BINTULU PORT HOLDINGS BERHAD

(Company No. 380802-T)

ANNUAL REPORT 2018

BINTULU PORT HOLDINGS BERHAD

(Company No. 380802-T)

23rd Annual General Meeting

Ballroom 3
Lobby Floor, Hilton Hotel Kuching,
Jalan Tunku Abdul Rahman,
93748 Kuching, Sarawak
on Monday, 22 April 2019
at 10.00 a.m.

(Refer to page 258 for
Annual General Meeting information)

Additional Information

VISION

A World Class Port Operator

MISSION

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

Corporate Values

Teamwork Integrity Innovation Professionalism

TIIP

BINTULU PORT HOLDINGS BERHAD

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.

Performance Review

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Bintulu Port Holdings Berhad or 'The Group' for the financial year ended 31 December 2018.

TAN SRI DR. ALI BIN HAMSA

MACROECONOMIC REVIEW

2018 was a defining year for the global ports industry as well as trade activities in the region. Terminal operators have braced themselves for potential impact due to moderating momentum in global growth and trade activities and the uncertainty caused by the trade war and security issues between major economies. The global economy registered a slower growth of 3.0% as compared to 3.1% in 2017. The slower global growth however did not dampen the Malaysian Ports overall performance which showed a notable pickup of 5.8% in 2018, compared to 2017.

China has remained as Malaysia's largest trading partner for nine consecutive years constituting 13.5% or RM126 billion of total exports in 2017. Meanwhile, the US was the third largest export destination accounting for 9.5% or RM88.7 billion of Malaysia's total exports. Hence, any development taking place in these major trading partners will have both direct and indirect impact on the nation's economic growth. In the case of Bintulu Port, 80.0% of the Group's trade originated from and were destined to the ASEAN 5 (Malaysia, Indonesia, Thailand, Philippines and Singapore), Japan, China, Korea, Taiwan and India.

The Malaysian economy continued to remain resilient, despite the challenging market conditions. In 2018, Malaysia's gross domestic product (GDP) grew by 4.7%, registering a slightly slower growth compared to 5.9% in 2017, with the private sector remaining as the main growth driver whilst a rebound in exports of goods and services contributed towards net export growth. Therefore, the macroeconomic fundamentals continue to remain strong despite the domestic and external headwinds.

2018 PERFORMANCE HIGHLIGHTS

The Group's overall operational performance registered a slight decrease of 3.9% in 2018 as compared to 2017, primarily due to lower shipment volume of LNG caused by disruptions of gas supply to Bintulu LNG plant. The Group handled a total throughput of 48.34 million tonnes of cargo in 2018 in comparison to 50.28 million tonnes in 2017. Nevertheless, the non-LNG sector particularly palm oil, container and dry bulk has shown remarkable performance with an overall growth of 6.6%. Our performance for 2018 ranked us as the port with the third largest cargo throughput among the Malaysian Ports.

Non-LNG sector cargo throughput made up almost 51.0% of the total cargo throughput in 2018, as compared to the previous year where the LNG sector contributed 54.0% of the total cargo throughput. In this regard, SIPSB continued to show positive contribution with an outstanding 59.7% increase of cargo throughput in 2018. Dependency on LNG's contribution to the Group's revenue and cargo throughput is progressively on the downtrend and is expected to further decrease over the coming years with the steady increase in Samalaju cargo volume and other non-LNG cargo. This cargo rebalancing reflects the Group's diligence towards promoting growth of non-LNG cargo, thereby diversifying from an over reliance on a single cargo.

The Group registered a turnover of RM686.14 million for the financial year ended 31 December 2018, an increase of 0.93% or RM6.32 million in comparison to 2017 turnover of RM679.82 million.

Detailed commentary on the Group's operational and financial performance is at the Group's Chief Executive Officer's Statement and Management Discussion and Analysis Section of this Annual Report, which can be found on page 12 to page 30.

SHAREHOLDERS VALUE CREATION

I am pleased to announce that the Board of Bintulu Port Holdings Berhad has authorised the payment of fourth interim single tier dividend of 6.00 sen for the financial year ended 31 December 2018, bringing the total dividend in respect of the year to 14.00 sen per share. This dividend is payable on 19 April 2019.

BUSINESS SUSTAINABILITY

The year 2018 saw a collaboration with Bintulu Port Authority to address the digital technology challenges and sustainability issues. This collaboration entailed a series of engagements and sharing of resources between both the port operator and port authority to map out the strategies and action plans to create values from the identified initiatives focusing on enhancing efficiencies, capacity building and mitigating potential risks of environmental impacts. The strong level of commitment shown by both parties has produced a clearly defined and holistic plan called the Smart, Digital and Green Port (SDGP) Blueprint which will served as a roadmap to guide the Group into its next phase of business growth and development.

Our Sustainability Statement on pages 98 to 147 of this Annual Report highlights the good progress we are making in our sustainability journey and underscores our commitment towards creating long-term value for our stakeholders and securing the future of the Group by prioritising responsible management practices and sustainable development on the Economic, Environmental and Social (EES) fronts.

ENHANCING CORE VALUES

In order to address the changes in the industry as well as the economic and business landscape, a new way of thinking and doing things is needed. Conscious efforts to move away from the culture of doing Business as Usual has been initiated by the Group Chief Executive Officer and cascaded down to every level of Management. The energy and ingredients needed to propel the Group in its transformation journey are enshrined in the new Group Vision, Mission and Corporate Values (GVMCV).

The Group will continue to focus on the inculcation of our Corporate Values to all of our employees which will shape a high performance culture that is needed for us to achieve our aspiration of becoming a World Class Port Operator.

PROSPECTS AND GROWTH

As the effort to ramp up the Group's revenue stream and taper our reliance on LNG is reinforced, the Group will continue to leverage on its available capacities and capabilities in order to achieve its business objectives. This includes continuing to tap potential opportunities in key growth markets particularly the container, palm oil and dry bulk sectors as well as the provision of value added services for the oil and gas industry and other port users.

The Group will also intensify its efforts to aggressively pursue and attract potential investors to locate their activities at Samalaju Industrial Park (SIP) in order to utilise the current Phase 1 port facilities and towards sustaining SIPSB's business in the future. These efforts require the Group to work hand in hand with the various stakeholders particularly related Government authorities and agencies. The Group is now working and collaborating with identified investors to set up operations at Samalaju Port that will contribute towards achieving the targeted cargo throughput.

The Group foresees the need of port development expansion for container terminal at Bintulu Port subject to feasibility studies to cater to the increasing container movement forecasted for the next coming years which will generate business growth to the Group.

I am confident that the Group will continue to strive for operational excellence as well as instituting continuous improvement in our service delivery whilst working towards the Group's business growth.

We, your Board of Directors are optimistic that the Group will be able to deliver better results for year 2019 in the context of our operational and financial performance. We will remain steadfast in our operating philosophy to deliver operational excellence and ensuring our long-term sustainability based on the triple bottomline concept viz - Profits, People and Planet (3Ps). We will focus our efforts on managing our capital and human resources towards building value in our existing businesses. I believe our strategies and efforts for the past years as well as year 2019 reflect the Group's commitment towards realizing our Vision and Mission.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to convey my sincere appreciation to our customers, business partners, service providers, stakeholders, the State and Federal Government authorities, for their steadfast support. My utmost gratitude also goes to our loyal Management and staff for their diligence, invaluable dedication and commitment in paving the path of excellence for the Group.

Last but certainly not least, I would like to offer my personal appreciation to my distinguished colleagues on the Board of Directors for their wise guidance and contribution throughout the year.

Together let us continue to sail through year 2019 and achieve greater heights of accomplishment.

Thank you.

TAN SRI DR. ALI BIN HAMSA
Chairman
Bintulu Port Holdings Berhad

Dear Shareholders,

The year under review has seen the Bintulu Port Holdings Berhad (the Group) strengthening our core business by leveraging on our strengths amidst a challenging environment as presented here. Necessary decisions were made to undertake a range of strategic initiatives aimed at transforming the Group's business sustainability, and ensuring strong financial and operational performance.

DATO MOHAMMAD MEDAN BIN ABDULLAH

In 2018, the Group faced dynamic challenges affecting some of our market segments and impacting our operational performance. The slowdown of the Malaysian economy due to, among others, moderating momentum in global growth and specific supply shocks in gas supply for LNG production in Bintulu, had some impact on the overall performance of the Group.

The Malaysian port industry landscape in year 2018 faced some headwind challenges comprising slower global trade, business uncertainties arising out of trade wars, intense competition and geopolitical changes.

Against such background, the Malaysian port industry managed to register an overall performance of 5.8% in terms of cargo volume. For the Group, despite having registered a lower volume of cargo throughput in year 2018 due to a shortfall in LNG shipments, the Group is pleased to report that the non-LNG cargo sector, comprising of liquid bulk, dry bulk, containerised and break bulk cargoes, has registered growth rates surpassing national port growth rate in the year under review.

Details of our performance are as narrated below.

Group Operational and Financial Performance

The year under review saw the Group continuing to solidify its position as a world class LNG export terminal operator and the major multi-purpose port in the BIMP-EAGA region, handling various types of cargoes. The year 2018 also saw us recording the first full year operations at our Samalaju Industrial Port. In terms of our overall capacity, we are now operating at 52.0% capacity with a total berth capacity of 93 million tonnes of cargo per annum. The berth capacity that is available for utilisation represents the potential for the Group to attract more cargoes and customers in future to grow our business.

The Group handled a total cargo throughput of 48.34 million tonnes in year 2018 compared to 50.28 million tonnes in year 2017, which represented a slight decrease of 3.9%. The decrease in the cargo throughput performance was mainly attributed to the shortfall in LNG shipment volume. Nevertheless, the 2018 cargo performance represented the third largest cargo handling volume by comparison with other Malaysian Ports and the biggest cargo throughput among East Malaysian Ports.

The volume of LNG cargo handled decreased to 23.68 million tonnes against 27.14 million tonnes handled in year 2017 attributable to the gas supply disruption experienced throughout the year under review. The LNG export market for cargoes from Bintulu Port saw China emerging as a prominent buyer behind Japan indicating the rise of China as a major global LNG market. To capitalise on this, the Group has been actively pursuing opportunities in term of new ways of handling, transportation and export of LNG via ISO tanks containers.

The non-LNG sector recorded a notable increase of 6.6% from 23.14 million tonnes in the preceeding year to 24.66 million tonnes in 2018 - contributed by palm oil, dry bulk (SIPSB) and containerised cargo. The year under review also saw for the first time, non-LNG sector contributing more than LNG sector by recording 51.0% of the Group's total cargo throughput. This is in line with our business strategy to diversify and rebalance our cargo mix in order to reduce over dependency on a single cargo.

Palm oil throughput of 4.32 million tonnes represented a growth of 2.3% in 2018, attributed to higher export to China, India, Pakistan and United States and in parallel to the increase demands supporting their local industries, particularly in food and beverages industry. This performance reinforced our position as the main export outlet for palm oil products in Sarawak, handling 95.0% of the State's total production. We are also located at one of the nation's main Palm Oil Industrial Cluster which contains 26.9% of Malaysia's total oil palm planted area and where five (5) world class palm oil refineries are located, and integrated with our facilities. Our port is the largest palm oil products exporting terminal in Malaysia, handling 26.2% of the total Malaysian palm oil export.

The Dry Bulk Cargo sector recorded an impressive 8.3% growth due to the increase in raw materials import (e.g. aluminium oxide, silica quartz, manganese ore, semi coke and iron ore) generated from Samalaju Industrial Park Investors as they ramped up production to meet increased demand for their products. The export of woodchips through Bintulu Port increased significantly by 188.5% from 134,729 tonnes in year 2017 to 388,759 tonnes in 2018 due to higher demand from Japan and Indonesia. The handling of a total of 6.86 million tonnes of dry bulk cargo in the year under review has buttressed our position as the leading dry bulk entrepot in East Malaysia.

Another repeat of a good year for the container sector was achieved in year 2018 with the handling of 349,792 TEUs at the Bintulu International Container Terminal (BICT), the highest recorded so far. This represented a double digit growth of 13.1% of our container throughput (TEUs) compared to the previous year thereby strengthening our position as the number one container port in East Malaysia in terms of container throughput and connectivity. We have seen three consecutive years of double digit growth to date. Our growth rate in container volume surpassed the national container throughput average of 3.7% growth annually. Consistent with this growth, the Group foresees the potential to improve upon and expand the container cargo sector particularly in our service delivery and terminal infrastructure. In terms of capacity, the BICT is currently operating at 78.0% capacity with the utilisation expected to improve further in 2019 in line with expected increase in container volume.

The impressive throughput was driven by increased import and export due to active economic developments in Sarawak Corridor of Renewable Energy (SCORE) particularly the Samalaju Industrial Park (SIP), increasing trend towards containerisation of cargo and more transshipment volumes from Sabah and Sarawak. Of the total containerised cargo handled at BICT, 23.7% (82,930 TEUs) were transshipment cargoes.

For Break Bulk cargo, the Group registered an increase of 5.3% in 2018, handling 1.77 million tonnes compared to 1.68 million tonnes in the preceding year. The main Break Bulk cargoes comprised of timber products, other general cargo, carbon anode and aluminium. The growth was contributed by the increase in export of finished products and importation of raw material commodities by SIP investors. The main cargoes handled included manganese and carbon anode. Almost 58.0% of the Group's Break Bulk cargo were handled at Samalaju Industrial Port.

Vessel calls for all cargo categories have also increased by 1.7% with a total of 8,004 vessel calls compared to 7,871 vessel calls in the previous year. The increase was attributed to more vessel calls related to SIP's inbound raw materials, containers, woodchips and offshore supply vessels (OSVs). The year 2018 also witnessed the deployment of bigger size vessels particularly for the palm oil and container sectors. These are encouraging indicators of the trade volumes and the drive for better efficiency which gives a positive indication for the future.

Financial Review

As the Group implemented directed measures to drive better operational performance in the face of the challenging operating environment mentioned earlier, the impact was reflected in a commendable financial performance for the year under review.

For the financial year ended 31 December 2018, the Group generated total operating revenue of RM686.14 million, representing a RM6.32 million increase over the revenue recorded for 2017 of RM679.82 million. Despite a shortfall in the revenue from the LNG sector due to lesser export volume, we were able to cushion the negative impact by the increase in revenue from the container and palm oil sectors, along with the impressive 74.7% revenue increase from Samalaju Industrial Port as compared to the previous year.

The Group's Profit Before Taxation of RM201.86 million in 2018 was lower by 4.5% (RM9.42 million) compared to RM211.28 million recorded in 2017 mainly attributed to the higher cost on amortisation and finance cost in Samalaju Industrial Port. Accordingly, the Profit After Taxation also saw a reduction of 7.9% (RM12.13 million), from RM154.17 million in 2017 to RM142.04 million in the year under review.

The Group's shareholders' fund in the year under review stood at RM1,273.49 million, representing an increase of 4.9% as compared to RM1,214.25 million in 2017.

Acknowledgement

First and foremost, I would like to record my appreciation to the Management and staff across the Group who have worked tirelessly throughout the year. I am truly appreciative of your dedication and steadfastness in the face of the challenges, as we undertake our journey to realise our business objectives for our Shareholders.

I would also like to take this opportunity to express my heartfelt thanks to all our customers from various industries and sectors ranging from shipping lines, logistics service providers, oil and gas companies, suppliers and the importers/exporters for their continuous support and trust in us. My appreciation and gratitude also goes to State and Federal Government Authorities and Agencies, business partners and associates, bankers, counterparts across the industry and the media for your collaboration, assistance and continued support in facilitating our operations and business throughout the year.

My utmost gratitude and appreciation to our Chairman and the Board members for your support, advice, guidance and insights. With your collective wisdom and astute counsel, I believe we can continue to achieve greater success and will realise our Vision to be a World Class Port Operator.

As we move forward, we will continue to strengthen our foundation to enable us to achieve our aspiration to be a World Class Port Operator, by building our capability and expertise to deliver operational excellence and ensuring that we grow in relevant dynamic cargo categories and ensuring that we always have a sustainable business model. Our achievements to date have spurred us on to deliver even better results as we continue to adapt and transform for growth, to stay agile and competitive, and to realise our goals, targets and aspirations.

Finally, I look forward to the continuing support from our Shareholders and the cooperation and understanding of all our stakeholders as we strive to propel the Group to greater heights.

Thank you.

DATO MOHAMMAD MEDAN BIN ABDULLAH
Group Chief Executive Officer
Bintulu Port Holdings Berhad

Strategy for Success

After we revised our Vision Statement and introduced a new Mission Statement and Corporate Values in 2017, we have refined our strategic thrusts in 2018 to propel the Group to progress further. Our strategy for success based on our three (3) key strategic thrusts, is summarised in the graphic below:

STRATEGIC THRUSTS

01 Institute Operational Excellence

i. Operational Efficiency
ii. Continuous Process Improvement
iii. ZEFA Rules & Zero LTIF
iv. ARU (Availability, Reliability & Utilization)
v. Increase Customer Satisfaction Index
vi. Efficient Project Management

02 Expand Port Capacities & Capitalizing on Key Growth Market Sector & Profitability

i. Provision of infrastructure and port equipments
ii. Focusing on Dynamic Sectors
iii. Dynamic Tariff Development
iv. Maximize Profit Margin/ Cost Management
v. Expand Revenue Stream
vi. Human Capital

03 Embark Into Smart and Green Port

i. Digitalization and Automation
ii. Innovation Initiatives
iii. Green Port Initiatives
iv. Energy Efficiency
v. Provision of Clean, Safe, Healthy and Productive Environment

OUR BUSINESS PLAN

- Enhance Operational Performance & Productivity
- Sustainability and Growth of SIPSB
- Driving Container Sector for Greater Growth
- Port Expansion
- Business Development & Revenue Generation
- Capitalizing on Palm Oil Industry
- Constant Practice of Cost Management
- Business Process Execution for Extension of Concession Period
- Enrich Human Capital and Institute Corporate Rebranding
- Committing to Safety & Healthy Culture
- Green and Smart Port Initiatives
- Foster Community & Government Relations

ENABLERS

People | Corporate Governance | Process | System

CORPORATE VALUES

Teamwork | Integrity | Innovation | Professionalism

These are our pillars, enablers and corporate values that will uphold our Vision and Mission Statement.

In essence, the strategic thrusts aim to achieve the following outcomes:

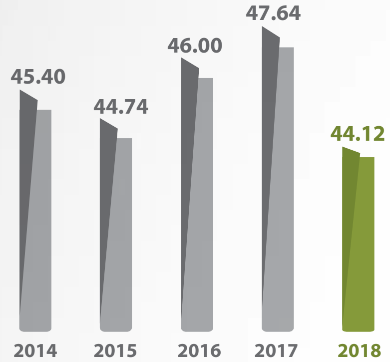
- Strengthening of our core business by leveraging on our long experience, strategic location, and core strengths, especially in the LNG and Palm Oil sectors;
- Maintaining our leading positions in specified cargo handling categories, such as in liquid cargo (LNG and Palm Oil) and growing in dynamic sectors including Dry Bulk and Offshore Support Services;
- Building new capabilities in Dry bulk and Break bulk handling by leveraging on Samalaju Port;
- Rebalancing our cargo mix and diversifying to avoid over reliance on just one or a few cargo categories; thereby ensuring a robust and sustainable business model;
- Growing our container handling business and increasing our connectivity;
- Buttressing our position as the main export point for palm oil export out of Sarawak and as the largest palm oil bulk handling facility/port in Malaysia in terms of throughput;
- Focusing on new areas for growth (within existing cargo categories or new ones) while serving dynamic sectors, including the offshore oil industry;
- Strengthening our core capabilities in Marine and other operations through targeted training and advance competency building;
- Enhancing our focus on Health, Safety and Environment (HSE), as well as Security in our operations; and
- Anticipating, monitoring of latest developments in the industry especially in the Smart, Digital and Green revolution and positioning the Group for the changing environment of the future.

Our strategies are implemented throughout the Group and the results are primarily delivered by the business units as deliberated in the following section.

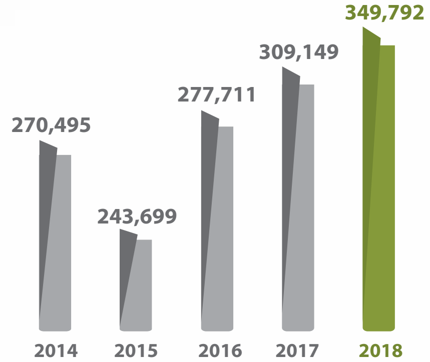
Performance of Business Unit

Bintulu Port Sdn. Bhd. (BPSB)

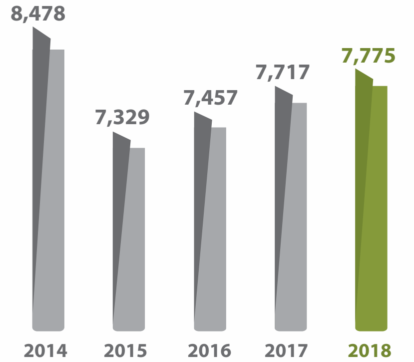
CARGO THROUGHPUT
(MILLION TONNES)



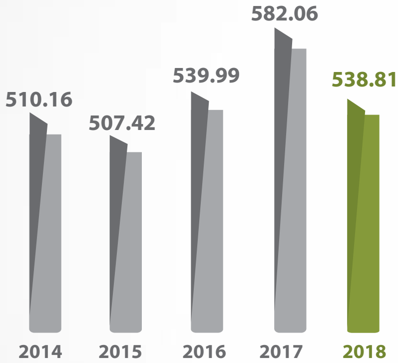
CONTAINER THROUGHPUT
(TEUs)



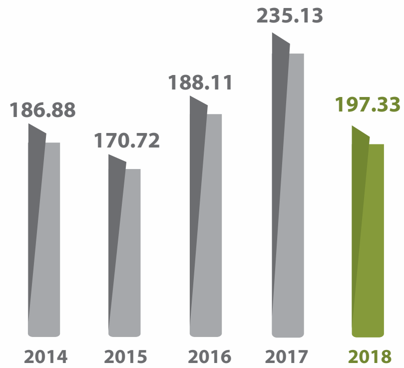
VESSEL CALLS



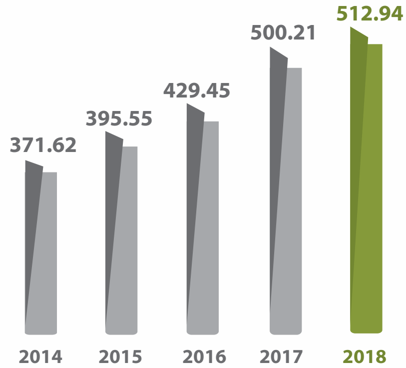
TURNOVER
(RM MILLION)



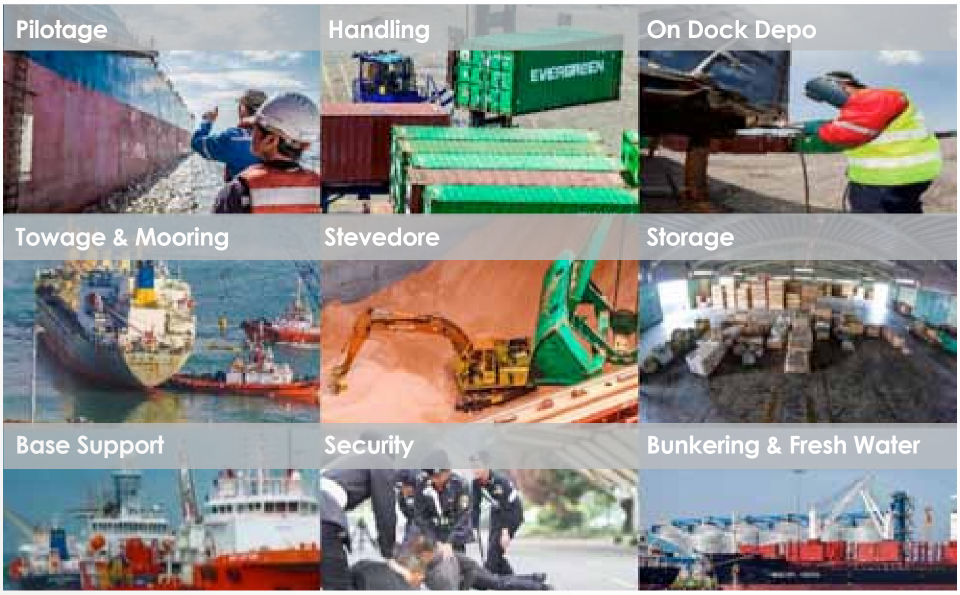
PROFIT BEFORE TAX
(RM MILLION)



TOTAL SHAREHOLDER'S FUND
(RM MILLION)



Core Services



BPSB Facilities

Berthing & Storage Facilities	Nos.	Length (m)	Depth (m)	Max Vessel Size (DWT)	Capacity
General Cargo Wharf	3	514.5	10.5	25,000	2.62
Bulk Cargo Wharf	1	270.0	13.5	60,000	1.33
LNG Jetty	3	-	15.0	80,000	34.24
LPG Jetty (Decommissioned until futher notice)	1	-	11.0	51,000	0.94
Petrochemical Terminal	2	-	11.0	30,000	2.19
Shell MDS Jetty	1	-	13.0	40,000	1.22
Container Terminal	2	450.0	14.0	55,000	450,000 TEUs (7.2 mill tonnes)
Edible Oils Terminal	3	-	14.0	50,000	6.78
Multipurpose Terminal	5	950.0	14.0	55,000	4.46
Single Buoy Mooring	2	-	19.5	320,000	13.18
Oil Barge Berth	1	65.0	7.0	2,000	0.45
Coastal Terminal	1	120.0	4.5	1,000	0.38
Total Berth Capacity					**74.99**
General Cargo Yard	2	-	-	-	4.10
Covered Storage	10	-	-	-	2.10

Strategically located midway between Kuching, Sarawak and Kota Kinabalu, Sabah along the busy sea lanes of Intra Asia Trade with a deep sea harbour, Bintulu Port is the major import and export gateway for Sarawak. It has the reputation as one of the most modern and efficient multipurpose port in South East Asia responsible for the provision of a host of port-related services. BPSB also reigns as East Malaysia's largest container port, is Sarawak's oil and gas hub and the nation's sole liquefied natural gas (LNG) export gateway. BPSB is recognised globally as the 2nd largest LNG Terminal in the world in a single location.

By having one of the deepest draft compared to other berthing facilities within Borneo, Bintulu Port is able to cater to large vessels up to 80,000 deadweight tonnage (DWT).

Over the years, since its commencement in 1983, BPSB has handled growing volumes of LNG, containerised cargoes, general cargoes, palm oil products, liquid and dry bulk cargoes. The facilities and services provided are comparable to other World Class Ports around the world.

In year 2018, BPSB handled 44.12 million tonnes of cargo in 2018 compared to 47.64 million tonnes in year 2017. The decrease of 7.4% is attributed to lower shipment of LNG due to gas supply disruptions. Despite this, other sectors such as palm oil, containerised cargo and petrochemical cargoes had shown encouraging growth in year 2018.

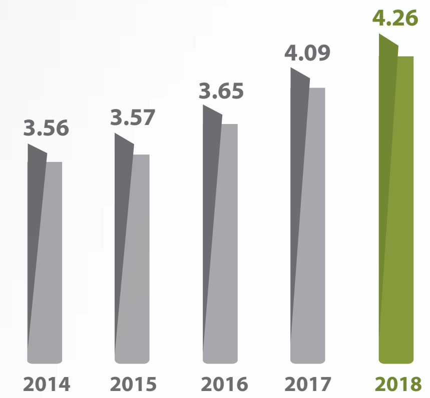
One of the key achievements in 2018 is the remarkable performance of our 349,792 TEUs of container throughput, making it the highest recorded volume by BPSB in the past ten years. As part of our ongoing efforts to enhance service and operational delivery, we have deployed additional yard equipment and resources to support the container yard operation.

The year under review also saw BICT attracting more shipping connectivity to Intra-Asia ports with the introduction of two new container shipping routes by SITC Container Lines (Sarawak). BICT is now directly connected to Indonesian Ports such as Makassar, Balikpapan and Semarang, as well as more ports in China like Shanghai, Xiamen and Shokou. 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 the Intra-Asia Ports thus boosting our connectivity offering to customers.

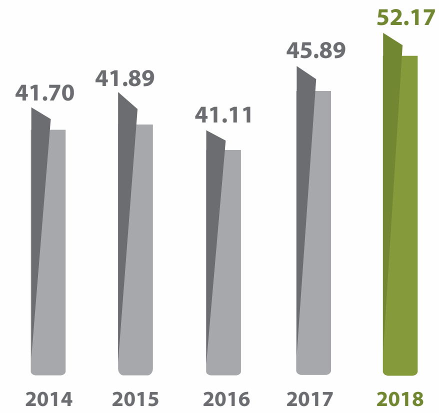
Bintulu Port is the first Gassing Up and Cooling Down (GUCD) service provider in Malaysia and the third in the Asia Pacific region. This service is part of the Group's business plan to embark on new businesses to increase revenue stream. The first LNG vessel to undertake the GUCD service was in October 2018 followed by the second one in February 2019, involving the 293m length overall (LOA) 'Marvel Kite' LNG Vessel. More LNG vessels are expected to call at Bintulu Port to receive this service in future.

Biport Bulkers Sdn. Bhd. (BBSB)

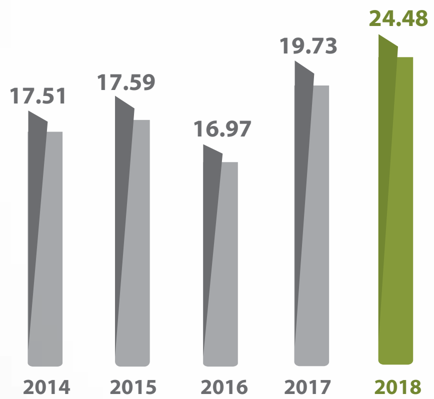
CARGO THROUGHPUT
(MILLION TONNES)



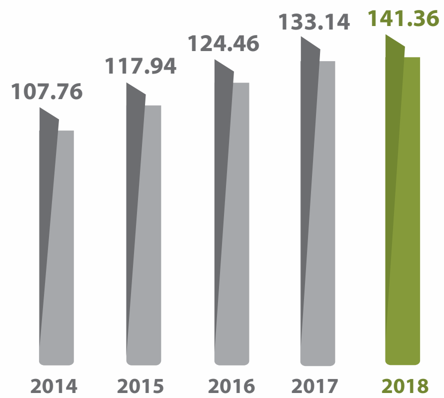
TURNOVER
(RM MILLION)



PROFIT BEFORE TAX
(RM MILLION)



TOTAL SHAREHOLDER'S FUND
(RM MILLION)



Core Services

Bulking Facilities and Export Handling of Edible Oil Products

BBSB Facilities

Phase	Year	Storage Tank (Units)	Tank Capacity (MT)	Bulking Pipelines (Units)	Export Pipelines (Units)
I	2003 – 2004	26	39,050	2	3
	2004 – 2005	-	-	2	1
II	2006 – 2007	24	36,550	2	2
	2008	-		2	-
III	2009 – 2010	10	26,000	2	2
IV	2014	25	53,000	-	2
	2015	-	-	2	3
	2017	-	-	4	-
GRAND TOTAL		**85 Units**	**154,600 MT**	**16 Units**	**13 Units**

BBSB is involved in the provision of bulking installation facilities and services for edible oil product, particularly palm oil to cater for the ever growing palm oil industry in Sarawak. 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 more than 90.0% of Sarawak's Crude Palm Oil storage.

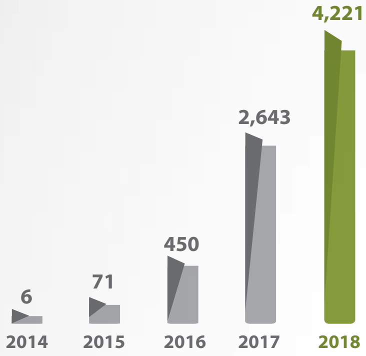
Built on a 15-acre site, our bulking terminal is equipped with modern storage facilities consisting of multi-sized storage tanks of various capacities with a dedicated piping system to ensure optimum security, safety and efficiency.

BBSB registered a commendable 4.2% growth in the storage and handling of palm oil products with 4.26 million tonnes of cargo handled in 2018 from 4.09 million tonnes in 2017. The volume was contributed by five (5) refineries operating within the vicinity of the terminal, with Bintulu Edible Oil under the Wilmar Group producing almost a 50.0% share of the industry's output. Apart from Wilmar, other major customers include Sime Darby's Austral Edible Oil, Sarawak Oil Palms' SOP Edible Oil, Kirana Edible Oil and Borneo Edible Oil. These five (5) refineries are connected to and closely integrated with BBSB's operations via dedicated pipelines for the storage and export of both crude and refined products.

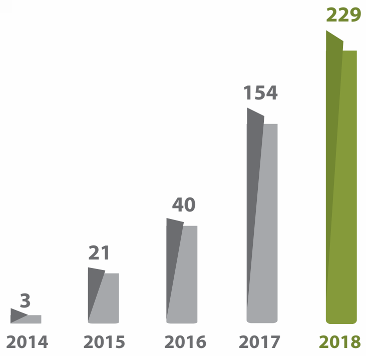
BBSB operations are serviced by dedicated palm oil jetties adjacent to its bulking terminal and fully supported by BPSB marine services.

Samalaju Industrial Port Sdn. Bhd. (SIPSB)

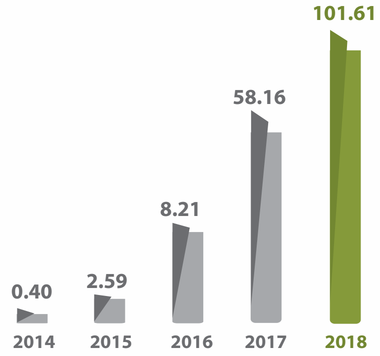
CARGO THROUGHPUT
('000 TONNES)



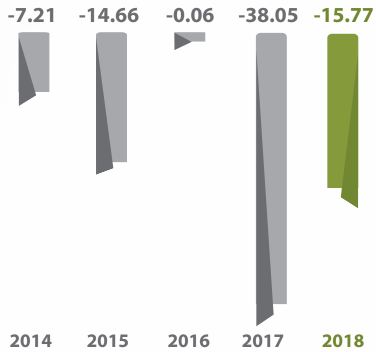
VESSEL CALLS



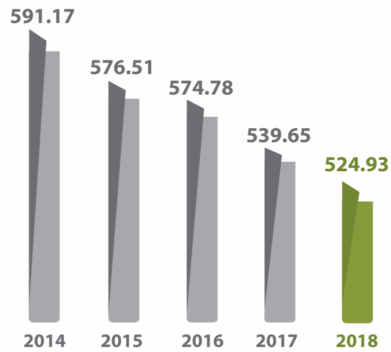
TURNOVER
(RM MILLION)



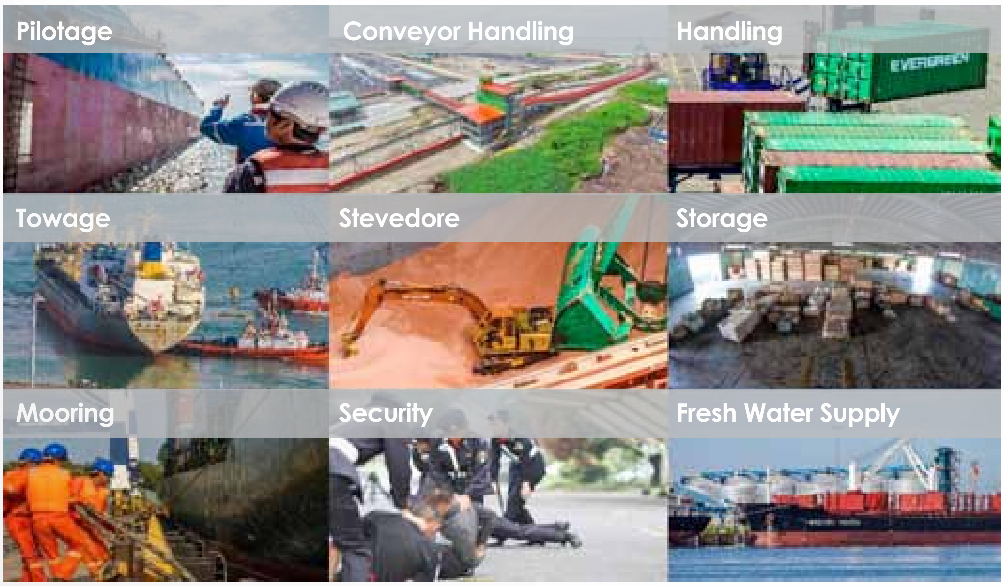
LOSS BEFORE TAX
(RM MILLION)



TOTAL SHAREHOLDER'S FUND
(RM'000)



Core Services



SIPSB Facilities

Berthing & Storage Facilities	Nos.	Length (m)	Depth (m)	Max Vessel Size (DWT)	Capacity
Handymax Berth	4	880	13.5	50,000	14.00
Handysize Berth	1	230	11.0	20,000	
Barge Berth	2	320	7.0	8,000	4.00
Ro-Ro Ramp	1	-	7.0	8,000	
Stockpile	3	-	-	-	2.00
Open Warehouse	1	-	-	-	0.25
Closed Warehouse	1	-	-	-	0.30
Total Berth Capacity					**18.00**

Located 60km northeast of Bintulu, SIPSB undertakes the provision of port services dedicated for industries in the Samalaju Industrial Park (SIP) and the port's hinterland. Operating as one of the key drivers for the development of SCORE, SIPSB strives as a purpose-built port to provide dry bulk and break bulk cargo services to the industries operating within the SIP.

In 2018, SIPSB handled a total cargo throughput of 4.22 million tonnes, an impressive increase of 59.7% from 2017. The increase in throughput is fueled by the ramping up of plant capacity in SIP contributed by five investors. The port has a total capacity to handle 18 million tonnes of cargo per annum and currently is operating at 23.0% capacity. As more industries are expected to set foot in SIP in the coming years, we anticipate that the capacity utilisation will increase in the near future.

Operating on just 40.0% of the total 393 hectares land bank, we are currently equipped with the capacity to handle cargo ships carrying loads weighing up to 50,000 DWT. Samalaju Industrial Port offers an automated handling operation for dry bulk cargo using a conveyor belt system that offers high productivity to minimise vessel turnaround time.

Strategic Thrusts Key Achievements in 2018

Institute Operational Excellence

February 28

New GVMCV official launched, charting to become **A WORLD CLASS PORT OPERATOR**

April 03

Customer Appreciation Night 2018 to recognise customers' contribution to our success

February 14

Toolbox Perdana Talk 2018 for ZeFA Rules inculcation and to promote health and safe environment

April 30

Recorded **highest** monthly container throughput with total of **31,222 TEUs**

August 07

Conferred with **Maritime Pilots Stalwart Award** from Maritime Pilot Malaysia, a recognition for World Class Maritime service provider

September 25

Leadership Talk Series by Dato Idris Jala on tranformational way of working

October 19

The first four (4) Malaysian pilots in South East Asia to receive **World Class SeaWays Global certification on Tugmaster Training**

June 30

Recorded highest productivity for Palm Kernel operation with average of **7,092 tonne per day**

November 27

Deployment of three (3) units of **additional Reach Stackers** for container yard operation

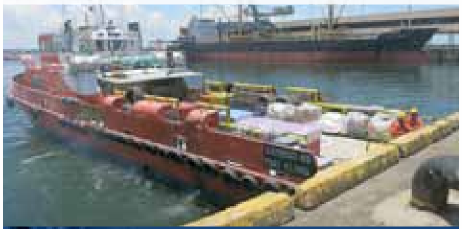
December 20

First Townhall Meeting with customers jointly held with BPA

Strategic Thrusts Key Achievements in 2018

Expand Port Capacities and Capitalising on Key Growth Market Sector and Profitability

January 17



Secured **supply base license** from Petronas for the duration of three (3) years

March 18

Maiden Call for LNG **Seri Camar** (4^{th} Seri C Class) from Busan, Korea

March 31

The commencement of **Leesing Logistic operation** at Coastal terminal as distribution hub for fast moving consumer goods serving Sarawak/Brunei market

April 11

Achieved targeted **negotiation and engagement with BPA** on the new concession period

April 27

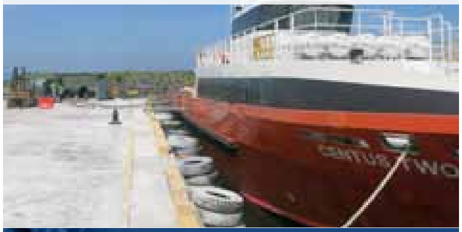
BBSB successfully launched on **four (4) new pipelines**, offering better quality services and improves productivity

June 22

Introduction of **two (2) new container routes** calling to Bintulu by SITC

1. Bintulu - Shanghai - Xiamen - Shokou - Nansha - Bintulu
2. Bintulu - Jakarta - Semarang - Makassar - Bintulu

July 30



Obtained **PDA4 license** from KPDNHEP which allow BPSB to buy and sell fuel for bunkering operation

July 31

Implementation of **BBSB revised tariff**

October 11

Vessel **'Singapore Energy'** owned by Sinokor successfully completed first commercial Cool-Down service

June 16

Introduction of **feeder shipping route** by Harbour-Link Line: Bintulu-Labuan-Bintulu

Strategic Thrusts Key Achievements in 2018

Embark into Smart and Green Port Initiatives

March 01

Procurement of new **Enterprise Resource Planning (ERP)**

April 06

SIPSB organised 1st Shore Cleaning – **Plogging Event** to promote Clean and Greener World

September 19

Reputation Management and Branding Workshop – Discussion on strategic positioning and stakeholder mapping

November 06

Finalisation of **SDGP Blueprint** between BPA and BPHB

November 15

Winner of **Green Port Award System (GPAS) from APEC Port Service Network (APSN)** during the Port Connectivity Forum and APSN 10th Anniversary Celebration in Singapore

Business Challenges

Looking ahead, with the continuous support from our stakeholders, the Group is optimistic that we can navigate and overcome the challenges that we are facing.

Every sector of industries, including the port industry, is experiencing the rise in the cost of doing business due to the increase in materials and operating costs. We need to be mindful of our overall cost management as well as to keep tab of the need to review our port charges or tariff to ensure our profitability is sustained.

While we have performed reasonably well in year 2018, we will not rest on our laurels in the face of the increasing competition from other port operators in the region who have the ability to divert or attract cargo and shipping lines by offering better competitive rates and higher levels of service delivery. There are also emerging terminals or ports around the region offering newer facilities and ample capacities that are able to attract the shipping line to do transshipment operations. This could potentially lead to an erosion of our market share. Thus, it is imperative for us to constantly assess our competitiveness, have a disciplined management approach and improve on operational efficiencies in order to maintain our position. We have to strive hard to be competitive, innovative and offer our best services to our customers.

In order to attract and serve a steady stream of cargoes from our hinterland, especially from the Southern Port of Sarawak, better road connectivity and infrastructure are imperative. Thus, the Pan-Borneo highway is a necessity in providing safer, reliable and shorter transit time for any logistics arrangement connecting to our Ports.

The growing concern for environmentally sound practices in all industries genarally and those stemming from the port and port related activities continues to become a major issue not just for the Group but for all the relevant authorities and agencies. Environmental issues related to the port industry such as pollution, energy efficiency, climate change and resource depletion continued to be the main agenda of the governing bodies all around the world including in Malaysia. The Group is aware of this challenge and has undertaken decisive action, together with the Bintulu Port Authority (BPA), by introducing the Smart Digital Green Port (SDGP) Blueprint, which the Group will implement over the years to ensure both economic and intangible benefits and value creation for the Group.

The purpose of port business is to attract, serve and retain customers. Attracting customers require marketing efforts that involves close collaboration with various stakeholders including the State and Federal Government agencies. In the case of SIPSB, we see the need for a refined coordinated effort to attract more investors to SIP. Mitigation strategies have been put in place and implemented to minimise the market risks of being unable to achieve the targeted volume throughput and the heavy reliance on a few key customers. Customers including potential investors nowadays are cost-conscious, performance driven and selective. The challenge is to provide an efficient operation on continuous and consistent basis to the customers in order to retain them.

To address the challenges above and to deliver on our promises, a shift in mindset and work culture is essential, and together with capacity building and business growth, the Group would be able to attain its prime objective of business sustainability.

Business Growth

BICT Expansion Plan

Over the last three years, we have seen the steady double-digit growth of 12.8% in relation to our containerised cargo. We have been closely monitoring the capacity of the facilities against the volume expected to be handled and by 2019, the container terminal is expected to reach 83.0% of its operating capacity. In order to provide sufficient capacities and to further generate business growth for the container sector, the Group has initiated a feasibility study on the expansion of BICT. The expansion plan will involve development of infrastructure and procuring container handling equipment.

In addition, the short term measures to improve the Group's operational efficiencies and service delivery on container sector will touch upon process improvement, tackling specific bottleneck at the yard, berth window management and allocating general cargo wharf into container feedering operation.

Business Development and Revenue Generation

Our business plans for 2019 explores and focuses on business opportunities by leveraging on the Group's expertise in port operations and management, capitalising on available capacity and our institutional capabilities.

To increase revenue stream, we will broaden our revenue base by diversifying our service offerings to cover additional areas, as follows:

a. Bunkering services for commercial vessels within the port water limit;
b. Handling of export of LNG in ISO Tank;
c. Provision of Inter-Terminal Transfer (ITT) services for container from Samalaju to Bintulu Port; and
d. Intensify business development to promote utilisation of existing services offerings as well as nurture potential new port users in Bintulu Port and also Samalaju Industrial Port.

