

## 8. INFORMATION ON THE BHB GROUP

### 8.1 History and Business

#### 8.1.1 Incorporation

BHB is principally an investment holding company while the details of its sole subsidiary, BPSB, are as follows:-

Name	Date/Country of Incorporation	Issued and paid-up share capital RM	Effective interest in ordinary share capital %	Principal activities
BPSB	23 December 1992 Malaysia	65,000,001*	100.00	Provision of port services at Bintulu Port, Sarawak

Note:-

\* 65,000,000 ordinary shares of RM1.00 each in BPSB and the one (1) BPSB Special Share of which all have been credited as fully paid-up.

#### 8.1.2 Restructuring Exercise and IPO

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up ordinary shares of BHB on the Main Board of KLSE, the Company undertook a restructuring exercise involving the following:-

##### (i) Payment of Special Dividend

Prior to the acquisition of BPSB by BHB, BPSB made a one-off payment of a special dividend to its then sole shareholder, MoF Inc., amounting to RM100 million.

##### (ii) Acquisition of BPSB

On 13 December 2000, BHB entered into a Share Sale Agreement with the sole shareholder of BPSB, MoF Inc., for the acquisition of 100% of the entire ordinary share capital of BPSB comprising 65,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM428,369,536 satisfied by an issue of 299,999,998 new ordinary shares of RM1.00 each in BHB at an issue price of approximately RM1.43 per ordinary share, credited as fully paid up. For strategic purposes, MoF Inc. has maintained the one (1) BPSB Special Share in BPSB.

The purchase consideration for the acquisition of BPSB was arrived at after taking into consideration the audited NTA of BPSB as at 31 December 1999 of RM428,369,536 after adjusting for the payment of special dividend to MoF Inc.

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**8. INFORMATION ON THE BHB GROUP (Continued)**


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**(iii) Restricted Offer for Sale of BHB Shares by MoF Inc.**

In conjunction with the IPO, MoF Inc. will undertake a Restricted Offer for Sale of 136,000,000 BHB Shares or approximately 34% of the enlarged share capital of BHB for a cash consideration of RM272,000,000 at RM2.00 per BHB Share to the following parties:-

	No. of BHB Shares	% of enlarged share capital in BHB
PETRONAS	80,000,000	20.0%
Sarawak State Government	40,000,000	10.0%
BPM	16,000,000	4.0%
	<u>136,000,000</u>	<u>34.0%</u>

**(iv) Public Issue**

In conjunction with the IPO, BHB will implement an issue of 100,000,000 new BHB Shares whereby:-

- (a) 7,340,000 of the Issue Shares will be reserved for subscription by the eligible employees of the BHB Group and BPA as well as the Directors of the BHB Group at the Fixed Issue Price of RM2.00 per BHB Share;
- (b) 32,660,000 of the Issue Shares will be made available for application by Malaysian Persons, to be allocated via ballot, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, co-operatives, societies and institutions at the Fixed Issue Price of RM2.00 per BHB Share;
- (c) 220,000 of the Issue Shares will be made placed to eligible ex-employees and ex-Directors of the BHB Group at the Fixed Issue Price of RM2.00 per BHB Share;
- (d) 32,480,000 of the Issue Shares will be made placed to Malaysian Institutions approved by the MoF at the Fixed Issue Price of RM2.00 per BHB Share; and
- (e) 27,300,000 of the Issue Shares will be made available for application via tender by Malaysian Persons and Foreign Persons at an issue price of RM2.00 per BHB Share or higher.

Upon completion of the Public Issue, the issued and paid-up share capital of BHB will increase from RM300,000,000 to RM400,000,000, represented by 400,000,000 ordinary shares of RM1.00 each. Details on the utilisation of the IPO proceeds are set out in Section 6.5 of this Prospectus.

The above restructuring exercise and flotation scheme was approved by the SC on 6 December 2000, FIC on 12 December 2000 and the EPU on 26 January 2001.

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**8. INFORMATION ON THE BHB GROUP (Continued)**


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The approval of the SC was attached with the following conditions:-

<b>Condition</b>	<b>Status of Compliance</b>
(i) BHB must disclose in the Prospectus the following:-	
(a) Although the sub-lease agreements in respect of the Demised Property have been executed, BPSB's interest in the lands has not been registered due to the pending transfer of the title to the lands from the Federal Lands Commissioner to BPA;	Complied. Appropriate disclosure has been made in Section 4 (vi) of this Prospectus.
(b) Potential conflict of interest arising from the role of PETRONAS as a substantial shareholder and major customer of BHB; and	Complied. Appropriate disclosure has been made in Section 4 (ix) of this Prospectus.
(c) The dependence of BHB on LNG as the main contributor to the cargo traffic for its profits;	Complied. Appropriate disclosure has been made in Section 4 (x) of this Prospectus.
(ii) BHB has to obtain the approvals of the EPU and FIC for the proposed listing;	Complied.
(iii) BHB/CIMB must comply fully to the requirements in relation to the listing of companies as provided under the Policies and Guidelines on Issue/Offer of Securities of the SC;	Complied/ To be complied, as applicable.
(iv) In respect of the utilisation of proceeds from the Public Issue:-	
(a) Approval of the SC must be obtained for any change in the utilisation if the change involve utilisation for a purpose other than the core business of BHB Group;	To be complied, if applicable.
(b) Approval of the shareholders of BHB must be obtained for any change equal to 25% or more of the original utilisation. If the change being contemplated is less than 25%, appropriate disclosures must be made to the shareholders of BHB;	To be complied, if applicable.
(c) Any extension of time from the period already determined by BHB in respect of the utilisation of proceeds must be approved by a conclusive resolution of the Board of Directors of BHB and must be fully disclosed to the KLSE; and	To be complied, if applicable.

## 8. INFORMATION ON THE BHB GROUP *(Continued)*

Condition	Status of Compliance
(d) Appropriate disclosures on the status of utilisation of proceeds must be made in the Quarterly Reports and Annual Reports of BHB until the proceeds have been fully utilised.	To be complied, if applicable.

In its approval, the FIC imposed the following conditions:-

Condition	Status of Compliance
(i) The equity held by Bumiputera and Government agencies in BHB must be maintained at least at 51% at all times;	Complied.
(ii) The approval of the MoF to the IPO; and	Complied. The MoF has approved the IPO on 28 September 2000.
(ii) The approval of the SC to the IPO.	Complied.

The conditions of approval of the EPU to the IPO are as follows:-

Condition	Status of Compliance
(i) The allocation of equity holding in BHB upon listing must be as follows:-	Complied. However, the number of BHB Shares approved to be allocated to the employees of BHB was based on the number of employees of BHB at the point of application made to the EPU. The final total will be reduced to 7,340,000 BHB Shares as a number of employees have retired since the date of application.
(ii) 32,480,000 BHB Shares must be allocated to Bumiputera institutional investors approved by the MoF; and	Will be complied.
(iii) The allocation to the management and employees of BHB must be effected at the point of listing of BHB.	Will be complied.

