,814
Directors' gratuities	**263**	252
Unwinding of discount	**26,070**	25,207
	55,835	47,920

B The following items are deducted from segment profit to arrive at "Profit before tax from continuing operations" presented in the consolidated statement of profit or loss:

	Group	
	2019 RM'000	2018 RM'000
Dividend income	**(122,200)**	(140,000)
Guarantee fee income	**(1,276)**	(3,098)
	(123,476)	(143,098)

C Additions to non-current assets consist of:

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment	**43,371**	18,363
Intangible assets	**12,628**	30,864
	55,999	49,227

D The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Investment in subsidiaries	**(1,051,900)**	(961,900)
Inter-segment assets	**(13,791)**	(9,746)
	(1,065,691)	(971,646)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

38. SEGMENT INFORMATION (CONTINUED)

E The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2019 RM'000	2018 RM'000
Inter-segment liabilities	**(31,330)**	(28,565)

F Revenue from one (2018: one) major customer amounted to RM208 million (2018: RM213 million) representing 30% (2018: 30%) of the total Group's revenue.

39. PRIOR YEAR ADJUSTMENTS

During the year, certain adjustments were made retrospectively relating to the following prior financial years of the Group:

(a) Previously, the Group amortised certain intangible assets, which are within the scope of IC Interpretation 12: Service Concession Arrangements, over their respective useful life instead of the concession period. This has resulted in over-amortisation of intangible assets as the respective useful life is shorter than the concession period. This has now been adjusted which results in an increase in intangible assets as at 1 January 2018 and 31 December 2018, and a corresponding increase in retained earnings as at 1 January 2018. The profit for the year ended 31 December 2018 was also increased accordingly.

(b) Since the commencement of operation of Samalaju Port, the Group has not recognised provisions in respect of the following obligations pursuant to the service concession arrangement:

(i) Obligation to replace moveable assets; and
(ii) Obligation to perform regular dredging.

Provisions for replacement cost and maintenance dredging cost have now been recognised as at 31 December 2018 and the profit for the year ended 31 December 2018 was decreased accordingly.

(c) The deferred tax liabilities of the Group were adjusted retrospectively as at 1 January 2018 and 31 December 2018. The profit for the year ended 31 December 2018 decreased accordingly.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019 (Continued)

39. PRIOR YEAR ADJUSTMENTS (CONTINUED)

The effects of the prior year adjustments are as follows:

	As previously stated RM'000	Adjustments Increase/(Decrease) (a) RM'000	(b)(i) RM'000	(b)(ii) RM'000	(c) RM'000	As restated RM'000
Group						
Statements of financial position as at 31 December 2018:						
Non-current assets						
Intangible assets	1,776,893	37,247	-	-	-	1,814,140
Deferred tax assets	55,728	(8,940)	1,395	1,209	1,458	50,850
Non-current liabilities						
Provision for replacement costs	-	-	5,814	-	-	5,814
Deferred tax liabilities	1,279	-	-	-	3,102	4,381
Current liabilities						
Provision for maintenance dredging cost	29,000	-	-	5,037	-	34,037
Retained earnings						
At 1 January 2018	323,430	13,022	-	-	(1,600)	334,852
Total comprehensive income	142,044	15,285	(4,419)	(3,828)	(44)	149,038
At 31 December 2018	382,674	28,307	(4,419)	(3,828)	(1,644)	401,090
Statements of financial position as at 1 January 2018:						
Non-current assets						
Intangible assets	1,942,032	17,135	-	-	-	1,959,167
Deferred tax assets	59,298	(4,113)	-	-	1,186	56,371
Non-current liabilities						
Deferred tax liabilities	1,064	-	-	-	2,786	3,850
Retained earnings	323,430	13,022	-	-	(1,600)	334,852
Statements of comprehensive income for the year ended 31 December 2018:						
Amortisation of intangible assets	164,792	(20,112)	-	-	-	144,680
Replacement costs	-	-	5,814	-	-	5,814
Maintenance dredging costs	10,091	-	-	5,037	-	15,128
Income tax expense	59,818	4,827	(1,395)	(1,209)	44	62,085
Profit net of tax	142,044	15,285	(4,419)	(3,828)	(44)	149,038

40. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements were authorised for issue in accordance with a resolution of the directors on 11 March 2020.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

Bintulu Port Holdings Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bintulu Port Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 171.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

Bintulu Port Holdings Berhad (Incorporated in Malaysia) (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Impairment assessment of (a) concession intangible assets and (b) investment in a subsidiary
(Refer to Note 2.11, Note 3.2(a), Note 16 and Note 17 to the financial statements)

(a) Concession intangible assets

The Group is required to perform impairment test of cash-generating units ("CGU") whenever there is indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. The continued loss reported by a subsidiary, Samalaju Industrial Port Sdn Bhd ("SIPSB"), was identified by the management as an indication that the carrying amount of the related concession intangible assets of RM1,211 million (represents 40% of the Group's total assets) may be impaired. Accordingly, the Group estimated the recoverable amount of the concession intangible assets of SIPSB using value in use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate.

(b) Investment in a subsidiary

The continued loss reported by SIPSB as mentioned above indicates that the carrying amount of investment in SIPSB may also be impaired. The carrying amount of investment in SIPSB was RM690 million, representing 63% of the Company's total assets. Considering SIPSB's underlying assets comprise the concession intangible assets as stated in (a), the management estimated the recoverable amount of the investment using the same VIU.

We focus on the impairment reviews above due to their significance to the Group and the Company and significant judgements and estimates were involved in the assessment of possible variations in the amount and timing of cash flows and the determination of an appropriate discount rate for SIPSB.

To address the key audit matters, our audit procedures included, among others evaluating the assumptions and methodologies used by the Group and the Company, in particular the assumptions to which the recoverable amount of the CGUs is most sensitive such as the cargo volume projections and discount rate by performing the following:

(a) evaluated the reasonableness of projected cargo volume by comparing to past actual outcomes and corroborating the expected volume of the port users with available public information and customer survey data, where applicable;

(b) together with EY valuation specialists, evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset;

(c) assessed the sensitivity of the cash flows to changes in the discount rate and projected cargo volume; and

(d) evaluated the adequacy of the related disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

Bintulu Port Holdings Berhad (Incorporated in Malaysia) (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

Bintulu Port Holdings Berhad (Incorporated in Malaysia) (Continued)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (Continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Najihah Binti Khalid
No. 03249/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
11 March 2020

SHAREHOLDINGS STATISTICS

As at 28 February 2020

1. ANALYSIS OF HOLDINGS

Size of Shareholdings Share	No. of Holders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1-99	65	3	571	148	0.000	0.000
100-1,000	598	15	505,300	8,896	0.109	0.001
1,001-10,000	632	9	2,583,300	41,600	0.561	0.009
10,001-100,000	123	7	3,345,800	209,000	0.727	0.045
100,001-22,999,999	24	4	71,885,485	1,258,400	15.627	0.273
23,000,000 and above	5	0	380,161,500	0	82.643	0.000
Total	**1,447**	**38**	**458,481,956**	**1,518,044**	**99.667**	**0.328**