To complement the above, we will take conscious efforts to intensify our existing services as follows:

a. Continue to provide marine services to incoming LNG vessels for Gassing Up and Cooling Down(GUCD) service; and
b. Continue to provide base support operation to existing and potential customers

IT Enhancement

Several enablers such as our systems and processes were identified in the Group's strategic planning as necessary catalysts to institute operational excellence into the organisation in order to make the Group's long-term transformation programme possible.

The Group implemented and commissioned the new Enterprise Resource Planning (ERP) system to upgrade and streamline financial systems to support its operations, and to better manage inventory assets in order to scale and meet the expected growth of the Company in the near future.

The ERP system which was fully completed by 2 January 2019; covers amongst others, the Financial Consolidation, Purchasing System, Contract Management System and Human Resource System.

The benefits of the new ERP system to the Group are as follows:

a. Standardising the system and platform used by the Group to establish a common system infrastructure for operations and business processes;
b. Streamline workflow and automate business process to ensure smooth and efficient data processing to support the common policies, procedures, rules and regulations for uniformity and consistency in work processes; and
c. Centralise Data Warehouse will be easily organised, analysed and secured.

Smart and Green Port Initiatives

The Smart Digital Green Port (SDGP) Blueprint was commissioned by Bintulu Port Authority (BPA) as a way to address growing concerns on its institutional obligations to address climate change and the impact that businesses have on the environment, while at the same time ensuring that businesses are able to pursue its strategic goals and growth in a sustainable and innovative way.

The Blueprint was developed with BPHB serving as the main partner and stakeholder. Close consultation with all relevant stakeholders and port users were also initiated. The SDGP Blueprint comprehensively spells out a plan to transform existing arrangements in areas of:

a. Port's operations;
b. Energy efficiency;
c. Management and organisation; and
d. Environment.

Using the SDGP Blueprint as a roadmap, 2019 will see both BPHB and BPA further strengthen their partnership and collaboration by embarking on a series of pilot programmes such as operational excellence and efficiency programmes, energy and water management programmes, sustainable excellence programmes, as well as conducting feasibility study in setting up an Onshore Power Supply (OPS) and Port Receiving Facility (PRF).

This collaboration on the implementation of the Blueprint will be conducted in the short, medium and long term period to be completed by year 2030.

Outlook and Prospects

The overall global and Malaysian economic outlook remains upswing but has softened with trade war looming as a headwind. Despite the softening growth, the Group is optimistic that the majority of cargo sectors will see growth based on the expected recovery in LNG export and increase in demand from our major trading partners (e.g. ASEAN 5 and China, Korea, Taiwan and Japan).

In terms of the Global Economy, it is anticipated that there will be a slight decrease in trade resulting in a softening reduction from 3.0% in year 2018 to 2.9% in year 2019.[1] This indicates that international trade and manufacturing activities will level off, trade tension will likely to remain elevated and the growth of the advanced economies will decelerate. The same growth trend runs parallel to the growth rate for the East Asia and Pacific Region.

Based on the recently released figures by Bank Negara, Malaysia registered a 4.7% GDP growth in year 2018.[2] The GDP for year 2019 is expected to grow at 4.9% underpinned by the continuous private sector activities, recovery in commodity production including LNG and private investment to be supported by both foreign direct investment and domestic direct investments in various sectors. Such growth rate will likely impact the performance of the Group.

Almost 80.0% of our customers' trade is linked to the East Asian and South East Asian region. It is therefore imperative that we keep tab of the demand side from these regions. We will continue to see increasing demand and export to the Intra Asia Trade particularly for LNG, palm oil, dry bulk cargo and containerised cargo.

[1] The World Bank. (2019, January 8). *Darkening Prospects: Global Economy to Slow to 2.9 percent in 2019 as Trade, Investment Weaken;*
[2] Bank Negara Malaysia. (2019, February 19). *Economic and Financial Developments in the Malaysian Economy in the Fourth Quarter of 2018.*

According to S&P Global Platts, global LNG demand is forecasted to increase by 10.0% to 11.0% from 2018 to 2019. ASEAN LNG demand will reach 30 mill tonnes per year in 2022, a rise of almost three times from 2016 consumption. New demand is expected to come from Thailand, Phillipines and Myanmar and other ASEAN countries. The growth for LNG demand from China is expected to increase by 11.4% in 2019 where LNG will become the primary option for cleaner fuel to combust ships, vehicle, plant, commercial and residential users. This will result in more vessel calls arising from the steady demand for LNG for Bintulu Port.

Malaysia Crude Palm Oil exports are expected to rise to 17.2 mil tonnes in 2019, a 4.3% increase from 16.5 mil tonnes exported last year.[3] Sarawak Crude Palm Oil production is expected to increase by 3.0% to 4.0% in 2019. Therefore, we expect a higher turnaround in our bulking facilities as a result of the forecasted increase in throughput. However, we need to keep an eye on weather and climate factors, such as the El Nino phenomenon, and other factors that could affect the palm oil industry's performance.

For 2019, it is forecasted that the average crude oil price will hover around USD65 to USD70 per barrel. The oil and gas industry having built their strategies and planning upon conservative oil prices will remain prudent by adopting a cost compression approach and will likely look for more industry collaboration to mitigate the risk of the market volatility. The industry players operating at Bintulu Port have collaborated to get the maximum value and usage for the base support services that we render at the port. We expect this trend to continue for the years ahead. We are also expecting Offshore Supply Vessel (OSV) calls and supply base activities in maintenance sector to increase.[4]

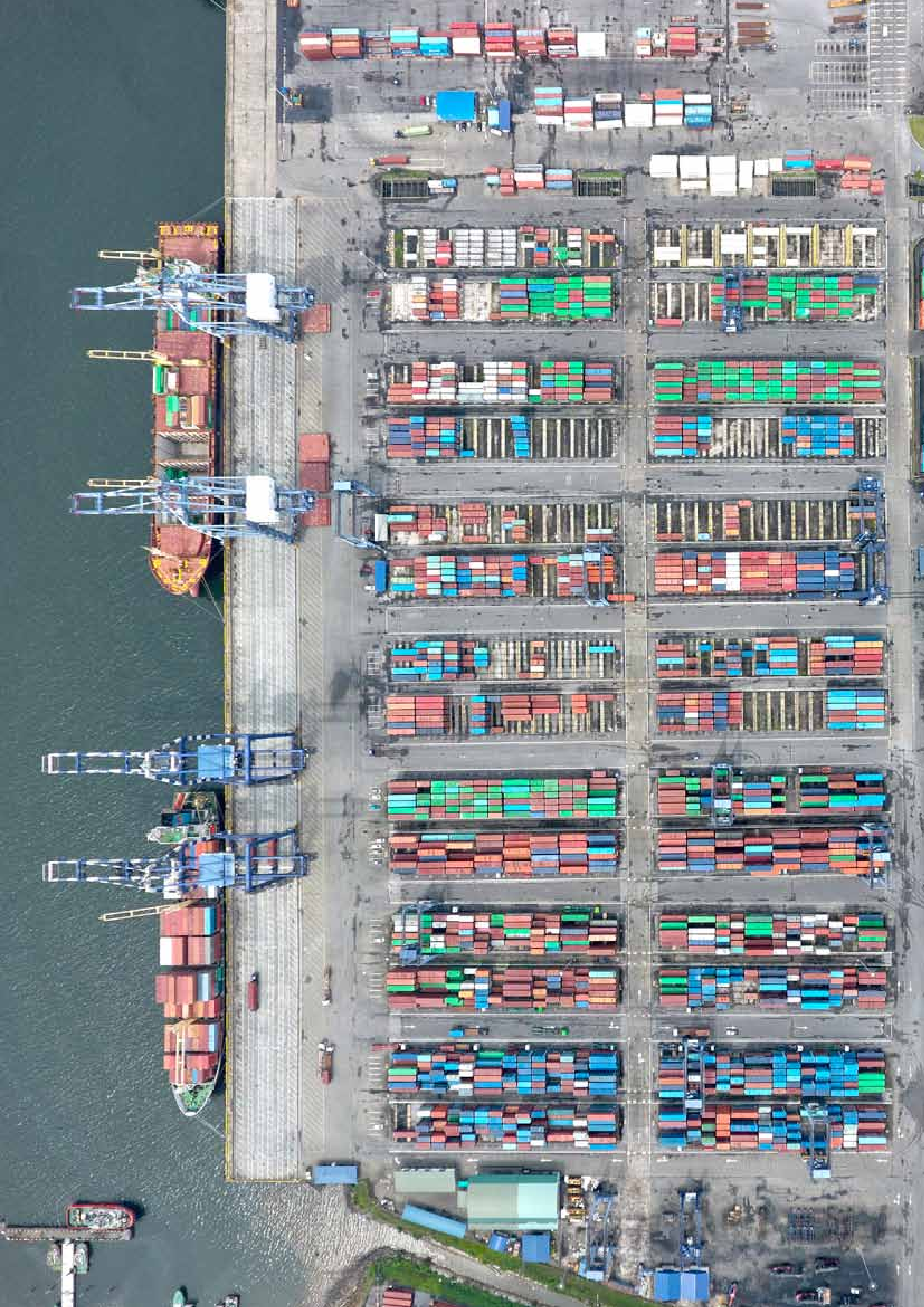
The world is seeing the rise of smart, digital and automated technology that is revolutionising the way businesses are being conducted. Examples of such technological advancement includes the deployment of automated vehicle, robotic equipment, artificial intelligence, internet of things and 3D printing which will orchestrate digital transformation across organisations and already implemented in major global ports. We are looking at pursuing some elements of the smart port initiatives with a view to realising better operational efficiencies.

Over the years we are witnessing the rising trend of modularity in logistic packaging and shipment, indicating the trend that the cargo shipment and packaging are becoming more flexible, integrated and prefabricated. One good example is shipment of products via containers. In Bintulu, one of the contributions for higher container growth is conversion from bulk shipment to containerisation. We expect to see this progression to continue in the foreseeable future, especially with potential shipment of LNG in ISO tank containers.

In 2019, the Group will intensity the engagement with the State and Federal Government agencies to facilitate business development, attracting investors to SIP as well as to be timely informed on policies that may impact the port business, especially in SIP.

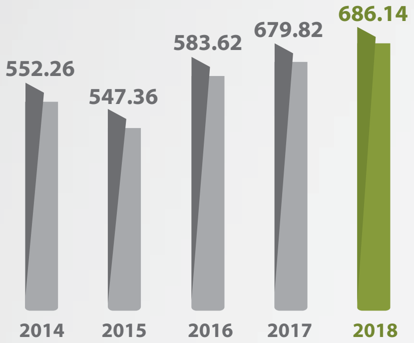
Taking into consideration the overall macroeconomic factors and our capabilities, the Group is confident of its ability to sail into the new financial year with brighter prospects. We intent to capitalise on the many opportunities made available and to overcome all challenges by adhering to prudent and proactive financial management, as well as by leveraging on our strengths and guided by our strategic thrusts.

[3] The Edge Markets. (2019, January 17). Malaysia's palm oil exports forecast to rise 4.3% in 2019 — MPOB];
[4] Petroliam Nasional Berhad. (2018, December). PETRONAS Activity Outlook 2019-2021.

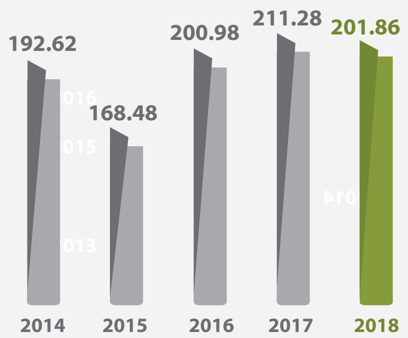


OPERATIONAL & FINANCIAL HIGHLIGHTS OF THE GROUP

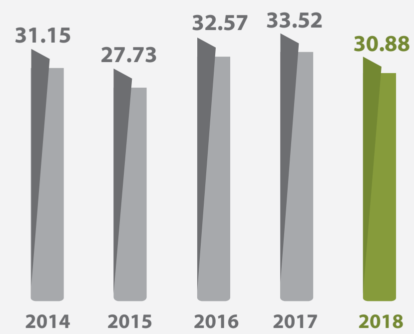
TURNOVER (RM MILLION)



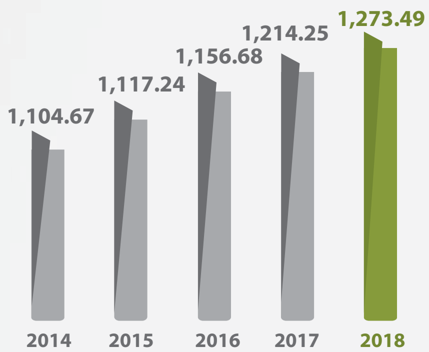
PROFIT BEFORE TAXATION (RM MILLION)



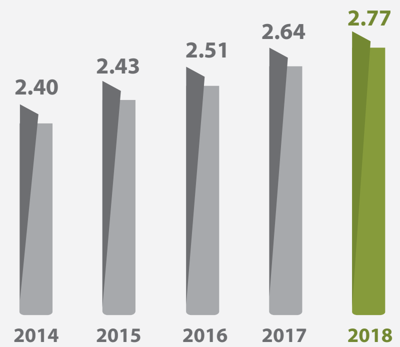
EARNINGS PER SHARE (SEN)



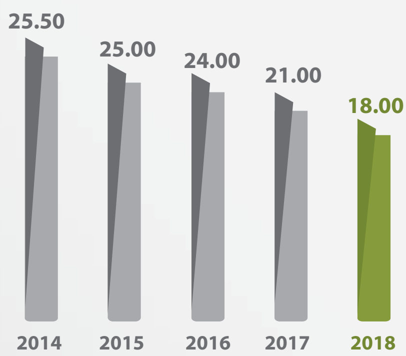
TOTAL SHAREHOLDER'S FUND (RM MILLION)



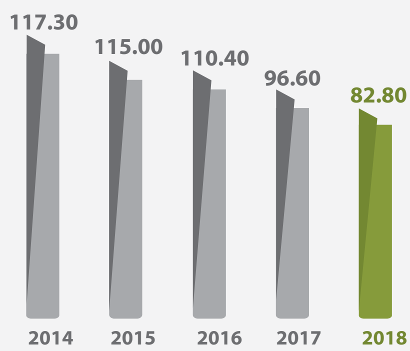
NET ASSET PER SHARE (RM)



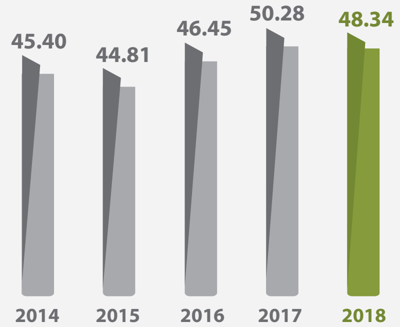
SINGLE TIER DIVIDEND PAID (SEN)



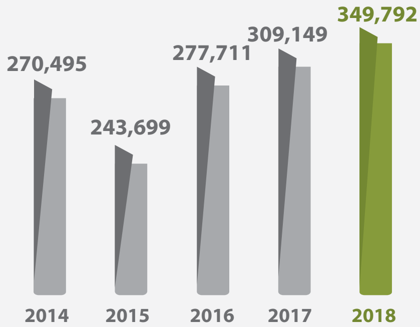
DIVIDEND PAID DURING THE YEAR (NETT) (RM MILLION)



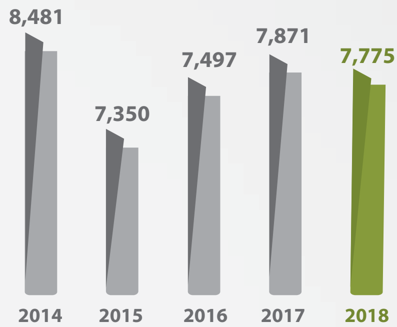
CARGO THROUGHPUT (MILLION TONNE)



CONTAINERS HANDLED (TEUs)

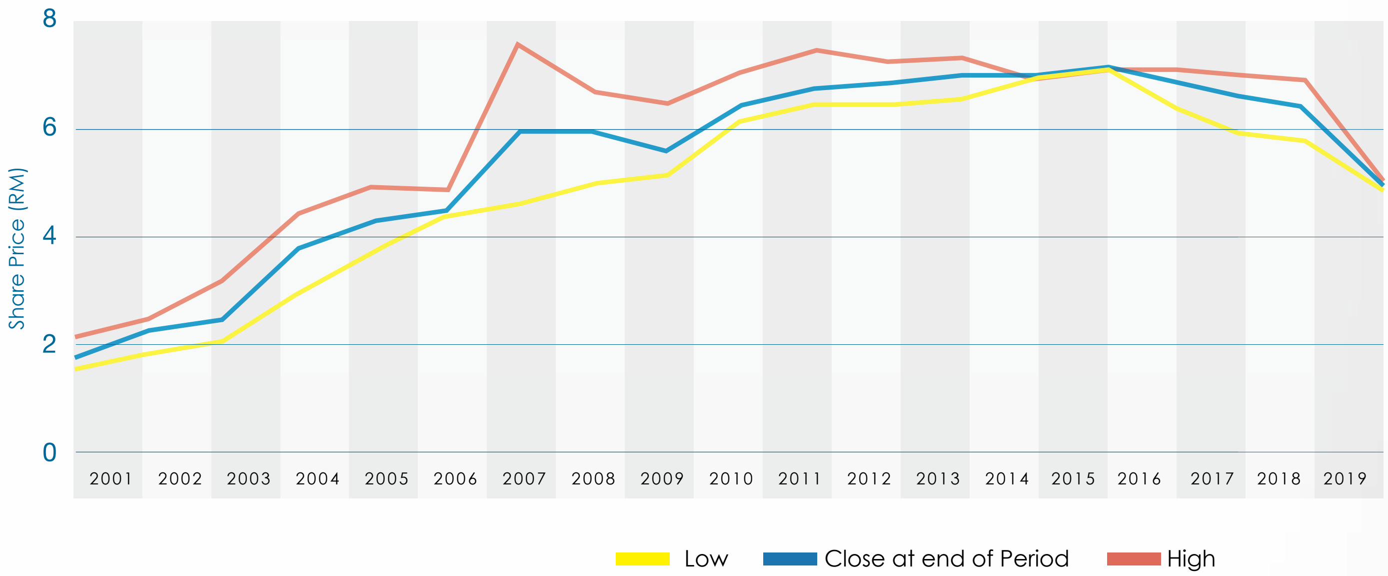


VESSEL CALLS (NO. OF VESSEL CALLS)



SHARE PERFORMANCE

Ordinary Share of RM1.00 each	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Highest Price	2.18	2.56	3.22	4.50	4.94	4.94	7.60	6.75	6.52	7.05	7.50	7.30	7.32	7.00	7.20	7.20	7.15	6.50	4.70
Lowest Price	1.68	1.97	2.10	3.02	3.76	4.46	4.68	5.00	5.20	6.15	6.46	6.50	6.56	7.00	7.20	6.40	5.98	5.71	4.41



* Based on transacted price for the period ended 28 February 2019

CORPORATE STRUCTURE

BINTULU PORT HOLDINGS BERHAD

BINTULU PORT SDN. BHD.
BINTULU PORT SDN. BHD. (100%)

BIPORT BULKERS SDN BHD
BIPORT BULKERS SDN. BHD. (100%)

SAMALAJU INDUSTRIAL PORT SDN BHD
SAMALAJU INDUSTRIAL PORT SDN. BHD. (100%)

Petroliam Nasional Berhad (28.52%)

State Financial Secretary, Sarawak (26.67%)

Equisar Assets Sdn. Bhd. (13.04%)

Kumpulan Wang Persaraan (Diperbadankan) (9.15%)

Public (22.62%)

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

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Email: abubakar@bintuluport.com.my

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REGISTRAR
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Tel : +603 2264 3883 Fax : +603 2282 1886
Email : is.enquiry@my.tricorglobal.com

PRINCIPAL BANKER
CIMB Bank Berhad

STOCK EXCHANGE LISTING
Main Market, Bursa Malaysia Securities Berhad
(Listed since 16 April 2001)

REGISTERED OFFICE
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Fax: +60 86 254062 / 253597
Email: customerservice@bintuluport.com.my
Website: http://www.bintuluport.com.my

SUBSIDIARIES
Bintulu Port Sdn. Bhd. (254396-V)
Biport Bulkers Sdn. Bhd. (635147-V)
Samalaju Industrial Port Sdn. Bhd. (406345-H)

Instilling Leadership

BOARD OF DIRECTORS

(from left to right)

- **Dato' Sri Mohamad Norza bin Zakaria**
- **Dato Mohammad Medan bin Abdullah , Group CEO**
- **Dato Sri Fong Joo Chung**
- **Tan Sri Dr. Ali bin Hamsa**
- **Dzafri Sham bin Ahmad**
- **Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Hj. Zainuddin (R)**

(from left to right)

- **Datuk Nozirah binti Bahari**
- **Datuk Siti Zauyah binti Md Desa**
- **Datuk Yasmin binti Mahmood**
- **Salihin bin Abang**
- **Datuk Nasarudin bin Md Idris**
- **Dato' Sri Mohamed Khalid bin Yusuf @ Yusup**
- **Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani**

TAN SRI DR. ALI BIN HAMSA

Malaysian, Age 63

Non-Independent Non-Executive Director

Chairman, Bintulu Port Holdings Berhad (BPHB)

Board Member, Samalaju Industrial Port Sdn. Bhd. (SIPSB)

TERMS OF OFFICE

- Appointed as Non-Independent Non-Executive Director on 28 July 2010 until 31 October 2013
- Appointed as Chairman and Non-Independent Non-Executive Director with effect on 1 November 2013

QUALIFICATIONS

- Bachelor of Arts (Hons), University of Malaya, Malaysia
- Diploma in Public Management (National Institute of Public Administration), Malaysia
- Masters in Economics, Oklahoma State University, United States of America
- Ph.D in Environmental Sciences and Economics, Oklahoma State University, United States of America

WORKING EXPERIENCE & OCCUPATION

Tan Sri Dr. Ali bin Hamsa was a tutor in University of Malaya prior to starting his career in the Administrative and Diplomatic Service (PTD) as an Assistant Director at the Ministry of Trade and Industry on 5 January 1981. In 1986, he was appointed as the Senior Project Manager, Economy and Public Policy Management Centre (PUTERA) at the National Institute of Public Administration (INTAN), where he co-authored two books, namely "Dasar-Dasar Utama Kerajaan" (1997) and "Malaysia Kita" (1998). He had a short stint at the Ministry of Transport in 1992.

Upon obtaining his Ph.D in 1997, he began serving at the Economic Planning Unit (EPU), Prime Minister's Department. He held the positions of Director of Distribution and Deputy Director-General of the National Transformation and Advancement Programme. On 22 April 2009, Tan Sri Dr. Ali bin Hamsa was appointed as the first Director-General of the Public Private Partnership Unit (UKAS), Prime Minister's Department. He served as the 13th Chief Secretary to the Government of Malaysia from 24 June 2012 until 28 August 2018.

DECLARATION

- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	7 out of 7 Meetings
SIPSB	6 out of 6 Meetings

DATUK SITI ZAUYAH BINTI MD DESA
Malaysian, 59

Non-Independent Non-Executive Director
Board Member, BPHB
Board Member, SIPSB
Member, Finance and Investment Committee (FIC)

TERMS OF OFFICE
Appointed as Non-Independent and Non-Executive Director on 1 June 2016

QUALIFICATIONS
- Bachelor of Science (Hons) in Quantity Surveying, University of Reading, United Kingdom
- Diploma in Public Administration, INTAN
- MBA in International Banking, Manchester University

WORKING EXPERIENCE & OCCUPATION
She started her career as a Quantity Surveyor with the Public Works Department in 1982 after graduating from the University of Reading, United Kingdom with Bachelor of Science (Honours) in Quantity Surveying, and later moved on to hold several other positions with a higher learning institution and several private sectors before pursuing her Diploma in Public Administration from the National Institute of Public Administration (INTAN). Upon graduation, she joined the Ministry of Finance Malaysia (MoF) and served in the Contract Management Division as Assistant Secretary from 1989 to 1993 before pursuing her Master in Business Administration (International Banking) at University of Manchester, United Kingdom.

She continued to serve as Assistant Secretary with the Tax Division and Finance Division at MoF before being promoted as Principal Assistant Secretary in 2001. In 2003, she was seconded to the Asian Development Bank, Manila as Directors Advisor until August 2006.

Upon her return, she continued her service with MoF and was appointed as the Deputy Secretary (Economy), Investment, MoF (Inc.) & Privatisation Division in April 2008. She was promoted as Under Secretary, Loan Management Division in November 2012 and later assumed the position of Under Secretary, Government Investment Company Division on 13 January 2014. On 12 December 2014, she was promoted as the Director of National Budget Office and on 2 February 2016, was further promoted to her current position as Deputy Secretary General (Policy), Ministry of Finance.

DECLARATION
- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

OTHER DIRECTORSHIPS
LISTED ENTITIES
Malaysia Airports Holdings Berhad

PUBLIC COMPANIES
- Petroliam Nasional Berhad
- Pengurusan Aset Air Berhad

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	7 out of 7 Meetings
SIPSB	6 out of 6 Meetings
FIC	1 out of 1 Meeting

TAN SRI DATUK AMAR HJ. MOHAMAD MORSHIDI BIN ABDUL GHANI
Malaysian, Age 63

Non-Independent Non-Executive Director
Board Member, BPHB
Board Member, Bintulu Port Sdn. Bhd. (BPSB)

TERMS OF OFFICE
Appointed as Non-Independent Non-Executive Director on 22 December 2014

QUALIFICATIONS
- Bachelor in Economics (Statistics), Universiti Kebangsaan Malaysia, Malaysia
- Master of Science in Human Resource Administration, University of Scranton, Pennsylvania, United States of America
- Senior Executive Fellows Programme, Harvard University, United States of America

WORKING EXPERIENCE & OCCUPATION
Tan Sri Datuk Amar Hj. Mohamad Morshidi started his professional career as a Management Executive with PETRONAS in 1980. For 10 years from year 1988 to 1998, he was appointed as the Director of Kuching North City Hall. He then went on to hold senior positions in the Chief Minister's Department that included Director, Human Resource Management and Director, Human Resource Development and Quality from 1998 to 2001.

He was later appointed as Permanent Secretary in the Ministry of Social Development and Urbanisation in 2001. He was Director in the State Planning Unit in the Chief Minister's Department before assuming the position of Deputy State Secretary of Sarawak in 2006. On 2 August 2009, he was appointed as State Secretary of Sarawak until present.

DECLARATION
- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	4 out of 7 Meetings
BPSB	5 out of 8 Meetings

GENERAL DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)

Malaysian, Age 70

TERMS OF OFFICE

Appointed as Non-Independent Non-Executive Director on 16 March 2006

QUALIFICATIONS

- Masters of Science Degree in Defence and Strategic Studies, Quaid-I-Azam University, Islamabad, Pakistan
- Senior Executive Programme, Harvard University, United States of America

WORKING EXPERIENCE & OCCUPATION

General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi has had a distinguished career in the Malaysian Armed Forces for almost forty (40) years holding many key appointments at field and ministerial level. He first joined the Malaysian Armed Forces as an Officer Cadet at the Royal Military College, Sungai Besi in 1966 and was commissioned as a Second Lieutenant in the Royal Malay Regiment in May 1968. He became the Chief of Defence Forces with the rank of General from 1 January 1999 till his retirement on 30 April 2005. His most notable appointments in the Armed Forces held were Aide de Camp (ADC) to His Majesty Yang Di-Pertuan Agong Sultan Azlan Shah, Commander Infantry Brigade, Assistant Chief of Staff Human Resources, Commander of Army Training and Doctrine Command, Deputy Chief of Army and Chief of Army. In international duties, he served as a Military Observer under the United Nations International Monitoring Group in Iraq after the Iran-Iraq War Ceasefire in 1988/ 1989.

Non-Independent Non-Executive Director

Board Member, BPHB
Board Member, SIPSB
Member, FIC

He is made a member of Dewan Negara Perak, elected by DYMM Paduka Seri Sultan Perak on 25 November 2006 and also a trustee of Yayasan Sultan Azlan Shah. On 23 April 2013, he was appointed as Orang Kaya Bendahara Seri Maharaja Perak by DYMM Paduka Seri Sultan Perak and consented by Dewan Negara Perak. On 4 April 2014, he was awarded "Kurniaan Darjah Kebesaran Seri Paduka Sultan Azlan Shah Perak Yang Amat DiMulia" (S.P.S.A) which carries the title "Dato' Seri DiRaja".

DECLARATION

- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

OTHER DIRECTORSHIPS

LISTED ENTITIES
- Affin Holdings Berhad
- Genting Plantations Berhad
- Genting Malaysia Berhad

PUBLIC COMPANIES
Bintang Capital Partners Berhad

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	7 out of 7 Meetings
SIPSB	6 out of 6 Meetings
FIC	1 out of 1 Meeting

DATO SRI FONG JOO CHUNG

Malaysian, Age 69

TERMS OF OFFICE

Appointed as Non-Independent Non-Executive Director on 16 September 2004

QUALIFICATIONS

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

WORKING EXPERIENCE & OCCUPATION

Dato Sri Fong Joo Chung began his professional career as an advocate in private legal practice from December 1971 to July 1992, prior to being appointed as the State Attorney-General, Sarawak in August 1992. His service as the State Attorney-General ended on 31 December 2007. However, he has been retained by the Sarawak Government in the capacity as the State Legal Counsel until present.

Non-Independent Non-Executive Director

Board Member, BPHB
Chairman, BPSB
Member, Nomination and Remuneration Committee (NRC)

DECLARATION

- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

OTHER DIRECTORSHIPS

LISTED ENTITIES
Sarawak Cable Berhad

PUBLIC COMPANIES
Sarawak Energy Berhad

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	6 out of 7 Meetings
BPSB	8 out of 8 Meetings
NRC	6 out of 6 Meetings

DATUK NASARUDIN BIN MD IDRIS
Malaysian, Age 63

Non-Independent Non-Executive Director
Board Member, BPHB
Chairman, SIPSB
Chairman, FIC

TERMS OF OFFICE
Appointed as Non-Independent Non-Executive Director on 26 August 2010

QUALIFICATIONS
- Bachelor of Arts (Hons), University of Malaya, Malaysia
- Master of Business Administration, Henley - The Management College (Brunel University), United Kingdom
- Stanford Executive Programme, Stanford University, United States of America
- Postgraduate Diploma in Petroleum Economics, College of Petroleum Studies, United Kingdom

WORKING EXPERIENCE & OCCUPATION
Datuk Nasarudin joined Petroliam Nasional Berhad (PETRONAS) in 1978 and has held various positions within the PETRONAS Group including as the Vice President, Corporate Planning and Development, Group Chief Executive Officer, KLCC Holdings Berhad, Senior General Manager, Corporate Planning and Development Division, Executive Assistant to the President, General Manager, Marketing of PETRONAS Dagangan Berhad, General Manager, Corporate Development and General Manager, Group Strategic Planning. He was appointed as the President and Chief Executive Officer of MISC Berhad, a subsidiary of PETRONAS on 15 June 2010 and retired from the position on 31 December 2014.

DECLARATION
- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

OTHER DIRECTORSHIPS
LISTED ENTITIES
- MISC Berhad
- Malaysian Marine and Heavy Engineering Holdings Berhad

PUBLIC COMPANIES
None

DETAILS OF BOARD MEETINGS ATTENDANCE
BPHB	7 out of 7 Meetings
SIPSB	6 out of 6 Meetings
FIC	1 out of 1 Meeting

DZAFRI SHAM BIN AHMAD
Malaysian, Age 54

Non-Independent Non-Executive Director
Board Member, BPHB
Board Member, BPSB
Member, Audit and Risk Committee (ARC)

TERMS OF OFFICE
Appointed as Non-Independent Non-Executive Director on 1 September 2015

QUALIFICATIONS
Bachelor of Science in Mechanical Engineering, University of Miami, Florida, United States of America

WORKING EXPERIENCE & OCCUPATION
Dzafri Sham has more than 25 years of combined work experience in project implementation and plant operations within PETRONAS as well as in a Joint Venture Company primarily in LNG and Gas business. He started his career as Gas Utilization Engineer in PETRONAS Gas Berhad before joining MLNG Dua and MLNG Tiga projects in Bintulu as Mechanical Engineer, Senior Project Engineer and Engineering Manager until the successful operation of MLNG Tiga in 2003. He was later seconded to the Egyptian LNG Project as part of the integrated Project Management Team where he took up the responsibility of Construction Manager that oversaw the successful completion of the 2-train LNG plant project in Idku, Egypt. He continued his stint in ELNG during operationalisation of the facility, serving as Asset Integrity Advisor to establish department functions and systems (covering Maintenance, Technical Services and Inspection) for ELNG until 2008.

Dzafri Sham has held various senior positions in the PETRONAS Group including General Manager and Engineering Services Manager, Gas Processing Plant A of PETRONAS Gas Bhd., Kerteh from 2008 until 2012, Head of Plant Division, Malaysia LNG Group of Companies, Bintulu from 2012 to 2014 and the Vice President & Chief Executive Officer of Malaysia LNG Group of Companies from 2015 until March 2016 before being appointed as VP of LNG Assets, Upstream from April until October 2016.

Dzafri Sham is currently the Vice President of Group Health, Safety, Security and Environment of PETRONAS.

DECLARATION
- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

DETAILS OF BOARD MEETINGS ATTENDANCE
BPHB	7 out of 7 Meetings
BPSB	8 out of 8 Meetings
ARC	8 out of 8 Meetings

DATO' SRI MOHAMAD NORZA BIN ZAKARIA

Malaysian, Age 52

Independent Non-Executive Director

Board Member, BPHB

Board Member, SIPSB

Member, ARC

TERMS OF OFFICE

- Appointed as Non-Independent and Non-Executive Director on 1 December 2005
- Redesignation as Independent and Non-Executive Director on 28 July 2010

QUALIFICATIONS

Bachelor of Commerce (Major in Accounting), University of Wollongong, New South Wales, Australia

WORKING EXPERIENCE & OCCUPATION

Dato' Sri Mohamad Norza began his career as a Senior Audit Assistant in Messrs. Arthur Andersen & Co. / Hanafiah, Raslan & Mohamad in 1988 before joining Bank Negara Malaysia as the Executive of Bank Regulation Department in 1990. Later he joined PETRONAS as the Senior Executive, Finance and Administration Department in Gas and Petrochemical Development Division until April 1994. He moved up the corporate ladder as the Group Financial Controller at SPK Sentosa Corporation Berhad before he became the Group General Manager of Audit in Mun Loong Berhad in 1995 until 1997.

Dato' Sri Mohamad Norza was the Chief Executive Officer (CEO) of Gabungan Strategik Sdn. Bhd. from 1998 until 2004. His notable contribution in the Government sector was the Political Secretary to the Minister of Finance II from 2004 until 2008. Dato' Sri Mohamad Norza was appointed as the Chairman of the Institut Sukan Negara since 1 October 2013 until present. He is currently the President and CEO of Citaglobal Sdn. Bhd., a post he has held since April 2008.

DECLARATION

- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

OTHER MEMBERSHIPS

- Chartered Accountant of Malaysian Institute of Accountants (MIA)
- Fellow of CPA Australia (FCPA) of CPA Australia Ltd

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	5 out of 7 Meetings
SIPSB	5 out of 6 Meetings
ARC	7 out of 8 Meetings

DATO' SRI MOHAMED KHALID BIN YUSUF @ YUSUP

Malaysian, Age 66

Independent Non-Executive Director

Board Member, BPHB

Chairman, Biport Bulkers Sdn. Bhd.(BBSB)

Chairman, NRC

TERMS OF OFFICE

Appointed as Independent Non-Executive Director on 1 January 2015

QUALIFICATIONS

- Bachelor of Arts (Hons), University of Malaya, Malaysia
- Master of Science (Human Resources), University of Scranton, United States of America

WORKING EXPERIENCE & OCCUPATION

Dato' Sri Mohamed Khalid joined the Malaysian Civil Service in 1977 as Superintendent of Customs and retired as the Director General of Customs Malaysia in June 2012. During his tenure of office, he served in various capacities including as State Director of Customs Sarawak, Director of Customs Selangor, and at headquarters level as Deputy Director General of Operations, and Deputy Director General of Enforcement and Compliance. He has extensive work experience at management level in the fields of revenue laws enforcement, indirect tax administration, audit and compliance management, risk management, public finance and accounts, policy formulation, trade facilitation and supply chain security.

At international level, he has served as a resource person and panelist at various forum and seminars on customs related matters, and chaired several committees and working groups on customs at ASEAN level.

DECLARATION

- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	7 out of 7 Meetings
BBSB	6 out of 6 Meetings
NRC	6 out of 6 Meetings

DATUK YASMIN BINTI MAHMOOD
Malaysian, Age 56

Independent Non-Executive Director
Board Member, BPHB
Board Member, BBSB
Member, ARC

TERMS OF OFFICE
Appointed as Independent Non-Executive Director on 1 January 2015

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

WORKING EXPERIENCE & OCCUPATION
Datuk Yasmin has over 25 years of leadership experience in the Information and Communication Technology (ICT) sector and has served in various multinational companies such as Managing Director of Microsoft Malaysia from 2006 until 2009, General Manager and Regional Director for Dell Asia and Dell Asia-Pacific from 1996 to 2005 and General Manager for HP Sales Malaysia where she launched her IT career.

Datuk Yasmin was the Chief Executive Officer of Malaysia Digital Economy Corporation (MDEC) from 15 September 2014 until 15 January 2019.

DECLARATION
- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

DETAILS OF BOARD MEETINGS ATTENDANCE
BPHB	6 out of 7 Meetings
BBSB	4 out of 6 Meetings
ARC	7 out of 8 Meetings

DATUK NOZIRAH BINTI BAHARI
Malaysian, Age 63

Independent Non-Executive Director
Board Member, BPHB
Board Member, BBSB
Member, NRC

TERMS OF OFFICE
Appointed as Independent Non-Executive Director on 1 February 2016

QUALIFICATIONS
- Bachelor of Social Science (Hons) in Urban Studies, University of Science Malaysia, Malaysia
- Diploma in Public Administration (National Institute of Public Administration), Malaysia
- Advanced Management Programme, Harvard Business School, United States of America

WORKING EXPERIENCE & OCCUPATION
Datuk Nozirah has vast experience of over thirty (30) years of service in the Malaysian Civil Service where she started as Assistant Secretary, Finance Division in the Ministry of Finance (MoF) in December 1981. For over the years, she has held various positions in the MoF namely Deputy Under Secretary, Procurement and Supplies Division (2002-2004), Deputy Under Secretary, Loan Management, Financial Market and Actuary Division (2005-2007), Under Secretary, Loan Management, Financial Market and Actuary Division (2007-2011) and Director of Budget Management Division (21 March-20 May 2011).

She has also served in several other Ministries including the Ministry of Health, Ministry of Agriculture as well as Director of Modernisation and Management Planning Unit (MAMPU) Sabah. Her last position in the civil service was as the Deputy Secretary General of Treasury (Management).

DECLARATION
- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

OTHER DIRECTORSHIPS
LISTED ENTITIES	PUBLIC COMPANIES
Titijaya Land Berhad	None

OTHER MEMBERSHIPS
- Administrative and Diplomatic of Service Association (PPTD)
- Wives of Civil Servants and Women Civil Servants Associations (PUSPANITA)

DETAILS OF BOARD MEETINGS ATTENDANCE
BPHB	6 out of 7 Meetings
BBSB	6 out of 6 Meetings
NRC	6 out of 6 Meetings

SALIHIN BIN ABANG
Malaysian, Age 46

Independent Non-Executive Director
Board Member, BPHB
Board Member, SIPSB
Chairman, ARC

TERMS OF OFFICE
Appointed as Independent Non-Executive Director on 1 February 2018

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

WORKING EXPERIENCE & OCCUPATION
Salihin is the founder and managing partner at SALIHIN (AF1426). At present, he serves as the President of MIA. He also chairs various committees of MIA and serves as a member of the Board of Trustees of the Financial Reporting Foundation and the Malaysian Accountancy Research and Education Foundation.

Salihin is a member of the Board Audit Committee of Land Custody and Development Authority (LCDA) of Sarawak. He led the establishment of Teaching Accountancy Firm (TAF) in four local universities. He is an Adjunct Professor at both Universiti Utara Malaysia (UUM) and Universiti Malaysia Terengganu (UMT) and an industry advisor for numerous universities' undergraduates and postgraduates programmes. On 11 November 2018, UMT conferred to Salihin an Honorary Doctorate Degree in Management.

DECLARATION
- Conflict of interest with the Company: None
- Family relationship with any director and/or major shareholder: None
- List of conviction for offences within the past 5 years: None
- Particulars of any public sanction or penalty imposed by the relevant bodies during the financial year: None

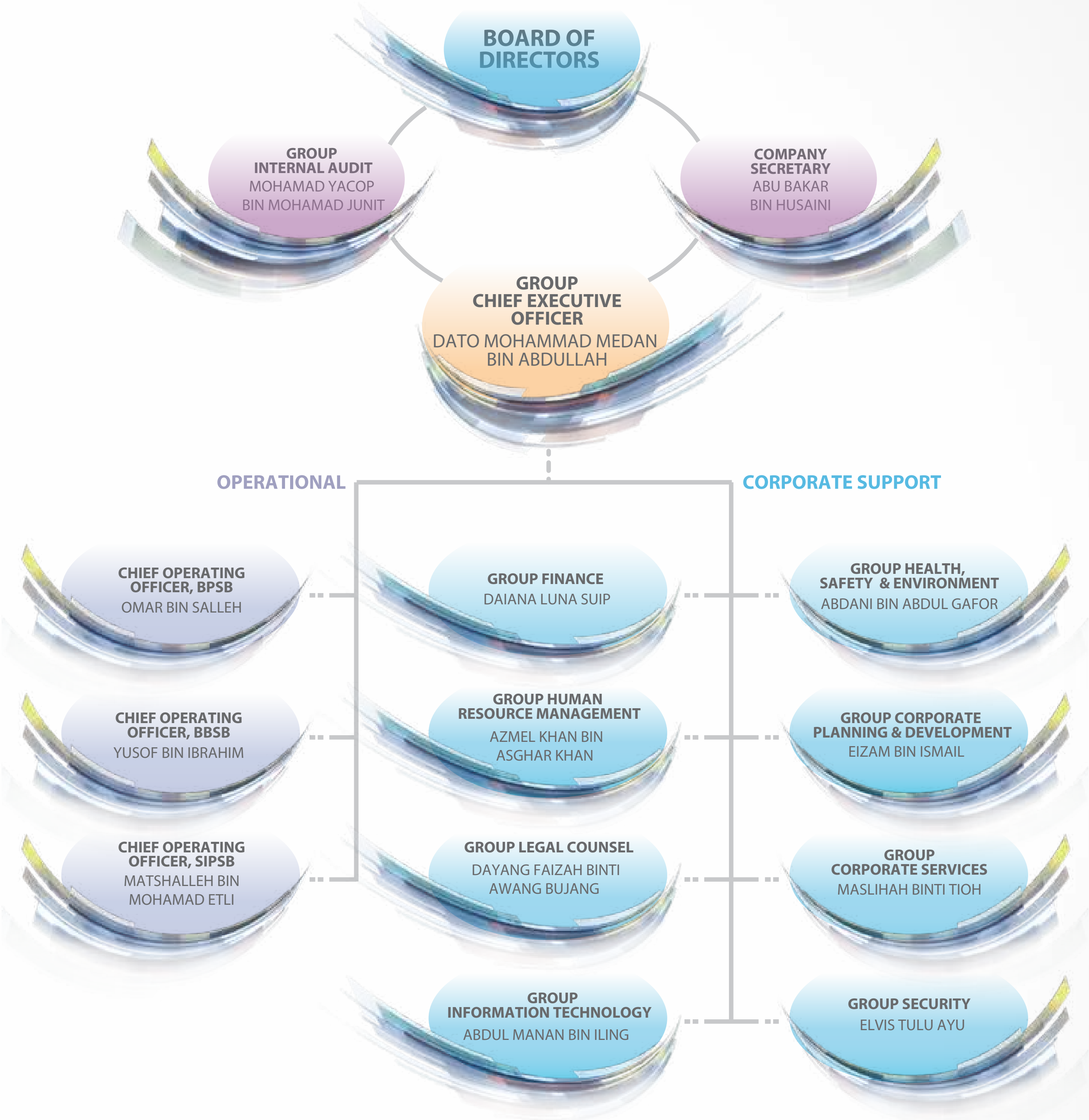
OTHER DIRECTORSHIPS

LISTED ENTITIES	PUBLIC COMPANIES
None	Wasiyyah Shopper Berhad

OTHER MEMBERSHIPS
- Chartered Accountant C.A (M), Malaysian Institute of Accountants (MIA)
- ASEAN Chartered Professional Accountant (ASEAN CPA)
- Fellow International Accountant, Association of International Accountants (FAIA, UK)
- Fellow Member, Chartered Tax Institute of Malaysia (FCTIM)
- Member, Financial Planning Association of Malaysia (FPAM)

DETAILS OF BOARD MEETINGS ATTENDANCE

BPHB	6 out of 6 Meetings
SIPSB	5 out of 5 Meetings
ARC	6 out of 7 Meetings


BOARD OF DIRECTORS
GROUP INTERNAL AUDIT
MOHAMAD YACOP BIN MOHAMAD JUNIT
COMPANY SECRETARY
ABU BAKAR BIN HUSAINI
GROUP CHIEF EXECUTIVE OFFICER
DATO MOHAMMAD MEDAN BIN ABDULLAH
OPERATIONAL
CORPORATE SUPPORT
CHIEF OPERATING OFFICER, BPSB
OMAR BIN SALLEH
CHIEF OPERATING OFFICER, BBSB
YUSOF BIN IBRAHIM
CHIEF OPERATING OFFICER, SIPSB
MATSHALLEH BIN MOHAMAD ETLI
GROUP FINANCE
DAIANA LUNA SUIP
GROUP HUMAN RESOURCE MANAGEMENT
AZMEL KHAN BIN ASGHAR KHAN
GROUP LEGAL COUNSEL
DAYANG FAIZAH BINTI AWANG BUJANG
GROUP INFORMATION TECHNOLOGY
ABDUL MANAN BIN ILING
GROUP HEALTH, SAFETY & ENVIRONMENT
ABDANI BIN ABDUL GAFOR
GROUP CORPORATE PLANNING & DEVELOPMENT
EIZAM BIN ISMAIL
GROUP CORPORATE SERVICES
MASLIHAH BINTI TIOH
GROUP SECURITY
ELVIS TULU AYU

Group Chief Executive Officer

DATO MOHAMMAD MEDAN ABDULLAH

Malaysian, Age 60

Dato Mohammad Medan Abdullah was appointed as the Group Chief Executive Officer of Bintulu Port Holdings Berhad Group effective 1 March 2017, bringing together with him a vast experience of over 35 years in the Oil & Gas industry.