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**8. INFORMATION ON THE BHB GROUP (Continued)**

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**8.1.3 History**

Bintulu Port has been in existence under the governance of BPA since 1981. Pursuant to the Government's privatisation policy, BPSB was incorporated on 23 December 1992 to assume certain aspects of the operations of Bintulu Port beginning 1 January 1993. BPA, the previous operator of Bintulu Port prior to the privatisation, remains as a regulatory authority and landlord of Bintulu Port.

On 31 December 1992, BPSB was granted a licence to operate Bintulu Port for thirty (30) years from 1 January 1993 to 31 December 2022. The renewal of the licence thereafter is at the discretion of BPA. On 12 January 1993, pursuant to the signing of the Sale and Purchase of Business Agreement between the Government, BPA and BPSB, 19,999,998 ordinary shares of RM1.00 each was issued to BPA. A BPSB Special Share was issued to MoF Inc. on 30 July 1994.

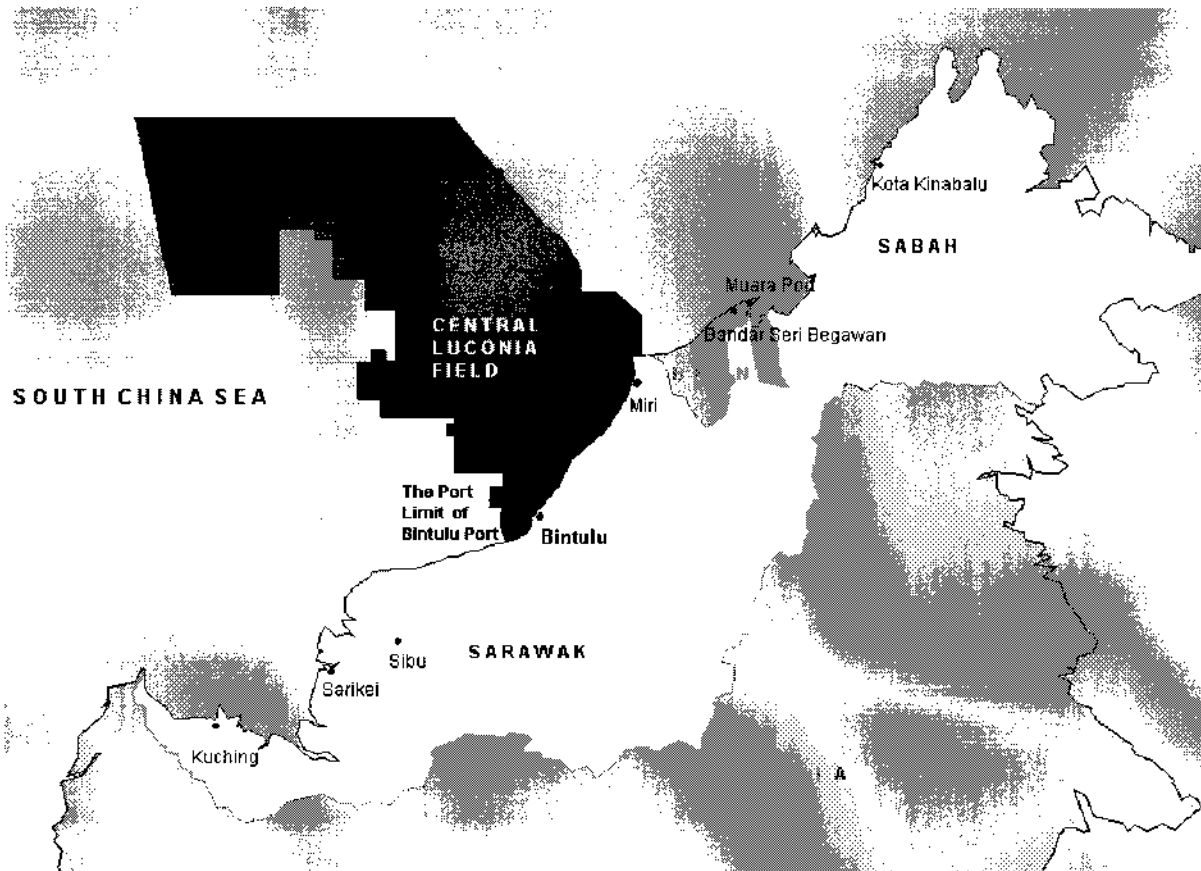
On 19 November 1996, BPSB issued to BPA 45,000,000 new ordinary shares of RM1.00 each in BPSB credited as fully paid-up for the part consideration for the injection of movable assets transferred and goodwill arising from the vesting of business in Bintulu Port to BPSB. The resultant 65,000,000 ordinary shares of RM1.00 each in BPSB was subsequently transferred to MoF Inc. for a total consideration of RM1.00 on 31 March 1997.

On 14 February 2001, BHB acquired the entire issued and paid-up ordinary share capital of BPSB resulting in BPSB becoming a wholly-owned subsidiary of BHB. The purchase consideration for the acquisition of the share capital of BPSB of RM428,369,536 was satisfied by the issuance of 299,999,998 BHB Shares at approximately RM1.43 per ordinary share to MoF Inc.

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## 8. INFORMATION ON THE BHB GROUP *(Continued)*

### 8.1.4 Location



Note:- Not to scale

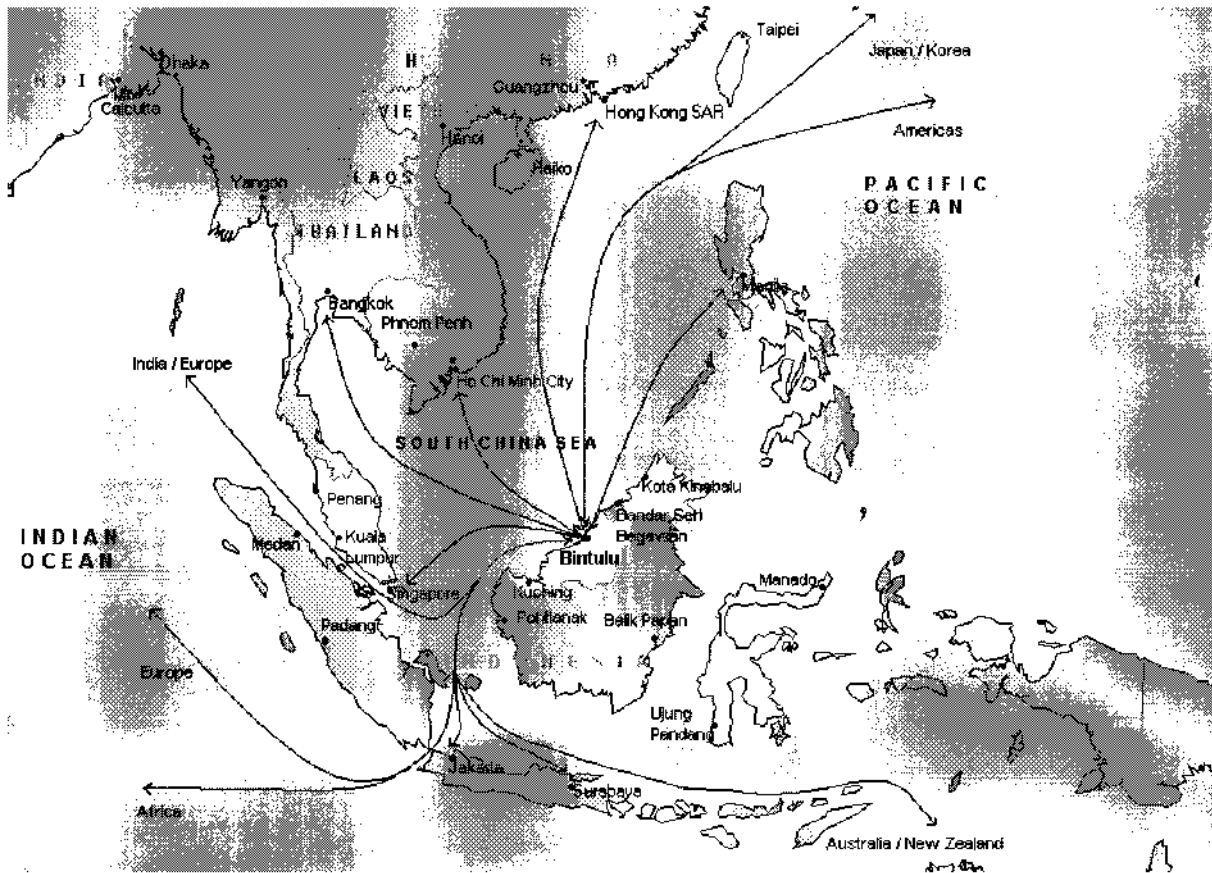
Bintulu Port, covering an area of approximately 320 hectares, is a harbour located midway along the coast of Sarawak, Malaysia at Latitude 03° 16' North, Longitude 113° 03' East approximately 24 kilometres from Bintulu town, Sarawak. The port water limits of Bintulu Port extend 18.3 kilometres from Tanjung Kidurong, Bintulu, Sarawak.