2. LIST OF TOP THIRTY (30) HOLDERS

No.	Name of Holders	Shareholdings	%
1.	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For Petroliam Nasional Berhad	131,171,000	28.515
2.	State Financial Secretary Sarawak	122,701,000	26.674
3.	Equisar Assets Sdn. Bhd.	60,000,000	13.043
4.	Kumpulan Wang Persaraan (Diperbadankan)	42,049,500	9.141
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	24,240,000	5.269
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. Urusharta Jamaah Sdn. Bhd.	17,000,000	3.695
7.	MISC Berhad	10,619,000	2.308
8.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	8,980,485	1.952
9.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 – Wawasan	8,400,200	1.826
10.	Amanahraya Trustees Berhad Amanah Saham Malaysia	5,500,000	1.195
11.	Amanahraya Trustees (Tempatan) Sdn. Bhd. Public Islamic Select Treasures Fund	3,974,800	0.864
12.	Amanahraya Trustees Berhad Public Ittikal Sequel Fund	3,428,500	0.745
13	Amanahraya Trustees Berhad Public Islamic Dividend Fund	3,172,100	0.689
14.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 3 – Didik	3,000,000	0.652
15.	Wong Lok Jee @ Ong Lok Jee	2,030,000	0.441
16.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	1,001,200	0.217

SHAREHOLDINGS STATISTICS

As at 28 February 2020 (Continued)

No.	Name of Holders	Shareholdings	%
17.	Neoh Choo Ee & Company Sdn. Bhd.	988,500	0.214
18.	Shoptra Jaya (M) Sdn. Bhd.	913,800	0.198
19.	Loh Kah Wai	702,000	0.152
20.	Maybank Nominees (Tempatan) Sdn. Bhd. Mtrustee Berhad for Tabung Baitulmal Sarawak (Majlis Islam Sarawak)(FM-ASSAR-TBS)	588,000	0.127
21.	Koperasi Jayadiri Malaysia Berhad	500,000	0.108
22.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Manulife Investment Dividend Fund (5311-401)	331,000	0.071
23.	RHB Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Loh Kah Wai	300,000	0.065
24.	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Nik Abd Rahman bin Nik Ismail (BPH 1)	264,100	0.057
25.	Seumas Tan Nyap Tek	219,300	0.047
26.	Ahmat bin Narawi	205,000	0.044
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Life Insurance Berhad (Life Par)	202,200	0.043
28.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Family Takaful Berhad (Family PRF)	194,300	0.042
29.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt AN for UBS AG Singapore (Foreign)	156,000	0.033
30.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan)	156,000	0.033

3. SUBSTANTIAL SHAREHOLDERS

No.	Name of Holders	Shareholdings	%
1	CIMB Group Nominees (Tempatan) Sdn Bhd Exempt An For Petroliam Nasional Berhad	131,171,000	28.515
2	State Financial Secretary Sarawak	122,701,000	26.674
3	Equisar Assets Sdn. Bhd.	60,000,000	13.043
4	Kumpulan Wang Persaraan (Diperbadankan)	42,049,500	9.141
5	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	24,240,000	5.269
	Total	380,161,500	82.643

SUMMARY OF EQUIPMENT & FACILITIES

As at 28 February 2020

Description		Total Capacity/Area		
Type Of Berth	No. of Berth / Jetty	Length (meter)	Depth (meter)	Max Vessel Size (dwt)
Bintulu Port Sdn. Bhd.				
General Cargo Wharf	3	514.5	10.5	25,000
Bulk Cargo Wharf	1	270	13.5	60,000
LNG Jetty	3	-	15.0	80,000
LPG Jetty (Decommisioned until further notice)	1	289	11.0	51,000
Petrochemical Terminal	2	380	11.0	30,000
Shell MDS Jetty	1	200	13.0	40,000
Container Terminal	2	450	14.0	55,000
Edible Oils Terminal	2	220	14.0	50,000
	1 (Barge Berth)	120	9.0	10,000
Single Buoy Mooring	2	-	19.5	320,000
Oil Barge Berth	1	65	7.0	2,000
Coastal Terminal	1	120	4.5	1,000
Multipurpose Terminal	5	950	14.0	55,000
Bunkering Berth (MPT 10)	1	45	4.5	8,000
Samalaju Industrial Port Sdn. Bhd.				
Barge Berth	2	320	7	8,000
Ro Ro Ramp	1	20	7	8,000