He holds a Bachelor of Laws (Hons) from University of Malaya in 1982 and an Advanced Management Programme from Wharton Business School, University of Pennsylvania in year 2007.

His career started in 1982 as a trainee Legal Officer in PETRONAS. He later served as a Legal Officer for five years at PETRONAS Carigali Sdn. Bhd. before his appointment as the Legal Adviser for Baram Delta Operations in 1988.

Over the years, he has held numerous critical positions in PETRONAS and PETRONAS Carigali Group of Companies from 1990 until 2007. With his outstanding performance, in 2007, Dato Mohammad Medan was appointed as the Managing Director and Chief Executive Officer of Malaysia LNG Group of Companies which comprises Malaysia LNG Sdn. Bhd., Malaysia LNG Dua Sdn. Bhd., Malaysia LNG Tiga Sdn. Bhd. and Asean LNG Trading Company Ltd. (Altco).

Simultaneously, Dato Mohammad Medan was also appointed as the Chairman and Board Member of a UK-registered company, PETGAS UK Ltd., which primary responsibility covers trading of LNG and gas in the UK and European markets.

Prior to helming Bintulu Port Holdings Berhad Group, he served as the Managing Director and President (Asia Pacific) of Gazprom Marketing & Trading Pte Ltd (Singapore) where he was entrusted with the role of leading strategic business growth for Gazprom, a gas giant in the Asia Pacific region.

Dato Mohammad Medan has disclosed to the Board of Directors of Bintulu Port Holdings Berhad that he is holding Non-Executive appointments or positions in the following entities without affecting the discharge of his responsibilities and any conflict of interest, namely:

- Handal Resources Berhad
- Malaysia External Trade Development Corporation (MATRADE)
- Petroleum Sarawak Berhad (PETROS)

OMAR BIN SALLEH Malaysian, Age 60

CHIEF OPERATING OFFICER, BINTULU PORT SDN. BHD.

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

He graduated from University of Malaya with a Bachelor of Arts (Hons) majoring in South East Asian Studies. In 1996, he underwent a Senior Management Programme at Astridge College, United Kingdom.

He started his career as an Administrative Officer with Bintulu Port Authority (BPA) in 1982. In 1986, he was promoted to Senior Assistant Traffic Manager and was subsequently promoted to Administrative Manager in 1990. He joined BPSB in 1993 assuming the position of Manager, Human Resource. He was also the Head of the Human Resource and Cargo Handling Services Divisions during his tenure with BPSB. In September 2011, he was appointed as Senior Manager, Corporate Development Division. He was the General Manager, Group Corporate Planning and Development on January 2014 until December 2015.

YUSOF BIN IBRAHIM Malaysian, Age 57

CHIEF OPERATING OFFICER, BIPORT BULKERS SDN. BHD.

Yusof bin Ibrahim assumed the position of Chief Operating Officer of Biport Bulkers Sdn. Bhd. (BBSB) on 1 February 2018 and is responsible for the day-to-day operations of BBSB. He reports directly to the Group Chief Executive Officer.

He holds a Bachelor of Literature with Honours (Mass Communication) from Universiti Sains Malaysia (1986).

He started his career as Pegawai Pelabuhan in 1986 and ended his career with BPA as Pegawai Tadbir in 1992.

He joined BPSB on 1 January 1993 as Assistant Manager, Cargo Handling Services and later promoted as Manager, Human Resource Planning & Development Division on 26 February 1996. He was then promoted as Senior Manager Human Resource Planning & Development Division on 1 July 2010.

On 1 March 2012, he holds the post as Senior Manager Cargo Handling Services Division and was later appointed as General Manager, Cargo Handling Services Division, BPSB on 11 February 2014.

MATSHALLEH BIN MOHAMAD ETLI Malaysian, Age 52

CHIEF OPERATING OFFICER, SAMALAJU INDUSTRIAL PORT SDN. BHD.

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 managing the strategies on the project's planning, design, construction and infrastructure work by providing leadership, strategic and tactical direction for the successful completion of the Port. He reports directly to the Group Chief Executive Officer.

He graduated from Universiti Sains Malaysia with a Bachelor in Science (Housing, Building and Planning). He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2012.

He started his career as a Fire Superintendent with BPA in November 1991. He joined BPSB in 1993 as a Fire Officer and thereafter as an Administrative Executive. He held various managerial positions (Warehousing, Container Terminal, Marketing & Customer Service) in BPSB between 1996 to 2009. In 2011, he was the Head, Operation and Stakeholders Relations of SIPSB and subsequently assumed the position of Acting Chief Operating Officer of SIPSB on 1 January 2014.

ABU BAKAR BIN HUSAINI Malaysian, Age 57

COMPANY SECRETARY

Abu Bakar bin Husaini was appointed as Company Secretary effective 1 January 2016.

He holds a Bachelor of Science (Hons) in Finance & Accounting from University of Salford, United Kingdom (1988).

He started his career as a Semi Senior Auditor at Arthur Andersen & Hanafiah Raslan Mohamad in 1988 before joining Petronas Carigali Sdn. Bhd. on 2 January 1991. He joined BPSB on 2 May 1996 as the Finance Manager and was then transferred as the Manager, Internal Audit on 16 March 2010. On 1 May 2010, he was promoted as Senior Manager, Internal Audit.

He has attended the Management Development Programme of the Asian Institute of Management (AIM), Makati, Philippines in 2011. He is a licensed Company Secretary since 2 September 2015.

DAIANA LUNA SUIP Malaysian, Age 54

GENERAL MANAGER, GROUP FINANCE

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 the management.

She graduated from Institut Teknologi MARA with an Advanced Diploma in Accountancy. She is a member of the Malaysian Institute of Accountants (MIA). She has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2012.

She started her accounting career as an Audit Assistant with an audit firm, Arthur Andersen until August 1993. She joined BPSB as an Internal Auditor in September 1993 and was assigned as the Accountant in 1994. She has held the position of Financial Accountant and Group Accountant prior to her promotion to Manager, Financial Accounting in 2006 and later in 2008 as Manager, Group Account. She was the Acting Senior Manager, Finance Division from April 2011 before assuming her current position as General Manager, Group Finance.

HJ. MOHAMAD YACOP BIN MOHAMAD JUNIT

Malaysian, Age 53

SENIOR MANAGER, GROUP INTERNAL AUDIT

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

He graduated from Institut Teknologi MARA with a Diploma in Accountancy in 1987. In 1999 he obtained a Bachelor Communication from Universiti Putra Malaysia. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2015.

He started his career as an Assistant Port officer with BPA in 1990 and ended his career with the BPA as an Assistant Administrative Officer in 1992. He joined BPSB on 1 January 1993 as Assistant Administrative Officer and he was the Executive, Welfare in Human Resource Department in May 1993. In March 1996, he was the Executive, Account Receivable and thereafter he held the position of Executive, Training & Development on 1 November 2004. In June 2008 he was the Executive, Human Resource Planning & Recruitment and in July 2011 as an Executive, Commercial before he assumed as the Executive, Audit in 2012. In February 2013, he was appointed as Manager, Commercial before he assumed the current position.

AZMEL KHAN BIN ASGHAR KHAN Malaysian, Age 56

GENERAL MANAGER, GROUP HUMAN RESOURCE MANAGEMENT

Azmel Khan bin Asghar Khan assume the position of General Manager, Group Human Resource Management since 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 and compliance of these strategies.

He graduated from Institut Teknologi MARA with a Diploma in Business Studies in 1983. In 2003, he obtained his Bachelor Communication from Universiti Putra Malaysia. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2013.

He started his career as a Traffic Officer with the BPA on 20 December 1983 and ended his career with BPA as Assistant Administrative Officer. He joined BPSB in 1993 as Executive, Commercial and thereafter in 1996 as Executive, Billing. In November 2006, he was promoted to Manager, Warehousing and in April 2007 to Manager, Commercial. He also held the position of Manager, Corporate Affairs in December 2007 and subsequently Senior Manager, Group Corporate Services on 1 January 2014 until March 2014. On April 2014, he was transferred to Group Human Resource Management as Senior Manager, HR Planning & Organizational Development.

PROFILE OF KEY MANAGEMENT

DAYANG FAIZAH BINTI AWANG BUJANG

Malaysian, Age 49

GENERAL MANAGER, GROUP LEGAL COUNSEL

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.

She graduated from the International Islamic University, Malaysia with a Bachelor of Laws (Hons) in 1992. She has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2012.

Prior to joining BPSB, Dayang Faizah has undergone pupillage for a term of one (1) year with Messrs. Jaini Mardi & Associates, Bintulu, Sarawak before being admitted as an Advocate & Solicitor in the High Court of Sabah and Sarawak on 24 March 1994. She started her career with BPSB on 2 August 1993 as Legal Executive and thereafter in 1996 as Executive, Contract Management before being promoted to Manager, Contract Management in 2003. In 2010, she assumed the position of Manager, Legal and in March 2013, she was the Acting Senior Manager, Legal.

ABDUL MANAN BIN ILING Malaysian, Age 58

GENERAL MANAGER, GROUP INFORMATION TECHNOLOGY

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, providing advice and services relating to IT systems and support.

He graduated from Universiti Sains Malaysia with a Bachelor of Science (Hons) majoring in Computer Science in 1987.

He started his career with BPA as Port Officer in July 1988. He joined BPSB in January 1993 as Assistant Manager, System Development and was promoted to Manager, System Development in February 2006. In August 2007, he assumed the position of Manager, Application System. He was the Acting Senior Manager, Information Technology from July 2010 and appointed as the Senior Manager, Information Technology in March 2012. He was appointed as Assistant General Manager, Group Information Technology in January 2014 before assuming his current position.

ABDANI BIN ABDUL GAFOR Malaysian, Age 55

GENERAL MANAGER, GROUP HEALTH, SAFETY & ENVIRONMENT

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

He holds a Bachelor of Engineering from University of Tasmania in 1989. Then, he obtained his Master of Business Administration in Heriot-Watt University in 1999. He has attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2011.

He started his career as an Electrical Engineer with BPA in February 1991. He joined BPSB on 1 January 1993 as an Electrical Engineer at Technical Services Division before promoted as Manager, Safety & Emergency effective in September 1996. Then, he was transferred to Technical Services Division as Manager, Mechanical & Electrical in 2005 and in 2008 as Manager, Safety & Emergency. He was then entrusted to cover the post Senior Manager, Health, Safety & Environment on January 2013 before he assumed his current position.

EIZAM BIN ISMAIL Malaysian, Age 45

GENERAL MANAGER, GROUP CORPORATE PLANNING & DEVELOPMENT

Eizam bin Ismail assumed the position of General Manager, Group Corporate Planning & Development since 24 May 2018. He is responsible for the implementation of Groupwide strategies and plans on corporate planning and business development, Enterprise Risk Management (ERM), marketing, branding programme and customer services functions.

He graduated from Universiti Institut Teknologi MARA (UiTM) with a Bachelor of Business Administration (Transport) in 1996. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2015.

Prior to joining BPSB, he was an associate consultant for 6 years working on various port and shipping consultancy project in South East Asia. He joined BPSB in 2002 as Executive, Corporate Marketing under the Chief Executive Officer's Office. In 2004, he held the position of Executive, Marketing & Business Development and thereafter in 2010 as Executive, Marketing (Containerized) under Corporate Development Division. He was promoted to Manager, Marketing & Customer Service in January 2012 and in February 2014 to Manager, Corporate Planning under BPHB.

MASLIHAH BINTI HJ. TIOH Malaysian, Age 53

SENIOR MANAGER, GROUP CORPORATE SERVICES

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

She graduated from Universiti Kebangsaan Malaysia with a Bachelor of Arts (Hons) majoring in Mass Communication in 1990. She has attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2013.

She started her career as an Executive, Public Relation with BPA in February 1991. She joined BPSB in January 1993 as Executive, Public Affairs. In April 1997, she was promoted to Manager, Personnel and Payroll under Human Resource Management Division and then transferred to Finance Division as the Manager, Commercial. She was the Manager, Remuneration & Benefit since January 2006. In 2007, she was assigned as the Manager, Performance and Reward until 2013. She was then promoted as the Senior Manager, Performance and Rewards in January 2014 before being appointed to current position.

ELVIS TULU AYU Malaysian, Age 53

SENIOR MANAGER, GROUP SECURITY

Elvis Tulu Ayu assumed the position of Senior Manager, Group Security effective 1 March 2015 and ranked as Superintendent in the Malaysia Auxiliary Police Association. He is responsible for control and develops Group Security strategies, programs and plans to ensure secure working environment through proactive security measures design to protect people, assets and operations against the threat of injury and loss or damage by criminal, hostile or malicious acts.

He graduated from Institut Teknologi MARA with a Diploma in Accountancy in 1987 and later in 2004, he obtained a Bachelor of Arts majoring in Business Administration from Bolton Institute, United Kingdom. He has also attended the Management Development Programme at the Asian Institute of Management (AIM), Makati, Philippines in 2013.

He started his career as an Assistant Security Officer with BPA in 1988. After completing his 9 months training at PULAPOL as Police Inspector in 1992, he then joined BPSB in 1993 as Assistant Safety Officer. Thereafter, he was designated as Executive, Security in March 1996. In November 1999, he was the Executive, Security & Emergency Services before promoted as Manager, Security in 2002. He held this position until 2013 and later as the Manager, Warehousing from January 2014 until February 2015.

Fostering Good Governance

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(pursuant to Chapter 9 and Chapter 15 of the Main Market Listing Requirements)

INTRODUCTION

The Board of Bintulu Port Holdings Berhad ("the Board") acknowledges the importance of good corporate governance and is committed in safeguarding and promoting the interests of its stakeholders as well as enhancing the financial performance of Bintulu Port Holdings Berhad ("the Company") and its subsidiaries ("the Group").

The Board presents this Corporate Governance Overview Statement for the financial year ended 31 December 2018 ("the Year") and up to the date of this Annual Report. As required under Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("the MMLR"), this Statement demonstrates the Group's commitment towards applying high standards of good corporate governance through the recommendations outlined in the Malaysian Code on Corporate Governance ("the MCCG").

In line with the Principles and Practice in the MCCG and the rules under Chapter 9 and Chapter 15 of the MMLR, this Statement reflects on how the Group has applied the principles of good corporate governance and best practices throughout the Year.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I) RESPONSIBILITIES OF THE BOARD

The Board is responsible in playing the key role in charting the strategic direction of the Group and in fulfilling its fiduciary duties. In the pursuit of the Group's objectives, the Board assumes the following responsibilities:

- Encouraging good corporate governance culture throughout the Group together with the Management to promote Teamwork, Integrity, Innovation and Professionalism (TIIP);
- Establishing and reviewing the goals, the strategic plan and direction towards promoting the Company's sustainability;
- Overseeing and evaluating the conduct of the Company's businesses;
- Identifying principal risks and ensure that the risks are effectively managed;
- Appointment of the Group Chief Executive Officer (GCEO) and other Senior Management officers for the Group;
- Setting and reviewing the GCEO's employment contract as well as evaluating the Key Performance Indicators (KPI) of the GCEO;
- Developing and implementing investor relations programmes and shareholders' communication policy;
- Reviewing and putting in place an internal control system and ensure compliance with good corporate governance practices, financial accountability, risk management, and legal and regulatory requirements;
- Ensuring the integrity of the Group's financial and non-financial reporting;
- Ensuring that the Senior Management and the Board itself has proper and necessary skills and experience;
- Ensuring that proper measures are taken to help create an orderly succession planning throughout the Group; and
- Ensuring that the strategic planning of the Group upholds long-term value creation and is sustainable in line with strategic economic, environmental and social considerations of the Group.

In accordance with the MCCG, Committees such as the Audit and Risk Committee ("the ARC"), the Nomination and Remuneration Committee ("the NRC") as well as the Finance and Investment Committee ("the FIC") were established with Terms of Reference defined by the Board.

These Committees would report to the Board with recommendations on their respective functions and findings to enable the Board to make decisions and discharge its responsibilities under the Board Charter. The Board, however, retains the authority to make final call on any decision based on the reports submitted by the Committees.

The Board of Directors

The Board is an important organ within our Group for promoting, enhancing and ensuring compliance with good corporate governance cultures and to ensure that they are implemented and practised in the Company.

Members of the Board of Directors are comprised of experienced, exceptional corporate and public figures capable of safeguarding the Group's and the shareholders' best interest in an effective and engaging manner.

Currently, the Company is continuously driven by twelve (12) Directors which comprised of seven (7) Non-Independent Non-Executive Directors (NINEs) and five (5) Independent Non-Executive Directors (INEDs). The profiles of the Chairman and members of the Board can be found on the Board of Directors section of this Annual Report 2018 from pages 40 to 46.

The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to shareholders and stakeholders on the manner in which the affairs of the Company are managed. The Board sets the Company's values and standards and ensures that its obligations to its shareholders and stakeholders are discharged.

Other duties of the Board include establishing the corporate vision, mission, setting the goals and core values of the Company. On policy and operational matters, the Board provides guidance and directions to the Management as well as monitoring its performance.

Key matters reserved for the Board include the approval of strategic plans; annual operating and capital budgets; and quarterly as well as annual financial statements. The Board monitors the financial and operating performance and endorses the quarterly and annual results for announcement. Further, the Board reviews the adequacy of the internal control policies and ensuring that the Company has appropriate risk management framework, internal control systems and regulatory compliances policies.

Roles and Responsibilities of the Chairman and the Group Chief Executive Officer ("GCEO")

The Board Charter defines clearly the role of the Chairman (Non-Executive), and that of the GCEO. This is to ensure there is a clear division and balance of responsibilities between them.

The Chairman

The principal duty of the Chairman is to manage and provide leadership to the Board. Accountable to the Board, the Chairman acts as a liaison between the Board and the Management through the GCEO and as the communicator for Board decisions where appropriate. As a facilitator during Board meetings, the Chairman is also responsible to ensure that the Directors participate in deliberation and that Board members were given ample opportunity to contribute to the outcomes of the meetings.

Apart from interests resulting from the Group's shareholdings and remuneration, the Chairman is independent from Management and free from any interest, business and any other relationship which could interfere with his or her independent judgment.

The Chairman provides guidance for the Group and the Board in setting the values, standards and policies of the Group especially in the development of the Company's strategic directions and safeguards the interest of its stakeholders.

Tan Sri Dr. Ali bin Hamsa has been the Chairman of the Group since 1 November 2013. His profile is available on page 40 of this Annual Report 2018.

The Group Chief Executive Officer (GCEO)

The GCEO implements the policies, strategies and decisions of the Board in addition to his responsibilities for the day to day operation of the Group's business and the administration of its corporate affairs. The GCEO has a duty to enforce compliance with MCCG, motivating the Company's workforce towards greater productivity, and taking initiatives towards improving their welfare, health and safety at the work place.

Further, the GCEO also has a duty to maintain awareness of the competitive market landscape as well as to ensure that the Group maintains high social responsibility and good work culture in the discharge of everyday duties. The Management team supports the GCEO in the discharge of his responsibilities outlined above.

Dato Mohammad Medan bin Abdullah has been the GCEO since 1 March 2017. His profile is available on page 48 of this Annual Report 2018.

The Company Secretary

The Group is supported by a qualified and competent Company Secretary who is accountable to the Board. The Company Secretary is responsible for the following duties:

- Ensuring that due and proper notice for all Board and Committee meetings are duly given;
- Preparing agendas and coordinating the preparation of Board papers;
- Assisting the communication between the Board and Management;
- Ensuring that papers or documents submitted for scheduled meetings contain all relevant and material information to enable members of the Board and the Committees to make well-informed and correct decision;
- Facilitating due compliance by the Group of all regulations, directions and notices issued from time to time by all relevant regulatory authorities;
- Maintaining accurate records of all the proceedings and resolutions passed including preparing comprehensive minutes of meetings; and
- Providing full access and services to the Board and carrying out any other duties deemed appropriate by the Board from time to time.

By virtue of these responsibilities, the Company Secretary's attendance in all Board and Board Committees meetings are deemed compulsory. Abu Bakar bin Husaini has been the Group's Company Secretary since 1 January 2016. His profile is available on page 50 of this Annual Report 2018.

Board Meetings

The Board meets regularly during the financial year. A schedule of Board meetings for the whole year is prepared well in advance before the end of the preceding financial year. This is to enable full and maximum attendance at Board and Committee meetings. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

The Management prepares Board and Committee papers which provides relevant facts and analysis for deliberations of the Board. Timely and up-to-date information on financial, operational, corporate, regulatory, business development and audit matters are made available to the Board through Board Reports. These reports are a part of the mechanism primarily designed to help the Board make informed and sound decisions in discharging their duties as Directors of the Group.

Upon invitation, Senior Management of the Group and external advisors will attend Board or Committee meetings to assist in providing professional opinion and clarification on specific agenda items as well as additional insights on the matter at hand. Besides having direct access to the Management, engaging external independent professionals is an alternative the Board may pursue to acquire further advice whenever deemed necessary at the Company's expense.

During the Year under review, seven (7) meetings were held and details of attendance of members are as follows:

Bintulu Port Holdings Berhad (BPHB) Board Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Non-Independent Non-Executive Directors		
Tan Sri Dr. Ali bin Hamsa *Chairman of BPHB*	7/7	100
Datuk Siti Zauyah binti Md Desa	7/7	100
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	4/7	57.1
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin	7/7	100
Dato Sri Fong Joo Chung	6/7	85.7
Datuk Nasarudin bin Md Idris	7/7	100
Dzafri Sham bin Ahmad	7/7	100
Independent Non-Executive Directors		
Dato' Sri Mohamad Norza bin Zakaria	5/7	71
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	7/7	100
Datuk Yasmin binti Mahmood	6/7	85.7
Datuk Nozirah binti Bahari	6/7	85.7
Salihin bin Abang *Appointed on 1 February 2018*	6/6	100
Average Attendance for the Year (%)		**90.4**

All Directors have complied with the minimum requirements in respect of attendance at Board Meetings as stipulated in Chapter 15 Paragraph 15.05 of MMLR (minimum 50.0% attendance during a financial year).

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

BPHB Audit and Risk Committee (ARC) Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Independent Non-Executive Directors		
Dato' Sri Mohamad Norza bin Zakaria *Chairman of ARC from 20/01/2015 until 22/11/2018*	7/8	87.5
Datuk Yasmin binti Mahmood	7/8	87.5
Salihin bin Abang *Appointed on 1 February 2018* *Appointed as Chairman of ARC on 22/11/2018*	6/7	85.7
Non-Independent Non-Executive Directors		
Dzafri Sham bin Ahmad	8/8	100
Average Attendance for the Year (%)		**90.2**

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

BPHB Nomination and Remuneration Committee (NRC) Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Independent Non-Executive Directors		
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup *Chairman of NRC*	6/6	100
Datuk Nozirah binti Bahari	6/6	100
Non-Independent Non-Executive Directors		
Dato Sri Fong Joo Chung	6/6	100
Average Attendance for the Year (%)		**100**

For BPHB Finance and Investment Committee, one (1) meeting were held and the details of attendance of members are as follows:

BPHB Finance and Investment Committee (FIC) Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Non-Independent Non-Executive Directors		
Datuk Nasarudin bin Md Idris *Chairman of FIC*	1/1	100
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin	1/1	100
Datuk Siti Zauyah binti Md Desa	1/1	100
Average Attendance for the Year (%)		**100**

For Bintulu Port Sdn. Bhd., eight (8) meetings were held and the details of attendance of members are as follows:

Bintulu Port Sdn. Bhd. (BPSB) Board Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Non-Independent Non-Executive Directors		
Dato Sri Fong Joo Chung *Chairman of BPSB*	8/8	100
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	5/8	62.5
Dzafri Sham bin Ahmad	8/8	100
Average Attendance for the Year (%)		**87.5**

For Biport Bulkers Sdn. Bhd., six (6) meetings were held and the details of attendance of members are as follows:

Biport Bulkers Sdn. Bhd. (BBSB) Board Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Non-Independent Non-Executive Directors		
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup *Chairman of BBSB*	6/6	100
Datuk Yasmin binti Mahmood	4/6	66.6
Datuk Nozirah binti Bahari	6/6	100
Average Attendance for the Year (%)		**88.8**

For Samalaju Industrial Port Sdn. Bhd., six (6) meetings were held and the details of attendance of members are as follows:

Samalaju Industrial Port Sdn. Bhd. (SIPSB) Board Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Non-Independent Non-Executive Directors		
Datuk Nasarudin bin Md Idris *Chairman of SIPSB*	6/6	100
Tan Sri Dr. Ali bin Hamsa	6/6	100
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin	6/6	100
Datuk Siti Zauyah binti Md Desa	6/6	100
Independent Non-Executive Directors		
Dato' Sri Mohamad Norza bin Zakaria	5/6	83.3
Salihin bin Abang *Appointed on 1 February 2018*	5/5	100
Average Attendance for the Year (%)		**97.2**

The Board Charter

There is a Board Charter ("the Charter") to guide the Directors on their functions, responsibilities and statutory duties either prescribed in the Companies Act 2016 or other relevant laws and regulations or in the Company's constitution and the manner in which decisions are to be made by the Board.

The Charter separates the Management and the Board in terms of their functions and authority to ensure there is a proper check and balance in the decision-making process. The Board acknowledges that the Charter is an important source of reference in regard to its role in ensuring due compliance with good corporate governance practices and principles, the key values and ethics of the Group. The Charter would be reviewed and updated periodically to advance the vision and mission of the Group as well as compliance with any new regulations.

The Charter is available on the Group's website at www.bintuluport.com.my.

Code of Ethics for Directors

Towards promoting good corporate behaviour and culture the Companies Commission of Malaysia ("CCM") has published a Company Directors' Code of Ethics ("CCM Directors' Code of Ethics"). Under this CCM Directors' Code of Ethics, Directors' performance of their duties must be aligned with good corporate values such as sincerity, integrity, trustworthiness and high standard of corporate governance.

By adhering to the CCM Directors' Code of Ethics, the Board is setting standards for exemplary corporate conduct and ethical corporate environment for the Management and the staff to emulate. Thereby, corporate governance, work culture and ethics, commitment and loyalty to the Group is enhanced.

The Whistleblowing Policy

Since September 2014, the Group has been implementing its Whistleblowing Policy as an initiative to promote a culture of openness, accountability and integrity among the Directors, officers and employees of the Group. Achieving high ethical standards of the Group through the implementation of this policy is crucial in creating an organisation that is both reliable, credible and mindful of its internal matters.

The policy serves as an avenue upon which any person can confidently disclose unlawful conducts, malpractices or breach of ethics occurring within the Group so that appropriate action may be taken to prevent loss or damage to the Group.

Under this policy, information disclosed by the "whistleblower" must be substantiated and well-founded, and relayed to the Head of Group Internal Audit through channels prescribed under this policy. This will enable expeditious investigation to be conducted in a fair manner so that those responsible or involved in the misconduct could be brought to justice or appropriate disciplinary actions taken against them. After such disclosure, the "whistleblower" would be notified on the outcome of such investigation and any action taken by the relevant disciplinary authority as provided under Section 13(4) of the Whistleblower Protection Act 2010.

A proper whistleblowing policy ensures the following values:

The Group's Whistleblowing Policy is available on the Group's website at www.bintuluport.com.my.

II) BOARD COMPOSITION

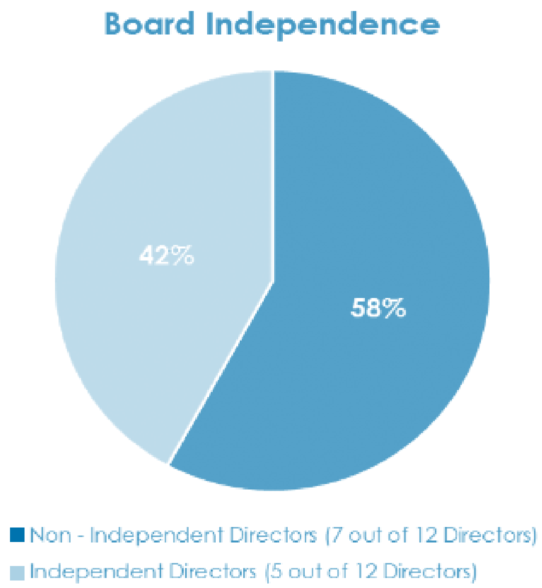
Article 109 of the Company's Article of Association provides that there shall be at least two (2) and not more than twelve (12) members of the Board. As at 31 December 2018, the Board membership stands at twelve (12) members comprising of seven (7) Non-Independent Non-Executive Directors and the remaining five (5) are Independent Non-Executive Directors. This composition fulfils the requirements mandated by the MMLR under Paragraph 15.02(1), which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.

The Board Compositions as at 28 February 2019 as well as their meetings attendance are available on page 60 of this Annual Report 2018.

The current size and composition of the Board is considered well-balanced in addressing any business challenges and driving the business of the Group to greater heights. The Board members come from various professional backgrounds in terms of mix of skills, knowledge, expertise, experience and other requisite qualities. These qualities include core competencies in finance, business, oil and gas, law, general management and strategic thinking that are essential for the success of the Group. The Independent Non-Executive Directors play active roles in deliberations of policies and providing unbiased independent views and sound judgement.

The composition of the Board fairly reflects the interest of the major shareholders as represented by the appointment of their nominee Directors. The Preference Shareholder is the Minister of Finance (Incorporated) while the Petroliam Nasional Berhad (PETRONAS), Sarawak State Financial Secretary (SFS), Equisar Assets Sdn. Bhd. and Kumpulan Wang Persaraan (Diperbadankan) (KWAP) are the major shareholders of the Group. The Independent Directors are also responsible for safeguarding the interest of minority shareholders.

The Board Composition as at 28 February 2019 is as follows:

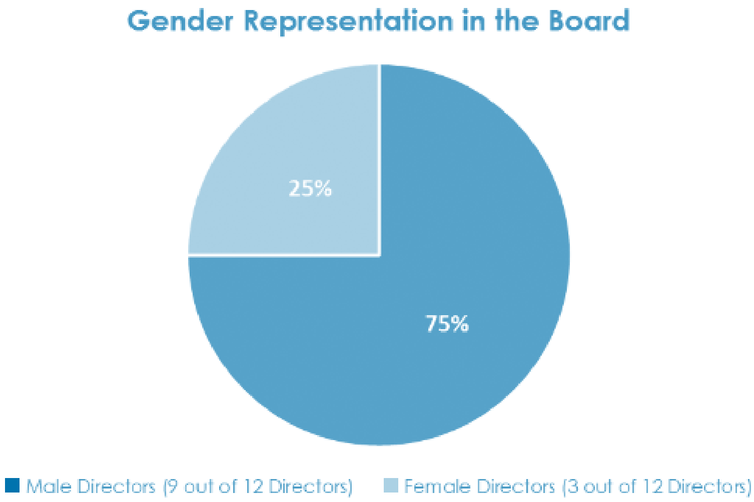


Board Diversity

The Board is committed in ensuring that its composition reflects the diversity in line with the MCCG.

The Board consists of qualified individuals with diverse experiences, backgrounds and perspectives in order to bring values to Board deliberations. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. It is designed to be sufficiently large to capture the diversity of skills and expertise required to evaluate the best interests of shareholders, while not too large to ensure an effective decision making process and active participation of every director. A balanced Board in this regard can help dispel stereotyping, make commercial decisions that are aligned to customer and investor needs.

The current Board composition comprises of nine (9) male Directors and three (3) female Directors. The Board is of the view that the current composition will generate positive impact on business and create value for the Company. While the Board strives to promote diversity, appointments of Directors are still premised on merits, knowledge and expertise which must be relevant to the Company.



Directorships in Other Companies

In compliance with Chapter 15, Para 15.06 (1) of the MMLR and consistent with the best practices recommendations of the MCCG, each member of the Board holds not more than five (5) directorships in public listed companies to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

Time Commitment

It is the policy of the Group that Directors devote sufficient time and effort to carry out their responsibilities. The Board obtains this commitment from Directors at the time of appointment. It is also the Board's policy for Directors to notify the Chairman before accepting any new directorships notwithstanding that the Listing Requirements allow a Director to sit on the Boards of five (5) listed issuers. Such notification is expected to include an indication of time that will be spent on the new appointment.

In addition to the scheduled meetings, whenever any direction or decisions are required expeditiously from the Board, special meetings of the Board are convened by the Company Secretary, after consultation with the Chairman. Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions (DCR) between scheduled and special meetings.

The agenda for the Board's meetings is set by the Company Secretary in consultation with the Chairman and the GCEO. The agenda together with the relevant reports and Board papers are furnished to the Directors in advance to allow the Directors sufficient time to peruse for effective deliberation and decision making during the meetings. The scheduled meetings focus on the Group's Business Plan, Quarterly Reports, recommendations of the various Board Committees, announcements to Bursa, Group's Audited Financial Statements and Annual Reports.

Nomination and Remuneration Committee

The NRC's primary responsibilities include the following:

Guidance and Recommendations

Establishing, reviewing and recommending to the Board remuneration packages for Directors, GCEO and key Senior Management

Recommending to the Board the payment of annual bonus, increment, perfomance merit and Ex-gratia to GCEO, key Senior Management and all staff of the group excluding staff who falls under the jurisdiction of Collective Agreement

Appointments

Initiating the process of making appointments into the Board

Conducting induction programme visits for new Directors

Assessments and Reviews

Assessing the Directors' annual perfomance through the Performance Assessment for Board (PAB)

Reviewing required skills and core competencies of Non-Executive Directors annually

The composition and meeting attendance of the NRC is available on page 61 of this Annual Report 2018.

Appointment and Re-Election to the Board

Chapter 7, Part J, Para 7.26 of MMLR and Article 127 of the Company's Articles of Association require all Directors to retire at least once every three (3) years or at least one third (1/3) of the Directors shall retire by rotation each year and they are eligible for re-election. The re-election of Directors at regular intervals enhances Board effectiveness and also presents shareholders with the opportunity to measure the performance of the Directors.

Article 132 of the Company's Articles of Association provides authority for the Board to appoint any person who is willing to act as Director to fill up casual vacancies and such Director shall retire and be eligible for re-election at the next Annual General Meeting.

Directors retiring by rotation and standing for re-election / re-appointment at the forthcoming Twenty-Third (23rd) Annual General Meeting pursuant to Article 127 of the Company's Articles of Association and Paragraph 7.26 of the Main Market Listing Requirements are as follows:

- **Tan Sri Dr. Ali bin Hamsa**
  (Non-Independent Non-Executive Director)

- **Dato Sri Fong Joo Chung**
  (Non-Independent Non-Executive Director)

- **Datuk Nozirah binti Bahari**
  (Independent Non-Executive Director)

Dato' Sri Mohamad Norza bin Zakaria who retires in accordance with Article 127 of the Company's Articles of Association has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the 23rd AGM.

Any nomination for new Directors to the Board is to be reviewed by the Nomination and Remuneration Committee and the Committee makes recommendation for the Board's approval. The Company Secretary will ensure that all appointments are properly made and that regulatory obligations are complied with.

Performance Assessment for Board (PAB)

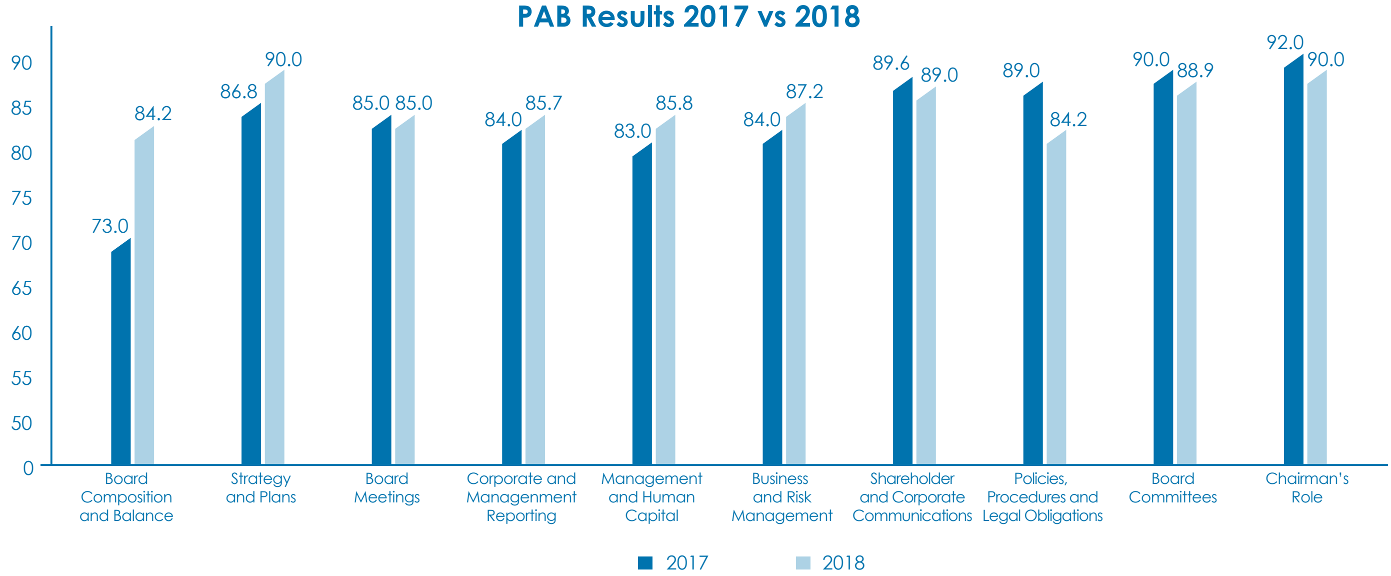
The Performance Assessment for Board was adopted by BPHB in 2014. It is conducted internally upon completion of the financial year and comprises of Board Evaluation and Committee Evaluation. It is designed to increase the Board's effectiveness and efficiency as well as to draw the Board's attention to key areas that need to be addressed in order to maintain consistency of the Board's performance regardless of its diversity.

The PAB also serves as a tool for the Group to better understand its Board of Directors and their versatilities as leaders of the Group. Through this performance assessment, the Group will be provided an avenue to act as a catalyst in enhancing the skills and knowledge of the Board of Directors as we embark on a journey in ever-shifting corporate governance environment.

Questionnaire on the PAB include the effectiveness of the Board of Directors as a whole, as well as that of the Board Committees. The Committees' structure and processes as well as accountabilities and responsibilities are also evaluated.

The assessment questionnaire is distributed to all respective Board members and covers topics such as the contribution and performance of Directors with regards to their competency, time commitment, integrity and experience in meeting the needs of the Group and suggestions to enhance board effectiveness.

The overall results for the Board assessment revealed that the Board has performed evidently well, with most of the areas being rated as "Excellent" and "Very Good" indicating Directors' satisfaction with the Board's overall performance. The Board Committees assessment showed indications that Committee members have performed effectively as a group and in assisting the Board to discharge its roles and responsibilities.



Directors' Training

The Board via its Nomination and Remuneration Committee evaluates and determines the training needs of its members to ensure continuing education is made available to Directors in order for them to enhance their business acumen and professionalism in the discharge of their duties.

In addition, the Company Secretary also receives updates on training programmes from various organisations including the regulators. These updates are circulated to the Directors for their consideration. The Group also provide internal briefings to the Directors on key corporate governance developments and relevant changes on the MMLR, laws and regulations.

During the financial year ended 31 December 2018, some Directors have attended development and training programmes in areas of leadership, corporate governance, finance, taxation, legal and regulatory developments and oil and gas sponsored by the Group and/or Directors' personal initiatives. This is in compliance with Chapter 9, Appendix 9C (Part A, Paragraph 28) and Chapter 15, para 15.08 (3) of the MMLR.

Directors Involved	Trainings/Courses/Seminars	Organisers
Tan Sri Dr. Ali bin Hamsa	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young	• Bintulu Port Holdings Berhad
Datuk Siti Zauyah binti Md Desa	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young • Seminar on Bursa's Corporate Governance Guide 3rd Edition: Moving From Aspiration to Actualisation • World Class Digital Transformation & Innovation Conference 2018 • Khazanah Megatrends Forum 2018: On Balance Recalibrating Markets, Firms, Society and People • KWAP Inspire: Environmental Conference 2018	• Bintulu Port Holdings Berhad • Aram Global Sdn. Bhd. • Manetch Corporation • Khazanah Nasional Berhad • Kumpulan Wang Persaraan (Diperbadankan) (KWAP)
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young	• Bintulu Port Holdings Berhad
Gen. Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin (R)	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young • Updates on AMLATFPUAA 2001 & PDPA 2010: Risk, Challenge & Vulnerabilities Towards Regulatory Compliance • FIDE FORUM – 1st Distinguished Board Leadership Series on Navigating the Volatility, Uncertainty, Complexity and Ambiguity (VUCA) World • BNM FIDE FORUM Dialogue: Managing Cyber Risks in Financial Institutions • Disclosure Framework & Key Activities • ICDM: To Enhance Board Effectiveness	• Bintulu Port Holdings Berhad • Affin Bank Berhad • Bursatra Sdn. Bhd. • Institute of Corporate Directors Malaysia (ICDM)
Dato Sri Fong Joo Chung	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young • Malaysian Constitutional Law Forum 2018 • Qualified Risk Director Programme: Series 3 – Risk Appetite, Tolerance & Board Oversight • Excellence in Leadership – Becoming a High Performance Organisation • Anti-Corruption Summit 2018	• Bintulu Port Holdings Berhad • Federal Relations, Sabah & Sarawak • Sarawak Energy Berhad • Aram Global Sdn. Bhd.

Directors Involved	Trainings/Courses/Seminars	Organisers
Datuk Nasarudin bin Md Idris	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young • PETRONAS Directors' Training on Malaysian Financial Reporting Standards • MISC Annual Directors' Training 2018	• Bintulu Port Holdings Berhad • PETRONAS • MISC Berhad
Dato' Sri Mohamad Norza bin Zakaria	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young	• Bintulu Port Holdings Berhad
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young	• Bintulu Port Holdings Berhad
Datuk Nozirah binti Bahari	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young • Anti-Money Laundering & Counter Financing of Terrorism (AML/CFT) & Regulatory Compliance Training for Board of Directors and Senior Management • BNM FIDE FORUM Dialogue: Managing Cyber Risks in Financial Institutions • FIDE FORUM – Navigating Volatility, Uncertainty, Complexity and Ambiguity (VUCA) World • New Corporate Liability Landscape Pursuant to MACC Act 2018 • Internal Rating Based (IRB) Approach • Conflict of Interest Management and Insider Trading • Cryptocurrency, Blockchain and Beyond: A Cautionary Tale • Malaysian Financial Reporting Standards	• Bintulu Port Holdings Berhad • RHB Banking Group • Financial Institutions Directors' Education (FIDE) • RHB Banking Group • RHB Banking Group
Dzafri Sham bin Ahmad	• Updates on the Accounting Implications of the Adoption of MFRS 15, MFRS 9 and MFRS 16 – Briefing by Ernst & Young • Opening the Aperture with Design Thinking • PETRONAS Board Excellence Roundtable Programme	• Bintulu Port Holdings Berhad • PETRONAS

Directors Involved	Trainings/Courses/Seminars	Organisers
Salihin bin Abang	• Mandatory Accreditation Programme for Directors of Public Listed Companies	• The ICLIF Leadership and Governance Centre
	• Seminar Bajet 2019 • Persidangan Cukai Kebangsaan 2018 (PCK 2018) • MyGCAP Reviewers Course	• Persatuan Akauntan Percukaian Malaysia (M.A.T.A.)
	• Malaysian Tax Conference 2018 – Embracing the Challenges of Tomorrow	• Malaysian Institute of Accountants (MIA) & Persatuan Akauntan Percukaian Malaysia (M.A.T.A.)
	• MIA International Accountants Conference 2018	• Malaysian Institute of Accountants (MIA)
	• World Congress of Accountants 2018	• Chartered Accountants Australia (CPA) & New Zealand (CAANZ)
	• Dinner Talk by Prof Sunil Gupta – Driving Digital Strategy	• HARVARD Business School Alumni Club of Malaysia
	• National Tax Conference 2018	• Lembaga Hasil Dalam Negeri & Chartered Tax Institute of Malaysia (CTiM)
	• SST Reborn (Transition from GST to SST)	• SALIHIN Training & Consultancy Sdn. Bhd.

III) REMUNERATION

The responsibility of setting appropriate Directors' remuneration framework and packages is under the purview of the NRC. The package has to be attractive enough to ensure that the Group continues to motivate Directors and retain talents that are necessary to manage the Group professionally and effectively.