Bintulu Port is a deep-water seaport built to facilitate the activities arising from the discovery of huge natural gas and oil reserves off-shore Bintulu (i.e. in the Central Luconia Field located north of Bintulu) in the early 1970's. The commencement of the construction of the Bintulu Port project started in August 1979 and was completed in December 1982 at a cost of approximately RM558 million. It began operations on 1 January 1983.

The Port is an all-weather multi-purpose port and consists of an inner and outer harbour each protected by breakwaters. The length of the outer breakwater is 1,000 metres dedicated for LNG facilities while the inner breakwater is 360 metres designed for general cargo, bulk cargo berths and a dedicated container terminal.

With the completion of the MLNG Tiga plant in 2002, it will be the largest single LNG terminal in the world. It also handles the entire cargo throughput for middle distillates from the first SMDS plant in the world and the cargo throughput for urea and fertiliser from one of the largest granular urea plants in Asia, the ABF plant. With the dedicated container terminal, the BICT, Bintulu Port is the first port in Borneo equipped with two post-panamax gantry cranes with a water depth alongside of 14 metres capable of handling the latest mainline operator container vessels.

## 8. INFORMATION ON THE BHB GROUP (Continued)



Note:- Not to scale

Bintulu Port is strategically located near the main sea-lanes between the Far East and Europe and within the dynamic Asia-Pacific region and has emerged as the second largest port in Malaysia in terms of throughput handled since 1993 and the largest facility in Sarawak since 1989.

(Source: Transport Statistics Malaysia published by MoT)

### 8.1.5 Business Overview

Bintulu Port operates 24-hour, seven days-a-week and currently ranks second to Port Klang in terms of throughput.

(Source: Transport Statistics Malaysia published by MoT)

In 1999, Bintulu Port handled 23.641 million tonnes of cargo throughput of which LNG accounted for 64.4% of its total throughput handled and 81.5% of its total revenue. Crude oil registered the second highest contribution to Bintulu Port's total tonnage handled accounting for 15.5% of its total throughput handled and 2.6% of its total revenue. Timber products came in third place with a total tonnage of 1,282,948 tonnes, contributing to 5.4% of total throughput for that year and 6.1% of the Port's total revenue.

## 8. INFORMATION ON THE BHB GROUP *(Continued)*

In 2000, it is estimated that LNG will continue to be the mainstay of cargo traffic. Up to September 2000, LNG contributed to 63.4% of throughput and 80.1% of the Port's revenue. Crude oil and timber products follow next with contributions of 14.7% and 5.4%, respectively, of total tonnage and accounting for 2.4% and 7.0% of revenue, respectively. For the full year, such trend is expected to be perpetuated with LNG estimated to be contributing to 63.4% of total Port throughput and 80.0% of its revenue and crude oil and timber products again estimated to register the second and third highest contribution to Bintulu Port's total tonnage, accounting for 14.3% and 5.3% of total throughput, and 2.4% and 6.9% of its total revenue, respectively.

An analysis of cargo throughput handled by Bintulu Port for the last six (6) years since 1995 is as follows:-

Cargo Type	1995	1996	1997	1998	1999	2000
<b>Liquid Bulk</b>						
▪ LNG	9,866,167	12,844,164	15,602,201	15,170,564	15,222,158	15,772,763
▪ LPG	-	-	-	48,273	189,363	263,269
▪ Crude oil	4,853,327	4,685,973	4,437,033	4,210,709	3,671,595	3,570,464
▪ Petroleum products	401,195	440,589	403,142	422,261	426,473	624,370
▪ SMDS	314,593	311,419	357,266	9,535	-	174,778
▪ Palm oil	206,926	303,235	297,617	322,949	410,832	492,149
▪ Ammonia	54,664	48,181	39,069	74,655	63,956	52,543
▪ Chemicals	52,535	29,065	53,152	55,184	70,929	74,340
<b>Total Liquid Bulk</b>	<b>15,749,407</b>	<b>18,662,626</b>	<b>21,189,480</b>	<b>20,314,130</b>	<b>20,055,306</b>	<b>21,024,676</b>
<b>Dry Bulk</b>						
▪ Silica sand	595,848	612,103	460,615	331,326	553,132	496,625
▪ Soda ash	-	6,150	10,248	21,395	13,451	27,835
▪ Sodium silicate	-	-	33,400	45,560	43,538	53,791
▪ Urea	521,619	523,023	410,307	554,728	483,178	379,749
▪ Bulk fertiliser	71,616	76,649	121,097	125,918	116,452	209,506
▪ Palm kernel expeller	-	-	-	14,248	57,265	73,154
▪ Clinker	-	-	-	15,430	42,184	133,672
▪ Gypsum	-	-	-	-	7	10,645
▪ Others	69,584	36,715	82,322	99,500	41,250	87,670
<b>Total Dry Bulk</b>	<b>1,258,667</b>	<b>1,254,640</b>	<b>1,117,989</b>	<b>1,208,105</b>	<b>1,350,457</b>	<b>1,472,647</b>
<b>General Cargo</b>						
▪ Sawn timber	440,218	421,490	407,210	309,385	283,223	333,082
▪ Plywood	474,411	540,273	597,140	617,050	769,681	705,129
▪ Veneer	87,798	236,378	268,477	193,013	230,044	277,863
▪ Fibreboard	-	13,890	83,746	80,632	195,996	98,226
▪ Bagged cement	-	-	-	-	-	89,161
▪ Bagged fertiliser	6,370	12,125	32,856	33,794	48,266	25,479
▪ Other general cargo	167,706	215,328	356,463	136,805	140,735	105,004
<b>Total General Cargo</b>	<b>1,176,503</b>	<b>1,439,484</b>	<b>1,745,892</b>	<b>1,370,679</b>	<b>1,667,945</b>	<b>1,633,944</b>
<b>Others</b>						
▪ Containerised cargo	373,150	435,577	515,884	429,096	518,801	671,283
▪ Discharging and handling	-	21,003	17,167	5,773	2,953	6,591
▪ Logs	64,322	3,077	-	14,009	45,714	88,072
<b>Total Others</b>	<b>437,472</b>	<b>459,657</b>	<b>533,051</b>	<b>448,878</b>	<b>567,468</b>	<b>765,946</b>
<b>Grand Total</b>	<b>18,622,049</b>	<b>21,816,407</b>	<b>24,586,412</b>	<b>23,341,792</b>	<b>23,641,176</b>	<b>24,897,213</b>
<b>Container (in TEUs)</b>	<b>25,393</b>	<b>28,331</b>	<b>32,571</b>	<b>29,536</b>	<b>36,418</b>	<b>47,609</b>