Type Of Storage	Units	Area (m^2)
General Cargo Wharf		
Transit Shed	2	10,000
- Transit Shed 1		5,000
- Transit Shed 2		2,860
- Timber Yard		2,140
- Storage Godown	3	7,200 (each Storage Godown area: 2,400 m^2)
- Open Storage Area	16 Block (each bay length: 127.60 m) (each bay width : 18.25 m)	71,900
- Ringger Warehouse	1	2,376
Multipuprose Teminal		
- Timber Shed	2	7,800 m^2 each
- Hazardous Godown	1	1,200 m^2
- Open Yard	6 Block A/B (each bay length: 55.22 m) (each bay width: 15.86 m)	17,160 m^2

SUMMARY OF EQUIPMENT & FACILITIES

As at 28 February 2020 (Continued)

Type Of Storage	Units	Area (m²)
Container Terminal		
- RTG Block	26	2,496 Ground Slots*
- RSD Block	8	640 Ground Slots*
- Customs Examination Area	1	12 Ground Slots*
- Dangerous Goods Storage	1	84 Ground Slots*
- Reefer Points	1	84 Ground Slots*
- On-Dock Depot (ODD)	5	442 Ground Slots* *(Twenty Footer)

Type Of Vessels	Units	Capacity
Mooring Boat	3	-
Mooring Boat (Charter)	1	-
Shiphandling Tug 45 Tons	3	65 tonnes bollard pull
Shiphandling Tug 45 Tons (Charter)	7	45 tonnes bollard pull
Shiphandling Tug 25 Tons (New)	1	45 tonnes bollard pull
Shiphandling Tug 25 Tons (Old)	1	25 tonnes bollard pull
Shiphandling Tug 25 Tons (Charter)	2	25 tonnes bollard pull
Mild Steel Pilot Boat	1	25 tonnes bollard pull
Pilot Boat (Charter)	3	-
Aluminium Pilot Boat	1	-
Aluminium Patrol Boat	2	-
Mild Steel Patrol Boat	1	-
Patrol Dinggy	1	-
Fiberglass Patrol Boat	1	-

Cargo Handling & Mechanical Equipment	No. of Units	Capacity (Tonnes) *Safe Working Load (SWL) / Safe Loading Capacity / Towing Capacity
Container Handling Equipment		
Quay Crane (i) Post-Panamax (ii) Panamax	 2 2	 40.6 (Under Spreader), 50 (Cargo Beam)
Rubber Tyred Gantry Crane (i) 4+1 high with 6+1 row (ii) 6+1 high with 6+1 row	 4 10	 40.6 (Under Spreader)
Reach Stacker	8	45
Terminal Tractor	41	60
Container Trailer	49	40
Heavy Forklift	4	8
LPG Forklift	2	3

SUMMARY OF EQUIPMENT & FACILITIES

As at 28 February 2020 (Continued)

Cargo Handling & Mechanical Equipment	No. of Units	Capacity (Tonnes) *Safe Working Load (SWL) / Safe Loading Capacity / Towing Capacity
Container Handling Equipment		
Battery Powered Forklift	2	3
Empty Container Handler	2	10
Empty Reach Stacker	2	10
Cargo Handling Equipment		
Heavy Forklift (Diesel)	6	8
Forklift (Diesel)	44	4
Extra Heavy Forklift (Diesel)	1	25
LPG Forklift	1	3
Battery Powered Forklift	1	3
Battery Powered Reach Truck	1	1.5
Battery Powered Side Tracker	1	1.5
Terminal Tractor	27	60
Platform Trailer	32	40
Mobile Truck Crane	1	50
Bulking Machinery & Equipments		
Oil Fired Package Boilers	4	6,000kg/hr (Steam Generation)
Pumpsets (Pump House A) Road Tanker Pump – 7 Export Pump – 8	15	250-350 mt/hr (for Export pump) 115mt/hr (for Road Tanker Pump)
Pumpsets (Pump House B) Road Tanker Pump – 6 Export Pump – 6 (EX1, EX2, EX3, EX4, EX5, EX6)	12	250-350 mt/hr (for Export Pump) 115mt/hr (for Road Tanker Pump)
Tonnes Toyota Forklift	1	2.5 tonnes
Tonnes RY Forklift	2	3.0 tonnes
Ingersoll-Rand Air Compressor Comp-Air Air Compressor	4 2	(427 CFM) (420 CFM)
Diesel Standby Generator Set	1	500kVA
Pressure Vessel	3	30 m³
Samalaju Industrial Port Handling Equipment		
Quay Equipment		
Portable Hoppers	6	Hopper Bin Volume : 30 m³, 40 m³ and 55 m³
Level Luffing Cranes	3	Under Grab : 25T SWL Under Hook : 40T SWL
Mobile Harbour Cranes	2	Under Grab : 52T Under Hook : 84T SWL Under Spreader : 41T SWL
Remote Control Grabs	4	Grab Volume : 5 – 10 m³