Non-Executive Directors are paid fixed annual Directors' fees as members of the Board. In addition to fixed annual Directors' fees, the Directors are paid meeting allowance for each Board and Board Committees' meetings. Directors' fees will be paid to the Directors upon approval at the AGM as provided in the Article 110 (1) of the Company's Article of Association.

Under the provision of Section 230 (1) of CA2016, the fees of the Directors, and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The detailed disclosure allows shareholders to make an informed decision when voting on the approval of Directors' remuneration and to consider the appropriate remuneration package taking into account the responsibilities of the directors.

Company/ Committee	Designation	Director's Fee (RM '000)	Meeting Allowance (RM '000)
BPHB	Chairman	12.0	3.0
	Non-Executive Directors (Members)	8.5	2.0
BPSB/BBSB/SIPSB (subsidiaries)	Chairman	6.0	2.0
	Non-Executive Directors (Members)	4.2	1.5
ARC/NRC/FIC	Chairman	Not Applicable	2.0
	Non-Executive Directors (Members)	Not Applicable	1.5

NAME OF DIRECTOR	FEES (RM '000)		ALLOWANCES (RM '000)			Benefits-in-kind (RM '000)
	BPHB	SUBSIDIARY	BPHB	COMMITTEES	SUBSIDIARY	
Non-Independent Non-Executive Directors						
Tan Sri Dr. Ali bin Hamsa	144.0	50.4	30.0	-	9.0	54.0
Datuk Siti Zauyah binti Md Desa	102.0	50.4	15.5	1.5	7.5	-
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	102.0	50.4	9.5	-	6.0	-
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin	102.0	50.4	18.5	1.5	9.0	-
Dato Sri Fong Joo Chung	102.0	72.0	18.0	9.0	16.0	-
Datuk Nasarudin bin Md Idris	102.0	72.0	18.5	2.0	12.0	-
Dzafri Sham bin Ahmad	102.0	50.4	18.5	12.0	12.0	-
Independent Non-Executive Directors						
Dato' Sri Mohamad Norza bin Zakaria	102.0	50.4	14.5	14.0	7.5	-
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	102.0	72.0	22.0	12.0	12.0	-
Datuk Yasmin binti Mahmood	102.0	50.4	16.5	10.5	6.0	-
Datuk Nozirah binti Bahari	102.0	50.4	18.0	9.0	9.0	-
Salihin bin Abang	93.5	46.2	21.0	9.0	9.0	-
Total (RM '000)	**1,257.5**	**665.4**	**220.5**	**80.5**	**115.0**	**-**
	1,922.9		**416.0**			**54.0**

In heeding MCCG's good corporate governance practice, as a listed company categorised as a large company, the Group follows the Step Up practice in disclosing the fees of its Senior Management to the public. This allows stakeholders to understand the relation between Senior Management remuneration and the Company's performance. This will also enable stakeholders to evaluate whether the remuneration package can attract and retain talent.

Details of the remuneration of the top six (6) Senior Management (including salary, allowances and bonus) in each successive band of RM50,000 during the financial year 2018 are as follows:

Range of Remuneration (RM)	Name of Top 6 Senior Management
300,000 – 350,000	• **Matshalleh bin Mohamad Etli** *Chief Operating Officer, SIPSB* • **Yusof bin Ibrahim** *Chief Operating Officer, BBSB* *(Appointed on 1 February 2018)* • **Abu Bakar bin Husaini** *Company Secretary* • **Daiana Luna Suip** *General Manager, Group Finance*
450,001 – 500,000	• **Omar bin Hj. Salleh** *Chief Operating Officer, BPSB*
700,001 – 750,000	• **Dato Mohammad Medan bin Abdullah** *Group Chief Executive Officer*

RINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I) AUDIT AND RISK COMMITTEE

To enhance the financial reporting process and the integrity and quality of the Group's financial statements, the Board is assisted by an Audit and Risk Committee, with majority of its members comprising of Independent Directors. The composition of the Audit and Risk Committee, including its activities is set out on pages 80 to 83 of this Annual Report.

An effective Audit and Risk Committee can bring transparency, focus and independent judgement needed to oversee the financial reporting process. However, the ultimate responsibility for a company's financial reporting process rests with the full Board.

The Audit and Risk Committee plays a key role in a company's governance structure. An independent Audit Committee is better positioned to rigorously challenge and ask probing questions on the company's financial reports, internal controls, risk management and governance.

One of the key responsibilities of the Audit and Risk Committee is to ensure that the financial statements of the Group comply with the current applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of Companies Act 2016.

Such financial statements comprise of the quarterly financial report as recommended to the Board for subsequent announcement to Bursa Malaysia. The Board, through the Audit and Risk Committee, has established formal and transparent arrangements with External Auditors in producing true and fair financial reports and good internal control mechanisms.

External Audit

In assessing the independence of external auditors, the Audit and Risk Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants. Further explanations on external audit functions are set out on page 83 of this Annual Report.

The Group's financial highlights and indicators for the financial year ended 31 December 2018 are set out on pages 32 to 33 of this Annual Report.

II) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Recognising the importance of Risk Management and Internal Control, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis.

The Board has developed procedures to mitigate the business and operational risks as identified by various divisions and coordinated by Group Corporate Planning and Development. The Board performs reviews on the Group's Risk Profiles on a bi-annual basis guided by the Statement on Risk Management and Internal Control and Guidelines for Directors of Listed Issuers.

The Management and the Audit and Risk Committee provide the Board with reports on actions taken to mitigate the risks. These actions give reasonable assurance to shareholders on the level of effectiveness of the Group's Risk Management and Internal Control system. Details on the Statement on Risk Management and Internal Control are furnished on pages 86 to 95 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

I) COMMUNICATION WITH STAKEHOLDERS

Shareholders can access corporate information, Annual Reports, press releases, financial information, company announcements and share prices through investors' relations programmes and the Group's website. However, undisclosed material information about the Group will not be given to any single shareholder or shareholder groups.

Ongoing engagement and communication with stakeholders build trust and understanding between the Company and its stakeholders. It provides stakeholders a better appreciation of the Company's objectives and the quality of its Management. This in turn will assist stakeholders in evaluating the Company and facilitate shareholders to determine how their votes should be exercised. From the Company's perspective, it provides an avenue for invaluable feedback that can be used to understand stakeholders' expectations and develop business strategies.

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company and as such adopts an open and transparent policy in respect of its relationship with its shareholders and investors.

Dialogue with stakeholders is a necessary and beneficial process as it enables companies to understand stakeholders' concerns and to take these concerns into account when making decisions.

In addition to that, the Group conducts dialogues with financial analysts from time to time as a means of effective communication that enables the Board and Management to convey information relating to the Company's performance, corporate strategy and other matters affecting shareholders' interests.

Investor Relations

The Group holds separate interfacing sessions with fund managers, institutional investors and investment analysts as well as the media. The sessions are intended to disseminate updated progress and development of the Group's business to interested parties including the shareholders and stakeholders.

In year 2018, the Group's interfacing sessions were as follows:

Organisations	Venue	Date
• AXA Affin • Azure Capital • Employees Provident Fund (EPF) • Etiqa • Maybank Asset Management Sdn. Bhd. • Maybank Investment Bank Berhad • Pheim Asset Management • Phillip Capital • Permodalan Nasional Berhad • PMB Investment • Koperasi Permodalan Felda Berhad	Samalaju Industrial Port Sdn. Bhd.	26 January 2018
• Kenanga Investment Bank Berhad • Employees Provident Fund (EPF)	Samalaju Industrial Port Sdn. Bhd.	12 April 2018
• Public Investment Bank Berhad • Takaful Malaysia Berhad • Maybank Investment Bank Berhad • United Overseas Bank Malaysia • Hong Leong Bank Berhad • Great Eastern Malaysia • RHB Bank Berhad	Menara Public Bank, Kuala Lumpur	23 April 2018
• Permodalan Nasional Berhad • Employees Provident Fund (EPF) • Kenanga Investment Bank Berhad	Grand Millennium Kuala Lumpur	28 August 2018
• Public Investment Bank Berhad • Great Eastern Malaysia • Manulife Malaysia	Menara Public Bank, Kuala Lumpur	29 August 2018

The Customer Charter

The Group strives to provide quality port services with continuous improvement based on customer feedback and the Customer Charter. The Group is committed in ensuring the following standards prescribed by the Customer Charter are always met:

- **Friendly and Courteous Service** to be discharged with full integrity;
- **Suggestions and Complaints** to be promptly acknowledged and full response to be made available within two (2) weeks after fair and thorough investigation on the complaints;
- **Timely and Accurate Billing** is provided and issued for services rendered within seven (7) working days for LNG and Non-LNG Marine Services, ten (10) working days for Stevedoring, Operational Port invoices and Port Charges, Rental and Storage and Miscellaneous invoices;
- **Safe Cargo and Ship-Handling Operation** is ensured where the cargoes, containers and vessels are to be handled with reasonable care and with the highest regard for safety;
- **Security of Cargo, Containers and Vessels** to be protected at all times as long as they are within the area of port limit;
- **Availability of Berth** to be ensured and available within eight (8) hours after receiving confirmed request;
- **Provision and Handling Productivity** in providing marine services which includes pilotage, towage and mooring are to be rendered subject to receipt of request not less than two (2) hours from the time service required. The Group undertakes to handle a minimum of thirty-five (35) tonnes/gang hour of general cargoes, seventy-three (73) tonnes/gang hour of veneer and fibreboard, eighty (80) tonnes/gang hour of plywood, thirty-three (33) tonnes/gang hour of sawn timber and seventy (70) tonnes/gang hour of project cargo;
- **Customer Services Personnel** will always be available during office hours at the Customer Services Centre to provide information on services offered and also to facilitate requests to meet the Group's relevant officers; and
- **Advancement in Technology** which is important in ensuring efficiency of the Group's operation and to ensure the Group's technological application is always up-to-date.

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

Corporate Sustainability

"The Group in its effort to develop a good business sustainability model heeded calls by the Board to consider economic, environmental and societal impact arising from such model." An in-depth review on the Group's initiatives to provide a commendable Economic, Environmental and Societal (EES) performance for the year under review can be found under its Corporate Sustainability Statement which forms part of this Annual Report, pages 98 to 147.

II) CONDUCT OF GENERAL MEETINGS

Annual General Meeting (AGM)

An Annual General Meeting is an important platform for Directors and Senior Management to engage shareholders to facilitate greater understanding of the Group's business, governance and performance. This supports shareholders in exercising their ownership rights and expressing their views to the Board and Senior Management on any areas of concerns.

The AGM remains the principal forum for shareholders. This venue allows shareholders to review the Group's performance via the Company's Annual Report. In compliance with Chapter 7, Para 7.15 of the MMLR, the Notice of AGM is circulated at least twenty-one (21) days in advance of the meeting to facilitate full understanding and evaluation of the issues involved.

Active participation by the shareholders is encouraged during the AGM, in which an open session is made available to the shareholders to raise questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. Appropriate responses and clarifications are promptly provided by the Board members to the shareholders.

Upon the conclusion of the AGM, a press conference is immediately held where the Chairman informs the media in respect of the resolutions passed and answers questions pertaining to the Group's business. The outcome of the AGM is announced to Bursa Malaysia on the same meeting day.

During the 22nd AGM 2018, the GCEO provided shareholders with an overview of the Group's operations and the financial year's performance. The GCEO also shared responses to the questions submitted in advance by the Minority Shareholder Watchdog Group (MSWG).

The Board places great importance in maintaining active dialogue and effective communication with shareholders and investors for accountability and transparency to enable shareholders and investors to make informed investment decisions. Apart from providing comprehensive insights into the Group's financial performance through the interfacing sessions, the financial and business performances are also communicated through the Group's website.

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

In addition, shareholders and investors may also obtain the up-to-date information, the latest corporate, financial and market information as well as digital version of Annual Reports of the Group through the Bursa Malaysia website at http://www.bursamalaysia.com.

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

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Board is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Chapter 9, Paragraph 9.25 and 9.41 of the MMLR.

(i) Recurrent Related Party Transactions of a Revenue Nature

As required by the MMLR, Recurrent Related Party Transactions of a revenue nature must be disclosed in the Annual Report. For the year 2018, there were no new related parties involved with the Group other than the existing ones which comprise the Sarawak State Financial Secretary (SFS) and Petroliam Nasional Berhad (PETRONAS). The transactions involved are in the ordinary course of business and are of terms not more favourable to the related party than those generally available to the public. The services rendered or goods purchased are based on a non-negotiable fixed price which is published or publicly quoted and all material terms including the prices or charges are 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 Auditor by the Group for reviewing the Director's Statement on Risk Management and Internal Control for the year ended 31 December 2018 is in the sum of **RM8,500.00** 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 2018.

(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 2018.

(v) Details of Attendance at Meetings Held in the Financial Year Ended 31 December 2018

For attendance, please refer to pages 60 to 63 of this Statement.

(vi) Statement by the Board on Compliance

Throughout the financial year ended 31 December 2018, the Group had complied with and observed the substantive provisions of the MCCG, the relevant Chapters of the MMLR and the Companies Commission of Malaysia's (CCM) requirements.

Statement made in accordance with the Board's Resolution dated 26 February 2019.

Tan Sri Dr. Ali bin Hamsa
Chairman

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

AUDIT AND RISK COMMITTEE REPORT

(Pursuant to Chapter 15, Part C, Para 15.15 of the Main Market Listing Requirements)

1. AUDIT AND RISK COMMITTEE MEMBERS

Chairman
Dato' Sri Mohamad Norza bin Zakaria *Independent Non-Executive Director* *(Chairman of ARC from 20/01/2015 until 22/11/2018)*

Members
Datuk Yasmin binti Mahmood *Independent Non-Executive Director*
Encik Dzafri Sham bin Ahmad *Non-Independent Non-Executive Director*
Encik Salihin bin Abang *Independent Non-Executive Director* *(Appointed on 1/02/2018)* *(Appointed as Chairman of ARC on 22/11/2018)*

2. COMPOSITION OF AUDIT AND RISK COMMITTEE

A. The Chairman of the Committee shall be an Independent Director of the Company with two (2) other Directors sitting as members and must be composed of not fewer than three (3) members. All the Audit and Risk Committee (ARC) members must be Non-Executive Directors, with a majority of them being Independent Directors and no Alternate Director can be appointed as a member of the ARC. The quorum for the meetings of the ARC shall be two (2).

B. Pursuant to Para 15.09 (1) (c) (i) by the MMLR of Bursa Malaysia, at least one (1) member of the Committee:
   i. Must be a member of the Malaysian Institute of Accountants (MIA); or
   ii. If he is not a member of the MIA, he must have at least three (3) years working experience; and
      a. He must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
      b. He must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
   iii. Fulfils such other requirements as prescribed or approved by the Exchange.

Dato' Sri Mohamad Norza bin Zakaria and Encik Salihin bin Abang fulfilled the specific requirement, where both are holders of accounting qualification and Chartered Accountant under the Malaysian Institute of Accountants (MIA).

Besides, all other members have working familiarity with basic finance and accounting practices.

3. MEETINGS AND MINUTES

Throughout the year in review the Committee has timely reviewed and deliberated on the following:

- Fourth quarter of 2017 financial report;
- First, second and third quarters of 2018 financial reports;
- Relevant reports for the inclusion of the 2018 annual report;
- Audit issues raised by internal and external auditors;
- Internal and external audit plans; and
- Review of Enterprise Risk Management (ERM) profiles

The ARC meets on a scheduled basis during the financial year, and as and when required.

Attendance at Meetings

A total of eight (8) ARC meetings were held during the financial year ended 31 December 2018. The quorum for each meeting shall be two (2) members of the ARC. Attendance of ARC meetings for financial year ended 31 December 2018 are as follows:

Name of Directors	No. of Meetings Attended	Percentage of Attendance (%)
Dato' Sri Mohamad Norza bin Zakaria (Chairman)	7/8 **	87.5
Datuk Yasmin binti Mahmood	7/8	87.5
Encik Dzafri Sham bin Ahmad	8/8	100.0
Encik Salihin bin Abang	6/7	85.7
Average Attendance for the Year (%)		**90.2**

** Due to unforeseen circumstances, prior to the meeting, the Chairman Dato' Sri Mohamad Norza bin Zakaria had conveyed his apology for not being able to attend the meeting and the meeting had unanimously agreed to appoint Encik Salihin bin Abang as Chairman of the meeting.

The meetings were convened as follows:

Meeting	Financial Matters	Other Audit Matters
Date	22 February 2018 8 March 2018 23 May 2018 27 August 2018 21 November 2018	16 January 2018 19 July 2018 17 October 2018
Matters Discussed	Quarterly Result External Audit Matters Annual Report Matters Risk Profiles	Internal Audit Matters

The Company Secretary acts as a secretary to the ARC. The ARC is also attended by GCEO, Head of Internal Audit, General Manager of Group Finance, General Manager of Group Corporate Planning and Development and related auditees by invitation.

Minutes of each meeting have been circulated to the Board of Directors for information and perusal. The decision made and actions required were then communicated to relevant process owners.

4. SUMMARY OF ACTIVITIES

A summary of the activities performed by the Committee during the financial year is set out below:

A. Internal Audit

- Reviewed and approved Annual Audit Plan to ensure adequate scope and comprehensive coverage of the Group's activities;
- Ensured adequacy of resources and competencies of staff in executing the Audit Plan to produce quality and reliable audit report;
- Reviewed contents of internal audit reports issued by Internal Audit on the effectiveness and adequacy of governance, risk management, operational and compliance processes;
- Reviewed the proposed corrective actions to be implemented by the process owners; and
- Met the Internal Auditors without the presence of Management to obtain feedback from them and to discuss measures that may enhance the Internal Audit function of the Company.

B. External Audit

- Reviewed the External Auditors terms of engagement, nature and scope of work for financial year 2018 and make recommendations for Board's approval;
- Reviewed the findings from External Auditor Report especially the audited financial statement and ensured appropriate action taken by the Management on issues raised by the External Auditor;
- Reviewed and make recommendations to the Board for approval on the audit fees for the External Auditor; and
- Met the External Auditor without the presence of Management to obtain feedback from them and to discuss measures that may enhance the audit function of the Company.

C. Financial Results

The Committee reviewed the Quarterly and Annual Financial Statements of the Group and make recommendations to the Board for approval prior to announcements to Bursa Malaysia.

D. Risk Assessments

The Committee reviewed the Group's risk register/profiles on a regular basis and is responsible for the risk management policies of the Group's operations and risk management framework.

E. Annual Reporting

The Committee reviewed the Corporate Governance Overview Statement, Corporate Sustainability Statement, Statement on Risk Management and Internal Control and Audit and Risk Committee Report and make recommendations for Board's approval before incorporating them in the Annual Report.

5. INTERNAL AUDIT FUNCTION

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

The Internal Audit is also responsible

- To provide the ARC with independent and objective reports on the state of internal controls, risk management, governance processes and the extent of compliance to the Group's established policies and procedures, and the relevant statutory requirements; and
- To provide 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 the Internal Audit's activities during the financial year are as follows:

- Developed an annual audit plan using 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 Committee to review the mitigation actions taken on the risk profiles and ensured the principal risks are addressed.

For the year 2018, the Group Internal Audit managed to perform its duties with independence, proficiency and due professional care so as to give assurance to the Board on the integrity of its internal control and the reliability of the systems as a whole. The cost incurred in running the in-house Group Internal Audit for the financial year 2018 was **RM 848,911.13**.

6. EXTERNAL AUDIT FUNCTION

The External Audit function is to carry out audit works based on the approved Audit Planning Memorandum.

For the year under review, the External Auditor has carried out the following:

- Audit on Financial Statements and other issues as per Audit Planning Memorandum;
- Preparation of reports and recommendations regarding areas that require improvement to the principal risk areas, internal control and financial matters based on observations made in the audit works;
- Review of the Group Internal Audit assignments and reports in order to avoid duplication of External and Internal Audit works and to ensure proper system of internal control of the Group is in place; and
- Review of the Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for the Group. The details of Corporate Governance Overview Statement and Statement on Risk Management and Internal Control can be found from page 56 to 79 and page 86 to 95 respectively.

The ARC believes that the engagement of External Auditor and reports given by them for the financial year 2018 had not impaired their independence.

BOARD COMMITTEES REPORT

Board Committees meet according to their scope of responsibilities as specified in their respective Terms of Reference (TOR). Board Committees report directly to the Board of Directors and make necessary recommendations on specific matters to facilitate smooth decision-making process.

The Board of Bintulu Port Holdings Berhad had set up three (3) committees to undertake specific duties and assist the Board in decision-making and to protect the interest of the Group in meeting the business changing needs. Involvement in committees allows Directors to better understand the Group's business and share their expertise and experiences towards meeting the Group's business objectives The existence of committees will reflect to the investors that the Board is taking specific and strategic issues seriously.

The criteria for the membership are based on a Director's skillsets and experience, as well as their ability to add value to the Board Committees. The aforesaid Committees are the Audit and Risk Committee (ARC), Nomination and Remuneration Committee (NRC) and Finance and Investment Committee (FIC).

The respective Committees have their own TOR to empower them to deliberate, discuss issues, recommend proposals as well as provide assurance through their recommendations and feedbacks to the Board. Non-Committee Members have the opportunity to seek clarifications or give their views on the recommendations made by the respective Committees during Board meetings.

The Committees comprised of members from the main Board itself where the Independent and Non-Independent Directors play leading role in these Committees. Two (2) of the Committees, namely ARC and NRC are chaired by Independent Non-Executive Directors whereas the FIC is chaired by a Non-Independent Non-Executive Director.

AUDIT AND RISK COMMITTEE

The details of the ARC's composition, activities and number of meetings held during the financial year ended 31 December 2018 are presented on pages 80 to 83 of this Annual Report 2018.

NOMINATION AND REMUNERATION COMMITTEE

The responsibilities of NRC amongst others are:

a) To review and recommend to the Board, the appointment, extension of service and re-election of the Directors, GCEO as well as Senior Management;
b) To assess the balance of Independent and Non-Independent Directors sitting on the Board and the Board Committees and make necessary recommendations to the Board;
c) To ensure that an orientation and induction programme is in place for newly-appointed Board members;
d) To establish, review and recommend to the Board the remuneration packages of Chairman, Directors, GCEO, Company Secretary and Senior Management. The Committee also reviews and make recommendations to the Board on the Terms and Conditions of Services of the Management; and
e) To deliberate and review the Directors' fees and make recommendations to the Board for approval. Any proposed changes endorsed by the Board are subject to shareholders' approval during the Annual General Meeting.

The activities of the NRC during the financial year ended 31 December 2018 are as follows:

i. Recruitment, appointment and re-election of Directors;
ii. Proposal to establish flexi grading for the Group;
iii. Review of succession planning for the Group;

iv. Proposal for payment of bonus, merit payment and increment for the Management and staff;
v. Rotation of Chairmanship for ARC; and
vi. Review on the Key Performance Indicators of the GCEO.

The NRC comprises of three (3) Directors, two (2) of whom are Independent Directors.

Overall, there were six (6) meetings held for the financial year ended 31 December 2018 as follows:

BPHB Nomination and Remuneration Committee (NRC) Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Independent Non-Executive Directors		
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup *Chairman of NRC*	6/6	100
Datuk Nozirah binti Bahari	6/6	100
Non-Independent Non-Executive Directors		
Dato Sri Fong Joo Chung	6/6	100
Average Attendance for the Year (%)		**100**

FINANCE AND INVESTMENT COMMITTEE

The FIC assists and supports the Board's responsibility to oversee and monitor the Groups' Annual Budget including revenue and expenditure. The Committee is also responsible to review and manage the capital expenditure for projects, business acquisitions and investment appraisals undertaken by the Group as well as financial performance for enhancement of profitability.

There was one (1) meeting held for the financial year ended 31 December 2018 as follows:

BPHB Finance and Investment Committee (FIC) Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Non-Independent Non-Executive Directors		
Datuk Nasarudin bin Md Idris *Chairman of FIC*	1/1	100
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin	1/1	100
Datuk Siti Zauyah binti Md Desa	1/1	100
Average Attendance for the Year (%)		**100**

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

(Pursuant to Chapter 15, Part E, Para 15.26 (b) of the Main Market Listing Requirements)

INTRODUCTION

The Board of Directors ("Board") is committed to maintain a sound risk management and internal control system.

The following statement outlines the essence and scope of the Group's risk management and internal control in year 2018.

BOARD'S RESPONSIBILITY

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

Therefore, the system can only provide reasonable, but not absolute assurance, against 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 has maintained 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 risk management and internal control environment and processes is delegated by the Board to Audit & Risk Committee ("ARC").

In specific, for Enterprise Risk Management, ARC provides oversight on risk management matters relating to activities of the Group, in respect to review, appraise and assess the efficacy of controls and progress of action plans taken to mitigate, monitor and manage overall risk exposure of the Group.

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

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

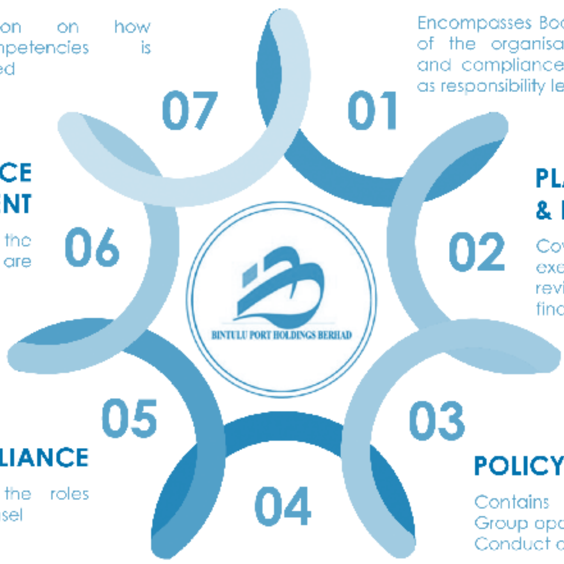
In summary, Internal Control and risk-related matters which warranted attention of the Board were recommended by the ARC to the Board for its further deliberation and approval while matters or decisions made within the ARC's purview were escalated to the Board for its notation.

Enterprise Risk Management and Internal Control Structure

Internal Control Segments	Enterprise Risk Management Segments
Authority and Responsibility	Enterprise Risk Management (ERM) Environment
Planning, Monitoring and Reporting	Materiality Assessment
Policy and Procedures	Risk Management Committee
Audit	Risk Management Function
Compliance	Risk Management Awareness Programme
Performance Measurement	Group Principal Risk Register and Profiles
Employees' Competencies	Insurance

KEY INTERNAL CONTROL SEGMENTS

All aspects of internal control are cascaded down by the Management to permeate companywide in ensuring successful implementation of risk management and internal control within the Group.



AUTHORITY & RESPONSIBILITY
Encompasses Board TORs, all structures of the organisation, internal control and compliance environment as well as responsibility levels

PLANNING, MONITORING & REPORTING
Covers budgeting and forecasting exercises, continuous performance review and appropriate application of finance functions

POLICY & PROCEDURES
Contains 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 roles played by Group Legal Counsel

PERFORMANCE MEASUREMENT
Contains information on how the performance of employees are measured

EMPLOYEES' COMPETENCIES
Contains information on how employees' competencies is continuously enhanced

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

<table>
<tr><th></th><th>SEGMENT</th><th>KEY ELEMENT</th></tr>
<tr><td>1</td><td>AUTHORITY & RESPONSIBILITY</td><td>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 when necessary:

• Audit & Risk Committee
• Nomination & Remuneration Committee
• Finance & Investment Committee

The above TOR is accessible in the website of the Group.

In addition, there are a number of committees established by the Management with specific TOR.

ORGANISATIONAL STRUCTURE

The Group has an organisational structure with formal lines of authority and accountability which 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 businesses based on the established structure and limits of authority.

The organisational structure is reviewed from time to time to address changes in business environment as well as to keep abreast of current and future trending of new technologies, products and services.

RESPONSIBILITY LEVELS

The Group has instituted the levels of authority which were approved by the Board and are subject for review from time to time to reflect the limit of authority of Management in all aspects of the Group's major business, operations and functions.

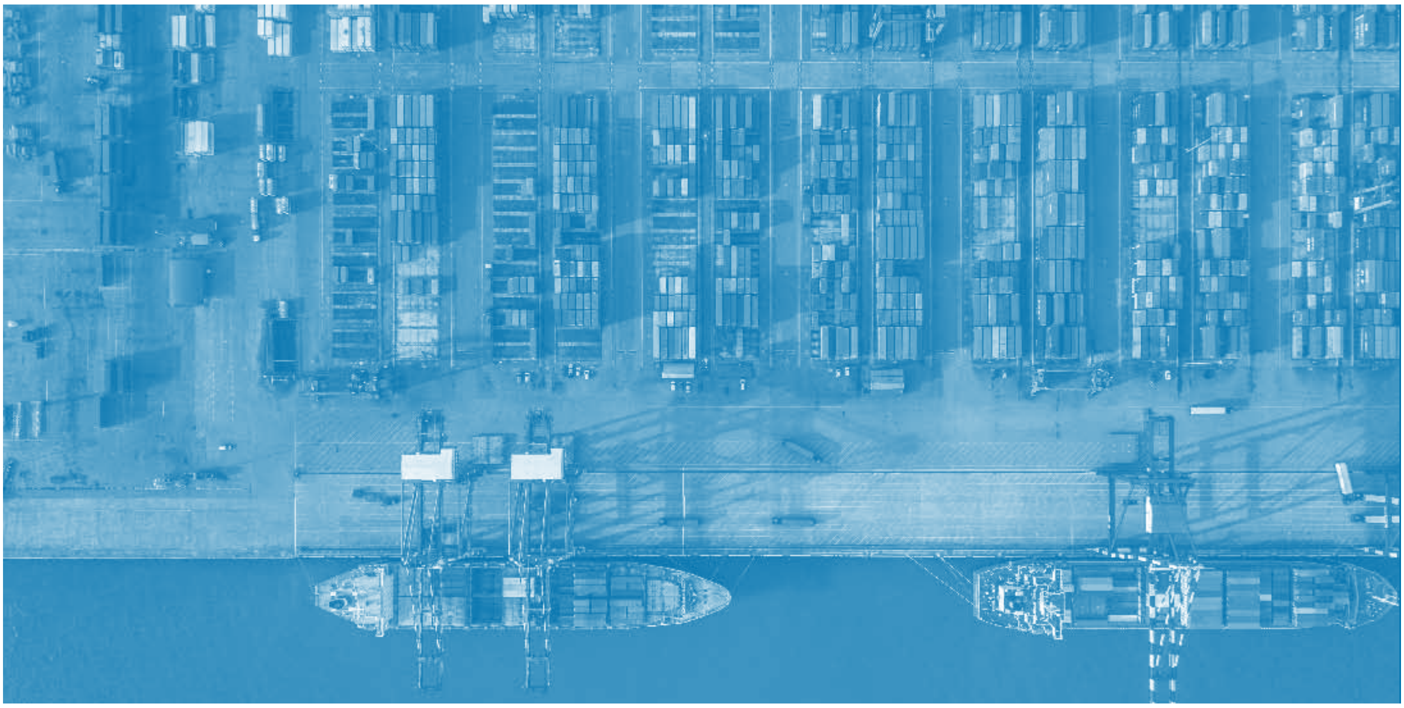
COMPLIANCE ENVIRONMENT

Each divisions and business units within the Group have established adequate compliance environment by instituting specific and dedicated function to oversee compliance matters in respect to business and operations.

INTERNAL CONTROL FRAMEWORK & POLICY

The policy was established and was approved by the Board of Directors and it is subject for review from time to time, in order to reflect changes of internal control environment that may affect the Group's business and operations.</td></tr>
</table>

	SEGMENT	KEY ELEMENT
2	**PLANNING, MONITORING & REPORTING**	**BUDGET** The Group has also performed comprehensive budgeting and forecasting exercises. An annual planning and budgetary exercise was 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 by the Board on a yearly basis. The actual performance against budget and financial performance variances is 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, the going concern basis as applied in the Annual Financial Statements and Condensed Consolidated Financial Statements of the Group is appropriate, and that prudent judgements and reasonable estimates have been made in accordance with the requirements set out in the established and adopted Financial Reporting Standards.



	SEGMENT	KEY ELEMENT
3	**POLICY & PROCEDURES**	**STANDARD OPERATION 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 standardised the relevant processes. **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 high level of discipline and integrity while executing their duties. It is the responsibility of all staff to maintain and practice the Code of Conduct as part of their accountability towards achieving the overall Group's objectives. **CUSTOMER CHARTER** The Customer Charter is a benchmark set by the Group for evaluating operational efficiency and performances towards meeting service delivery standards and customer's satisfaction. The Management is committed to ensure 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 breach of Code of Conduct and the Group's policies in a safe and confidential manner.

	SEGMENT	KEY ELEMENT
4	**AUDIT**	**INTERNAL AUDIT** The internal control practices are audited in-house by the GIA to identify any non-compliance elements of policies, procedures, regulations and standards. Any irregularity or significant finding by the GIA is reported to the ARC together with recommendations for corrective measures on timely basis. The Management is responsible to ensure that corrective actions are carried out within 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 financial statutory audit, there was audit on operational statutory compliance conducted by the government agencies, to ensure fulfilment of licenses conditions. **CERTIFICATION AUDIT** The audit was conducted by the Certification Bodies, on a scheduled-basis, to ensure continuous certification is obtained from local and international bodies including renewals.
5	**COMPLIANCE**	The role of Group Legal Counsel is to advise the Board and Management on all legal matters and manage litigations. 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 are introductions of new legislations, new terms of business or changes in existing laws relevant to the Group.
6	**PERFORMANCE MEASUREMENT**	Key Performance Indicators ("KPIs"), which are based on the Corporate and Divisional Balanced Scorecards and Individual KPIs 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 effectiveness and efficiency of stakeholder's engagements for continuous improvement.
7	**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 at the right place thereby minimising unnecessary errors or non-compliance to the established policies.

ENTERPRISE RISK MANAGEMENT SEGMENTS

INSURANCE

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

ERM ENVIRONMENT

Created an established and clear functional responsibilities and accountabilities which covers Governance, Framework and Process

GROUP PRINCIPAL RISK PROFILE

Provided an oversight for the Audit and Risk Committee during meetings

MATERIALITY ASSESSMENT

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

RISK MANAGEMENT AWARENESS PROGRAMME

Group-wide inculcation of robust risk governance and compliance culture

RISK MANAGEMENT FUNCTION

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

RISK MANAGEMENT COMMITTEE

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

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

	SEGMENT	KEY ELEMENT
1	**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 framework, process and governance which is illustrated in Table 1 – 3 of this Statement in pages 94 to 95.
2	**MATERIALITY ASSESSMENT**	Pursuant to the recommendation 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 remained significantly important to its business and are aligned to stakeholders' needs. The Group undertook a materiality assessment in 2018, comprising of a series of focus group sessions and interviews with various key internal stakeholders.
3	**RISK MANAGEMENT COMMITTEE**	The Risk Management Committee was established, comprising of members as follows: • 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 2018, there were two (2) meetings conducted and the Management planned to have a quarterly basis meeting in 2019.

	SEGMENT	KEY ELEMENT
4	**RISK MANAGEMENT FUNCTION**	The risks are viewed from and managed on a Group-wide basis and driven by a designated ERM Unit under Group Corporate Planning & Development ("GCPD"). ERM Unit is responsible for overall coordination of risk management of the Group by working closely with Risk Focal Person who undertakes monitoring and assessing risks controls in their respective Division and Department. The ERM Unit reports directly to the GCEO.
5	**RISK MANAGEMENT AWARENESS PROGRAM**	The main objectives of the program are to inculcate robust risk governance and compliance culture to all staff ranging from operational to Senior Management, which is conducted on a yearly-basis.
6	**GROUP PRINCIPAL RISK REGISTER & PROFILE**	The Group Principal Risk Register & Profile is a permanent agenda of ARC Meeting, which deliberated the following principal risks: • Strategic Risk • Financial Risk • Operation Risk • Business Environment / Hazard Risk • Information & Data Risk • Governance / Legal Risk
7	**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.

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 Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants.

Based on their review for the financial year ended 31 December 2018 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 26 February 2019.

Tan Sri Dr. Ali bin Hamsa
Chairman

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

Table 1: Framework – Linkage between Risk Management and Business Objectives

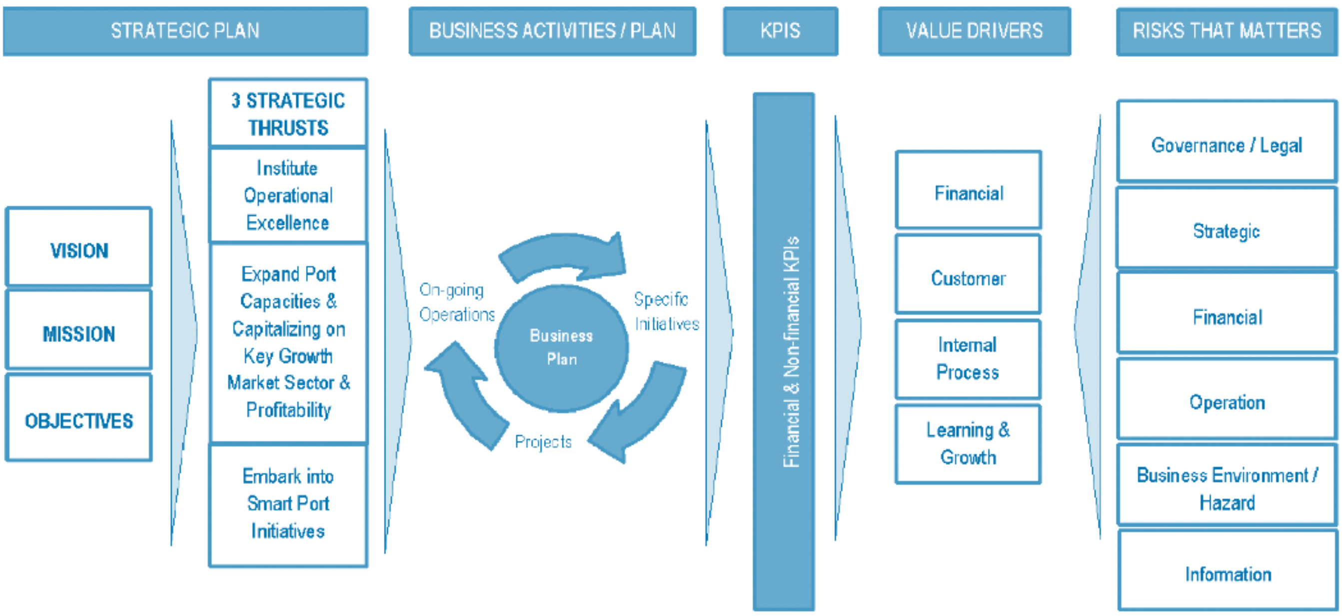


Table 2: Process – Risk Management Process Methodology

Understand Business
- Objective
- Strategy

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

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

Risk Assessment
- SWOT Analysis
- PEST Analysis
- Feasibility Study
- Impact
- Likelihood

Risk Control
- Accept
- Mitigate
- Spread
- Avoid
- Monitor

Record Keeping
- Maintain records
- Review risk quarterly, changes area of work or after incident

Table 3: Governance – Risk Monitoring and Reporting Structure

BOARD OF DIRECTORS 1
- Oversee the Risks under Corporate Risk – Red Category
- Receive and review reports on Risk Management
- To be informed of the current status of Corporate Risk under Red Category
- To give further guidance and directions based on reports on Risk Management

AUDIT AND RISK COMMITTEE 2
- Oversee the Risks under Corporate Risk – Red Category
- Receive and review reports on Risk Management
- To acknowledge any new risks or risks that registered improvement
- To acknowledge risk update and improvement under the Group that includes BPSB, BBSB and SIPSB
- To be updated on the status of the risk twice a year

MANAGEMENT LEVEL 3
- Oversees the Risks at Divisional Level
- Oversees plans for risk assessment, monitoring and mitigation that include current control strategies and actions plans
- Updates the Audit Committee/Board of Directors on the risk assessment and mitigation
- Determine the Corporate Risk based on the impact and likelihood

ERM UNIT (under Group Corporate Planning and Development) 4
- Update Risk Profiles quarterly
- Coordinate updates of Risk Profiles together with Risk Focal Person
- Conduct Risk Assessment Analysis based on Projects

RISK FOCAL PERSON/RISK OWNER 5
- To ensure mitigation measures and action plan are undertaken
- Liaison person in providing feedback on new risk

Nurturing Sustainability

CORPORATE SUSTAINABILITY STATEMENT

"The new Group vision, mission and corporate values was constructed in such a way as to be more specific on its statement of purpose covering business operation, service delivery, business ventures, innovation and sustainability, and serving all stakeholders"

Bintulu Port Holdings Berhad and its subsidiaries ("BPHB" or "the Group") continues to advance its mission statement of ensuring long term sustainability on 3Ps (Profits, People, Planet) in the Group's business operations with the objective of carrying out investments and operations in a responsible and diligent way which maximises shareholder value over the long-term based on 3Ps. Our principles enable us to grow our business to achieve its fullest potential and in turn become a sustainable port that contributes to the economic, environmental and social (EES) progress of the Group and its stakeholders.

This Sustainability Statement, the third the Group has published, has been prepared in accordance with the requirements set out by the Sustainability Reporting Guide published by Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The format that we have adopted this year aligns with the Global Reporting Initiative ("GRI") Standards, a transition from the previous GRI G4 Guidelines. The GRI Content Index can be found at the end of the report.

BPSB

BBSB

SIPSB

SCOPE OF REPORTING [103-1]

The information provided herein encompasses the operations of BPHB and our three (3) subsidiaries, which are operating in Bintulu and Samalaju in Sarawak, Malaysia. These subsidiaries, namely Bintulu Port Sdn. Bhd. (BPSB), Samalaju Industrial Port Sdn. Bhd. (SIPSB), and Biport Bulkers Sdn. Bhd. (BBSB), have significant indirect and direct impacts on the sustainable development of our business. By focusing on a specific scope of our operations, we are able to identify risks or opportunities that may affect our sustainable business growth.

SUSTAINABILITY STRATEGY AND ROADMAP

At BPHB, we have taken necessary steps to ensure that our environment, communities, people and port are positioned for continued success for years to come. The sustainable orientation of our Company is firmly anchored upon our business strategy. We aim to be the pioneer of sustainable ports by adopting an effective sustainability governing and measurement system. In this year of reporting, we have included a team from Group Finance in our governance structure to facilitate the setting of goals and strategy for the Group's overall sustainability programme. Our aspirations of becoming a sustainable port are based on our three (3) strategic thrusts; Delivering Operational Excellence, Expanding Port Capacities and Capitalising on Key Growth Market Sector, and Profitability and Embarking into Smart Port Initiatives, which are supported by our corporate values of teamwork, integrity, innovation and professionalism. The reporting for the year 2018 would be more comprehensive than that for the year 2017 as several new features will be incorporated (refer to Figure 1.0).

2017	2018	2019
Sustainability Report	Sustainability Report	Sustainability Report
Formalised a governance structure for sustainability	Included Group Finance in the governance structure	Adopt Sustainability Policy
Used G4 guidelines as the reporting framework	Used GRI Standards as the reporting framework	Set KPIs for the following two material sustainability matters:
Established the Sustainability Development Goals Focus Areas (i.e. 6 SDGs)	Mapped BPHB's sustainability initiatives to the selected SDGs	1) Occupational Health and Safety
Covered disclosures that reflected the identified material sustainability matters	Set KPIs for the following two material sustainability matters:	2) Environmental Monitoring
	1) Procurement Practices - Total value of tenders awarded to local companies for the financial year	3) Training and Education - Employees receiving regular performance and career development reviews in percentage.

Figure 1.0

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations' SDGs set out a plan of action needed to address areas of critical importance for humanity and the planet by the year 2030. Achieving these tasks will require collaboration between civil society, governments, private sector, non-governmental organisations and public.

BPHB has identified six (6) of the 17 Sustainable Development Goals (SDG) as being significant to our business operations (refer to Figure 1.1). We have aligned our Business Strategy (2016–2030) with these and incorporated them into our daily operations. These goals represent the greatest opportunity for BPHB to contribute towards the sustainable development agenda, and we continue to develop our approach on how best to achieve them.

Today, our sustainability team is providing support to all units in the development and execution of their plans and is continuously monitoring the progress of these plans.

Ensure healthy lives and promote well-being.	Ensure sustainable consumption and production patterns.
Promote sustained, inclusive and sustainable economic growth, as well as full and productive employment.	Conserve and sustainably use the oceans, seas and marine resources for sustainable develpment.
Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	Promote peaceful and inclusive societies for sustainable development, provide access to justice and build effective, accountable and inclusive institutions.

Figure 1.1

GOVERNANCE AND SUSTAINABILITY [102-18]

Sustainability leadership is vital for ensuring that the agenda of sustainability is integrated into our business operations in an effective manner. Our Sustainability Committee, which implements our sustainability vision, is tasked with spurring the Group to fine tune its sustainability initiatives. The Group's Sustainability Committee is a cross-departmental committee comprising Group Corporate Planning and Development (including Sustainability Department); Group Human Resource Management; Group Health, Safety and Environment; Group Corporate Services; and Group Finance. Together, these departments have joined forces to identify material sustainability matters and implement the Group's strategic plan for sustainability. The Group's Sustainability Committee is responsible in managing sustainability, which includes addressing the EES risks and opportunities that arise from our business operations. The Sustainability Committee reports to the Group Chief Executive Officer (GCEO), who oversees the Sustainability Committee and updates the Board of Directors at the apex of the governance structure.