## 8. INFORMATION ON THE BHB GROUP *(Continued)*

The Port is a multi-purpose port with adequate facilities and services to cater to the increasing needs of the region. Among the principal services provided by Bintulu Port are berthing, storage, cargo handling and ancillary services such as pilotage, towage, mooring, stevedorage and handling, maintenance and repair, fresh water supply, bunkering, security, diving, storage and berthing facilities.

### *Pilotage*

Pilotage is compulsory for all vessels of 25 metres length overall and above entering or leaving the port water limits. This service is available around the clock and incoming vessels shall contact the Bintulu Port Control Tower on Channel 12 when they are within Very High Frequency ("VHF") range. BPSB has a team of highly skilled pilots to provide pilotage services for vessels entering and leaving the port water limits. All pilots under the employment of BPSB are certified by the BPA Pilotage Committee and their certifications are as follows:-

Licence type	No. of staff	Category of employee
A (unrestricted)	5	Permanent
A (unrestricted)	1	Contract
A	1	Permanent
B	3	Permanent

Ships in distress can contact the port via radio frequency on Channel 16 and a Single Side Band station is in operation on 182 Kilohertz. The pilot boarding position is located at Latitude 3° 18' North and Longitude 112° 58.5' East.

### *Towage*

Towage services are also available for berthing and unberthing of vessels and emergency services. All tugboats are fully equipped with fire fighting and marine pollution control equipment. Towage services are available round the clock with the following tugboats in its service:-

Name of Tugboats	Capacity
Kapit	42-tonnes-bollard-pull
Kenyana	42-tonnes-bollard-pull
Katibas	42-tonnes-bollard-pull
Long Lama	25-tonnes-bollard-pull
Long Sukang	25-tonnes-bollard-pull
Armada Tuah 3 <sup>(a)</sup>	45-tonnes-bollard-pull
Armada Tuah 4 <sup>(a)</sup>	45-tonnes-bollard-pull
Borcoc Baru <sup>(b)</sup>	11-tonnes-bollard-pull

*Note:-*

(a) On charter hire from Bumi Armada Navigation Sdn. Bhd.

(b) On charter hire from Borcos Shipping Sdn. Bhd.

Bintulu Port is planning to re-fleet its tugboats with additional three (3) units of 45-tonnes-bollard-pull tugboats and two (2) units of 25-tonnes-bollard-pull tugboats. These tugboats are expected to be delivered by 2002.

## 8. INFORMATION ON THE BHB GROUP (Continued)

### **Mooring**

Mooring services are also provided 24-hours-a-day. Bintulu Port has three (3) gangs (a nomenclature used in the port industry in Malaysia referring to a group of workers, in this case, the mooring crew) consisting of 11 persons per gang to safely secure vessels to the berths and jetties.

### **Stevedoring and Handling**

Stevedoring and handling services are provided on three (3) shifts operations. Stevedorage services are undertaken by appointed companies under the full operational supervision of BPSB while handling services are undertaken by BPSB. All stevedores and equipment operators undergo qualifying tests before their appointments and operationally supervised to ensure efficient and effective transfer of goods through the port. Safety in cargo operations is a priority of the Port.

The cargo handling and mechanical equipment's of Bintulu Port are as follows:-

Type	No of units	Capacity metric tonne
Post-panamax gantry cranes	2	40.6
Rubber-tyred gantry cranes ( 4 +1 High, 6+1 Row)	4	40.6
Container forklifts	3	36
Empty container forklifts	2	14
Forklift trucks (diesel)	1	25
Forklift trucks (diesel)	9	8
Forklift trucks (diesel)	54	4
Forklift trucks H/M (LPG)	2	4
Forklift trucks L/M (LPG)	2	4
Forklift trucks L/M (LPG)	2	2½
Terminal tractors	36	40
Tractors (container) – 45-footer	12	40
Trailers (platform) – low-deck	23	40
Reach stackers *	2	41

Note:-

\* On hire from Trac-Wheels (M) Sdn. Bhd.

To facilitate the handling of the increase in cargo traffic in Bintulu Port, BPSB has purchased the following handling and mechanical equipment which are expected to be delivered by 2001:-

Type	No of units	Capacity metric tonne
Forklift trucks (battery)	3	2½
Forklift trucks (LPG)	3	3
Trailers (container) – 45-footer	10	40

### **Maintenance and Repairs**

Bintulu Port also provides maintenance and repairs services for containers through its appointed company, Kidurong Container Services & Engineering Sdn. Bhd., which commenced operations on 10 October 1999. Maintenance and repairs of containers are done on-site.

## 8. INFORMATION ON THE BHB GROUP *(Continued)*

### *Fresh Water Supply*

Supply of fresh water to ships is available round the clock. The supply of fresh water is through pipelines along the general cargo and bulk cargo wharf, BICT, as well as the Petroleum and SMDS Jetties.

### *Bunkering*

Bunker is available round the clock at the Petroleum Jetty. Bunker is supplied by Petronas Dagangan Berhad and Shell Timur Sdn. Bhd.

### *Security*

In order to ensure security of cargo in its custody and of vessels at berth and anchorage within its water limits, BPSB undertakes security surveillance services 24-hours-a-day on land and sea.

### *Diving*

Bintulu Port has a team of divers on standby at any time of the day to assist ship in distress or to undertake search and rescue operations.

### *Storage Facilities*

As at 31 December 2000, the storage facilities of Bintulu Port are as follows:-

Type of Storage	No. of facilities	Total area sq. m.
General Cargo Wharf		
▪ Transit shed	2	10,000
▪ Warehouses	3	7,200
▪ Open storage area	1	71,900
▪ Rigger warehouse	1	2,376
Container Terminal		
▪ Storage yard	1	66,450
▪ Ground slots	-	1,812 slots
▪ Hazardous container storage	-	60 slots up to 3 boxes high
▪ Reefer points	84	42 ground slots to 2 boxes high

Additional storage facilities that are in the planning stages are the Container Freight Station, bulk fertiliser storage and a general warehouse for timber.