SUMMARY OF EQUIPMENT & FACILITIES

As at 28 February 2020 (Continued)

Cargo Handling & Mechanical Equipment	No. of Units	Capacity (Tonnes) *Safe Working Load (SWL) / Safe Loading Capacity / Towing Capacity
Samalaju Industrial Port Handling Equipment		
Yard Equipment		
Material Handlers	5	Under Grab : 8T SWL Under Hook : 20T SWL Under Spreader : 9T SWL
Reach Stackers	2	45T
Dump Trucks	8	35T
Terminal Tractors	8	Towing Capacity : 70T
Container Trailers	4	40T SWL
Platform Trailers	4	40T SWL
Extra Heavy Forklifts	1	25T
Heavy Forklifts	2	8T
High Mast Forklift	10	4T
Low Mast Forklifts	2	4T
Excavator	7	Operating weight : 13.5T & 22.5T Bucket volume : 0.54 m³ & 1.2 m³
Wheel Loaders	2	Operating Weight : 17.2T Bucket volume : 3.6 m³ Lifting Capacity : 5T
Skid Steer Loaders	4	Operating Weight : 3.3T Bucket volume : 0.4 m³ Lifting capacity : 1.7T
Conveyor System Facilities		
Conveyor Belt Line–A	1	600 TPH (max.)
Conveyor Belt Line–B	2	1,200 TPH (max.)
Conveyor Belt Line–C	3	1,200 TPH (max.)
Conveyor Belt Line–D	2	1,200 TPH (max.)
Stacker 1 (Stockpile 1)	1	3,000 TPH (max.)
Stacker 2 (Stockpile 2)	1	1,200 TPH (max.)
Stacker 3 (Stockpile 3)	1	1,200 TPH (max.)

Bulking Facilities	No. of Units/ Facilities	Capacity (Metric Tonnes)
2,600 MT Tank	19	49,400
2,000 MT Tank	42	84,000
1,000 MT Tank	16	16,000
650 MT Tank	8	5,200
Export Pipelines	13	-
Bulking Pipelines	12	-

LIST OF PROPERTIES

As at 28 February 2020

Location	Description	Tenure (Years)	Area sq. Ft.
Land:			
Part of Lot 15 & 37 (Alienated Land), Tanjung Kidurong, Kemena Land District, Bintulu, Sarawak.	The surveyed land area identified in the Agreement to sub-Lease (Alienated Land) dated 31.12.1992	Leasehold (Expiring in 2022)	4,415,170
Part of Lot 15 & 37 (BIcT Land) Tanjung Kidurong, Kemena Land District, Bintulu, Sarawak.	The surveyed land area which covers the BICT	Leasehold (Expiring in 2022)	2,693,040