In FY2018, the Sustainability Committee held three (3) committee meetings. The meetings were held to formalise the governance structure; the inclusion of Group Finance and the re-arrangement of Sustainability Department from under Group Corporate Services to under Group Corporate Planning and Development, to review and finalise the 2017 Sustainability Report and to discuss the pre-assurance exercise for the sustainability report.

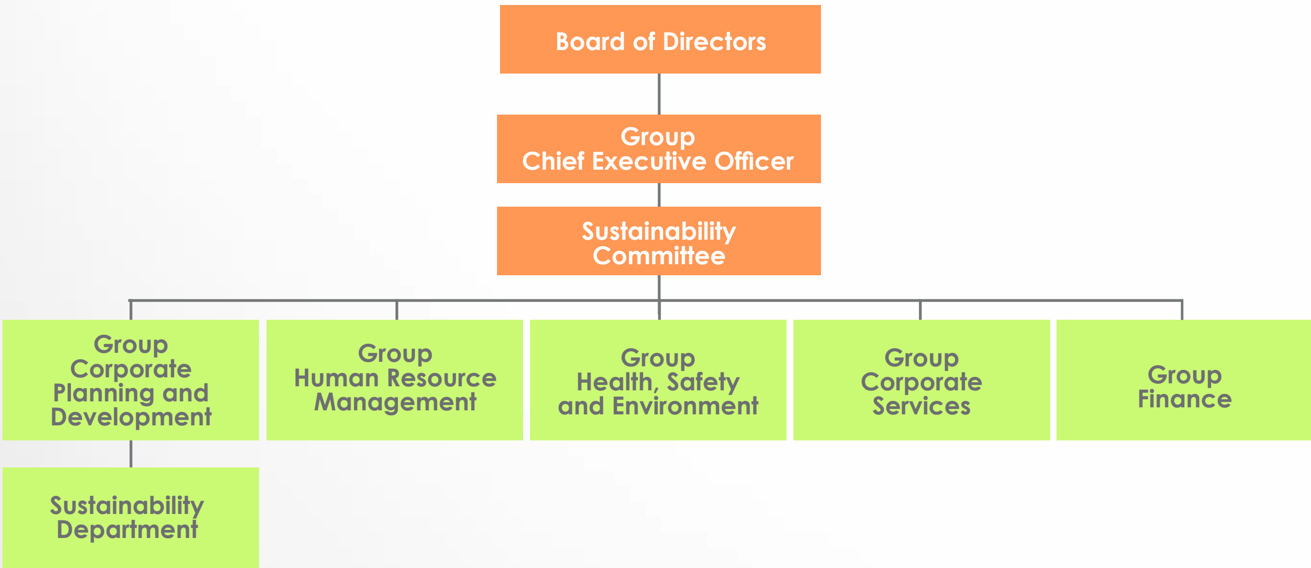


Figure 1.2

The roles and responsibilities of the Sustainability Committee are defined in Figure 1.3 below:

Board of Directors	Group Chief Executive Officer	Sustainability Committee
Sets clear objectives and relevance of sustainability within the Group	Oversees the progress of the Sustainability Committee	Develops internal documents on sustainability such as sustainability policies and strategies
Provides strategic guidance and oversees the sustainability management	Reports to the Board of Directors	Develops and prioritises material sustainability matters
Issues the final approval on sustainability matters		Identifies the role of the highest governance body in setting sustainability purpose, values and strategies
		Identifies the role of highest governance body or person responsible for identifying, evaluating, monitoring and managing economic, environmental and social risk and opportunities.
		Reports to the Group Chief Executive Officer

Figure 1.3

ENGAGING OUR STAKEHOLDERS [104-43]

We define stakeholders as entities or individuals that have an impact on our business or whom may be impacted by our business. The Group believes in nurturing good relationships with both our internal and external stakeholders in order for our business operations to run smoothly. Our Management and Sustainability Committee have identified and refined these main stakeholder groups comprising employees, shareholders, banks and investors, regulatory authorities and certification bodies, customers, vendors and suppliers, maritime community, local community, as well as media.

Our regulatory authorities and certification bodies comprised of the following:

List of Regulatory and Certification Bodies

- Bintulu Port Authority (BPA)
- Samalaju Port Authority (SPA)
- Royal Malaysian Customs Department (RMCD)
- Securities Commission Malaysia (SC)
- Immigration Department of Malaysia
- Department of Safety and Health (DOSH)
- Malaysia Palm Oil Board (MPOB)
- Department of Environment (DOE)
- Department of Irrigation and Drainage (DID)
- Ministry of Transport
- Marine Department of Malaysia
- Bursa Malaysia Securities Berhad
- Bintulu Development Authority (BDA)
- Malaysia Maritime Enforcement Agency (MMEA)
- Fire and Rescue Department of Malaysia (FRDM)
- Royal Malaysia Police (RMP)
- Department of Labour Sarawak
- Ministry of Domestic Trade and Consumer Affairs (KPDNHEP)

Figure 1.4

The area of interest and expectations of our diverse stakeholder groups, the methods of engagement, and the frequency of engagement are disclosed in the table below. For this reporting year, we expand our engagement by including media as one of our stakeholders. The media is an important stakeholder as they help in shaping consumer attitudes towards our business.

STAKEHOLDER GROUP	AREA OF INTEREST/ EXPECTATIONS	METHOD OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
EMPLOYEES	• Professional development • Work-life balance • Occupational Health and Safety	Satisfaction survey	Annually
		Corporate Health, Safety and Environment (HSE) Week	Annually
SHAREHOLDERS	• Financial performance • Business continuity plan	Annual General Meeting	Annually
		Shareholdings analysis	Monthly
BANKS AND INVESTORS	• Financial performance • Business transparency	Investor Relations Programme	Quarterly
		Group financial announcement	Quarterly
		Financial analysis	As and when required
		Interfacing sessions	As and when required
REGULATORY AUTHORITIES AND CERTIFICATION BODIES	• Roles of regulators and operators • Compliance • Port security • Standards and certifications	Management meeting	Periodically
		Sharing session	Periodically
		Joint exhibition	As and when the programme is held
		Environmental monitoring	Quarterly
		Site inspection and audits	Periodically
		Seminars, briefing and training	Periodically
		Provides brochures on seminars, briefings and training to board of directors	As and when the seminars, briefings and training are available
		Training to board of directors on new rules, law and regulations (i.e. changes to Companies Act 2016 and Accounting Standards)	Annually
CUSTOMERS	• Business opportunity • Service quality • Timely delivery • Pricing of service • Safety and security of the cargo • Prevention of cargo contamination	Customer Insight Group and Customer Retention Programme	Regularly
		Customer Satisfaction Survey	Annually
		Customer Appreciation Night	Once in two years
		Berthing meetings	Daily
		Focus Group Sessions (Townhall, Individual Sessions)	Periodically

STAKEHOLDER GROUP	AREA OF INTEREST/ EXPECTATIONS	METHOD OF ENGAGEMENT	FREQUENCY OF ENGAGEMENT
VENDORS AND SUPPLIERS	• Project scope and payment schedule • Pricing of services • Health and safety	Vendor registration Contract negotiations Safety induction briefings Sharing session with bumiputera suppliers Site visits	As and when required As and when required Periodically Annually Periodically
MARITIME COMMUNITY • Malaysia Shipowners' Association (MASA)	• Compliance • New business opportunities • Integrated logistics and maritime-related services	Seminars and conferences Networking events	Annually Annually
LOCAL COMMUNITY	• Economic well-being • Safety and health • Impact of operations on surrounding communities and environment • Employment opportunities	Sponsorship, financial assistance & charity Industrial training CSR Programmes Recruiting from impacted communities Visits, seminars and joint activities	Periodically Periodically Annually As and when required Periodically
MEDIA	• Long-term relationship building • Impact to community • Awareness and promotion	Press releases Media coverage Media Get-Together	As and when the events/programmes are conducted/ implemented As and when the events/programmes are conducted/ implemented and when required Annually

Figure 1.5

SUSTAINABILITY MATTERS [102-47]

Managing our sustainability matters and continuously improving our business are of the utmost importance to BPHB. To this end, we have identified and prioritised the material matters that have significant impact on the EES aspects of our business. Material sustainability matters are identified based on the importance of the material issues to our stakeholder groups and importance to our business operations. For the 2018 reporting year, we maintained and made slight modifications to the sustainability matters that were identified in 2017 – from 23 material issues based on the GRI G4 Guidelines in 2017, we now have 22 material issues for 2018 based on the GRI Standards. The minor alterations were the inclusion of the material issue of Air Quality into the Environmental Monitoring category, and the replacement of financial performance with economic performance. Subsequently, we have prioritised 10 material issues from the materiality assessment; economic performance, operational efficiency (including vessel turnaround time), port security, human resource development, customer satisfaction, legal and regulatory compliance, occupational health and safety, corporate governance and transparency, ethics and integrity, and environmental monitoring.

BPHB's materiality assessment was undertaken with our Management Team, Sustainability Committee and internal stakeholders from within the Group using the weighted ranking method. The results of the materiality assessment for the Group are illustrated below.

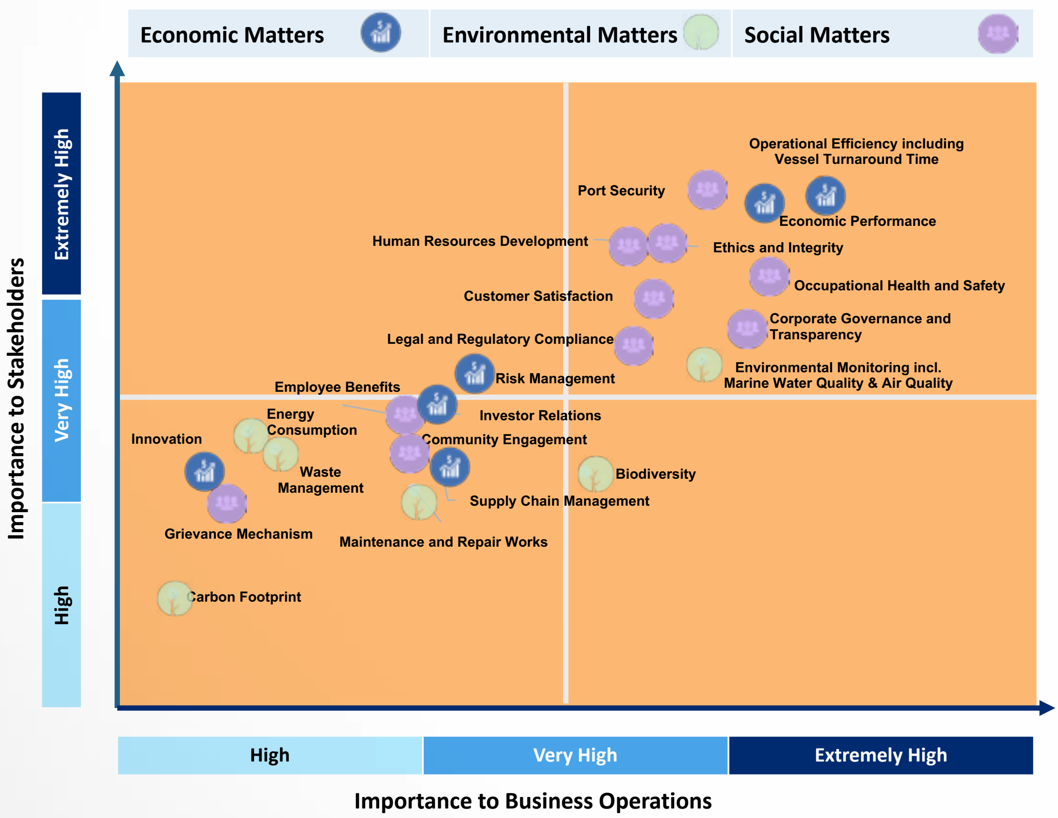


Figure 1.6

MATERIAL SUSTAINABILITY MAP

We have mapped the 22 sustainability matters to the GRI indicator and the United Nations Sustainable Development Goals (SDGs) as presented in Figure 1.7 below.

Material Sustainability Matters	Stakeholder Group(s)	GRI Indicator	SDG
Economic Performance	Employees, Shareholders, Banks and Investors	Economic Performance	8
Supply Chain Management	Vendors and Supplier	General Disclosures	8
Operational Efficiency (including Vessel Turnaround Time)	Customers, Employees, Shareholders	Economic Performance	8
Innovation	Employees, Shareholders	Economic Performance	9
Investors Relations	Shareholders, Banks and Investors	General Disclosures	8
Environmental Monitoring including Marine Water Quality & Air Quality	Regulatory Authorities, Local Community, Maritime Community	Environmental Compliance	3, 14
Biodiversity	Local Community, Regulatory Authorities	Biodiversity	14
Maintenance and Repair Works	Customers, Vendors and Suppliers	Effluent and Waste	3, 14, 9
Waste Management	Regulatory Authorities	Effluent and Waste	12
Energy Consumption	Regulatory Authorities	Energy	12
Carbon Footprint	Regulatory Authorities, Maritime Community	Emissions	3
Human Resource Development	Employees	Training and Education	3
Occupational Health and Safety	All Stakeholders	Occupational Health and Safety	3
Customer Satisfaction	Customers, Employees, Shareholders	Customer Health and Safety	3
Port Security	Customers, Regulatory Authorities, Maritime Community	Occupational Health and Safety	8
Community Engagement	Local Community	Local Communities	3
Employee Benefits	Employees	Market Presence	3, 8
Grievance Mechanism	Employees, Customers, Local Community	General Disclosures	8
Ethics and Integrity	Employees, Customers, Regulatory Authorities, Vendors and Suppliers	Anti-Corruption	16
Governance	Employees, Shareholders	General Disclosures	16
Legal and Regulatory Compliance	Employees, Customers, Regulatory Authorities, Maritime Community	Socio-Economic Compliance	16
Risk Management	Employees, Customers, Shareholders	General Disclosures	8

Figure 1.7

LEADING PORT OPERATOR

Relevant SDG Goal

BPHB is commited in promoting sustainable economic growth, decent work, transparency and fostering innovation.

2018 was an eventful year for BPHB, marked by our tireless efforts to strengthen our economic sustainability and become a leading sustainable port operator. Each year, we endeavour to contribute to the local economy, to increase our port efficiency, as well as to meet and exceed our customers' expectations.

CORPORATE GOVERNANCE AND TRANSPARENCY

The respect for human rights and ethical business practices is a priority. We adhere to national laws and implement strict governing within the Group to address the potential risks in advance.

Code of Conduct

A code of conduct has a value as both an internal guideline and external statement of corporate values and commitments. A well-written Code of Conduct clarifies BPHB mission, values and principles, linking the Group with standards of professional conduct. Both of our Code of Conduct and Whistleblowing Policy are accessible in the employees' official network as a central guide and reference for employees to support day-to-day decision making.

Whistleblowing Policy

Our whistle blowing policy that has been put in place is a channel for our employees or stakeholders to report or disclose any genuine concern about improper conduct at BPHB. The report can be made either by filling up the Whistleblower Report Form, email, E-form or through writing. We are aware of sensitivity of information and strive to take the measures necessary to protect the identity of individuals concerned. The objectives of Whistleblowing Policy are:

- To provide an avenue for all employees of BPHB and members of the public to disclose any improper conduct in accordance with the procedures as provided for under this Policy;
- To enable Management to keep tab of any misconducts of its employees that would not otherwise be known to the Management;
- To reassure employees' privacy and wellbeing are protected upon disclosing concerns in good faith in accordance with this procedure (to provide protection for employees and members of the public who report such allegations);
- To help develop a culture of openness, accountability and integrity; and
- To encourage directors and employees to maintain high ethical standards.

Grievance Procedure

BPHB is committed to provide a transparent and open process for employees to bring workplace concerns to upper levels of management. BPHB ensures that all grievances will be dealt with fairness and in timely manner.

The complaint must be written within the time specified which is referred to by their immediate superior. If no consensus concluded after series of discussion with the Management, complaint 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 they raise their compliant directly to the Management. The Collective Agreement between Bintulu Port Sdn. Bhd. and Kesatuan Sekerja Kakitangan Bintulu Port Sdn. Bhd. is renewed every three (3) years and covers areas such as salary, allowances, benefits, and many more, as agreed by both parties.

An employee can also issue 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 procedure, leave and other benefits agreed by both parties.

BPHB also conduct daily berthing meeting as one of our effort in dissolving and 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 and the Cargo Handling Services Division.

Risk Management [103-30]

All business operations are risky and with a proper risk management in place, it may lead to value creation and new opportunities. At BPHB, we strive to handle risks in appropriate manner that includes identifying and valuing the risks. Our port operations are certified with ISO 9001 and MS ISO/IEC 27001:2013 which address risk management and information security management of our business operations. Our business risks are monitored and analysed continuously, resulting in a set of action plans set by the Management, where certain risks is tackled, reduced or entirely avoided.

ECONOMIC PERFORMANCE [201-1, 201-3]

The economic facet is an essential element for the growth of BPHB's corporate sustainability. For this reporting year, the Group has gained a substantial rise in most areas of its operation, including financial and recognition. We have consistently drive sustainability in our business operations and constantly ensuring a beneficial returns for all of our stakeholders. For a comprehensive presentation of our financial results and highlights, please refer to the Performance Review section of this Annual Report.

SUPPLY CHAIN MANAGEMENT [102-9, 204-1]

Procurement Practices

In accordance with the Group's sustainability agenda, our procurement policy is directed towards securing the best value for money in the procurement of goods, assets and services for the Group.

Towards this end, unless otherwise permitted by our rules, procurement is carried out through a fair but competitive bidding process and a careful and transparent evaluation of all bids. We solicit bids from entities with good financial and contractual performance records and which are registered with government bodies like the Construction Industry Development Board (CIDB), Ministry of Finance (MoF), State Financial Secretary Office, Unit Pendaftaran Kontraktor dan Juruperunding (UPK/UPKJ) etc.

In line with Government policies, we promote Bumiputra participation in our procurement process and provide opportunities towards assisting Bumiputras and their Companies in their own business and skills development programmes.

Our procurement practices are also geared towards supporting Sarawak-based companies especially those operating in Bintulu.

We interact constantly with our goods and service providers so as to sustain a long-term business relationship with them for the mutual benefit of all parties.

OPERATIONAL EFFICIENCY [103]

In gauging BPHB's operational performance, two primary measures are taken into consideration – cargo handling per ship and ship turnaround time. There are two (2) methods of cargo handling practised by the Group – tonnage of cargo handled per crane hour and general cargo in terms of tonnage per gang hour; whereas at SIPSB, productivity is measured by tonne per day per vessel.

Cargo Handling Productivity

BPSB

To achieve sustainable operations, we strive to achieve our operational target or to exceed our annual target. Our target for this year remains the same as in 2017. We are proud to present our FY2018 productivity performance that has surpassed our annual target except for our container cargo handling that falls short of the annual target. This is due to the containerised cargo challenges of limited wharf length, bigger container vessel that contributes to wharf congestion, increased in container volume, high turnover of outsourced terminal equipment operator, aging equipment and lastly equipment breakdown.

	Annual Target	2017	2018
Cargo Handling			
Container (Gross moves/Crane hour) Main-Line Operator (MLO)	26	29	24
General Cargo (Tonne/Gang hour)	40	41	53
Dry Bulk (Tonne/Day)			
Bulk Fertiliser	4,000	3,948	4,715
Palm Kernel Expeller	6,000	6,106	6,451
Woodchip	10,000	11,387	12,307
Palm Oil (Tonne/Hour)	350	385	381

Figure 1.8

The illustration below summarised the containerised cargo challenges faced by BPSB.

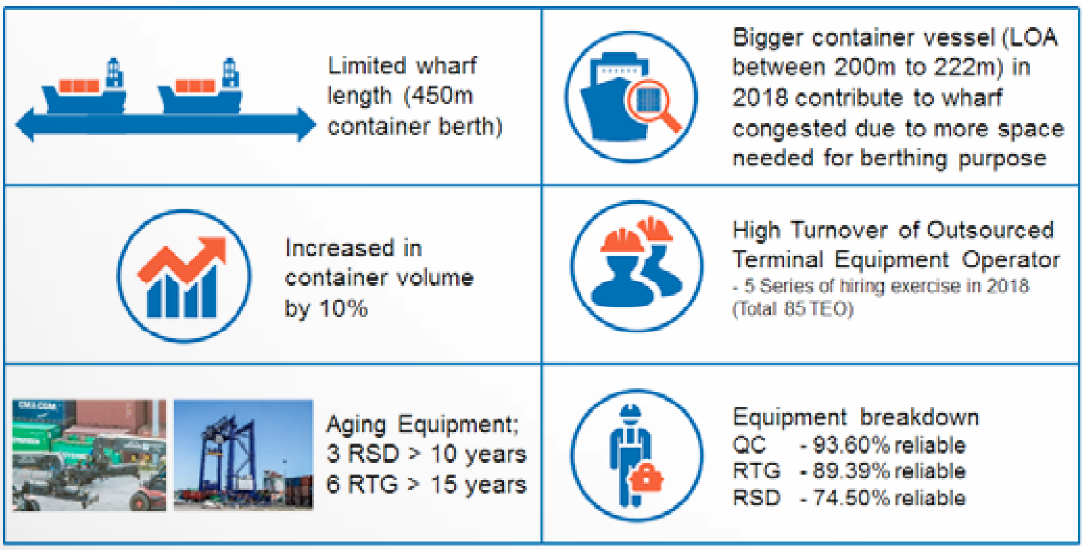


Figure 1.9

SIPSB

SIPSB remains committed to enhancing the customer service experience and achieving all of its customers' expectations. On this account, SIPSB's cargo productivity valuation differs from BPSB's in terms of the measurement used i.e. tonne per day per vessel. For 2018, SIPSB surpassed all its Customer Charter Targets. The table below highlights the average cargo productivity numbers at SIPSB.

Cargo Type	Customer Charter Target	2017	2018
Alumina	5,000	Not Applicable	5,709
Silica Quartz	6,000	Not Applicable	6,674
Manganese Ore	6,000	Not Applicable	7,157

Figure 1.10

Vessel Turnaround Time

When it comes to ocean freight, port efficiency is measured based on the turnaround time of vessel. 'Turnaround time' relates to the time taken between the arrival of a vessel and its departure from port, while 'berth' is defined as a place in which a vessel is moored or secured. For the 2018 reporting year, we are pleased to highlight that our ship turnaround time at berth was only 17 hours with 100% provision of marine services. Our performance for the year 2018 in relation to ship turnaround time at berth and provision of marine services has improved consistently in comparison to the years 2016 and 2017. As we work towards becoming a sustainable port, we will endeavour to provide only the best operational management services and facilities to our customers as these are the critical contribution factors defining port efficiency.

Performance	2016	2017	2018
Ship Turnaround Time at Berth (Hours)	20	19	18
Provision of Marine Services (%)	99.96	99.98	100

Figure 1.11

Customer Satisfaction [102-43, 102-44]

BPHB is devoted to the highest level of excellence to ensure optimum customer satisfaction. In order to evaluate and keep track of customer satisfaction in relation to our business operations, the Group has tasked a specific team at every subsidiary to conduct a customer satisfaction survey annually. Our Customer Satisfaction Index (CSI) is divided into internal customer, which comprised of BPHB's staff and external customer, which is port users. The CSI Survey serves as an assessment to measure our customers' satisfaction level pertaining to our services. The annual survey is conducted every October, and is divided into two categories, namely the support services and operational services categories.

2018 Customer Survey

For the year 2018, the Group achieved a 70.0% satisfaction for Internal Customer Satisfaction Index (I-CSI), and 70.1% for External Customer Satisfaction Index Survey (E-CSI).

Table below shows the CSI result for the past 3 years. We have yet to meet our target of 80.0% satisfaction rate and therefore, we are committed in working towards improving our I-CSI and E-CSI. In propelling the Group's index rate, operational excellence has become our key factor in order to meet or surpass our customer satisfaction whilst ensuring continuity of our business growth.

Performance	2016	2017	2018
Internal Customer Satisfaction Index (I-CSI)	70.5%	70.1%	70.0%
External Customer Satisfaction Index (E-CSI)	73.0%	71.0%	70.1%

Figure 1.12

INNOVATION [103]

Awards and Accolades

Today's businesses operate amidst a volatile operating environment and within dynamic markets. Many challenges raised from new environmental and social considerations which demand for innovative solutions. Innovation is crucial for increasing productivity and ensuring new business development so that a business like BPHB's remain resilient and grow sustainably.

Winning Team


Kirei Team


Pixel Team


Prokarisma Juniorr

Innovation, being one of BPHB's competitive advantages, supports our processes, teams and solutions, and in turn, promotes the competitiveness of our Group. Our dedicated innovation team continuously strives to reappraise our systems and identify critical business differentiators. We are proud to highlight that we received three (3) awards in recognition of the innovative approaches that we implemented on the operational front in 2018.

On 10 April 2018, we participated in the Mini Convention on Team Excellence (MTEx) 2018 Wilayah Sarawak at Hilton Hotel Kuching. The MTEx serves as a platform for quality experts, quality circle practitioners and enthusiasts to learn from the experiences and good practices of outstanding organisations and teams. We sent our teams, Kirei, Pixel and Prokarisma Juniorr, to present our innovated systems. Our systems went on to win Gold medals and proceeded to the final stage of the event at Konvensyen Team Excellence Peringkat Kebangsaan 2018 during the Annual Productivity & Innovation Conference and Exposition (APIC). Our award-winning innovation systems are listed below.

1. GROUP NAME: KIREI		**AWARD**
DESIGNATION	TECHNICAL SERVICES, BPSB	1. **Konvensyen Mini Team Excellence Wilayah Sarawak 2018** on 10 April 2018 at Hilton Hotel Kuching **Award: GOLD** 2. **Konvensyen Team Excellence Wilayah Sabah & Sarawak 2018** on 1-2 August 2018 at Pacific Sutera Hotel, Kota Kinabalu **Award: GOLD** 3. **Konvensyen Team Excellence Peringkat Kebangsaan 2018 at Annual Productivity & Innovation Conference and Exposition (APIC) 2018** on 13-15 November 2018 at Sunway Pyramid Convention Centre, Kuala Lumpur **Award: GOLD - 5 STAR**
PROJECT TOPIC	**FREQUENCY OF DAMAGES (RUST) IN COMPANY'S VEHICLE UNDERCARRIAGE**	
PROJECT BACKGROUND	The Company's vehicle is an important asset being used for monitoring at the dry bulk cargo loading area. The damage (rust) undercarriage of the vehicle is the biggest challenge to the Technical Services Division. This group has taken the initiative to extend the lifespan of the vehicle by introducing KIREI POWER WASHER 1.0. This innovation is capable of minimising the damage caused by rust under the company's vehicle.	
INNOVATION NAME	**KIREI POWER WASHER 1.0**	
PROJECT IMPLEMENTATION	This project has been implemented and shown some cost saving.	

2. GROUP NAME: PIXEL		**AWARD**
DESIGNATION	INFORMATION TECHNOLOGY GROUP, BPHB	1. **Konvensyen Mini Team Excellence Wilayah Sarawak 2018** on 10 April 2018 at Hilton Hotel Kuching **Award: GOLD** 2. **Konvensyen Team Excellence Wilayah Sabah & Sarawak 2018** on 1-2 August 2018 at Pacific Sutera Hotel, Kota Kinabalu **Award: GOLD** 3. **Konvensyen Team Excellence Peringkat Kebangsaan 2018 at Annual Productivity & Innovation Conference and Exposition (APIC) 2018** on 13-15 November 2018 at Sunway Pyramid Convention Centre, Kuala Lumpur **Award: GOLD - 4 STAR**
PROJECT TOPIC	**IMPROVING CLIENT COMMUNICATION**	
PROJECT BACKGROUND	There are various medium in reporting complaints related to IT (Hardware/Software/Equipment/Network/System) through the CMMS System, email, telephone and orally. This situation causes the process of managing complaints to be complicated and difficult to monitor. Users often complain that their feedback is treated and resolved in a slow manner. For this reason, Group Information Technology has taken the initiative to create a centralised mobile apps-based channel to facilitate the management of complaints and to make Group Information Technology services more efficient.	
INNOVATION NAME	**EVER.HELP (Helpdesk Mobile Apps)**	
PROJECT IMPLEMENTATION	This project has been implemented and has ensured time saving.	

3. GROUP NAME: PROKARISMA JUNIORR		**AWARD**
DESIGNATION	CARGO CONTROL SERVICE, BPSB (DBCO)	1. **Konvensyen Team Excellence Wilayah Sabah & Sarawak 2018** on 1–2 August 2018 at Pacific Sutera Hotel, Kota Kinabalu **Award: GOLD** 2. **Konvensyen Team Excellence Peringkat Kebangsaan 2018 at Annual Productivity & Innovation Conference and Exposition (APIC) 2018** on 13–15 November 2018 at Sunway Pyramid Convention Centre, Kuala Lumpur **Award: GOLD - 4 STAR**
PROJECT TOPIC	**NON-SYSTEMATIC DOCUMENTATION MANAGEMENT FOR HACCP & GMP + B3 CERTIFICATION**	
PROJECT BACKGROUND	• Keeps important documents from going missing • The document storage system will be more systematic • Searching for documents during audit will be easier for HACCP & GMP + B3 certification	
INNOVATION NAME	**PJ FILING SYSTEM 1.0**	
PROJECT IMPLEMENTATION	• Files are more organised • Facilitates staff retrieving files during audits in shorter time • Maintain optimum HACCP and GMP + B3 certification at ports • Improved operational efficiency	

Smart Digital Green Port (SDGP)

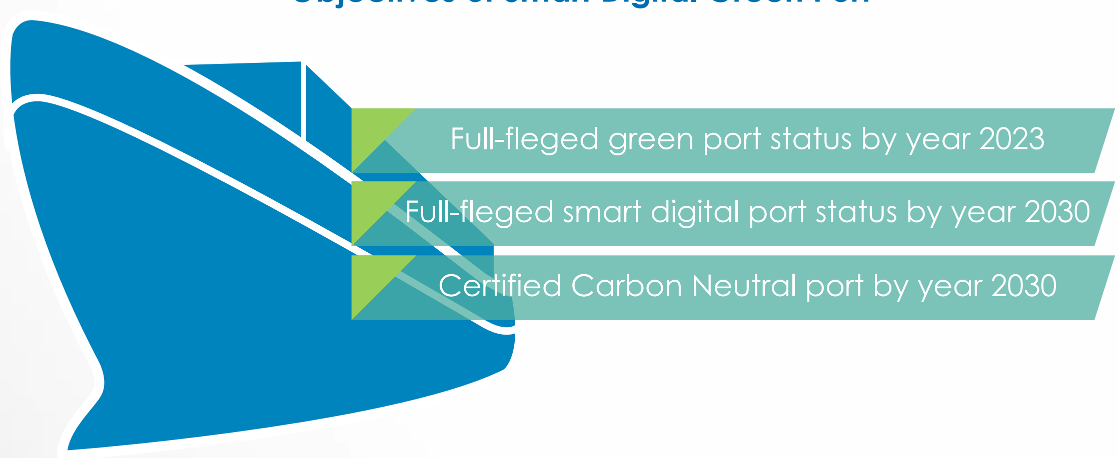
Smart Digital Green Port (SDGP) means valuing sustainability and, for any business entity, this is the key to future development and sustainable success. The SDGP Blueprint outlines the programmes and projects relevant to all stakeholders in a comprehensive and structured manner. It serves as a guideline for the implementation of all actions with clear strategic direction, objectives and expected outcomes. Our strategic direction touches upon the logistic frameworks, industry trends and movements, and critical supply chain requirements. It also covers winning points such as strategic location, port efficiency, adequate infrastructure, connectivity and range of services provided.

Today, BPHB is playing a vital role in the regional and national economy by enabling trading gateways to the rest of the world. This in turn is making a massive impact on local supply chains and communities. As digital processes and smart solutions steer the maritime industry into a new age, we are also mindful of the need to embrace digitalisation.

With many ports around the world shifting to greener and more efficient practices with the help of technology, the Group is determined to contribute towards sustainable port development. Bintulu Port Authority (BPA) as the driver of the smart digital Green Port initiatives has collaborated with BPHB in realising the transformation of the Group into a Smart Digital Green Port (SDGP) by 2030.

Our strategies and on-going efforts towards a green port proved to be on the right track as on 15 November 2018, Bintulu Port was announced the winner of the 'Green Port Award System (GPAS) for Year 2017' during the APEC Port Services Network (APSN) Port Connectivity Forum in Singapore. The GPAS Award is a green evaluation system that recognises the contribution of port operators and administrations towards sustainable port development.

Objectives of Smart Digital Green Port



For an intensive approach, we have divided the parties involved in SDGP Blueprint implementation into two (2) groups, namely the SDGP Committee and other stakeholders. The SDGP Committee's mandate and purpose is outlined in Figure 1.13 below.

BINTULU SDGP COMMITTEE
A multi discipline committee with the Bintulu Port GM or his representative as the chair;
Representatives from the Port Operator;
Representatives from the Sustainability Team, and port departments responsible for operation, legal, human resource, SHE, engineering and ICT;
One representative from the MoT;
One expert in SDGP from an academic institution or industry (appointed by the Bintulu Port GM);
One member from a local environmental NGO (appointed by the Bintulu Port GM);
One member from the local community nearby Bintulu Port; and
One at-large member appointed by the Bintulu Port GM depending on the needs of the committee (revolving position).

Figure 1.13

Additionally, the following stakeholders are to subscribe to the SDGP Blueprint and operate fully or partly within the boundaries of Bintulu Port.

STAKEHOLDERS

1. Bintulu Development Authority
2. Jabatan Laut Malaysia
3. Jabatan Alam Sekitar
4. Jabatan Kastam Diraja Malaysia
5. Jabatan Kesihatan Malaysia
6. Lembaga Sungai-Sungai Sarawak
7. Malaysia LNG Sdn. Bhd.
8. Asean Bintulu Fertilizer Sdn. Bhd.
9. Petronas Dagangan Berhad
10. Petronas Shell Terminal (PST)
11. Shell MDS (Malaysia) Sdn. Bhd.
12. Bintulu Adhesive & Chemicals Sdn. Bhd.
13. Murphy Oil Sdn. Bhd.
14. GMS Cement Sdn. Bhd.
15. Mastar Corporation Sdn. Bhd.
16. Syarikat Sebangun Sdn. Bhd.
17. Bacom Sdn. Bhd.
18. Behn Meyer AgriCare (M) Sdn. Bhd.
19. Best Success Bonded Store Supply Sdn. Bhd.
20. Leesing Logistics & Owner
21. Destiny Holdings Sdn. Bhd.
22. Press Metal Sarawak Sdn. Bhd.
23. Intercargo Sdn. Bhd.
24. Bintulu Container Sdn. Bhd.
25. SOP Green Energy Sdn. Bhd.

Figure 1.14

The Group has identified several projects to be rolled out under the four (4) main pillars namely Operation, Energy, Organisation, and Management and Environment. We aim to implement the SDGP Blueprint by 2019 for short-term impact, and gradually increase the time frame to three (3) years (2020–2023). For long-term impact, the SDGP Blueprint will be implemented in 2024, with a target to achieve all set goals in the blueprint by 2030.

The Group faces several challenges in implementing the SDGP Blueprint. These include:

- The need to identify relevant data to measure success under the various indicators;
- The need to bridge the gap between the academic perspective of SDGP indicators and on-the-ground supply chain requirements, operational functionality and international environmental regulations;
- Limited staff, time and resources; as well as
- Availability of data from stakeholders.

Despite of these challenges, we are confident of achieving the goals set in the Blueprint by 2030.

EMPLOYMENT AND SAFETY AT WORK

Human Resources Development [404-1, 404-2, 405-1]

At BPHB, we firmly believe in diversity and inclusiveness, and value all our employees regardless of age, race or religion. For this reporting year, the Group has a total of 1,446 employees. The figures below exhibit the composition of employees based on age and employee distribution.

Total Workforce

FY2018
1,446

Age Distribution

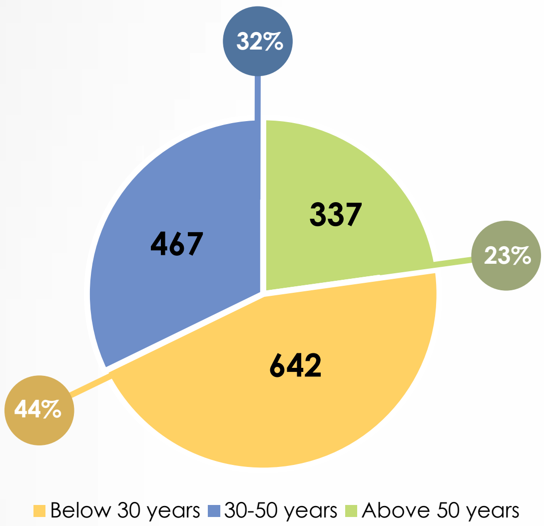


Figure 1.15

Gender Distribution

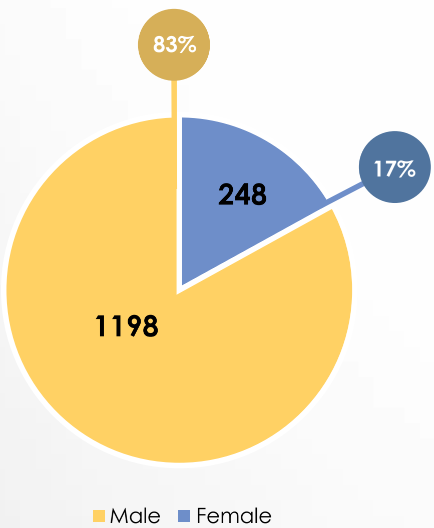


Figure 1.16

Diversity and Inclusiveness

Port operations involve tough and heavy duties; therefore young adults make up the majority of the workforce as they exude vigorousness and adaptivity. On the other hand, the middle-aged group emanates experience and endurance at the workplace, while the age group above 50 years old provides depth, insight and leadership.

It is a popular view that port operations are a male-dominated industry, however, we do not restrain or limit our total number of female employees, permitted that they are qualified with relevant skills and experience.

The figure below shows the distribution of employment categories for both genders at BPHB.

Employee Distribution

	Below 30 years		30 - 50 years		Above 50 years	
	Male	Female	Male	Female	Male	Female
Non-Executive	510	70	272	61	248	31
Executive	36	25	65	34	20	9
Management	1	0	9	13	5	2
Senior Management	0	0	12	1	20	2

Figure 1.17

Port operations involve hard labour and long shifts. Employees also need to be organised and safety-conscious at all times to avoid any undesired incidents. However, working at the Group offers exciting opportunities in career development, application of their technical and professional knowledge, and management skills.

The pie chart below shows the composition of the employment categories that comprises non-executives, executives, management and senior management.

Employment Categories

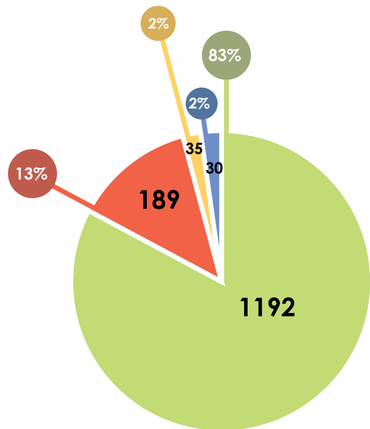


Figure 1.18

Training and Education [404-1, 404-2]

We have set in place dedicated skills and competency development programmes for our employees from all employment categories. In year 2018, we have conducted a total of 53,242 training hours, which is 68% increase in training hours compared to 2017.

	2017	2018
Total Training Hours	36,463	53,242

Figure 1.19

Table below shows the average training hours per employee undertaken by BPHB employees in 2018. For this reporting year, we have increased our employees' average training hours both in the non-mandatory and mandatory training.

Average Training Hours per Employee	2017	2018
Overall	20.19	23.92
Non-Mandatory	4.36	12.76
Mandatory	15.83	31.65

Figure 1.20

We strongly believe in our employees' capabilities and motivate them to achieve optimal level of performance. Trainings provided and personnel developments are open to all employment levels. The figure below shows the composition of the attendees according to designation.

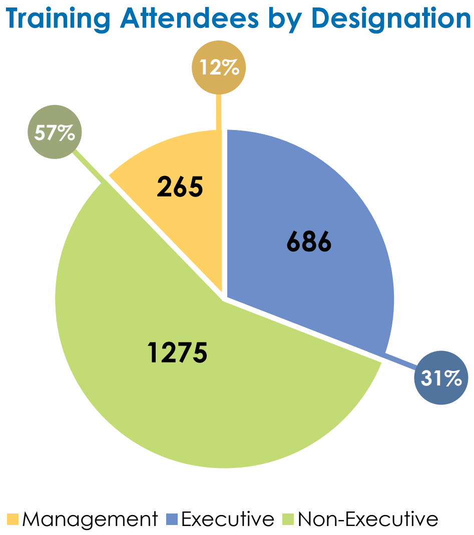


Figure 1.21

In enhancing the performance of our workforce, we conduct annual sessions and trainings internally and externally. The table below lists some of the training courses attended by our employees in 2018.

2018 Training and Professional Development Programme
Latihan Asas Forklift 4 tan
Latihan Asas Terminal Tractor (TT)
Safe and Defensive Driving
Emergency Response Team - New First Intervention
Latihan Menembak Senjatapi Model 1100 Auto Loading Remington and Pistol
HACCP and GMP + B3
Mobile Crane Operation (CMW2)
Authorised Gas Tester and Entry Supervisor for Confined Space Refresher

2018 Training and Professional Development Programme
Latihan Asas Pengendalian Reach Stacker
Emergency Response Team - Refresher First Intervention Team
OSH Contract Management
Chemical Safety, Waste and Spillage Management
Seminar on Clean Air Regulations 2014 (Car 2014): Towards Excellence
Accident Reporting and Investigation
Pilotage Simulation Training Course
Moving Ahead with ISO 45001:2018 Occupational Health & Safety Management System
Authorised Entrant and Standby Person for Confined Space (New)
Advance Fire Fighting
Radar Navigation and Radar Plotting
Separuh Masa Elektrik Chargemen L1
Certified Environmental Professional in Bag Filter Operation (CEPBFO)
Sage 300 People User Training
Proficiency in Survival Craft
Latihan Pengendalian Jentera Forklift (4t) Basic Skill – Theory, Practical and CIT
Program Kesedaran Kod ISPS dan Akta A1316 Bagi Tahun 2018 Kakitangan Pelabuhan
Master Domestic Officer <500gt On Domestic Voyage
Latihan Pengendalian Jentera Trailer Basic Skill – Theory, Practical and CIT
Basic Rigging and Slinging
Tug Master Simulator-Based Training – Module 1
Integrated ISO 9001:2015 + ISO 14001:2015 Internal Audit
ISO 45001:2018 Awareness, Transition and Implementation
Level Luffing Operation Certificate Of Competency- COC (Refresher Course)

Figure 1.22

Employee Benefits [401-1, 401-2]

The Group recognises that, having a dedicated, loyal, talented and disciplined workforce is essential to accomplish its sustainability goals. In this regard, the Group rewards its employees based upon their performance, while motivating them to improve their skills and knowledge, as well as providing them a safe, healthy and harmonious environment to work in and to take care of their well-being.

The Group's remuneration scheme is devised to provide incentives for those who not only perform creditably well in their designated tasks but at the same time, display exemplary discipline and leadership within their own department or unit, and who seek to improve their quality of service as well as able to motivate their peers to do likewise. The salary scheme is designed to retain high performers and to attract good talents to join the Group.

Training programmes and opportunities are provided to those who wish to advance their knowledge and skills in their respective fields or disciplines.

The Group also ensures that there is a conducive environment at work place for our employees to work effectively to enable them to realise their potentials and that their level of productivity meets the key performance standards set by the Group. Activities such as annual dinners, sports and retreats are organised for employees for team building and to strengthen harmony and co-operation amongst the employees.

The health, safety and welfare of the employees are always the concern of the Group. In this regard, the Group has set up kindergartens for children of our staff, has plan to establish day care facilities for their toddlers and financial assistance to employees to purchase their own houses and vehicles. The Group life insurance scheme for staff is in place, and health screening and annual medical check-up is available for staff above 50 years old and once in two (2) years for staff above 40 years old.

The well-being, career and talent or skills development of the employees are of paramount interest and concern of the Group. Therefore, the Group provides attractive remuneration scheme and other benefits or incentives to its employees, with promotion prospects for high achievers, as motivation to its employees to sustain the continued growth and success of Bintulu Port and the sustainability of the Group's business as the operator of Bintulu Port and a provider of services to port users. The Group aspires to be a reputable employer of choice for those with the right qualifications, skills and abilities, good work culture or ethics who are interested to have a career in the Group.

Employee Turnover and New Employee Hires

Employee Turnover

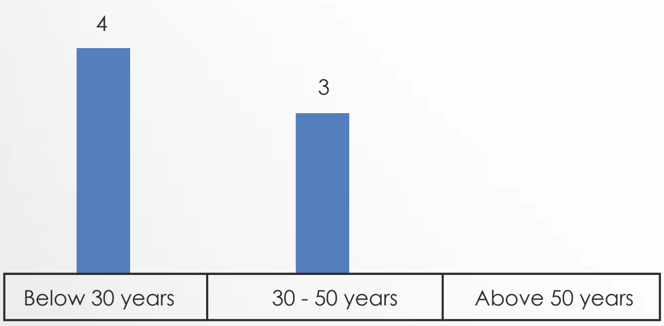


Figure 1.23

New Employee Hires

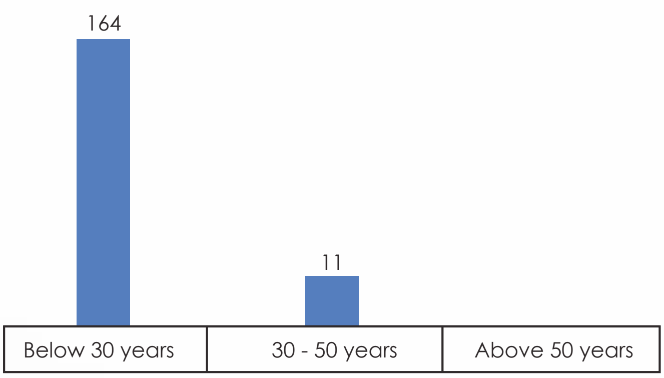


Figure 1.24

The employee turnover for the year 2018 is shown in the Figure 1.23 above where the total turnover of 7 employees represents only 0.48% of the Group's total workforce. Figure 1.24 shows the new hiring totaling up to 175, whereby the new recruitments was mainly for SIPSB Phase I operation. It shows that BPHB is still the employer of choice.