### *Port and Shipping Traffic*

The composition of cargo at Bintulu Port has been changing rapidly in the recent years in accordance with the structural transformation of the economic and industrial development of its hinterland. From a port developed to serve the LNG trade, Bintulu Port has responded to the demands of a growing variety of cargo.

Due to its strategic location and increase in demand for seaborne trade within the hinterland, Bintulu Port is enjoying a significant number of ship calls. Traffic at the Port has expanded encouragingly in tandem with the increase in cargo handled. In 2000, Bintulu Port registered 4,047 ship calls, more than triple the number recorded in 1983, the year Bintulu Port commenced its operation. In 2000, approximately 45.9% of ship calls in Bintulu Port consist of vessels carrying general cargo.

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**8. INFORMATION ON THE BHB GROUP (Continued)**


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Vessel Calls to Bintulu Port by category from 1990 to 2000 are as follows:-

<b>Year</b>	<b>General Cargo</b>	<b>Dry Bulk</b>	<b>Liquid Bulk</b>	<b>Total</b>
1990	1,572	156	526	2,254
1991	1,110	374	574	2,058
1992	1,055	418	679	2,152
1993	1,182	392	809	2,383
1994	1,163	374	960	2,497
1995	1,704	433	1,160	3,297
1996	1,524	551	1,298	3,373
1997	1,954	500	1,370	3,824
1998	1,374	629	1,199	3,202
1999	1,458	660	1,247	3,365
2000	1,859	692	1,496	4,047

***Berth Facilities***

To date, the Port had 14 berths and jetties, out of which six (6) are dedicated to gas and oil. The aggregate throughput of these six (6) berths and jetties makes up 82.53% of Bintulu Port's total throughput. It also has three (3) other berths to cater for general cargo, two (2) berths for containers, one (1) bulk cargo berth, one (1) berth for cement and one (1) berth for silica sand.

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## 8. INFORMATION ON THE BHB GROUP (Continued)

A summary of the existing berth facilities provided by Bintulu Port is set out below:-

Type	Location	No. of berths	Quay length (metre)	Width (metre)	Water Depth (metre)	Maximum vessel size (DWT)	Cargo type handled	Type of services provided	Other general information
General Cargo Wharf	North inner harbour basin	3	515	34	10.5	35,000	<ul style="list-style-type: none"> <li>▪ Break bulk and container cargo</li> <li>▪ Dry bulk such as bulk and bagged fertiliser, timber-related products (e.g. veneer, plywood, sawn timber), scrap iron, iron bar, wire rod, offshore supplies</li> <li>▪ Liquid bulk such as palm oil</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port Dues*</li> <li>▪ Towage</li> <li>▪ Berth</li> <li>▪ Occupancy</li> <li>▪ Stevedorage</li> <li>▪ Cargo-handling</li> <li>▪ Pilotage</li> <li>▪ Storage</li> </ul>	-
Bulk Cargo Wharf	West inner harbour basin	1	270	30	13.5	60,000	<ul style="list-style-type: none"> <li>▪ Urea</li> <li>▪ Ammonia</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Berth</li> <li>▪ occupancy</li> <li>▪ Stevedorage</li> <li>▪ Cargo-handling</li> <li>▪ Pilotage</li> </ul>	The berth is connected to the ABF plant by a conveyor system (owned by ABE) for urea exports and by pipes for liquid ammonia exports. The maximum loading rate of the conveyor system is 400 tonnes per hour for bulk. The ammonia loading installation has two loading arms and the maximum loading rate 150 tonnes per hour.
BICT	North inner harbour basin	2	450	35	14	55,000	<ul style="list-style-type: none"> <li>▪ Containers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Pilotage</li> <li>▪ Stevedorage</li> <li>▪ Handling</li> <li>▪ Storage</li> <li>▪ Fresh water supply</li> </ul>	BICT has a design capacity of 181,700 TEUs per annum. However, this capacity can be expanded to about 400,000 TEUs per annum. Ship-shore container operations are handled by 2 post-panamax gantry cranes while container yard operations utilises 4 rubber-tyred gantries cranes making BICT the first operational container terminal in Borneo with modern container-handling facilities.

## 8. INFORMATION ON THE BHB GROUP (Continued)

Type	Location	No. of berths	Quay length (metre)	Width (metre)	Water Depth (metre)	Maximum vessel size (DWT)	Cargo type handled	Type of services provided	Other general information
LNG Jetties ▪ LNG-1 ▪ LNG-2	1km away from general bulk cargo operation area	2	-	-	15.5	65,000	▪ LNG	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Berth occupancy</li> <li>▪ Pilotage</li> </ul>	Pipelines (owned by MENG) connect the jetties to the LNG plants situated in the Kidurong Industrial Estate. The two jetties are capable of handling a capacity of 18 million tonnes of LNG per year which is more than the maximum capacity of the two LNG plants (i.e. with the 3 trains in operation) of approximately 16 million tonnes.
LPG Jetty	Attached to the outer breakwater	1	-	-	11	51,000	▪ LPG	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Pilotage</li> <li>▪ Towage</li> <li>▪ Berth occupancy</li> <li>▪ Fresh water supply</li> </ul>	Pipelines connect the jetty to the LPG plant located at the Kidurong Industrial Estate. The jetty is designed to handle 600,000 tonnes per year, which is more than the maximum capacity of the LPG plant of 560,000 tonnes.
Petroleum Jetty	East inner harbour basin	2	-	-	11	30,000 & 6,000	<ul style="list-style-type: none"> <li>▪ Petroleum</li> <li>▪ Petroleum-related products</li> <li>▪ Chemicals for the adhesive industry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Berth occupancy</li> <li>▪ Pilotage</li> <li>▪ Handling</li> <li>▪ Fresh water supply</li> </ul>	The jetty is connected by pipelines owned by PETRONAS, Petanak Enterprise Sdn. Bhd., Shell Timur Sdn. Bhd. and Bintulu Adhesives and Chemical Sdn. Bhd. to the respective company's installation/depots/plants.
SMDS Jetty (privately-owned by SMDS)	East inner harbour basin	1	-	-	12.5	48,000	Middle distillates products such as kerosene, jet fuel, naphtha and waxy raffinates	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Pilotage</li> </ul>	This jetty is connected by pipelines (owned by SMDS) to the SMDS plant situated in the Kidurong Industrial Estate and is capable of handling a capacity of about 583,000 tonnes.