Location	Description	Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Building, structures & improvements:				
Built on Alienated land				
Single Storey Office Building		22	6,935	232
Built on BICT land				
Receipt & Delivery Building		19	12,110	311
Gate House		19	5,015	102
Crane Service Station		19	9,300	130
Crane Service Workshop (Extension)		9	3,488	210
Custom Examination Shed		19	2,583	11
Canteen Building		19	11,959	1,241
Marine Operation Building		19	16,534	529
Marine Maintenance Building		19	9,300	199
Wisma Kontena Building		17	69,727	1,730
Access Road (including 2 bridges)		19	-	1,602
Container Stacking Yard		19	1,937,229	9,520
Empty Container Stacking Yard		7	282,143	1,001
New Storage Yard		21	-	111
Container Stacking Yard (BICT Extension)		7	618,279	14,961
Upgrading Work to Open Storage Yard at BICT		6	1,216,935	1,350
Main Intake Substation		21	2,174	173
Quay Crane Substation		19	1,485	101
CFS Substation Marine		19	904	55
Marine Operation Substation		19	1,098	43
Wharves 4 & 5		19	168,053	8,427
Small Craft Harbour		19	-	1,293
Coastal Terminal / Gravel Jetty		19	9,085	112
Bulk Fertiliser Warehouse		12	21,700	2,748
Container Freight Station		6	65,390	2,731
CFS Pit Type Weighbridge		6		13
Mooring Service Building		3		292

LIST OF PROPERTIES

As at 28 February 2020 (Continued)

Location	Description	Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Building, structures & improvements: (Continued)				
Built on Alienated land (Continued)				
Lub Oil Storage Shed		3		43
Schedule Waste Storage		3		101
Empty Container Stacking Yard (extension)		3		1,444
Asphltic Concrete Pavement near Coastal Terminal		3		1,922
Built on Multi Purpose Terminal Land (950 Meter Wharf)				
MPT Open Storage Yard		6	859,815	6,086
500m Ex-BPP Wharf at MPT		6	46,177	5,568
Transit Shed 1		6	95,723	3,578
Transit Shed 3		6	95,723	2,493
Plant Maintenance Workshop		6	23,182	1,415
Hazardous Goods Godown		6	17,823	1,425
Operator's Resthouse		6	2,809	225
M&E Plant Room		6	3,263	588
MPT Operational Gate		6	1,791	375
MPT Weighbridge		6	32,258	92
New Stone Base (Gravel) Area		4	22,604	49
Workers Resting Area at MPT		4	2,190	33
Temporary Bunkering Facility at MPT10		3	5,301	151
Built on 2nd Inner Harbour Land				
Edible Oil Terminal		11	44,215	7,724
Bulking Building : Built on 2nd Inner Harbour Land				
Buildings				
Administrative Building		12	6,272	658
M&E Block A Building		12	3,833	275
M&E Block B Building		12	3,005	240
Pump House A		12	14,592	681
Pump House B		6	13,612	1,683
Operator Rest House		4	784	169
One Stop Sampling Store		3	-	81
Samalaju Industrial Port Building and Structures				
Interim Port Facility				
Access Road		4	437,875.88	11,229
Breakwater & Revetment		4	552m (length)	31,575
Wharf		4	146,819.74	61,243
Fender system		4	74 (nos)	-
Navigation Lighting System		4	-	-
Check Point Building		4	513.44	1,754
Weigh Bridges		4	-	683

LIST OF PROPERTIES

As at 28 February 2020 (Continued)