PORT SECURITY [103-2]

Effective port security is vital to prevent any unwanted intrusion into the port premise and any loss or damage to the port and port users' properties. In order to ensure effectiveness of our security, we have developed and implemented a Port Facility Security Plan (PFSP) and a Security Management System for Supply Chain (SMSC) to manage and mitigate any security threats in every process of our operations at the port. We are among the pioneer ports in the region to comply with and implement the International Ship and Port Facility Security (ISPS) Code System. We take great pride in that we have been recognised for exhibiting the best performance by a Marine Facility Security Officer (MFSO) under the ISPS Code Continuous Education Programme in Malaysia. This goes a long way in underscoring the efforts we have set in place to safeguard port operations and our various stakeholders at the port.

Our PFSP was developed based on security ISPS Code. The PFSP assesses security threats and spells out specific measures to mitigate these threats.

In 2018, we implemented several programmes to strengthen our port security:

Programme	Date
ISPS Code Drills	• 23 February 2018 • 21 June 2018 • 3 September 2018 • 5 September 2018 • 8 September 2018 • 3 December 2018 • 5 December 2018 • 7 December 2018
ISPS Code National Exercise	• 24, 25 & 26 September 2018
Latihan CARILAMAT (SAREX) Bintulu bersama Agensi Pertahanan Maritim Malaysia (APMM) Sarawak	• 1 & 2 September 2018
Foot Drills	• 5-13 February 2018 • 19-21 March 2018 • 19-29 June 2018 • 5-12 July 2018 • 12 December 2018
T-Baton (Self-Defence)	• 19-21 March 2018 • 21-29 June 2018 • 2-12 July 2018 • 15 November 2018
ISPS Code Awareness/Briefing • Security Personnel • Port Staff • Shipping Agents • Contractors • Government Agencies	 • 2-3 July 2018 • 28 August 2018 • 28 August 2018 • 28 August 2018 • 28 August 2018

Programme	Date
Marine Facility Security Committee BPSB (Internal) Meeting	• 1 August 2018 • 12 September 2018
Marine Facility Security Committee BPSB with Government Agencies (External) Meeting	• 19 July 2018 • 7 September 2018 • 12 September 2018 • 20 September 2018
Security Measures as identified under these programmes: • Marine Facility Security Assessment (MFSA) • Marine Facility Security Plan (MFSP) • ISO28000:2007 Security Management Supply Chain • Integrated Management System • Group Security Standing Orders/Security Manual	• At all times

Figure 1.25

SAFETY AT WORK

Running a port entails a variety of operational risks and hazards. At BPHB, we are committed to providing a conducive workplace and an accident-free environment for our employees. In ensuring the safety of our employees, we have taken all necessary actions including certifying our ports to the OHSAS 18001:2007 work environment standard (which is the most sought-after certification), as well as adopting safety programmes such as the Zero Fatality and Accident (ZeFA) Rules and Stop Work Policy.

For the year 2018, the Group set about the task of enhancing safety levels within our operation. As each of our subsidiary is governed by the Group's Health and Safety standards and policies on safety-related matters, our aim is to shift our subsidiaries' reliance on the Group and make them more independent and accountable. To achieve this, we are proud to announce two (2) new programmes i.e. the ZeFA Rules and the Stop Work Policy initiative.

ZeFA Rules was launched on 14 February 2018 and officiated by our Group CEO, Dato Mohammad Medan bin Abdullah. There are 12 ZeFA Rules that cover the assessment as illustrated below:

To strengthen our ZeFA Rules programme, a Stop Work Policy has been implemented throughout the Group. The objective of this policy is to empower all staff to stop work that is deemed unsafe and allow the work to be continued only after corrections have been made. As of 20 June 2018, we have circulated the Stop Work Policy and displayed the policy at our office site and warehouses. The 'Stop Work' measure serves to prevent any work-related injuries, disabilities, near misses, ill health, fatalities, and property and environmental damage to ensure that the port is safe and secure.

At BPHB, we have enforced a system called the Safety Security Demeriting System (SSDS) for non-compliance with Port Safety and Regulations and the OSHA 1994. An infringement ticket will be issued upon any instance of non-compliance by either the contractors or the port users, whereby every penalty will result in the deduction of between 2 and 8 points. Consequently, several non-compliances will cause direct barring for a certain period of time. As of December 2018, a total of 72 tickets had been issued. The majority of non-compliance cases were related to personal protective equipment (PPE) infringements with 44 tickets issued. The chart below shows the percentage of PPE non-compliance at the Group.

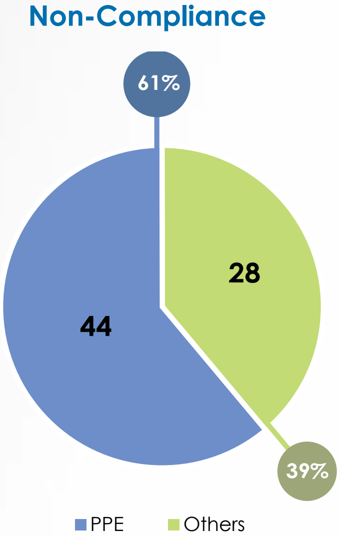


Figure 1.26

Launching of ZeFA Rules on 14 February 2018 by our Group CEO, Dato Mohammad Medan bin Abdullah

Work-Related Injuries

The Group continues to work on reducing number of work-related injuries. At the year-end 2018, BPHB had zero loss time injury frequency rate.

OCCUPATIONAL HEALTH AND SAFETY [403-1,403-2]

Occupational Health and Safety practices have always been the top priority at BPHB. The Health and Safety Committee meetings are an imperative component to us as these provide a way for the management and employees to meet regularly to discuss workplace safety and health issues. At BPHB, we have a total of four (4) Safety Committees at Group and subsidiaries level.

Port operations require a skilled and productive workforce to ensure a safe working environment and efficient operations. We value our employees and are aware of the importance of self-development and how each of our employees plays a critical role in helping us move closer towards becoming a sustainable port. To this end, the Group has allocated a series of training modules each year for employees across BPHB that cover the areas of environment, health and safety.

Emergency Drills and Exercises

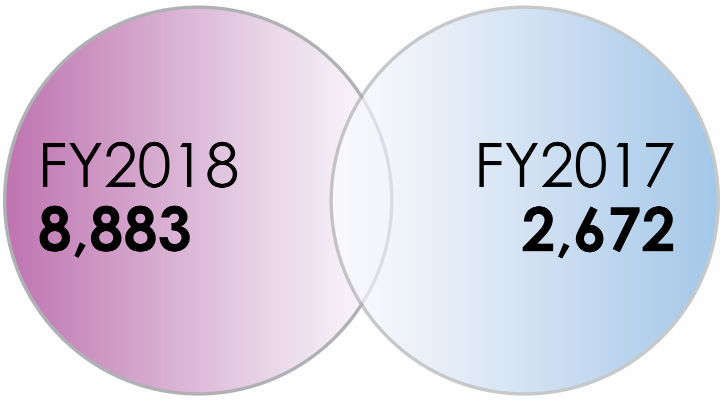
For the year under review, we conducted a total of 15 drills and exercises, evacuation drills, joint drills and spillage exercises. These are shown in the table below.

Exercise	Date	Location	Agent	Total
Evacuation Drill	15 March 2018	Montessori, Taman Sri Pelabuhan	BPHB	
	4 May 2018	Wisma Kontena	BPSB	
	24 July 2018	Bangunan GHSE	BPSB	
	27 July 2018	Wisma Kontena	BPSB	7
	1 August 2018	POED/Dry Bulk-MPT	BPSB	
	25 October 2018	SG4	BPSB	
	14 November 2018	MT. Hilal/MSD	BPSB	
Joint Drill	24 April 2018	Wisma Kidurong & Admin BPSB	BPA	
	15 May 2018	Skid Tank, POED-MPT	JOSPUN Sdn. Bhd.	
	13 September 2018	ABF Ship Loader	ABF-Badai Project	
	17 October 2018	SG2/ELCC	Petronas Carigali	7
	30 October 2018	BBSB Tier 2 Drill	BBSB	
	8 November 2018	Tempat Parkir Luar Main Gate MPT	Leesing Logistics Sdn. Bhd.	
	15 November 2018	Wisma Kidurong/LPB	BPA	
Oilspill Exercise	12 July 2018	2nd inner Harbour	Jab. Laut, DOE, BPA & BPSB	1

Figure 1.27

As part of BPHB's initiatives in promoting employees' safety at work, we have achieved a total of 8,883 safety training hours compared to 2,672 hours in 2017.

Total Training Hours



Group HSE Achievements and Activities

We are proud to present the HSE achievements and activities that were carried out in 2018. These are tabulated below.

ACHIEVEMENT/ACTIVITIES	DATE	DESCRIPTION
Sarawak Chief Minister Environmental Award (CMEA) 2017/2018	2017/2018	• MERIT Award for BPSB • Certificate of Participation for BBSB • Conducted once every two years
Malaysia Society for Occupational Safety and Health (MSOSH) 2017/2018	2017/2018	• Gold Class 1 Award for BPSB • Silver Award for SIPSB • Conducted annually
Systematic Occupational Health Enhancement (SOHELP) Programme 2017/2018	2017/2018	• For 2018, all subsidiaries achieved Level 4 in comparison to Level 3 in 2017. Level 4 is deemed an Advance Level which indicates that more than 50% of the actions proposed in the assessment report of Occupational Health were acted upon.
Toolbox Talk Perdana and Launching of Zero Fatality and Accident (ZeFA) Rules	14 February 2018	• The Toolbox Talk was conducted as to remind participants of previous incidents or accidents that took place • ZeFA Rules were launched to serve as a guideline to enforce safety
Management Walkabout	1. BBSB – 27 February 2018 2. BPHB – 19 March 2018 3. BPSB – 19 March 2018 4. BPHB – 26 October 2018	• Walkabout undertaken by the management to observe how safe operational activities were
SIPSB Plogging (collecting rubbish while jogging) at SIPSB Beach	6 April 2018	• Organised by GHSE BPHB and HSE SIPSB
SIPSB Eco Run at Kampung Nyalau, Samalaju	7 April 2018	• Organised by GHSE BPHB and HSE SIPSB
Mega OSH Toolbox Talk on World OSH Day 2018 at BBSB and SIPSB	2 May 2018	• The Toolbox Talk was conducted to remind participants of previous incidents or accidents that took place • Conducted a run across the country for purposes of entering the Malaysia Book of Records
BPHB Wellness Programme KOSPEN Plus	1 July 2018 – 31 July 2018	• Health screening for all staff • Blood pressure test, glucose level test, mental health test and in-body analysis were conducted
Green Port Award System (GPAS) 2017	15 November 2018	• Awarded by APEC Port Network Services (ASPN) • Collaboration between BPHB and BPA
OSH in School 2018 at SK Kuala Nyalau	19 November 2018	• Conducted by HSE SIPSB • Served to introduce hazards, risks identification, hazards identification, hazards behaviour and order during flash floods

Figure 1.28

HSE Event

Management Walkabout

Mega OSH Toolbox Talk on World OSH Day 2018

BPHB Wellness Programme KOSPEN Plus

OSH in School 2018 at SK Kuala Nyalau

Green Port Award System (GPAS) 2017

ENSURING SERVICE QUALITY [103, 419-1]

The Group strives to create reputable and sustainable port with a focus on business quality and customer satisfaction. To this end, we continue to comply with ISO standards and certification exercises that serve to validate that these elements are in place. The ongoing certification exercises also keep our management and staff on their toes and guides them towards achieving operational excellence while simultaneously driving workplace creativity and innovation.

We are proud to have achieved and renewed the certifications listed below:

Standards and Certifications

STANDARD/ CERTIFICATION	SUBSIDIARY/ENTITY	SCOPE	EXPIRY
MS ISO/IEC 27001:2013	BPHB	Information Security Management System for operation and maintenance of Integrated Port Management System (IPMS) & Group IT Division	28 February 2019
ISO 9001: 2015	BPSB	Provision of Port Services	15 March 2019
ISO 14001: 2015	BPSB	Provision of Port Services	15 March 2019
HACCP	BPSB	Management of a Food Hazard Analysis System and Critical Control Point (HACCP) for the handling of palm kernel related products	1 July 2019
GMP+B3 (2007)	BPSB	Handling of Kernel Related Products	12 July 2019
MS 1722: 2011	BPSB	Provision of Port Services	11 March 2019
OHSAS 18001: 2007	BPSB	Provision of Port Services	11 March 2019
ISO 28000: 2007	BPSB	Provision of port operation services (sea patrol, control tower, pilotage, tug assistance, mooring boat, mooring gang, stevedoring, warehousing and security check point)	6 March 2020
ISO 9001: 2015	BBSB	Handling and storage of edible oil products, sludge and edible oil-based feed materials	11 April 2019
GMP+B3 (2007)	BBSB	Storage and transhipment of feeds	11 July 2019
HACCP	BBSB	Management of a Food Hazard Analysis System and Critical Control Point (HACCP) for the handling and storage of edible oil products	6 April 2019
ISCC EU	BBSB	Warehouse	4 January 2019
ISCC PLUS	BBSB	Individual Warehouse and Mass balance	4 January 2019

Figure 1.29

In achieving or renewing these certifications, we have been able to increase our competitiveness in the market, standardise our work processes and comply with environmental and safety requirement towards promoting business sustainability.

To date, we have completed all our surveillance audits for the ISO 9001, ISO 14001, ISO 28000 and OHSAS 18001 standards without any non-compliances and have succeeded in instilling integrity in the heart of our business throughout the process.

We owe much of our success to our employees who are the driver in reducing the Group's risks. They continue to demonstrate responsibility, reliability and accountability in all aspects of work as well as constantly go beyond the call of duty to meet the needs and expectations of our customers.

PROTECTING OUR ENVIRONMENT

Relevant SDG Goal
We focus on protecting the environment by contributing to SDG 3, SDG 9, SDG 12 and SDG 14

Port operations and related development have significant impacts on the surrounding ecosystems if mitigation activities and due care are not duly exercised. Healthy ecosystems provide us with clean air, land, water and resources. As such, we are committed to supporting healthy ecosystems and the long-term sustainability of the port by ensuring that BPHB's operations do not damage an ecologically-rich region.

Energy [302-1, 302-4]

Fuel Consumption

Energy consumption for port operations and related activities is very substantial. Fossil fuel, such as diesel, is the main energy source to operate our vessels, plant and equipment in the Port. The consumption of fossil fuel causes carbon emission which contributes to climate change and adversely affect water and air quality within the port limit.

Port Operation Equipment Department (POED) and the Marine Services Division (MSD) are the two (2) operational division for BPSB. These divisions are the biggest consumer of diesel fuel and the data showing the consumption is as per graphs below.

MSD Total Fuel Consumption, L

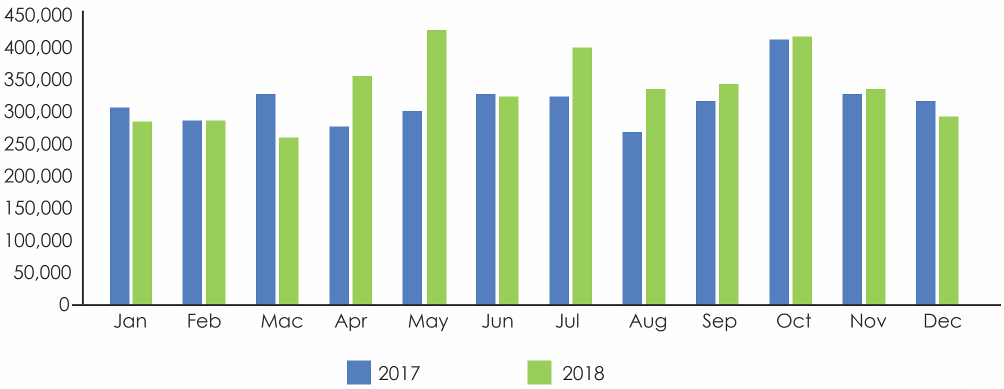


Figure 1.30

POED Total Fuel Consumption, L

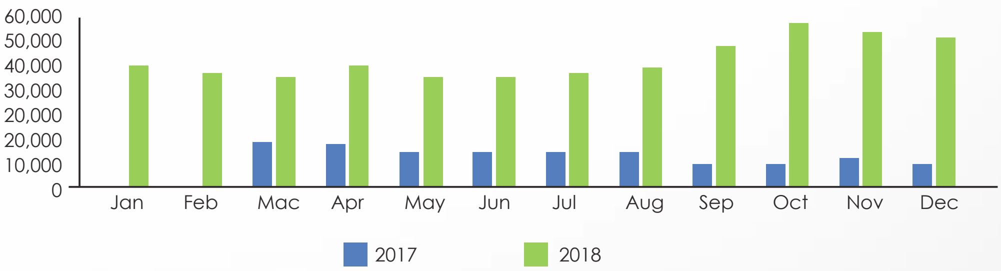


Figure 1.31

The graph below shows POED at SIPSB fuel consumption. SIPSB used the fuel for handling equipment such as dump truck, skid steer loader, terminal tractor, excavator, wheel loader, forklift, material handler and others. These equipment deployed at wharf, stockpile, vessel hold and warehouse. Referring to the graph below, SIPSB did not purchase any diesel in May 2018 as they had already made a second purchase earlier in April.

POED, SIPSB Total Fuel Consumption, L

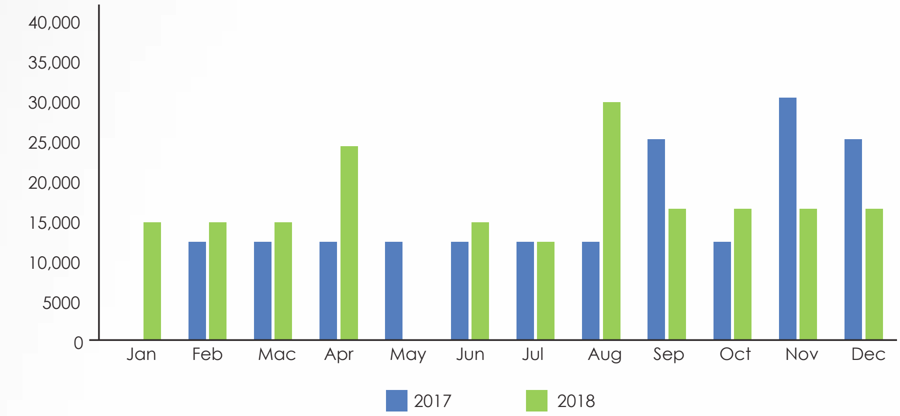


Figure 1.32

Electricity Consumption

We further expand our disclosure of BPHB's environmental performance in 2018 by introducing our baseline electricity consumption. Electricity utilisation at BPHB stems mainly from lighting, air-conditioners and other machinery used in daily operations. The graph below presents our electricity consumption trends for 2018, which shows an increase in electricity consumption by 7.43%(675,357 kWh) for the year in review as compared to the preceding year.

Monthly Electricity Consumption, kWh

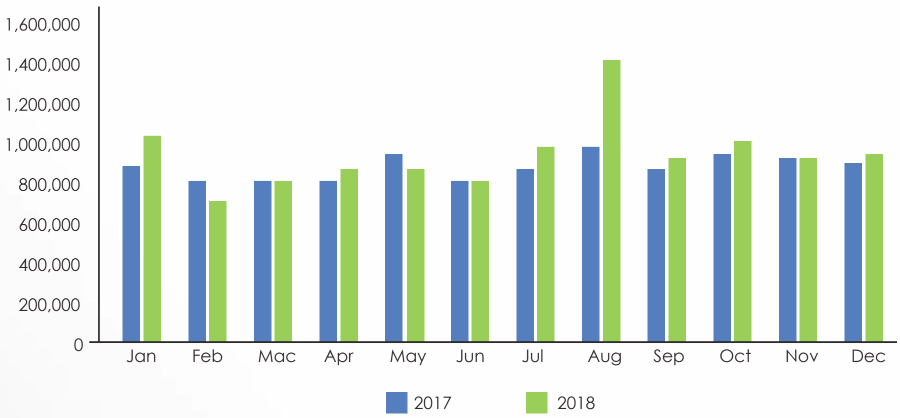


Figure 1.33

Energy Savings

Energy is a critical resource for our activities and we continuously strive to minimise the use of energy by implementing energy-saving initiatives throughout our business operations.

Awareness

To help reduce electricity consumption in BPHB, we believe that small steps can make big changes. We create awareness about conserving energy amongst our staff by displaying energy-saving posters and stickers at all electrical switches in our offices. This approach is also applied to help reduce water consumption.

Existing Energy Reduction Control

The Existing Energy Reduction Control initiative is a programme implemented at SIPSB to differentiate between the two main sources that contribute to the highest energy consumption-lighting and air conditioning. The table below shows the energy reduction initiatives implemented by the various divisions.

Lighting

Area	Service	Control
Block A & B	Corridor Lighting	Timer Switch (7 p.m. – 7 a.m.)
Road and Fenced Area	Street Light and Fences	Photocell (Light Sensitive Censor)
Wharf and Stockpile	High Mast Light	• Programmable Logic Controller (PLC/SCADA) • Photocell
Wisma Samalaju Corridor	Downlight Lighting	Timer Switch (7 p.m. – 7 a.m.)
Wisma Samalaju Corridor	Wall Light Lamp	Photocell (Light Sensitive Censor)

Figure 1.34

Air-Conditioning

Area	Service	Control
Wisma Samalaju Corridor	Air Conditioner	Timer Switch (8 a.m. – 5 a.m.)
Wisma Samalaju Corridor	Air Conditioner	Alternate Exchange

Figure 1.35

Conveyor Belt System

Other than reducing electricity consumption, we are also implementing measures to lower our fuel usage. SIPSB has started using conveyer belt system to reduce its carbon emissions and costs. Instead of diesel, the conveyer belt system uses an electrical motor to operate. SIPSB has also reduced the movement and deployment of diesel engine equipment, especially from the berth area to the stockpile or out of Samalaju Port.

Renewable Energy - Solar

In addition to becoming more energy efficient, BPHB has begun to rely on sustainable and renewable energy sources such as solar energy. This energy resource is free and available abundantly throughout the years. On the other hand, the cost of renewable energy installation has been steadily declining over the years, which may encourage more utilisation of this energy source.

As part of our efforts to invest further in sustainable consumption, BBSB initiated the use of the Mini Omega 2.0 Solar Street Light back in 2017. The solar panels which convert sunlight to renewable electrical energy, are installed on top of the tank area or ullage point, as well as on lamp poles.

BBSB currently has a total of 85 storage tanks, each of which is installed with one unit of a solar floodlight and solar street light.

The electricity costs at BBSB have increased since 2016-2017 by 6.5% mainly due to the high utilisation of machinery during day-to-day operations. Moving forward, we are confident that the solar panel installation will be effective in reducing BBSB's energy consumption.

Water [303-1]

Water Consumption

Sustainable water use is an important step towards ensuring that sufficient water is available to meet the needs of both people and nature. BPHB monitors water use with the aim of conserving it wherever possible. Our annual water consumption is presented in the graph below.

Monthly Water Consumption, L

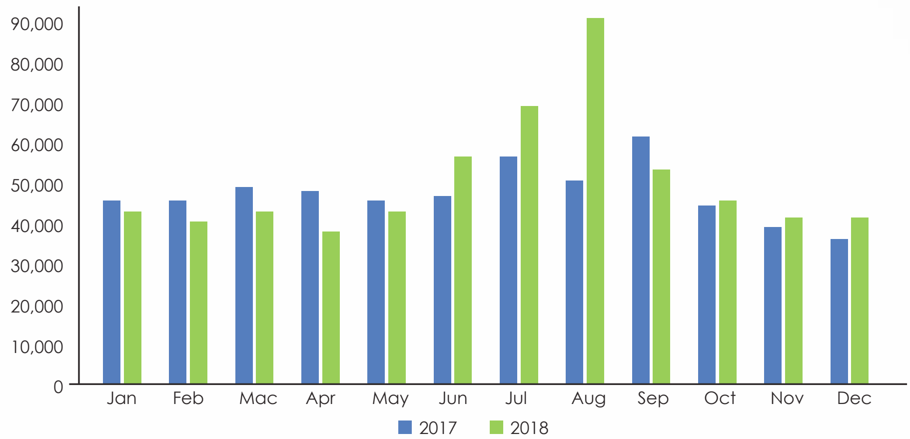


Figure 1.36

The graph illustrates an increase in water consumption by 4.08% (20,648,000 L) in 2018. The largest water consumption was recorded during the month of August 2018. We are right now in the midst of planning a more intensive initiative to reduce water usage and conserve our water resources.

WASTE MANAGEMENT [306-1, 306-2, 306-3, 306-4]

We are committed to reducing our yearly waste generation with efficient strategies across all operating units. We recognise the importance of education and public awareness on the importance of waste management by adopting sustainable practices of reusing and recycling.

Recycling Programme

Although the Group's primary focus is on waste reduction, this is at times seemed difficult to implement. In such situations, we prefer to reuse and recycle which means that waste must be properly sorted out. To further encourage this, the Group actively organises waste collection activities on a quarterly basis through 3R programmes whereby recyclable waste such as cans, paper, plastic and cardboard boxes, among others, are collected. Below is a graph showing the total of recycled waste for 2017 and 2018.

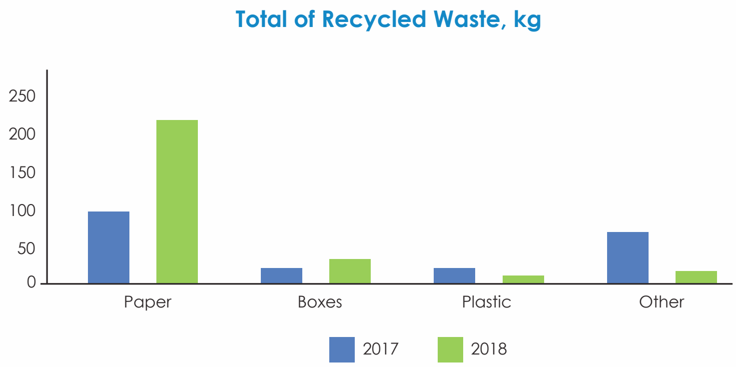


Figure 1.37

* *Quarter 4 recycled waste number is not included in 2018 data as the collection is postponed due to weather conditions.*

We are able to recycle more for year 2018 compared to 2017 with the total amount of 280.5 and 208.5 respectively.

At BPHB, we maintain a registry of all waste that we produce. The two (2) 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) is appointed to dispose of the scheduled waste from each storage. The amount of waste generated by BPSB in 2018 showed an increase due to increasing operational works at site.

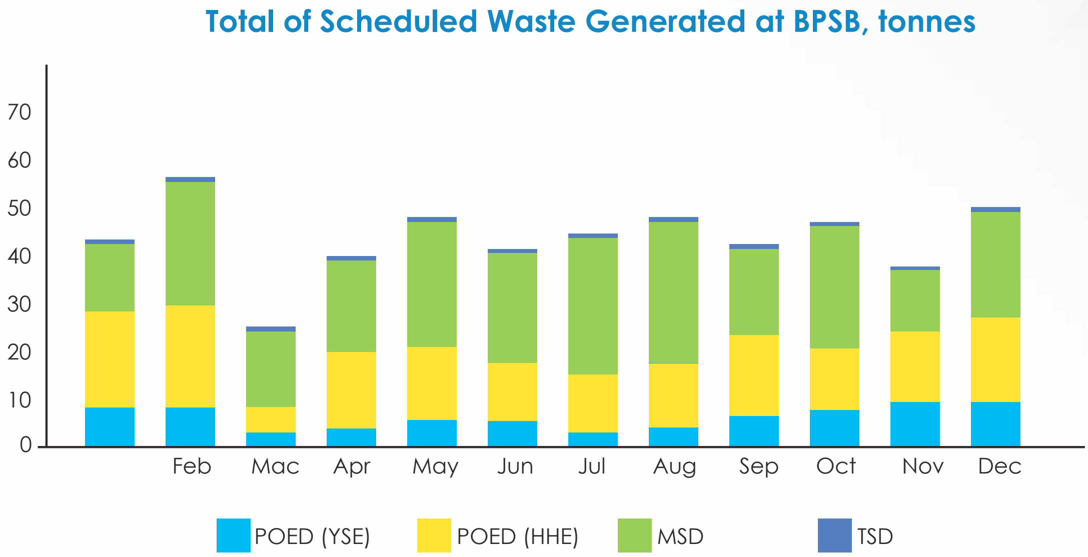


Figure 1.38

To promote sustainable practices within BPHB, we have decided to recycle used tyres every year. Tyres are generally discarded when they are no longer functional due damage and unable to be retreaded or regrooved. Many of these scrapped tyres end up in landfills, while others are burnt for heat or left lying at open spaces. The total number of tyres recycled in 2018 was 745 pieces, of which 565 were pneumatic tyres while 189 were solid tyres.

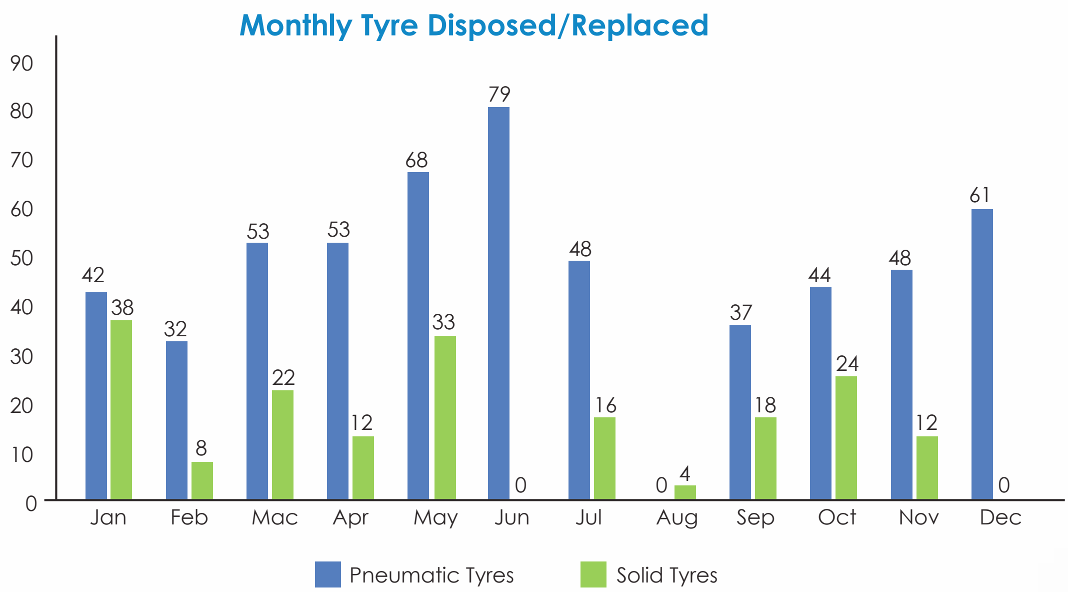


Figure 1.39

Spills

In recent years, there have been highly publicised accidents involving the release of oil that have caused significant environmental damage. In tandem with this, there has been increased awareness of the potential environmental impact from oil spills and leaks. Today, BPHB has taken measures to mitigate spills especially around the skid tanks, including secondary containment and buildings. A bund wall is used for primary containment around the skid tank which is able to contain up to 110% of the volume. The flowage design does not lead directly to the drainage, instead there are oil traps installed along the flowage which help to contain any spills. This design was approved by the local authority before it was built.

Industrial Effluent Treatment Plant

In port operations, effluent is produced by different types of land-based facilities.

Samalaju Port has constructed an industrial effluent treatment plant (IETS) for runoff water from its coal stock yard area. This is then channelled via perimeter drains and collected at the Sedimentation/Detention Pond A1 (SPA1) with a capacity of 3,960m^3. The treatment system comprises the following processes:

1. Transfer Pump and Clarifier
2. Chemical Preparation and Chemical Dosing
3. Sludge Removal to Sludge Holding Tank

By operating the IETS, BPHB ensures that the marine pollution arising from its operations is reduced and does not compromise the quality of the receiving waters or marine life.

BIODIVERSITY [304-2, 304-3]

Environmental Monitoring [103, 307-1]

The port authority leads, supports and develops programmes and initiatives designed to manage and mitigate effects on the environment in and around the port. The Department of Environment or DOE Malaysia requires projects to conform to all standards to mitigate their impact on the environment.

By complying with these standards and making a positive impact via reducing our carbon emission, efficiently using resources as well as reducing pollution and waste, BPHB, is taking a holistic approach to protecting and improving air, land and water quality as well as promoting biodiversity and human health.

BPSB

BPSB's environmental monitoring activities centre on the 1st Inner Harbour Area in which many operational activities take place. BPSB's environmental monitoring stations are located in the following three main areas:

950m Berth

Petroleum Jetty

LNG-3 Jetty

Conducted on a quarterly basis every year, the monitoring focuses on marine water quality, marine sediment quality, marine biology, ambient air monitoring and ambient noise levels. Based on monitoring activities (in the third quarter) we are able to meet with the quality standards set by DOE.

While BPHB does not have any direct control over air pollution within our operating area, Group HSE has taken the initiative to conduct an Ambient Air Quality Assessment. In this exercise, the quality of the operational area was compared with the public and residential areas so as to determine the quality of hazardous air at highly populated areas.

We have set up a special team to help us in complying with all DOSH and DOE regulations. Today, our Safety and Environment Department (SED) gives safety briefings to those who apply to enter our areas of operation. For internal purposes, the SED also trains the Focal Person for each Scheduled Waste Storage facility on an annual basis so as to comply with DOE regulations.

Site inspections are conducted every day by Safety Personnel to ensure all operational activities comply with safety regulations. Every Unsafe Act and Unsafe Condition (UAUC) including environmental aspects are monitored and demerit points will be accorded to those who do not follow the regulations as per the safety briefing.

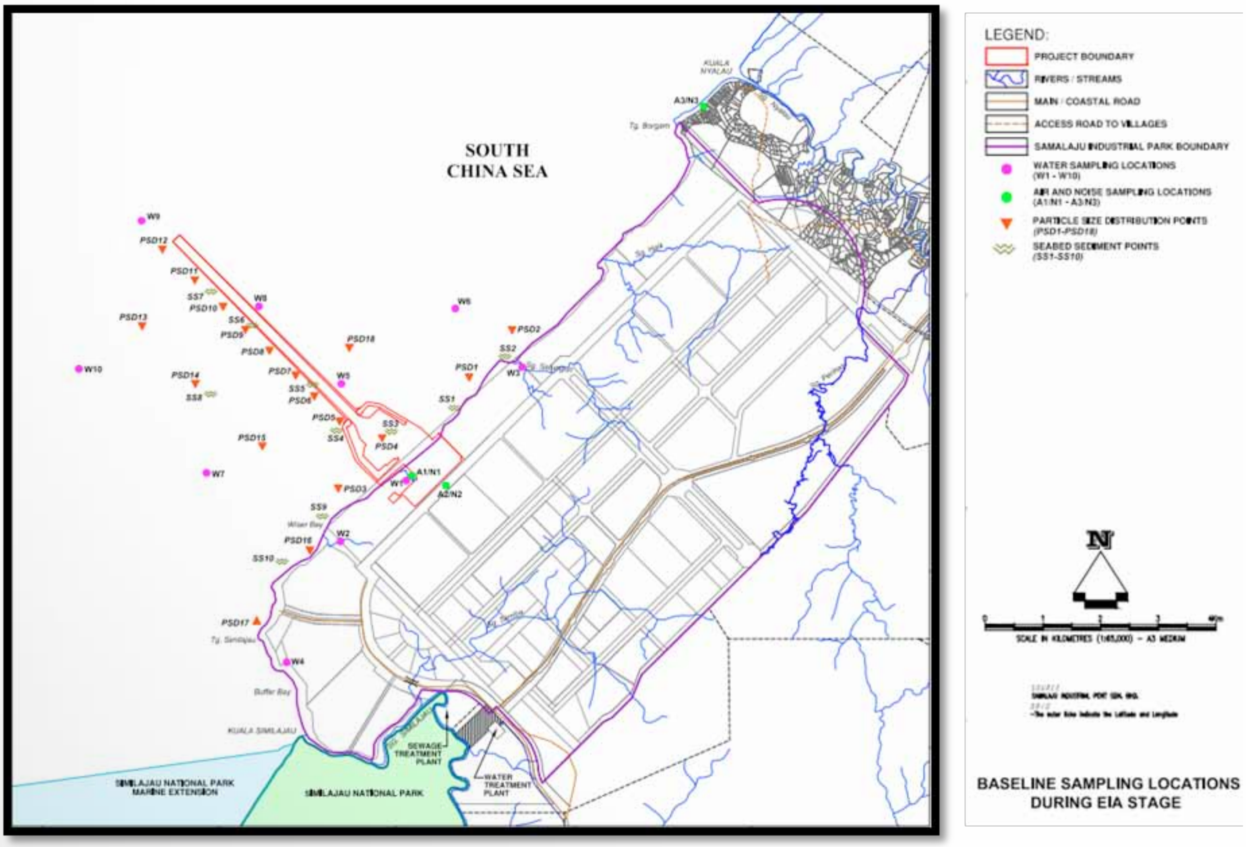
In 2018, an internal Environmental Audit (EIA) was conducted by a Consultant so as to monitor and identify areas for improvement. The EIA is conducted on a quarterly basis every year at the same area as our monitoring stations.

SIPSB

Environmental Monitoring Programme conducted by SIPSB is required under the Term and Conditions of Preliminary Environmental Impact Assessment (PEIA) approved by the Department of Environment (DOE). Periodical monitoring is essential to regularly assess and mitigate any potential environmental impact caused by the port operational and maintenance activities and to comply with the Environmental Quality Act 1974.

The Environmental Monitoring Programme takes into account the Term and Conditions of the PEIA Report Approval, Environmental Management Plan and the professional judgement by the appointed Environmental Consultant with regard to the environmental receptors that need to be managed and monitored.

Below is the sampling location for SIPSB:



As required by DOE, the following programmes have been conducted in 2018:

Monthly Water Quality (Marine and River) and Effluent Discharge Monitoring
The water quality monitoring of river and marine waters aims to determine the effect of operation and maintenance activities on the surrounding aquatic environment, in particular to monitor sediment dispersion within the port water limit.
Quarterly Ambient Air Quality Monitoring
Depending on the nature of operational activities on site, fluctuation in ambient Total Suspended Particulates (TSP) and other air pollutants may occur throughout the operational area. Although the exposure the workers at the work area is temporary in nature, it is important that ambient air quality to be monitored to gauge ambient air pollutant that may affect the workers and public.
Quarterly Ambient Noise Monitoring
During operational stage, temporary increase in ambient noise level is generated by the engine of the ships, machineries, equipment as well as from the movement of trucks and machineries. However, noise from operations is restricted to daytime hours.
Annually Seabed Sediment Quality Monitoring
The assessment of baseline sediment quality and its chemical composition (during EIA stage) is necessary in order to study the impacts of the proposed Project's activities to the marine ecology environment, which are generally related to the upwelling of settled compounds and transportation of contaminants from water column to the benthos. This sediment physicochemical characteristic study will be used to ascertain whether there is significant amount of contaminants generated from the proposed development activities being deposited in the sediment, which then may be transferred and accumulated to the benthic fauna food chain.
Annually Particle Size Distribution Monitoring
Apart from the seabed sediment samples above, another baseline seabed sediment samples were obtained using a Van Veen grab sampler to determine the percentage of various particle sizes present at the proposed Project's approach channel and its proximity area during the EIA stage. Laboratory analyses were carried out using dry sieving methods3 (sieve analysis) for the identification of Particle Size Distribution.
Annually Macrobenthos Monitoring
Operational and accidental discharge/spill of pollutants such as oil, grease and toxic contaminants will affect the quality of water and sediment thus potentially alters the communities of macrobenthic fauna. Because coastline of port is exposed to the wave's littoral drift, dispersal of the pollutants to other areas is expected. A number of studies showed that sediment contamination is one of the most important factors in determining community structure of macrobenthos (Simonini, et al., 2004; Thompson & Lowe, 2004). Strong waves created by huge vessels may also cause instability of bottom sediment and stirring the sediment up subsequently increases the water turbidity. The impacts on macrobenthos may more prominent at shallow water areas where the substrates are less stable.
Annually Coral Reef & Annually Fisheries Landing Survey
Coral reefs are diverse and valuable marine ecosystems as they are important area for marine food security. Healthy reefs contribute to local economy through tourism and fisheries. They provide habitat for marine species and create buffer zone for shoreline protection. Corals are the basic constructional organisms of the reef, and are central to integrity of the reef community (Johnson, 1990). In Sarawak waters, coral reefs are located at Kuching, Bintulu, Miri and Lawas. Fringing reefs at Bintulu waters can be found at Batu Likau and Beting Similajau. There are also many submerged reefs located between Bintulu and Payung Cape, namely Beting Tatau (Marie shoal), Beting Kidurong (Ruth shoals), Beting Nyabau (Patricia shoals), Beting Suai (Christina shoals), Beting Bintulu (Madalena shoal) and Beting Bungai (Elizabeth shoal). Most of these reefs are located more than 30 Km offshore (Petroliam Nasional Berhad, 2010). There are some small submerged reefs located in the coastal waters of Bintulu. These small reefs are only known to the local communities and are used by them as their traditional fishing ground (pers. obs.).

BUILDING COMMUNITY RESILIENCE

Community Engagement Programmes [413-1, 413-2]

Relevant SDG Goal
We contribute to SDG 3 and SDG 8 by engaging, building, fostering and strengthening our social responsibility.

As a responsible corporate citizen, the Group undertakes programmes to assist in the social, economic development and welfare of local communities in a sustainable manner. These Corporate Social Responsibilities (CSR) programmes include providing financial aids to the disadvantaged communities, provision of amenities and other form of assistance to them so as to improve their quality of life.

At BPHB, the CSR programmes are intended to yield positive, long term impact on the targeted communities. These include financial assistance in support of charitable causes for the benefit of those communities.

In 2018, the Group supported a variety of CSR causes, which developed stakeholders trust and understanding in the contribution made by the Group towards fulfilling its duties as a good corporate citizen. This in turn will help in the creation of a positive image for the Group as well as enhancing its sustainability.

Poverty Eradication and the Development of Community Facilities

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 involve investing in the community or participating in local projects. These programmes help us to create goodwill among communities while being sensitive to their specific needs.

Every year, we provide assistance to the local communities in the form of financial aid, basic necessities and facilities. The contributions of BPHB are highly appreciated by families within the community, and our employee involved in the volunteer works find it personally rewarding when they bring some cheers by lending a helping hand to the needy.

Emergency flood relief to four (4) relief centres providing basic necessities to 1,520 victims at affected areas who came from various villages and longhouses within Bintulu

Blood donation and health check campaign to support the Blood Bank of Bintulu Hospital and to create awareness on healthy living among the public

Iftar with orphanage of Lembaga Kebajikan Anak-Anak Yatim (PERYATIM) Bintulu

Program Bintulu Port Prihatin for presentation of 10 units of banquet tables & 100 units of plastic chairs to Masjid Darul Yaqin, Matu

Providing six (6) units of fire extinguishers to Rumah Panjang Tiut, Kuala Tatau to create awareness on the importance of safety at longhouses

Distribution of festive hampers to 25 families in Kg Kuala Tatau

Free market activities & cash contribution to the local communities of Kenyah & Penan of Kg Long Malim K, Kg Long Malim P and Kg Long Wat, Murum

Inclusive Education

We believe every child deserves an inclusive and quality education. Thus, the Group in a small but meaningful way provide a variety of assistance directly to the school in the form of some basic needs of the students to alleviate their hardship. These include among others, providing financial aid, stationery supplies, furniture and equipment, and motivational programmes for the students. We understand the hardships and determination of these students in obtaining an education, and it is our duty to inspire and support them for the success of the community.

We do not limit assistance only to schoolchildren but also to those at the tertiary level, such as at Politeknik Kuching, by providing these students basic school supplies.

"You're Not Alone" at Politeknik Kuching to lessen the burden of 30 students from low-income households by providing them with basic school supplies

Supply of bookshelves, books and rubber mats to flood affected schools (SK Nanga Tau & SK Kuala Muput, Tatau, Bintulu) in supporting the school's initiative to undertake post-flood repairs

Supply of two (2) units of Smart TV (LED) to the library of SK Tatau to support the school's initiatives to upgrade its library. This school was selected as 'Sekolah Transformasi 2025' for Sarawak State.