## 8. INFORMATION ON THE BHB GROUP (Continued)

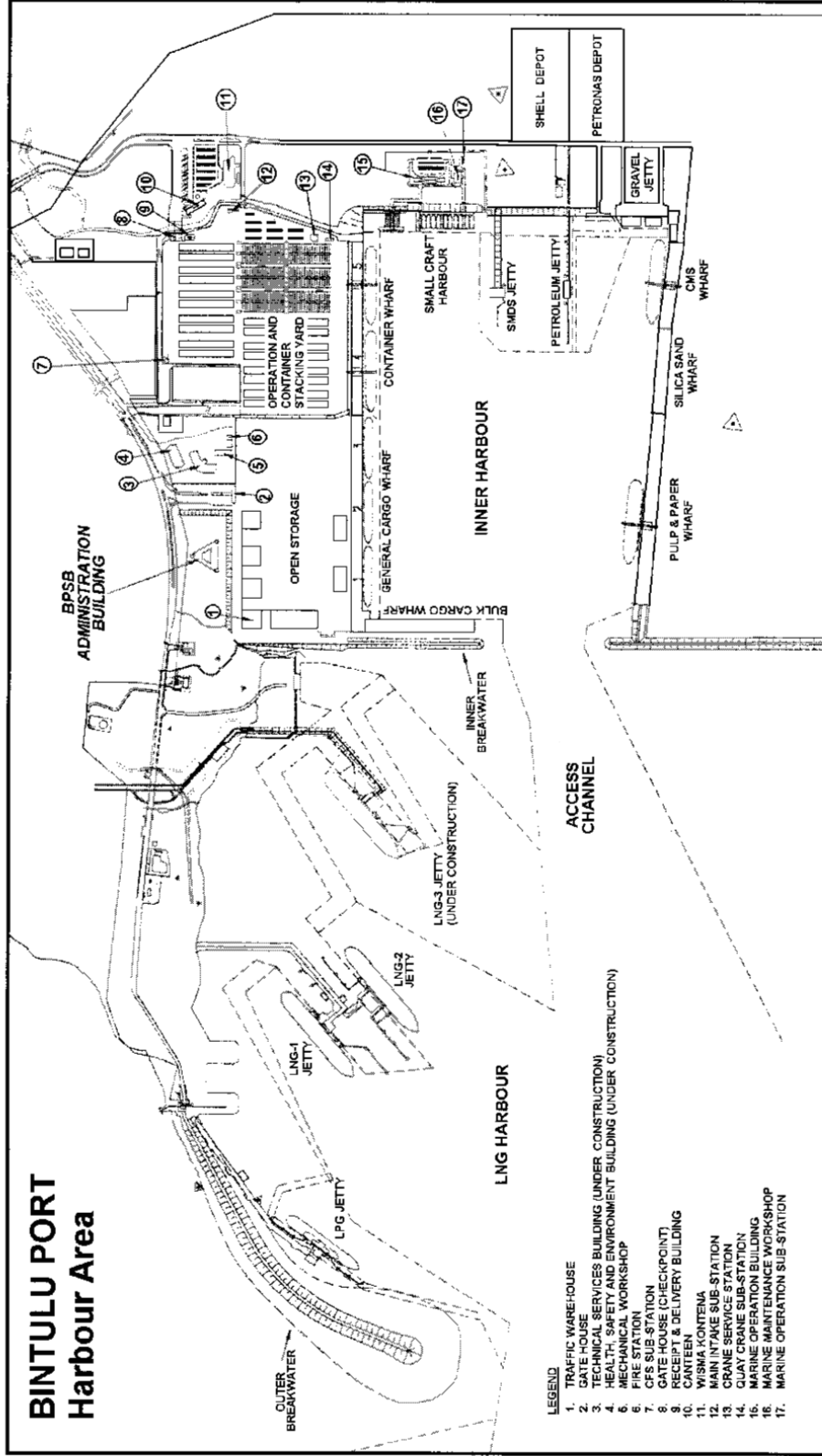
Type	Location	No. of berths	Quay length (metre)	Width (metre)	Water Depth (metre)	Maximum vessel size (DWT)	Cargo type handled	Type of services provided	Other general information
Gravel Jetty	East inner harbour basin	1	60	-	4	2,000	<ul style="list-style-type: none"> <li>▪ Gravel</li> <li>▪ Sand</li> <li>▪ Construction materials</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Berth occupancy</li> <li>▪ Pilotage</li> <li>▪ Handling</li> </ul>	
Cahaya Mata Sarawak ("CMS") Wharf (constructed and owned by BPA with one-third of the berth dedicated for exclusive use by Cahya Mata Sarawak Berhad)	South inner harbour basin	1	-	-	14	55,000	<ul style="list-style-type: none"> <li>▪ Cement</li> <li>▪ Clinker</li> <li>▪ Gypsum</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Pilotage</li> </ul>	The wharf is connected by a conveyor belt system (owned by Cahya Mata Sarawak Berhad) to the CMS plant located in the Kidurong Light Industrial Estate.
Silica Sand Wharf (privately-owned by Syarikat Sebangun Sdn. Bhd.)	South inner harbour basin	1	-	-	14	55,000	<ul style="list-style-type: none"> <li>▪ Silica sand</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Pilotage</li> </ul>	The wharf is connected by a conveyor belt system (owned by Syarikat Sebangun Sdn. Bhd.) to load silica sand onto vessels berthing at the wharf.
Single Buoy Mooring ("SBM") (privately-owned by Sarawak Shell Berhad)	Within port water limit outside the harbour basin	2	-	-	19.5	320,000	<ul style="list-style-type: none"> <li>▪ Crude oil</li> </ul>	<ul style="list-style-type: none"> <li>▪ Port dues*</li> <li>▪ Towage</li> <li>▪ Pilotage</li> </ul>	The SBMs are connected by submarine pipelines to the SSB Plant onshore owned by Sarawak Shell Berhad.

Note:-

\* Port dues are imposed on all vessels except for those owned by the Government, vessels below 25 metres length overall, warships excluding troop carriers, and vessels on innocent passage that passed through the port water limit of Bintulu Port, that is, extending 18.3 kilometres from Tanjung Kidurong, Sarawak, Malaysia.

8. INFORMATION ON THE BHB GROUP (Continued)

The general layout of the harbour area of Bintulu Port is shown below:-



- (i) Not necessarily and conclusively intended to represent/indicate the area in which the BHB Group carries out its operations and in which it holds its assets.
- (ii) Not to scale.



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**8. INFORMATION ON THE BHB GROUP (Continued)**

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***Application of Information Technology ("IT") in Port Services***

Bintulu Port has recognised the need to install an IT-based system to facilitate its current and future operations. The use of IT will bring benefit to both BHB and port users in term of injecting flexibility, productivity, efficiency and convenience to port related services. Among the IT application used in Bintulu Port is the Container Terminal Management System and Container Tracking Management System. The application of the said systems will benefit the port management as well as the port users as it is used to monitor, manage, control and plan the daily movement and operations of the containers in the container yard and container terminal.

***Awards***

In recognition of its excellent achievement in occupational safety and health, BPSB has been awarded Gold Award in Occupational Safety & Health by Malaysian Society for Occupational Safety & Health ("MSOSH") in 1995, 1996, 1998 and 1999 as well as the Occupational Safety and Health Award 2000 (Transportation, Storage and Communication) given by the Ministry of Human Resource. The Port's safety standards have also been internationally recognised as confirmed by the receipt of a Safety Award from British Safety Council in 1999 and a similar award from the World Safety Organisation in October 2000. The Port has also been certified as possessing a management system in relation to the provision of port services with a standard befitting the award of ISO 9002 certification by Lloyd Register Quality Assurance, UK in 1998.