<table>
<tr><th>Location</th><th>Description</th><th>Age of Building (Years)</th><th>Area sq. Ft.</th><th>Net Carrying Value (RM'000)</th></tr>
<tr><td colspan="5">Building, structures & improvements: (Continued)</td></tr>
<tr><td colspan="5"><u>Samalaju Industrial Port Building and Structures (Continued)</u></td></tr>
<tr><td colspan="5"><u>Operation Buildings</u></td></tr>
<tr><td>Office Block A</td><td></td><td>4</td><td>7,407.17</td><td>781</td></tr>
<tr><td>Office Block B</td><td></td><td>4</td><td>7,407.17</td><td>718</td></tr>
<tr><td>Worker Rest Shed</td><td></td><td>4</td><td>4,347.01</td><td>461</td></tr>
<tr><td>Canteen</td><td></td><td>4</td><td>4,639.19</td><td>470</td></tr>
<tr><td>Maintenance Shed</td><td></td><td>4</td><td>8,815.64</td><td>845</td></tr>
<tr><td>Guard House</td><td></td><td>4</td><td>383.63</td><td>81</td></tr>
<tr><td>Miscellaneous Building</td><td></td><td>4</td><td>-</td><td>1,765</td></tr>
<tr><td colspan="5"><u>Administration Building and Control Tower</u></td></tr>
<tr><td>Administration Building and Control Tower</td><td></td><td>1</td><td>20,700</td><td>20,535</td></tr>
<tr><td>Central Utilities Building Admin</td><td></td><td>1</td><td>3,198</td><td>784</td></tr>
<tr><td>Guard House</td><td></td><td>1</td><td>135</td><td>57</td></tr>
<tr><td>Access Road</td><td></td><td>1</td><td></td><td>4,787</td></tr>
<tr><td colspan="5"><u>On-Shore Facilities</u></td></tr>
<tr><td>Warehouse Type 1 (Enclosed)</td><td></td><td>1</td><td>38,750</td><td>6,998</td></tr>
<tr><td>Warehouse Type 2 (Open)</td><td></td><td>1</td><td>31,000</td><td>4,978</td></tr>
<tr><td>Central Utilities Building 1</td><td></td><td>1</td><td>2,906</td><td>518</td></tr>
<tr><td>Central Utilities Building 2</td><td></td><td>1</td><td>2,906</td><td rowspan="2">1,001</td></tr>
<tr><td>Central Utilities Building 3</td><td></td><td>1</td><td>2,906</td></tr>
<tr><td>Central Utilities Building 4</td><td></td><td>1</td><td>3,982</td><td>822</td></tr>
<tr><td>Access Roads and Platforming (Stockpile)</td><td></td><td>1</td><td>3,181,811</td><td>76,344</td></tr>
<tr><td>Electrical Works</td><td></td><td></td><td></td><td>3,015</td></tr>
<tr><td>Weigh Bridge (2 no.)</td><td></td><td></td><td></td><td>159</td></tr>
<tr><td>Security Fencing</td><td></td><td></td><td></td><td>1,876</td></tr>
<tr><td colspan="5"><u>Wharves Facilities</u></td></tr>
<tr><td>Handymax Wharf No.1
(including 2 nos. of Link bridges)</td><td></td><td>1</td><td>136,739</td><td rowspan="3">160,955</td></tr>
<tr><td>Handymax Wharf No.2</td><td></td><td>1</td><td>96,972</td></tr>
<tr><td>Handymax Wharf No.3</td><td></td><td>1</td><td>91,660</td></tr>
<tr><td>Handymax Wharf No.4</td><td></td><td>1</td><td>84,154</td><td>42,990</td></tr>
<tr><td>Handysize Wharf (including 2 nos. of Link Bridges)</td><td></td><td>1</td><td>128,042</td><td>66,483</td></tr>
<tr><td>Tug Boat Jetty</td><td></td><td>1</td><td>3,789</td><td>4,060</td></tr>
<tr><td>Berth Amenity Shed</td><td></td><td>1</td><td>2,309</td><td>498</td></tr>
<tr><td>CUB Crane</td><td></td><td>1</td><td>4,361</td><td>779</td></tr>
<tr><td>2 nos. Beacon Light Tower</td><td></td><td>1</td><td>264</td><td>3,139</td></tr>
<tr><td colspan="5"><u>Breakwater</u></td></tr>
<tr><td>Southern Breakwater</td><td></td><td>1</td><td>1.6 km
(length)</td><td>163,149</td></tr>
<tr><td>Northern Breakwater</td><td></td><td>1</td><td>1.9 km
(length)</td><td>157,414</td></tr>
</table>

CORPORATE INFORMATION

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Biport Bulkers Sdn Bhd
[Company No. 200301032726 (635147-V)]

Samalaju Industrial Port Sdn Bhd
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