Supply of stand fans and rubber mats for classrooms, library and hostel of SK Nanga Kua, Selangau in support of the school's initiative in undertaking repairs

'Outreach Programme' collaboration with PETRONAS of supplying 100 plastic chairs to SK Kidurong in support of our stakeholder's initiative

Program Kembara Cemerlang SPM Bahagian Bintulu by sponsoring best learning and answering technique course to 810 students from eight (8) schools in Bintulu

'Taklimat Kerjaya Industri Marin' at SMK Kidurong by Pilotage Team, Marine Services Division of BPSB to attract students to have interest for a career in port industry

Back to School 2019 programme in assisting the underprivileged students with their preparations to return school

Social and Business Networking

BPHB firmly believes that all of its stakeholders – employees, customers, vendors, community and shareholders – are important. Our business will not operate smoothly without the support of our many stakeholders. One of our primary functions as a business owner is to serve the needs of our stakeholders. We maintain good relationship with our stakeholders by engaging them through social programmes. Through these activities, we generate returns to the Company both tangible and intangible in nature.

The Group also recognises the important role played by the media in our branding efforts. As a gesture of appreciation, we organise annual dinner networking event as a platform of interaction between staff and the media to promote better understanding of the Group business.

SIPSB ECO RUN 2018 at SIPSB area & Kpg. Kuala Nyalau: Marathon activity to encourage staff and Kuala Nyalau community to participate in sports and stay healthy

22nd Bintulu Port Group vs MLNG Friendly Gold Tournament 2018 at Kelab Golf Bintulu

23rd Bintulu Port Group Invitational & Open Section Golf Tournament 2018 at Kelab Golf Bintulu: Networking and building healthy competition among golfers in and around Bintulu as well as golfers from the industry

Media Networking Dinner at New World Hotel: To appreciate the Media support towards Company Events for the year 2018

Environmental Awareness

Aside from helping the community, we are committed to reducing the negative impact of our business operation on the environment. We have also help to create the environment outside of the areas of our operation. Our activities include plogging and cleaning the beach area near our ports which not only promotes a clean environment but also a healthy lifestyle.

Samalaju Industrial Port Sdn. Bhd. (SIPSB) Plogging 2018:
The beach cleaning activity to encourage staff to participate in sports and be conscious of keeping the environment clean

CONCLUSION

Our Group wishes to reaffirm our commitment to adopt a sustainable business philosophy (in ensuring long term sustainability based on 3Ps – Profits, People, Planet) into our strategic plans and operational practices. We continued with the holistic approach of creating value for customers, employees and all stakeholders by taking into considerations not only the economic aspects of business but incorporating also the environmental and social dimensions into our business practices. Various initiatives taken under our sustainable business development programs will continue to be the mainstay of our business resilience and competitiveness. Besides striving to improve shareholders value, we continue to place great importance on our employees' welfare and well-being.

Further, we continued to proactively engage the local community through our social and charitable programmes in our efforts to make a difference. At the environmental front, we have always been mindful of the environmental aspects and impact of our business operations by undertaking specific programmes to ensure source reduction as well as managing and mitigating the environmental risk factors. All these synergistic efforts are geared towards achieving our main objective of long-term business sustainability.

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Audited
Financial Statements

DIRECTORS

Tan Sri Dr. Ali bin Hamsa
Datuk Siti Zauyah binti Md Desa
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
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, Jalan Tanjung Kidurong
97000 Bintulu, Sarawak

AUDITORS

Ernst & Young

BANKERS

CIMB Bank Berhad

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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 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and to provide 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	142,044	138,914
Profit attributable to:		
Equity holders of the parent	142,044	138,914

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 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2017 as reported in the Directors' report of that year:	
Final single tier dividend of 6.00 sen per share on 460,000,000 ordinary shares, paid on 24 May 2018	27,600
Special single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, paid on 24 May 2018	18,400
In respect of the financial year ended 31 December 2018 :	
First interim single tier dividend of 4.00 sen per share on 460,000,000 ordinary shares, paid on 10 August 2018	18,400
Second interim single tier dividend of 2.00 sen per share on 460,000,000 ordinary shares, paid on 12 October 2018	9,200
Third interim single tier dividend of 2.00 sen per share on 460,000,000 ordinary shares, paid on 27 December 2018	9,200
	82,800

The Directors have authorised the payment of a fourth interim single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000, which will be paid on 19 April 2019 to shareholders registered on the Company's Register of Members at the close of business on 29 March 2019. 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 2019.

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
Datuk Siti Zauyah binti Md Desa
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
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup
Datuk Yasmin binti Mahmood
Datuk Nozirah binti Bahari
Salihin bin Abang

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.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and 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 there were no known bad debts and that adequate provision had been made for doubtful debts; 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and 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 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 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 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 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 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 the Company for the financial year in which this report is made.

AUDITORS

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

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young, 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 during or since the financial year.

Auditors' remuneration are disclosed in Note 10 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 March 2019.

Tan Sri Dr. Ali bin Hamsa **Dato Sri Fong Joo Chung**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT, 2016

We, **Tan Sri Dr. Ali bin Hamsa** 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 157 to 241 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 2018 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 8 March 2019.

Tan Sri Dr. Ali bin Hamsa **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 157 to 241 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 8 March 2019.

Before me,

Daiana Luna Suip

Magdalene Lucas
Q 082
Commissioner For Oath

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue from port services rendered	4	640,418	640,220	-	-
Revenue from construction services for concession infrastructure	4	19,326	137,376	-	-
Revenue from bulking services	4	45,723	39,600	-	-
Dividend income from subsidiaries	4	-	-	140,000	115,200
Management fee charged to subsidiaries	4	-	-	39,671	35,222
		705,467	817,196	179,671	150,422
Other income	5	51,695	5,118	3,628	331
Cost of construction services	6	(19,326)	(137,376)	-	-
Employee benefit expenses	7	(105,418)	(90,896)	(30,080)	(27,212)
Depreciation of property, plant and equipment	15	(30,951)	(31,369)	(339)	(234)
Amortisation of intangible assets	17	(164,792)	(150,692)	(178)	(121)
Charter hire of boats		(19,499)	(14,517)	-	-
Maintenance dredging costs	31	(10,091)	(7,659)	-	-
Fuel, electricity and utilities		(28,823)	(23,886)	(67)	(69)
Insurance expenses		(3,224)	(3,459)	(80)	(80)
Leasing of land	8	(1,375)	(1,250)	-	-
Repair and maintenance		(40,088)	(38,090)	(388)	(395)
Service contracts		(40,523)	(42,279)	-	-
Other expenses	10	(38,507)	(31,976)	(15,095)	(14,128)
Total expenses		(502,617)	(573,449)	(46,227)	(42,239)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Operating profit		254,545	248,865	137,072	108,514
Finance costs	9	(75,822)	(59,830)	-	-
Finance income	5	23,139	22,243	1,842	1,167
Profit before tax		201,862	211,278	138,914	109,681
Income tax (expense)/credit	12	(59,818)	(57,106)	-	185
Profit net of tax, representing total comprehensive income for the year		142,044	154,172	138,914	109,866
Profit attributable to:					
Equity holders of the parent		142,044	154,172	138,914	109,866
Earnings per share					
Basic (sen)	13	30.88	33.52		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	285,827	299,191	2,398	1,892
Investment in subsidiaries	16	-	-	961,900	940,000
Intangible assets	17	1,776,893	1,942,032	1,140	800
Deferred tax assets	23	55,728	59,298	-	-
		2,118,448	2,300,521	965,438	942,692
Current assets					
Inventories	24	4,470	4,544	-	-
Concession financial assets	19	-	48,098	-	-
Tax recoverable		2,219	1,991	-	-
Trade receivables	25	53,634	59,495	-	-
Other receivables	18	30,510	31,353	5,516	3,703
Other current assets	20	24,175	24,852	379	369
Investment in securities	21	90,608	81,879	10,784	10,265
Cash and bank balances	22	644,359	563,481	76,420	27,385
		849,975	815,693	93,099	41,722
Total assets		2,968,423	3,116,214	1,058,537	984,414
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	26	890,818	890,818	890,818	890,818
Retained earnings	27	382,674	323,430	146,525	90,411
Total equity		1,273,492	1,214,248	1,037,343	981,229

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (CONTINUED)

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current liabilities					
Other payables	30	45,811	37,561	18,894	1,118
Loans and borrowings	29	937,316	935,805	-	-
Contractual obligation for lease payments	28	501,189	637,586	-	-
Deferred tax liabilities	23	1,279	1,064	-	-
		1,485,595	1,612,016	18,894	1,118
Current liabilities					
Other payables	30	54,160	123,781	2,300	2,067
Loans and borrowings	29	-	11,600	-	-
Contractual obligation for lease payments	28	115,393	117,248	-	-
Provision for maintenance dredging costs	31	29,000	18,909	-	-
Income tax payable		10,783	18,412	-	-
		209,336	289,950	2,300	2,067
Total liabilities		1,694,931	1,901,966	21,194	3,185
Total equity and liabilities		2,968,423	3,116,214	1,058,537	984,414

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 2018

		←Non-distributable→		Distributable	
	Note	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Equity Total RM'000
Group					
2018					
Opening balance at 1 January 2018		890,818	-	323,430	1,214,248
Total comprehensive income		-	-	142,044	142,044
Transactions with owners					
Dividends on ordinary shares	14	-	-	(82,800)	(82,800)
Closing balance at 31 December 2018		890,818	-	382,674	1,273,492
2017					
Opening balance at 1 January 2017		460,000	430,818	265,858	1,156,676
Transfer in accordance with Section 618 (2) of Companies Act, 2016		430,818	(430,818)	-	-
Total comprehensive income		-	-	154,172	154,172
Transactions with owners					
Dividends on ordinary shares	14	-	-	(96,600)	(96,600)
Closing balance at 31 December 2017		890,818	-	323,430	1,214,248

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	←Non-distributable→ Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Equity Total RM'000
Company					
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	14	-	-	(82,800)	(82,800)
Closing balance at 31 December 2018		890,818	-	146,525	1,037,343
2017					
Opening balance at 1 January 2017		460,000	430,818	77,145	967,963
Transfer in accordance with Section 618 (2) of Companies Act, 2016		430,818	(430,818)	-	-
Total comprehensive income		-	-	109,866	109,866
Transactions with owners					
Dividends on ordinary shares	14	-	-	(96,600)	(96,600)
Closing balance at 31 December 2017		890,818	-	90,411	981,229

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 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Operating activities					
Profit before tax		201,862	211,278	138,914	109,681
Adjustments for:					
Amortisation of intangible assets	17	164,792	150,692	178	121
Depreciation of property, plant and equipment	15	30,951	31,369	339	234
Finance costs	9	75,822	59,830	-	-
Property, plant and equipment written off	10	5	11	-	-
Gain on disposal of inventories	5	-	(1,281)	-	-
(Gain)/loss on disposal of property, plant and equipment	5/10	(234)	(12)	-	4
Dividend income	4	-	-	(140,000)	(115,200)
Dividend income from unit trust	5	(2,686)	(3,131)	(383)	(317)
Interest income	5	(23,139)	(22,243)	(1,842)	(1,167)
Guarantee fee income	5	-	-	(3,098)	-
(Gain)/loss on fair value of investments in securities	5/10	(969)	1,073	(136)	26
Staff gratuities	30	1,519	1,674	-	-
Provision for maintenance dredging costs	31	10,091	7,659	-	-
Directors' gratuities	30	252	192	252	192
Income recognised from Liquidated Ascertained Damages ("LAD")	5	(10,901)	-	-	-
Provision for doubtful debt for trade receivables	10	49	-	-	-
Total adjustments		245,552	225,833	(144,690)	(116,107)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Operating cash flows before working capital		447,414	437,111	(5,776)	(6,426)
Changes in working capital					
Decrease in inventories		74	219	-	-
Decrease/(increase) in trade and other receivables		7,992	(13,255)	(164)	(235)
Decrease/(increase) in other current assets		671	1,947	(10)	-
(Decrease)/increase in other payables		(55,712)	(42,663)	(1,041)	813
Net change in subsidiaries balances		-	-	(1,467)	(1,549)
Net change in concession finance assets		48,098	(22,116)	-	-
Total changes in working capital		1,123	(75,868)	(2,682)	(971)
Cash flows generated from/(used in) operations		448,537	361,243	(8,458)	(7,397)
Payment of lease rental	28	(132,194)	(131,007)	-	-
Income tax paid		(63,890)	(59,406)	-	-
Income tax refunded		-	185	-	185
Staff gratuities paid	30	(7,572)	(5,611)	-	-
Net cash flows generated from/(used in) operating activities		244,881	165,404	(8,458)	(7,212)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Investing activities					
Interest received		21,809	22,243	1,656	1,167
Acquisition of property, plant and equipment	15	(18,363)	(15,348)	(845)	(583)
Increase in intangible assets	17	(30,864)	(37,035)	(518)	(106)
Proceeds from disposal of property, plant and equipment		832	122	-	-
Proceeds from disposal of inventories		-	3,081	-	-
Purchase of investment in securities		(4,988)	(54,821)	-	(4,974)
Net dividend received		-	-	140,000	115,200
Net movement in fixed deposits placed		(5,557)	157,899	-	-
Net cash flows (used in)/ generated from investing activities		(37,131)	76,141	140,293	110,704
Financing activities					
Dividends paid	14	(82,800)	(96,600)	(82,800)	(96,600)
Interest paid on term loan		(312)	(797)	-	-
Sukuk interest paid		(37,630)	(37,630)	-	-
Repayment of term loan		(11,600)	(11,600)	-	-
Net cash flows used in financing activities		(132,342)	(146,627)	(82,800)	(96,600)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Net increase in cash and cash equivalents		75,408	94,918	49,035	6,892
Cash and cash equivalents at beginning of the year		544,691	449,773	27,385	20,493
Cash and cash equivalents at end of the year	22	620,099	544,691	76,420	27,385

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

Reconciliation of movement of liabilities to cash flow arising from financing activities

			Group
	SUKUK	Term loan	Total
	RM'000	RM'000	RM'000
2018			
Opening balance at 1 January 2018	935,805	11,600	947,405
Repayment of:			
- SUKUK profit expense	(37,630)	-	(37,630)
- term loan	-	(11,600)	(11,600)
- interest payment	-	(312)	(312)
Total changes from financing cash flows	898,175	(312)	897,863
Other changes			
Profit expense	50,389	-	50,389
Interest expense	-	226	226
Prior year interest expense	-	86	86
Accrued interest	(11,248)	-	(11,248)
Total liability related-other changes	39,141	312	39,453
Closing balance at 31 December 2018	937,316	-	937,316
2017			
Opening balance at 1 January 2017	934,294	23,200	957,494
Repayment of:			
- SUKUK profit expense	(37,630)	-	(37,630)
- term loan	-	(11,600)	(11,600)
- interest payment	-	(797)	(797)
Total changes from financing cash flows	896,664	10,803	907,467
Other changes			
Profit expense	29,543	-	29,543
Profit capitalised	20,846	-	20,846
Interest expense	-	716	716
Accrued interest	(11,248)	81	(11,167)
Total liability related-other changes	39,141	797	39,938
Closing balance at 31 December 2017	935,805	11,600	947,405

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

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

The principal activity of the Company is investment holding and to provide management service.

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 Adoption of new and revised pronouncements

As of 1 January 2018, the Group and the Company adopted the following pronouncements that have been issued by the Malaysian Accounting Standards Board ("MASB") and applicable as listed below:

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9: *Financial Instruments*
- MFRS 15: *Revenue from Contracts with Customers*
- Amendments to MFRS 15: *Revenue from Contracts with Customers: Clarifications to MFRS 15*

The principal changes in accounting policies and their effects are set out below:

(a) MFRS 9: *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139 *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, impairment of financial assets, and on hedge accounting.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed. The new standard contains three classifications for financial assets; measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing MFRS 139 categories of held to maturity, loan and receivables and available for sale.

2. Summary of significant accounting policies (Continued)

2.2 Adoption of new and revised pronouncements (Continued)

(a) MFRS 9: *Financial Instruments* (Continued)

MFRS 9 also replaces the incurred loss model in MFRS 139 with a forward-looking expected credit loss (ECL) model. Under MFRS 9, loss allowances are measured on either 12-month ECLs or lifetime ECLs.

The Group and the Company have applied the requirements of MFRS 9 and have not restated comparative information for prior years with respect to classification and measurement requirements as permitted by MFRS 9: *Financial Instruments*.

The initial application of the abovementioned pronouncements do not have any material impact to the financial statements of the Group and of the Company other than additional disclosures to be provided.

(b) MFRS 15: *Revenue From Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111: *Construction Contracts*, MFRS 118: *Revenue*, IC Interpretation 13: *Customer Loyalty Programmes*, IC Interpretation 15: *Agreements for Construction of Real Estate*, IC Interpretation 18: *Transfers of Assets from Customers* and IC Interpretation 131: *Revenue – Barter Transactions Involving Advertising Services*. MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligations.

The initial application of the abovementioned pronouncements does not have any material impact to the financial statements of the Group and the Company other than additional disclosures to be provided.

2.3 Pronouncements not yet in effect

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16: *Leases*
- Amendments to MFRS 112: *Income Taxes (Annual Improvements 2015–2017 Cycle)*
- Amendments to MFRS 119: *Employee Benefits: Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123: *Borrowing Costs (Annual Improvements 2015–2017 Cycle)*
- IC Interpretation 23: *Uncertainty over Income Tax Treatments*

Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3: *Business Combination (Definition of Business)*
- Amendments to MFRS 101: *Presentation of Financial Statements (Definition of Material)*
- Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)*

2. Summary of significant accounting policies (Continued)

2.3 Pronouncements not yet in effect (Continued)

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements is not expected to have any material impact to the financial statements of the Group and the Company except as mentioned below:

(a) MFRS 16: *Lease*

MFRS 16 replaces existing leases guidance in MFRS 117: *Leases*, IC Interpretation 4: *Determining whether an Arrangement contains a Lease*, IC Interpretation 115: *Operating Leases* – Incentives and IC Interpretation 127: *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on balance sheet lease accounting for lessees. A lessee recognise a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases, leases of low-value items and variable lease payments. Lessor accounting remains similar to the current standard which continues to be classified as finance lease or operating lease.

The Group and the Company have assessed the estimated financial impact on its financial statements upon initial application of MFRS 16. As allowed by the transitional provision of MFRS 16, the Group and the Company have elected the modified restrospective approach with no restatement of comparatives. From the preliminary assessment of a significant portion of the arrangements, the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained earnings and reserves as at 1 January 2019, are estimated to be as follows:

	Group Estimated adjustments at 1 January 2019 RM'000
Increase in rights-of-use asset	85,848
Increase in deferred tax assets	2,780
Decrease in retained earnings	8,800
Increase in lease liability	97,428

2.4 New pronouncements not applicable to the Group and the Company

The MASB has issued pronouncements which are not yet effective, but for which are not relevant to the operations of the Group and the Company and hence, no further disclosure is warranted.

2. Summary of significant accounting policies (Continued)

2.4 New pronouncements not applicable to the Group and the Company (Continued)

Effective for annual periods beginning on or after 1 January 2019

- Amendments to MFRS 9: *Prepayment Features with Negative Compensation*
- Amendments to MFRS 11 *Joint Arrangements (Annual Improvements 2015–2017 Cycle)*
- Amendments to MFRS 128: *Investments in Associates and Joint Ventures: Long-term Interests in Associates And Joint Ventures*

Effective for annual periods beginning on or after 1 January 2021

- MFRS 17: *Insurance Contracts*

Effective for a date yet to be confirmed

- Amendments to MFRS 10: *Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 128: *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an investor and its Associates or Joint Venture.*

2.5 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.

2. Summary of significant accounting policies (Continued)

2.5 Basis of consolidation (Continued)

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.

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.

2.6 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.

2.7 Service concession arrangements

The Group recognises revenue from the construction and upgrading of the infrastructure in accordance with its accounting policy for construction contracts set out in Note 2.8. Where the Group performs more than one service under the arrangement, consideration received or receivable is allocated to the components by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

2. Summary of significant accounting policies (Continued)

2.7 Service concession arrangements (Continued)

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 2.12.

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 2.9.

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. Capital expenditures necessary to support the Group's operation as a whole are recognised as property and equipment, and accounted for in accordance with the policy stated under property, plant and equipment in Note 2.10. 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 2.17. Repairs and maintenance and other expenses that are routine in nature are expensed and recognised in the profit or loss as incurred.

2.8 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

2.9 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. The intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the entity, from the date when the right to operate starts to be used. Based on these principles, a concession intangible asset is amortised in line with the actual usage of the specific public facility, with a maximum of the duration of the concession. Concession intangible assets are amortised using straight-line method of amortisation over the concession period. Concession intangible assets under construction are not amortised as these assets are not yet available for use.

The concession intangible assets are derecognised on disposal or when no future economic benefits are expected from their future use or disposal or when the contractual rights to the assets expire.

2. Summary of significant accounting policies (Continued)

2.9 Intangible assets (Continued)

(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 2.13. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

2.10 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:

2. Summary of significant accounting policies (Continued)

2.10 Property, plant and equipment (Continued)

Building and bulking facilities	25 years
Machinery and equipment	5 – 14 years
Motor vehicles	5 – 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.

2.11 Inventories

Inventories represent landed development properties in the staff housing project and are stated at the lower of cost and net realisable value. The cost of inventories include 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 are recognised in the profit or loss in the year in which they arise.

2.12 Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9: *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

Recognition and initial measurement

A financial instrument is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Current financial year

A financial asset, (unless it is a receivable without a significant financing component) and a financial liability is measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument. A trade receivable that does not contain a significant financing component is initially measured at the transaction price.

Previous financial year

Financial instruments were recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transactions incurred at the acquisition or issuance of the financial instrument.

2. Summary of significant accounting policies (Continued)

2.12 Financial instrument (Continued)

Reclassification and subsequent measurement

(i) Financial assets

Current financial year

Upon adoption of MFRS 9: *Financial Instruments*, financial assets are classified as measured at: amortised cost and fair value through profit or loss ("FVTPL"), as appropriate.

The Group and the Company determine the classification of financial assets at initial recognition and are not subsequently reclassified unless the Group and the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Interest income and losses is recognised in profit or loss.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group and the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss is subject to impairment.

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139: *Financial Instruments: Recognition and Measurement* as follows:

2. Summary of significant accounting policies (Continued)

2.12 Financial instrument (Continued)

Reclassification and subsequent measurement (Continued)

(i) Financial assets (Continued)

Previous financial year (Continued)

Loan and receivables

The loans and receivables category comprised debt instruments that were not quoted in an active market. Subsequent to initial recognition, financial assets categorised as loans and receivables were measured at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss

The fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial assets that were specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with gains or losses recognised in the profit or loss.

(ii) Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost.

Loan and borrowings

Subsequent to initial recognition, loans and borrowings were subsequently measured at amortised cost using the effective interest method.

Gains and losses were recognised in the profit or loss when the liabilities were derecognised as well as through the amortisation process.

2. Summary of significant accounting policies (Continued)

2.12 Financial instrument (Continued)

Reclassification and subsequent measurement (Continued)

(iii) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs if a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Current financial year

Financial guarantees issued were initially measured at fair value. Subsequently, they were measured at higher of:
- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15: *Revenue from Contracts with Customers*

Previous financial year

Financial guarantee contracts were recognised initially at fair value, net of transaction costs. Subsequent to initial recognition, the financial guarantee contracts were measured at the higher of:
- the amount determined in accordance with the accounting policy for provision set out in Note 2.17 or
- the amount initially recognised less cumulative amortisation recognised in the profit or loss

(iv) Offsetting of financial instruments

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

(v) Amortised cost of financial instruments

Amortised cost is computed using the effective interest rate method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

Current financial year

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (Note 2.13 (i)) where effective interest rate is applied to the amortised cost.

Previous financial year

Amortised cost was computed using the effective interest method. This method used effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

2. Summary of significant accounting policies (Continued)

2.12 Financial instrument (Continued)

Reclassification and subsequent measurement (Continued)

(vi) Derecognition of financial instruments

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement without retaining control of the asset or substantially all the risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liabilities extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

2.13 Impairment

(i) Financial assets

The Group and the Company generally applied the following accounting policies and as permitted by MFRS 9: *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

Current financial year

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and the Company's historical experience and informed credit assessment including forward-looking information, where available.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

2. Summary of significant accounting policies (Continued)

2.13 Impairment (Continued)

(i) Financial assets (Continued)

Current financial year (Continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss) were assessed at each reporting date to determine whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. If any such objective evidence existed, then the financial asset's recoverable amount was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increased and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets, (other than deferred tax assets and inventories) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

A cash-generating unit is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

2. Summary of significant accounting policies (Continued)

2.13 Impairment (Continued)

(ii) Other assets (Continued)

The recoverable amount is the greater of the asset's fair value less cost to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed in a subsequent period. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses are credited to the profit or loss in the year in which the reversals are recognised.

2.14 Revenue

Current financial year

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.

Previous financial year

Revenue is recognised to the extent that when it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from port operations are recognised net of rebates on an accrual basis when the services are performed.

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.8.

2. Summary of significant accounting policies (Continued)

2.15 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.

(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.

2.16 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.

2. Summary of significant accounting policies (Continued)

2.16 Employee benefits (Continued)

(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.

2.17 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.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.19 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.

2.20 Operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (Continued)

2.21 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 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.

2.23 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 36.

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:

2. Summary of significant accounting policies (Continued)

2.23 Fair value measurements (Continued)

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 indirectlyobservable; 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.

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.

(a) Financial guarantee contracts

Financial guarantee contracts relate to the different rate on the financing facilities taken by a subsidiary which resulted from a corporate guarantee provided by the Group and the Company.

Financial guarantees issued were initially measured at fair value. Subsequently, they were measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15: *Revenue from Contracts with Customers*

The measurement of the obligation includes making assumptions on the borrowing rate had there been no corporate guarantee from the Group and the Company.

3. Significant accounting judgements and estimates (Continued)

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 of concession intangible assets for Samalaju Industrial Port ("SIP")

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.

(b) Useful lives of concession intangible assets

Concession intangible assets are amortised on a straight-line basis over the concession period. The management considers that this is in line with the pattern in which the asset's economic benefits are consumed by the Group.

(i) Useful lives of concession intangible assets of Bintulu Port Sdn Bhd ("BPSB") for the purpose of the extension of concession agreement

For concession intangible assets that are constructed for the purpose of the extension of concession agreement, these intangible assets are amortised on a straight line basis over the extended period based on the approval in principle given by Ministry of Finance ("MoF") to renew the concession subject to terms and conditions to be decided.

(ii) Useful lives of immoveable concession intangible assets of BPSB and SIP

For immoveable concession intangible assets that are constructed for BPSB and SIP, these intangible assets are amortised on a straight line basis over the respective remaining concession periods.

The carrying amount of the Group's intangible assets at the reporting date is disclosed in Note 17.

(c) Discount rate used for long term contractual obligation for lease payments and facilities for BPSB and SIP

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 at the present value of the best estimated amount to be paid. The discount rate used by BPSB and SIP is disclosed in Note 28.

The carrying amount of the Group's contractual obligation for lease payments at the reporting date is disclosed in Note 28.

(d) 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 23.

4. Revenue

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Revenue from Contracts with Customers				
Revenue from port services rendered	640,418	640,220	-	-
Revenue from construction services for concession infrastructure	19,326	137,376	-	-
Revenue from bulking services	45,723	39,600	-	-
Management fee charged to subsidiaries	-	-	39,671	35,222
Dividend income from subsidiaries	-	-	140,000	115,200
	705,467	817,196	179,671	150,422

The revenue from port services and bulking services are rendered in accordance with MFRS 15: *Revenue from Contracts with Customers*.

Disaggregation of revenue from contracts with customers
Revenue is disaggregated by service lines such as port services and bulking services.

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 are recognised on an accrual basis when the services are performed.

Significant payment terms
Credit period from 15 to 45 days from the invoice date.

Provision of port services

a) BPSB
The variable element in consideration is contingent upon or affected by certain customers achieving the cargoes volume as stated in the contracts.

4. Revenue (Continued)

b) SIP
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.

The 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 had outsourced the construction services to third parties.

5. Other income

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Finance income:				
Interest income from:				
- Current account	42	34	-	-
- Short term deposits	23,047	22,154	1,842	1,167
- Staff loans	50	55	-	-
	23,139	22,243	1,842	1,167
Other income:				
Dividend income from unit trust	2,686	3,131	383	317
Rental income	105	28	-	-
Gain on disposal of property,			-	-
plant and equipment	234	12	-	-
Gain on disposal of inventories	-	1,281	-	-
Gain on fair value of investment	969	-	136	-
Guarantee fee income	-	-	3,098	-
Government Grant Surplus #	35,720	-	-	-
Income recognised from LAD *	10,901	-	-	-
Others	1,080	666	11	14
	51,695	5,118	3,628	331

The Group received RM499.73 million of government grant for the purpose of funding capital dredging. The total cost incurred for capital dredging is RM464.1 million. The government grant surplus of RM35.72 million is recognised as other income during the year.

* The Group has recognised RM10.9 million as other income from LAD imposed on contractors for the delay in completing certain works at Samalaju Port.

6. Cost of construction services

	Group	
	2018	2017
	RM'000	RM'000
Cost of construction services for concession infrastructure	19,326	137,376

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Wages, salaries, allowance and bonus	80,149	68,655	22,599	20,055
Defined contribution plan (Employees Provident Fund)	11,096	9,783	3,381	3,078
Staff gratuities	1,505	1,674	-	-
Other employee benefits	12,668	10,784	4,100	4,079
	105,418	90,896	30,080	27,212

8. Leasing of land

	Group	
	2018	2017
	RM'000	RM'000
Land lease	1,375	1,250

The above land lease expense relates to rental of land from Bintulu Port Authority ("BPA") by Biport Bulkers Sdn. Bhd..

9. Finance costs

	Group	
	2018	2017
	RM'000	RM'000
Unwinding of discount (Note 28)	25,207	29,571
Interest expense on term loan	226	716
Profit expense on Sukuk Murabahah	50,389	29,543
	75,822	59,830

10. Other expenses

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
The following items have been included in arriving at other expenses:				
Auditors' remuneration	299	284	100	95
Non-Executive Directors (Note 11)				
- Fees	1,923	1,580	1,258	960
- Other emoluments	722	590	607	509
Rental of equipment	2,559	2,277	72	75
Rental of premises	45	323	3,600	3,878
Property, plant and equipment written off	5	11	-	-
Loss on disposal of property, plant and equipment	-	-	-	4
Loss on fair value of investment securities	-	1,073	-	26
Provision for doubtful debt for trade receivables	49	-	-	-

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Non-Executive Directors:				
- Fees	1,923	1,580	1,258	960
- Meeting and other allowances	470	398	355	317
	2,393	1,978	1,613	1,277
- Provision for Directors' gratuities	252	192	252	192
	2,645	2,170	1,865	1,469

The number of Directors of the Company whose total remuneration during the financial year fall within the following bands is analysed below:

	2018	2017
Non-executive Directors:		
RM100,001 - RM150,000	11	10
RM200,001 - RM250,000	1	1

12. Income tax expense/(credit)

The major components of income tax expense/(credit) for the years ended 31 December 2018 and 2017 are:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Statement of profit or loss:				
Current income tax:				
Malaysian income tax	56,205	62,908	-	-
Overprovision in previous years	(172)	(386)	-	(185)
	56,033	62,522	-	(185)
Deferred income tax (Note 23):				
Origination and reversal of temporary differences	(7,484)	(4,199)	-	-
Under/(over)provision in previous years	11,269	(1,217)	-	-
	3,785	(5,416)	-	-
Income tax expense/(credit) recognised in profit or loss	59,818	57,106	-	(185)

12. Income tax expense/(credit) (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 2018 and 2017 are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit before tax	201,862	211,278	138,914	109,681
Tax at Malaysian statutory tax rate of 24%	48,446	50,707	33,339	26,323
Adjustments:				
Non-deductible expenses	7,174	34,519	147	639
Income not subject to tax	(14,299)	(33,417)	(33,692)	(27,724)
Overprovision of tax expenses in previous years	(172)	(386)	-	(185)
Under/(over)provision of deferred tax in previous years	11,269	(1,217)	-	-
Deferred tax assets not recognised during the year	7,400	6,900	206	762
Income tax expense/(credit) recognised in profit or loss	59,818	57,106	-	(185)

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	
	2018	2017
	RM'000	RM'000
Profit net of tax	142,044	154,172

13. Earnings per share (Continued)

	Group 2018 '000	Group 2017 '000
Number of ordinary shares for basic earnings per share computation	460,000	460,000

	Group 2018	Group 2017
Basic earnings per share for profit for the year (sen)	30.88	33.52

(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.

14. Dividends

	Dividends in respect of the year		Dividends recognised in year	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Final single tier dividend for 2016				
- 6.00 sen per share	-	-	-	27,600
Interim single tier dividend for 2017				
- 6.00 sen per share	-	27,600	-	27,600
- 4.00 sen per share	-	18,400	-	18,400
- 5.00 sen per share	-	23,000	-	23,000
Final single tier dividend for 2017				
- 6.00 sen per share	-	27,600	27,600	-
Special single tier dividend for 2017				
- 4.00 sen per share	-	18,400	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	-
	36,800	115,000	82,800	96,600

The Directors has authorised the payment of a fourth interim single tier dividend of 6.0 sen per share on 460,000,000 ordinary shares, amounting to RM27,600,000 which will be paid on 19 April 2019 to shareholders registered on the Company's Register of Members at the close of business on 29 March 2019. 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 2019.

15. 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 2017	39,717	159,545	264,677	10,135	21,604	117,524	2,944	616,146
Additions	2,132	-	1,524	631	1,359	-	9,702	15,348
Disposals	-	-	(67)	(581)	(881)	(2,820)	-	(4,349)
Write off	-	-	-	-	(49)	-	-	(49)
Transfer from capital work-in-progress	3,729	-	1,235	-	-	-	(4,964)	-
Reclassification from Intangible Asset	(380)	-	-	-	(40)	-	18	(402)
Adjustments	-	-	(34)	-	-	-	(327)	(361)
At 31 December 2017	45,198	159,545	267,335	10,185	21,993	114,704	7,373	626,333

15. Property, plant and equipment (Continued)

	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 (Continued)								
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)
Write off/Expense off	-	-	(16)	-	-	-	-	(16)
Transfer from capital work-in-progress	-	7,335	-	-	-	-	(7,335)	-
Adjustments	51	-	(160)	-	3	-	-	(106)
At 31 December 2018	46,159	166,880	263,318	10,497	23,826	114,812	8,166	633,658

15. Property, plant and equipment (Continued)

	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 (Continued)								
Accumulated depreciation:								
At 1 January 2017	16,063	47,935	163,662	5,597	13,792	53,001	-	300,050
Charge for the year	2,794	6,205	14,819	800	1,770	4,981	-	31,369
Disposal	-	-	(39)	(512)	(888)	(2,800)	-	(4,239)
Write off	-	-	-	-	(38)	-	-	(38)
At 31 December 2017 and 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
Disposal	-	-	(9,762)	(458)	(98)	-	-	(10,318)
Transfer from intangible assets	67	-	-	-	-	-	-	67
Write off	-	-	(11)	-	-	-	-	(11)
At 31 December 2018	22,390	60,614	181,752	6,601	16,297	60,177	-	347,831

15. Property, plant and equipment (Continued)

	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
Net Carrying Amount:								
At 31 December 2017	26,341	105,405	88,893	4,300	7,357	59,522	7,373	299,191
At 31 December 2018	23,769	106,266	81,566	3,896	7,529	54,635	8,166	285,827

15. Property, plant and equipment (Continued)

	Motor Vehicles RM'000	Office Furniture, Fittings and Equipment RM'000	Total RM'000
Company			
Cost:			
At 1 January 2017	1,201	877	2,078
Additions	290	293	583
Disposals	-	(8)	(8)
At 31 December 2017 and 1 January 2018	1,491	1,162	2,653
Additions	312	533	845
At 31 December 2018	1,803	1,695	3,498
Accumulated depreciation:			
At 1 January 2017	335	196	531
Charge during the year	128	106	234
Disposals	-	(4)	(4)
At 31 December 2017 and 1 January 2018	463	298	761
Charge during the year	154	185	339
At 31 December 2018	617	483	1,100
Net carrying amount:			
At 31 December 2017	1,028	864	1,892
At 31 December 2018	1,186	1,212	2,398

16. Investment in subsidiaries

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares in Malaysia, at cost	940,000	940,000
Financial guarantee granted	21,900	-
	961,900	940,000

Name of subsidiaries	Country of Incorporation	Principal activities	Proportion of Ownership Interest 2018 %	Proportion of Ownership Interest 2017 %
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, Malaysia.

17. Intangible assets

	Concession Leased Assets RM'000	Concession Intangible Assets RM'000	Right to operate concession Rights RM'000	Software RM'000	Capital Work-in-progress RM'000	Total RM'000
Group						
Cost:						
At 1 January 2017	527,127	1,911,515	15	17,671	1,051,751	3,508,079
Additions	157	109,430	-	311	59,208	169,106
Reclassification to property, plant and equipment	380	-	-	40	(18)	402
Transfer from capital work in progress	6,994	1,030,863	-	105	(1,037,962)	-
Adjustments	(1,199)	(140)	-	-	(119)	(1,458)
At 31 December 2017 and 1 January 2018	533,459	3,051,668	15	18,127	72,860	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	536,250	3,146,784	15	18,984	4,947	3,706,980

17. Intangible assets (Continued)

	Concession Leased Assets RM'000	Concession Intangible Assets RM'000	Right to operate concession Rights RM'000	Software RM'000	Capital Work-in-progress RM'000	Total RM'000
Group						
Accumulated amortisation:						
At 1 January 2017	329,267	1,243,022	-	11,116	-	1,583,405
Charge for the year	32,580	116,781	-	1,331	-	150,692
At 31 December 2017 and 1 January 2018	361,847	1,359,803	-	12,447	-	1,734,097
Charge for the year	35,513	128,321	-	958	-	164,792
Adjustment	-	# 31,265	-	-	-	31,265
Transfer to PPE	(67)	-	-	-	-	(67)
At 31 December 2018	397,293	1,519,389	-	13,405	-	1,930,087
Net carrying amount:						
At 31 December 2017	171,612	1,691,865	15	5,680	72,860	1,942,032
At 31 December 2018	138,957	1,627,395	15	5,579	4,947	1,776,893

This relates to an adjustment to the carrying amount of lease concession infrastructure due to exclusion of LPG Jetty from the lease obligation.

There are no interest expense capitalised during the year under capital work-in-progress of the Group (2017: RM20,846,000).

17. Intangible assets (Continued)

	Work-In-Progress RM'000	Software RM'000	Total RM'000
Company			
Cost:			
At 1 January 2017	-	983	983
Additions	-	106	106
At 31 December 2017 and 1 January 2018	-	1,089	1,089
Additions	142	376	518
At 31 December 2018	142	1,465	1,607
Accumulated amortisation:			
At 1 January 2017	-	168	168
Charge for the year	-	121	121
At 31 December 2017 and 1 January 2018	-	289	289
Charge for the year	-	178	178
At 31 December 2018	-	467	467
Net carrying amount:			
At 31 December 2017	-	800	800
At 31 December 2018	142	998	1,140

Key assumptions used in value-in-use calculations of Samalaju Industrial Port 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.

17. Intangible assets (Continued)

Key assumptions used in value-in-use calculations of Samalaju Industrial Port impairment assessment ("CGU") (Continued)

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% (2017: 9.0%).

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 obtained from a survey done by port users for 6 years and published tariff rates issued by Samalaju Port Authority. Projected cargo volume is assumed to be constant after 6 years.

(c) Expenses

Expenses are annually escalated at 3% (2017: 3%).

(d) Port operations

Samalaju Industrial Port has commenced full port's operation from June 2017.

Sensitivity to changes in assumptions

With regards to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values to materially exceed their recoverable amounts.

18. Other receivables

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	-	-	4,172	2,708
Interest receivable	1,331	1,035	187	24
Staff loans	2,082	1,950	807	674
Sundry receivables	27,097	28,368	350	297
	30,510	31,353	5,516	3,703

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable on demand.

19. Concession financial assets

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	48,098	25,982
Facilitation fund receivable	-	99,038
Facilitation fund received	(48,098)	(76,922)
At 31 December	-	48,098

Concession financial assets comprises facilitation fund receivable from the Government of Malaysia ("GOM") for construction services rendered in respect of Samalaju Port development project up to 31 December 2018. SIP has received the final tranche of money from GOM during the financial year ended 31 December 2018.

20. Other current assets

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Prepaid operating expenses	24,175	24,852	379	369

Included in prepaid operating expenses is prepaid base rental for the first quarter of the following year of RM18,431,452 (2017: RM18,431,452) paid to Bintulu Port Authority ("BPA").

21. Investment in securities

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fair value through profit or loss				
Non-equity exposure unit trust fund quoted in Malaysia, at carrying amount	90,608	81,879	10,784	10,265

22. Cash and bank balances

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	29,309	7,571	720	185
Deposits with licensed financial institutions:				
Short term deposits with licensed banks	537,670	508,280	66,600	21,800
Money market instruments purchased under repurchase agreements	77,380	47,630	9,100	5,400
	615,050	555,910	75,700	27,200
Cash and bank balances	644,359	563,481	76,420	27,385
Trade receivables (Note 25)	53,634	59,495	-	-
Other receivables (Note 18)	30,510	31,353	5,516	3,703
Concession finance receivables (Note 19)	-	48,098	-	-
Total financial assets at amortised cost	728,503	702,427	81,936	31,088

22. Cash and bank balances (Continued)

The effective interest rates and the maturities of deposits as at the reporting date were as follows:

	Interest rate		Maturity	
	2018	2017	2018	2017
	%	%	Days	Days
Group				
Deposits with licensed banks	3.40 - 3.90	3.00 - 3.90	31 - 365	31 - 365
Money market instruments purchased under repurchase agreements	2.65 - 3.05	2.00 - 2.80	3 - 19	5 - 22
Company				
Deposits with licensed banks	3.80 - 3.90	3.70	31 - 33	31 - 33
Money market instruments purchased under repurchase agreements	2.70 - 2.75	2.70 - 2.75	9 - 19	11 - 18

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	644,359	563,481	76,420	27,385
Less: Deposits with maturity period of more than 3 months	(24,260)	(18,790)	-	-
Cash and cash equivalents	620,099	544,691	76,420	27,385

23. 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	Unutilised Tax Losses RM'000	Unutilised Investment Tax Allowances RM'000	Contractual Obligation on Lease Payment RM'000	Retirement Benefits RM'000	Unabsorbed Capital Allowances RM'000	Other RM'000	Total RM'000
At 31 December 2016 and 1 January 2017	17,574	(31)	(3,426)	(55,164)	(8,544)	-	(3,227)	(52,818)
Recognised in profit or loss (Note 12)	14,313	31	3,426	22,691	853	(44,916)	(1,814)	(5,416)
At 31 December 2017	31,887	-	-	(32,473)	(7,691)	(44,916)	(5,041)	(58,234)
Recognised in profit or loss (Note 12)	21,889	-	-	(11,550)	1,426	(5,476)	(2,504)	3,785
At 31 December 2018	53,776	-	-	(44,023)	(6,265)	(50,392)	(7,545)	(54,449)

23. Deferred tax (Continued)

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	
	2018	2017
	RM'000	RM'000
Deferred tax assets	(55,728)	(59,298)
Deferred tax liabilities	1,279	1,064
	(54,449)	(58,234)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Unabsorbed tax losses	68,039	67,696	10,212	9,869
Unutilised capital allowances	249,061	218,572	2,817	2,302
	317,100	286,268	13,029	12,171

As a result of changes in Malaysian tax law, unutilised business losses will now expire in 2025. Unabsorbed capital allowances do not expire under the current tax legislation.

24. Inventories

	Group	
	2018	2017
	RM'000	RM'000
Landed development properties in staff housing project, at net realisable value	4,470	4,544

A wholly-owned subsidiary, Bintulu Port Sdn. Bhd., is the registered proprietor of all parcels of land for the housing project, free from all encumbrances except for caveats lodged by the end financiers.

Currently, the appointed solicitors are in the process of effecting transfer to all the individual purchasers of the said housing project.

25. Trade receivables

Trade receivables are non-interest bearing and are generally from 15 from 45 days (2017: 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 RM3,617,286 (2017: RM9,520,366) and RM1,257,142 (2017: RM1,186,697) respectively.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2018	2017
	RM'000	RM'000
Trade receivables - LNG:		
Neither past due nor impaired	18,858	10,862
1 to 15 days past due not impaired	853	158
More than 15 days past due not impaired	192	-
	1,045	158
	19,903	11,020
Trade receivables - Non LNG:		
Neither past due nor impaired	15,639	17,790
1 to 45 days past due not impaired	1,804	336
More than 45 days past due not impaired	532	773
	2,336	1,109
	17,975	18,899
	37,878	29,919

25. Trade receivables (Continued)

Ageing analysis of trade receivables (Continued)

	Group 2018 RM'000	Group 2017 RM'000
Trade receivables – bulking services:		
Neither past due nor impaired	3,521	3,338
1 to 30 days past due not impaired	70	-
31 to 60 days past due not impaired	-	2
61 to 90 days past due not impaired	-	-
More than 90 days past due not impaired	49	190
	119	192
	3,640	3,530
Trade receivables – port services at Samalaju:		
Neither past due nor impaired	11,806	21,551
1 to 30 days past due not impaired	-	4,357
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	309	138
	310	4,495
	12,116	26,046
	53,634	59,495

The movement of allowance for impairment losses of trade receivables during the year are as follows:

	2018 RM'000	2017 RM'000
Opening balance under MFRS 9	-	-
Impairment loss	49	-
Closing balance	49	-

25. Trade receivables (Continued)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers for whom there were no default.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM3,809,264 (2017: RM5,955,000) that are past due at the reporting date but not impaired. The trade receivables for LNG, non-LNG and bulking services are secured by bank guarantee or other form of credit enhancements. The trade receivables from port services at Samalaju are unsecured in nature.