**8.1.6 Payment of Rentals in respect of the Port Landed Area to BPA**

The Privatisation Agreement dated 31 December 1992 between the Government, BPA and BPSB provides (among others) that BPA undertakes to execute an Agreement to Sub-lease the Demised Property (in the form of the Agreement to Sub-lease annexed to the Privatisation Agreement) to BPSB. The Agreement to Sub-lease the Demised Property will be on an "as is where is basis" for a term of thirty (30) years commencing from 1 January 1993, with an option to renew the sub-lease of the Demised Property for a further term of thirty (30) years. An Agreement to Sub-lease (Alienated Land) and an Agreement to Sub-lease (Applied Land) both dated 31 December 1992 have been executed by BPA and BPSB. The issues on the sub-lease of the Demised Property include those set out in Section 4 (vi) of this Prospectus.

The Demised Property to be sub-leased by BPA to BPSB under the Agreement to Sub-lease (Alienated Land) and the Agreement to Sub-lease (Applied Land) is to be used for the operation and management of BPSB's business. The base lease rental payable by BPSB to BPA on the Demised Property is RM35.18 million per annum with an escalation of 10% at the end of every three (3) years from the preceding year lease rental and a supplemental rent of RM1.00 per tonne of cargo handled in excess of twenty (20) million tonnes per year and upon terms and conditions stipulated in the Agreement to Sub-lease.

In late September 1994, BPSB commenced the lease of the LNG-2 Jetty, located adjacent to the existing LNG-1 Jetty. The annual lease rental payable for the LNG-2 Jetty is RM10 million to be increased by 10% every three (3) years from the preceding year lease rental.

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**8. INFORMATION ON THE BHB GROUP (Continued)**

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In respect of BICT, rental is paid based on invoices from BPA and payment of rental on the BICT land is currently at the rate of RM1.419 million per annum. With regards to the LPG Jetty, the basis of rental is the letter from BPA dated 21 October 1998 and invoice dated 3 July 2000. The lease rental is currently at the rate of RM5.378 million per annum starting in 23 October 1998 with 10% escalation every three (3) years.

For the financial years ended/ending 31 December 2000 and 2001, the expected total lease rental is RM68.87 million and RM68.59 million, respectively.

**8.1.7 Licence**

Under the Ports (Privatisation) Act, 1990, it was contemplated that a licence be issued to BPSB, the licensed operator pursuant to the privatisation of Bintulu Port. Accordingly, pursuant to the Privatisation Agreement dated 31 December 1992 between the Government, BPA and BPSB, BPA is to grant a licence to BPSB to operate, manage, maintain and provide operational facilities and service of port undertakings in Bintulu Port. The licence was issued by BPA to BPSB on 31 December 1992 and consequently came into effect on 1 January 1993. The licence granted to BPSB is subject to the following key conditions:-

- (i) BPSB shall devote the Demised Property entirely for the doing and carrying out of any acts for the purpose of the business of providing port facilities and services at Bintulu Port as described within the said licence ("Prescribed Business") and shall do and carry out such acts in an orderly and businesslike manner in the best interest of port users.
- (ii) This Licence shall be personal to BPSB and BPSB shall not either wholly or partly assign any right or obligation granted to BPSB under this Licence but without prejudice to the right of BPSB to engage the services of any sub-contractor as BPSB may choose.
- (iii) BPSB shall at all times provide adequate facilities and port services and shall conform to management performance standards to be established by BPA in consultation with BPSB in respect of standards of facilities and services to be provided by BPSB whilst carrying on the Prescribed Business. In this respect, BPSB shall submit an operational and financial report with all relevant data and statistical information to BPA in a format to be established by BPA so as to enable BPA to assess the degree of public benefit and attainment of Government objectives and management efficiency.
- (iv) BPSB shall comply with the Port Development Plan and Policies of the Government and BPA, operating standards and pollution control as may from time to time be specified by BPA and any other relevant Government Authorities applicable to the Demised Property and the operations of the Prescribed Business in the Demised Property, all laws, bye-laws, regulations and with all International Conventions, ratified by or adhered to by the Government and applicable to ports or port's operation.
- (v) BPSB shall ensure that Bintulu Port remain the leading gateway port for the offshore gas and oil industry in Malaysia, provide adequate shipping and port services and facilities for other cargo classifications to all users, facilitate national trade, diligently market and promote Bintulu Port as a load-centre for the region, enhance the reputation of the Prescribed Business and shall use every reasonable means and effort to ensure that main line vessels and ships call at Bintulu Port.

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**8. INFORMATION ON THE BHB GROUP (Continued)**

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- (vi) BPSB shall maintain all the facilities in the Demised Property and keep the Demised Property in good state of repair and condition in accordance with the terms and conditions of the Agreement to Sub-lease, and the Sub-lease for the doing, and carrying out of the Prescribed Business in an efficient manner in the Demised Property.
- (vii) BPSB shall not use or permit to be used any part of the Demised Property for any purpose other than for the Prescribed Business in the Demised Property.
- (viii) BPSB shall not make any alterations or additions to the Demised Property and the underground services or to remove therefrom any of the properties of the Licensor therein without the prior written consent of BPA which consent shall not be unreasonably withheld.
- (ix) BPSB shall not permit any unauthorised vehicles, person or persons or agents of any firm or company to be on the Demised Property.
- (x) BPSB shall have the right to charge the users of the Bintulu Port the prescribed charges for services rendered in accordance with the provisions of the Bintulu Port Authority Act, 1981 and the Ports (Privatisation) Act, 1990. BPSB shall prepare and submit to BPA a memorandum for any change in the existing structure of charges consistent with the best public interest in respect of the Prescribed Business in the Demised Property under Section 27A of the Bintulu Port Authority Act, 1981 and where no reply is received from BPA as regards such memorandum within six (6) months of its submission, the change in the existing structure of charges as contained in the memorandum shall take effect on the expiry of such period and BPSB shall at its own cost as soon as practicable publish the change in the existing structure of charges in the local newspaper, at least one in the Malay language, and one in the English or Chinese language and BPA shall as soon as practicable make bye-laws under Section 67 of the Bintulu Port Authority Act, 1981 in respect of the change in the existing structure of charges.
- (xi) BPSB shall take out and maintain a policy of insurance which BPA may consider necessary in the joint name of BPA subject to normal commercial practice from any reputable insurance company or companies registered in Malaysia against all liabilities in respect of any damage, loss or injury which may be suffered whatever or howsoever caused out of the use of the Demised Property for the Prescribed Business in the Demised Property and to keep BPA indemnified against all such liabilities and shall deliver to BPA copies of all applicable insurance policies taken out pursuant to the provisions of this Licence. In default thereof it shall be lawful for BPA to insure the same and all moneys expended by BPA with interest thereon at the rate of one per cent (1%) above the prevailing Base Lending Rate of Malayan Banking Berhad from the date of disbursements shall be recovered from BPSB and shall be repaid on demand for the same being made by BPA. BPSB shall not do or allow or permit to be done any act or thing which may render the terms of any policy of insurance taken out pursuant to the provisions of this Licence to become void or liable to be set aside.