26. Share capital and share premium

	No. of Shares		Amount			
	Share Capital (Issued and Fully Paid) '000	One Special Rights Redeemable Preferences Shares '000	Share Capital (Issued and Fully Paid) RM'000	One Special Rights Redeemable Preferences Shares RM'000	Share Premium RM'000	Total Share Capital and Share Premium RM'000
Group/Company						
At 1 January 2017	460,000	*	460,000	*	430,818	890,818
Transfer of share premium #	-	-	430,818	-	(430,818)	-
At 1 December 2017	460,000	*	890,818	*	-	890,818

	No. of Shares		Amount			
	Share Capital (Issued and Fully Paid) '000	One Special Rights Redeemable Preferences Shares '000	Share Capital (Issued and Fully Paid) RM'000	One Special Rights Redeemable Preferences Shares RM'000	Share Premium RM'000	Total Share Capital and Share Premium RM'000
Group/Company						
At 1 January 2018 and 31 December 2018	460,000	*	890,818	*	-	890,818

* The Special Share amounted to RM1.

26. Share capital and share premium (Continued)

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 Article 15A and 109(A) of the Company's Articles of Association.

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 par at any time.

Certain matters, in particular, the alteration of specified Articles (including the Articles relating to the limitation on shareholdings), 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.

Relates to transfer of share premium in accordance with Section 618(2) of the Companies Act, 2016 to no-par value regime on 31 January 2017.

In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

Included in share capital is share premium amounting to RM430,818,366 that is available to be utilised in accordance 618(3) of Companies Act, 2016 on or before 30 January 2019 (24 months from commencement of section 74).

27. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2018 under the single tier system.

28. Contractual obligation for lease payments

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	754,834	746,866
Arose during the year *	-	109,404
Unwinding of discount (Note 9)	25,207	29,571
Payments	(132,194)	(131,007)
Adjustment #	(31,265)	-
At 31 December	616,582	754,834
Current:	115,393	117,248
Non-current:		
Later than 1 year but not later than 2 years	131,514	120,858
Later than 2 years but not later than 5 years	279,765	422,700
Later than 5 years	89,910	94,028
	501,189	637,586
	616,582	754,834

* The contractual obligation for lease payment arose during the previous year mainly relates to land lease payment to Samalaju Port Authority ("SPA") due to the full commencement of port operations in June 2017.

\# Kindly refer to Note 17 for further details.

28. Contractual obligation for lease payments (Continued)

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.

(a) Bintulu Port Sdn. Bhd.

In a privatisation exercise by the Malaysian Government on 31 December 1992, BPA sold the business of port operations at Bintulu Port to Bintulu Port Sdn. Bhd. (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.

A draft supplementary agreement to the privatisation agreement, which includes the setting of lease rentals for the new land and facilities, has been prepared and is pending execution.

Bintulu Port Sdn. Bhd. paid RM127,513,704 (2017: RM127,497,387) for leases of land and port facilities to BPA. These payments are accounted for as reduction in the contractual obligations which were provided for at the inception of the privatisation agreement at discounted present value. A rate of 3.3% (2017: 3.3%) is used to measure the present value of concession lease payable to BPA.

(b) Samalaju Industrial Port Sdn. Bhd.

In accordance with the Principle Agreement dated 9 July 2013, SIPSB was granted a license by Samalaju Port Authority ("SPA") to provide port services at Samalaju Port for a period of 40 years commencing 1 June 2017 with an option to renew for another term of 20 years provided there have been no breach of any of the provisions of this Agreement by SIPSB.

Samalaju Industrial Port Sdn. Bhd. paid RM4,680,000 (2017: RM3,510,000) for leases of land to SPA. These payments are accounted for as a reduction in the contractual obligations which were provided for at the inception of the privatisation agreement at discounted present value. A rate of 4.5% (2017: 4.5%) is used to measure the present value of concession lease payable to SPA.

29. Loans and borrowings

	Group 2018 RM'000	Group 2017 RM'000
Current		
Unsecured:		
Term loan	-	11,600
Non-current		
Unsecured:		
Sukuk Murabahah	937,316	935,805
	937,316	935,805
Total loans and borrowings	937,316	947,405

The remaining maturities of the loans and borrowings as at the reporting date are as follows:

	Group 2018 RM'000	Group 2017 RM'000
On demand or within one year	-	11,600
Later than 5 years	937,316	935,805
	937,316	947,405

Sukuk Murabahah

The Sukuk Programme obtained by Samalaju Industrial Port Sdn. Bhd., 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 tawaruq 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 subsidiary 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. There were no breach of debt covenants noted during the financial year.

29. Loans and borrowings (Continued)

Sukuk Murabahah (Continued)

On 28 December 2015, the subsidiary raised a total amount of RM682,783,300 from the first issuance of the Sukuk Murabahah, which has a tenure 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 2018/2017

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 - 6.00	17 - 20	2033 - 2036

The Sukuk Murabahah is redeemable as follows:

	2018 RM'000	2017 RM'000
Later than 5 years	937,316	935,805

30. Other payables

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current:				
Other payables				
Due to subsidiaries	-	-	83	86
Accrued operating expenses	14,878	39,759	769	748
Sundry payables	28,471	38,142	171	1,233
Deposit received	4,442	3,361	-	-
Retention money	1,235	35,312	-	-
Staff gratuities	4,405	7,207	-	-
Financial guarantee contract	-	-	1,277	-
Others	729	-	-	-
	54,160	123,781	2,300	2,067
Non-current:				
SUKUK profit distribution	22,742	11,494	-	-
Directors' gratuities	1,370	1,118	1,370	1,118
Staff gratuities	21,699	24,949	-	-
Financial guarantee contract	-	-	17,524	-
	45,811	37,561	18,894	1,118
Total other payables	99,971	161,342	21,194	3,185
Add: Loans and borrowings (Note 29)	937,316	935,805	-	-
Add: Contractual obligation for lease payments (Note 28)	616,582	754,834	-	-
Total finance liabilities carried at amortised cost	1,653,869	1,851,981	21,194	3,185

(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 RM175,826 (2017: RM 521,434). 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.

30. Other payables (Continued)

(c) Staff gratuities

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	32,157	36,093
Arose during the year	1,519	1,674
Utilised during the year	(7,572)	(5,611)
At 31 December	26,104	32,156
Current:	4,405	7,207
Non-current:		
Later than 1 year but not later than 2 years	4,480	4,422
Later than 2 years but not later than 5 years	6,743	9,154
Later than 5 years	10,476	11,373
	21,699	24,949
	26,104	32,156

The Group operated an unfunded, defined Retirement Benefit Scheme for its employees. Effective 1 January 2014, the current scheme is closed for future accruals and members will instead receive additional contributions to EPF up to 19% of salaries.

(d) Directors' gratuities

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,118	926	1,118	926
Arose during the year	252	192	252	192
At 31 December	1,370	1,118	1,370	1,118
Non-current:	1,370	1,118	1,370	1,118

30. Other payables (Continued)

(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 RM3.098 million was recognised during the year.

31. Provision for maintenance dredging costs

	Group	
	2018	2017
	RM'000	RM'000
At 1 January	18,909	11,250
Arose during the year	10,091	7,659
At 31 December	29,000	18,909

32. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment and concession intangible assets	35,757	52,717	327	-
Approved but not contracted for:				
Property, plant and equipment and concession intangible assets	4,706	2,452	-	-
	40,463	55,169	327	-

32. Commitments (Continued)

(b) Lease commitments

	Group	
	2018	2017
	RM'000	RM'000
Not later than 1 year	1,375	1,375
Later than 1 year but not later than 5 years	5,911	5,773
Later than 5 years	38,498	40,010
	45,784	47,158

Lease commitment is in respect of leases for land used for bulking activities by Biport Bulkers Sdn. Bhd. payable to Bintulu Port Authority ("BPA").

33. 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Significant transactions with subsidiaries				
Dividend income	-	-	140,000	115,200
Management fee received from subsidiaries	-	-	39,671	35,222
Rental expense charged by BPSB	-	-	(3,600)	(3,878)

33. Related party transactions (Continued)

(a) Sale and purchase of goods and services (Continued)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Transactions with subsidiaries of a substantial shareholder, Petroliam Nasional Berhad:				
Rendering of services:				
- Malaysia LNG Sdn. Bhd.	213,226	263,112	-	-
- Vestigo Petroleum Sdn. Bhd.	151	-	-	-
- PS Terminal Sdn. Bhd.	46	1,288	-	-
- PETRONAS Carigali Sdn. Bhd.	11,161	10,910	-	-
- PETRONAS Dagangan Berhad	1,851	1,035	-	-
- PETRONAS Floating LNG 1 (L) Ltd	2,969	1,745	-	-
- PETRONAS Chemical Marketing (L) Ltd	806	858	-	-
Purchase of fuel and lubricants:				
- PETRONAS Dagangan Berhad	(11,621)	(1,617)	-	-
Purchase of gas:				
- PETRONAS Gas Berhad	(2,706)	(2,336)	-	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2018 are disclosed in Notes 25 and 30.

33. 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Remuneration and benefits	3,539	2,890	2,603	2,190
Post-employment benefits:				
Defined contribution plan	193	123	193	123
	3,732	3,013	2,796	2,313

34. Service concession arrangements

(a) Bintulu Port

In a privatisation exercise by the Malaysian Government on 31 December 1992, BPA sold the business of port operations at Bintulu Port to Bintulu Port Sdn. Bhd. (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.

BPSB has obtained approval in principle given by MoF to renew the concession subject to terms and conditions to be decided.

34. Service concession arrangements (Continued)

(a) Bintulu Port (Continued)

	Intangible assets Gross value RM'000	Intangible assets Net book value RM'000
• Description arrangement: Financing, building and operating of Bintulu Port	2,280,701 (2017: 2,278,841)	465,666 (2017: 605,333)

- 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) Samalaju Industrial Port

On 9 July 2013, a subsidiary, Samalaju Industrial Port Sdn. Bhd. (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. 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 which has been completed in June 2017, with an option to extend for twenty years.

The Principal Agreement stipulates that upon completion of Phase 1 of the project, the subsidiary will pay land lease of RM4,680,000 per year for an area of 156 hectares. The annual rent will be increased by 10% for every five years thereafter. An agreement of sublease has been signed between Samalaju Port Authority (SPA) as the sublessor and the subsidiary. A Memorandum of Sublease has been prepared and will be signed and executed by both parties upon the issuance of the land title to SPA or the completion of the port facilities, whichever is later.

34. Service concession arrangements (Continued)

(b) Samalaju Industrial Port (Continued)

Upon the sublease taking effect, the rights to use the leased land will be recognised in the financial statements.

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 summarized as follows:

	← Intangible assets →	
	Gross value RM'000	Net book value RM'000
• Description arrangement: Financing, building and operating of Samalaju Port	1,407,136 (2017: 1,379,145)	1,305,489 (2017: 1,331,004)
• 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		

35. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Set out below is the comparison of the carrying amounts and fair values of the financial instruments of the Group which are not carried at fair value in the financial statements. It does not include those short term/on demand financial liabilities where the carrying amounts are reasonable approximation of their fair values:

35. Fair value of financial instruments (Continued)

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (Continued)

Loans, advances and financing

The fair values of fixed rate loans/financing with remaining maturity of less than one year and variable rate loans/financing are estimated to approximate their carrying amounts. For fixed rate loans/financing with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans/financing of similar credit risks and maturity. The fair values of impaired loans/financing are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

(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
Concession financial assets	19
Trade and other receivables	18, 25
Other payables	30
Loans and borrowings	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

36. 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).

The following table provides the fair value measurement hierarchy of the Group's liabilities.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2018				
Current assets at fair value (Note 21)				
Investment in securities	-	90,608	-	90,608
Liabilities for which fair values are disclosed				
Loans and borrowings				
- SUKUK Murabahah	-	968,165	-	968,165

36. Fair value measurement (Continued)

Fair value hierarchy (Continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2017				
Current assets at fair value (Note 21)				
Investment in securities	-	81,879	-	81,879
Liabilities for which fair values are disclosed				
Loans and borrowings				
- Fixed rate term loan and SUKUK Murabahah	-	968,253	-	968,253
Company				
2018				
Current assets at fair value (Note 21)				
Investment in securities	-	10,784	-	10,784
2017				
Current assets at fair value (Note 21)				
Investment in securities	-	10,265	-	10,265

There have been no transfers between Levels during the financial year.

37. 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 abovementioned 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.

37. Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

Risk management objectives, policies and processes for managing the risk (Continued)

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.

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.

37. Financial risk management objectives and policies (Continued)

(b) Credit risk (Continued)

Recognition and measurement of impairment loss (Continued)

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.

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

i) Loan and receivables ("L&R"); and
ii) Loans and borrowings ("L&B")
iii) Amortised cost ("AC'')
iv) Fair value through profit or loss ("FVTPL")

37. Financial risk management objectives and policies (Continued)

Categories of financial instruments (Continued)

	FVTPL RM'000	AC RM'000	Total carrying amount RM'000
2018			
Group			
Financial assets			
Trade and other receivables	-	84,144	84,144
Cash and bank balances	-	644,359	644,359
Investment in securities	90,608	-	90,608
	90,608	728,503	819,111
Financial liabilities			
Other payables	-	99,971	99,971
Loans and borrowings	-	937,316	937,316
Contractual obligation for lease payments	-	616,582	616,582
	-	1,653,869	1,653,869

	FVTPL RM'000	L&R/ (L&B) RM'000	Total carrying amount RM'000
2017			
Group			
Financial assets			
Trade and other receivables	-	90,848	90,848
Cash and bank balances	-	563,481	563,481
Investment in securities	81,879	-	81,879
Concession finance receivables	-	48,098	48,098
	81,879	702,427	784,306
Financial liabilities			
Other payables	-	(161,342)	(161,342)
Loans and borrowings	-	(935,805)	(935,805)
Contractual obligation for lease payments	-	(754,834)	(754,834)
	-	(1,851,981)	(1,851,981)

37. Financial risk management objectives and policies (Continued)

Categories of financial instruments (Continued)

	FVTPL RM'000	AC RM'000	Total carrying amount RM'000
2018			
Company			
Financial assets			
Trade and other receivables	-	5,516	5,516
Cash and bank balances	-	76,420	76,420
Investment in securities	10,784	-	10,784
	10,784	81,936	92,720
Financial liabilities			
Other payables	-	21,194	21,194

	FVTPL RM'000	L&R/ (L&B) RM'000	Total carrying amount RM'000
2017			
Company			
Financial assets			
Trade and other receivables	-	3,703	3,703
Cash and bank balances	-	27,385	27,385
Investment in securities	10,265	-	10,265
	10,265	31,088	41,353
Financial liabilities			
Other payables	-	(3,185)	(3,185)

37. 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	One to five years RM'000	More than five years RM'000
Group					
At 31 December 2018					
Financial liabilities:					
Other payables (Note 30)	99,971	99,971	58,640	8,113	33,218
Loans and borrowings (Note 29)	937,316	1,472,310	37,836	150,417	1,284,057
Contractual obligation for lease payments (Note 28)	616,582	807,871	132,275	440,406	235,190
Total undiscounted financial liabilities	1,653,869	2,380,152	228,751	598,936	1,552,465
At 31 December 2017					
Financial liabilities:					
Other payables (Note 30)	161,342	161,342	128,203	10,272	22,867
Loans and borrowings (Note 29)	947,405	1,521,540	49,230	150,623	1,321,687
Contractual obligation for lease payments (Note 28)	754,834	979,234	138,701	600,195	240,338
Total undiscounted financial liabilities	1,863,581	2,662,116	316,134	761,090	1,584,892

37. 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	One to five years RM'000	More than five years RM'000
Company					
At 31 December 2018					
Financial liabilities:					
Other payables (Note 30)	2,393	2,393	1,023	1,370	-
Financial guarantee contract	18,801	18,801	1,277	5,809	11,715
At 31 December 2017					
Financial liabilities:					
Other payables (Note 30)	3,185	3,185	2,067	1,118	-

38. 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, trade payables, other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		Group	
	Note	2018	2017
		RM'000	RM'000
Loans and borrowings	29	937,316	935,805
Other payables	30	99,971	161,342
Less: Cash and bank balances	22	(644,359)	(563,481)
		392,928	533,666
Net debt			
Equity attributable to the owners of the parent		1,273,492	1,214,248
Total equity		1,273,492	1,214,248
Capital and net debt		1,666,420	1,749,914
Gearing ratio		23.58%	30.53%

39. 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.

39. Segment information (Continued)

	Port operations RM'000	Bulking Services RM'000	Others RM'000	Consolidations Adjustments and Eliminations RM'000	Note	Per Consolidated Financial Statements RM'000
31 December 2018						
Revenue:						
External customers representing total revenue (Note 4)	659,744	52,174	-	(6,451)		705,467
Results:						
Interest income	20,500	796	1,843	-		23,139
Dividend income	-	-	140,000	(140,000)		-
Guarantee fee income	-	-	3,098	(3,098)		-
Depreciation and amortisation	186,936	8,290	517	-		195,743
Other non-cash expenses	36,803	14	252	-	A	37,069
Segment profit	181,564	24,482	138,914	(143,098)	B	201,862
Assets:						
Additions to non-current assets	47,109	755	1,363	-	C	49,227
Segment assets	2,736,288	145,244	1,058,537	(971,646)	D	2,968,423
Segment liabilities	1,698,418	3,882	21,196	(28,565)	E	1,694,931
31 December 2017						
Revenue:						
External customers representing total revenue (Note 4)	777,596	45,897	-	(6,297)		817,196
Results:						
Interest income	20,322	755	1,166	-		22,243
Dividend income	-	-	115,200	(115,200)		-
Depreciation and amortisation	173,714	7,992	355	-		182,061
Other non-cash expenses	38,904	-	192	-	A	39,096
Segment profit	197,071	19,727	109,680	(115,200)	B	211,278
Assets:						
Additions to non-current assets	178,265	583	5,606	-	C	184,454
Segment assets	2,926,750	150,373	984,416	(945,325)	D	3,116,214
Segment liabilities	1,886,886	17,233	3,186	(5,339)	E	1,901,966

39. 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	
	2018	**2017**
	RM'000	**RM'000**
Staff gratuities	1,519	1,674
Maintenance dredging costs	10,091	7,659
Directors' gratuities	252	192
Unwinding of discount	25,207	29,571
	37,069	39,096

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	
	2018	**2017**
	RM'000	**RM'000**
Dividend income	(140,000)	(115,200)
Guarantee fee income	(3,098)	-
	(143,098)	(115,200)

C Additions to non-current assets consist of:

	2018	**2017**
	RM'000	**RM'000**
Property, plant and equipment	18,363	15,348
Intangible assets	30,864	169,106
	49,227	184,454

D The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018	**2017**
	RM'000	**RM'000**
Goodwill	15	15
Investment in subsidiaries	(961,900)	(940,000)
Inter-segment assets	(9,761)	(5,340)
	(971,646)	(945,325)

39. 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:

	2018 RM'000	2017 RM'000
Inter-segment liabilities	9,763	5,339

F Revenue from one (2017: one) major customer amounted to RM213 million (2017: RM263 million) representing 30% (2017: 32%) of the total Group's revenue.

40. Comparatives

The prior year comparatives of the Group has been restated to conform with current year's presentation as follows:

	As previously stated RM'000	Reclassi-fication RM'000	As restated RM'000
Group			
Loans and borrowings	947,299	(11,494)	935,805
Other payables	149,848	11,494	161,342

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 8 March 2019.

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 2018 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 157 to 241.

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 2018, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group 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.

Impairment assessment of concession intangible assets for Samalaju Industrial Port Sdn Bhd ("SIPSB")

(Refer to Note 2.9 and Note 17 to the financial statements)

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. Given the significance of concession assets to the Group and the judgement and estimates involved in the assessment of the recoverable amount, we identified the impairment of concession intangible assets for SIPSB as an important area of our audit.

The Group estimated the recoverable amount of its cash generating units ("CGUs") based on value-in-use ("VIU"). Estimating the VIU involves estimating the future cash inflows and outflows that will be derived from the intangible assets of SIPSB, and discounting them at an appropriate rate.

The areas that involved significant audit effort and judgement were the assessment of possible variations in the amount and timing of cash flows and the determination of an appropriate discount rate for SIPSB.

Based on the aforementioned impairment assessment, the Group has not recognised any impairment on the concession intangible assets of SIPSB for the year ended 31 December 2018. As at 31 December 2018, the carrying amount of the concession intangible assets of SIPSB is RM1,307mil.

To address the key audit matters, our audit procedures included, among others evaluating the assumptions and methodologies used by the Group, in particular the assumptions to which the recoverable amount of the CGUs are most sensitive such as the cargo projections, the timing of the future cash flows, the revenue growth rates as well as the discount rate used.

We have assessed and tested the key assumptions used by management to estimate the projected cash flows for the CGUs as follows:

(a) checked the cargo projections provided by port users that have set up their operations at Samalaju;

(b) checked the tariff rates used against the published rates issued by Samalaju Port Authority;

(c) reviewed annual escalation of expenses against Malaysia's inflation rate;

(d) evaluated 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; and

(e) assessed the sensitivity of the cash flows to changes in the discount rate and cargo projected.

In addition, we also evaluated the disclosures of each key assumption on which the Group has based its cash flow projections and to which the recoverable amount is most sensitive, as disclosed in Note 17 to the financial statements.

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 2018 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.

Auditor's 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.

- 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.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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: (cont'd.)

- 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
AF: 0039
Chartered Accountants

Najihah Binti Khalid
No. 03249/10/2020 J
Chartered Accountant

Kuala Lumpur, Malaysia
13 March 2019

Additional Information

1. ANALYSIS OF SIZE OF HOLDINGS (Malaysia and Foreign combined)

Size of Shareholdings Share	No . of Holders	%	No. of Shares	%
1-99	58	4.05	715	0.00
100-1,000	600	41.93	512,900	0.11
1,001-10,000	618	43.19	2,523,800	0.55
10,001-100,000	121	8.45	3,198,000	0.70
100,001-22,999,999	29	2.03	73,704,185	16.02
23,000,000 and above	5	0.35	380,060,400	82.62
	1,431	**100.00**	**460,000,000**	**100.00**

2. LIST OF TOP THIRTY (30) HOLDERS

No.	Name of Holders	Holdings	%
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)	42,078,300	9.147
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	24,110,100	5.241
6.	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.	Tokio Marine Life Insurance Malaysia Bhd As Beneficial Owner (PF)	2,320,000	0.504
16.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	1,001,200	0.217
17.	Shoptra Jaya (M) Sdn. Bhd.	913,800	0.198
18.	Wong Lok Jee @ Ong Lok Jee	868,000	0.188

No.	Name of Holders	Holdings	%
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.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Life Insurance Berhad (Life Par)	337,100	0.073
23.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Berhad for Manulife Investment Dividend Fund	331,000	0.071
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Family Takaful Berhad (Family PRF)	301,300	0.065
25.	RHB Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Loh Kah Wai	300,000	0.065
26.	RHB Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Loh Kah Wai	298,200	0.064
27.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Nik Abd Rahman bin Nik Ismail (BPH 1)	219,300	0.047
28.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ahmat bin Narawi (BPH 1)	205,000	0.044
29.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for UBS AG Singapore (Foreign)	156,000	0.033
30.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan)	156,000	0.033
	Total	**453,332,385**	**98.550**

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)	42,078,300	9.147
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	24,110,100	5.241
	Total	**380,060,400**	**86.620**

Summary of Equipment & Facilities as at 28 February 2019

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 (Decommissioned until futher 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 (BBSB)	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 (SIPSB)	2	320	7	8,000
Ro Ro Ramp	1	20	7	8,000

Type of Storage	Units	Area (m²)
General Cargo Wharf		
Transit Shed - Transit Shed 1 - Transit Shed 2 - Timber Yard	2	10,000 5,000 2,860 2,140
- Storage Godown	3	7,200 (each Storage Godown area: 2,400 m²)
- Open Storage Area	16 Block (each bay length: 127.60 m) (each bay width : 18.25 m)	71,900
- Rigger Warehouse	1	2,376
Multipuprose Teminal		
- Timber Shed	2	7,800 m² each
- Hazardous Godown	1	1,200 m²
- Open Yard	6 Block A/B *each bay length: 55.22 m *each bay width: 15.86 m	17,160 m²

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 Point	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)	3	45 tonnes bollard pull
Shiphandling Tug 25 Tons (New)	2	45 tonnes bollard pull
Shiphandling Tug 25 Tons (Old)	2	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)	2	-
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)*
Container Handling Equipment		
Post-Panamax Quay Crane	2	40.6 (Under Spreader), 50 (Cargo Beam)
Panamax Quay Crane	2	40.6 (Under Spreader), 50 (Cargo Beam)
Rubber Tyred Gantry Crane (4+1 high / 6+1 high with 6+1 row)	14	40.6 (Under Spreader)
Reach Stacker	8	45
Towing Terminal Tractor	41	60 (Max. Towed Load including Trailer)
Container Trailer	49	40 (Safe Loading Capacity)
Heavy Forklift	4	8
LPG Forklift	3	3
Battery Powered Forklift	3	3
Empty Container Handler	2	10
Empty Reach Stacker	2	10

Cargo Handling & Mechanical Equipment	No. of Units	Capacity (Tonnes) *Safe Working Load (SWL)*
Cargo Handling Equipment		
Heavy Forklift (Diesel)	7	8
Forklift (Diesel)	44	4
Extra Heavy Forklift (Diesel)	1	25
Terminal Tractor	27	60 (Max. Towed Load including Trailer)
Platform Trailer	32	40 (Safe Loading Capacity)
Mobile Truck Crane	1	50
Bulking Machinery & Equipment		
Oil Fired Package Boilers (2 units)	4	6,000kg/hr (Steam Generation)
Pumpsets (Pump House A) Road Tanker Pump – 7 Export Pump – 6	13	250-300mt/hr (for export pump) 115mt/hr (for Road Tanker Pump)
Pumpsets (Pump House B) Road Tanker Pump – 4 Export Pump – 4 (EX1, EX2, EX3, EX4)	8	250-300 mt/hr (for Export Pump) 115mt/hr (for Road Tanker Pump)
Tonnes Toyota Forklift	1	2.5 tonnes
Tonnes RY Forklift (2 Units)	2	3.0 tonnes
Ingersoll-Rand Air Compressor	4	427 CFM
Diesel Standby Generator Set	1	500kVA
Pressure Vessel	3	30m³
Samalaju Industrial Port Handling Equipment **Quay Equipment**		
Portable Hoppers	3	Under Grab: 25T @ max. 600 TPH Under Hook: 40T SWL
Level Luffing Cranes	2	Under Grab: 52T Under Hook: 84T SWL Under Spreader: 41T SWL
Mobile Harbour Cranes	2	Hopper Bin Volume: 55 m³ and 30m3

Cargo Handling & Mechanical Equipment	No. of Units	Capacity (Tonnes) *Safe Working Load (SWL)
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 Forklifts	10	4T
Low Mast Forklifts	2	4T
Excavator	3	Operating weight: 13.5T Bucket volume: 0.54m³ Lifting capacity: 4.3t SWL
Wheel Loaders	2	Operating Weight: 17.2T Bucket volume: 3.6m³ Lifting Capacity: 5T
Skid Steer Loaders	4	Operating Weight: 3.3T Bucket volume: 0.4m³ Lifting capacity: 1.7T
Conveyor System Facilities		
Conveyor Belt Line–A		600 TPH (max.)
Conveyor Belt Line– B		1,200 TPH (max.)
Conveyor Belt Line–C		1,200 TPH (max.)
Conveyor Belt Line–D		1,200 TPH (max.)
Stacker 1 (Stockpile 1)		3,000 TPH (max.)
Stacker 2 (Stockpile 2)		1,200 TPH (max.)
Stacker 3 (Stockpile 3)		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 (BBSB)	8	5,200
Export Pipelines	13	-
Bulking Pipelines	8	-

List of Properties as at 28 February 2019

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	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	63
Built on BICT Land			
Receipt & Delivery Building	19	12,110	661
Gate House	19	5,015	218
Crane Service Station	19	9,300	278
Crane Service Workshop (Extension)	9	3,488	446
Custom Examination Shed	19	2,583	24
Canteen Building	19	11,959	2,128
Marine Operation Building	19	16,534	1,124
Marine Maintenance Building	19	9,300	423
Wisma Kontena Building	17	69,727	3,670
Access Road (including 2 bridges)	19	-	3,398
Container Stacking Yard	19	1,937,229	20,183
Empty Container Stacking Yard	7	282,143	2,395
New Storage Yard	21	-	232
Container Stacking Yard (BICT Extension)	7	618,279	31,243
Upgrading Work to Open Storage Yard at BICT	6	1,216,935	2,865
Main Intake Substation	21	2,174	365
Quay Crane Substation	19	1,485	216
CFS Substation Marine	19	904	118
Marine Operation Substation	19	1,098	160
Wharves 4 & 5	19	168,053	17,876
Small Craft Harbour	19	-	2,745
Coastal Terminal/Gravel Jetty	19	9,085	240

Location	Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Bulk Fertiliser Warehouse	12	21,700	6,176
Container Freight Station	6	65,390	6,922
CFS Pit Type Weighbridge	6		36
Mooring Service Building	3		621
Lub Oil Storage Shed	3		84
Schedule Waste Storage	3		82
Empty Container Stacking Yard (extension)	3		2,991
Asphltic Concrete Pavement near Coastal Terminal	3		4,079
Built on Multi Purpose Terminal Land (950 Meter Wharf)			
MPT Open Storage Yard	6	859,815	12,514
500m Ex-BPP Wharf at MPT	6	46,177	11,628
Transit Shed 1	6	95,723	7,282
Transit Shed 3	6	95,723	5,101
Plant Maintenance Workshop	6	23,182	2,895
Hazardous Goods Godown	6	17,823	2,863
Operator's Resthouse	6	2,809	458
M&E Plant Room	6	3,263	1,137
MPT Operational Gate	6	1,791	778
MPT Weighbridge	6	32,258	163
New Stone Base (Gravel) Area	4	22,604	104
Workers Resting Area at MPT	4	2,190	72
Temporary Bunkering Facility at MPT10	3	5,301	310
Built on 2nd Inner Harbour Land			
Edible Oil Terminal	11	44,215	13,801
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

Location	Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Samalaju Industrial Port Building and Structures			
Interim Port Facility			
Access Road	4	437,875.88	11,811
Breakwater & Revetment	4	552m (length)	33,896
Wharf	4	146,819.74	61,479
Fender system	4	74 (nos)	4,568
Navigation Lighting System	4	-	1,364
Check Point Building	4	513.44	124
Weigh Bridges	4	-	1,180
Operation Buildings			
Office Block A	4	7,407.17	791
Office Block B	4	7,407.17	727
Worker Rest Shed	4	4,347.01	466
Canteen	4	4,639.19	475
Maintenance Shed	4	8,815.64	856
Guard House	4	383.63	82
Miscellaneous Building	4	-	1,897
Administration Building and Control Tower			
Administration Building and Control Tower	1	20,700	13,320
Central Utilities Building Admin	1	3,198	611
Guard House	1	135	48
On-Shore Facilities			
Warehouse Type 1 (Enclosed)	1	38,750	5,745
Warehouse Type 2 (Open)	1	31,000	4,215
Central Utilities Building 1	1	2,906	417
Central Utilities Building 2	1	2,906	345
Central Utilities Building 3	1	2,906	345
Central Utilities Building 4	1	3,982	584
Check Point Building	1	5,855	1,235
Water Reticulation Works	1	7,840	1,935
Access Roads and Platforming (Stockpile)	1	3,181,811	62,663

Location	Age of Building (Years)	Area sq. Ft.	Net Carrying Value (RM'000)
Wharves Facilities			
Handymax Wharf No.1 (including 2 nos. of Link Bridges)	1	136,739	55,602
Handymax Wharf No.2	1	96,972	39,432
Handymax Wharf No.3	1	91,660	37,271
Handymax Wharf No.4	1	84,154	44,172
Handysize Wharf (including 2 nos. of Link Bridges)	1	128,042	73,681
Tug Boat Jetty	1	3,789	3,756
Berth Amenity Shed	1	2,309	566
CUB Crane	1	4,361	784
2 nos. Beacon Light Tower	1	264	2,767
Breakwater			
Southern Breakwater	1	1.6 km (length)	125,191
Northern Breakwater	1	1.9 km (length)	148,664

NOTICE OF THE 23rd ANNUAL GENERAL MEETING

(Pursuant to Chapter 8, Part H, Para 8.27 (1) of the Main Market Listing Requirements)

NOTICE IS HEREBY GIVEN that the 23rd Annual General Meeting (AGM) of Bintulu Port Holdings Berhad ("the Company") will be held at Ballroom 3, Lobby Floor, Hilton Hotel Kuching, Jalan Tunku Abdul Rahman, 93748 Kuching, Sarawak on Monday, 22 April 2019 at 10.00 a.m. for the following purposes:

Agenda
ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon.

   Please refer to Explanatory Note A

2. To approve the payment of Directors' fees amounting RM2,096,900.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad Group of Companies for the year 2019 starting from 23 April 2019 until the next AGM of the Company in 2020 as follows: - **(Resolution 1)**

   (i) the payment of Directors' fees amounting RM1,371,500.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad; and

   (ii) the payment of Directors' fees amounting RM725,400.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad's Subsidiaries.

   Please refer to Explanatory Note B

3. To approve the payment of Directors' benefits payable amounting RM765,000.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad Group of Companies for the year 2019 starting from 23 April 2019 until the next AGM of the Company in 2020 as follows: - **(Resolution 2)**

   (i) the estimated Directors' benefits payable amounting RM511,500.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad; and

   (ii) the estimated Directors' benefits payable amounting RM253,500.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad's Subsidiaries.

   Please refer to Explanatory Note C

4. To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association and, being eligible, have offered themselves for re-election: -

   i. Tan Sri Dr. Ali bin Hamsa **(Resolution 3)**
   ii. Dato Sri Fong Joo Chung **(Resolution 4)**
   iii. Datuk Nozirah binti Bahari **(Resolution 5)**

   Dato' Sri Mohamad Norza bin Zakaria who retires in accordance with Article 127 of the Company's Articles of Association has given notice that he will not be seeking re-election. Hence he will retain office until the close of the 23rd AGM.

   Please refer to Explanatory Note D

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

   Please refer to Explanatory Note E

6. To transact any other business for which due notice has been given in accodance to Section 340 (1) of the Companies Act 2016 and the Company's Article of Associations.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a Member who shall be entitled to attend, speak and vote at this 23rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Article 77 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors (ROD) as at 15 April 2019. Only a depositor whose name appears on the ROD as at **15 April 2019** shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

By Order of the Board,

ABU BAKAR BIN HUSAINI
(LS0010292)
Company Secretary
Bintulu, Sarawak

28 March 2019

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

PROXY

1. *Only depositors whose names appear on the Record of Depositors as at 15 April 2019 shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*

2. *A member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.*

3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.*

4. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the office of the appointed share registrar for this AGM, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur no later than 21 April 2019 (Sunday) at 10.00 a.m.*

6. *Pursuant to Paragraph 8.29A of Bursa Malaysia Main Market Listing Requirements, all resolutions set out in the Notice of 23rd AGM will be put to vote on a poll.*

Explanatory Note A

7. *The Audited Financial Statements is laid in accordance with Section 340(1) (a) of the CA 2016 and meant for discussion only as the Audited Financial Statements do not require shareholders' approval under the provision of Section 251(1) of the CA 2016. As such, this Agenda item is not to be put forward for voting.*

Explanatory Note B and C for Resolution 1 and 2

8. ***Section 230(1)*** *of the CA 2016 provides amongst others, that "the fees" of the directors, and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board has agreed that the shareholders' approval shall be sought at the 23rd AGM on the Directors' fees and benefits payable with effect from 23 April 2019 until the next 24th AGM in 2020.*

9. ***Resolution 1:*** *Shareholders' approval is to be sought on the payment of Directors' fees up to an amount of RM2,096,900.00 to the Non-Executive Directors of the Company with effect from 23 April 2019 until the next 24th AGM in 2020, as follows:*

   (i) the payment of Directors' fees amounting RM1,371,500.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad; and

   (ii) the payment of Directors' fees amounting RM725,400.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad's Subsidiaries.

   The estimated amount of RM2,096,900.00 for the payment of Directors' fees to the Non-Executive Directors of the Company is based on the following:

Company / Committee	Designation	Director's Fees per Month (RM)
BPHB	Chairman	12,000.00
	Non-Executive Directors (Members)	8,500.00
BPSB / BBSB / SIPSB (subsidiaries)	Chairman	6,000.00
	Non-Executive Directors (Members)	4,200.00

   Resolution 2: *Shareholders' approval is to be sought on the payment of Directors' benefits payable up to an amount of RM765,000.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad Group of Companies for the year 2019 starting from 23 April 2019 until the next AGM of the Company in 2020 as follows:*

   (i) the estimated Directors' benefits payable amounting RM511,500.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad; and

   (ii) the estimated Directors' benefits payable amounting RM253,500.00 to the Non-Executive Directors of Bintulu Port Holdings Berhad's Subsidiaries.

The estimated amount of RM765,000.00 for the Directors' benefits payable to the Non-Executive Directors of the Company is based on the following:

Allowances and Benefits	Chairman	Members
Meeting Allowance (Per Meeting)	**(RM)**	
Bintulu Port Holdings Berhad Board	3,000.00	2,000.00
Audit and Risk Committee	2,000.00	1,500.00
Nomination and Remuneration Committee	2,000.00	1,500.00
Finance and Investment Committee	2,000.00	1,500.00
Bintulu Port Sdn. Bhd. Board	2,000.00	1,500.00
Biport Bulkers Sdn. Bhd. Board	2,000.00	1,500.00
Samalaju Industrial Port Sdn. Bhd. Board	2,000.00	1,500.00
Monthly Fixed Allowance	4,500.00 per month	Not Applicable
Other Benefits	Medical coverage, travel and other claimable benefits	

Explanatory Note D for Resolutions 3, 4 and 5

10. Article 127 of the Company's Articles of Association expressly states that an election of Directors shall take place each year. At every Annual General Meeting, one-third of the Directors (whether Government Appointed Directors or not) who are subject to retirement by rotation or, if their number is not three (3) or a multiple of three (3), the number nearest to one-third shall retire from office, and if there is only one (1) Director who is subject to retirement by rotation, he shall retire PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years.

11. Pursuant to Article 127, Tan Sri Dr. Ali bin Hamsa, Dato Sri Fong Joo Chung and Datuk Nozirah binti Bahari are standing for re-election at the 23rd AGM. The profiles of the Directors standing for re-election are provided on pages 40, 42 and 45 of the Board of Directors' Profile in the 2018 Annual Report.

12. Dato' Sri Mohamad Norza bin Zakaria who retires in accordance with Article 127 of the Company's Articles of Association has given notice that he will not be seeking re-election. Hence he will retain office until the close of the 23rd AGM.

Explanatory Note E for Resolution 6

13. Pursuant to Section 271(3)(b) of the Companies Act 2016, shareholders shall appoint Auditors who shall hold office until the conclusion of the next AGM in April 2020. The current Auditors have expressed their willingness to continue in office and the Board of Directors has recommended their reappointment. The shareholders shall consider this resolution and to authorise the Board of Directors to determine their remuneration thereof.

14. The Audit and Risk Committee and the Board of Directors of Bintulu Port Holdings Berhad have considered the re-appointment of Messrs. Ernst & Young as Auditors of the Company and collectively agreed that Messrs. Ernst & Young has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Chapter 8, Part H, Para 8.27 (2) of the Main Market Listing Requirements)

1. Directors who are standing for re-election at the Twenty-Third (23rd) Annual General Meeting of the Company

a) The Directors retiring by rotation pursuant to Article 127 of the Company's Articles of Association and Para 7.26 of the Main Market Listing Requirements and offered themselves for re-election are:

- **Tan Sri Dr. Ali bin Hamsa**
  (Non-Independent Non-Executive Director)
- **Dato Sri Fong Joo Chung**
  (Non-Independent Non-Executive Director)
- **Datuk Nozirah bin Bahari**
  (Independent Non-Executive Director)

Dato' Sri Mohamad Norza bin Zakaria who retire in accordance with Article 127 of the Company's Articles of Association has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the 23rd AGM.

The profiles of the abovenamed Directors who are standing for re-elections as stated in the Notice of the 23rd AGM, are set out in the Profiles of the Board of Directors on pages 40 to 46 of this Annual Report.

2. Board Meetings held during the financial year ended 31 December 2018

For the financial year ended 31 December 2018, a total of seven (7) Board Meetings were held as follows

No. of Meeting	Venue	Date	Time
1/2018	Marriott Hotel, Putrajaya	17 January 2018	5.30 p.m.
2/2018	Marriott Hotel, Putrajaya	22 February 2018	11.00 a.m.
3/2018	Marriott Hotel, Putrajaya	8 March 2018	12.00 p.m.
4/2018	Marriott Hotel, Putrajaya	30 April 2018	1.30 p.m.
5/2018	Marriott Hotel, Putrajaya	24 May 2018	5.00 p.m.
6/2018	Marriott Hotel, Putrajaya	27 August 2018	5.00 p.m.
7/2018	Marriott Hotel, Putrajaya	22 November 2018	5.00 p.m.

Details of the Board of Directors' attendance are as follows:

Bintulu Port Holdings Berhad (BPHB) Board Composition and Attendance		
Name of Director	**Meetings (Attended/Held)**	**Percentage of Attendance (%)**
Non-Independent Non-Executive Directors		
Tan Sri Dr. Ali bin Hamsa *Chairman of BPHB*	7/7	100
Datuk Siti Zauyah binti Md Desa	7/7	100
Tan Sri Datuk Amar Hj. Mohamad Morshidi bin Abdul Ghani	4/7	57.1
Gen Dato' Seri DiRaja Tan Sri (Dr.) Mohd. Zahidi bin Hj. Zainuddin	7/7	100
Dato Sri Fong Joo Chung	6/7	85.7
Datuk Nasarudin bin Md Idris	7/7	100
Dzafri Sham bin Ahmad	7/7	100
Independent Non-Executive Directors		
Dato' Sri Mohamad Norza bin Zakaria	5/7	71.4
Dato' Sri Mohamed Khalid bin Yusuf @ Yusup	7/7	100
Datuk Yasmin binti Mahmood	6/7	85.7
Datuk Nozirah binti Bahari	6/7	85.7
Salihin bin Abang *Appointed on 1 February 2018*	6/6	100
Average Attendance for the Year (%)		**90.4**

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FORM OF PROXY

Number of Shares Held	:
CDS Account No.	:

BINTULU PORT HOLDINGS BERHAD
Company No.: 380802-T
(Incorporated in Malaysia)

I/We*.. NRIC/Company No ....
of (full address)...
being a member/members of Bintulu Port Holdings Berhad ("the **Company**") hereby appoint* ....
.... NRIC/Passport No ....
of ....
and/or* failing him/her*................................. NRIC/Passport No ....
of ....
or failing him/her*, the Chairman of the Meeting as my/our* proxy, to vote for me/us* and my/our* behalf, at the Twenty-Third (23rd) Annual General Meeting (AGM) of the Company to be held at Ballroom 3, Lobby Floor, Hilton Hotel Kuching, Jalan Tunku Abdul Rahman, 93748 Kuching, Sarawak on Monday, 22 April 2019 at 10.00 a.m. or any adjournment thereof. My/our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1.	To approve the payment of Directors' Fee amounting **RM2,096,900.00** to the Non-Executive Directors of Bintulu Port Holdings Berhad Group of Companies starting from 23 April 2019 until the next AGM of the Company in 2020. **(Resolution 1)**		
2.	To approve the payment of Directors' benefits payable amounting **RM765,000.00** to the Non-Executive Directors of Bintulu Port Holdings Berhad Group of Companies starting from 23 April 2019 until the next AGM of the Company in 2020. **(Resolution 2)**		
3.	To re-elect the following Directors who retire pursuant to Article 127 of the Company's Articles of Association and, being eligible, have offered themselves for re-election:		
	i. Tan Sri Dr. Ali bin Hamsa **(Resolution 3)**		
	ii. Dato Sri Fong Joo Chung **(Resolution 4)**		
	iii. Datuk Nozirah binti Bahari **(Resolution 5)**		
4.	To re-appoint **Messrs. Ernst & Young** as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**		

Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.

For appointment of proxies. Percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**Percentage**
First Named Proxy:		
Second Named Proxy:		
Total		**100%**

Dated this............day of..2019

....
Signature(s) of Member(s) and/or Common Seal

***Delete where not applicable**

Proxy

- *Only depositors whose names appear on the Record of Depositors as at **15 April 2019** shall be entitled to attend, speak and vote at the said meeting or appoint proxy(ies) to attend, speak and vote on his/her behalf.*
- *A member of the Company entitled to attend and vote is entitled to appoint up to two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.*
- *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholding to be represented by each proxy.*
- *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his attorney duly authorised in writing and in the case of a corporation, the instrument appointing a proxy must be under seal or under the hand of an officer or attorney duly authorised.*
- *The instrument appointing a proxy must be deposited at the **office of the appointed share registrar** for this AGM, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur **no later than 21 April 2019 (Sunday) at 10.00 a.m.***
- *Pursuant to Paragraph 8.29A of Bursa Malaysia Main Market Listing Requirements, all resolutions set out in the Notice of 23rd AGM will be put to vote on a poll.*

2. FOLD THIS FLIP TO SEAL

AFFIX STAMP
RM0.80
HERE

The Share Registrar

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. (11324-H)
Unit 32-01, Lvel 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

2. FOLD HERE

BINTULU PORT HOLDINGS BERHAD
(Company No. 380802-T)

Lot 15, Block 20, Kemena Land District,
12th Mile, Tanjung Kidurong Road,
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Sarawak, Malaysia.

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