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**8. INFORMATION ON THE BHB GROUP (Continued)**

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- (xii) BPSB may only bring upon the Demised Property materials, equipment, tools and machinery as are necessary for the use of the Prescribed Business in the Demised Property PROVIDED ALWAYS that while upon the Demised Property all such materials, equipment, tools and machinery shall be at the risk of BPSB and BPA shall not be liable for any damage, loss or injury to such materials, equipment, tools and machinery or persons whether or not caused by the default of BPSB or his servants PROVIDED FURTHER that BPSB shall remove such materials, equipment, tools and machinery which in the reasonable opinion of BPA are dangerous, hazardous or unfit to be brought upon the Demised Property.
- (xiii) (a) BPSB shall indemnify and keep indemnified and save harmless BPA from and against all actions, suits, claims, demands, costs, losses, penalties, damages and expenses which may be brought against or made upon BPA or which BPA may pay, sustain or be put to by reason of any matter whatsoever or howsoever in respect of the Prescribed Business or any activities in the Demised Property including but not limited to any loss of life, injury or damage to any person or property including any property of BPA or BPSB caused by or arising in any manner whatsoever or howsoever in connection with the doing and carrying out of the Prescribed Business.
- (b) BPSB shall indemnify and keep indemnified and save harmless BPA from and against all actions, suits, claims, demands, costs, losses, damages and expenses which may be brought against or made upon BPA or which BPA may pay, sustain or put to by reason of any matter whatsoever as a result of any omission or act by BPSB, its employees, agents or any person authorised by BPSB in respect of the Demised Property or as a result of any omission or act by BPSB, its employees, agents or any person authorised by BPSB resulting in BPA's non-compliance of any laws, bye-laws and regulations.
- (xiv) BPSB shall pay BPA a fixed Licence Fee of Ringgit Malaysia Fifty Thousand (RM50,000.00) only annually in advance for the grant of this Licence.
- (xv) BPSB shall permit BPA and its authorised representatives at all reasonable times by giving prior notice to enter upon the Demised Property or any part or parts thereof to inspect the maintenance of any building and other structures erected thereon.
- (xvi) BPSB shall maintain adequate measures for the security of vessels within the port limit, cargo in custody, prevention and control of fire, industrial safety of persons employed for the Prescribed Business and other persons within the Demised Property and comply with all laws, rules, bye-laws, regulations in force and other necessary working arrangements established.
- (xvii) BPSB shall maintain adequate measures for the security of vessels within the port limit, cargo in custody, prevention and control of fire, industrial safety of persons employed for the said business and other persons within the Demised Property and comply with all laws, rules, bye-laws, regulations in force and other necessary working arrangements established.
- (xviii) BPSB shall maintain industrial harmony and comply with all labour and employment laws, rules and regulations in force.

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**8. INFORMATION ON THE BHB GROUP (Continued)**

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- (xix) BPSB shall take all reasonable precautions necessary to prevent pollution and comply with the requirements pertaining to pollution controls, discharge of effluents and like matters required by any laws, bye-laws, rules and regulations.
- (xx) BPSB shall give due consideration to any matter which relates to or in connection with the said Business and which is the subject of a representation or complaint made to BPSB or BPA by any port user or a body representing the interest or port users. BPSB shall, if requested by BPA or if it sees fit, furnish to BPA particulars of any matter considered by BPSB under this condition. In this respect, BPA may establish a consultative committee which may include representatives of the users of the port to deliberate on the views expressed in the representation or complaint affecting in particular the conduct of the port activities, the running of the port facilities and services in the port, the adequacy of the facilities and efficiency of the services provided by BPSB.
- (xxi) BPSB shall not (whether in respect of the charges or other terms or conditions applied or otherwise) show undue preference to, or exercise undue discrimination against users of the port with regards to the use of the facilities and services provided by BPSB. BPSB may be deemed to have shown such undue preference or to have exercised such undue discrimination if it unfairly favours to a material extent so as to place users at a significant competitive disadvantage. Any question relating to whether any act done or course of conduct pursued by BPSB amounts to such undue preference or such undue discrimination shall be determined by the Licensor, but nothing done in any manner by BPSB shall be regarded as undue preference or undue discrimination if done to the extent that BPSB is required to do that thing in that manner by or under any provision of the licence.
- (xxii) BPSB shall honour and abide by the terms and conditions of and where applicable, accept assignments of agreements which are currently in force and executed by BPA with any third parties in respect of the said Business and shall utilise the services provided by a third party under contract agreements and agreements with BPA in respect of the said Business as set out in the Second Schedule of the license which is or are currently in force or under a licence or licences yet to be granted by BPA to a third party in respect of port related services.
- (xxiii) BPSB shall within three (3) months after the end of each financial year, submit to BPA a report of its operation during that financial year together with other necessary information, the audited annual balance sheet, profit and loss account together with the reports of the auditor, cargo forecast and future development plan as may be required by BPA. For this purpose, BPA may require such further or additional information to any report submitted.
- (xxiv) BPSB shall immediately inform BPA of any change in the control of the management and policy of BPSB, industrial disputes and accidents within the Demised Property, outbreak of fire, incidence of theft or pilferage of cargo in custody and any legal proceedings against BPSB. For this purpose, BPSB may establish a working arrangement with BPA to facilitate the submission of the required information.
- (xxv) BPSB shall provide adequate office accommodation within the Demised Property to BPA free of rent for a period of two (2) years commencing from the date the licence is effective.

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**8. INFORMATION ON THE BHB GROUP (Continued)**

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- (xxvi) BPSB shall contribute such sum as may be determined by BPA after consultation with BPSB towards port training programmes and shall enjoy all the privileges and facilities provided under such programmes.
- (xxvii) BPSB shall maintain the navigational aids, dredge and maintain the requisite depth of water in the approach channel, inner channel, turning basin and alongside wharves and jetties as declared by BPA after due consultation with BPSB.
- (xxviii) The conditions of the Licence shall be subject to review every three (3) years or from time to time by BPA to determine public benefit, degree of attainment of the objectives and efficiency. BPA may add to, vary or revoke any conditions herein. In reviewing the conditions herein BPA, with due regard to the management performance standard and the financial performance set, may consult and take into consideration any views of BPSB but BPA shall not be bound by the said views.
- (xxix) Upon the occurrence of any event beyond the control of BPA and BPSB including (but not limited to) act of God, riots, wars, strikes or lockouts and BPA or BPSB is prevented from performing any of its obligations hereunder, neither party shall be under liability for any loss suffered or incurred by the other party as a result of such event of force majeure.
- (xxx) Subject to Section 10 of the Ports (Privatisation) Act, 1990 of Malaysia, BPA may at any time suspend or revoke the Licence by sixty (60) days' notice in writing given to BPSB at its registered office in any of the following circumstances:-
- (a) If BPSB agrees in writing with BPA that the Licence should be revoked;
  - (b) If BPSB after reasonable notice having been received from BPA does not fulfil any of its duties and obligations under the Licence;
  - (c) If any amount payable under Condition 14 of Part II is unpaid fourteen (14) days after it becomes due and remains unpaid for a period of seven (7) days after BPA notifies in writing BPSB that the payment is overdue;
  - (d) If BPSB is unable to pay its debts (within the meaning of the Companies Act), convenes any meeting with its creditors generally with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment of its property for the benefit of its creditors generally;
  - (e) If BPSB enters into receivership or liquidation;
  - (f) If BPSB ceases to carry on the said Business in the Demised Property;